

Report on 2023 Business and Human Rights Conference in Tokyo

Date: 13:00-17:00 Friday, 20th October, 2023

Hosts:

Caux Round Table Japan

Sponsors:

Ajinomoto Corporation, ANA Holdings Corporation, Suntory Holdings Ltd.
Shiseido Company, Limited, Sekisui Chemical Company, Ltd, NYK Line, Ltd.

Foreign Organizations

UNDP Bangkok Regional Hub, Institute for Human Rights and Business,
World Benchmarking Alliance

Participants

173 people in total

Host

CAUX ROUND TABLE

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NYK LINE
HOPON YUSEN KAISHA

The 2023 Business and Human Rights Conference in Tokyo, hosted by Caux Round Table Japan (CRT Japan) was held on the 20 of October 2023. There were 173 participants, 72 companies and 3 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).

Twelve years have passed since the Guiding Principles on Business and Human Rights (UNGPs) were approved by the United Nations Human Rights Council in 2011, and governments have accelerated the implementation of laws and regulations requiring companies to implement and disclose supply chain management in recent years. As the environment surrounding companies is becoming increasingly severe, there are numerous concerns of those in charge who cannot easily proceed with efforts to respect human rights in line with the UNGPs, especially understanding of management and related departments, cooperation with business partners, how to implement human rights due diligence and how to handle grievance mechanisms. Therefore, this conference invited overseas experts on business and human rights to grasp global trends and pressing issues related to business and human rights, and to discuss how Japanese companies should implement initiatives to respect human rights, while introducing examples of Japanese companies' efforts to do so.

The first half of the conference was a panel discussion by foreign experts on the agendas of Duty of Care and Living Wages, the rapid development of human rights and environmental due diligence legislation in the EU, and the key points for companies to respect human rights in line with the UNGPs. In the latter half of the conference, several examples of human rights due diligence, responsible supply chains, and corrective actions were introduced by Japanese companies to build a management system with an external perspective based on the UNGPs. In addition, discussions were held with overseas experts on how companies can improve traceability, manage human rights risks, and appropriately disclose information to ESG investors. The conference concluded with a discussion on the key issues in addressing business and human rights with overseas experts and participants.

Prior to the conference, individual dialogues were held between the sponsors of the conference and the overseas experts. Each company introduced its human rights and ESG initiatives and focused on how it should strengthen its human rights management. Participating companies commented that it was very beneficial for them to gain a new awareness of the issues raised by the different perspectives.

■ Opening Remarks

Hiroshi Ishida, Executive Director, Caux Round Table Japan

With the increasing number of Western countries mandating human rights and environmental due diligence, it was important for companies to promote efforts in line with the Guiding Principles, and to create a system to ensure meaningful engagement with rights holders in conducting human rights due diligence. In addition, how to listen to the voices of affected rights-holders in order to identify and assess human rights issues not only within the company's own group, but also in the supply chain, and how management takes responsibility to improve its

own business activities helped build a foundation of trust between the company and its stakeholders. He stated that experts on business and human rights from overseas visited Japan for this conference, and he hoped that their expertise and experience would provide a foundation for Japanese companies to promote initiatives on business and human rights in the future.

Morihisa Kaneko, Vice Chair, Caux Round Table Japan

The CRT's founding history began in a beautiful conference room on a hill in Caux, Switzerland. The Round Table was a conference room where the participants had no hierarchical relationship to each other. The background of the founding of CRT was that business leaders from Japan, the U.S., and Europe came together to discuss how to resolve the trade friction between the U.S. and Japan that occurred in the 1980s. Rather than discussing the trade friction itself, they began discussing how they as business people would take responsibility and contribute to the world in the future, and in 1994, they established the world's first action guidelines for corporations. The world was currently facing a variety of problems, therefore companies were expected to respect human dignity and conduct their business activities in accordance with the CRT's guidelines of conduct, rather than pursuing self-interest.

■ Dialogue with Foreign Experts (Summary)

- A living wage was what a worker needed to meet basic needs and includes food, housing, medical care, and other necessary expenses. It was more than a minimum wage, and paying a minimum wage may not always be sufficient to cover a worker's basic living expenses. Living wages were intended to improve workers' standard of living. In other words, paying a living wage that was in line with the community would improve workers' job satisfaction, meet their basic needs, and help workers become more stable and productive.
- What the draft European Sustainability Due Diligence Directive (CS3D) expected companies to do was to reaffirm the impact that companies had on society and the environment. In other words, corporate directors and executive officers must consider how to respond to the negative impacts of their current business models on society and the environment with a firm awareness of what negative impacts their current business models had on society and the environment. It should be recognized that CS3D imposed reporting obligations on corporate directors and executive officers. Corporations were also drivers that could solve various disparities, poverty issues, and environmental problems that existed in the community.
- The WBA had incorporated "Core Social Indicators" into all of its benchmarks, which were 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; engagement with stakeholders; and provision of grievance mechanisms. The WBA expected the Japanese government to soon enact the Guidance as mandatory legislation and begin its implementation.
- In 2022, the UN General Assembly adopted a resolution recognizing the "right to a clean, healthy and sustainable environment" as a human right. Previously, the environment and human rights were separated, but with the adoption of this right, it should be recognized that environmental issues were human rights issues and was internationally guaranteed fundamental rights for all people. For example, a UNDP study pointed out that in Indonesia, many textile companies were discharging dangerous chemicals into rivers.

This led to issues of violation of the right to clean water, violation of the right to health, and violation of cultural rights. It was against this background that CS3D called on companies to address their negative impacts on human rights and the environment.

- When it came to renewable energy, for example, with the wind farm in Honduras, we did our due diligence and had a dialogue with the local community. This was because in building the wind farm, we had to consult with the indigenous people, who were part of the local community, about the transmission line. There have been cases of local residents damaging pipelines and other property owned by the power company.
- Due diligence was an ongoing process that involved various stakeholders. It was important to try out what kind of programs worked in this process, accumulate good practices internally as knowledge, and build up shared knowledge throughout the group. Then, if necessary, the business model itself must be reformed. By engaging in dialogue with stakeholders, various risks can be identified, and a system and structure can be put in place to respond promptly to any problems that may arise. In this sense, it was important to establish and operate a grievance mechanism not only for internal employees, but also for workers in the supply chain and local residents, and to establish a contact point to hear the voices and opinions of society in line with UNDPs principles. This was the difference between a company that was committed to respecting human rights and one that was not. It was important for companies not to be closed (defensive) to external stakeholders, but to have an open attitude toward each other.
- Direct engagement with rights holders can help find localized solutions. Engaging directly with rights holders required working with experts and local NGOs who knew the local language and culture. And it was essential to assemble a local team to build trust with local rights holders.
- It was very important for companies to keep in mind the centrality of rights holders and the need for continuous dialogue and engagement in the workplace when designing their complaint mechanisms. In particular, it was important to emphasize the role of civil society, which played a very important role in the diffusion and penetration of redress mechanisms to vulnerable individuals and groups in society.

■ Case Studies on Business and Human Rights by Japanese Companies

Yuko Tsutsui, Executive Officer Deputy Chief Executive of ESG Strategy Headquarters

Nippon Yusen Kabushiki Kaisha, Ltd.

In April 2022, the NYK Group launched the "Human Rights Project," with the ESG Management Promotion Group as the lead department, in order to take human rights issues more seriously and strengthen its efforts across the entire NYK Group. Based on the results of the human rights risk assessment, they have identified the situations of non-regular employees at overseas bases, seafarers in marine transportation, shipbuilding workers at ship dismantling sites, and technical intern trainees as important themes to be addressed in human rights. With the aim of deepening understanding of human rights issues related to ship dismantling ship recycling, an online dialogue was held with the Ship Recycling Transparency Initiative (SRTI) organization. Regarding "Workers in Shipbreaking Scrapyards," they presented an assessment conducted in May of this year at a scrap yard in Bangla, the results of the assessment, and the corrective measures taken and responses to them. Although no critical issues were identified in this assessment, they recognized that it was important to select an operator that was well committed in the selection of a scrapping yard.

Yumiko Watanabe, General Manager, Sustainability (Social) Group, Sustainability Development Dept.

AJINOMOTO CO., INC.

In 2022, using human rights risk data from Verisk Maplecroft, a human rights risk assessment was conducted based on three evaluation axes: raw materials, priority human rights issues and countries. This time, they presented the dialogue with an Indonesian sugarcane plantation that was assessed as high risk by the human rights risk assessment. Before entering the field, they gathered officials from Ajinomoto's Indonesian subsidiary and educated them on business and human rights with the cooperation of the CRT Japan. Next, after entering the site, they held dialogues with direct business partners (traders), sugar refining companies, small farmers' associations, and sugarcane farmers. Although no significant human rights issues such as child labor or forced labor were identified in the dialogues, the participants recognized the need to reconfirm employment contracts and occupational health and safety during the next round of dialogues. Through the dialogues, the participants learned that there was a gap in the way of thinking on labor contracts and occupational health and safety when checked against international standards, and that dialogue can provide a glimpse into the working environment and daily life that cannot be seen from a desk, and build trusting relationships with the people involved.

Atsushi Hirata, Director and Senior Managing Executive Officer, In charge of compliance, Chief Human Resource Officer (CHRO) , ITO EN, LTD.

After the human rights policy was formulated, with the cooperation of the CRT Japan, a training workshop on business and human rights was held with management and department heads from ITO EN and Group companies to help them understand the UN Guiding Principles on Business and Human Rights and future initiatives. In addition, a human rights due diligence workshop was held with heads of departments with close supplier relationships. Based on the results of the workshop, the working environment of foreign workers at tea farmers and factories, the working environment of workers at outsourcing companies (manufacturing, logistics, and disposal), and the working environment of workers at overseas raw material suppliers (in Latin America) and the environmental impact on nearby residents were selected as important human rights themes. They then conducted interviews and surveys with foreign workers at tea farmers and foreign workers at our own factories. They learned that gradually building on their successes and improving their workplace environment would help them gain the trust of their stakeholders.

Nobuyoshi Yamaguchi, Vice president Procurement Strategic Sourcing – Raw Materials, Global Kao Corporation

The Kao Group's Smallholder Farmer Support Project (SMILE) in Indonesia aimed 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 was to support the protection of farmers' human rights and improvement of their livelihoods in conjunction with the Small-Scale Plantation Support (SMILE). The mission of this mechanism was to directly pick up the voices of workers of small-scale plantations involved in palm production, especially those related to human rights issues that arise on the plantations, resolve the issues, follow up promptly, and publicize the status of the response. This information was published on the Palm Dashboard of the Kao website. In September of this year, Kao conducted direct dialogues with Indonesian farmers. The actual dialogues allowed them to hear various voices, including those of the farmers about the problems they were facing. They would make more

efforts in improving Kao's supply chain by listening carefully to their voices.

Chikako Miyata, Chief Sustainability Officer, Executive Vice President, Group CSO,

ANA HOLDINGS INC.

The ANA Group conducted its third Human Rights Impact Assessment in cooperation with the CRT Japan, following the 2016 and 2019 assessments. The background of the implementation was the need for the ANA Group, as a corporation, to identify and analyze issues related to human rights, the environment, and biodiversity in its supply chain, and to build a system to respond to them. In 2022, they identified issues that posed a high social risk and were important human rights topics, and exchanged opinions with overseas experts. In 2023, they identified priority themes for their efforts in 2023, and continued dialogue with relevant departments and group companies. One of the priority themes was to understand the working environment conditions of migrant workers. In 2022, in response to an anonymous letter to the president of ANAHD requesting an investigation into possible human rights violations of technical intern trainees at Narita airport, they collaborated with the CRT Japan, to conduct training for technical interns at the consigned company. In addition to confirming that the problems identified in the letter had not occurred, they listened to specific concerns and complaints about the working and living environment, and took corrective measures in cooperation with the company concerned. The ANA Group also established Ninja, a grievance hotline operated by the CRT Japan in 2020. Ninja was available 24 hours a day, 365 days a year, in seven languages, and callers can use the service anonymously without fear of being disadvantaged. So far, 20 complaints have been received and a cycle of corrective action was underway.

■ Discussion and Summary with Overseas Experts

- It was commendable that the Japanese companies that presented were working to identify and assess human rights issues in their supply chains. What was important was the mapping of the supply chain. It was necessary to identify which raw materials had human rights issues and which rights holders were facing human rights issues. Mapping methods included questionnaires and third-party audits, but it was important to have direct dialogue with civil society and rights holders. Simply conducting desk research at the head office in Tokyo would not reveal the real human rights issues.
- Prioritization of suppliers should consider both business risks and human rights risks faced by rights holders in the supply chain. It was also necessary to focus on purchase value and critical commercial products.
- India had very different cultures and languages in different regions, with more than 100 different languages. Migrant workers did not necessarily refer only to those who migrate out of the country in search of work. When conducting a human rights risk assessment in India, it was important to note that domestic migrants can be vulnerable parties.

■ After the International Conference...

The external experts provided feedback that they were very impressed by the sincere efforts of Japanese companies to engage with rights-holders and address human rights issues, despite the various challenges they faced. They also emphasized the importance of going to the field and engaging directly with rights holders, as meaningful engagement with rights holders is the essence of human rights efforts.