

October 1st, 2024
Nippon CSR Consortium

Version for Public Consultation

2024 Human Rights Due Diligence Workshop
Invitation to Comment on “Human Rights Issues by Sector (draft)”

Since September 2012, the Nippon CSR Consortium has been working to provide a forum in which to identify and discuss negative human rights impacts that may arise as a result of corporate activities. This work has been conducted in collaboration with companies from various industrial sectors, as well as NPOs, NGOs and human rights experts in academia.

The 13th Human Rights Due Diligence Workshop in 2024 continued to utilize the Human Rights Guidance Tool developed by the UNEP FI to identify "key human rights issues for each industry". A total of eight workshops were held from June 6th to August 7th in 2024, and this document was compiled. The Consortium applies the Chattam House Rule to promote dialogue through free, open, and in-depth discussions. It should be noted that the participants have developed this document based on their own personal views and not those of the organizations to which they belong. Caux Round Table Japan (CRT Japan), which manages the Nippon CSR Consortium, is solely responsible for the compilation of this document.

This paper is the result of a series of discussions in the workshop. The Consortium hereby releases “Human Rights Issues by Sector (draft)”

1. Subject

Human Rights Issues by Sector (draft)

2. Application

(1) Consultation Period

October 1st 2024 – October 31st 2024 (Japan Time)

(2) Submission Address

Please send your comments to CRT Japan’s Nippon CSR Consortium secretariat, by e-mail (info@crt-japan.jp) as an attached document in Word format. Please kindly be advised that we are unable to accept comments through other methods (such as by telephone, fax, or post), nor are we able to accept anonymous submissions.

(3) Application Procedure

Address to: Secretariat of the Nippon CSR Consortium (in CRT Japan)

Subject: Comment on “Human Rights Issues”

Organization/Affiliation and Name: (Department, Name)

Email and Telephone :

(4) Comments:

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

1. Please share any comments on the concept and procedure of this workshop
2. Please freely respond with any comments on “Human Rights Issues by Sector (draft)”
3. The final report is scheduled for publication in December 2024. What kind of format and/or procedure do you consider would be most appropriate for finalizing the report?

(5) Submission and Inquiry

Secretariat of Nippon CSR Consortium (in CRT Japan Office)

E-mail: info@crt-japan.jp

3. Management and Handling of Comments

The comments on the draft submitted to the Nippon CSR Consortium will be used for future reference by participants in the discussions. Please note that we are unable to respond to individual comments. All comments, including personal names and/or corporate and organizational names, may be disclosed on the CRT Japan website. However, addresses, telephone and fax numbers, and any personal contact details will not be published. If comments include private information that can identify a specific individual, or any information that may infringe upon the property rights of an individual or corporation, the relevant sections of the text will be removed before publication.



Hiroshi Ishida

Executive Director, Caux Round Table Japan

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1 Preface

1-1. Purpose of the Human Rights Due Diligence Workshop

The Nippon CSR Consortium was established in September 2012 to raise awareness and promote activities in the fields of business and human rights by offering a forum in which companies can discuss human rights issues with NGOs/NPOs and human rights experts. Since 2012, the Consortium has held the Human Rights Due Diligence Workshop for 13 years. The workshop has been implemented with the participation of NGO/NPOs, academics, and experts, mainly from companies.

There are some underlying factors that contributed to the establishment of the consortium. Companies face difficulty in responding to various demands and expectations from a broad range of their stakeholders. Therefore, it is effective and useful for companies to join this consortium, discuss and identify what human rights issues they need to address with NGOs/NPOs, and plan to carry out their human rights activities in their companies. The consortium also emphasizes sustainability of activities. It is important for companies to be committed to continuous efforts for incremental improvement. In order to respond dynamically to a diverse range of issues, it is also important for companies to stay abreast of changes and issues in the society that potentially link their activities to human rights impacts.

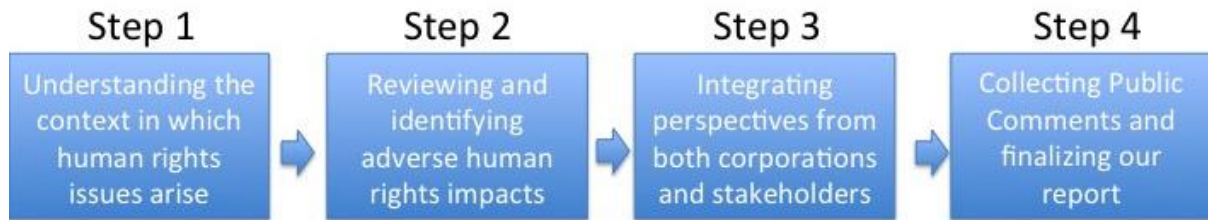
The Nippon CSR Consortium positions the workshop as an activity that aims to assist companies in (1) identifying and assessing any actual or potentially adverse human rights impacts as defined in the UN Guiding Principles¹, which are connected to their activities, and (2) integrating and acting upon the findings, (3) reporting, and (4) tracking improvement continuously. We hope participants' companies can use the knowledge acquired at this workshop to support their human rights due diligence activities at their companies.

The “Human Rights Issue by Sector (draft)” represents the outcome of the discussions started in June 2024, and is hereby opened for public consultation. We would appreciate candid comments on the drafts from stakeholders. The final document will be issued in December 2024.

Refer to: Human Rights Council, 2011, *Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises*, Available at: <https://digitallibrary.un.org/record/705860?v=pdf> (Accessed Sep 17th, 2024).

1-2. Procedure of the Workshop in 2024

The workshop consists of the following four steps.



Step1: Understanding the context in which human rights issues arise

- Corporate participants were given a lecture on the particular context in which human rights issues arise by members of NGOs/NPOs and subject experts. After the lecture, the participants from the company, NGO/NPO, and subject experts were separated by the given topics and discussed further.

Step2: Reviewing and identifying adverse human rights impacts arising from corporate activities

- The participants reviewed the sector specific human rights issues formulated by the CSR Consortium last year as to whether there were any additions/deletions/correction points, using the Human Rights Guidance Tool (2014 revision). *Supplemental meetings were held online as each industry's discussions progressed.

Step3: Integrating perspectives from both corporations and stakeholders

- The corporate participants summarized the discussion content and exchanged views with NGOs/NPOs and subject experts. After receiving feedback from these groups, the corporate participants finalized their discussion content by sector. The Secretariat then compiled their work and developed the draft document titled “Human Rights Issues by Sector.” *Supplemental meetings were held online as each industry's discussions progressed.
-

Step4: Collecting Public Comments and finalizing our report

The Secretariat invites public comments on this paper from October 1st 2024 – October 31st 2024.

1-3. Points for Consideration

1-3.a Relevance between business operations and human rights

At the outset of this workshop, some of the participating NGOs/NPOs had only a limited understanding of how the social and environmental issues they raised were related to "business and human rights." However, all participating organizations demonstrated a strong awareness of the SDGs and made significant contributions to the discussion. On the other hand, many corporate participants in the workshop initially had a limited understanding of the relationship between their business activities and human rights. Nevertheless, through the course of the workshop, both sides have gradually come to understand that social and environmental issues are closely related to "business and human rights," and that there is a connection between corporate activities and "business and human rights."

1-3.b Scope of Study and Analysis

The workshop does not include the following study and analysis.

- The interconnection map of WEF Global Risks illustrated in "Human Rights Issues by Sector (v.3)" is not discussed or in the scope of analysis.
- "Priorities on the SDGs by Sector" is not discussed or in the scope of analysis.

2 CRT Japan's viewpoint as the Secretariat of Nippon CSR Consortium

Trends in Business and Human Rights in 2024

In 2024, international trends in business and human rights are increasingly focusing on human rights violations within corporate supply chains. Particularly notable is the intersection of environmental protection and human rights during the transition towards environmentally sustainable economic and social practices in response to climate change. This includes conflicts over land rights related to the development of renewable energy and issues surrounding workers' rights in mineral resource extraction. New human rights challenges are also emerging, such as privacy violations related to remote work management tools and mental health issues arising from digital labor environments. Many countries are advancing legislation requiring human rights due diligence for companies. For example, the EU adopted the "Directive on Corporate Sustainability Due Diligence" (CSDDD) in 2024, which mandates that companies identify and address human rights risks throughout their supply chains. Additionally, there is a growing demand for enhanced transparency based on ESG (environmental, social, and governance) standards, leading to increased scrutiny of corporate social responsibility.

In 2024, it has been six years since the midpoint of the Sustainable Development Goals (SDGs) implementation period, which began in 2016 and aims for completion by 2030. During this mid-term period, several challenges have emerged. Firstly, the COVID-19 pandemic has severely impacted progress, causing stagnation in goals related to poverty reduction, education, and health. Particularly in vulnerable countries and regions, disparities have widened, shaking the foundations of sustainable development. The response to climate change has also been delayed, making it difficult to achieve greenhouse gas reduction targets. Additionally, a major issue is the lack of sufficient funding, with many countries struggling to secure the necessary resources to achieve the SDGs. Furthermore, international tensions and political conflicts, such as the military regime and armed clashes with anti-government forces in Myanmar, Russia's invasion of Ukraine, clashes between Israel and Palestinian armed groups based in Gaza, and China's expanding influence, are hindering the progress of the SDGs, highlighting the need for global cooperation. In this context, achieving the SDGs requires a review of traditional approaches and the adoption of more comprehensive and flexible strategies.

Meanwhile, in Japan, progress is being made on mandatory human rights due diligence for companies. The Japanese government is revising its "Guidelines for Responsible Corporate Behavior" to require companies to assess and address human rights risks throughout their supply chains. Additionally, there is an increasing demand for corporate transparency and attention to human rights from the perspectives of climate change and ESG investment. In the labor environment, protecting workers' rights amidst work style reforms and digital labor has become a significant issue, with particular focus on guaranteeing the rights of non-regular employees and gig workers (e.g., Uber drivers and freelance designers). Furthermore, Japanese companies' overseas operations are also required to take measures against human rights violations, with adherence to international standards being deemed essential. Regarding the challenges faced by foreign workers in Japan, while the government is promoting institutional reforms to address these issues,

improvements on the ground remain slow, necessitating further efforts to ensure a safe and fair working environment for foreign workers. Additionally, as the number of foreign workers increases, issues related to coexistence with local communities and multicultural integration are becoming increasingly important.

Distinctive initiatives for 2024

Experts on business and human rights from overseas will be invited to the “2024 Business and Human Rights Conference in Tokyo” hosted by CRT Japan in October. Taking advantage of this opportunity, an exchange of views on this workshop is planned between the overseas experts and the participants of this workshop. The results of the study on industry-specific human rights issues will be reported, followed by an exchange of views with the overseas experts.

Date: Monday, October 21, 2024, 15:00-17:00 (JST)

Venue: Hybrid format (AP Marunouchi Tokyo and online)

Content: CRT Japan will introduce an overview of this program, and participating civil society organizations will share the issues they have raised, as well as their expectations and demands of companies. The results of the study on human rights issues by industry will also be reported, followed by an exchange of views with the overseas experts.

Overseas experts (Tentative):

- Guna Subramaniam, Business and Human Rights Specialist, Asia Pacific Institute for Human Rights and Business
- Talya Swissa, Engagement Manager, World Benchmarking Alliance
- Bonny Ling, Executive Director, Work Better Innovations
- Lailani O. Tolentino, Country Manager, The Mission to Seafarers
- Rishi Sher Singh, Global Value Chain Expert, Advisor to CRT Japan

CRT Japan's viewpoint

Issues related to business and human rights within Japanese companies are diverse, both domestically and internationally. In recent years, issues such as power and sexual harassment, as well as gender disparities in promotion and wages, have remained significant concerns in Japan. These issues have serious implications not only for internal company management but also for the overall labor environment. Additionally, concerning the supply chain, there have been serious problems reported regarding foreign workers under the technical internship system, such as harsh working conditions, unpaid wages, and excessively long working hours. Although the system is intended for foreign workers to acquire skills and techniques, there have been well-documented cases of human rights violations and unfair treatment, which have been highlighted in news reports. These issues have raised serious concerns about the living and working conditions of technical intern trainees and the non-compliance with international human rights and labor standards.

The Japanese government has strengthened its guidance to companies by establishing the “Guidelines for Respecting Human Rights in Responsible Supply Chains.” In recent years, factors such as the influence of international standards and regulations, investor and consumer demands, heightened management awareness,

and the development of tools for assessing and managing human rights risks in supply chains have led to an increase in the number of Japanese companies identifying and assessing these risks and engaging directly with rights holders. However, Japanese companies still face challenges, including the complexity of supply chains and constraints related to resources and capacity, resulting in insufficient efforts overall. Small and medium-sized enterprises (SMEs), in particular, are struggling with delays in their responses. SMEs often have limited financial and human resources compared to larger corporations, which hampers their ability to invest in and develop the expertise needed to address business and human rights issues effectively. Moreover, because SMEs prioritize managing their day-to-day operations with limited resources, issues related to “business and human rights” may be deprioritized and addressed at a later stage. To overcome these challenges, it is crucial to promote initiatives that include support from governments, industry associations, and businesses to help SMEs take appropriate measures.

On the other hand, there has been a noticeable delay in addressing grievance mechanisms that directly reach rights-holders. Whistleblower systems typically focus on noncompliance or violations of legal regulations and are designed to resolve internal corporate issues. However, human rights issues that extend throughout the supply chain are more complex and broader than mere noncompliance. These issues encompass working conditions, worker rights, and nonpayment of wages, involving a diverse range of corporate influences and stakeholders. Consequently, solutions that extend from whistleblower systems often fall short in addressing the full severity and diversity of human rights issues. To bridge this gap, companies need to implement more comprehensive grievance mechanisms beyond traditional whistleblower systems. This includes collaborating with external third-party organizations. It is also crucial to create an environment where workers feel comfortable asserting their rights and to establish specific procedures for providing redress. By increasing awareness of human rights issues within companies and proactively taking measures to address them, more effective solutions can be achieved. It is essential for companies to develop and operate effective grievance systems that rights-holders can access and utilize.

Finally, it is important to recognize that human rights efforts are fundamentally a dialogue with the involved parties. In this workshop, human rights concerns are highlighted from both civil society and corporate perspectives. As a next step, it is crucial for companies to engage in dialogue with those affected by human rights violations and with NGOs/NPOs that support them when addressing these issues. The initiatives within this workshop provide a foundational step for companies to conduct human rights due diligence and serve as an entry point to this process. When issues arise, companies need to collaborate with their stakeholders, leveraging their expertise and strategies to address the issues effectively. They must be accountable, transparent, and ensure legitimacy in their actions. By doing so, companies can secure societal license to operate, thus ensuring business sustainability. It is essential for companies participating in this workshop to understand how to integrate these initiatives into their internal management systems and link them to their broader human rights efforts.

Although the global economy has sought to open up markets, the reality is that its expanding supply chains are generating a series of significant and pressing issues that need to be addressed. While the global economy

has been on an expansionary trajectory, recent years have also witnessed the emergence of new national conflicts due to differences in political systems. The frequent occurrence of conflict has dealt a severe blow to global supply chains. As a result, there has been a push in recent years to transform and restructure supply chains with security and business continuity plans (BCPs) in mind. Regardless of the circumstances, business activities have the potential to negatively impact human rights, and only those companies that seriously address these issues can ensure their sustainability.

Caux Round Table Japan
Nippon CSR Consortium
Minoru Matsuzaki
Hiroki Wada

List of Issues Raised by Civil Society in 2024

1. **“Beyond the Midpoint of the SDGs: Challenges for Transforming Our World”**
Miki Nagashima, Ph.D., Director, SDGs Civil Society Network
2. **“Towards More Effective Human Rights Due Diligence Based on Domestic and International Policy Developments”**
Akiko Sato, Liaison Officer, Business and Human Rights Project, UN Development Programme (UNDP) Asia-Pacific Regional Office / Attorney (Kotonoha Law Office)
3. **“Labor Issues in Overseas Supply Chains and Japanese Companies: Increased Attention to Corporate Behavior Following the Olympics and Expo”**
Kenichi Kumagai, Planning Committee Member (CSR), Japan ILO Council / Professor at Tokyo International University
4. **“Plastic Pollution: The Urgent Need to Move Away from Single-Use Plastics”**
Hiromasa Odate, Plastic Issues Coordinator, Greenpeace Japan
5. **“To What Extent Are Companies Responsible for Biodiversity Conservation?”**
Kirie Suzuki, Secretary-General, Japan Wildlife Conservation Society (JWCS)
6. **“Modern Slavery and Human Trafficking Issues and ‘Corporate Ethical Report Cards’ as a Solution”**
Mariko Yamaoka, Representative, Not For Sale Japan (NFSJ)
7. **“Animal Welfare: Risks and Opportunities for Companies”**
Chihiro Okada, Representative, Animal Rights Center
8. **“Creating a Green Economy: Environmental and Sustainable Communication”**
Shizuko Shimomura, Director, Environment Citizens
9. **“Marketing and Consumers in Social Issue Solutions”**
Yukiko Furuya, Ph.D., President, Sustainability Consumer Conference
10. **“The Reality and True Issues of Employing Foreign Workers in Japan”**
Shoichiro Ikebe, Manager, Worlding Co., Ltd.

3. Human Rights Issues by Sector

3.1 Manufacturing Industry (automotive and others)

※Value Chain of Manufacturing Industry (automotive and others)

Creation (research, development, design) **Purchase** (equipment construction, procurement), **Production** (production, manufacturing) **Transportation** (storage, logistics)

Sell (sales and marketing) **Use** (consumption, utilization, maintenance and servicing) **Discard** (disposal and recycling) Red = added Blue = deleted

Human Rights Issues in the Manufacturing Industry (automotive and others)		Specific Concerns	Value Chain					
			Create	Purchase	Production	Transport	Sell	Use
Treatment in the workplace	Working hours or wages	<ul style="list-style-type: none"> Wage levels are not in line with the local standard of living, or the increase in wages is not commensurate with the rise in prices. Insufficient wage compensation for unavoidable long vacations, lack of places for children when parents cannot take leave Risk of overtime due to production adjustments (prioritizing deadlines) *Requests for rapid increase in production due to recovery from the impact of COVID-19, etc. Partial non-payment of wages for working hours (e.g., inappropriate management of working hours for remote work, overtime hours in excess of deemed overtime hours under the deemed working hours system, rounding off fractions of working hours, failure to approve overtime requests, etc.) and forced labor in excess of legal working hours Excessive work by managers (middle management) and other annual salary employees Risk of subcontractors working longer hours and lower wages by passing on increased raw material and energy costs to subcontractors due to geopolitical changes or global economic conditions, or by forcing subcontractors to bear the burden of their roles without rational reasons. Disparities in working conditions and wages within the same group Long working hours due to lack of appropriate capital investment Risk of long working hours due to lack of appropriate personnel replacement when an employee leaves the company Wage disparity due to regular/non-regular status and attributes Economic deprivation of employees due to unfair dismissal * Risk of causing child labor 	✓	✓	✓	✓	✓	✓
	Health and Safety	<ul style="list-style-type: none"> Workplace accidents resulting in death or serious injury, particularly in research, manufacturing, and factory settings Risk of work-related accidents while working at home not being recognized Lack of personal and private space and sanitary conditions in dormitories Health hazards caused by working in environments that do not adequately meet health and safety standards Permanent remote work may encourage workers to work longer hours, which may affect the mental and physical health of workers and their children. Lack of communication due to remote work may lead to alienation and exclusion from the workplace. Failure to compensate for the cost of utilities required for remote work may cause workers to work under inappropriate room temperatures. Lack of multilingual support may prevent foreign workers from accessing necessary health and safety information. Differences in health and safety training opportunities due to differences in employment status, nationality, race, gender, age, educational background, length of service, etc. Forcing employees to work remotely if they wish to come to the office Mental and physical effects of not being allowed appropriate breaks and leaves of absence Work environments that may put pregnant women and nursing mothers (especially in factories) and their children at risk, and work environments that do not give sufficient consideration to the physical and mental changes unique to women, such as menstrual periods. 	✓	✓	✓	✓	✓	✓
Business/ Supply Chain	Discrimination	<ul style="list-style-type: none"> Health hazards caused by working in extreme heat Risk of not being able to ensure the safety of food provided in the company cafeteria Labor management (health) due to the introduction of side jobs The company has not installed toilets or changing rooms for women at construction sites, etc., which may infringe on women's human rights. Curfews and locks in company dormitories may hinder emergency evacuation and restrict employees' freedom of movement Excessive demands and cooing by customers (customer harassment) Risk of further human rights violations due to justified customer complaints Risk that livestock workers may suffer mental health problems due to slaughtering and other mentally taxing work Risk of providing employees with foodstuffs purchased from livestock farms that do not take animal welfare into consideration (= no traceability function, = high risk of carrying pathogens) in order to keep down the price of products served in the company cafeteria. Risk of not providing appropriate health and safety training for the workplace Risk of not taking animal welfare and religious considerations into account in foodstuffs served in the company cafeteria (e.g., use of meat raised and processed in an environment that imposes a burden on livestock, provision of meat to Muslims that is not Halal compliant, etc.). 						
		<ul style="list-style-type: none"> Discrimination based on race, color, gender, age, nationality, disability, illness, marital status, sexual orientation, gender identity, religion, place of residence, place of birth, etc. Various types of harassment (sexual harassment, power harassment, remo-harassment, technology harassment, etc.) Discrimination or invasion of privacy due to disclosure of personal information handled only by certain departments. AI may read and encourage latent human discrimination tendencies through the data it learns (e.g., provision of products and services that induce human rights violations, TMS, etc.) Possible unequal treatment in predicting resignations and declining job offers by AI. Worker privacy may be violated by AI monitoring of workers. Risk of discriminatory treatment of job applicants and employees due to biased hiring and personnel evaluation by AI. Inability to access internal systems and benefits due to employment status or race. Risk that corporate activities may lead to human rights violations due to a lack of awareness of ESG among general employees (from the trend of the need to include the concept of ESG evaluation not only for executives but also for general employees, and to raise their awareness of the need to be involved). Suppliers may not be aware of the recruitment and employment status of their workers and may be complicit in discrimination. Gender bias may affect career development (e.g., job selection, opportunities for promotion, etc.). 	✓	✓	✓	✓	✓	✓

	Child labor	(1) Minimum age (2) Young workers	(1) Possible employment of children in the supply chain in developing countries (subcontracting work, etc.) and mediation of children by brokers. (1) Asian workers may apply for employment by falsifying their age. (2) Possible risk of having them engage in night work or hazardous work. (1)(2) Increased physical and mental strain and loss of learning opportunities due to domestic work on behalf of parents (young caregivers). (1)(2) When using outside services for events, etc., young people may be working there and may unintentionally contribute to child labor. (1)Risk of children being involved in inside work of parts manufacturing. (1) Risk that child labor under the minimum age may be performed without identification or other verification, or based on false identification. (2) (2) Risks at Tier 2 and beyond suppliers may not be fully understood.	✓	✓	✓	✓	✓
	Forced labor	Recruitment (Rights of migrant workers)	<ul style="list-style-type: none"> • Migrant workers (including foreign nationals and domestic migrants) may be required to pay excessive recruitment costs and keep identification documents (passports, etc.) when hired. • Migrant workers may be forced to work due to language barriers • Risk of new human rights risks arising from changes in the law. • Possible failure to ethically recruit migrant workers (excessive recruitment fees, debt bondage, access to justice lack of access to justice, etc.) 		✓	✓		✓
		Forced overtime	<ul style="list-style-type: none"> • Long working hours due to excessive quotas may become de facto forced labor. • Possible negative impact on stakeholders in the material production process. 	✓	✓	✓	✓	✓
	Freedom of association		<ul style="list-style-type: none"> • Possible lack of dialogue and communication with workers' representatives, labor unions, etc. • Insufficient institutionalization and operation of labor-management consultations and collective bargaining. • Risk that the right to collective bargaining is recognized but not effectively exercised. • Risk that workers' rights are not sufficiently secured in the union store system. • Risk that workers' rights may not be adequately secured in countries or regions where trade union formation or activities are prohibited (including cases where they are prohibited in substance). • Risk of impeding the freedom of association of foreign workers. • Risk that company-based unions in Japan are the main negotiating parties with the company and have more influence than industrial trade unions. • Risk that workers' rights are not secured in delivery, retail, etc. 	✓	✓	✓	✓	✓
Community	Resources/ Community	Use of Natural Resources	<ul style="list-style-type: none"> • Possibility of excessive resource extraction through product development, design, distribution, and sales with high environmental impact (e.g., high power consumption, difficulty in recycling, etc.) (upstream supply chain). • Possibility of unintentionally contributing to environmental destruction and human rights violations through misperception through greenwashing, etc. • Possibility of consuming enormous amount of resources when constructing, operating, or renewing power generation facilities for renewable energy. • Possible negative impact on the environment when manufacturing environmentally friendly products. • Destruction of forest and marine ecosystems, overuse of land and resources, and adverse impacts on local communities (including impacts on human rights) resulting from business activities such as construction of business sites, operations, and procurement of raw materials. • Possible increase of local water load in overseas manufacturing (virtual water problem). • Possible hoarding of natural energy by some dominant companies. • Possible child labor and forced labor in rare metal mining sites due to shortage of semiconductors. • Increased take-out may lead to a sharp increase in waste. • Waste of resources due to lack of capital investment. 	✓	✓	✓	✓	✓
			<ul style="list-style-type: none"> • Use of environmentally hazardous hides during tanning may contribute to environmental destruction. • Possible that the use of hides with high environmental impact in tanning may contribute to environmental destruction . • Possible that the company's business may claim to solve social issues, but in reality it is a wash due to lack of data to support the claim (i.e., elimination of labor shortage, reduction of CO2 emissions). 					
	Climate Change	<ul style="list-style-type: none"> • Risk of disease increases due to the effects of global warming • Possible negative impact on local communities due to the use of renewable energy and biomass resources (environmental impact from power plants and deforestation caused by the use of palm oil). • Possible huge power consumption due to the use of virtual currency in circulation and the operation of data centers in conjunction with the use of AI technology and DX. • Fear of accelerating climate change due to increased production and consumption of plastics. • Possible failure to protect the rights of those affected by corporate mitigation and adaptation to climate change ("fair transition" to a decarbonized society). 						
	Disposal	<ul style="list-style-type: none"> • Risk of microplastics generated by business activities. • Insufficient separation of garbage prevents effective use of resources. • Risk of inappropriate waste management and disposal by subsidiaries and suppliers, resulting in resource waste and environmental damage. • Possible inappropriate disposal by suppliers or end consumers (e.g., ocean plastic problem, increased processes at waste treatment facilities) • Possible inappropriate disposal during renewal/closure of renewable energy generation facilities. • Risk of food loss of food served in the company cafeteria (overproduction due to lack of coordination with food service providers when plant operations are expected to be suspended due to a disaster, etc.) • Risk of a sharp increase in waste due to an increase in take-out *Movement away from the use of natural resources 	✓	✓	✓	✓	✓	
	Public Safety	Payments to antisocial organizations	<ul style="list-style-type: none"> • In the procurement of raw materials and disposal of products, there is a risk that funds, products, or services may flow to non-governmental forces or armed groups (e.g., conflict minerals). • In the procurement of labor, a portion of wages may flow to anti-social organizations or armed groups (e.g., technical intern trainees) • Landmines, etc., may be placed in conflict countries, affecting logistics 	✓				✓
	Access to land	Ownership to land	<ul style="list-style-type: none"> • Risk of forcible displacement of indigenous and local residents when acquiring land for business • Land value may be damaged due to construction and operation of the project site. • There is a risk of health hazards to indigenous and local residents due to the spread and infection of viruses caused by land reclamation. • Risk of leaving unused solar panels unattended due to bankruptcy of the operator, etc. • Use of land without considering its resistance, adaptability, and change over time may result in threats to the livelihood of local residents (e.g., mudslides in Atami, Japan) • Mining of rare metals, gold, etc. may pollute the environment of the surrounding area and cause damage to local residents. • Potential for land use to adversely affect the environment and nearby ecosystems (availability of available water, animal habitats, etc.) 	✓	✓			

Society and Government	Relationship with Government	Bribery and Corruption	<ul style="list-style-type: none"> • Risk of being involved in bribery and corruption, especially when obtaining permits and licenses, such as Facility Payments • Bribery at the time of contracting, industry customs, conformity (in terms of business/operating style), and complicity in corrupt practices when receiving orders for government projects. • Risk that foreign companies with which we have alliances or investments may be complicit with the military regime as a result of their donations to the military regime • Risk of corruption such as bribes in order to keep logistics uninterrupted 	✓	✓	✓	✓	✓	✓	✓
		Relationships with countries with high human rights risks	<ul style="list-style-type: none"> • Risk of complicity in human rights abuses when operating in countries or regions where there is a gap between local laws and customs and international standards • When using airports in countries with military regimes, etc., there is a risk of paying royalties to the military regime and consequently being complicit in human rights abuses. • Risks associated with the assumption that Japan does not have high human rights risks or that there is no or little discrimination in Japan • Doing business in a country with human rights risks may benefit the country with human rights risks and have a negative impact on the nationals of the country and other nationals or ethnic groups with which Japan is in conflict. • Risk that the human rights risk to which you have contributed may lead to boycotts or downsizing of your business, which may prevent you from providing products and services to customers (impact on stakeholder relations and human resources) • Possible complicity in human rights abuses through activities without a proper understanding of the history (aggression, persecution, etc.) of the countries in which the company does business or does business. <p> <ul style="list-style-type: none"> • The construction of commercial facilities on land owned by the military may result in the revenues from such facilities becoming a source of funding for the military regime. • Risk of failure to assess negative impacts when terminating or dissolving business relationships (responsible withdrawal) • Risk of failure to implement “enhanced human rights DD” in international norms • Risk of indirectly contributing to human rights abuses by procuring from state-sponsored enterprises in countries with high human rights risks. </p>	✓	✓	✓	✓	✓	✓	✓
Others	Relationship with Consumers	Health and Safety, Privacy, Accessibility	<ul style="list-style-type: none"> • Risk of damage to the life, health, or property of consumers as a result of failure of products or services provided to customers, inappropriate marketing activities, or failure to properly disclose information. • Inappropriate advertisements or information dissemination may cause discomfort or false perceptions among consumers, promote discrimination or prejudice, or cause health hazards due to false perceptions. • Risk of infringement of human rights of individuals due to inappropriate management of personal information obtained in the course of business processes. • In the event of human rights violations, there may be a delay in responding to the situation, resulting in the spread of damage. • Increasingly online procedures and functions may promote IT disparity • Lack of multilingualization of various procedures may prevent foreigners from accessing infrastructure necessary for daily life. • Insufficient consideration for product users (child locks, multilingual support, wheelchair accessibility, accident avoidance devices, etc.) may cause inconvenience and danger to consumers. • Lack of uniformity in industry standards for containers, etc. may lead to higher costs and increased waste. • Risk of leakage of confidential information and infringement of copyrights due to the spread of AI technology • Health hazards due to chemical substances (VOCs, etc.) released from products • Risk of products and services not reaching consumers due to withdrawal from business (in conflict countries, etc.) <p> <ul style="list-style-type: none"> • Risk of infringement of human rights of employees who respond to excessive requests from consumers by not clearly indicating the scope of possible responses (customer harassment) • Risk of slander on social networking sites by players belonging to industrial companies. </p>	✓	✓	✓	✓	✓	✓	
		Ethical consumption	<ul style="list-style-type: none"> • The risk of users being mentally burdened by unknowingly using products and services that violate human rights and animal welfare (i.e., the risk of infringing on the right to use ethical products) 							
	Complicity	Use or misuse for other purposes	<ul style="list-style-type: none"> • Advanced functions of cameras may be used for voyeuristic photography or other sexual harm. • Surveillance cameras may be used as equipment for forced labor • Risk of criminal use of SNS • Risk of illegal modification for diversion or misuse in weapons such as cars and drones • Risk of stalking using IC tags • Risk of consumers suffering damage such as explosion or harmful gas emission when transferring detergent, etc. to a container other than the dedicated one • 3D printers may produce weapons or other items that infringe on human rights. • Risk of counterfeit bills being manufactured by a scanner • Risk of damage to the human body (including mental health) due to use for other than the intended purpose • Leakage of personal or confidential information due to employee use of generated AI 						✓	
Remedy	Establishment of a remediation process	<ul style="list-style-type: none"> • The effectiveness of the remedy process may not be ensured due to inadequate remedy contact points and processes, and inadequate monitoring by a third-party organization. • Risk that whistleblowers will not be protected • Risk that the current functions may become a mere skeleton • Improvement of the remedy process that includes the entire group and the supply chain. • Possible lack of recognition as a target of relief due to insufficient information dissemination (low absolute volume, lack of multilingual support, business practice factors) • Failure to provide access to relief services and languages available may limit the number of users. • The possibility of not being able to make inquiries due to a lack of trust in the counseling service (psychological safety assurance). • Possible disparity in relief for non-Japanese (due to language and cultural barriers) • The perpetrator who was punished by the report may reoccur the problem in another place. • The risk of disadvantages to the informant, such as retaliation for failure to observe confidentiality obligations (secrecy). • Pressure or leakage of the content of the report when the content of the report is inconvenient for the company organization • The user may not be able to recognize the relief channel. 	✓	✓	✓	✓	✓	✓	✓	

3.2 Manufacturing Industry (electricity and information)

※Value Chain of Manufacturing Industry (electricity and information)

Creation(research, development, design) Purchase (construction of facilities, procurement) Production (manufacturing) Transportation (storage, logistics)

Sell (sales and marketing) Use(consumption, utilization, maintenance and servicing) Discard (disposal and recycling)

Human Rights Issues in the Manufacturing Industry (electricity and information)		Specific Concerns	Value Chain					
			Create	Purchase	Produce	Transport	Sell	Use
Treatment in the workplace	Working hours or wages	<ul style="list-style-type: none"> • Risk of minimum wages not being in line with local living standards, leading to long working hours • Risk of not being able to guarantee a proper place to stay if parents are unable to take leave. • Risk of overtime due to production adjustments (prioritizing delivery dates) and troubleshooting (requests for increased production due to pandemics, etc., and plans for sudden production cuts due to reduced demand) • Possible lack of proper management of working hours due to remote work and discretionary work (Separation of work and private life). • Possible truncation of working hours (problem of rounding down fractions of working hours) • Failure to properly report working hours may result in the failure to pay proper compensation (wages). • Risk of wage disparity affecting children's future education • Risk of long working hours and lower wages for subcontractors due to the transfer of increased raw material and energy costs to subcontractors as a result of geopolitical changes 						
		<ul style="list-style-type: none"> • Service overtime and long working hours, especially in Japan. Excessive work by managers (middle management) • Inappropriate operation of discretionary labor systems and deemed management positions (e.g., exceeding the prescribed/legal working hours but possibly not being paid for overtime) • Working conditions and wage disparity with group companies. Equal pay for equal work. • Possibility of long working hours due to old production facilities. • Possibility of not being able to live a life that meets basic needs (malnutrition, loss of educational opportunities for children, etc.) due to not being paid a living wage commensurate with the cost of living in the country or region where they reside. • Decline in living standards due to wage increases not keeping pace with rapid increases in food, energy, and other prices triggered by international conflicts 	✓	✓	✓	✓	✓	✓
	Continuous employment, working environment	<ul style="list-style-type: none"> • Risk of wage reductions or layoffs due to reductions in production at suppliers as a result of termination of business with suppliers due to human rights issues at suppliers • Risk of human rights violations due to transfers or transfers without consideration of the employee's wishes (e.g., single-person transfers). 						
	Health and Safety (1) Physical, hard, working environment (2) Mental (3) Health (4) Education	<p>(1) Occupational accidents resulting in death or serious injury, especially in research, manufacturing and factory sites</p> <p>(1) Possible occupational accidents while working at home (health hazards due to inadequate safety precautions and different working environments, disruption of the rhythm of daily life)</p> <p>(1) Living environment and sanitary facilities that do not provide minimum space, such as dormitory living with several people in one room</p> <p>(1) Inadequate showers, toilets, etc., dormitories on the factory premises, locked management from the outside, etc., may adversely affect employee health.</p> <p>(1) Emergency exits, evacuation drills, etc. may not comply with global standards for health and safety standards.</p> <p>(1) Occupational safety may not be protected for foreign workers due to inadequate multilingualization of manuals, evacuation routes, etc.</p> <p>(1) Work and private life may become blurred, resulting in a decrease in workers' private life.</p> <p>(1) Possible failure to ensure the safety of employees and their accompanying family members in pandemic countries or conflict zones</p> <p>(1) Likelihood that the safety of employees engaged in non-teleworkable work (manufacturing sites) during a pandemic will not be ensured</p> <p>(1) Lack of working environment and care environment for pregnant and nursing mothers (handling of heavy items, handling of hazardous substances, etc., securing of nursing rooms and support for nursery schools, etc.)</p> <p>(1) Possible lack of consideration for religious aspects such as prayer rooms, prayer times, meals (halal), etc.</p>						
	<p>(2) Long working hours may cause employee health care problems, especially mental health.</p> <p>(2) Lack of communication due to remote work may lead to alienation and exclusion from the workplace.</p> <p>(2) Risk of not being recognized as workers' compensation in the event of injury or illness while working remotely.</p> <p>(2) Risk of having to bear the increased utility costs associated with remote work (compensation for telecommuting allowance)</p> <p>(3) Risk of progression of illness due to lack of medical checkups</p> <p>(3) Risk of progression of occupational disease due to lack or non-use of protective equipment such as finger sacks, gloves, masks, ear plugs, etc.</p> <p>(3) Likelihood of remote work becoming a regular occurrence and the accompanying long-term work environment not being maintained (e.g., illness under illness)</p> <p>(3) Possible inability of foreign workers to properly access medical care due to language barriers</p> <p>(3) Possible increase in the number of heat stroke victims due to heat waves caused by rising temperatures resulting from climate change</p> <p>(3) Risk of increased risk of diseases due to various environmental changes caused by climate change</p> <p>(4) Likelihood that insufficient consideration is given to the treatment of foreign workers in terms of language issues, such as guidance and awareness of safety and health aspects</p>	✓	✓	✓	✓	✓	✓	
	<p>(4) Lack of equal and fair opportunities for migrant workers in terms of education, employment, wages, living environment, etc.</p> <p>(4) Lack of educational opportunities for employees due to long working hours</p> <p>(4) Differences in educational opportunities may occur due to differences in employment status, nationality, race, gender, age, educational background, length of service, etc.</p> <p>(4) Possible unconscious promotion of discrimination and false notions, etc., due to educational curriculum created with biased bias by AI generation.</p> <p>(1) - (4) Parents work long hours, which may infringe on the healthy life of their children.</p>							

Business/ Supply Chain		<ul style="list-style-type: none"> • Risk of unequal treatment in terms of working conditions, training, and promotion • Discrimination against infected and non-vaccinated persons • Discrimination against workers may lead to discrimination against their children. • Discrimination based on race, color, gender, age, nationality, disability, illness, marital status, sexual orientation, gender identity, religion, place of residence, place of birth, etc. • Lack of reasonable accommodation for persons with disabilities (e.g., installation of slopes, consideration of face recognition systems for visually impaired persons) • Various types of harassment (sexual harassment, power harassment, remo-harassment, SOGI harassment, maternity harassment, moral harassment, customer harassment, technology harassment, etc.) • Fear that AI may read and encourage latent discrimination tendencies in humans through the data it learns (e.g., TMS) • Prediction of resignations and declines of job offers by AI may lead to unequal treatment. • Workers' privacy may be violated by AI monitoring of workers. • Workers' privacy may be violated by the company's management of workers' vital information (e.g., sleep information). • When AI is used for recruitment or personnel evaluation, the person in charge may not be able to make appropriate judgments, which may unintentionally promote discrimination. 								
	Discrimination	At time of hire/employment	<ul style="list-style-type: none"> • Likelihood that technical intern trainees will be subjected to disadvantageous treatment, such as dismissal or return to their home country, due to marriage, pregnancy, childbirth, etc. • Technical intern trainees may not be granted maternity leave, childcare leave, or shorter working hours. • Risk of unequal judgment due to unconscious bias at the time of hiring • Unequal judgment may be intentionally made at the time of hiring based on LGBTQ+, gender, disability, appearance (face photo), educational background, etc. • Possible reproduction of discrimination by referring to the wage level of the previous job at the time of hiring (if there is discriminatory treatment in the previous job) • Risk that products and services may not reach consumers due to withdrawal from business in conflict countries, etc. • Risk that corporate activities may lead to human rights violations due to a lack of ESG awareness among general employees • Risks that the working environment of in-house technical intern trainees can be confirmed, but the working environment of technical intern trainees employed by suppliers cannot be ascertained. • Risk of loss of work experience opportunities due to biases such as not allowing women to handle chemicals or carry heavy loads (including Mommy Tracks such as being excluded from business trips or candidates for overseas assignments) 	✓	✓	✓	✓	✓	✓	
			<ul style="list-style-type: none"> • Risk of lack of equal promotion in terms of diversity (change in the ratio of attributes at the time of hiring and promotion to leadership positions) • Risk that the image of the industry will not be improved, resulting in fewer opportunities for women to be active in the industry. (not excusing the characteristics of the industry, but due to lack of awareness of role models and lack of image of women working through life time events). • There is a risk of narrowing the range of job choices for the elderly because of their advanced age. • There is a risk that wages will decline even after rehiring elderly workers, even though the nature of their work remains unchanged, and that equal pay for equal work may not be observed. • There is a risk that the mandatory retirement age and retirement age system may be construed as age discrimination. • Unemployment rate may increase due to the replacement of existing jobs by advances in AI. • Lack of consideration for pregnant and nursing mothers may deprive women of opportunities to work and develop their careers. • Possible unequal treatment of LGBTQ+ partners (e.g., leave, congratulatory gifts, etc.) due to lack of reflection of their treatment in the system • Possible infringement of grounds for expression due to forced dress code (e.g., uniforms for women only). 							
	Child labor	(1) Minimum age (2) Handling of young workers	<ul style="list-style-type: none"> (1) Possible child labor and brokerage of children in supply chains in developing countries (1) Asian workers may apply for employment by falsifying their age (2) Possible risk of having them engage in night work or hazardous work 	✓	✓	✓	✓	✓	✓	✓
Forced labor	Employment	<ul style="list-style-type: none"> • Migrant workers (including foreign nationals and domestic migrants) may be required to pay excessive recruitment costs and keep identification documents when hired. • Risk of debt labor of foreign technical intern trainees • Risk of unintentional involvement in criminal activities through black market work through misuse of anonymous communication apps, etc. 			✓	✓			✓	
	Compulsory overtime	<ul style="list-style-type: none"> • Possible long working hours due to excessive quotas may become de facto forced labor • Possible negative impact on stakeholders in the material production process 	✓	✓	✓	✓				
Freedom of association		<ul style="list-style-type: none"> • Possible lack of dialogue and communication with workers' representatives, labor unions, etc. • There is a risk that labor-management consultations and collective bargaining are not sufficiently institutionalized and operated. In addition, although the right to collective bargaining is recognized, there is a risk that negotiations are not actually conducted. • Risk that workers' rights are not sufficiently secured in the union store system • The formation and activities of labor unions are prohibited (including cases where they are prohibited as a matter of substance). • Likelihood that workers' rights are not adequately secured in a country or region (especially in overseas subsidiaries). • Labor unions are not protecting employees (in some cases, labor unions are not protecting employees and are not fulfilling their roles as they should). • Possible obstruction of foreign workers' freedom of association • Risk that in Japan, the main body for negotiations with the company is the company-based union, which has more influence than the industrial trade unions • Risk that workers' rights are not secured, such as freelance, delivery, and retail workers. 	✓	✓	✓	✓	✓	✓		

Community	Resources/Community	Resource Use	<ul style="list-style-type: none"> The development, design, distribution, and marketing of products with a high environmental impact (high electricity use, difficult to recycle) may lead to excessive extraction of resources (upstream supply chain). The environmental impact is actually high, but it is low because of the low environmental footprint of the product. The use of energy and resources that are assumed to have a low environmental impact when in fact they have a high environmental impact may contribute to environmental destruction and human rights abuses. Possible negative impact on local communities through the use of renewable energy and biomass resources (environmental burden caused by power plants, and deforestation caused by the use of palm oil) There is a risk of enormous power consumption due to the use of virtual currency in circulation. There is a risk of destruction of forests and marine ecosystems due to the procurement of raw materials. Risk of animal welfare infringement due to procurement of raw materials (leather used for cases and accessories, etc.) Risk of destruction of local ecosystems due to construction and operation of business sites Risk of continued negative impact on the global environment due to failure to review the environmental impact of business Risk of adverse effects on the environment caused by the manufacture of environmentally friendly products Possibility of a buyout of natural energy by some predominant companies 	✓	✓	✓	✓	✓	✓
			<ul style="list-style-type: none"> Development and utilization of generation AI will require enormous amounts of energy, and local residents, including the poor and other socially vulnerable groups, may not be able to access sufficient energy. There is a risk of child labor and forced labor at rare metal mining sites due to the shortage of semiconductors. There is a risk of negative impact on the global environment during the processing of solar panels. Manufacturing overseas may increase the local water load (virtual water problem). The lack of automation in car washes, dishwashers, etc. may increase the amount of water used. Global warming may increase the risk of disease. Climate change may increase the number of refugees and people on welfare due to the rise in sea level and floods and torrential rains. Water scarcity impacts due to climate change may undermine water access rights. Droughts due to climate change may reduce agricultural production and lead to food shortages 						
	Disposal	<p>May cause environmental pollution, deterioration of sanitation, and health hazards to residents in relation to the following</p> <ul style="list-style-type: none"> Risk of generating microplastics through business activities Risk of low recycling rate, although waste is sorted. Risk of a sharp increase in garbage and waste plastics due to an increase in take-out. Risk of inappropriate use or disposal by suppliers, end consumers, or recyclers (e.g., ocean plastic problem, increased processes at waste treatment facilities) Possible lack of progress in plastic reduction due to lack of reuse 	✓	✓	✓	✓	✓	✓	
	Public Safety	Involvement in security and anti-social organizations	<ul style="list-style-type: none"> In the procurement of raw materials and disposal of products, there is a risk that funds, products, and services may flow to non-governmental forces or armed groups (e.g., conflict minerals). In the procurement of labor, a portion of wages may flow to anti-social organizations or armed groups (e.g., technical interns). Landmines, etc., may be installed in conflict countries, affecting logistics. Possible increase in crimes due to misuse of generated AI (e.g., misinformation by fake news, fraud, defamation, copyright infringement, etc.) 	✓					✓
Access to land	Ownership to land	<ul style="list-style-type: none"> Risk of forced displacement of indigenous and local residents at the time of acquisition of land for the project There is a risk of damage to the value of the land due to construction and operation of business sites. There is a risk of health hazards to indigenous and local residents due to the spread of viruses and infections caused by the clearing of the land. There is a risk of environmental destruction due to the installation of solar panels by clearing mountains. There is a risk that unused solar panels will be left unattended due to bankruptcy of the operator, etc. Use of land without considering its resistance, adaptability, and change over time may result in threats to the livelihood of local residents. Mining of rare metals and gold may pollute the environment of the surrounding area and cause damage to local residents. 	✓	✓					
Society and Government	Relationship with Government	Bribery and Corruption	<ul style="list-style-type: none"> Risk of being involved in bribery and corruption, especially when obtaining permits and licenses, such as FacilityPayment Bribery at the time of contracting, industry customs and practices, and conformity (in the form of transactions/operations), as well as the risk of being involved in corrupt practices when receiving orders for government-affiliated projects Risk of complicity with the military regime as a result of donations to the military regime by foreign companies with which we have alliances or investments. Risk of corruption such as bribes in order to keep logistics running 	✓	✓	✓	✓	✓	✓
		Relationships with countries with high human rights risks	<ul style="list-style-type: none"> Possible complicity in human rights abuses when operating in countries or regions where there is a gap between local laws and customs and international standards When using airports in countries with military regimes, etc., there is a risk of paying fees to the military regime, and as a result, being complicit in human rights abuses. Risks associated with the assumption that Japan does not have a high human rights risk Risk of indirectly contributing to human rights abuses (forced labor, ethnic discrimination, increased number of refugees, and other community impacts) through transactions with companies and suppliers in conflict zones Information control in geopolitical risk areas may prevent necessary information from being obtained. Expatriates and business travelers may be unduly restricted by the laws of geopolitical risk areas. 	✓	✓	✓	✓	✓	✓

	Consumer Relations	Health, Safety, and Personal Data Protection	<ul style="list-style-type: none"> • Failure of products or services provided to customers or inappropriate marketing activities or failure to properly disclose information that could ultimately harm the life, health, or property of consumers • Greenwashing may mislead consumers and prevent them from receiving correct information about company and product sustainability • Risk of infringement of individual human rights due to the failure to properly manage and operate personal information obtained in the course of business processes. • Possible uneasiness due to lack of disclosure or difficulty in understanding at what stage AI is being used by consumers • Risk of increased damage due to lack of concrete measures to deal with violations of individual human rights. • Inappropriate advertisements and information dissemination may cause discomfort and false perceptions among consumers, promote discrimination and prejudice, and cause health hazards due to false perceptions. • The use of PCs and smartphones will become the mainstream for various procedures and information acquisition, and those who are not proficient in IT devices may be left behind. • Foreigners may not be able to access the infrastructure necessary for daily life due to the lack of multilingualization of various procedures. 	✓	✓	✓	✓	✓
Others	Complicity	Use or misuse for other purposes	<ul style="list-style-type: none"> • Possibility of surveillance cameras, etc. being used for forced labor facilities, voyeuristic photography, or other sexual harm • Risk of criminal use of SNS • Risk of illegal modification for illegal use or misuse in weapons such as cars and drones • Risk of stalking using IC tags • There is a risk of consumers suffering damage such as explosion or harmful gas emission when detergent is transferred to a container other than the dedicated one (e.g., when alcohol disinfectant is put into a container that is not compatible with alcohol). • There is a risk that 3D printers may be used to manufacture weapons or other items that infringe on human rights. • Failure to comply with the law may result in the manufacture of counterfeit bills using a scanner. • Advanced camera functions may be used for voyeuristic photography or other sexual harm. • Inbound products purchased in Japan may be taken out of the country and misused. • There is a risk of unintentional participation in criminal acts through black market bytes, etc., due to the misuse of highly anonymous communication applications, etc. • Lack of explanation and consideration of products and services may lead to inappropriate use and infringement of laws (diversification of sales methods such as inbound/flea market apps, etc.) 				✓	
	Remedy	Building a Remediation Process	<ul style="list-style-type: none"> • Inadequate remedy contact points and processes may prevent human rights violations from being remedied (e.g., insufficient skills of contact persons, etc.) • Lack of monitoring by a third-party organization may not ensure the effectiveness of the remedy process. • The risk that the whistleblower may not be connected to the remedy process. • Risk that whistleblowers will not be protected. • Possible disorganization of current functions • Insufficient information dissemination (small absolute volume, lack of multilingual support, business practice factors) may prevent recognition as a target of the relief process. • There is a risk that consumers may not be able to consult with the person in charge, even though he/she knows the contact information of the person in charge at the delivery destination. • Possible inability to inquire because of lack of trust in the contact person (psychological safety assurance) • Possible inducement of inappropriate responses (e.g., not leading to fair remedies) through the use of AI with biased learning in the process of the complaint handling mechanism 	✓	✓	✓	✓	✓

3.3 Chemical and Building Materials Industry

This table is a summary of the value chain that is generally considered to exist in the industry, and individual companies need to consider their own specific products and services.

*Each value chain item includes not only the company itself but also contractors and cooperating companies that outsource manufacturing, logistics, services, etc. at each stage of the value chain. (This also includes contractors that come in and out of offices and factories.)

Human rights issues of importance in the chemical and building materials industries		Specific Concerns	Value Chain						
			Research	Development	Procurement	Manufacturing	Logistics	Use/Utilization sites	Raise/Recycle
Workplace Treatment	Working Hours	<ul style="list-style-type: none"> Concerns about the possibility of overtime work due to the impact on the global supply chain caused by changes in international affairs and geopolitical risks (e.g., the situation in Ukraine and the Middle East), which may lead to changes in the client company's plans and short delivery times for orders, or concern that it is difficult to take measures and make improvements while overtime caused by longer lead times is a regular occurrence. Concerns that working hour management according to different working conditions in different countries/regions is not sufficiently thorough and well understood. Concerns that, if there is a discrepancy between international norms and national laws, compliance with the laws of countries that allow longer working hours than international norms may lead to health problems for workers. Concern that late-night and early-morning overtime work and long overtime hours will become the norm due to meetings with the company's overseas offices and business partners. Concerns that standards for new ways of working (need for rest and leave in terms of health), such as intervals between shifts, are not taken into consideration. Concern that long working hours relying on premium wages for overtime and holiday work will become the norm because basic wages are not commensurate with the standard of living in some countries/regions (employees will be impoverished if the company prohibits long working hours exceeding the legal limit) 	✓	✓	✓	✓	✓	✓	✓
	Health and Safety	<ul style="list-style-type: none"> As a manufacturing company that uses hazardous substances (e.g., chemicals) or often performs hazardous work at high altitudes, high temperatures, high pressure, or between high temperatures, the risk to the safety and health of people in the work environment or near the manufacturing site is particularly high. Concerns that accidents involving leaks of hazardous substances may cause health hazards to on-site employees and nearby residents. Concerns that insufficient information on chemical substances provided by suppliers may cause health hazards to their own employees and end consumers. Concerns that outsourcing human safety and functionality testing may lead to human rights issues if the ethical standards of the outsourced company are weak. If there is a gap between international norms (e.g., ILO Core Labor Standards) and the laws of each country, there is concern that compliance with the laws of countries that allow longer working hours than international norms may lead to health hazards for workers. Concerns that workplace accidents may occur due to inadequate training on occupational health and safety (especially for foreign workers) Concerns that workplace accidents may occur due to lack of personal protective equipment for employee safety or lack of instruction on how to use it. Concerns that safety instruction may not be provided in situations where there is insufficient multilingual support suitable for workers who have difficulty understanding English or Japanese, leading to work-related injuries. Concerns that safety and health standards at workplaces meet legal requirements but do not take into account comfort and ease of work (e.g., not wearing protective equipment because it is too hot). Concerns that the work style is not considered from the perspective of health, rather than health and hygiene (even if the legal standards are met, is the actual health of the workers being compromised). <p>*In the case of an increase in the number of female workers in male-employed workplaces, there are concerns that the enjoyment of a healthy work environment will be infringed upon due to a lack of consideration for facilities such as women-only restrooms and rest areas.</p> <p>*In addition, the lack of Japanese language proficiency of foreign workers poses a significant human rights risk. In particular, cases of inadequate safety education occur due to foreign workers' lack of Japanese language proficiency. It is desirable to use tools such as showing foreign workers explanatory videos prepared in multiple languages by the Ministry of Health, Labor and Welfare and other organizations.</p>	✓	✓	✓	✓	✓	✓	✓
	Disciplinary Action	<ul style="list-style-type: none"> Concerns that suppliers have disciplinary action policies that are not in line with local customs in different countries/regions (in-house). Concerns that suppliers do not understand the actual disciplinary practices of their suppliers and encourage them to make necessary improvements, given different national/regional practices regarding disciplinary actions. Concern that the company's rules on disciplinary actions do not meet the standards of international rules and regulations (e.g., stipulating a reduction in salary for disciplinary actions). Concerns about human rights violations due to malicious coercion of labor or unfair dismissal because working conditions, etc. are not explained in the native language. 	✓	✓	✓	✓	✓	✓	✓
	Wages	<p>The following are of particular concern at suppliers, contractors, etc.</p> <ul style="list-style-type: none"> In the first place, concerns stemming from the fact that wages in Japan for regular employees are lower than in the OECD (Shareholder compensation and dividends are increasing, but wages are not. And, there are concerns about whether the labor distribution ratio is appropriate.) Concerns that workers will not be able to lead healthy lives if they sign labor contracts with wage systems that refer only to the minimum wage set in each country, which does not reflect the actual prices of goods and services in each country. Concerns that the company's supply chain as a whole will suffer from wage suppression due to non-compliance with price shifting through abuse of a superior bargaining position. Inappropriate handling of orders from suppliers where the person in charge does not use written documents but only verbal orders (improper handling), which can lead to problems such as not paying at a later date or unilaterally reducing the amount of the order. Small and medium-sized suppliers do not understand and deal with the issue of equal pay for equal work. <p>(1) Appropriate wages commensurate with working hours are not being paid. (2) Failure to grasp the actual status of wages paid to foreign technical intern trainees (3) Delayed or unpaid payments to workers due to turmoil in the financial market affected by the international situation (turmoil caused by the Ukraine issue) (4) Wages are not set in line with price increases and living wages (wages necessary to maintain an appropriate standard of living) are not being paid. (5) Failure to pay proper compensation to subcontractors and suppliers, resulting in failure to pay proper living wages at subcontractors and suppliers</p>			✓	✓		✓	✓
Businesses / Supply Chain	Hiring & Time of Employment	<ul style="list-style-type: none"> Concerns that the company is not adequately addressing the elimination of discrimination in the workplace on a global basis, as major cases of harassment vary by region/period (e.g., discrimination against certain ethnic and sexual minorities, power harassment). Insufficient education and awareness-raising may lead to unwanted outings and human rights violations. Concerns that the working environment for foreign workers with disabilities or those who do not understand Japanese may not be sufficiently developed, which may lead to human rights issues. Concerns that respect for employee privacy and reliable protection of personal information is not being achieved in the face of tightening of personal information management and regulations in various countries (EU, China, etc.) and the trend toward tightening of such regulations in Japan. Concerns about being categorized (gender, sexual orientation, gender identity, age, nationality, language, etc.) based on unconscious bias (unconscious prejudice or assumption) and being deprived of work opportunities, promotions, and advancement opportunities in desired occupations. Concerns about discrimination against specific racial groups in response to international situations. Concerns that workers may be subjected to unfair and discriminatory treatment for reasons such as illness and pregnancy without stating objectively valid criteria. Concerns that unintended bias may cause unfair discrimination in the company's AI-based recruiting activities. There is also a concern that the company may infringe on religious freedom due to a lack of consideration and understanding of religious and cultural differences after the hiring of foreign employees. Concerns that Japanese expatriates in Japanese-affiliated overseas offices may impose Japanese culture and customs on local people, thereby undermining the dignity of the staff. Or, concerns about similar behavior by local people toward Japanese staff. <p>*Concerns about negative effects such as mental burden and mental and physical weakness of employees due to the emphasis on the legally mandated employment rate and the lack of consideration for appropriate workplace assignments, as well as the lack of a person in charge who can consult with employees.</p>	✓	✓	✓	✓	✓	✓	✓
	Layoffs and dismissals	<ul style="list-style-type: none"> In the case of foreign technical intern trainees and dispatched workers who are difficult to reassign, there is a fear that illness or pregnancy will be used as a determining factor without objectively valid criteria being clearly stated, and that the implementation will not be based on sufficient communication. Concerns about unexpected loss of employment when it is difficult to change assignments due to withdrawal from a business. Concerns about termination of employment when it becomes difficult to change work locations due to changes in life stages. Concerns about unexpected loss of employment in employment status that is considered particularly vulnerable in the value chain (e.g., non-regular workers, contractors, etc.) due to changes in the business environment. 	✓	✓	✓	✓	✓		

	Child labor	Minimum age/employment of young workers under 18	<ul style="list-style-type: none"> Concerns that the risks are not fully understood by Tier 2 and 3 suppliers and beyond as the supply chain becomes more complex and globalized. There is a difference between local and international laws regarding the concept of the standard age, and we are concerned that we are not able to follow up appropriately on a regional basis. Concerns that young people may be engaged in labor due to inadequate measures against impersonation, such as age verification, when operating in countries with a high risk of child labor. There is a risk that children may be employed in the supply chain (subcontracting work, etc.) in developing countries, and that brokers may mediate the employment of children. Asian workers may apply for employment by falsifying their age. Likelihood of having them engage in night work and hazardous work Concerns that increased demand for EV vehicles will increase the need for procurement of minerals and increase the risk of child labor and forced labor at mining sites 	✓	✓						✓	✓
	Forced Labor	Forced labor Exploitation requiring a deposit or documentation for employment	<ul style="list-style-type: none"> Concerns that risks and problems may be overlooked due to a lack of a comprehensive grasp of the existence and actual status of migrant workers and foreign technical intern trainees on a global scale. Concerns about the use of the foreign technical internship system and the imposition of unjustified costs due to insufficient human rights DD at the time of hiring trainees. Concerns about restrictions on workers' freedom of movement (e.g., curfews at dormitories) 		✓	✓					✓	
		Restriction of movement	<ul style="list-style-type: none"> Concerns that freedom of movement will be restricted if the company retains original identification documents such as passports, pension books, etc. There are concerns that the company will set a curfew that deviates from socially accepted norms at company facilities (dormitories, etc.), thereby restricting freedom of movement. There have been cases in Japan where companies have placed financial restrictions on foreign technical intern trainees by taking custody of their bank passbooks, thereby depriving them of freedom of movement. 		✓	✓						
		Forced overtime	Concerns about forced overtime work (or even voluntary work resulting in overtime) due to orders received without consideration of resources.	✓	✓	✓	✓	✓	✓		✓	
		Human trafficking	Concerns about missing risks and problems due to the lack of a comprehensive grasp of the existence and actual status of migrant workers and foreign technical intern trainees on a global scale.	✓	✓					✓		
	Freedom of association	Freedom of association and Right to collective bargaining	<ul style="list-style-type: none"> Concerns that labor-management negotiations may not be normal Concern that there is no means for employees to discuss labor-related issues without interference from the company. Concerns that labor-management disputes and human rights issues may arise due to the company's refusal to negotiate with minority unions. Concerns that freedom of choice and freedom to join or leave a union are not ensured. Concerns that unjust dismissal or disadvantageous actions will be taken against employees for their active participation in labor-management negotiations 	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Measures where not permitted by national law	Concerns that there is no means for employees to discuss labor-related matters without interference from the company	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Relationships with suppliers in countries/regions with high human rights risks	<ul style="list-style-type: none"> Concerns that procurement from countries/regions with high human rights risks, due to the selection of suppliers that prioritize their own profits, may indirectly contribute to the occurrence of negative impacts on human rights. Concerns that the company will stop procuring from countries/regions with high human rights risks without encouraging suppliers to improve their procurement practices, thereby abandoning the resolution of fundamental problems. Concern that local employees and local residents will lose access to social infrastructure, services, and employment as a result of a responsible withdrawal from a country/region with high human rights risks (specific example: the withdrawal of a foreign company from Myanmar resulted in massive job losses). 		✓	✓						
Community	Resources	Resources	<ul style="list-style-type: none"> As a chemical company, we are working to reduce our environmental impact and properly manage chemical substances, but we recognize the following as potential human rights issues Concerns about destruction or pollution of natural capital due to inappropriate use or disposal by suppliers (customers) (e.g., marine plastics, pesticides) Concerns about pollution and health hazards in a wide area due to spillage or exposure of pollutants Concerns about the impact of resource depletion on the livelihoods of local residents and the maintenance of social infrastructure Concerns that the promotion of conversion from fossil resources to non-fossil resources may lead to violations of indigenous peoples' rights, such as forced expropriation of their lands, and adverse effects on biodiversity due to deforestation, etc. Specific examples are as follows Concern that the use of edible plants (corn, soybeans, etc.) as resources will indirectly cause price hikes and food shortages. Concern that the use of biodegradable plastics and biomass fuels made from oil palm will contribute to environmental destruction at the source. Lack of awareness that environmental issues are part of human rights issues In the process of promoting materials informatics in materials development and improving efficiency through the use of AI, there are concerns that erroneous operations and decisions due to a lack of a human perspective could lead to environmental destruction and health hazards. 	✓	✓	✓				✓	✓	
		Environment	<ul style="list-style-type: none"> Risk of biodiversity loss and water depletion due to deforestation and overconsumption caused by factory construction, etc. Concerns that the false image of bioplastics (e.g., biodegradable plastic will return completely to nature) will encourage ocean dumping and impede resource recycling. Concerns that residual plastics produced by the company in the environment may threaten the health and livelihood of people living in coastal areas. Concerns about human rights violations due to continued GHG emissions during manufacturing/recycling and inhibition of climate change mitigation caused by a focus on recycling and reducing and a lack of a focus on reusing. Concerns about human rights violations due to the high environmental impact of products that are claimed to be environmentally friendly through partial greenification but have a high environmental impact when viewed over their entire lifecycle, resulting in environmental pollution. 		✓	✓	✓			✓	✓	
		Biodiversity	<ul style="list-style-type: none"> Concerns that animal experimentation will undermine the dignity of animals by keeping them in poor conditions before the experiment. Concerns that animal experiments on conscious animals may cause unnecessary suffering and damage the dignity of the animals. Concern that animal welfare is not ensured when procuring raw materials of animal origin. Concerns that new pesticides will affect unexpected organisms and have a negative impact on biodiversity. 	✓	✓	✓	✓			✓		
Society and Government	Relationships with Government	Bribery and corruption	<ul style="list-style-type: none"> Concerns that bribes will be demanded and that the company's acceptance of payment will have negative human rights impacts and disadvantages for rights holders (e.g., illegal construction will be approved, residents will be forced to change their living environment under unfair conditions, or the living environment will deteriorate). Concerns that involvement in corruption may result in surcharge payment orders or shutdown orders, which may have reputational damage, and consequently indirectly affect the employment of employees. 			✓	✓			✓	✓	
		Relationships with countries/regions with high human rights risks Remedies	<ul style="list-style-type: none"> Concerns about indirectly contributing to the occurrence and promotion of negative human rights impacts by Obtaining permits, licenses, etc. and operating in countries with high human rights risks Procurement from state-owned enterprises in countries with high human rights risks (e.g., conflict minerals, timber, polysilicon) For example, human rights violations in the manufacturing process of polysilicon produced in the Uyghur Autonomous Region in China have been raised as an issue, but it is difficult to prove that the material is not included in the solar panel products used by the company. 		✓	✓	✓	✓	✓	✓	✓	
Remedy			<ul style="list-style-type: none"> Concerns that the negative impact on human rights cannot be grasped due to the lack of a complaint handling system established, maintained, and communicated to a wide range of stakeholders related to the business. Concerns that the voices of suppliers from Tier 2 and beyond, with whom there are usually no direct communication contacts in the supply chain, are not being understood. Concerns that the grievance system is only formal and does not capture the voices of those who are directly affected. Risk of unfair dismissal due to lack of protection for whistleblowers Concerns that the following human rights issues are not being addressed in a timely/appropriate manner The consultation system/point of contact is not set up in consideration of local language, reception time zone, legal system, culture, etc. The access to the grievance mechanism and the expected response and timeframe are not communicated in advance. The value chain is not visualized. Information is not properly communicated, and appropriate responses are not taken from the perspective of respect for human rights. Dialogue, disclosure of inquiries, etc., are not conducted (Conceptual and operational arrangement with the Whistleblower Protection Act). 	✓	✓	✓	✓	✓	✓	✓	✓	

*Double-checking is indicated for priority risks.

3.4 Food and beverage industry

Human rights issues in the food and beverage industry			Specific Concerns	Value Chain					
	Risk Area			R&D	Procurement	Manufacturing	Logistics	Sales	Consumption
Treatment in the Workplace	Working Hours	Global	<ul style="list-style-type: none"> • Long working hours may occur in all operations, including the company's own/contractor's manufacturing plants (suppliers) and logistics drivers. • During periods when production is concentrated, such as seasonal production, there is a risk of restrictive work hours to meet delivery deadlines. • The increase in production due to special temporary demand may lead to excessive work hours, and the increase in telework due to changes in work styles may lead to working hour management problems. • Fear of affecting employees' families due to long working hours • Fear of chronically exceeding the prescribed working hours due to staffing based on overtime work • Concerns about a worsening labor shortage due to infectious diseases, war, etc., and the resulting increase in employee working hours. • There is a risk of an increase in unemployment due to the progress of AI and automation, as well as a decrease in income and poverty due to significant reductions in working hours, etc. • An aging society may lead to a shortage of workers and an increase in the workload of individual workers. 	✓	✓	✓	✓	✓	✓
	Wages	Global	<ul style="list-style-type: none"> • Wage levels are not in line with local living standards. • Wages are not justified under the piece-rate wage system (e.g., palm oil plantations, or fishing grounds). • There is a risk that workers will not be paid proper wages due to lack of fair trade. • There is a risk that the wages of foreign workers do not meet the minimum standard of living or that they are not well housed. • Wages are not commensurate with working hours (compliance with laws and regulations in each country) <p>Wages are not guaranteed due to factory shutdowns, lockdowns, etc. due to global outbreaks of infectious diseases.</p> <ul style="list-style-type: none"> • Despite working overtime, there is a risk that overtime hours will be capped and overtime wages will not be paid. 						
		Japan	<ul style="list-style-type: none"> • Wages differ depending on the type of employment, even though the work is the same. • Wages are below the standard of living. • Foreign workers and technical intern trainees are treated unfairly, such as unfairly low wages, termination of employment, and other disadvantageous treatment. • Wages of technical intern trainees may be used for disputes in their home countries. • Unfair low wages, suspension of employment, or other disadvantageous treatment of dispatched workers, even Japanese workers. • Unreasonable deductions from wages may occur that are not predetermined. • Possible inability to raise wages due to inability to pass on price hikes in raw material prices • Foreign workers: Unemployment due to production stoppages, diminishing remittances in real terms to home countries due to yen depreciation, and decrease in attractiveness of work in Japan • Intensifying competition among suppliers due to difficulty in securing raw materials → Poor working and wage environment for suppliers not selected • The difference in take-home pay between urban and rural areas is large because the rent collection level for foreign workers is the same in urban and rural areas. 	✓	✓	✓	✓	✓	✓
			<ul style="list-style-type: none"> • Hazardous work in product manufacturing (including raw material procurement) and R&D processes, handling of chemicals including pesticides, inadequate response to industrial accidents and overwork, and postings to countries and regions with deteriorating security due to political instability, etc., may threaten the health and safety of employees/workers (also from the perspective of employees = persons with disabilities). • Insufficient support for various cultures and diversity, such as color barrier-free (consideration for use of colors) to reduce risk, direction of door opening and closing, language signage for foreign workers, consideration for LGBTQ-related restrooms and locker rooms, and support for heavy muscle work through the use of assistive devices, etc. • The workload at distribution centers is heavy (unloading containers, working in freezers, etc.), which puts more pressure on those who are in a weaker position, and furthermore, there may be a lack of consideration for their health. • Insufficient support for medical care, food, clothing, shelter, and mental health care for foreign workers. • Insufficient infection prevention in the workplace <p>Insufficient infection prevention measures for children, fear of parents abusing or neglecting their children due to the global pandemic of infectious diseases</p> <ul style="list-style-type: none"> • Failure to have all employees undergo thorough medical checkups and no corporate action based on the results 						

Businesses / Supply Chain	Health and Safety	Global	<ul style="list-style-type: none"> • (Japan) Difficulty in securing work space in offices as a result of relocating offices and reducing the number of seats due to the telecommuting system and free-address system. • (Japan) As a result of the telecommuting system and the shift to a free address system, the number of seats has been reduced and the number of offices has been relocated. • (Influenced by the global pandemic of infectious diseases): Increased telecommuting (hindrance to business progress, stress), mental health problems due to reduced communication due to limited outings, and deterioration of employee health and safety, such as poor physical condition due to lack of exercise. • Risk of infection during commuting and work for workers who cannot telework, such as those in factories (during a global pandemic of infectious diseases). • Safety and health risks for older workers • (Health and safety is added to the ILO Core Standards.) Lack of awareness and delay in response to health and safety issues by companies may threaten the health and safety of their employees. • Health and safety of employees may be threatened due to lack of education and training opportunities for night workers, short-time workers, and temporary workers. • Risk of threats to the health and safety of employees due to rising costs of raw materials and energy 	✓	✓	✓	✓	✓	✓
			<ul style="list-style-type: none"> • Lack of clear indication of evacuation routes, nearest evacuation sites of dormitories, etc. in a language that foreign workers can understand. • Inadequate evacuation drills at workplaces (especially for night workers, short-time workers, and temporary workers) • Restrictions on eating (raw oysters, bivalves, etc.) due to hygiene control such as norovirus prevention may lead to infringement of rights. • Mental illness due to lack of anti-harassment measures • Insufficient training and support for occupational health and safety for suppliers may result in occupational accidents. • Failure to conduct evacuation and firefighting drills once after the start of dormitory use and once every six months could have a serious impact in the event of a disaster. • (Domestic) Failure to provide health guidance and health counseling to foreign workers by utilizing industrial physicians, health managers, etc., may result in omissions of symptom predictions and may encourage worsening of health conditions. 						
	Disciplinary Action	Global	<ul style="list-style-type: none"> • Insufficient compliance with the implementation of punishment for harassers. • Insufficient enforcement of appropriate punishment due to lack of internal awareness of laws, regulations, and work rules. • The company may face international criticism for conducting pay reductions as a disciplinary measure prohibited by international standards. 	✓	✓	✓	✓	✓	✓
	At Employment	Global	<ul style="list-style-type: none"> • Risk of discrimination in hiring based on race, gender, religion, region, LGBTQ, SOGI, disability, ethnicity, creed, medical history (HIV, etc.), caregiving, fertility treatment, childcare, etc. • The risk of debt service, which is in effect debt work owed to sending agencies, such as recruiting fees and payments to foreign language institutions. There is also a domestic problem of hiring without realizing the background. • The risk of working under inappropriate conditions due to the lack of working conditions presented at the time of hiring in a language that foreign workers can understand. • Risk of repeated discrimination due to complicity in reproduction of bias caused by unconscious bias and lack of recognition • Risk of unequal treatment in hiring decisions, resignation predictions, and declination predictions by AI 	✓	✓	✓	✓	✓	✓
Discrimination	At Work	Global	<ul style="list-style-type: none"> • Likelihood that workers (including foreign employees, workers with disabilities, and temporary employees) will receive inadequate safety training and unequal treatment. • Likelihood that workers will be forced into unstable forms of employment. • Discrimination based on employment status (e.g., lack of training opportunities, denial of participation in meetings, etc.) • Harassment (sexual harassment/power harassment/maternal harassment/SOGI harassment, etc.) from/to/within business partners • Lack of working environment for people with disabilities • Lack of LGBTQ-friendly facilities (restrooms, changing rooms, etc.), lack of dialogue with LGBTQ people, and lack of promotion of understanding among others • Increased teleworking causes harassment that is invisible to those around it • Possibility of unequal treatment due to reassignment by AI • Fear of human rights violations due to the global pandemic of infectious diseases (harassment and discrimination against infected people and their families, discrimination based on vaccination history, invasion of privacy, and restrictions on work) • Lack of education and training on respect for human rights for employees at Global locations, which may result in increased discrimination, etc. 	✓	✓	✓	✓	✓	✓
		Japan	<ul style="list-style-type: none"> • The manuals must be multi-lingual and multi-religious, and consideration must be given to the working environment, and there is a risk of discrimination due to differences in nationality and religion. • Discrimination and harassment of foreign technical intern trainees by receiving companies • Insufficient quality/quantity of education and training for foreign technical intern trainees • Have workers wear different colored work clothes/hats in the factory according to their nationality. • Need for consideration of prayer rooms, hijabs, etiquette of each country, foodstuffs (pork, beef, etc.) that can be consumed, etc. • Lack of direct communication by Japanese to foreign workers (too much dependence on interpreters) • Lack of uniformity in the concept of time management • The need to have men and women live in the same room by gender only. • The possibility of forcing vaccination and excessive preventive measures during a worldwide pandemic of infectious diseases that have a high possibility of becoming serious. • Work (miscellaneous tasks) burden on young people • Stress due to individual differences in countermeasures against pandemics of infectious diseases, etc. • The environment for smooth communication in the workplace, such as multilingualization of internal rules and other documents, has not been established, and there is a risk that necessary information may not be conveyed to foreign workers. 						
		<ul style="list-style-type: none"> • Failure to provide foreign workers with Japanese language education and support to deepen their understanding of Japanese lifestyles, culture, customs, employment practices, etc., which may prevent them from improving their Japanese language and lifestyle skills. • Lack of opportunities for foreign workers to participate in local community events and activities may cause them to become estranged from local and neighboring residents. • The support necessary for foreign workers to lead a secure daily or social life in their area of residence is not being provided, and they may be left behind in the event of a disaster, accident, or other unforeseen event. • Failure to promote understanding of the diversity of Japanese workers and foreign workers, which may lead to deterioration of the relationship between them. • Failure to provide opportunities to learn Japanese to employed foreign nationals and their family members, which may isolate the family members in Japanese society. 							

	Evaluation Treatment Dismissal	Global	<ul style="list-style-type: none"> • Discrimination in evaluation and treatment based on race, gender, religion, region, LGBTQ, SOGI, disability, ethnicity, creed, medical history (HIV, etc.), nursing care, infertility treatment, childcare, etc. • The need to prevent isolation of foreign workers and their families in the local community. • Pushing high-risk jobs to those who are in a weak labor position • Discrepancies between the content of contracts and treatment of employees (including technical intern trainees) • Forcing employees and suppliers to purchase the company's products (quotas) to make a difference in evaluations and transactions • Fear of human rights violations due to the global pandemic of infectious diseases (due to decreased demand, unfair dismissal of those in vulnerable labor contract positions such as non-regular employees, and unguaranteed wages when the factory is not operating) 							
		Japan	<ul style="list-style-type: none"> • Lack of female managers, delay in barrier-free access, and possible undermining of job satisfaction for people with disabilities. • Appropriate implementation of promotions and salary increases based on evaluations for foreign technical intern trainees. Lack of communication creates isolation, and evaluations and treatment that are worth working for are not made. • Appropriate evaluations are not made due to seniority-based evaluations. • There is a difference in treatment between new graduates and mid-career hires. • Lack of consideration for male employees in expanding the system for women. • The company assumes that promotional examinations will be conducted in Japanese. • Unreasonable evaluation and treatment (evaluated based on personal likes/dislikes regardless of results) • Nationality-based divergence of managers (not only women) • Possible deterioration of the employment environment and maintenance of an appropriate evaluation and treatment system due to the rising cost of raw materials and energy. 	✓	✓	✓	✓	✓	✓	✓
Child Labor		Global	<ul style="list-style-type: none"> • Fear of child labor under the minimum age for employment, fear of identity forgery • Fear of children losing their right to education and suffering physical and mental damage • Increase in child labor due to the increase in the number of poor people caused by widening disparities due to the global pandemic of infectious diseases • Confirmation that there is no child labor in upstream suppliers (secondary and tertiary), especially in developing countries • Child labor in family business environment • Child talent working late at night during filming of (domestic) commercials • Possible involvement in forced labor (child labor) due to use of non-certified palm oil raw materials 	✓	✓	✓	✓	✓	✓	✓
Employment of young workers under 18 years of age		Global	<ul style="list-style-type: none"> • Night work, hazardous work, ID forgery • Lack of awareness of possible domestic risks as hazardous labor for those under 18 years of age (there are some manifestations that have made the news). • In some cases, young people under the age of 18 are involved as domestic labor in small-scale agricultural producers. 	✓	✓	✓	✓	✓	✓	✓
Forced labor		Global	<ul style="list-style-type: none"> • Forced labor for migrant workers • Inhumane treatment of illegal immigrants • Slave labor in agriculture, forestry, and fishery procurement processes (working environment at fishery work sites) • Possible forced labor due to excessive demands from suppliers. • Lack of labor contracts in their native languages may lead to forced labor due to incomprehension by foreign workers. • Possible overwork at upstream suppliers (secondary and tertiary), especially in developing countries. • Possible behavioral restrictions due to company control of workers' ID cards, etc. • Disruption of supply chains may force suppliers to procure raw materials other than certified sustainable products, which may lead to the procurement of raw materials suspected of forced labor. 		✓	✓	✓	✓	✓	✓
		Japan	<ul style="list-style-type: none"> • Exploitation of technical intern trainees (e.g., taking away their passports), engaging in hazardous labor, etc. • Slave labor in the agriculture, forestry, and fisheries procurement process (working environment at livestock farms in Japan) • Forced savings at the time of contract (employer keeps bank book and seal) • Possible difficulty for technical intern trainees to return home due to a global pandemic of infectious diseases. • Exploitation of foreign students, employment of fake foreign students (ostensibly studying in Japan but in reality coming to Japan to make a living), and the existence of temporary employment agencies that force foreign students to register and work in exchange for covering their tuition and fees. • Technical intern trainees may be forced into forced labor due to high fees charged to sending agencies and brokers in their home countries. 							
Freedom of association and the right to collective bargaining	Measures to be taken if not permitted by national law	Global	<ul style="list-style-type: none"> • In countries where unions are not allowed, or where they are allowed but not applied as a matter of substance, there is a risk that freedom of association and the right to collective bargaining (in accordance with international law) may not be ensured. • In countries with weak legal systems, even if freedom of association is recognized and there is a union in the company, the union may not function adequately as a practical matter due to "intimidation" on the part of the company. 	✓	✓	✓	✓	✓	✓	✓
		Japan	<ul style="list-style-type: none"> • There is a risk that foreign technical intern trainees are not given sufficient explanations regarding freedom of association and the right to associate. • There is a risk that foreign technical intern trainees are restricted or prohibited from joining labor unions. 		✓	✓	✓			
			<ul style="list-style-type: none"> • Grievance support as a relief window is needed throughout the value chain. For consumption, it is necessary to have a customer service center and a 24-hour, multi-lingual printing service. • It is necessary to establish not only an internal reporting system but also a complaint handling mechanism that is open to the outside world. • There is a possibility that access to the hotline is insufficient (employees do not know about it, the system is difficult to use, it is not resolved, etc.). • Even if multilingual support is available, there is a risk that complaints and consultations will be ignored or put off because of the cumbersome nature of the response, etc. • Even if a multilingual response is available, there is a risk that complaints and consultations may be ignored or put off because of the tedious nature of the response. • The method of consultation by means and the author in charge are not communicated internally and externally, and the legitimacy may not be ensured. • The system may not be accessible to everyone in all languages and by all means, and may not be accessible to all. • The "relief window" may not be clearly indicated to be a "human rights" reporting window, and its accessibility may not be ensured. 							

	Access to Remedy		Global	<ul style="list-style-type: none"> •The availability of the system may not be ensured due to a lack of disclosure of measures to prevent retaliation. •The process of response (including escalation methods) may not be disclosed, and predictability may not be ensured. •Lack of use of third-party organizations may not ensure impartiality •The number of complaints and results (including corrective actions) may not be disclosed, and the availability may not be ensured. •The results of complaints are not analyzed and evaluated, and may not serve as a continuous source of learning. •The company may not be a sustainable source of learning, as it does not approach those who are consulted (e.g., supervisors) or perpetrators (including potential perpetrators). •The status of dialogue with stakeholders is not disclosed, and there is a risk that dialogue with engagement is not taking place. 	✓	✓	✓	✓	✓	✓	
				<ul style="list-style-type: none"> •Insufficient employee training or insufficient employee response may result in unpleasant or insincere responses to consumers. •Insufficient internal guidelines or training on how to respond to consumers may cause employees in charge of handling inquiries to be restrained for long hours or mentally burdened by excessive or unfair consultation from consumers. •There is a risk that consumers' rights to speak out may be violated due to excessive policies and manuals for dealing with harassment. •Risk of employees of the company becoming perpetrators of harassment against employees of subcontractors, etc. 							
	Protection of privacy		Japan	<ul style="list-style-type: none"> •There is a risk of invasion of privacy, such as the use of data from surveillance cameras for food defense purposes. •There is a risk of leakage of personal information due to lack of proper management of personal information. •Risk of inadequate privacy due to, among other things, allocation of dormitory room sharing for technical intern trainees and inspection of dormitories by audits, etc., as well as infringement of rights due to unwilling consent due to ignorance of recognized rights •The possibility of privacy infringement due to the system not being able to keep up with technological innovation such as AI and metaverse. •Risk of using only AI analysis for personnel data and recruitment data, which can affect one's life. •Increased risk of leakage due to multiple parties (employers (other than HR managers), supervisory bodies, sending organizations, etc.) managing personal information of foreign technical intern trainees. •Arbitrary and discriminatory research results and marketing data are created and disclosed through big data analysis of personal information, etc. in an environment where data governance is not in place. 	✓	✓	✓	✓	✓		
Community	Resources	Access to natural resources	Global	<ul style="list-style-type: none"> •Large-scale agriculture, fisheries, and forestry industries from which raw materials are sourced may cause communities to face declines in production and fish catches. •Livelihoods, traditions, local ecosystems (air pollution, soil contamination, pollution from waste and plastic waste, etc.), and access to water of local people and indigenous peoples may be affected. •Risk of loss of food self-sufficiency due to mono-cropping (conversion to cash crops) •Excessive extraction of resources due to product development, design, distribution, and sales that have a high environmental impact •Generation of plastic waste due to containers and packaging that are difficult for consumers to sort and recycle. •Environmental pollution of export destinations and deterioration of residents' health due to the export of waste plastics •Increased water use throughout the supply chain, including increased planting of crops, could lead to increased water stress. •Intensive purchase of resources in developed countries, resulting in food loss, and starvation in the Global South, etc. 	✓	✓	✓	✓	✓	✓	
				<ul style="list-style-type: none"> •Raw material procurement in conflict areas will become more difficult, and product prices will rise due to higher raw material procurement prices, making it more difficult to purchase products. •Risk of consumers unintentionally contributing to the increase in plastic waste due to demand growth •Risk of increased GHG emissions from increased consumption of livestock products (especially cattle), resulting in negative environmental impacts 							
		Climate Change		Global	<ul style="list-style-type: none"> •Global warming may reduce crop yields and change the crops that can be harvested. •Natural disasters due to climate change may have negative impacts on livelihoods, employment, and vulnerable groups. •Businesses will be shut down due to drought, etc., which will affect employment. •Impacts on livelihoods due to climate change caused by the expansion of farmland and the resulting increase in natural disasters, etc. •Increased demand for soybeans as an alternative protein food will lead to deforestation due to the expansion of farmland. •Delayed reduction of food loss due to the lack of a food system, contributing to poverty inequality 	✓	✓	✓	✓	✓	✓
		Biodiversity		Global	<ul style="list-style-type: none"> •Biodiversity in oceans, river basins, and forests is damaged by large-scale agriculture, fisheries, and forestry industries from which raw materials are procured. •Biodiversity is damaged by promoting the purchase of certified sustainable products that do not give sufficient consideration to biodiversity. •Deforestation and damage to the landscape caused by the large-scale introduction of solar power generation facilities 		✓	✓	✓		
		Animal welfare			<ul style="list-style-type: none"> •The possibility of damage to livestock animals due to poor rearing conditions, which may cause health problems for humans and psychological stress for workers. 	✓	✓	✓			
		Impacts to community		Global	<ul style="list-style-type: none"> •Negative impact on local community lifelines due to pollution (noise, vibration, odor, waste, etc.) associated with construction, operation, and R&D Infringement of access to evacuation centers in the event of a disaster •Triggering of poverty due to price increases •Violation of water access rights of local communities due to excessive water withdrawal by beverage and food factories •Possible violation of stable diets due to lack of consideration for religious prohibitions (pork, beef, etc.) •Fear of violation of human rights of local residents due to purchase of raw materials from countries involved in conflicts •Insufficient livelihood support for the refugees, or instability in the local community due to the host country not being willing to accept the refugees. •Advertisements that are common sense in one area may be perceived as discriminatory in another area (e.g., "whitening" is a value-added phrase in Japan, but may be perceived as discriminatory to black people). 	✓	✓	✓	✓	✓	✓
	Access to land	Land Ownership	Global	<ul style="list-style-type: none"> •Possible disregard of the rights of local residents and indigenous groups that arise from the enclosure of land when constructing fields and other arable land, aquaculture ponds, factories and manufacturing operations, waste disposal sites, etc. 		✓	✓			✓	
	Community Investment		Global	<ul style="list-style-type: none"> •Possible decrease in employment in the surrounding area and decline in the local economy due to withdrawal of local factories and projects or suspension of business transactions •Possible loss of employment due to withdrawal or suspension of business due to geopolitical risks 	✓	✓	✓	✓	✓	✓	

	Access to Remedy		Global	<ul style="list-style-type: none"> •The factory should take into consideration and greivance not only at the time of employees, but also at the time of workers' home environment and family life. •Possible failure to reach out to neighbors of factories and other business establishments for complaints and consultation. 	✓	✓	✓	✓	✓	✓	
Society and Government	Relationships with society and government	Bribery and Corruption	Global	<ul style="list-style-type: none"> •Bribes are demanded when acquiring land and permits for factory establishment and marketing rights (marketing licenses). •The company is required to pay bribes to obtain land, licenses, etc. for factory establishment and marketing rights (marketing licenses). 	✓	✓			✓	✓	
	Relationships with governments and slow-responding companies on human rights issue		Global	<ul style="list-style-type: none"> •Human rights abuses such as human trafficking due to collusion between the sending organization and the government of the country •Entering, operating, or procuring goods in a country that does not have laws and regulations concerning occupational safety •Risk of being complicit in human rights abuses when conducting business in countries or regions where there is a gap between local laws and customs and international standards •In countries with good information management controls, even audits by third-party organizations may be influenced by the authorities and may be far from the actual situation. There is a possibility that contractual bindings may be meaningless. •Foreign currency of technical intern trainees may be used for disputes. 		✓	✓		✓		
Consumer Issues	Health and Safety	Appropriate Information	Global	<ul style="list-style-type: none"> •Inappropriate labeling (ingredients, allergens, alcohol content, other misleading information, etc.) may cause health or religious problems among consumers. •Inappropriate marketing may lead consumers (especially minors and the elderly) to wrong eating behavior (Health hazards due to excessive intake of specific ingredients). •Possible health hazards due to failure to warn, inducing alcohol and nicotine dependence •Lack of language descriptions that can be understood may cause health hazards and religious problems for foreign consumers in Japan. •Failure to disclose and provide information promptly due to the emphasis on damage to management may lead to threats to consumers' health, etc. 	✓	✓	✓		✓	✓	
			Global	<ul style="list-style-type: none"> •Insufficient quality control (storage conditions, sanitation, process control, transportation control, etc.) and employee sanitation education and training, which may be hazardous to consumers' health •Insufficient food defense measures to prevent intentional quality control •Insufficient development of easy-to-understand labeling and easy-to-use products for consumers •Risk of malicious data falsification in open platforms for food traceability using blockchain technology 	✓	✓	✓	✓	✓	✓	
		Japan	<ul style="list-style-type: none"> •Excessive quality control (e.g., zero defects, etc.) may lead to a large amount of food loss. •Lack of uniform industry standards for containers, etc. and high requirements for containers and packaging in Japan may lead to high costs and increased waste. 	✓	✓	✓	✓	✓	✓		
		Responsible Disposal	Global	<ul style="list-style-type: none"> •Failure to properly dispose of waste (food residues, waste plastics, etc.) may lead to environmental degradation. •Child labor and forced labor in waste disposal operations •Food loss due to lack of consumer awareness •Possibility of expired food products being exported to third countries and causing health hazards •Continued use of virgin plastic in packaging materials (no horizontal recycling) may exacerbate waste problems. •Prevention of plastic reduction due to the use of plastic cups in restaurants. 	✓	✓	✓	✓	✓	✓	
	Discrimination	Appropriate information provision	Global	<ul style="list-style-type: none"> •Fear of promoting discrimination through inappropriate advertising (TV, newspapers, magazines, Internet, billboards, etc.), campaigns (title, selection of prizes, target audience, etc.), product packaging, etc. •Fear of infringing children's rights or creating stereotypes, reproduction of bias •Failure to ensure traceability of raw materials may contribute to human rights violations in the supply chain and limit consumers' choices. 	✓	✓	✓		✓	✓	
		Appropriate information collection	Global	<ul style="list-style-type: none"> •Lack of consideration for human rights when gathering marketing information, such as surveys, gives a discriminatory impression toward minorities. 	✓	✓	✓		✓	✓	
		Privacy protection		Global	<ul style="list-style-type: none"> •Leakage, storage management, information processing management, and information transfer management of personal information obtained through consumer campaigns, mail order, membership registration, etc. (also considering contractors) •The possibility of privacy infringement due to the system not keeping up with technological innovations such as AI. •Risk of information leakage due to internet environment, skimming, loss of devices, etc., as work becomes possible in various locations •Risk of personal information leakage from residual data when disposing of electronic devices (e.g., images from temperature cameras) 					✓	✓

3.5 Pharmaceutical Industry

Human Rights Issues in the Pharmaceutical Industry			Specific Concerns	Value Chain							
				Research	Development	Purchasing	Production	Distribution	Sales	Consumption	Disposal
Businesses / Supply Chain	Treatment in the Workplace	Working Hours	<ul style="list-style-type: none"> Concentration of clinical trials of developed products, concentration of production due to new product approvals, increased production due to pandemic outbreaks, product recalls, etc. may result in long working hours. Long working hours may occur due to excessive customer service Insufficient labor management based on labor laws in each country/region may cause long working hours. 	✓	✓	✓	✓	✓	✓	✓	
		Wages	<ul style="list-style-type: none"> Wage levels are not in line with local living standards Lack of compliance with labor laws in each country/region may result in failure to pay appropriate wages for overtime work. Unreasonable treatment (evaluation, low wages, etc.) of non-regular workers (including foreigners) and foreign technical intern trainees Possible failure to realize equal pay for equal work 	✓	✓	✓	✓	✓	✓	✓	
		Employment	<ul style="list-style-type: none"> The impact of single employee transfers on children's upbringing and family mental health. 	✓	✓	✓	✓	✓	✓		
		Health and Safety	<ul style="list-style-type: none"> Hazardous work in R&D or manufacturing, handling of animals, cells, chemical compounds, or pharmaceuticals, and inadequate occupational health and safety (e.g., inadequate protective equipment, inadequate training, etc.) may impair the health or safety of employees. Inadequate SDS may endanger the health and safety of employees and distributors. Risk of health and safety hazards due to lack of understanding of instructions, signs, etc. by workers. Health hazards (including mental health) may occur due to long working hours, expansion of remote work, isolation from society, etc. 	✓	✓	✓	✓	✓	✓	✓	
		Health and Safety	<ul style="list-style-type: none"> The health and safety of human subjects may not be adequately managed due to a lack of ethics in the Contract Research Organization during the clinical development phase of a pharmaceutical product. In addition, there is a risk of inappropriate involvement in clinical data. 		✓						
		Disciplinary Action	<ul style="list-style-type: none"> Risk of unjust disciplinary action being taken by the company. Risk of the rights of whistleblowers being undermined by unfair treatment due to the lack of a whistleblower system. 	✓	✓	✓	✓	✓	✓	✓	✓
		Excess Monitoring	<ul style="list-style-type: none"> Excessive monitoring of employees and control of their working conditions 	✓	✓	✓	✓	✓	✓		
	Discrimination	Employment	<ul style="list-style-type: none"> Discrimination based on race, place of birth, nationality, gender, SOGI, age, creed, religion, disability, disease, etc. Discrimination may occur due to screening of specific groups by AI. 	✓	✓	✓	✓	✓	✓	✓	✓
		Time of Employment	<ul style="list-style-type: none"> Risk of harassment (sexual harassment, power harassment, maternity harassment, SOGI harassment) Discrimination based on race, place of birth, nationality, gender, SOGI, age, creed, religion, disability, illness, employment status, etc. Risk of being forced to receive vaccinations Risk of being forced to take unstable employment Risk of not being properly covered by internal systems (e.g., parental leave, family care leave, sick leave, etc.) 	✓	✓	✓	✓	✓	✓	✓	
		Dismissal or termination of employment	<ul style="list-style-type: none"> The possibility of dismissal on the basis of race, place of birth, nationality, gender, SOGI, age, creed, religion, disability, illness, etc. Undue pressure due to differences in employment status. 	✓	✓	✓	✓	✓	✓	✓	✓
	Child Labor	Compliance with legal age of employment and hazardous work or employment of young workers under 18	<ul style="list-style-type: none"> The possibility of child labor under the minimum working age stipulated in the ILO Basic Conventions. The following problems may occur due to the employment of young workers under the age of 18 <ul style="list-style-type: none"> Deprivation of educational opportunities exploitation Causing mental or physical injury 	✓	✓	✓	✓	✓	✓	✓	
	Forced Labor		<ul style="list-style-type: none"> Migrants, refugees, irregular workers (including foreign nationals), foreign technical intern trainees, and others who may be forced to work, taking advantage of their vulnerable positions. 	✓	✓	✓	✓	✓	✓	✓	
	Freedom of association and the right to collective bargaining	Freedom of association and the right to collective bargaining	<ul style="list-style-type: none"> The possibility of disincentives to join labor unions or similar organizations due to retaliation, threats, or harassment from company officials, and the possibility that opportunities for labor-management consultations are not substantially secured. 	✓	✓	✓	✓	✓	✓	✓	
		Measures not permitted by national law	<ul style="list-style-type: none"> The risk that freedom of association and the right to collective bargaining (in accordance with international law) may not be ensured in countries where trade unions and similar organizations are not recognized or recognized but not applied as a matter of practice. 	✓	✓	✓	✓	✓	✓	✓	
	Personal Information	Personal Information Management	<ul style="list-style-type: none"> Personal health records (including genetic information) and other personal information may be leaked or misused, leading to the identification of individuals or invasion of their privacy. Personal information obtained in the course of business of healthcare professionals, patients, employees, etc. may be leaked or utilized beyond the scope of the person's authorization. 	✓	✓	✓	✓	✓	✓	✓	
	Development of solutions	Development of solutions	<ul style="list-style-type: none"> Delays in building a system to promote activities to protect rights holders' rights, such as human rights DD, and washouts in companies may lead to inadequate response to human rights issues in the supply chain, resulting in continued violations of rights. 			✓					
	Community	Resources	Access to natural resources	<ul style="list-style-type: none"> The threat of biological piracy by seeking natural compounds (e.g. medicinal herbs) that are essential for drug development 	✓	✓	✓	✓	✓	✓	✓
		Environmental Impact of Pharmaceuticals	Health and Safety	<ul style="list-style-type: none"> Pollution of the environment by animals, cells, medicines, chemicals, and waste plastics, which may harm the local population's right to a healthy life and spread contamination to the animals and plants on which they feed. Abuse of water and land at factories and local construction sites. 	✓			✓	✓		✓
		Community Residents	Right to Residence	<ul style="list-style-type: none"> Forced evictions due to the construction of new factories and other facilities, violations of residents' rights to a livable environment Violation of residents' rights to a livable environment due to delays in climate change countermeasures Regional impact due to inadequate disaster prevention measures for factories and business establishments, etc. 	✓	✓		✓	✓	✓	✓

Relationships with governments	Operations in Conflict-Risk and Conflict-Affected Areas	Product Supply Risks	<ul style="list-style-type: none"> • The risk that clinical trials cannot be conducted or products cannot be supplied to people in need of medicines due to unstable social conditions • Indirectly contributing to conflicts in the region (products or funds) 	✓	✓	✓	✓	✓	✓	✓	✓
	Bribery and Corruption	Relationships with Licensing Authorities	<ul style="list-style-type: none"> • Illegal acts may be committed in order to request smooth approval from the manufacturing and marketing licensees (central and local governments). 	✓	✓	✓	✓				
		Relationships with medical professionals (including researchers)	<ul style="list-style-type: none"> • Falsification of data on research, prescriptions, clinical trials, etc., and possible illegal acts in order to request the preparation of promotional data favorable to the company. 	✓	✓	✓			✓		
	Relationships with countries with low awareness of human rights	Relationships with public policy	<ul style="list-style-type: none"> • Risk that cooperation with national and regional public health measures may be used by individuals with propaganda or political beliefs of authorities that disregard human rights. • Risk of receiving inappropriate medical care due to inadequate government measures against counterfeit medicines. 				✓	✓	✓	✓	✓

Access to remedies	Grievance	Relationships with patients and subjects	· Insufficient or underdeveloped systems may prevent appropriate remedies from being provided.	✓						✓			
		Employees/supply chain	· Insufficient or underdeveloped systems may prevent appropriate remedies from being provided.	✓	✓	✓	✓	✓	✓	✓	✓		
Consumers	Relationships with Patients	Health and Safety	· Insufficient measures against counterfeit pharmaceuticals				✓	✓		✓	✓		
			· Risk of health hazards due to abuse, misuse, etc.						✓	✓			
			· Delayed reporting of adverse drug reactions								✓	✓	
			· Injuries caused by product defects or accidents during handling (including doctors, nurses, pharmacists, etc.)									✓	✓
			· Risk of investigational drugs/therapeutics being used on patients without sufficient prior explanation		✓							✓	✓
			· Risk of adverse reactions due to medication, or health hazards to patients due to incorrect medication										✓
			· Risk of inappropriate prescription or treatment due to exaggerated PR of product information									✓	✓
		· Risk of forced vaccination or violation of human rights by not ingesting vaccines	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
		· Risk of health hazards to patients when results based on erroneous information and data from AI are used in clinical trials, etc.	✓	✓		✓	✓	✓	✓	✓	✓	✓	
		· Lack of literacy about medicines and medical services may lead to inappropriate use and slander of others (including medical professionals) due to incorrect knowledge and understanding of medical care and medicines.									✓	✓	✓
Consumers	Relationships with Patients	Consideration for vulnerable subjects	· Lack of access to treatment for rare diseases	✓							✓		
			· Differences in accessibility to medical care and medicines due to a country's economic situation (low-income and high-income countries) may result in the inability to provide medicines in a timely and appropriate manner.		✓						✓	✓	
			· Lack of access to medicines or information on medicines due to language barriers								✓	✓	✓
			· Risk that the drug will not be approved and marketed in the country and will not reach patients despite clinical trials being conducted									✓	✓
Others	Public Health	Pandemic Response	· Deterioration of sanitary conditions and threat to human life in the community due to the pandemic	✓	✓	✓	✓	✓	✓	✓	✓		
			· Social unrest and deteriorating public safety due to a pandemic may hamper business activities and make it impossible to supply medicines.						✓	✓	✓	✓	
			· In the event of a pandemic, supply of therapeutic drugs may not be able to keep up due to problems with production capacity, etc.						✓	✓	✓	✓	
			· Inappropriate use of antimicrobial agents may lead to an increase in infections caused by drug-resistant (AMR: Antimicrobial Resistance) bacteria that are ineffective against existing antimicrobial agents, resulting in deterioration of public health and a risk to human life.									✓	✓

3.6 Transportation and Logistics industry

Value Chain of Transportation and Logistics Industry

Buy: capital investment, procurement of vessels, vehicles, aircraft and fuel Sell: promotion, sales and marketing

Operation: operation (storage, logistics, transportation) Disposal: disposal, recycling

Human Rights Issues in Transport and Logistic Industry		Specific Concerns	Value Chain				
			Create	Buy	Sell	Logistic	Disposal
Business Workplace	Workplace Treatment	<p>Logistics and transportation are labor-intensive industries, and even in the future, when mechanization is expected to progress further, there will be no small number of operations that will never be freed from manual labor.</p> <ul style="list-style-type: none"> • The amount of orders received may result in the lack of long-term employment, exposing employees to unstable forms of employment. • In the busy season, long working hours and sudden work may occur in the field and at subcontractors. • Long working hours may occur due to late-night and early-morning work caused by time differences resulting from collaboration with other countries. • Due to the highly public nature of the business, there is a risk of unexpected late-night work, long working hours, or work on holidays in the event of a disaster or international conflict. • Long working hours may occur due to poor management of working hours at workplaces. • Long working hours may occur due to a shortage of qualified seafarers, truck drivers, and other workers in the supply chain. • Long working hours may occur in the supply chain due to difficulty in understanding the labor situation outside the company. • Long working hours may occur due to long waiting time of trucks at warehouses. • Long working hours may occur due to audits and DD as part of supply chain management 	✓	✓	✓	✓	✓
		<ul style="list-style-type: none"> • Long working hours may occur due to the shift of tasks to managers. • Truck drivers, etc. may not be able to cope with the 2024 problem and working hour restrictions in the reform of work styles. • Despite the establishment of systems such as maternity leave, the actual situation does not match, resulting in a shortage of personnel and the possibility of long working hours due to insufficient response time. • In the case of 24-hour vessel operations, there is a risk of long working hours due to early morning and nighttime arrival and departure of vessels. • Disruption of supply and demand and logistics due to extreme climate change may affect employment conditions, such as excessive working hours and increased standby time. 					
		<ul style="list-style-type: none"> • The possibility of wages falling below the level necessary for workers and their families to make a living. • The expansion of the mail-order market, etc., may lead to constantly lengthening working hours and lower wages per unit of time. • In the event of an increase in business performance or demand, there is a risk that wages are not commensurate with the efforts of employees, and that motivation may decline due to the absence of special compensation and other forms of encouragement. • Wages are not paid in line with price increases, and motivation may decline. • Possible loss of wages for drivers due to the 2024 problem, restrictions on truck drivers' working hours due to reforms in the way they work, and increased costs resulting from the increase in the number of truck drivers. • Wages for workers in supply chains other than the company's own may decrease. • Differences in employment status may prevent fairness in wages for equal work. • There is a risk of nationality discrimination in careers, such as only employees of a certain nationality being given opportunities for promotion. • Wages may decrease due to sluggish demand. • Possible decrease in wages or loss of employment opportunities due to fuel conversion or mechanization 	✓	✓	✓	✓	✓
		<p>In the logistics and transportation industry, there are always operations that involve hazards, such as loading/unloading and transporting heavy objects, using large machinery and vehicles, and working in close proximity to trains, aircraft, and ships. In order to maintain safe conditions, it is necessary to continue to contain hazards through daily efforts.</p> <ul style="list-style-type: none"> • At sites where heavy machinery and heavy cargo are handled, such as dismantling sites, operating ships and terminals, aircraft, and airports, there is a risk of occupational accidents occurring. • The risk of employee health hazards and occupational accidents in unstable working environments, such as outdoors or in cold storage warehouses. • Ensure worker safety in areas of international conflict, piracy, or geopolitical risk such as the Strait of Hormuz. • The risk of secondary damage to human life in the event of a disaster due to the highly public nature of the business. • Mental health problems may occur due to power harassment caused by working in confined spaces such as onboard ships and aircraft, with a small number of people, and in the chain of command. • Health hazards due to work on holidays or long working hours to make up for absent employees • Risk of business obstruction or violence by customers. • Inability to receive appropriate treatment during the voyage in the event of a serious illness, and possible increase in the burden • Fear of adverse effects on workers due to the handling of highly hazardous new fuels • Increased load on outdoor maintenance, in-tank operations, sheds, and handling operations due to extreme weather conditions 	✓	✓	✓	✓	✓
		<p>In recent years, in anticipation of a shortage of human resources due to population decline, human resources and employment patterns have become more diverse, including contract and temporary employees, senior employees, non-Japanese employees, employment of people with disabilities, conversion of contract employees to full-time employees, and the implementation of shorter working hours and telecommuting.</p> <ul style="list-style-type: none"> • The employment of diverse employees (nationality, ethnicity, religion, gender, age, disability, sexual identity, etc.) under various forms of employment may lead to unequal treatment in terms of working conditions, training, and promotions (soft aspects). • The lack of a workplace environment (e.g., multipurpose restrooms) for women and diverse employees, such as truck drivers and onboard vessels, may lead to violations of human rights (hard aspects). • Possible uniform treatment that does not recognize diversity (SOGI, etc.), such as employment of people with disabilities. • Deterioration of the employment environment and treatment of senior workers (due to employment extension and retirement age extension systems). • Privacy may be violated due to working and living in a closed environment. • There is a risk of harassment due to pregnancy, childbirth, and childcare (maternity harassment and paternal harassment) in the workplace. • There is a risk of leakage of personal information not only of customers, but also of employees and supply chain personnel. 	✓	✓	✓	✓	✓
		<ul style="list-style-type: none"> • The risk of the leakage of personal information not only to customers, but also to employees and the supply chain. • Seafarers will be on board for long periods of time, which may lead to a lack of care for their families when they are away from home. • The high hurdles in providing education to those who work in the field may prevent equal educational opportunities. 					

	Foreign Workers	Employment environment and conditions	<p>(General)</p> <ul style="list-style-type: none"> • Lack of support in language and daily life may isolate foreign workers. • Lack of language and daily life support may isolate foreign workers.(Domestic) • Lack of support for language and daily life may isolate foreign workers (domestic) • Foreign nationals employed under the foreign technical intern system may be subjected to unfair treatment (forced long working hours, non-payment of wages, unjust deductions from salaries, etc.). <p>(Overseas)</p> <ul style="list-style-type: none"> • Risk of human rights violations, such as child labor and forced labor, occurring at business partners in the overseas supply chain. • Risk of nonpayment of wages in pre-regular employment 	✓	✓	✓	✓	✓
Services provided to Customer and areas		Safety	<ul style="list-style-type: none"> • Possibility of causing health hazards and unnecessary stress to a diverse range of passengers due to the characteristics of a closed space, long restraint time, and the inability to move seats [Aviation]. • Possible damage to health and unnecessary stress due to the characteristics of the closed space, high density, and diverse passengers on board. There is also a risk of being victimized by sexual crimes, etc. [Railways] • As a closed space, there is a risk of delay in initial response in the event of a medical emergency. • May adversely affect the local community due to the use of highly hazardous new fuel for navigation. • Risk of passengers being trapped for long periods of time due to flight delays caused by thunderstorms and other adverse weather conditions 					
		Service	<ul style="list-style-type: none"> • The risk of loss of opportunities to use public services due to inadequate support for diverse customers (nationality, ethnicity, religion, gender, age, disability, sexual identity, etc.). • While local communities are maintained by continuing routes, the elimination of routes may encourage a decline in the quality of the community [railroads and buses]. • Conflicts may lead to longer hours and higher freight costs to avoid the route, which may lead to higher prices. • Overfished fish and other fish are unknowingly in the supply chain, which may indirectly contribute to biodiversity and human rights violations. • May be rebuilt due to increased frequency of disasters, which may have an impact on local communities • There is a risk of endangering health and safety, or causing child labor or forced labor in the company's supply chain (in addition to employees). <p>【Railroads and buses】</p> <ul style="list-style-type: none"> • In the event of a logistics slowdown, customers may not be able to receive the service they desire (i.e., not be able to transport the items they want to carry). • Delays in research on alternative fuels, etc., may cause customers' expectations not to be met. 			✓	✓	
		Information Management	<ul style="list-style-type: none"> • The possibility of leakage of personal information/privacy entrusted to us by our customers. 					
Community	Resources	Use of Natural Resources	<p>Diversification of energy sources is progressing, including not only fossil fuels, but also unconventional natural gas resources and power generation from renewable energy sources.</p> <ul style="list-style-type: none"> • The fuel oil may cause air pollution, water degradation, and other environmental pollution, as well as destruction of habitats where the fuel oil is procured. • Air pollution may be caused by gases emitted from many transport vehicles passing along transport routes [transportation]. • Oil pollution accidents may cause damage to the marine environment and negative impacts on ecosystems. • Construction and use of transportation infrastructure such as factories, distribution centers, roads, railroads, ports, and airports may cause environmental destruction such as soil pollution, water quality degradation, and air pollution. • Procurement and use of fossil fuels such as ships, aircraft, and accompanying vehicles, and inefficient use of resources may cause climate change and negatively affect the livelihoods of people, especially women, the poor, social minorities, and refugees • Potential to contribute to sustainable development through efficient use of natural resources (positive impact) • Possible threat to human rights in terms of water and sanitation in the areas where foodstuffs are procured for operations. <p>[Aviation Industry]</p> <ul style="list-style-type: none"> • The potential for passengers to bear the cost of SAF fuel (aviation biofuel), which is positioned as a renewable alternative aviation fuel, and the potential for passengers to bear the cost of such fuel, which is relatively expensive [airline industry]. • Measures to reduce emissions of sulfur oxides, nitrogen oxides, etc. by switching fuels or installing scrubbers on vessels in operation due to Sox and Nox regulations [shipping industry] • The use of ballast water may affect ecosystem services in the marine environment of each region and infringe on the human rights of local residents. • The disposal of vehicles, vessels, and airplanes may cause negative environmental impacts. • In the process of supplying new alternative fuels such as biofuels, there is a risk of creating mass production farms, etc., and destroying the local natural environment • Conventional fuel workers may lose employment opportunities. • Possible negative as well as positive impacts on local communities due to the unknown nature of new technologies and fuels, such as offshore wind power. 	✓	✓	✓	✓	✓
		Use of Infrastructure	<ul style="list-style-type: none"> • The risk of damage to roads, ports, airports, etc. in the destination country by vehicles, vessels, or aircraft operated by the company • Trucks transporting goods to landlocked countries may damage roads in countries near ports. • Damage to infrastructure in the event of a disaster could disrupt supply chain logistics • Efforts to quickly restore infrastructure such as roads, rail lines, station facilities, and logistics hubs to maintain local livelihood infrastructure in the event of a disaster (positive impact) • Possible impact on customers or supply chain due to cargoes stopped working due to dockworkers' strike • Supply chain may be affected by driver shortages, accidents, and inadequate maintenance of roads, rail lines, and ports. • Declining number of passengers due to falling birthrate and aging population may make it impossible to maintain routes [railroads]. • Possible changes in the environment of the sea and surrounding areas due to port improvements, such as allowing large vessels to enter the port or adding facilities for new fuel supply 	✓	✓	✓	✓	
		Provision of Service	<ul style="list-style-type: none"> • The risk of accidents, terrorist acts, disasters, infectious diseases, etc. that may adversely affect the health and safety of not only our customers but also the general public and other stakeholders. • Navies of various countries deployed to areas of piracy or geopolitical risk, or security guards hired as one company to guard insecure logistics centers, • There is a risk of the use of excessive force. • Armed guards on board may use excessive force against seafarers, crew members, and pirates. • The risk of naval forces or pirates violating the rights of local residents, such as fishermen (shipping industry) • Risk of foreign objects being mixed in food and products that pass to the general public in food factories and food warehouses (food defense [food warehousing and food logistics]). 			✓	✓	✓
Society and Government	Relationships with governments	<ul style="list-style-type: none"> • Exposure to bribery and corruption, including facilitation payments • The risk of being exposed to bribery and corruption, such as facilitation payments. • Risk of companies being complicit in human rights abuses due to policy guidance or state ideology that may lead to human rights abuses • In the event of war or conflict, companies may be complicit in human rights abuses by being recruited. 	✓	✓	✓	✓		
	Relationships with societies	<ul style="list-style-type: none"> • Fear of not receiving correct information due to greenwashing or sustainability washing 						

Digitization			<ul style="list-style-type: none"> • The evolution of technology (AI, IoT, etc.), such as generative AI and facial recognition systems, may lead to privacy/human rights issues and cyber-terrorism, etc. that are not currently anticipated. • IT disparity may widen (those who can benefit from digitalization and those who cannot, such as those on board ships). • Possible reduction in manpower and human errors due to introduction of AI and IT in the transportation flow, and possible reduction in the number of employees • The possibility of not being able to respond appropriately to victims due to unclear responsibility in the event of an accident. • Due to the reduction of personnel due to digitalization, there may be a shortage of personnel (system) capable of responding to emergencies. • Digitalization of ship's equipment has created new labor (input, maintenance) and has not improved efficiency (new). 	✓	✓	✓	✓	✓
Others	Illicit trade, Smuggling	Human Trafficking	<ul style="list-style-type: none"> • Risk of being involved in the transportation of victims of trafficking in persons, organ traffickers, etc. • Risk of unintentionally transport stowaways (shipping industry) • Risk of transporting contraband • Risk of unintentionally transporting conflict minerals or products of forced labor • Risk of using products of forced labor as company goods 		✓	✓	✓	
	Access to Remedy		<ul style="list-style-type: none"> • Risk of inaccessibility of remedies in the event of general human rights issues. • Lack of access to remedies for employees working for secondary and tertiary suppliers (no remedy counter, no multilingual support, no 24-hour system, no functioning counter even if one exists, etc.) • The psychological safety of those who wish to access the relief (choice of anonymity, confidentiality of information, no-retaliation policy, etc.) is not ensured, and therefore they may not be able to access the relief. • Lack of a redress window in the supply chain, or lack of penetration, which may prevent parties from accessing the information. • The possibility of not being able to provide adequate remedies in a timely manner for issues that take time to resolve • Lack of access to remedies due to limited communication environment such as on board ship [shipping industry]. • Lack of know-how for relief and inability to respond adequately 	✓	✓	✓	✓	✓

3.7 Consumer Goods Industry (Cosmetics and Household Goods)

Human Rights Issues in Consumer Goods Industry		Specific Concerns	Value Chain						
			R&D	Procure	Manufacture	Logistics	Advertising	Sales	Use
Own employees/suppliers	Workplace Treatment	Working Hours	<ul style="list-style-type: none"> • (a) production plans that incorporate overtime work and the need to absorb delays in upstream plans on the shop floor; (b) wage levels that are not in line with local living standards; (c) piece-rate wage systems; or (d) the possibility of long working hours due to reasons on the factory side, such as large quantities of defective or reworked products, (c) Piece-rate wage system, or (d) Long working hours may occur due to reasons on the factory side, such as a large volume of defective or reworked products. • Long working hours may be caused by excessive customer service or bloated man-hours due to ambiguous targets. • Labor management may be inadequate, or holidays required by law may not be intentionally given, or overtime limits may not be observed. • Especially after the Corona disaster, the introduction of telecommuting may have led to insufficient management and a constant state of not being able to guarantee overtime work and minimum required rest periods. • Service overtime and long working hours, especially in Japan. Excessive work by managers • The introduction of a three-day workweek and the use of parental leave and nursing care leave by men may lead to an uneven distribution of labor. • Possible burden on business partners due to reduction of their own working hours or insistence on high value-added output to meet diverse needs. 	✓	✓	✓	✓	✓	✓
		Wages	<ul style="list-style-type: none"> • Pressure from manufacturers, retailers, etc. to reduce costs, which may inhibit the shifting of costs to transaction prices and prevent compliance with minimum and living wages, mainly at suppliers • In some countries, minimum wages are revised frequently and there is a risk of non-compliance with minimum wages. • Insufficient compliance with laws and regulations or inadequate labor management may prevent proper remuneration for overtime work. • There is a risk that equal pay for equal work is not observed. • Wage disparity due to gender differences may occur. • Fair remuneration based on productivity may not be paid. 	✓	✓	✓	✓	✓	✓
		Health and Safety	<ul style="list-style-type: none"> • The lack of thorough safety and health training, including disaster prevention training (including BCP training), first-aid training, and handling of hazardous chemicals (including the absence of regular training, not only at the time of hiring), may cause harm to workers. • Lack of consideration for the individuality of foreign nationals and persons with disabilities (especially for foreign workers, including but not limited to multilingual manuals and necessary reminders of seasonal illnesses, regional disasters, and differences in language, culture, and ways of thinking unique to Japan) may result in harm. • Risk of health hazards due to lack of measures to deal with health hazardous work environment (noise, vibration, illumination, room temperature, ventilation, local exhaust ventilation, etc.). • There is a risk that pregnant and nursing women, young people, etc. may be forced to work in hazardous or harmful jobs. • There is a risk that workers may be harmed due to aging buildings, illegal construction, illegal emergency exits, escape routes, etc. • The housing of foreign workers (company dormitories, etc.) may be in violation of laws, global norms, etc., and may be a physically and mentally harsh living environment. 	✓	✓	✓	✓	✓	✓
		Harassment	<ul style="list-style-type: none"> • Physical, sexual, emotional, or verbal harassment or abuse • The time spent on measures to increase sales is considered important, and there is a risk that not enough time will be allocated to raising awareness to deter harassment. • After the Corona disaster, managers have fewer opportunities to visit the work site, and may not be able to grasp the actual situation of harassment, resulting in delays in responding to the situation. • There is a risk that foreign workers, foreign technical intern trainees, and their families will be isolated without sufficient explanations, including those in their own language. • Japanese employees may be forced to do the same work as other employees without understanding the differences in status of residence. • Possible failure of the consultation service for harassment to function and lead to no resolution. • Fear that employees may perceive harassment due to a work style or work environment that does not take LGBTQ or religion into consideration. • Failure to protect employees from harassment from outside the company (customer harassment) 	✓	✓	✓	✓	✓	✓
		Disciplinary action/change of treatment	<ul style="list-style-type: none"> • Risk of unfair disciplinary punishments or treatment due to inappropriate content of employment regulations. • Likelihood of insufficient explanation, including in terms of language, being provided to foreign workers and foreign technical intern trainees. • Risk of unjust dismissal of foreign workers due to pregnancy, or unjust return to their home country (lack of maternity leave system). • Possibility of unfair dismissal, etc., not only in Japan but also in overseas group companies. • Possible unjust dismissal, etc., not only in Japan but also in overseas group companies. 	✓	✓	✓	✓	✓	✓
		Discrimination	<ul style="list-style-type: none"> • The possibility of unequal treatment in the work environment, training, and promotion opportunities due to differences in gender, age, race, religion, LGBTQ, disability, BLM, etc. • When AI technology is used to make decisions on promotions, transfers, etc., biases in the attributes of the big data used (race, gender, age, etc.) may affect the judgment results and cause disadvantages to those involved. • The risk of not being able to work in one's own way due to unrestricted personal appearance (clothing, hair style, etc.) without reasonable cause. 	✓	✓	✓	✓	✓	✓
		Freedom of association	<ul style="list-style-type: none"> • The union may refuse to form a labor union, refuse to bargain collectively without just cause, or treat union members unfairly or dismiss them. • Risk of dismissal on the grounds of strike action 	✓	✓	✓	✓	✓	✓
		Grievance mechanisms	<ul style="list-style-type: none"> • Grievance mechanisms are not in place, or may be in place but not functioning (Lack of protection for whistleblowers and notification of the scope and content of whistleblower reporting may lead to the whistleblower contact point becoming a dead end). • Lack of multilingual support, and failure to identify offers of human rights violations by vulnerable groups. • Lack of expertise in dealing with LGBTQ issues, which may lead to human rights violations being left unchecked/secondary damage. 	✓	✓	✓	✓	✓	✓

Suppliers	Child labor	Minimum age	<ul style="list-style-type: none"> • The possibility that child labor under the minimum age may be performed without identification or on the basis of false identification. • Child labor under the minimum age may be performed due to poverty. • Risk of child labor under the minimum age in raw material procurement (plantations, mining sites, etc.) • Risk of child labor in the workforce, including temporary workers, contractors, etc. 	✓	✓	✓				✓
	Forced Labor	Forced labor Forced overtime, human trafficking, foreign technical interns	<ul style="list-style-type: none"> • Risk of being forced to work due to violence, threats of violence, financial problems (including bribes to agents), passport custody, or other forms of intimidation • Likelihood that the labor contract (employment contract) will not be clearly stated in writing and that workers will be forced to work under working conditions to which they have not agreed. • Lack of checks on supervisory bodies and sending organizations that dispatch foreign technical intern trainees, which may lead to forced labor by taking advantage of the vulnerable position of immigrants, refugees, and technical intern trainees. • Overtime work for foreign technical intern trainees in excess of the legally mandated overtime hours has become the norm and could be considered forced labor (e.g., failure to conduct regular interviews with the trainees accordingly).(e.g., the lack of periodic interviews with the trainees) • Insufficient multilingual support for stress checks and lack of implementation of such checks may lead to mental illnesses. 	✓	✓	✓				✓
	Assessment	Human rights violations at suppliers	<ul style="list-style-type: none"> • Failure to adequately investigate or exercise influence may facilitate human rights abuses at secondary suppliers, production contractors, and other upstream suppliers. • Failure to conduct on-site interviews with suppliers' foreign employees, foreign technical intern trainees, and intern trainees (companies where trainees work), who are a socially vulnerable group, to ascertain the actual situation, and the risk that human rights violations will not be corrected. 	✓	✓	✓				✓
	Grievance Mechanisms	Effectiveness of supplier reporting channels, escalation process, and remedies	<ul style="list-style-type: none"> • The supplier reporting system may become a mere formality due to a lack of protection for whistleblowers and a lack of awareness of the scope of the system and the content of the reports it accepts. (The scope of reporting should be expanded to include not only compliance violations, bribery, and violations of subcontracting laws, but also a wide range of human rights complaints, such as living wages, freedom of association, and educational opportunities. The scope and awareness should be expanded to include all employees of subcontractors and subcontractors working at suppliers' factories.) • Multilingual support may be inadequate, and the parties concerned may be isolated. • Escalation process and remedies (remedy procedures by the legal and compliance departments) may not be decided, which may aggravate human rights violations. 	✓	✓	✓				✓
	Mutual information management system		<ul style="list-style-type: none"> • Insufficient information sharing system with primary, secondary, and subsequent suppliers, which may encourage human rights issues to be triggered by supplier employees. 	✓	✓	✓				✓
Business Partners	M&A	HR Assessment in M&A acquisition audits	<ul style="list-style-type: none"> • Insufficient human rights assessment of the target company during the acquisition audit may result in human rights violations not being remedied. • Lack of consideration for the employees of the acquired company at the stage of unifying and disseminating assessments, rules, policies, etc. after the acquisition. 	✓	✓	✓	✓	✓	✓	✓
	Business partners	Human rights violations at Business partners	<ul style="list-style-type: none"> • The possibility that human rights violations may not be corrected when human rights issues become apparent within a supplier, regardless of whether they are upstream or downstream 	✓	✓	✓	✓	✓	✓	✓
	Logistics contractors	Labor environment	<ul style="list-style-type: none"> • There is a risk that manufacturers and sellers will request unreasonable delivery dates from upstream suppliers, resulting in chronic long working hours and overwork. • Failure to reform business practices and to adequately consider SCM functions when changing business models, such as increasing the ratio of e-commerce, may lead to chronic long working hours and excessive workloads for employees of logistics providers. 				✓			
	Employment applicants		<ul style="list-style-type: none"> • Potential for human rights violations (discrimination based on educational background, gender, nationality, harassment, and identity theft) against applicants for employment. • Possibility of unequal recruitment and employment with restrictions on gender, age, race, religion, LGBTQ, disability, BLM, etc. • When using AI technology, etc. as a factor in hiring decisions, bias may occur depending on the attributes of the set data (background, gender, age, etc.), which may cause disadvantages to the parties concerned. 	✓	✓	✓	✓	✓	✓	✓
Society	Local residents	Health hazards in daily life	<ul style="list-style-type: none"> • Air pollution, chemical emissions, and wastewater from business operations may harm the health of local residents. 	✓	✓	✓	✓	✓	✓	✓
		Infringement on living space and time	<ul style="list-style-type: none"> • There is a risk of impacts such as violation of land rights of indigenous peoples and local communities due to the construction of new business sites, etc. • Potential impact on living areas in terms of noise, air pollution, traffic safety, etc., due to business operations. 	✓	✓	✓	✓	✓	✓	
	Natural environment	General	<ul style="list-style-type: none"> • The right to a clean, healthy and sustainable environment, including for future generations, may be undermined by a lack of progress in "greening the economy" and addressing various natural environmental challenges, and by a failure to mitigate negative impacts on the natural environment. 	✓	✓	✓	✓	✓	✓	✓
		Water Stress	<ul style="list-style-type: none"> • Drought risk due to the use of large amounts of water • Risk of local residents not having access to sufficient quantities of safe water due to wastewater from failure to properly treat factory water 	✓	✓	✓			✓	✓
		Climate Change	<ul style="list-style-type: none"> • The risk of negative impact on the global environment (all stakeholders) due to failure to curb global warming caused by large CO2 emissions and failure to fulfill "power supply responsibility". 	✓	✓	✓	✓	✓	✓	✓
		Terrestrial resources	<ul style="list-style-type: none"> • May adversely affect the preservation of forest ecosystems due to the manufacture of products • Risk of illegal dumping of waste due to abandonment or failure to use appropriate contractors 	✓	✓	✓	✓	✓	✓	✓
	Marine resources	<ul style="list-style-type: none"> • There is a risk of negative impact on marine ecosystem conservation due to the manufacture of plastic products. • Insufficient wastewater treatment at factories, etc., and possible adverse effects on the ocean due to hazardous substance spills • Impacts on fishermen, tourism industry, countries that depend on tourism for their livelihood, and ecosystems (possible loss of fish, impact on livelihoods) 	✓	✓	✓	✓	✓	✓	✓	
	Relationships with governments	Bribery and corruption	<ul style="list-style-type: none"> • Possibility of being asked to pay bribes when obtaining permits, etc. 	✓	✓	✓	✓	✓	✓	✓
Relationships with countries with high human rights risks		<ul style="list-style-type: none"> • The possibility of being complicit in human rights abuses due to proximity to countries with high human rights risks. 	✓	✓	✓	✓	✓	✓	✓	
			<ul style="list-style-type: none"> • The company may not take sufficient measures to improve the quality and safety of its products and reduce the risks to consumers. 	✓	✓	✓	✓	✓	✓	✓

Customer	Relationships with consumers	Health and Safety	<ul style="list-style-type: none"> The lack of correct information and the lack of adherence to correct usage may cause disadvantages to consumers. Insufficient improvement of traceability of materials and products may cause disadvantages to consumers. Risk of consumer safety hazard due to inadequate communication of safety precautions Insufficient resolution of consumer issues through innovation 	✓				✓	✓	✓	✓	✓			
		Privacy	<ul style="list-style-type: none"> Personal information such as privacy information contained in customer medical records, data from monitors, surveillance cameras, purchasing behavior such as the use of electronic purchasing and point systems, and cookies, and delivery addresses may be leaked, managed improperly, processed, or transferred and used inappropriately. The seller or manufacturer may not clearly state the terms and conditions or use difficult expressions regarding the handling of privacy information including facial images such as the use of various simulators or diagnostic devices, which may cause misunderstanding, anxiety, or disadvantage to consumers because they may not be able to fully understand the handling of information. It may cause misunderstanding, anxiety, or disadvantage to consumers. The seller or manufacturer may prioritize marketing activities so much that personal information (e.g., website browsing history, electronic purchase history tracking, recommendation functions, etc.) is used without the consent of the parties concerned. 	✓					✓	✓	✓	✓			
		Respect for the individual	<ul style="list-style-type: none"> Advertising, marketing, and sales activities may promote stereotypes of uniform beauty, gender, generation, etc. Risk of algorithms and information provision that may encourage misperception and stereotyping of consumers through the use of AI, etc. 	✓						✓	✓	✓			
		Children's health and safety	<ul style="list-style-type: none"> The possibility that children's rights may be violated, that their healthy development may be hindered, or that their safety and health may be endangered, by not providing sufficient information on product use and skin knowledge, such as usage and quality. The possibility of not ensuring equal access to products that meet the needs of children according to their growth characteristics. Lack of ethical marketing policy may delay response to children. 								✓	✓	✓		
		Harassment and Discrimination	<ul style="list-style-type: none"> The possibility of infringement of human rights without prior confirmation that advertising and marketing will not induce discriminatory harassment Advertising and marketing activities may evoke discrimination and bullying and give the impression that they condone or encourage such discrimination and bullying. The possibility of being disadvantaged in purchasing or using the product due to differences in gender, age, nationality, race, religion, LGBTQ, disability, BLM, etc. Product appealing expressions may be perceived as verbal violence. 									✓	✓	✓	
		Sustainable Society	<ul style="list-style-type: none"> The disposal of plastic products, containers, and packaging may have an impact on the environment. Failure to control the use of virgin plastic in containers and packaging materials may not provide consumers with an awareness of plastic conservation and may contribute to negative environmental impacts. Failure of sellers and manufacturers to involve consumers in raising environmental awareness may contribute to negative environmental impacts. Failure to provide easy-to-separate containers and packaging may undermine consumers' awareness of disposal and contribute to negative environmental impacts. 	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
		Monitoring & Assessment	<ul style="list-style-type: none"> The company may not actively identify (through SNS monitoring, etc.) human rights violations caused by advertising and marketing or by individual employees, and the human rights violations may not be corrected. When human rights violations occur due to advertising and marketing, sales activities, or business activities, the lessons learned may not be applied to future business activities, resulting in a recurrence of such violations. 										✓	✓	✓
		Lifestyle	<ul style="list-style-type: none"> Failure of companies to provide consumers with the information needed to make choices based on their individual lifestyles and values (such as religion, CO2, animal welfare, plastics), along with advertising that constitutes greenwashing or stealth marketing, may lead to the risk of consumers making choices against their will or limiting their freedom of choice. 										✓	✓	✓

3.8 Apparel Industry

Creation: research, development, design **Buying:** construction of facilities, procurement (fabrics, subsidiary materials) **Manufacturing:** production, manufacturing (sewing) **Transportation:** storage, logistics **Sales:** sales, marketing, retail

Use: consumption, utilization, maintenance and servicing, packaging (wrapping) **Discard:** disposal, recycling, waste plastic

Human Rights Issues in Apparel Industry		Specific Concerns	Value Chain						
			Create	Buying	Manufacturing	Transport	Sales	Use	Discard
Businesses / Supply Chain	Treatment in the Workplace	Working Hours	<ul style="list-style-type: none"> Production plans that incorporate overtime work and the situation of absorbing delays in upstream plans at the sewing site may result in long working hours due to wage levels that are not in line with local living standards, due to the piece-rate wage system, or due to reasons on the factory side such as large volumes of defective or reworked products (own factories or production) (workers at the company's own factories or production subcontractors) Inadequate work management may result in the failure to provide legally mandated holidays or to observe overtime work limits (either the company's own employees or workers at the company's factories or subcontracted production sites). There is a possibility that labor standards violations are occurring due to a lack of understanding of the actual working conditions of technical intern trainees (Japan) (technical intern trainees at sewing factories in Japan or at production contractors). It takes time to communicate with trainees, and there is a possibility that they are not given sufficient support and care in their daily lives due to lack of support in the local language. There are some factors that are not adequately supported.(Technical intern trainees at sewing factories in Japan or at production contractors in Japan): Overtime work, overwork by managers, and overwork by deemed managers (Japan) (own employees) Possibility of overtime work due to telework (Japan) (own employees) Possible occurrence of overtime work due to external factors such as national policy, policy changes (disputes, lockdowns), etc. (own factories or workers at production contractors) 	✓	✓	✓	✓	✓	✓
		Wages	<ul style="list-style-type: none"> There is a possibility that the minimum wage (living wage) will not be observed due to cost reductions from buyers (workers at overseas factories or production sites on consignment). In some countries, minimum wages are revised frequently and there is a risk of non-compliance with minimum wages (workers at overseas factories or contracted production sites). (workers at the company's own factories or production contractors outside Japan) Possible failure to pay fair compensation in accordance with productivity (e.g., raw material price hikes, foreign exchange effects, etc.) (company's own employees, workers at company-owned plants, or workers at production sites outsourced to the company) Problems of equal pay for equal work by regular and irregular workers (own employees, workers at own factories or production contractors) The possibility that changes in social conditions, such as inflation, may cause real wages to decline and prevent workers from maintaining their standard of living (the company's own employees, workers at the company's own factories, or workers at production contractors). The status of the wage gap between men and women is not understood, and there is a risk that a gap may exist. The ratio of female executives is low. The reality is that women are not actively promoted. (Employees of the company, workers at the company's own factories or contracted production sites) 	✓	✓	✓	✓	✓	✓
		Health and Safety	<ul style="list-style-type: none"> The company may not provide thorough health and safety training (including multilingual support), including disaster prevention training, first-aid training, and handling of hazardous chemicals. (employees of the company, workers at the company's own plants, or workers at contracted production sites) External factors may prevent the proper implementation of health and safety training and health checkups, increasing safety and health risks to employees (company employees, workers at the company's own plants, or workers at production contractors). Failure to address health-hazardous work environments (noise, vibration, lighting, room temperature, ventilation, local exhaust ventilation, etc.) may result in health hazards (company employees, workers at company-owned plants or contracted production sites). There is a risk that pregnant and nursing women, young people, etc. may be assigned to dangerous or harmful work (the company's own employees, workers at the company's own factories, or workers at production sites outsourced to the company). Personal protective equipment (PPE) is not provided in hazardous or harmful workplaces, and appropriate education and training are not provided, which may result in harm to workers. The company's own employees, workers at the company's own factories, or workers at production contractors may be at risk of injury due to lack of inspection of machinery and equipment that are required to be inspected and insufficient protective equipment. Dilapidated buildings, illegal construction, emergency exits, escape routes, etc. in illegal conditions may endanger workers (own employees, workers at own factories or contracted production sites). 	✓	✓	✓	✓	✓	✓
		Disciplinary Action	<ul style="list-style-type: none"> Inadequate storage of chemical substances may cause accidents or health hazards (for the company's own employees, workers at the company's own factories, or workers at production contractors). Risk of mental health problems, such as anxiety about infection or stress among production workers who cannot telework (risk of mental health problems) (Japan) (in-house employees) Risk of psychological problems due to invasion of privacy (for own employees, workers at own factories or production contractors) due to leakage of personal information or introduction of remote work monitoring tools, etc. Risk of psychological problems (customer harassment, slander, stalking, etc.) in relationships and points of contact with customers (customer service, SNS responses, etc.). Or, there is a risk that an adequate resolution mechanism has not been established. (Company's own employees) Mental health problems (stress) may occur on both sides due to lack of understanding of differences in national customs and culture (own employees, workers at own factories or contracted production sites). The possibility of mental health problems (stress) on both sides due to lack of understanding of national customs and cultural differences (employees of the company, workers at the company's plants, or workers at production contractors) 	✓	✓	✓	✓	✓	✓

Discrimination	At Employment At Work Diversity	<ul style="list-style-type: none"> · Possibility of unequal recruitment and employment with restrictions on nationality, race, religion, gender, and age (own employees, workers at own factories or production contractors) · Possibility of unequal treatment or lack of fair evaluation in the working environment, training (education system), and promotion opportunities due to differences in gender (disrespect for women), age, experience (job type, career), or length of service (for the company's own employees, workers at the company's factories, or workers at subcontractors). · Potential for harassment or unequal treatment with disregard for diversity (LGBTQ, SOGI, etc.) (company employees, workers at company factories or contracted production sites) · Potential for discrimination in hiring due to disability, illness, pregnancy etc. (company employees, workers at company factories, or contracted production sites) · Possible invasion of privacy or discrimination in hiring due to leakage of personal information (company's own employees, workers at company's own factories, or workers at production sites on consignment) · The introduction of an evaluation system based on Ai may lead to human rights violations (for the company's own employees, workers at the company's own factories, or workers at production sites outsourced to the company). 	✓	✓	✓	✓	✓
Child Labor	Minimum Age	<ul style="list-style-type: none"> · There is a risk that child labor under the minimum age may be performed without identification or on the basis of false identification (workers at the company's own factories or contracted production sites). · There is a risk of child labor in the supply chain in developing countries (subcontracted work, etc.), or of brokers pimping out child labor (workers at the company's own factories or contracted production sites). · Possible involvement of child labor, forced labor taking advantage of immigrants and vulnerable groups by forcing suppliers to reduce costs. 	✓	✓	✓	✓	✓
Forced Labor	Forced overtime Human trafficking	<ul style="list-style-type: none"> · Risk of being forced to work overtime (the company's own employees, workers at the company's own factories, or workers at production contractors) · The labor contract (employment contract) is not clearly stated in writing, and workers are likely to be forced to work under working conditions that they have not agreed to (the company's own employees, workers at the company's own factories, or workers at production contractors). · In Japan, there is a risk of serious violations of labor laws and regulations, such as the restriction of the free movement of technical intern trainees due to the deposit of their passports, alien registration cards, and residence cards, and forced savings (technical intern trainees at factories in Japan). · There is a possibility that forced labor is being performed overseas by taking advantage of the vulnerable position of immigrants and refugees (employees of the company, workers at the company's own factories, or workers at production sites outsourced to the company) (especially for clients in Tier 2 and above, where the reality of forced labor may be latent). · Possible latent problems of forced labor or child labor of vulnerable workers such as immigrants and women, due to inaccessibility of the local working environment due to language barriers, inaccessibility of the country, time zone difference, etc. 	✓	✓	✓	✓	✓
Grievance Mechanism	Effectiveness of reporting channels for employees	<ul style="list-style-type: none"> · The grievance mechanism is not in place, or is in place but may not be functioning. · The grievance mechanism is in place, but operational checks are not functioning. · Lack of multilingual support and LGBTQ, and may not be able to identify offers of human rights violations. 	✓	✓	✓	✓	✓
Freedom of association	Freedom of association and Freedom of association	<ul style="list-style-type: none"> · The company may refuse to form a labor union, refuse to bargain collectively without just cause, or treat union members unfairly or dismiss them (the company's own employees, workers at the company's own plants, or workers at production contractors). · The union is likely to dismiss workers because of a strike (its own employees, workers at its own plants, or workers at production sites to which it outsources production) · The possibility that labor-management consultations and collective bargaining may not be sufficiently institutionalized and operated (i.e., they may have become a skeleton). In addition, although the right to collective bargaining is recognized, there is a risk that negotiations are not actually being conducted (especially at overseas production plants) (the company's own employees, workers at the company's own plants, or workers at production contractors) · There is a risk of insufficient communication between local employees and Japanese management, resulting in the start of operations or selection of suppliers without understanding local customs and culture, which may lead to labor problems or labor disputes. 	✓	✓	✓	✓	✓
Human rights violations, especially in the supply chain		<ul style="list-style-type: none"> · Gaps between busy and off-peak periods may force reductions in staff, overtime, and holiday work due to the inability to maintain increased staffing levels during busy periods. · The expansion of the EC market may lead to an increase in logistics volume, which may lead to long working hours onsite. (Especially during peak season) · Long working hours and sudden work may be forced on logistics workers due to waiting time for trucks at warehouses and loading/unloading work, etc. · The 2024 logistics problem may cause an increase in the workload of those involved in logistics due to restrictions on truck drivers' working hours. · The possibility of human rights violations (overwork, forced labor, child labor, discrimination against women) at suppliers (including second tier upstream suppliers) and production contractors by starting or continuing transactions or making unreasonable delivery requests without sufficient understanding or investigation of the actual situation. · Risk of starting or continuing business with suppliers (including secondary upstream suppliers) or production contractors without sufficient understanding or investigation of the actual situation through visits, hearings, etc., thereby contributing to human rights violations (overwork, forced labor, child labor, discrimination against women) at the suppliers (including secondary upstream suppliers) or production contractors. 	✓	✓	✓	✓	✓
		<ul style="list-style-type: none"> · Trade in conflict zones has the potential to be a means for states and military organizations to profit, which may lead to the inflow of military funds and contribute to human rights abuses. · Companies throughout the supply chain may be complicit in human rights abuses through the products and services of suppliers (client companies) that are identified by governments and civil society. 					

Community	Environment Resources	Climate Change	<ul style="list-style-type: none"> CO2 emissions due to excessive electricity consumption in production plants and sales outlets CO2 emission problems due to irresponsible (unplanned) mass production and mass disposal Possible deterioration of employee health due to heat stroke, etc. (own employees, workers at own factories or contracted production sites) Possible layoffs due to factory closures, etc. resulting from changes in production sites due to climate change (own employees, workers at own factories or contracted production sites) Outsourcing of production without progress in reducing CO2 emissions in the supply chain may accelerate global warming. Failure to adequately investigate energy consumption and the use of renewable energy in each production process of the company or its suppliers may increase orders for materials and products that have a large environmental impact, thereby indirectly accelerating environmental impact. The expansion of e-commerce sales may increase CO2 emissions from logistics and accelerate global warming. 	✓	✓	✓	✓	✓	✓	✓
		Water Stress	<ul style="list-style-type: none"> Possible health hazards to nearby residents and adverse effects on the local environment due to the use of large amounts of water and pollution of rivers by hazardous chemicals at leather tanneries, dyeing and plating factories, etc. (residents in the surrounding area). 	✓	✓	✓				
			<ul style="list-style-type: none"> Water depletion and water pollution due to the use of large amounts of water during the production of raw materials (cotton, cattle, natural rubber) (residents in the vicinity). 	✓	✓					
		Biodiversity conservation	<ul style="list-style-type: none"> Wooden products (paper materials) may adversely affect the preservation of forest ecosystems (indigenous people living in forest ecosystems). Microplastics generated from washing synthetic fiber products may lead to marine pollution (all mankind). Materials procured through routes with unclear traceability may lead to environmental and soil pollution (organic cotton, wool, etc.) (local residents) Failure to preserve the environment in which cattle, sheep, goats, etc. are raised may lead to environmental destruction in the surrounding area. 	✓	✓	✓	✓	✓	✓	✓
		Depletion of natural resources	<ul style="list-style-type: none"> Depletion of limited natural resources such as oil and gas. Climate change and extreme weather events could be exacerbated by the massive use of natural resources. 	✓	✓	✓	✓	✓	✓	✓
			<ul style="list-style-type: none"> Wasteful product design generates a large amount of cutting waste when cutting fabric, which may lead to the depletion of limited resources. 	✓	✓	✓				
	Waste management	<ul style="list-style-type: none"> Risk of illegal dumping of waste due to abandonment or failure to use the proper contractors. May cause environmental harm by not working to reduce waste. Use of materials that cannot be returned to nature may cause environmental pollution. Use of biodegradable plastics even for unnecessary materials, such as combustible materials, may cause recycling to cease to function. 	✓	✓	✓	✓	✓	✓	✓	
Discrimination	Indigenous rights	<ul style="list-style-type: none"> Cotton, pulp, etc., may threaten the livelihood (eviction, violence, etc.) of residents living in the country where the raw materials are procured. In developing countries where laws and regulations are not yet in place, compliance with local laws may cause environmental pollution and health hazards to local residents. Lack of traceability management may lead to unintentional disposal of goods in places where they are not intended, violating the health and human rights of indigenous people (the case of the "clothes graveyard" in Kenya). Expansion into the interior of a country to reduce costs may threaten the livelihood of new indigenous peoples. 	✓	✓	✓	✓				
	Diversity	<ul style="list-style-type: none"> There is a risk of discrimination due to inappropriate expressions (e.g., unconscious bias/LGBTQ) through advertisements and other media. Excessive negative image of the technical intern trainee system may jeopardize the continuation of the system itself (technical intern trainees at domestic factories). Possible to promote stereotypical gender bias when conducting sales activities through advertisements and SNS (e.g., use of specific colors for women and men). 	✓	✓	✓	✓				
Consumer	Relationships with consumers	Awareness	<ul style="list-style-type: none"> Insufficient efforts to raise consumer awareness of recycling have not resulted in the establishment of a circular economy (e.g., circular materials) mechanism. Insufficient provision of correct information on certified materials and sustainable materials may lead to misunderstandings among consumers, which may hinder their intended purchasing activities. Greenwash labeling may mislead consumers and hinder ethical purchasing activities. 	✓	✓	✓	✓	✓	✓	✓
		Health and Safety	<ul style="list-style-type: none"> Risks to consumers by improving the quality of products and their safety. Health risks due to the inclusion of hazardous substances in finished products. Safety risks to consumers due to batteryware or wearable device malfunctions (e.g., ignition accidents). 	✓	✓	✓	✓	✓	✓	
		Protection of Personal Information	<ul style="list-style-type: none"> There is a risk of privacy violation and discrimination due to leakage of personal information and technologies such as AI and SNS. Dark patterns of inducement on e-commerce websites (e.g., cases where it is difficult to cancel or return a product). Risk of algorithms and information provision that promote consumer misperception and stereotypes through the use of AI, etc. on e-commerce sites (e.g., targeted advertisements, etc. that may force recommendations on consumers). 	✓	✓	✓	✓	✓		
		Diversity Concerns	<ul style="list-style-type: none"> Insufficient consideration for diverse consumers (LGBTQ, nationality, religion). May promote gender bias by wearing uniforms and school uniforms designated by companies and schools, where there is no choice (e.g., may lead to human rights violations for transgender people). 	✓	✓	✓	✓	✓	✓	