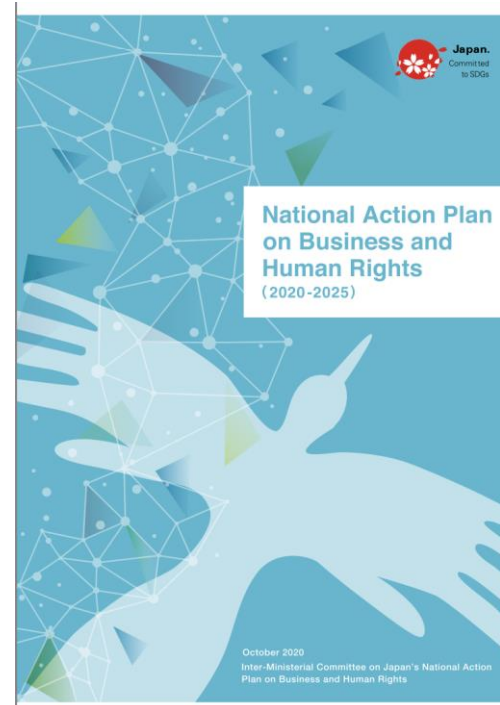
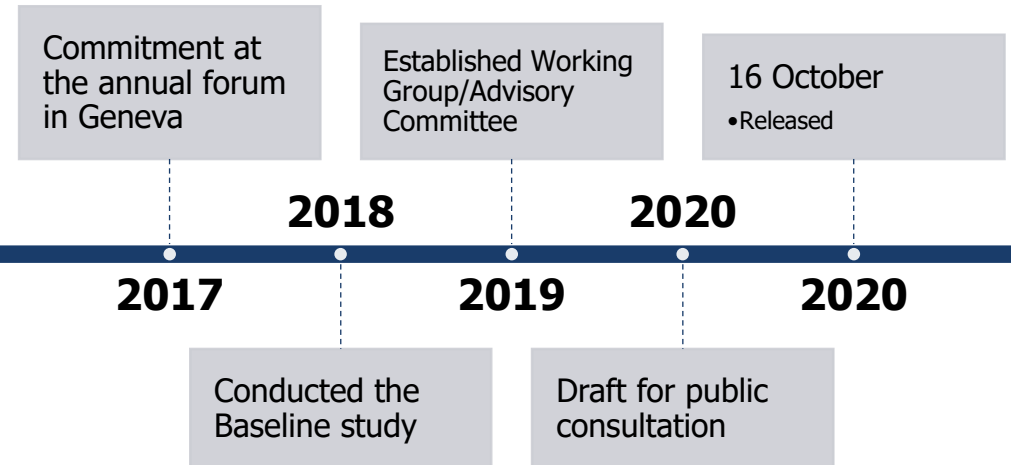




Japan's Guidelines on Respecting Human Rights in Responsible Supply Chains

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NAP formulated by GoJ



Cross-Cutting Areas

- ✓ Labor (Promotion of Decent Work)
- ✓ Promotion and Protection of Children's Rights
- ✓ Human Rights Associated with Developments of New Technologies
- ✓ Rights and Roles of Consumers
- ✓ Equality before the Law (PWD, Women, Persons of Diverse Sexual Orientation and Gender Identity and Other Groups)
- ✓ Acceptance of the Coexistence with Foreign Nationals

Chapter 3. Governments' Expectations towards Business Enterprises

- The NAP refers to the Government's initiative, which are to be undertaken with the understanding and cooperation of relevant parties. The Government believes that the understanding and cooperation of the businesses is of particular importance in promoting responsible business activities in Japan and overseas, and has thus outlined its expectations for the business enterprises in this section.
- The Government expects Japanese enterprises, regardless of their size and sector of industry, to respect internationally recognized human rights and the principles concerning the fundamental rights set out in the ILO Declaration; introduce the process of human rights due diligence based on the UNGPs and other related international standards; and engage in dialogue with stakeholders, including those that are part of supply chains. Furthermore, the Government expects Japanese business enterprises resolve issues through effective grievance mechanisms.³

Reference: According to the UNGPs, in order to meet corporate responsibility to respect human rights, business enterprises should have in place the following policies and processes.

- A human rights policy** (UNGPs 16)
Business enterprises need to show a policy commitment to meet their responsibility to respect human rights.
- Human rights due diligence** (UNGPs 17~21)
In order to identify, prevent, mitigate and account for how they address their impacts on human rights, business enterprises need to assess adverse human rights impacts, address the findings, track responses, and communicate how impacts are addressed. This series of processes is called "human rights due diligence."
- Provision of remediation** (UNGPs 22)
Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.

³ For example, the UNGPs state that business enterprises should have in place (1) a policy commitment to meet their responsibility to respect human rights; (2) a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights; and (3) processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute. The OECD Due Diligence Guidance states that due diligence is "the process enterprises should carry out to identify, prevent, mitigate and account for how they address their actual and potential adverse impacts in their own operations, their supply chain and other business relationships." ILO MNE Declaration states that enterprises, including multinational enterprises "should carry out due diligence to identify, prevent, mitigate and account for how they address their actual and potential adverse impacts that relate to internationally recognized human rights." Kaidan provides specific examples for corporations to "clarify policies for respecting human rights and reflect them in business activities" in the Implementation Guidance on Charter of Corporate Behavior.

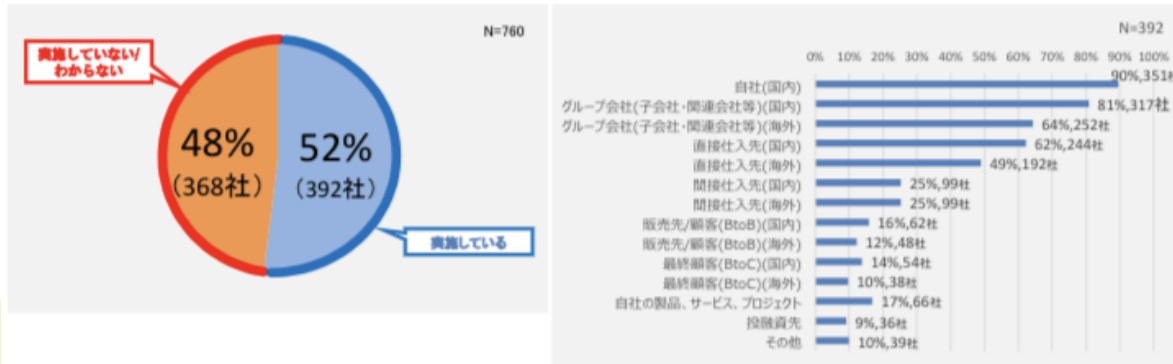
The Survey conducted by Ministry of Economy, Trade and Industry and MOFA

人権デュー・ディリジェンスの実施状況

- 人権デュー・ディリジェンスを実施している企業は5割強。
- 人権デュー・ディリジェンスを実施している企業のうち、間接仕入先まで実施している企業は約25%、販売先・顧客まで実施している企業は約10~16%。

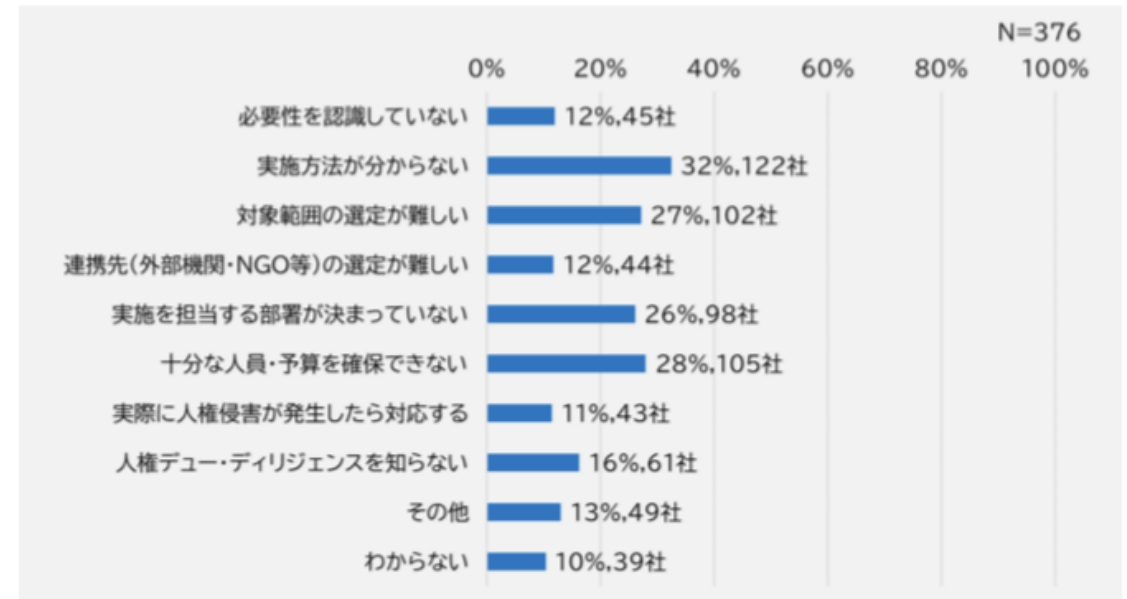
人権デュー・ディリジェンスの実施状況

● 現在行っている人権デュー・ディリジェンスの実施対象は、どこまでとしていますか。(複数回答可)



人権デュー・ディリジェンスを実施していない理由

- 人権デュー・ディリジェンスを実施していない理由として、3割強が実施方法が分からない、3割弱が十分な人員・予算を確保できないと回答。

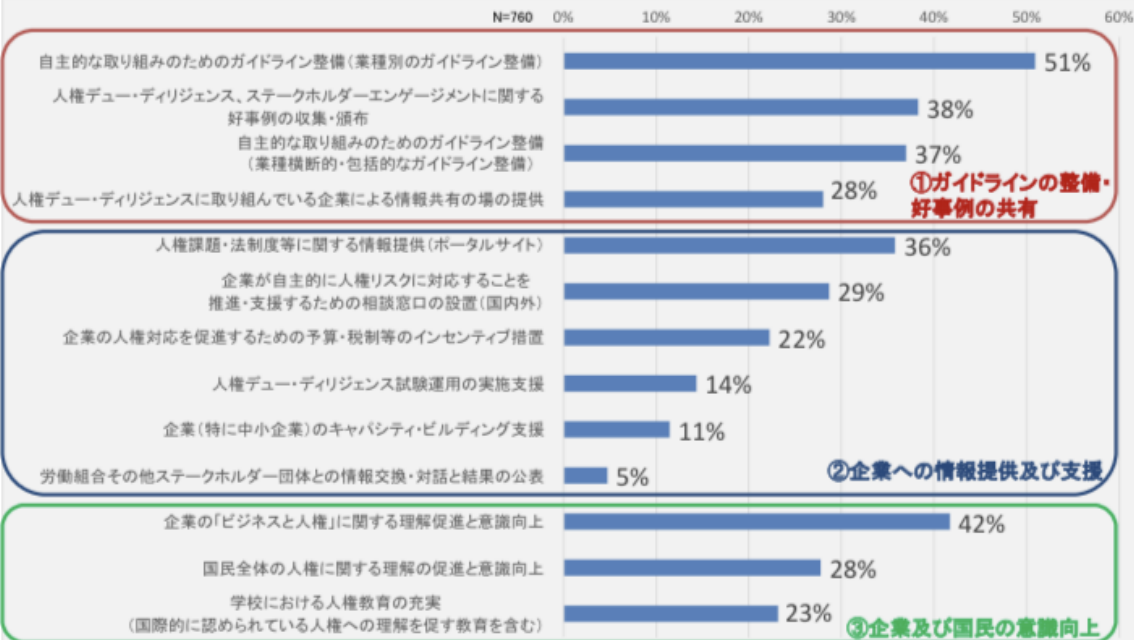


- 392 companies out of 750 conducted HRDD but **mostly within their companies and not so many expanded HRDD to its supplies or business partners abroad yet.**
- 122 companies described the reason why HRDD has not conducted yet is **due to lack of understating of how to implement it.**

Cont'd

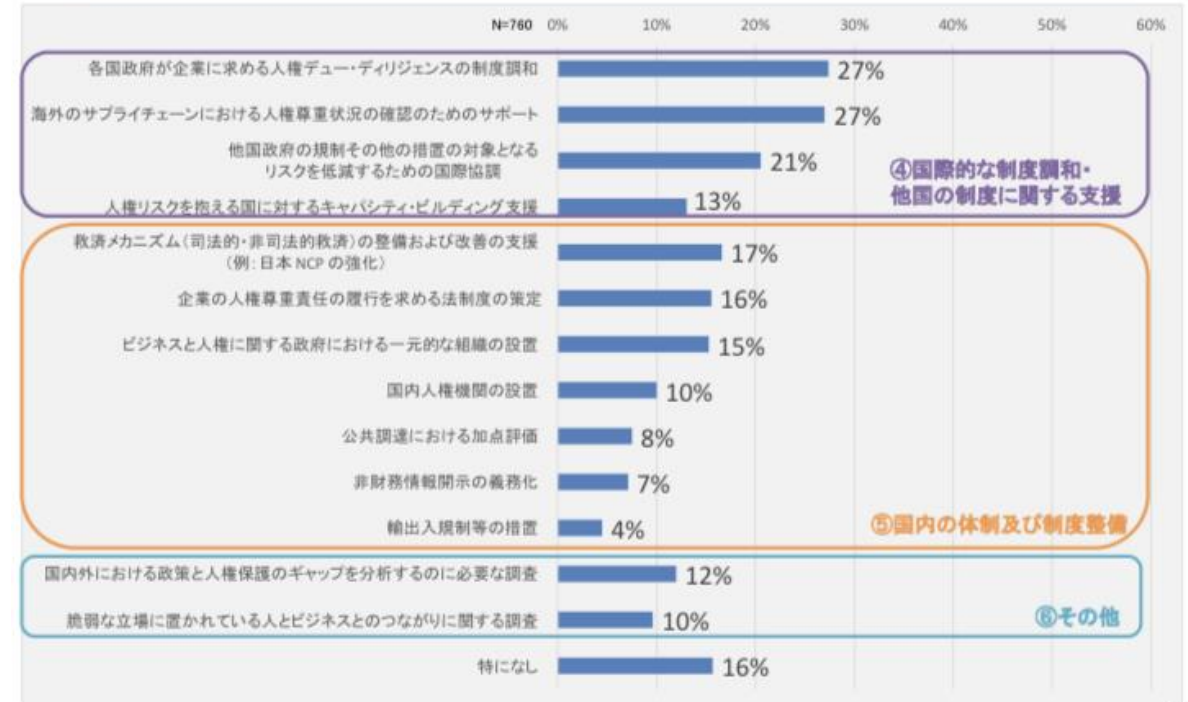
政府・公的機関に対する要望①

- 政府・公的機関に対する要望は、①ガイドラインの整備・好事例の共有、②企業への情報提供及び支援、③企業及び国民の意識向上、④国際的な制度調和・他国の制度に関する支援、⑤国内の体制及び制度整備などに大別。



16

政府・公的機関に対する要望②



17

- 51 % of the companies responding to the survey requested for the gov to **formulate the guideline for advancing the implementation of HRDD** and good practice of HRDD and stakeholder engagement were also mentioned.

Development of the Guidelines

- Based on the requests from the private sector described in the previous slides, the GoJ developed the **"Guidelines on Respecting Human Rights in Responsible Supply Chains"** published in Sep 2022.
- The guidelines aim to **support and encourage** Japanese companies and their supply chains to conduct HRDD in line with the UNGP.
- The structure is aligned with the UNGP including commitment by human rights policy, identification, assessment and prevention, mitigation and remediation of human rights risks which are followed by tracking and disclosure, and establishment of grievance mechanism and all of which need to be based on **stakeholder engagement**.
- Human rights to be covered include **all the identified international human rights** such as UDHR, ICESCR, ICCPR, and ILO Core Labor Standards.
- The guidelines can be helpful for companies in any jurisdictions to implement the UNGP.



The overview of the Guidelines

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The overview of the Guidelines



- **Target business enterprises:** All business enterprises in Japan regardless of the size, sector and other factors
 - Each business enterprise is to cover not only its business enterprise, group companies, and direct business partners, indirect ones, and inside and outside Japan.
- **Scope of “human rights”**
 - Internationally recognized human rights: International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work, at a minimum
- **Approach to efforts to respect human rights**
 - ✓ Management’s commitment by human rights policy
 - ✓ Identification and assessment of potential and actual adverse impacts within any business enterprises throughout their supply chains
 - ✓ Approach to address adverse impacts based on the prioritization reflecting severity and probability followed by tracking and communication
 - ✓ Cooperation with other business enterprises
 - ✓ Dialogues with stakeholders

Some features of the guidelines

- Stakeholders which companies need to consider in conducting HRDD are explained such as business partners, employees of the business enterprise, group companies, labor unions, worker representatives, consumers, NGOs/CSOs, HRD, indigenous people etc with a particular focus on those vulnerable.
- Heightened HRDD in the conflict affected area including the concept of responsible exit is mentioned with a reference of the Guide developed by UNDP and UNWG.
- The importance of stakeholder engagement is emphasized throughout the Guidelines.
- A number of concrete examples of business activities which can be expected in each step of HRDD are introduced.

Cases introduced as an example



- Vulnerable stakeholders

Example: When providing a loan to an operation that can cause adverse impacts on the human rights of indigenous people (e.g., land development requiring relocation of indigenous people), confirm the measures of the planned loan destination to prevent or mitigate adverse impacts, and implement an on-site inspection by a specialized department of a business enterprise.

- Collection of relevant information

Example: Through dialogues with NGOs, check information on the actions of material supplier candidates, such as seizure of land of indigenous people in relation to the materials.

- Measurements to address adverse human rights impact

Example: Despite explicit prohibition by law, a business enterprise retained passports of technical intern trainees and concluded contracts to manage their savings. Because this practice was discovered, the business enterprise checked for such practices in its other departments as well as in its suppliers, informing them of the illegality of such practices and demanded their termination.

Policy implication

- The Guidelines are not mandatory but since they were initiated by the Gov, Japanese companies are expected to take them quite seriously and develop their activities.
- This development can make an impact on business activities of suppliers of Japanese companies across the globe in addition to the recent development of mHRDD in the EU.
- The Guidelines can promote dialogues between companies and stakeholders which ensure the effectiveness of HRDD.
- In addition to existing and upcoming policy measurements including NAP and mHRDD, the Guidelines clearly show how crucial for companies to take concrete steps to address human rights risks as following the UNGPs can lead sustainability of companies themselves.
- in addition to them, there are several policies aiming at emphasizing human rights for the private sector such as Corporate Governance Code applied to all listed companies which included “human rights” as one of the issues which the board is required to consider seriously when it was amended in 2021.

Thank you for your attention

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