

Report on 2024 Business and Human Rights Conference in Tokyo

Date: 13:30-17:00 Friday, 25th October, 2024

Format: Zoom Online Conference

Hosts:

Caux Round Table Japan

Cooperation:

Ajinomoto Co., Inc., ANA Holdings, Inc., Kao Corporation, Kubota Corporation
Mazda Motor Corporation, Mizuho Research & Technologies, Ltd.
Morinaga Milk Industry Co., Ltd., Nippon Yusen Kabushiki Kaisha (NYK Line)
Regrit Partners, Inc., Toda Industries, Inc., Tokio Marine D.R. Co., Ltd.
Tokio Marine & Nichido Fire Insurance Co., Ltd., JP Research & Consulting, Inc.

Foreign Organizations:

Institute for Human Rights and Business,
The Mission to Seafarers Philippines World Benchmarking Alliance, Work Better Innovations

Participants:

225 people in total

Host



Cooperation



Tokio Marine dR Co., Ltd.



Mizuho Research & Technologies

On Friday, October 25, 2024, the Caux Round Table Japan (CRT Japan) held the "2024 Business and Human Rights Conference" in Tokyo. Continuing from last year, the conference was conducted online, attracting 225 participants, including representatives from 142 companies and 19 organizations.

The conference aimed to achieve three main objectives: (1) to understand and raise awareness of the latest trends in business and human rights, (2) to promote collaborative processes to address human rights issues, and (3) to encourage the implementation of the UN Guiding Principles on Business and Human Rights. Thirteen years have passed since the UN Human Rights Council formulated the Guiding Principles in 2011, and the introduction of laws and regulations requiring companies worldwide to implement and disclose supply chain management has accelerated. In this context, it has become crucial for companies to promote initiatives based on the Guiding Principles, not only to comply with legal requirements but also to enhance their credibility, manage risks, and achieve sustainable growth. However, implementing the Guiding Principles involves addressing a wide range of issues, including understanding among management and relevant departments, cooperation with business partners, and establishing human rights due diligence and grievance mechanisms.

During the first half of the conference, overseas experts introduced their organizations and shared their expectations for Japanese companies. A panel discussion featured these experts discussing the causes and effects of the Guiding Principles and the EU Directive on Corporate Sustainability Due Diligence (CS3D). The discussion emphasized the essential significance of due diligence concerning human rights, the environment, and AI, as well as how it should be conducted. The subsequent session focused on "How Japanese Companies Should Respect Human Rights." Panelists presented specific efforts by Japanese companies to establish management systems that incorporate external perspectives based on the Guiding Principles. Examples included the implementation of human rights due diligence in Japan and abroad, the establishment of responsible supply chains, the handling and monitoring of human rights issues, and the structure and operation of grievance mechanisms for frontline workers. The plenary session concluded with a discussion format, allowing foreign experts and participants to exchange views on key points in addressing business and human rights.

Prior to the conference, individual dialogues took place between the cooperating companies and overseas experts, during which each company introduced its human rights initiatives and discussed the direction for strengthening human rights management in the future. Participating members noted that these discussions were highly beneficial in providing new perspectives and insights into the issues at hand.

■ Opening Remarks

Hiroshi Ishida, Executive Director, Caux Round Table Japan

He expressed his appreciation for the 13th anniversary of the conference and highlighted the steady progress in corporate commitment to business and human rights across various contexts. He noted that companies are actively striving to fulfill their responsibility to respect human rights in line with the Guiding Principles, despite facing unique circumstances and challenges. Specifically, he described the current collaborative efforts of the CRT Japan and partner companies in conducting human rights due diligence.

He emphasized that, in interpreting the Guiding Principles, the core of their activities is rooted in insights

gained from his exchange with John Ruggie in 2013, which underscored that engagement with rights holders is the most critical aspect of human rights due diligence. He further stated that human rights due diligence involves more than merely checking off items on a list; it is about fostering a relationship of trust with management and understanding the true nature of issues through direct dialogue with rights holders. He referred to this process as an “art” rather than a “science.”

In conclusion, he remarked that the conference presents a valuable opportunity to learn about the latest trends in human rights and ESG-related initiatives both in Japan and abroad, and to contemplate future directions. He expressed hope that, despite the length of the conference, active participation and the exchange of opinions would yield many valuable suggestions.

Additionally, five partner companies collaborating with CRT Japan provided opening remarks, sharing their initiatives and challenges related to business and human rights. They highlighted the significance of addressing human rights issues within their organizations, managing risks in their supply chains, and implementing global risk management strategies. The partner companies introduced several specific projects, illustrating how they are tackling human rights and ESG-related issues-particularly in their global supply chains-through collaboration with CRT Japan. They conveyed their commitment to enhancing corporate value and addressing social issues while also expressing their intention to support the sustainable growth of Japanese companies by offering assistance in research, risk visualization, and risk management through human networks and open-source information.

■ Summary of Panel Discussion with Global Experts

In the context of human rights due diligence, information disclosure is crucial, and companies are required to clearly demonstrate their progress. Specifically, understanding the gap between the areas they can implement and the ideal scope enables them to build trust through transparency. Additionally, European regulations are based on a premise of distrust, requiring companies to prove that their actions are not harmful, while Japanese culture typically operates on a premise of trust, which can lead to gaps in understanding.

As a result, challenges often arise in communication with both internal and external stakeholders. Moving forward, as the movement for human rights due diligence expands primarily in Europe, it is essential to consider the overall process and engage in efforts that account for the entire value chain. There is an increasing number of themes related to environmental due diligence and AI, necessitating a consideration of whether these issues should be addressed individually or integrated.

Due diligence is not limited to human rights and environmental themes; it may also become increasingly important in other areas. In particular, ensuring corporate sustainability requires evaluations from various perspectives. It is necessary to consider the impacts on the lives and environments of rights holders on the ground, including aspects such as drinking water quality and personal information privacy, which should also be incorporated into due diligence efforts. By understanding on-site conditions, a realistic evaluation can be achieved, allowing for a comprehensive understanding of how corporate activities affect local communities and the environment. Organizing issues by industry and value chain can facilitate the development of appropriate measures and improvements.

Through due diligence, there is a need to deepen understanding of human rights and environmental issues and to broaden perspectives, which is expected to contribute to the realization of a sustainable society. Focusing on

the situations of affected individuals is also crucial, and concerted efforts across each industry are necessary. Those engaged in daily operations must consider their surrounding conditions and future impacts, reassessing the current reality. This approach can increase the likelihood of early detection of potential issues and risks, and being sensitive to customer feedback and market trends may enable proactive responses before problems arise.

Finally, it is important to recognize that due diligence affects not only the upstream (production side) but also the downstream (customer side). Maintaining a perspective that encompasses the entire value chain, where various elements are painted on a single canvas, is essential. By adopting such a viewpoint, companies can develop a healthier business model while considering sustainability.

■ Case Studies on Business and Human Rights by Japanese Companies

Chisato Hata, Global Talent Management & Organization Development, ONO PHARMACEUTICAL CO.,LTD.

The Ono Pharmaceutical Group has been evaluating its efforts related to business and human rights since 2019 and established a global policy in 2020. In 2022, the company conducted a risk assessment for human rights due diligence and identified two key themes: 1) the working conditions of employees at production sites for procurement items, including raw materials, and 2) the labor contracts and working environments of diverse workers within group companies and the supply chain. This year, the company is advancing activities related to theme 2, with a focus on interviewing domestic direct material suppliers, and surveys have been conducted. When technical intern trainees are involved, interviews with rights holders are requested and conducted after confirming the necessary details. A key takeaway from this process has been a renewed recognition of the interdependence between the business and external partners, underscoring the company's responsibility and need to provide improved working conditions. The challenge ahead is to expand these efforts into a global initiative as the company grows internationally.

Yohei Fukuda, Manager, Leader of Personal & General Affair Group, TODA KOGYO CORP.

Many of our business partners are global companies, which has prompted us to recognize the importance of these efforts through CSR surveys and similar initiatives. With a focus on broader societal trends, we firmly acknowledge the significance of human rights and are actively promoting initiatives in this area. Specifically, we have initiated the formulation of a human rights policy, which includes the identification and analysis of human rights issues, with the objective of completing an impact assessment by 2024. We are collaborating with specialized organizations in this field and advancing our initiatives through the implementation of the PDCA (Plan-Do-Check-Act) cycle. To ensure that our human rights policy is well understood across the organization, we are also engaging in activities aimed at enhancing the awareness of executives and operational staff. As part of our process for identifying and analyzing human rights risks, we have conducted desktop research and workshops to identify key themes. We are particularly concentrating on issues related to foreign workers and are conducting human rights impact assessments focused on foreign workers at our domestic manufacturing sites. This assessment involves confirming and evaluating the working environments of companies that accept technical intern trainees. Information was gathered through interviews facilitated by a neutral third party, with the cooperation of interpreters. As a result, we received many positive comments regarding the support systems in place, while concerns or issues were relatively infrequent. Moving forward, we remain committed to

respecting human rights and will continue to advance our initiatives to fulfill our social responsibilities.

Yoshiyuki Asada, Senior Expert, Corporate Services Division, Mazda Motor Corporation

Mazda established its Human Rights Policy in August 2023 and implemented it across the Mazda Group. While the policy outlines universal principles, specific human rights issues are detailed in an appendix. A company-wide framework for advancing human rights due diligence was created, with a supervisory officer overseeing efforts and reporting directly to the Management Committee and Board of Directors for decision-making. In March 2024, Mr. Ishida, Executive Director of the CRT Japan, delivered a lecture, and a human rights seminar was held for directors and general managers. By April, Mazda conducted a human rights risk assessment, bringing together representatives from all departments to discuss, identify, and prioritize human rights themes within the supply chain, ultimately defining three key priority areas. In May, Mazda revised its Supplier Sustainability Guidelines, requiring suppliers to adopt the same human rights initiatives as Mazda. By August, Mazda had advanced to the human rights impact assessment phase, selecting three affiliated companies to address priority theme 1. CRT Japan conducted onsite surveys and interviews with foreign national employees as part of this assessment. Furthermore, a global hotline was established as a grievance mechanism, available not only to employees and retirees of the Minebea Group but also to business partners.

Miho Okada, Deputy Manager, ESG Promotion Department, KUBOTA Corporation

The Kubota Group conducts its business activities under the group slogan “For Earth, For Life.” As of the end of FY2023, Kubota had 219 consolidated companies with a total of 52,608 employees and an overseas sales ratio of 78.7%. The company's operations are primarily focused on two pillars: the machinery business and the water environment business. Although the water environment business is core to the company's mission, 87.3% of its revenue at the end of last year was generated by the machinery business. The Kubota Group is dedicated to advancing business and human rights initiatives to achieve its long-term vision, GMB2030. These initiatives are organized into “human rights due diligence” and “remediation,” with support provided through “policy and education” as well as “information disclosure and engagement.” This approach includes establishing and disseminating a human rights policy within the Group, creating a supplier code of conduct, setting up a hotline, and implementing a human rights management system to ensure progress in line with industry standards. In collaboration with CRT Japan, a non-profit organization, Kubota launched a new initiative this year focused on technical trainees and specific skilled workers within Kubota (non-consolidated). Surveys and interviews conducted through this initiative did not reveal any significant violations of the Dhaka Principles; however, opportunities for improvement were noted, such as fostering respectful communication between workers and the company and addressing workers' religious and linguistic needs. Based on these findings, Kubota is working to enhance the working and living conditions for foreign employees. Moving forward, the Kubota Group plans to extend these efforts both domestically and internationally, aiming to illustrate how such initiatives contribute to sustainable business growth.

Mari Sato, General Manager, Sustainability Strategy, NICHIREI CORPORATION

The Nichirei Group has incorporated human rights due diligence into its Group Materiality measures and KPIs, and is advancing these efforts with guidance from CRT Japan. Since FY2023, the Group has implemented the

following four initiatives to address identified human rights risks: Conduct human rights due diligence on foreign technical intern trainees and specified skilled foreign workers employed at self-managed domestic factories; (1) Promote human rights through audits with domestic livestock suppliers; (2) Conduct human rights impact assessments and engage in dialogue with overseas seafood suppliers to initiate corrective actions; (3) Conduct human rights impact assessments with overseas agricultural suppliers. Looking ahead, the Group plans to introduce a grievance mechanism, emphasizing that human rights due diligence not only upholds ethical standards but also enhances corporate value for both Nichirei and its suppliers. Internally, Nichirei will continue to build expertise, gain experience, and establish a robust management cycle to support this initiative.

**Yusuke Sunagawa, Manager, Planning Section Sustainability Department, Corporate Planning Division
Kawasaki Heavy Industries, Ltd.**

With the approval of its Board of Directors, Kawasaki Heavy Industries has been implementing its Group Human Rights Policy by promoting human rights due diligence. This involves conducting impact assessments and issuing corrective action requests through a risk-based approach, informed by human rights risk impact assessments conducted in partnership with BSR, a U.S. non-profit organization. As part of these impact assessments, Kawasaki conducts surveys using Self-Assessment Questionnaires (SAQs) based on the RBA Code of Conduct for its supply chain, as well as for domestic and international group companies. Based on these survey results, direct assessments of workers and corrective action plans are formulated. In May 2024, an impact assessment was conducted through worker interviews at an overseas subsidiary in Thailand. The interviews, held in Thai (the native language of the workers), were facilitated by CRT Japan, a third-party organization. No significant human rights violations were identified in the interviews. In response to areas for improvement identified in the assessment, Kawasaki Heavy Industries is currently considering actions to enhance the employment and working environment to better respect workers' rights, as well as measures to strengthen feedback mechanisms for workers.

**Yosuke Todaka, Acting Head of CSR Division, General Manager, Head of CSR Planning Dept., The
Yokohama Rubber Co., Ltd.**

In 2023, the Yokohama Rubber Group conducted a human rights due diligence workshop to examine potential human rights risks within its supply chains. With guidance from the third-party CRT Japan, the Group identified its “Key Human Rights Themes.” The Yokohama Rubber Group has established a policy to investigate and evaluate each of these key themes through human rights impact assessments. In 2024, the Yokohama Rubber Group carried out a human rights impact assessment at its natural rubber processing plant in Surat Thani, southern Thailand, focusing on “the working environment of workers at rubber raw material suppliers and the environmental impact on nearby residents.” The assessment, conducted in collaboration with CRT Japan, included in-depth interviews with a broad spectrum of stakeholders in the supply chain, such as rubber plantation owners, rubber tappers, and representatives from neighboring schools and hospitals. No significant human rights risks, such as forced or child labor, were identified in this assessment. However, the company intends to closely monitor specific concerns that require ongoing attention, such as the working conditions of Myanmar nationals residing on the plantation.

Yuko Tsutsui, Executive Officer Deputy Chief Executive of ESG Strategy Headquarters, Nippon Yusen Kaisha (NYK Line)

Since the launch of the Human Rights Project in April 2022, NYK has consistently carried out human rights due diligence in line with the UN Guiding Principles. Following a risk analysis conducted by an external organization, an internal workshop was held to examine human rights issues within the company's value chain. Interviews with rights holders have been conducted sequentially at three overseas business sites where significant impacts were anticipated. Identified areas requiring improvement have been addressed through corrective measures developed in collaboration with relevant departments and business partners. The effectiveness of these measures is regularly monitored, and the company transparently discloses its efforts on its website. As specific examples, NYK highlighted cases in India and the Philippines. In India, interviews were held in November 2022 with workers in the auto logistics business. In the Philippines, interviews were conducted during a seafarers' meeting held in Manila in November 2023, including not only seafarers but also their families, with a follow-up interview conducted in Davao in May 2024. Further follow-up and information disclosure are planned by the end of this year.

Kei Saito, Deputy General Manager, Corporate Planning Division, Member of the Sustainability Committee, Nissin Foods Holdings

The Nissin Foods Group has conducted a human rights risk assessment to evaluate potential risks to human rights arising from its business activities, identifying “strengthening supply chain management systems in Asia” as a key priority. To address this, Nissin Foods has increased the proportion of RSPO-certified palm oil in its procurement and developed its own traceability system for mills in Indonesia and Malaysia, the main sources of its palm oil. Additionally, the company has implemented a monitoring system that utilizes satellite technology for palm oil traceability. In collaboration with CRT Japan, a third-party non-profit organization, and SPKS, a local NGO, Nissin Foods has maintained ongoing dialogue with oil palm farmers in its supply chain. This engagement aims to monitor the human rights, economic, and environmental conditions of small-scale farmers. Most recently, in August 2024, the company held a dialogue with 30 oil palm farmers in Sugiwaras Village, Indonesia, to support small-scale farmers directly. During these upstream supply chain visits, farmers expressed concerns about issues such as high fertilizer costs, limited knowledge of oil palm production (including occupational health and safety), and exploitation by intermediaries.

Shoichiro Ikebe, Manager, Worlding Inc.

The foreign technical internship program was introduced in 1993 and has been in operation for over 30 years. This system has been assessed by the OECD, and the U.S. State Department's annual report on trafficking in persons has expressed concerns, suggesting that the technical internship system may facilitate forced labor. Within the framework of the technical internship program, there are significant risks of illegal activities and human rights violations. Although supervisory organizations are responsible for monitoring the operators who accept technical intern trainees, there are notable issues with the effectiveness of the consultation services provided. Problems include a shortage of staff who can assist trainees in their native languages, delays caused by work overload, and inadequate responses to consultations. Furthermore, while Japanese companies are promoting human rights due diligence, the focus of major companies is primarily on Tier 1 and Tier 2 suppliers,

leaving a gap in consideration for companies and industries below Tier 3. Consequently, there is a pressing need for supervisory organizations to establish complaint handling mechanisms and provide support to technical intern trainees. For instance, Cooperative Assist, a supervisory organization supported by Wording Inc, has implemented “Ninja,” a complaint handling mechanism developed by CRT Japan, to facilitate consultations from technical intern trainees. These consultations address issues such as harassment, discrepancies in work content, and tax-related concerns. Supervisory organizations within the technical internship system assume a trade union-like role and are required to document their responses to consultations. It is anticipated that these records will contribute to a grievance mechanism that enhances support for improving the treatment and living conditions of technical intern trainees.

Chikako Miyata, Chief Sustainability Officer, Executive Vice President, Group CSO, ANA HOLDINGS INC.

In accordance with the UN Guiding Principles, the ANA Group has collaborated with the third-party CRT Japan to advance its human rights initiatives. In 2016, the Group formulated a human rights policy and implemented a human rights due diligence process, followed by the issuance of Asia's first human rights report in 2018. To effectively integrate human rights considerations into its business activities, it is essential for the entire Group - beyond just the headquarters departments - to engage in this effort. In light of the evolving social environment and changes to the business portfolio following the COVID-19 pandemic, a workshop was held in 2022 that included experts in both human rights and environmental issues. This workshop facilitated a risk assessment with personnel from each Group company to re-evaluate key human rights themes. One of the identified themes, “understanding the working environment of foreign workers,” has been incorporated into the Group’s routine management cycle. The ANA Group aims to enhance initiatives based on feedback from rights holders by refining both its human rights due diligence process and grievance mechanism. This involves expanding the coverage of the NINJA complaint handling system and increasing the number of cases reported. Additionally, the Group is considering the formulation of key performance indicators (KPIs) to visualize its human rights efforts. The ANA Group recognizes that the theme of “business and human rights” should not only be viewed as a means of mitigating risks but also as a valuable component of its business strategy.

■ Discussion and Summary with Overseas Experts

In a human rights risk assessment, companies are required to identify key human rights themes by cataloging all raw materials while considering their global business operations and the entire value chain. This thorough process enables companies to implement appropriate measures to mitigate identified risks. Additionally, transparency in reporting is crucial; reports should emphasize a comprehensive exploration of the issues and effectively communicate this information to all stakeholders, including each group and contractor. Such transparency fosters the sharing of industry-wide knowledge and recognizes these initiatives as challenges faced by individual companies. It promotes trust and encourages dialogue with stakeholders.

Japan's field-oriented approach may differ from European business practices, as it prioritizes real-world opinions and experiences. This necessitates a flexible response that respects the cultural norms and values of each country.

Companies must be vigilant regarding risks within their upstream supply chains while integrating insights gained through dialogue with rights holders and local NGOs. It is essential to seek ways to align business practices with Asian values. Through this dialogue, companies can learn and implement specific improvement measures and best practices. Furthermore, the industry as a whole needs to collaborate, leveraging cooperation among companies to address common issues effectively and develop practical solutions.

Small and medium-sized enterprises (SMEs) are encouraged to partner with larger companies to conduct risk assessments and establish support systems that facilitate efficient due diligence. Building a track record in this area is vital; by expanding collective efforts, an effective business-human rights relationship can be established. This is particularly important for SMEs to overcome resource limitations and achieve sustainable growth.

Ultimately, a cooperative approach is necessary, fostering collaboration rather than competition among companies. Continued progress is anticipated over the coming year, as the entire industry must unite to enhance measures addressing risks, thereby contributing to the realization of a sustainable society.

■ **After the International Conference...**

Feedback from overseas experts indicated that they were deeply impressed by the commitment of Japanese companies to engage sincerely with rights holders while addressing various challenges related to human rights. They emphasized the importance of going to the field and interacting directly with rights holders, as meaningful engagement is fundamental to effective human rights initiatives.