

**Investigative Research on How “Business and Human Rights”
Should Be for The New Era**

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To begin with,

Over the past ten years, Business Policy Forum, Japan has deepened its survey research on issues concerning Corporate Social Responsibility (CSR). This research includes tackling CSR matters from various angles, measuring programs and studying how Japanese companies should act inside the global marketplace.

In fiscal year 2012, upon receiving the “Guiding Principles on Business and Human Rights¹” that were approved by the United Nations Human Rights Council in 2011, we conducted survey research on domestic and international trends in human rights and leading companies. The results were summarized in our “Survey Research Report Concerning How Human Rights Should be Respected in Business and Development in Emerging Countries².” In that report we made the following four proposals: (1) for top management to make a commitment to fulfill their responsibilities in respecting human rights both inside and outside their companies, (2) to make assessments of the human rights risks in cooperation with internal company divisions by taking into account the value chain and to engage thoroughly in respecting human rights, (3) to have dialogues and cooperate with the stakeholders, and (4) to provide information on human rights that is drawn from the government and institutions to private companies at the time of business development in emerging markets.

Six years have passed since we conducted that survey. And while we’ve seen progress in the efforts of some companies—last year, for instance, there were companies that published their first human rights reports—it seems that many companies have been unable to address human rights risks that take into consideration the value chain. According to a 2017 survey³ taken by the Japan External Trade Organization (JETRO) on overseas business development, the number of companies that have formulated corporate policies on CSR remains at just 34.1%. Moreover, of the categories that respondents to the survey identified as CSR policies, only 45.3% considered “Respect for Human Rights” as a CSR compared with a 66.6% response to the category “Protection and Preservation of the Environment.”

Taking a broader view of the trends around us in business and human rights, countries around the world are strengthening their laws and regulations concerning

¹ <https://www.mofa.go.jp/mofaj/files/000062491.pdf>

² http://www.bpfj.jp/act/download_file/68127081/12058495.pdf

³ https://www.jetro.go.jp/ext_images/_Reports/01/1a4c649d0721464c/20170107.pdf

As an analysis report

<https://www.jetro.go.jp/biz/areareports/special/2018/0402/a776877d58250c2e.html>

business and human rights. For example, in March of 2015, the “Modern Slavery Act 2015” was enacted in Great Britain. This is a law that prevents systems of modern slavery. Reports are also being published that show the negative impacts that corporate human rights violations have on sales and investment decisions⁴. In Japan, the government has also expressed its formal commitment to developing a National Action Plan (NAP) for the purpose of putting into action the Guiding Principles for Business and Human Rights in accordance with the its SDGs implementation policy. Also being promoted is work on the Baseline Study Survey, etc. Moreover, in 2017 the industrial sector revised the “Keidanren Charter on Corporate Behavior” and established a provision on human rights. And, for the first time in history, it’s been announced that the 2020 Tokyo Olympics and Para-Olympics will prepare and operate the games in accordance with the Guiding Principles. With the world focusing on sustainability issues, beginning with human rights in Japan, it gives us an opening for gathering information on the current state of affairs and for analyzing Japan-specific issues in contrast to those from overseas. It also, however, brings business risks and opportunities to those exposed according to their responses to human rights. This will be very useful for bringing together recommendations on the place of business and human rights in the new era and conveying these to the world.

Thus, in fiscal year 2018, we established in our institute a research group made up of companies, academics, policy authorities, etc. to conduct research on “How Business and Human Rights Should Be for the New Era.”

⁴ <https://www2.deloitte.com/content/dam/Deloitte/jp/Documents/strategy/cbs/jp-cbs-human-rights.pdf>

Part 1

1. “Business and Human Rights” in the New Era

1-1. Trends around “Business and Human Rights”

A major milestone in the area of “Business and Human Rights” has been the “Guiding Principles for Business and Human Rights” (hereinafter referred to as Guiding Principles) written by John Ruggie, Special Representative to the UN Secretary General and approved unanimously in 2011. The Guiding Principles are made up of three pillars: (1) the state duty to protect human rights, (2) the corporate responsibility to respect human rights and (3) access to remedy. The principles call on companies to fulfill their responsibilities in respecting human rights as well as in avoiding negative impacts on human rights. As an international framework for promoting “Business and Human Rights,” progress is being made in adjusting to those Guiding Principles for governments and companies in each country. CSR Forum, Japan, put together a survey research report in fiscal 2012 and announced proposals for the ways in which Japanese companies should respect human rights as they develop their businesses in emerging countries. In the six years that have passed since then, the situation concerning “Business and Human Rights” around the world has changed dramatically.

Progress of Legislation in Each Country

The first issue that needs to be raised is the matter of “soft laws” that have no enforcement power being inserted into the “hard laws” of countries and the legal claims that are sought after by companies. First on the list is the Modern Slavery Act of 2015, which was established in the UK that same year. As noted in Table 1 below, in addition to European countries and the United States, the establishment of this law is also moving forward in Asia and Oceania.

An important characteristic of the regulation is that it focuses on supply chains where human rights violations are prone to occur. For example, the UK’s Modern Slavery Law requires that annual reports are published for companies with sales exceeding a certain volume concerning the initiatives they have taken to ensure that there is no slave labor or human trafficking in their business activities or in their supply chain. Even when these laws and regulations are enacted in just certain countries, the effects this has on entire supply chains across borders has the tendency to encourage rule-formation which are, in essence, global.

Also, governments in each country publish a National Action Plan for Business and Human Rights in which they make clear the direction, as a country, each is taking to implement the Guiding Principles. Apart from Canada and Japan, G7 countries have

already formulated their plans and this movement has spread to Asia, Latin America and Africa. It's hoped that businesses can reduce the risks of their activities in emerging and developing countries and that governments can play an active role in establishing a healthy, competitive environment through standardizing the level of responses to human rights issues. Here as well, if we can't achieve a society where human rights are respected, then our country will become a place that foreign workers will avoid for employment. The Japanese government is continuing to develop its NAP and plans to publish its report in mid-2020.

Table 1. The current legal situation in each country

Country·Region	Name (Year of Enactment)
California, USA	The California Transparency in Supply Chains Act ⁵ (2012)
United States	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 Section 1502 Conflict minerals ⁶ (2013) Federal Acquisition Regulation; Ending Trafficking in Persons ⁷ (2015) Trade Facilitation and Trade Enforcement Act ⁸ (2016)
United Kingdom	Modern Slavery Law ⁹ (2015)
France	Duty of Care Law ¹⁰ (2017)
Australia	Modern Slavery Bill (2019)
EU	DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (Directive on Non-Financial Information Disclosure) ¹¹ (2014) Conflict Minerals Regulation□ ¹² (2021)
Netherlands	Child Labor Due Diligence Bill (Under Discussion)
Hong Kong	Modern Slavery Act (Under Discussion)

In addition to the flow of legislation coming from industrial countries, at the

⁵ <https://oag.ca.gov/SB657>

⁶ <https://www.govinfo.gov/content/pkg/PLAW-111publ203/pdf/PLAW-111publ203.pdf>

⁷ <https://www.federalregister.gov/documents/2015/01/29/2015-01524/federal-acquisition-regulation-ending-trafficking-in-persons>

⁸ <https://www.congress.gov/bill/114th-congress/house-bill/644/text>

⁹ <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>

¹⁰ <https://www.legifrance.gouv.fr/eli/loi/2017/3/27/2017-399/jo/texte>

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095>

¹² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2017:130:TOC>

international level discussions have started on a legal framework concerning multi-national corporations and human rights. The International Labor Organization (ILO) recently took up the themes of decent work (work that brings meaning to people's lives) in the global supply chain and LGBT issues. It is working to establish a new treaty prohibiting violence and harassment in the workplace in 2019.

Domestically, in March 2017, a code-of-conduct for procurement that takes into consideration sustainability issues was announced by the organizing committee for the Tokyo Olympic and Para-Olympics. Organizations that participate in business activities related to the 2020 Tokyo games are required to comply with standards of sustainability throughout their supply chains. This includes human rights.

Expanding the ESG Investment

The second point to be raised is that of the rapid spread of ESG investment. Although as a percentage of such investments are still small in Japan, the total amount of ESG investment did increase 70% in 2018 over the previous year to 231.9 trillion yen¹³. Human rights were an important theme in the area of S (Society). In a survey of over 320 worldwide institutional investors¹⁴, the percentage of respondents who said that non-financial performance affects their investment decisions has increased every year. "Human rights risks" for business follow "Governance" as the top issue affecting such decisions. Institutional investors and rating agencies working with NGOs evaluate the measures taken by firms in regard to human rights, the results of which are announced in the "Corporate Human Rights Benchmark." In the 2018 publication of the report, 100 companies in the area of agriculture, apparel and resource mining were given rankings. There are plans to expand the fields covered to include the ICT industry in the future.

Increasing the Opportunities for Achieving SDGs

Thirdly, there's been an increase in the acceptance of the UN's Sustainable Development Goals (SDGs). The term "Human Rights" does not appear among the 17 goals and 168 targets comprising the SDGs. However, in the outcome document in which SDGs are included entitled "Transforming our world: the 2030 Agenda for Sustainable Development," human rights are emphasized many times. And, all of the real goals of the paper are closely related to human rights¹⁵. A society where human

¹³ <http://japansif.com/181227.pdf>

¹⁴ [https://www.ey.com/Publication/vwLUAssets/EY-is-your-nonfinancial-performance-revealing-the-true-value-of-your-business-to-investors-2017/\\$FILE/EY-is-your-nonfinancial-performance-revealing-the-true-value-of-your-business-to-investors-2017.pdf](https://www.ey.com/Publication/vwLUAssets/EY-is-your-nonfinancial-performance-revealing-the-true-value-of-your-business-to-investors-2017/$FILE/EY-is-your-nonfinancial-performance-revealing-the-true-value-of-your-business-to-investors-2017.pdf)

¹⁵ https://www.hurights.or.jp/japan/aside/sdgs/SDGs_HR_TABLE_A4.pdf

rights are respected is indispensable for achieving the SDGs.

Human Rights Risks as Risks to Businesses

In the Guiding Principles, identifying, preventing and mitigating the negative impacts on human rights from corporate activities is acknowledged with respect to businesses. As a response, it's important to not only prevent and deal with those problems that are already evident, but also with impact that potentially might become problems. If appropriate actions are not taken, the risks to human rights will spread and become business risks where they might damage economic and brand value. As shown in Table 2, such cases among Japanese companies have increased in recent years, not only in the foreign supply chains but domestically as well.

Also, the US Department of State has commented about the Technical Intern Training Program (TITP) for Foreigners that Japan currently has. "The government has never identified a forced labor victim within the TITP despite substantial evidence of trafficking indicators," it stated¹⁶, thus demonstrating that international concern is high. In response to this, the Japanese government has set up committees in coordination with each ministry to promote measures against human trafficking and to study the responses. Out of this came the newly amended immigration law, which was put into effect in April of 2019. The acceptance of foreign workers will expand even more in the future. With Japan's holding of the Olympics and Para-Olympics games in 2020, international attention directed at Japanese society and Japanese companies will only increase further.

Table 2. Examples of Japanese companies that have had problems in recent years

Type	Overview
Dangerous labor and unfair wages at supplier plants	NGOs conducted hidden investigations in factories of Chinese suppliers for apparel companies and found that workers labored under dangerous conditions and were not being paid appropriate wages.
Overwork in the workplace	The Labor Standards Inspection Department certified that an advertising agency employee who committed suicide had been working illegally long hours.
Long working hours and unpaid wages for	The harsh working environments of technical intern trainees in domestic sewing factories was broadcast on television. The apparel company, which as a subcontractor issued orders, was not directly involved but its

¹⁶ <https://jp.usembassy.gov/ja/tip-2018-ja/>

technical intern trainees	relationship with the problematic parties was identified over the internet. As criticism increased, the company made an apology and gave a statement promising to improve working conditions.
Problems in the procurement of raw materials	Timber used in construction of facilities for Tokyo 2020 did not accord with the sustainability standards issued by the organizing committee. An NGO pointed out that the possibility is high that it was illegal timber.
Discrimination against women in advertising	The use of expressions that treat woman in sexually explicated or gender stereo-typed ways in commercials for food items and everyday products caused an uproar. The company apologized and withdrew the commercials.
Infringement on resident rights and environmental destruction in using products	An NGO accused a company of being responsible for selling heavy machinery used in construction to a Myanmar company that confiscated land and caused damage to the environment.
Infringement on resident rights and environmental destruction associated with investment loans	It was seen as a problem that a megabank invested in an American pipeline which was having great effects on the lands of indigenous peoples and their environment. Over 100 institutional investors issued a statement expressing their concerns
Providing privacy information without consent	The news reported that a company was offering personal information of point card members to investigative authorities without a court-issued warrant

Effect of new technological developments

In addition, the rapid development of new technologies such as AI and Big Data has been raised in recent years as a major change for the business environment. While expectations are rising as to what those sweeping changes will bring to the way we live our lives and do business, there are growing new concerns about human rights on issues having to do with privacy and discrimination.

We are about to enter into a full-fledged aging society. As the implementation of new technologies in society proceeds and our lives and work environments are dramatically transformed, it's important that we bring about a society where people are valued. This is necessary so that we can aim for a sustainable society and one that is full of

vitality post-2020. In this, companies will be expected to conduct their business with people as their focus and to play positive roles in society while achieving sustainable growth.

1-2. Responses to the three areas of human rights risks in “Business and Human Rights”

In our previous survey on “Business and Human Rights,” particular focus was placed on businesses in emerging countries. In the six years that have passed since then, interest in the supply chains has increased even more, requiring a deeper level of response. Apart from that, the areas that include value and investment chains have come to be seen as areas of responsibility for companies. Even in Japan, issues that had not been noticed previously are now attracting attention. There are also concerns about new human rights risks with regards to new technologies like AI. With this as a background, we’ve tried to organize into three areas the human rights risks concerning “Business and Human Rights.” The three areas are: “The Human Rights Risks in the Global Supply Chain,” “The Human Rights Risks in Japan,” and “The Human Rights Risks Accompanying the Development of New Technologies.”

A Human rights risks in the global supply chain

The global supply chain became an area of increased interest in the wake of the child labor scandals that occurred in factories that manufactured apparel and brand-name sports goods in the late 1990’s. But it was with the accident at the sewing factory in Rana Plaza, Bangladesh in 2013 that once again gathered international attention around the issue. Even in the 2015 G7 declaration, a reference was made to “responsible supply chains.” In recent years, companies have been expected to exert their influence not only on their primary suppliers, but to go back and check on their secondary suppliers as well. Because the length and breadth of supply chains varies widely depending on the types of businesses, companies are expected to gage the risks to and implement policies on for human rights in accordance with each of their particular operations and to fit these with the actual situations of their supply chains. Table 3 gives some examples of the risks to human rights in the global supply chain.

Table 3 : Examples that have been pointed out as having a negative impact on human rights risks in the global supply chain

Industry	Examples of negative impacts on human rights
Apparel	•Long work hours, unfair wages, and working conditions in sewing factories

	<ul style="list-style-type: none"> •Impacts on health regarding occupational health and safety , and the use of chemical products in dyeing factories •Health hazards caused by the use of pesticides in the cultivation of cotton as a raw material. Child labor, forced labor •Forced labor of migrant workers •Effects on health associated with water pollution from the release of wastewater containing hazardous substances.
Agriculture, forestry, fisheries, And food products	<ul style="list-style-type: none"> •Unfair contracts and labor conditions with respect to small business owners •Child labor at production sites •Forced labor of migrant workers •Child labor, unfair wage and poor working conditions on plantations that produce palm oil. Forced evictions that are associated with the development of plantations •Health hazards caused by pesticides •Forced evictions for farmland development •Violence and forced labor on ships •Destruction of indigenous people by means of illegal deforestation
Resources and energy–	<ul style="list-style-type: none"> •Child labor and dangerous labor at mining sites •Excessive security that involves violence at mining sites •Environmental destruction associated with development •Forced evictions associated with development •Water contamination •Influence on lifestyle and culture from site development where indigenous people reside
Construction Machinery	<ul style="list-style-type: none"> •Hazardous labor at construction sites •Forced labor of migrant workers •Forced eviction for development •Use of construction equipment that is sold at sites where forced evictions and natural destruction has been indicated
Cars Electronic equipment ICT	<ul style="list-style-type: none"> •Labor safety at production facilities •Forced labor of migrant workers •Mass layoffs due to factory relocation •Rare minerals (conflict minerals) that are used by the Democratic Republic of Congo and neighboring countries to fund armed forces •Child-labor, dangerous working conditions and environmental destruction in the mining of lithium and cobalt for use in the batteries for electric cars •Health effects associated with water pollution caused by the release of wastewater containing hazardous substances

Daily necessities Cosmetic products	<ul style="list-style-type: none"> •Child labor, unfair wages and poor working conditions on palm tree plantations where palm oil is produced to be used as a raw material. Forced evictions for development •Occupational health and safety at production plants in connections with the use of chemical substances •Child labor in the mining of mica for use as a raw material in producing color •Forced labor of migrant workers •Health effects associated with water pollution caused by the release of wastewater containing hazardous substances
Retail	<ul style="list-style-type: none"> •Human rights risks related to product procurement (Human rights risks on daily necessities, cosmetic production and foods) •Low wages for workers •Long work hours associated with 24-hour operations
Staffing	<ul style="list-style-type: none"> •Debt-labor from forcing workers to take out loans to cover the costs of hiring •Insufficiency in providing decent work •Shortage of protections for immigrant workers •Discrimination and shortage of guarantees of access to remedy at companies that are dispatch destinations
Financial	<ul style="list-style-type: none"> •Various human rights risks in investment and loan destinations

Every year, requests from global customers increase, and the issues and scope of their requests expands. In the past, the targets of investigations were their own companies and factories, but in recent years, this has changed. In addition to there being an increasing number of cases where survey information has been requested in order that companies can get a grasp of the situation going back into their supply chains, we've also seen instances in which the scope of requirements are expanded security guards or service providers of cafeterias.

Attention given to raw materials is also increasing. There is concern about the risks to human rights in the development, harvesting and mining of plant resources like palm oil cacao beans and soybeans, and of mineral resources, rare metals such as gold and the so-called 3TG-tantalum, tin and tungsten- as well as diamonds, nickel and silicon. In recent years, with the rapid spread of EV, it's become necessary to also pay attention to cobalt, which is used in lithium batteries.

Those in weak positions, particularly migrant workers who labor in closed working environments, are vulnerable to human rights violations. For example, in Thailand, harsh labor conditions have been reported aboard deep-sea fishing vessels where there is no one to monitor behavior. And it's not only direct products that have import-

export trade issues; there have also been cases where the labor environments of those who supply the feed for fisheries are problematic.

It's also necessary to be cautious when developing business in countries and regions where human rights risks are high. For example, in Myanmar, an NGO pointed out the possible dangerous working conditions, long hours and violations of minimum wage laws in factories that produce on consignment for a Japanese firm. Another Japanese company received criticism when the money a local company donated was passed on to security forces and possibly used to expel minority people in Rohingya.

B Domestic Human Rights Risks

In addition to the challenges in human rights risks that have been tackled domestically over many years, other challenges, both new and old, have also attracted attention in recent years. There are issues that have brought a new heightened interest as the focus of the international community and because of changes in the social environment. Table 4 gives examples of human rights risks in Japan.

Table 4 : Examples in which the negative impacts on human rights have been pointed out (human rights risks)

Rights holders	Examples of negative impacts on human rights
Employees	<ul style="list-style-type: none"> • Long working hours • Power harassment • Gender discrimination in the workplace • Discrimination based on thought or creed • Occupational health and safety, adverse effects on health • Denial of existence, ignoring
Women	<ul style="list-style-type: none"> • Discrimination in employment, promotion and the content of work duties • Sexual harassment from superiors and colleagues • Wage gap between men and women • Sexual violence in a closed environment • Harassment in childcare and nursing care • Product development and marketing that promotes sexism and gender bias
People with disabilities	<ul style="list-style-type: none"> • Discriminatory remarks, treatment and harassment based in disabilities • Ensuring fair employment opportunities
LGBT	<ul style="list-style-type: none"> • Discriminatory remarks and harassment about sexual orientation and gender identities • Sexual harassment from superiors and colleagues • Exposure of sexual orientation and gender identity without the consent of the individual (outing) • Denial of existence, ignoring
Discrimination Of <i>Buraku</i>	<ul style="list-style-type: none"> • Discrimination in employment and in changing employment • Discrimination on the internet • Discrimination in land development
Indigenous people	<ul style="list-style-type: none"> • Discrimination in employment and in changing employment • Discrimination on the internet • Lack of understanding of history and culture
Foreign workers, (Including	<ul style="list-style-type: none"> • Illegally long work hours • Unfair wages, unpaid overtime • Harassment violence and sexual assault in the workplace

technical intern trainees and international students)	<ul style="list-style-type: none"> •Lack of understanding of religion, faith and culture •Mass layoffs due to factory relocation and production adjustment •Preventing the participation in labor unions •Prohibiting family accompaniment •Debt labor due to security deposit taken before departure from one’s country •Confiscation of passport and bank book •Forced return to one’s country •Restrictions on freedom of movement by not being able to change the place of one’s technical training
Foreigners (residents, consumers)	<ul style="list-style-type: none"> •Lack of understanding about religion, faith and culture •Hate speech, hate actions •Discriminatory responses based on being a foreigner
Children	<ul style="list-style-type: none"> •Development and marketing of products that are mentally, physically and morally harmful •Dangerous working conditions for young workers •Development and distribution of products connected with sexual exploitation, such as child pornography •Bullying over the internet •Exploitation of child athletes
The elderly	<ul style="list-style-type: none"> •Discriminatory treatment based on age •Harassment and abuse in nursing and in nursing care •Unscrupulous commercial law (illegal business practice)targeting the elderly
Consumers	<ul style="list-style-type: none"> •Accidents caused by the mistaken use of products¹⁷ •Lack of product and service safety due to inadequate quality checks and illegal inspections

Among the domestic challenges are those human rights risks that have newly become apparent with globalization. The problems with technical intern trainees, foreign workers and foreign exchange students who in recent years have provided support to convenience stores and restaurants is one example. Besides these, there are also issues related to the appointment of women, such as their under-representation in managerial positions and in relation to personnel systems for the general staff. Other problems include those concerning labor and labor management with regards to long work hours and overtime. Moreover, more consideration of religious and cultural minorities will be demanded in the future.

It’s also been reported that there are many examples in large companies of technical intern trainees being placed in work outside their field of study. Experts who conducted survey

¹⁷ The human rights risks related to the misuse of products (Japanese)

: https://www.unglobalcompact.org/docs/publications/Product_Misuse_GPN_final.pdf

interviews related to the situation of technical intern trainees, report below what the reality of the situation is.

- The number of technical intern trainees increased to just under 130,000 people between 2016-17. Even compared to 345,000 people that were expected over five years when the law was changed and the new immigration system that was introduced, the scale of the increase was large.
- Large debts: paying fees and training expenses to agents before traveling. In the case of Vietnam, the average fee is 1,000,000 (approximately 4 times the average annual income)
- Unpaid wages and low wages: there are still instances of 300-400 yen an hour low wages for overtime work. Moreover, utility bills and rent are deducted from checks.
- Work environments with human rights risks: sexual assaults against woman and other violence
- Unable to speak up: It's difficult to raise one's voice in because of debts. And if one does speak out, there's always the risk of being forcibly returned to one's country. People are afraid that their complaints will reach the companies that received them and supervising groups. They can't consult at official windows.
- There's no freedom to change places of work: Even if the work environment is bad, changing workplaces is not recognized.
- It's become a structure that gives the employer the strong upper hand in the relationship. It's a mechanism where human rights are easily abused.

C Human rights risks that come with the development of new technologies

The development of new technologies such as AI, IoT and Big Data and their implementation in society continues at a rapid pace. Technology is at the center of "Society 5.0," a people-centered society where what we aim for is solving both economic development issues and social issues by means of a system that integrates virtual space with real space at a high level. By using effectively large amounts of data, it is expected that our lives will become more convenient, that productivity will increase and that great benefits will be brought to society in many areas. On the other hand, concerns about human rights being violated grow. Table 5 gives examples of the human rights risks associated with the development of new technologies.

Table 5 : Examples of human rights risks in "Business and human rights" related to new technologies

Item	Examples of human rights risks
Impacts on privacy	<ul style="list-style-type: none"> •Expansion of information that is the subject of privacy associated with IoT •Collection and utilization of private information without the consent of the individual •Providing and removing private information without the consent of the

	individual <ul style="list-style-type: none"> • Information such as past history and slander remaining forever on the internet • Information such as personal history and slander which once put out on the internet remains forever (the right to be forgotten) • Business communication that come by mail and telephone outside of working hours or on weekends (the right to be out of contact)
Discrimination	<ul style="list-style-type: none"> • Discriminatory decisions in recruitment and loans based on biased data • The danger of being rated based on past data that doesn't change and in evaluations that are fixed and don't reflect the changes made by hard work and the future
Locating responsibility	<ul style="list-style-type: none"> • Locating responsibility for accidents that occur with self-driving cars • Locating responsibility with respect to the sacrifices made of citizens by unmanned drones
Government oversight	<ul style="list-style-type: none"> • Tracking and monitoring of personal information by the state • Fixing social inequality and discrimination by personal ratings

A large amount of data is necessary for the development and use of AI. That which we hadn't previously considered to be data will be turned into data and its value will increase. The methods of collection by means of advancing technologies will become sophisticated and collection itself will become easy.

Software that deciphers photographs and offers data showed black people as gorillas and caused an uproar on the internet. AI Twitter learned hate expressions from people with malicious intent and began to praise mass killings and discrimination, causing the company to put an end to its development. There was also the case where AI was introduced in passport applications. The program ordered Asians to "Please open your eyes," even though they uploaded their pictures multiple times. AI screening developed for selecting technicians brought about a situation in which the computer selected only men because it learned from biased past data. These examples all occur because of biases hidden in the data or discrimination caused by the paucity of data for minorities.

The acquisition, use, and handling of private data has also become a problem. Major overseas social media platforms came under attack by hackers and the information of about 30 million users was leaked. The fines exceeded 22.5 million dollars (approx. 24.6 billion yen), the highest in history. In Japan there was the problem of a company offering information from a point card held by half the population. Domestically, offering member information from point cards that half the population holds to investigative agencies without court orders has become a problem. Surveys indicate that half of the 100 major companies that operate internet shopping sites aimed at consumers share user data with outside parties¹⁸. An

¹⁸ <https://www.nikkei.com/article/DGXMZO41733810V20C19A2I00000/>

experiment undertaken in Osaka Station, where individuals were identified, and the flow of people observed by camera for disaster prevention was discontinued

With this as the situation, measures to protect privacy are being brought out in each country. In Europe, which is most advanced in this area, the protection of personal data is a human right. In 2018, the General Data Protection Regulation (GDPR) was enacted with the goal of protecting personal data. It is based on the idea that the individual consumer manages his relationship with companies regarding personal data on matters such as data processing and the removal of data to outside sources. Also included are responses to requests to delete data.

On the other hand, there is a movement among governments to increase the level of surveillance as the Snowden incident made clear concerning worldwide surveillance by Americans. And China is increasingly turning into a surveillance state with its tracking applications and facial recognition system. How to confront the surveillance state is a difficult problem for companies. In reality, when a request for information is received from a government of a country or from the region where a company is operating, the response that a single company can make is limited. Therefore, it is necessary to involve both business and government in discussions on this issue.

Also, accidents occur in which self-driving automobiles kill pedestrians. The existing mechanisms in society, which are built on the premise that people are the responsible actors, do not necessarily correspond to the right and wrong decision made by machines and the responsibility that arises therefrom.

There is also a movement to regulate “murder robots,” self-supporting weapons that don’t involve human judgement in war. Social consciousness is high, especially with the millennial generation which reached adulthood after 2000, as can be seen in several recent cases. In one, there were in-company protests against the military use of AI technologies and photo-recognition technology, and IT companies did not renew their contracts with governments. In another, employees issued a statement in conjunction with a human rights organization in protest of the information related to a search engine project in China. The company offered a search engine business in China and the employees protested. There’s a concern that companies that don’t have a policy towards AI ethics will see talent drain away as their best employees leave.

In addition, with the introduction of disruptive technologies¹⁹, there are concerns about this giving rise to mass unemployment in the future. Companies should work to implement measures that include getting an early grasp on the effects on employment, holding dialogues with stakeholders and developing the capabilities of employees. Also, they should take steps in promoting social insurance and investing in areas that create higher quality jobs so as to

¹⁹ ” Disruptive Technologies: Advances that will transform life, business, and the global economy,” published by McKinsey & Company, Inc. on May 2013, presents 12 kinds of technologies, including IoT, Cloud technology, and mobile technology/

alleviate as much as possible the impacts on workers²⁰. Since there are limits to the responses that companies can take, governments also need to participate and work together with companies and labor unions.

There's a tendency to view these various problems as being those of the companies involved in developing AI and ICT. But the actual range of introducing AI into society crosses into many areas. Companies recognize not only the "responsibility of making," but also the "responsibility of using." As a problem common to many companies, what's needed is the formulation of voluntary rules independently for this gray zone and not just waiting on regulations as a passive response.

As a guideline to efforts in Japan, the "Conference Reviewing Principles of Human Centric AI Society" was held in the Ministry of Internal Affairs and Communication. The presented of basic rules concerning the ethical stance that should be considered in regard to AI development and utilization. Guidelines on AI development²¹ and the impacts in different sectors of society and the economy brought about by AI networks were also published²². Also, the "AI Utilization Strategy²³" by Japan Business Federation and the Japanese Society for Artificial Intelligence's ethical guidelines²⁴ will become the base guidelines for companies. Internationally, the "Ashilomar AI Principles²⁵" of the Future of Life Institute (FLI) which is active in reducing the dangers that threaten humanity's continuance and the Ethics Guidelines²⁶ produced by conferences of experts in the European Commission are being used for references. In addition, Business Social Responsibility (BSR), an American organization that promotes CSR has put out "10 Beliefs for the responsible development and use of AI" and "Guidelines for businesses for tackling human rights due diligence²⁷". Even the Partnership on AI, which focuses on global companies related to ICT has announced basic principles²⁸.

【References】Personal information and privacy

Personal information and privacy are different. Personal information is information about an individual which can identify him or her. It is the subject to Act on the Protection of Personal Information. Although there is no clear legal definition, privacy is a broader concept and

²⁰ OECD/ITUC 「The Just Transition Framework」 : <https://www.oecd.org/environment/cc/g20-climate/collapsecontents/Just-Transition-Centre-report-just-transition.pdf>

²¹ http://www.soumu.go.jp/main_content/000499625.pdf

²² http://www.soumu.go.jp/main_content/000564148.pdf

²³ <http://www.keidanren.or.jp/policy/2019/013.html>

²⁴ <http://ai-elsi.org/archives/471>

²⁵ <https://futureoflife.org/ai-principles/>

²⁶ <https://ec.europa.eu/digital-single-market/en/news/draft-ethics-guidelines-trustworthy-ai/>

²⁷ <https://www.bsr.org/en/our-insights/report-view/artificial-intelligence-a-rights-based-blueprint-for-business>

²⁸ <https://www.partnershiponai.org/tenets/>

concerns an individual's thoughts, hobbies and private life. Traditionally, the focus has been on information linked to discrimination such as beliefs, social status, medical history, criminal history, etc. However, in recent years, with the spread of Big Data, the data that is generated in our everyday lives carries aspect of privacy. Corporations and governments have begun to collect and manage this data and are planning ways to put it to use. The idea is spreading that not only should privacy not be interfered with or violated by others, but that the individual controls his or her own information.

2. Current Status of Japanese Companies

We made a questionnaire for companies to understand the status of initiatives that Japanese firms are taking with respect to “Business and Human Rights.” Also, at our research group we conducted presentations, interviews and surveys of the available literature to get an understanding about the situation in the past.

2-1. Facts about the initiatives undertaken by Japanese companies regarding “Business and Human Rights”

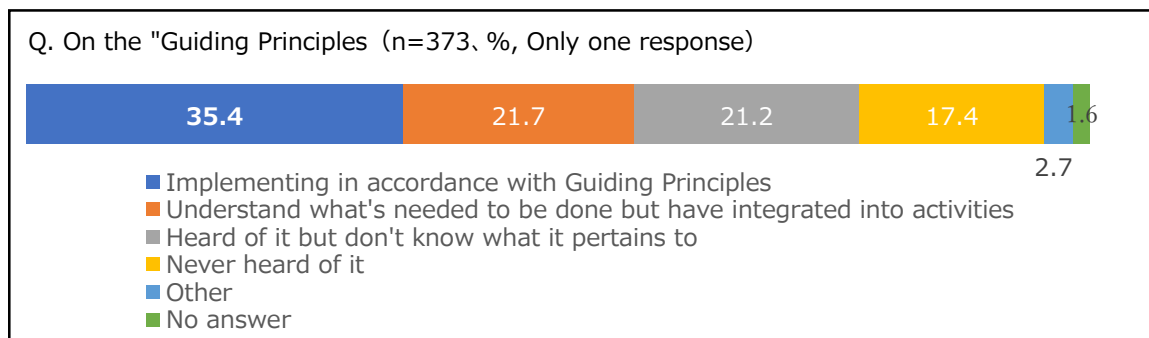
We sent out questionnaires to 4000 companies, 3,668 of which are listed on in Japanese Exchange Group and 332 that are unlisted. We got responses from 373 companies. The average sales for the companies that responded were 332.7 billion yen and the average number of employees was approximately 5,800 people. (Survey period: 11-30-2018—1-25-2019)

※ Contact and Cooperation: Japan Exchange Group, Inc., Japan Business Federation (KEIDANREN), Ministry of Foreign Affairs and Ministry of Economy, Trade Industry

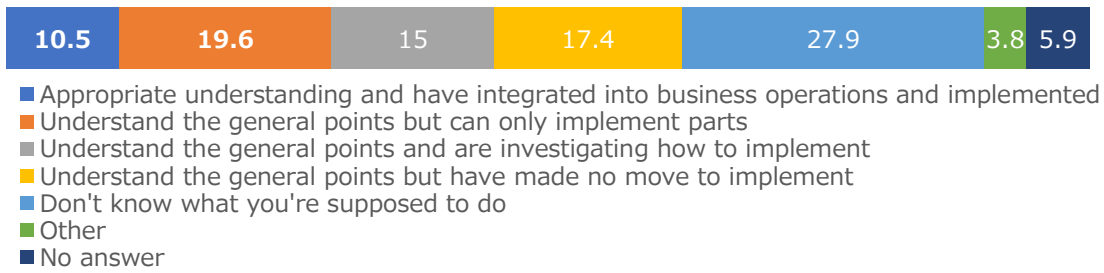
Actual Initiatives of Japanese Companies

The results of our investigation indicate that 35.4% of companies have tackled the issue of “Business and Human Rights” in accordance with the Guiding Principles. 21.7% of companies have knowledge of the Guiding Principles but have not yet acted on them. This means that more than half the companies have an understanding about the Principles. Also, if we include companies that have implemented measures only in part, 30.1% of the respondents have implemented Due Diligence measures on human rights and so can identify impacts and explain methods of prevention, mitigation and coping with the issues.

Since we did not conduct a survey questionnaire at our survey research center six years ago, we can’t make a sweeping comparison. But we can get a glimpse of the present situation and determine that, at least to a certain degree, there’s been progress in the responses to the Guiding Principles. On the other hand, around 40% of companies previously responded that they either didn’t know the content of the Guiding Principles or didn’t even know what the Principles themselves were. Awareness and response to the issues has advanced in the more progressive companies, but the level of penetration of the issue in Japanese companies still is not sufficient.



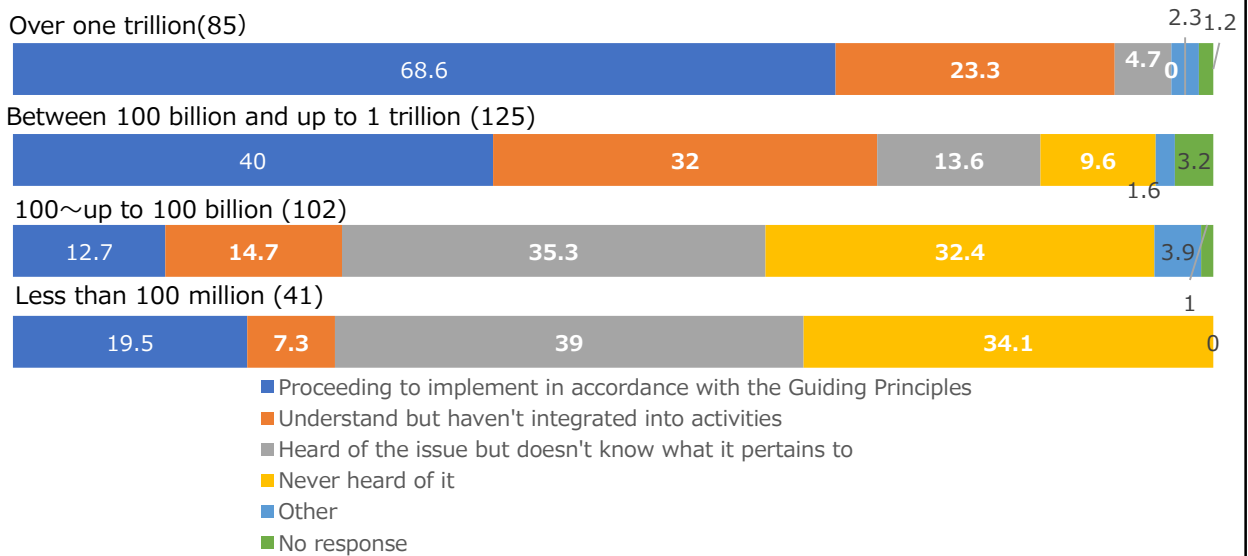
Q. On "Human Rights Due Diligence (n=373, %, Only one response)

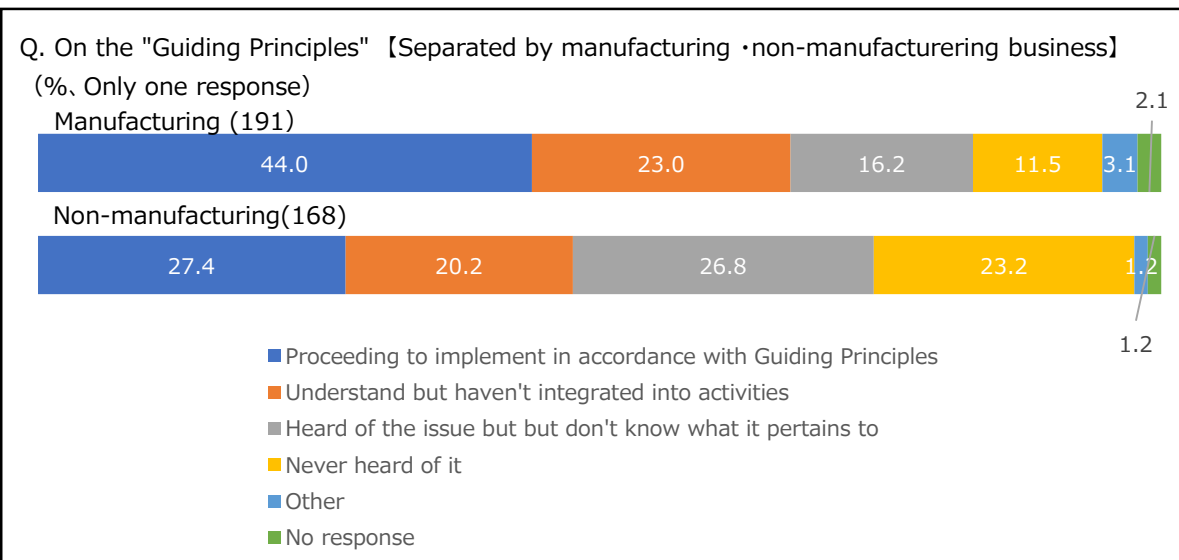
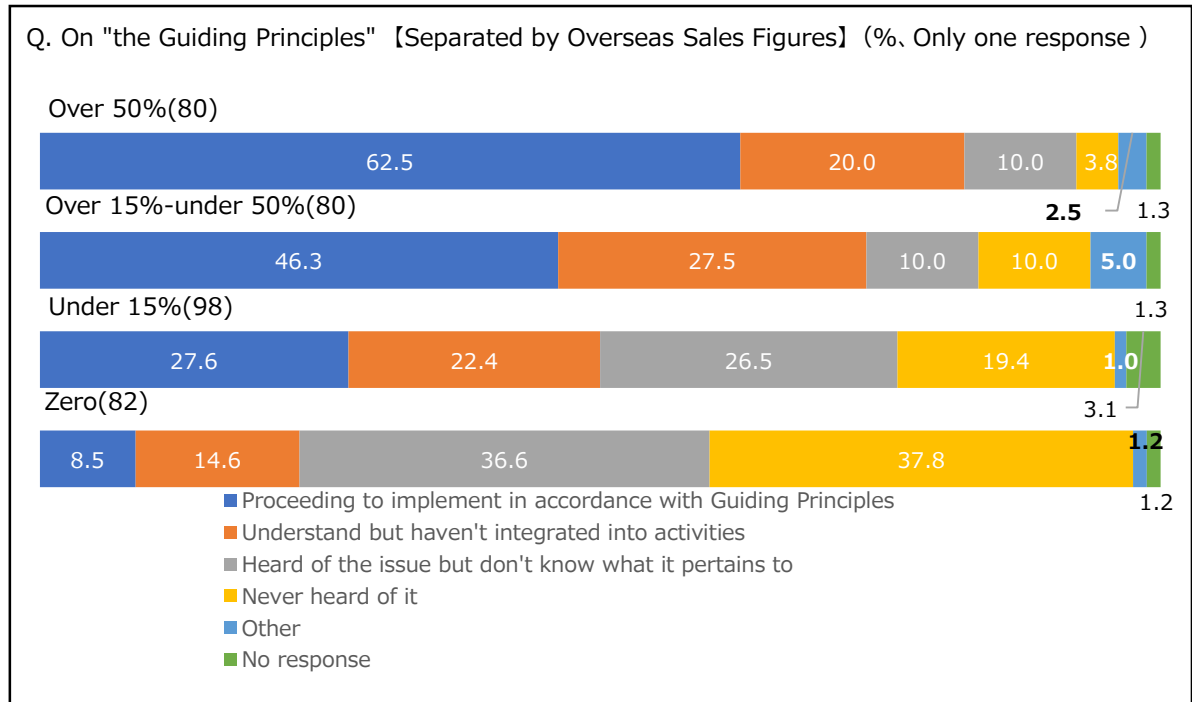


What kind of companies are proceeding with implementation?

Looking at a breakdown of the companies that have progressed on their implementation, we see that companies with high sales and those with a large percentage of sales coming from overseas have been the most proactive. Also, compared to the non-manufacturing sector, the degree of promotion is higher in the manufacturing sector. The primary factors in promotion are the demands that come with globalization in areas of legislation in each country and the mainstreaming of the field of international business, as well as the responses to investors and ratings agencies.

Q. On the "Guiding Principles" [Separated by Sales Figures] (% Only one response)





Also, the rate that Human Rights Due Diligence develops in line with the Guiding Principles is higher for companies whose top management recognizes its importance and participates in its promotion. Not only the awareness of top management, but participation is extremely important in promoting "Business and Human Rights."

Q. On the "Guidance Principles" [Awareness of top management] (% Only one response)

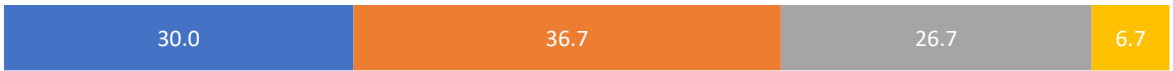
Very aware and participating (133)



Very aware but not participating (41)



Faintly aware but participating (30)



Faintly aware and not participating (18)



- Processing to implement the initiative related to "Business and human rights" in accordance with Guiding Principles
- Understand the three pillars but haven't integrated into activities
- Heard of the issue but don't know what it pertains to
- Never heard of it
- Other

Q. About "Human Rights Due Diligence" [Awareness of top management] (% Only one response)

Very aware and participating (133)



Very aware but not participating (41)



Faintly aware but participating (30)



Faintly aware and not participating (18)

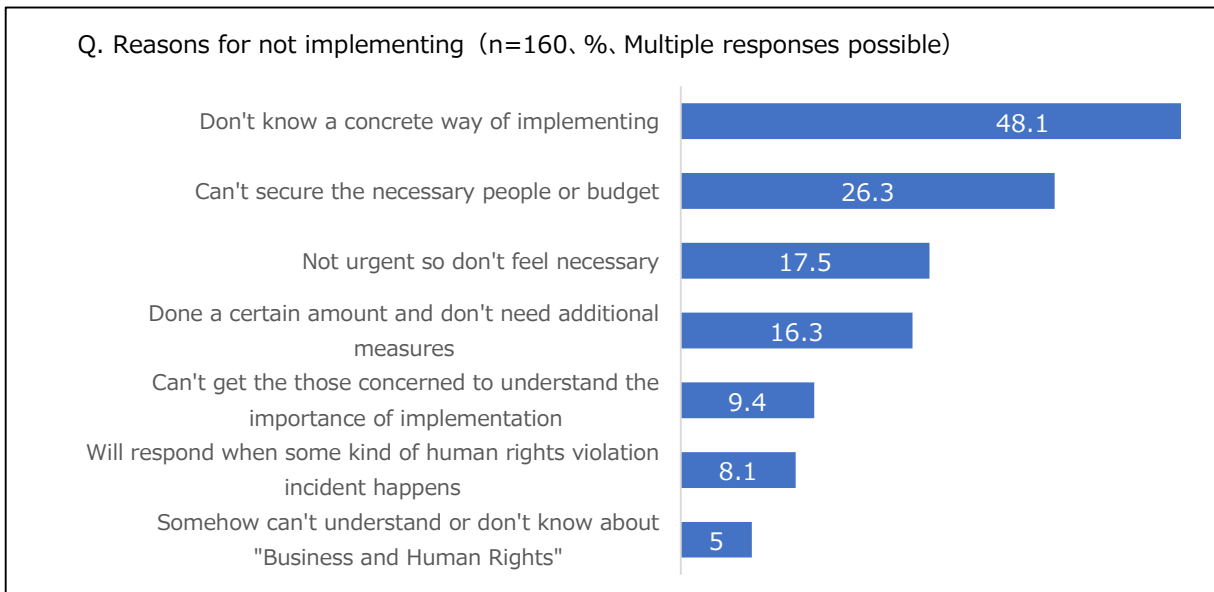


- Appropriate understanding and have integrated into business operations and implemented
- Understand the general points but can only implement parts
- Understand the general points and are investigating how to implement
- Understand the general points but have made no move to implement
- Don't know what you're supposed to do
- Other
- No response

Reasons for not implementing

On the other hand, of the companies that answered that they "Understand the issues but haven't integrated into activities" or that they've "Heard of the issue but don't know what it pertains to," their reasons for their responses were that about half the companies did not understand what concrete measure they should take in implementation. We can see in this

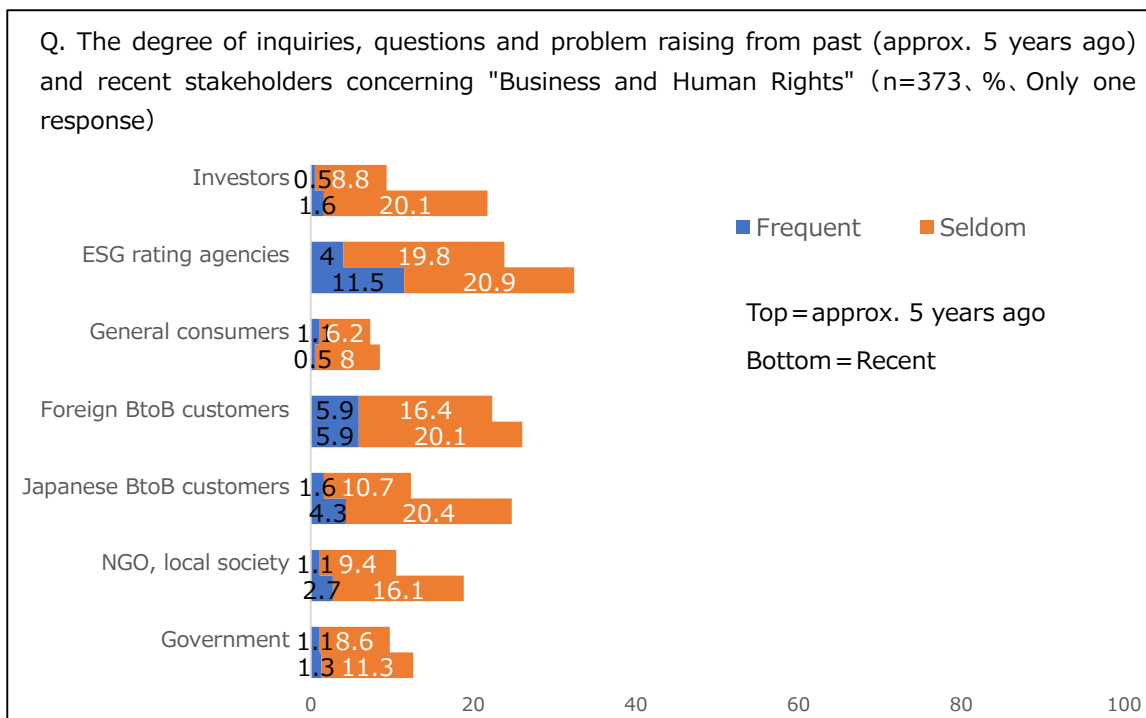
that companies don't have sufficient access to information for promoting "Business and Human Rights."



Requests from Stakeholders

Compared to five years ago, there's been a steady increase in inquiries, questions and requests on problems for raising from stakeholders. Inquiries from investors, ESG ratings agencies, Japanese B to B customers, NGO/NPO and local society have each increased 10%.

However, at most, no more than 30 percent feel that the requests of stakeholders are made clear and that opportunities are limited for companies to get an understanding of the needs of stakeholders with respect to human rights. The percent of investors who answered "Frequently" was extremely low. There wasn't much change to be seen in general consumers compared with five years ago.

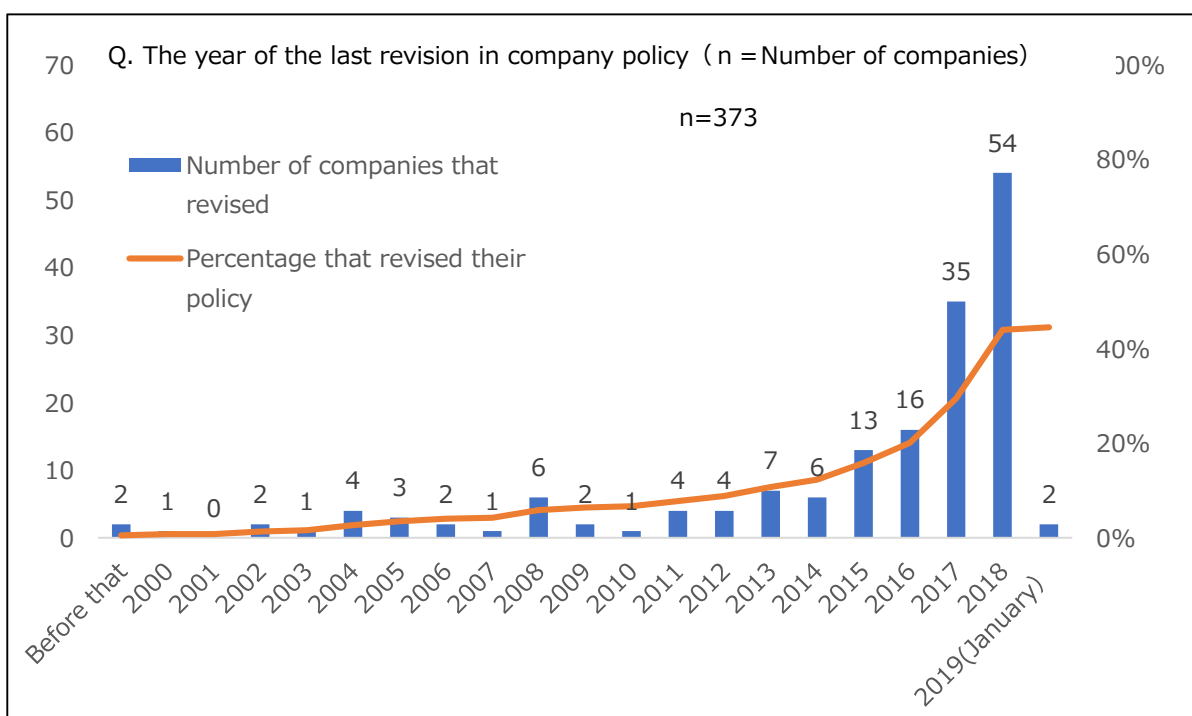
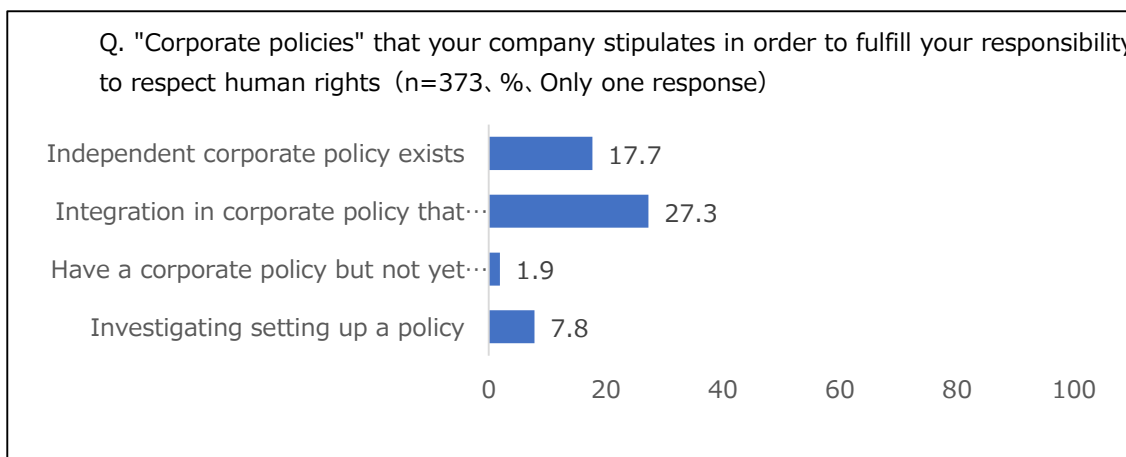


The practice of “Business and Human Rights”

A. Commitment to respecting human rights

The Guiding Principles ask for companies to express a commitment to carrying out their responsibilities, through company policies, in expressing their support for human rights. They prescribe, as concrete matters, the following: (a) approval at the highest levels of the company (b) advice from appropriate specialists (c) statements regarding companies expectations for human rights consideration of employees, clients and those who have a relation to business activities (d) accessible and communication to the public (e) reflection for the purpose of becoming embedded.

Of the companies that have formulated corporate policies for respecting human rights, if we combine those that have independent policies with companies that are integrating existing policies, this number exceeds 40%. When we include those companies that are still in the middle of investigating policies and haven't yet announced their policy, the number then rises to more than half the firms questioned. Also, a number of companies have revised their policies on human rights over the past two years. This reflects the situation in society where ESG investment is on the rise and suggests the strengthening of efforts

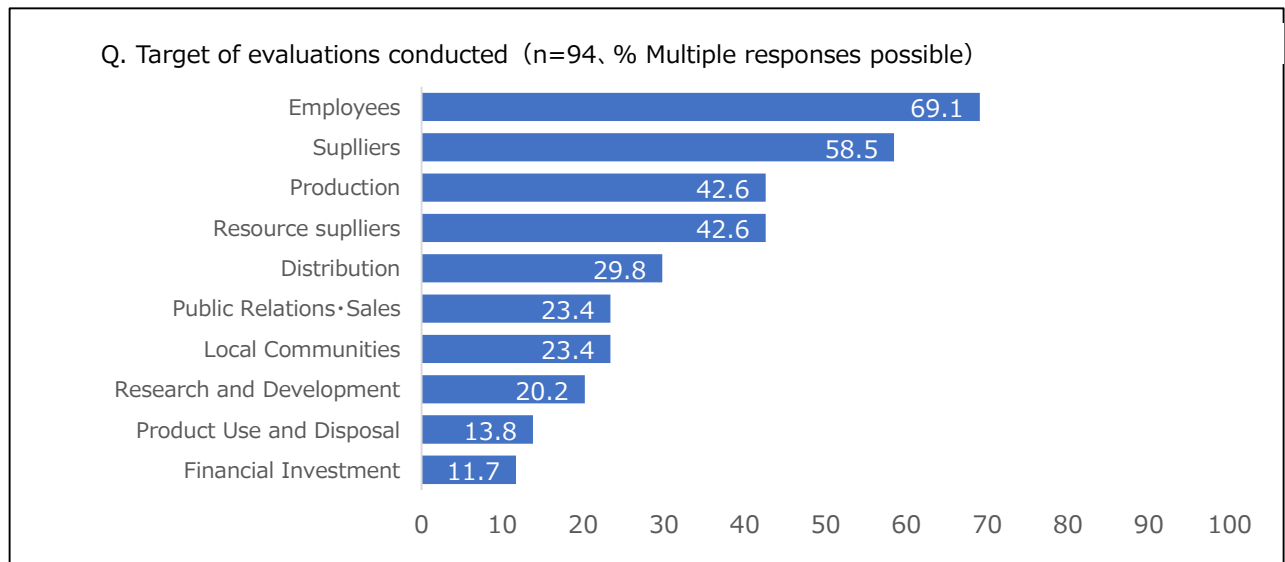
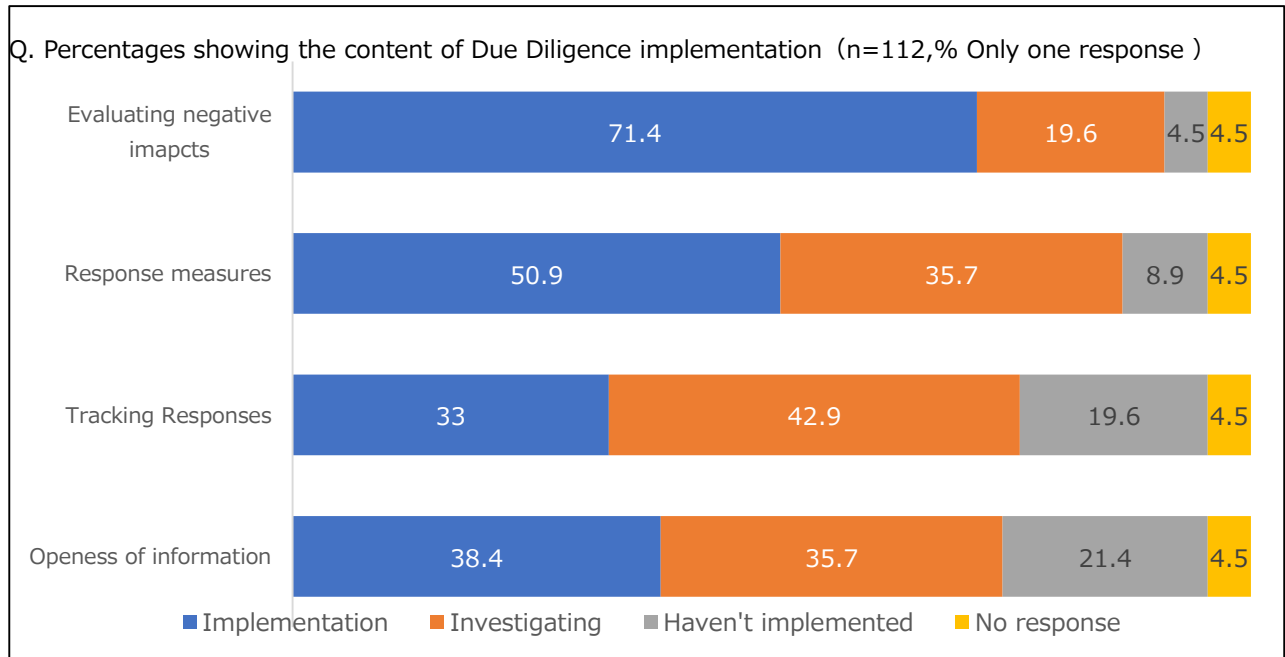


B. The practice of Human Rights Due Diligence

The Guiding Principles prescribe that companies should continuously conduct Human Rights Due Diligence so that they can identify impact on rights and explain how to prevent, mitigate and account for how they respond to problems. Implementation includes a series of internal controls that (a) evaluate negative impacts on human rights from business activities (b) enact appropriate steps based on the results of that evaluation (c) track responses and (d) communicate.

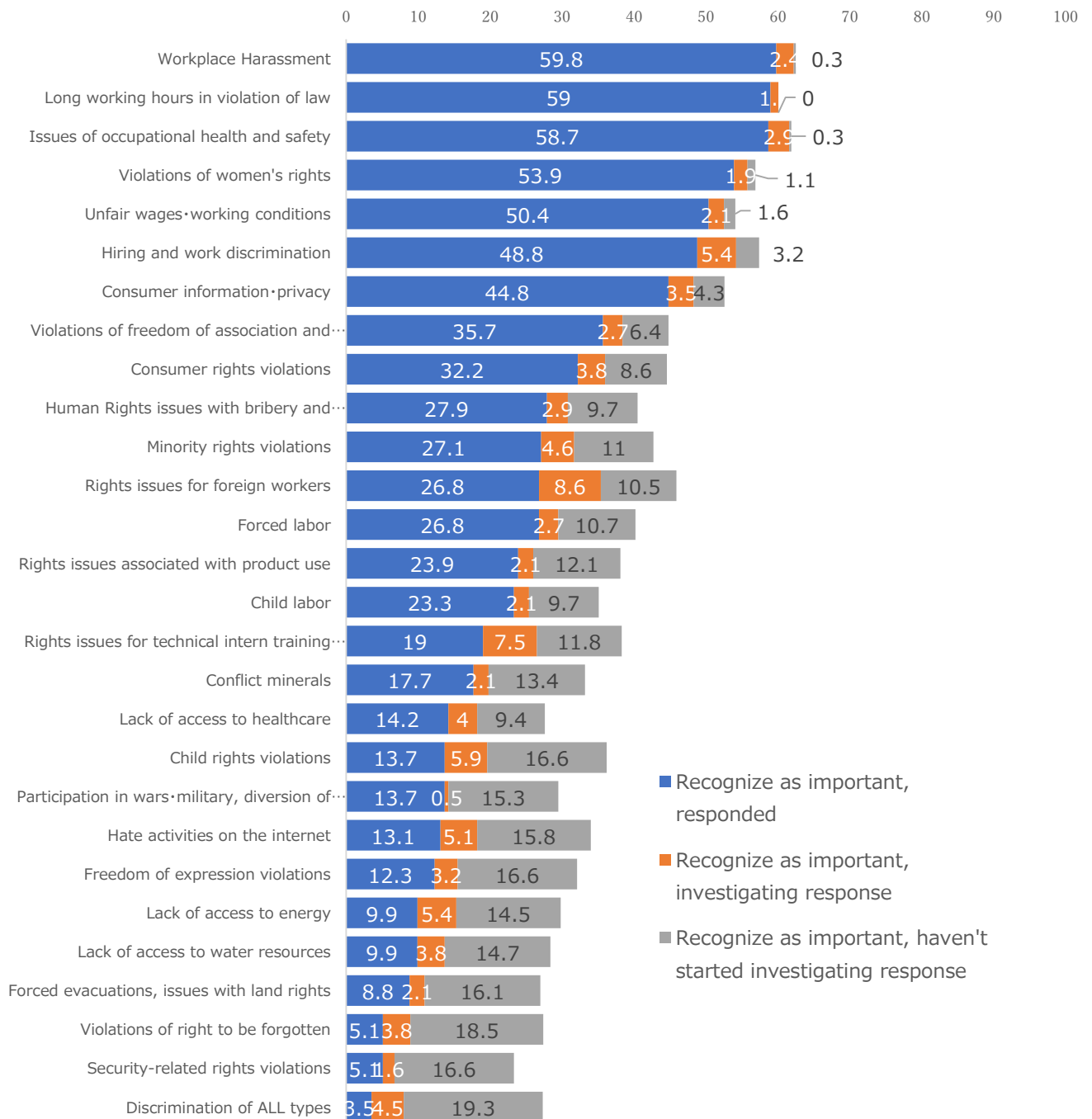
When we look at the situation of companies implementing Human Rights Due Diligence, we see that while many companies have responded so far as conducting negative impact evaluations, only half are taking appropriate steps based on evaluation results, and just 30% have been able to do follow-up evaluations. As for the target scope of the evaluations, employees comprised the highest percentage with suppliers coming next. On the other hand, at the lower end was public relations, marketing, sales, product use and disposal. Research and development, financial investment, and local communities only accounted for 1/4 of the

target scope.

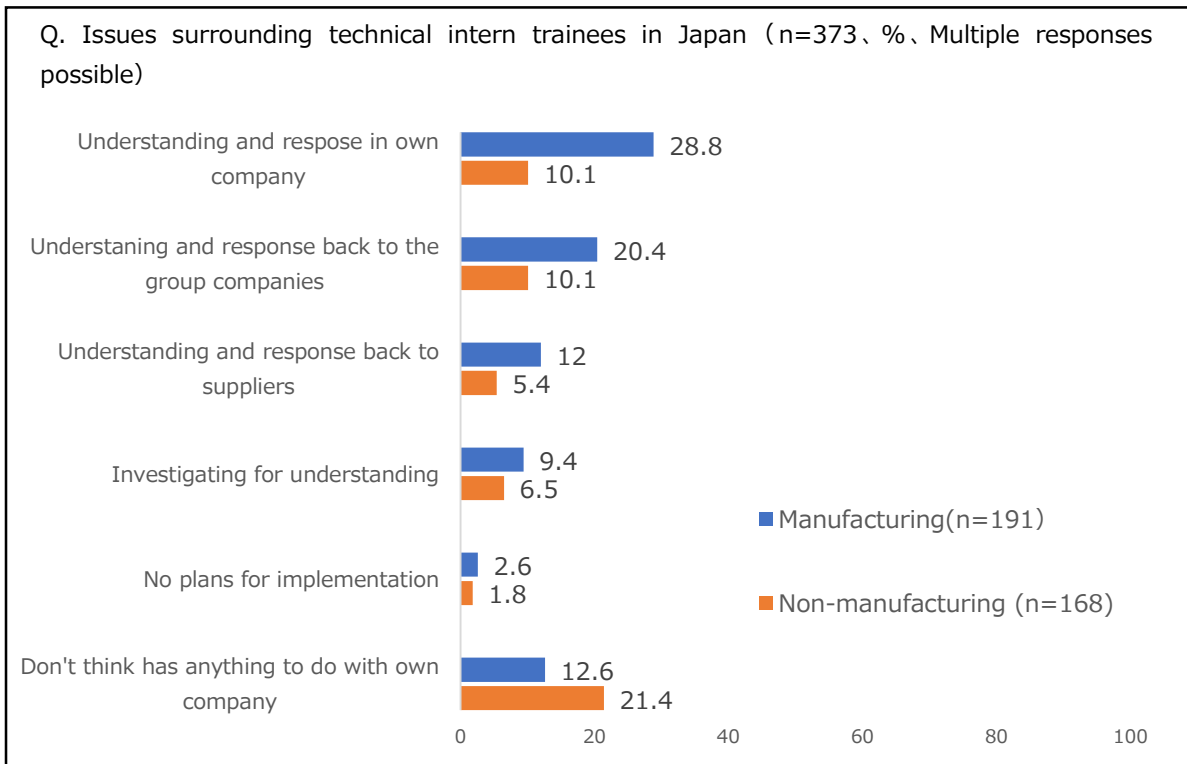


On the issue of those important human rights that Japanese companies are most concerned with domestically, about 60% of companies recognized harassment, worker's health, work safety and long hours as being important and are taking measures to address them.

Q. Currently Important Human Rights Issues/Domestically (n=373, % Multiple responses possible)



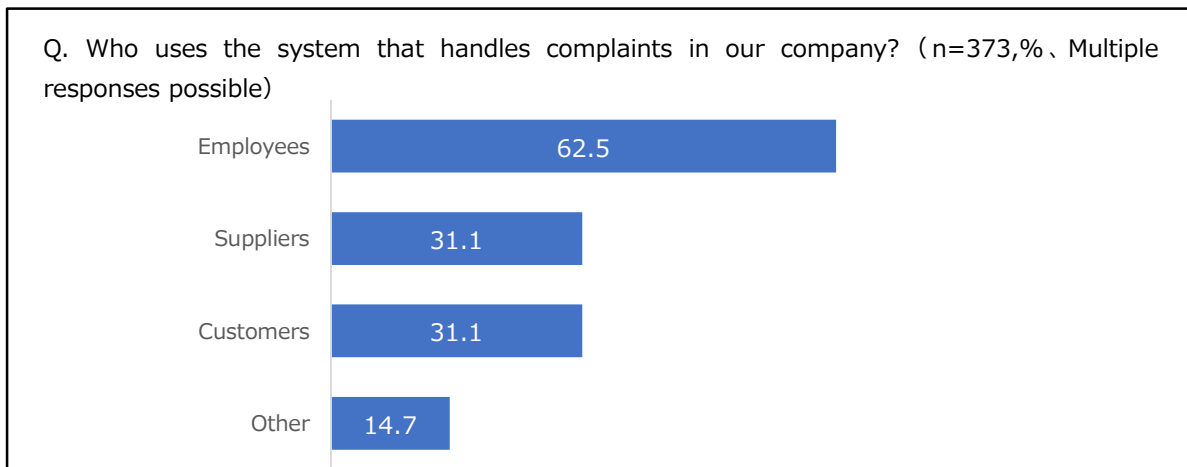
There's a high concern internationally about technical intern trainees. Just under 30% of manufacturers grasp the work situation in their own company and are taking measures when problems arise. Even fewer companies know what's going on back to their suppliers. That number is about 10%.

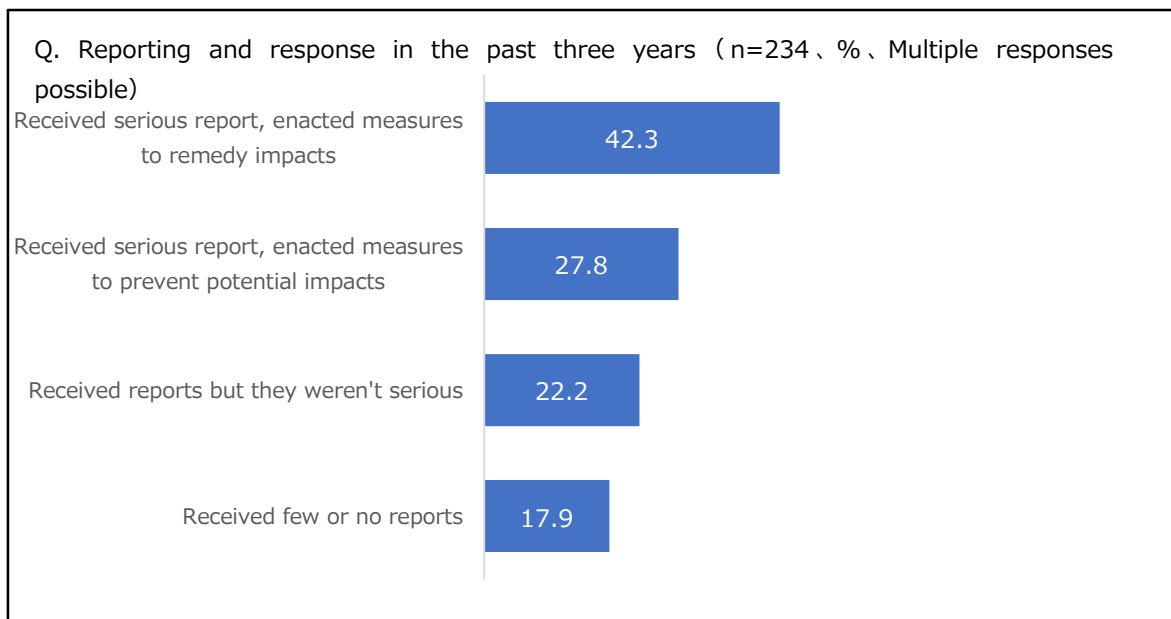


C. Preparing a system of relief

In the Guiding Principles, in order for it to be possible to take early action on complaints and provide direct remedy, companies should set up and participate in mechanisms to effectively handle complaints at the operational level of the people and communities adversely affected.

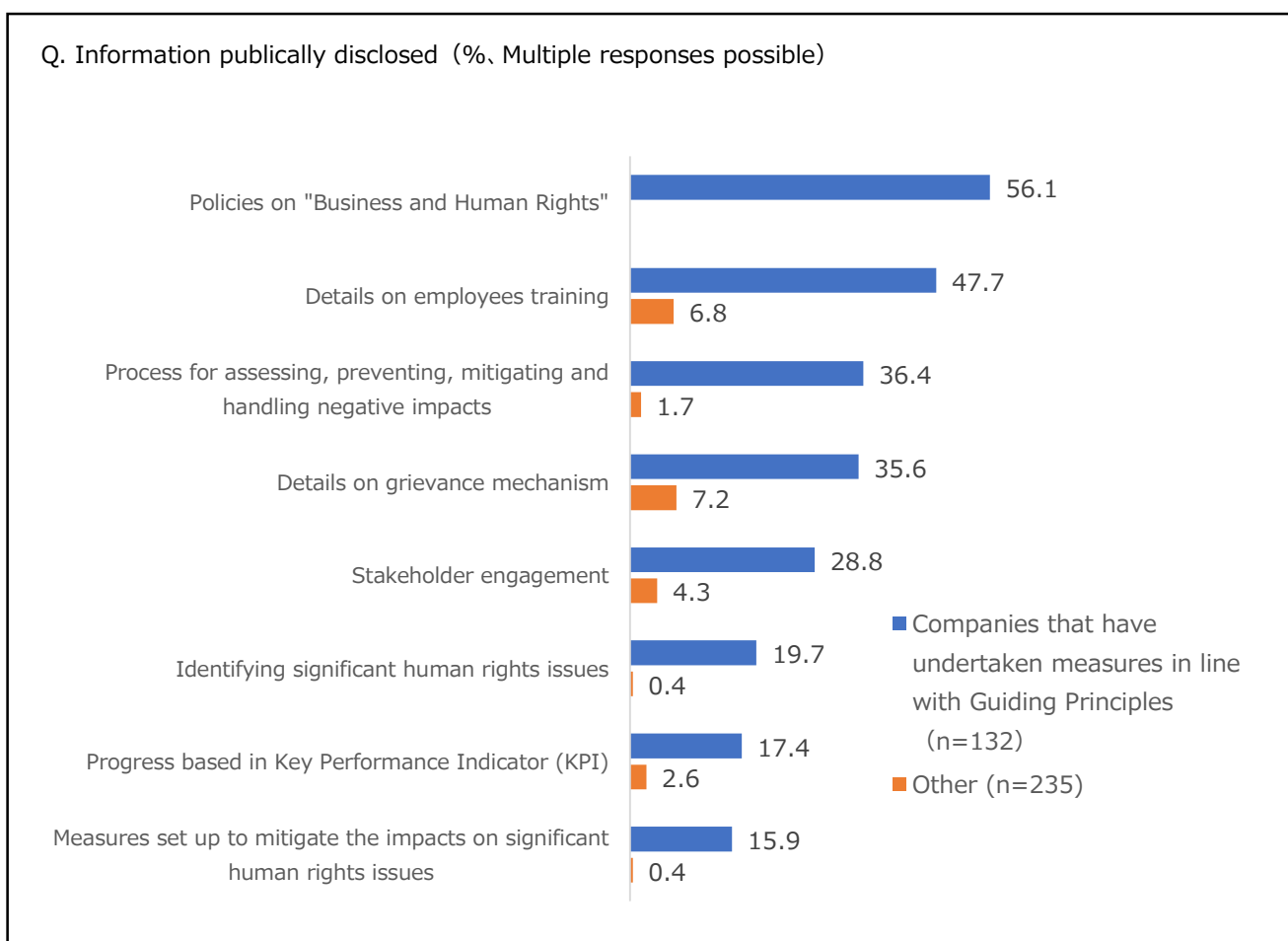
Grievance Mechanisms have been set up for employees in about 60% of companies. On the other hand, establishment in suppliers where human rights risks are likely to occur remains at 30%. The rates of establishment for customers is comparable. Among companies that have set up such mechanisms in the past three years, over 40% have received reports on important matters and taken up measures to rectify the impacts. Less than 30% have taken measures to prevent latent impacts.





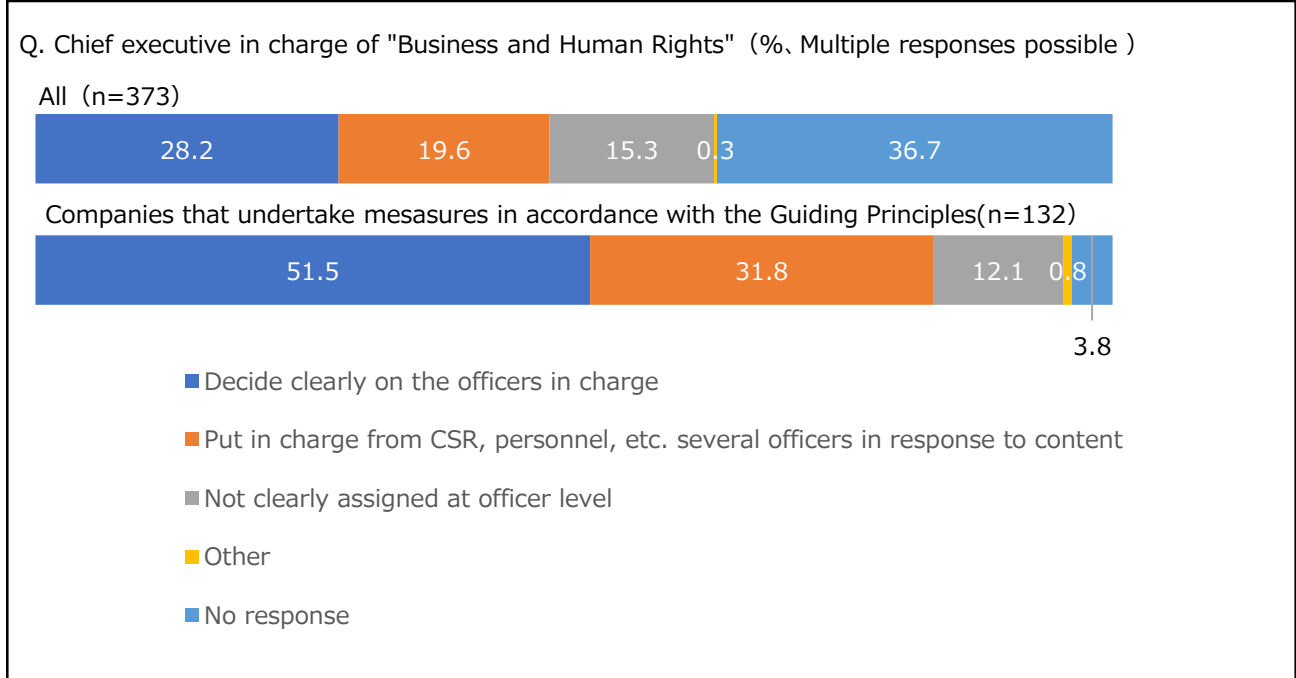
D. Information disclosure

Among companies that are working in accordance with Guiding Principles, less than 20% disclose the issues that have clear impacts on human rights, or the progress based on KPI that's been made. What companies take to be important problems and how far they have currently gone in their responses are matters that are difficult to be known outside the companies. In other companies, almost nothing is disclosed.



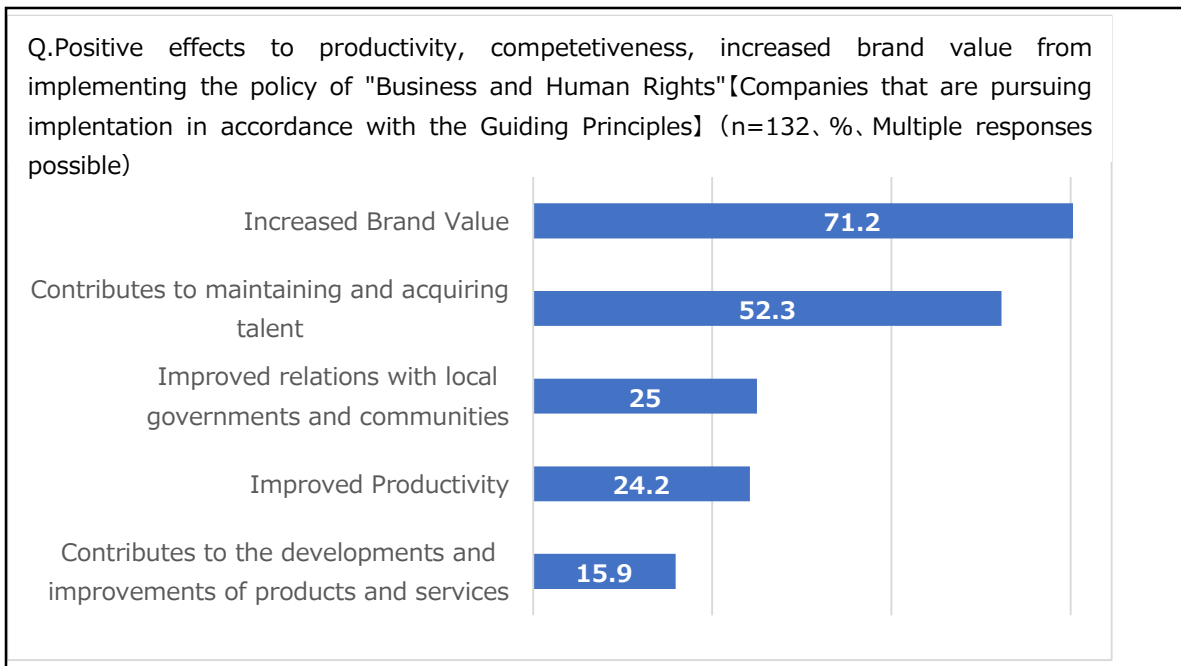
E. Building an internal system

Of the companies that have undertaken measures in accordance with the Guiding Principles, more than 80% have a chief officer responsible for “Business and Human Rights” at the executive level. Half of them have someone in charge of the task who is clearly identified.



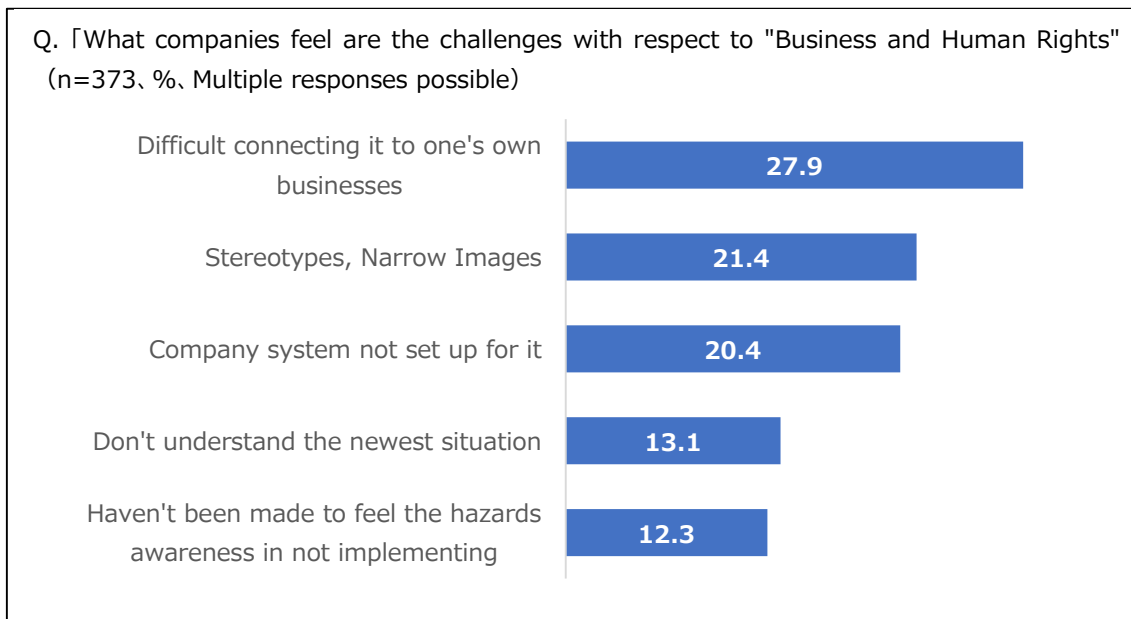
Positive effects derived from implementation

Of those companies that are taking measures in line with the Guiding Principles, over 70% have experienced improved corporate reputations. Approximately half say it has contributed to maintaining and acquiring human resources. While the area of human rights tends to be looked at from the standpoint of the risks to business, companies that have implemented “Business and Human Rights” have felt the positive effects.



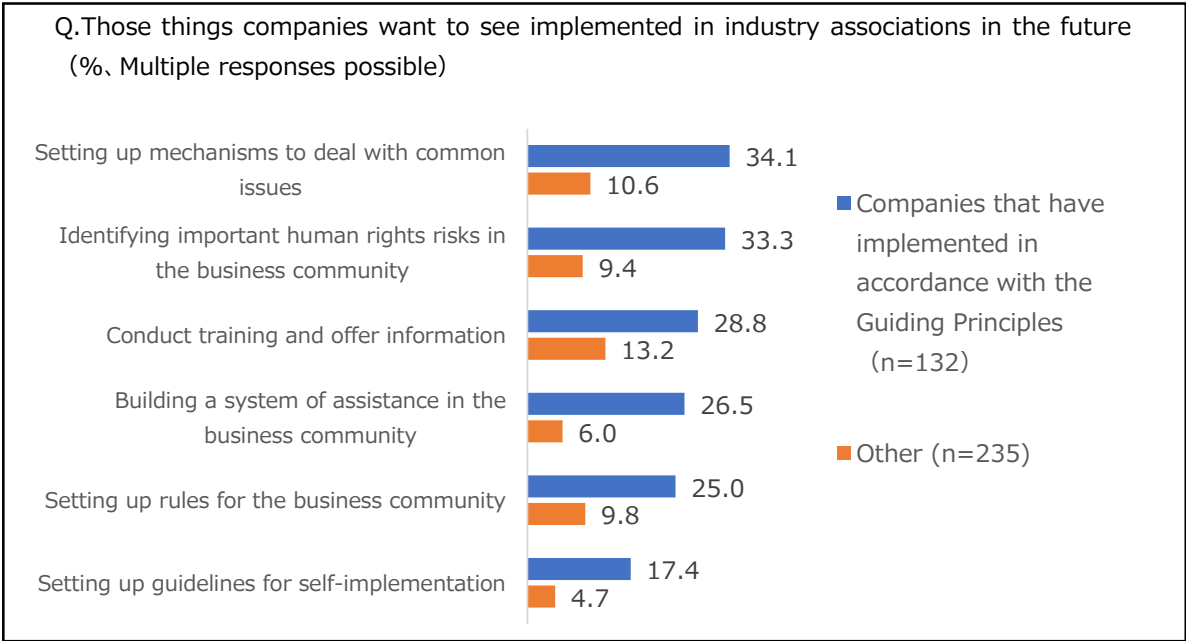
Challenges in Promotion

The most frequent response that companies give as a challenge to promoting “Business and Human Rights” is that they have difficulty connecting the policy to their business operations. We also see challenges in recognizing issues which are difficult because they are connected to areas that companies are not readily aware of in their daily operations like human rights in the supply chain in particular and because they are not in manufacturing. Not being able to dispel stereotypes and narrow images about human rights follows in the responses.



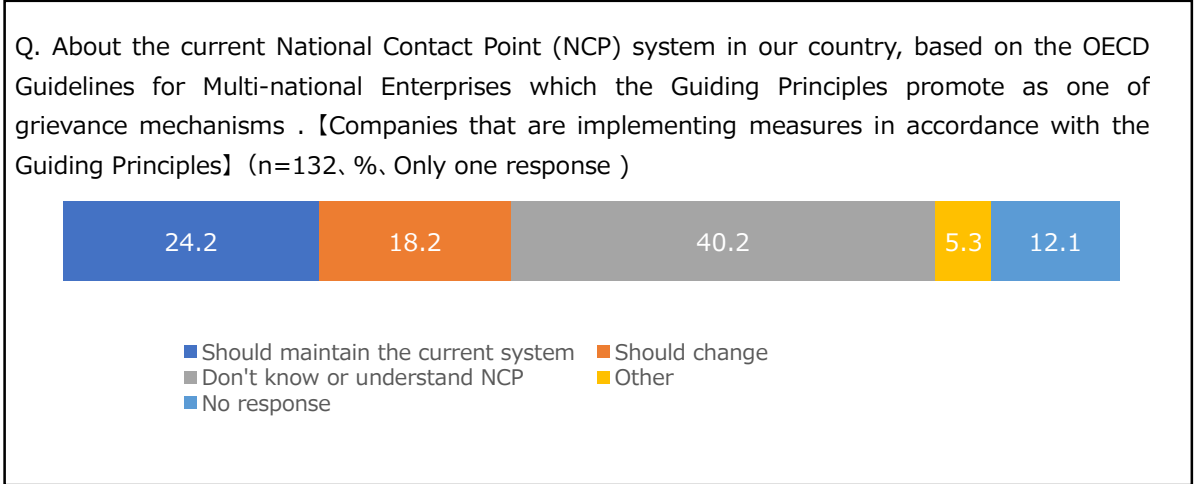
Expectations for Industry Associations

Those companies that are implementing initiatives in compliance with the Guiding Principles expect to set up mechanisms for their industry association to deal with common issues and identify important human rights risks in the business world. The companies also want their industry association to conduct training and provide information. Among other businesses, training and providing information are most common.



What is demanded and expected of the Japanese government and the public sector

The National Contact Point (NCP) serves as a contact window set up in each country to support problem solving based on the OECD Guidelines for Multi-national Enterprises. In our country, it takes the form of straddling three government ministries: Ministry of Foreign Affairs, Ministry of Health, Labor and Welfare and Ministry of Economy, Trade and Industry. In companies that are implementing measures in accordance with the Guiding Principles, 24.2% responded that they should maintain the current system. 18.2% said they should change it. With respect to setting up an independent human rights agency, 18.9% of companies supported having one completely independent of the government. 27.3% of companies supported establishing a private organization that provides assistance on surveys about human rights and to companies.



Q.On establishing an independent domestic human rights agency [Companies that are implementing measures in accordance with the Guiding Principles] (n=132、%、Only one response)



- We should set up an independent domestic agency on human rights as an organization completely independent from the government
- We should set up an independent domestic agency on human rights (that receives assistance from the government such as a think-tank that assists companies in implementing or in conducting surveys on human rights)
- We should set up something not independent like a government committee
- No need to establish; we should respond through existing agencies in ways such as strengthening cooperation between government agencies
- Don't understand. Don't know
- Other
- No response

Approximately 40% of the companies that are implementing measures in accordance with the Guiding Principle agree with making it mandatory to disclose information on Human Rights Diligence in Japan. They responded by saying that we should make it obligatory either right away (3.8%) or in the future (37.9%). On the other hand, nearly 30% of companies responded that they want to leave it up to companies to decide, or that they don't want it to be made mandatory.

Q.There are countries in Europe where its been made mandatory to disclose information on Human Rights Due Diligence. What is the sentiment in Japan for making it mandatory?. (%、Only one response)



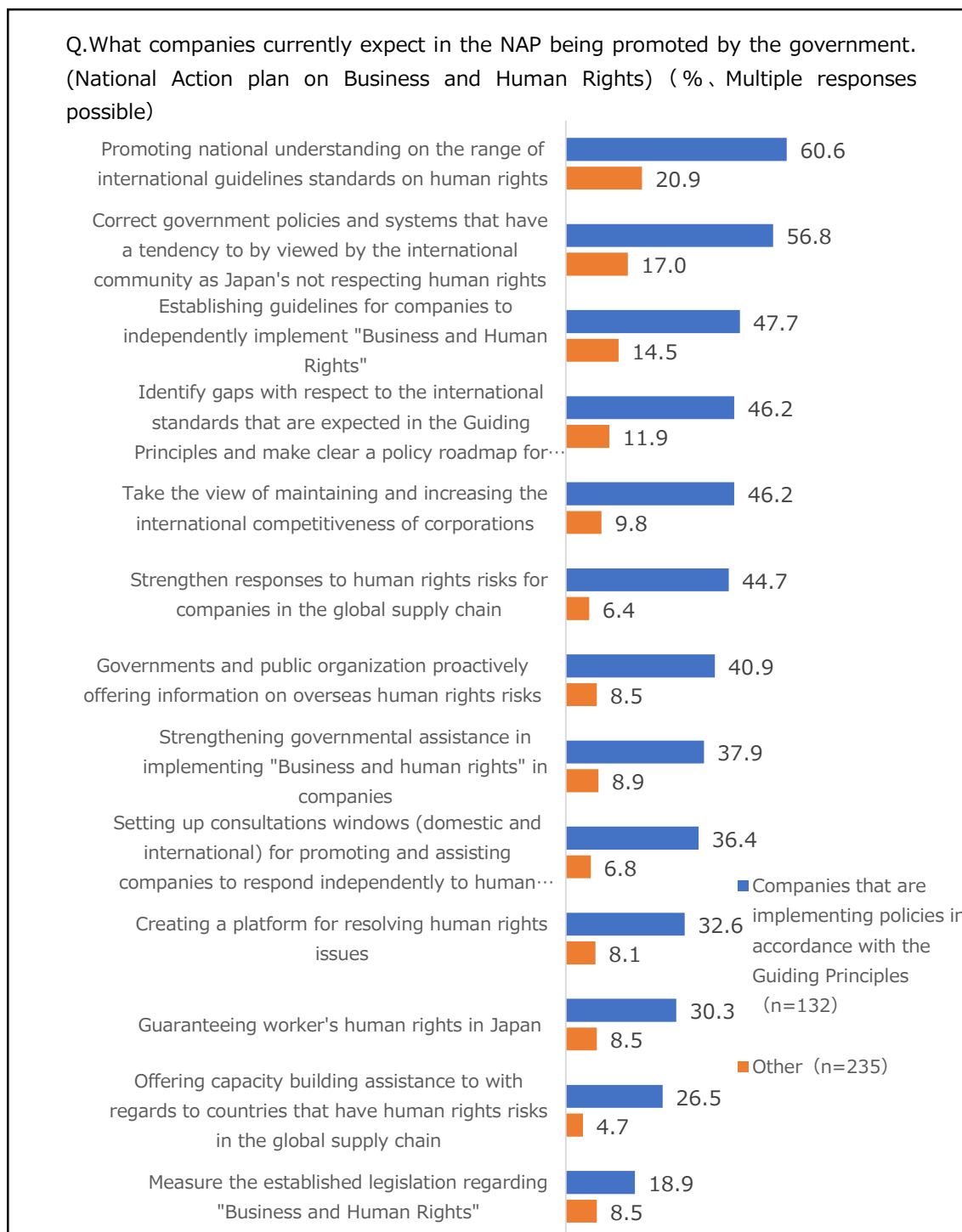
Upper Graph : Companies that are in the progress of implementing policies in accordance with the Guiding Principles

Bottom Graph : Others (n=235)

- Information disclosure should be made mandatory right away
- Disclosure should be made mandatory in the future but it's not appropriate at the present
- We should leave it up to each company. We shouldn't make it mandatory in the futre
- Don't understand. Don't know
- Other
- No response

Concerning the demands for NAP as currently being investigated by the government, over 60% of the companies that are pursuing initiatives in line with the Guiding Principles responded that they expect the government to promote understanding for the people. Less than 60%

said they expect the measure to review policies and systems that are likely to be seen as not respecting human rights by the international community.



2-2. Real-life examples from progressive companies, drawn from interviews and research announcements and suggestions from experts.

Based on the fact that there are many companies that say they don't know how best to implement the policy in line with "Business and Human Rights," here we introduce real-life examples that can serve, in practice, as hints that can be gained from survey research. (Survey target: Research center announcements-9 companies and organizations, Interview surveys-12 companies, organizations and experts, surveys of literature from overseas companies: 6 companies)

A. Commitment to respect for human rights

- Ajinomoto conducted a review of the scope of its corporate conduct in 2014 and added new elements dealing with human rights issues such as marketing to children and LGBT matters.
- Kao wrote in their Business Conduct Guidelines (BCG) provisions to respect the human rights of employees and the cultures of other countries. It is conducting periodic revisions such as adding policies to prevent bribery and policies on human rights that are based on social trends.
- In response to criticism from NGOs, Wacoal strengthened its efforts and enacted CSR procurement guidelines to include domestic issues pertaining to foreigners, migrant workers and technical trainee interns, etc.

B. Implementation of Human Rights Due Diligence

- While in general Ajinomoto deals with industry-specific human rights risks and risks by country or region ("possibility of occurring" and "seriousness"), the company did a risk assessment and analyzed cases of human rights risks that manifested themselves in other companies. It also clarified important matters concerning human rights.
- Companies can eliminate risks internally, but it's also important to ensure legitimacy by means of implementing a process of analyzing data from third parties and holding dialogues with outside experts. Even in the promotion councils for CSR, risk and compliance, by including third parties from the first stages of risk elimination, confidence in contents increases and their information will be trusted. Moreover, they will be able to promote initiatives concerning human rights impact assessment and information disclosure.
- If evaluations of rights issues are made only when they become obvious, such as sexual harassment and child labor problems, there's a possibility of overlooking problems, thereby

weakening prevention. It's important to look at and consider in a comprehensive manner issues from the standpoint of "Stakeholders and Rights." (See table 6)

Table 6 : Approach of thinking from the standpoint of stakeholders and human rights²⁹

	Internal stakeholders (employees, consumers, communities)	Value Chain (employees, consumers, communities)
Rights related to discrimination	Ex.) Discrimination towards women in job promotions	Ex.) Denying services to the disabled
Rights related to the safety of life and body	Ex.) Factory workers engaging in dangerous work	Ex.) Danger to health from misuse of products
Rights related to labor	Ex.) Long labor hours for employees	Ex.) Illegal work environment in supplier factories
...

● Even in small and medium-sized enterprises, we are already seeing a shift at factories where companies are listening to the voices of workers.

C. Preparation of the remedy mechanism

● Fuji Oils has set up a "Grievance Mechanism Web Page" based on its "Responsible Palm Oil Sourcing Policy". It discloses for each complaint it receives the time, subject, content and response status. A future challenge is creating a system in which farmers can become aware of the issues in various languages and finding ways to respond directly to their reports. In the future, the program will be expanded to other raw materials like cacao.

● There is also a group that is essentially responsible for a portion of the remedy system as "Solidarity Network with Migrants Japan" and it accepts consultations from foreign workers. The thought is that these groups and companies will cooperate together.

D. Building an in-house system

● Rohm is integrated into the management system (labor, health and safety, work ethics and environment) and is tackling issues on a common base common throughout the company. The rules regarding work ethics that apply to the entire group reflect the latest human rights risks and the requests of individual customers. In instances where similar problems through audits have become evident in multiple plants, the company makes an investigation of the systemization and standardizes throughout the organization.

● Fuji Oil has made significant progress over several years in its measures with procurement policies and active commitment of the president. The policies express high ideals. With respect to specific human rights risks, they've responded by integrating the policy into the risk management committees that have been set up throughout the group companies.

● Mitsubishi Corporation set up a review mechanism when considering investment items that takes into account not just economic factors but also looks at them from the standpoint of ESG. The Sustainability and CSR departments participate in investment committees in the president's office, etc. where all items under review are looked at. As a focus, from a human rights standpoint they study the rights of indigenous people and children in developing countries and the risks in places of investment and the supply chain.

● Devises for advancing internal penetration (Descriptive research, survey questionnaire)

• Conduct training for ①all directors, ②all employees, ③all new employees, ④those on overseas assignments

• Use as much as possible real examples and get people to form an image with business and human rights working in concert.

• The CSR department at the headquarters explains periodically to members of the risk management committees that are set up in each group the social trends and human rights risks that should be considered

• Post messages to employees from the officer in charge on World Human Rights Day (December)

• Once or twice a year hold workshops for employees in each region with the cooperation of international NGOs.

Human rights risks in the global supply chain

● Mizumo created in three languages (Japanese, English and Chinese) a CSR code of conduct based upon ISO26000. It was then translated this into eight languages for areas in Asia where the potential of human rights problems occurring is high. Its audits began with

factories that manufacture on consignment in China and Southeast Asia. It takes a sample of about 170 companies a year for its audit, meaning that in three years it completes a cycle of all of its suppliers. At the present, it is looking to develop its secondary suppliers and implementing policies to deal with high-risk items.

- Kirin identified priorities to address human rights issues when it formulated a policy on human rights. After that, it carried out risk assessments on human rights on a country-by-country basis and is proceeding to implement impact assessments on human rights that focus on businesses in Myanmar, China and suppliers in Laos.

- BMW is clarifying requirement issues depending on scale. It separates requirements for its suppliers based in the scale of their operations. (50, 100, 500 or more people), and discloses the number of companies concerned. Management of suppliers for the company (BMW’s secondary suppliers) is required for those operation with a 100 or more people.

- Samsung is putting effort into measure to deal with vulnerable groups. It identified vulnerable groups in which human risks violations are of concern, such as migrant workers, child-labor in China and apprentice training in India. It then established regulations for migrant workers concerning issues that deal with the costs incurred at the time of employment (application fees for work permits, travel costs when they return to their countries, etc.) and problems with the holding of personal documents such as identification documents, etc. This then clarifies what is prohibited.

- Marks and Spencer is progressing in making transparent their supply chain with an interactive map.

They disclose information about almost all of their primary suppliers. They publish information location, product handling, and diversity in factory workforces, as well as information about the presence or absence of labor unions.



Domestic human rights risks

● Taking the three groups companies which accept foreign technical intern trainees as its focus, Ajinomoto conducts surveys of the working conditions of its 125 interns from the Philippines, Vietnam, Indonesia and Myanmar. It also offers hearing in the mother tongues of its interns. No significant problems were found. And they were able to confirm that there is a high level of satisfaction with living in Japan.

● Wacoal strengthened its efforts on receiving criticism from NGOs. It has started to conduct surveys of its suppliers involved in the manufacturing process of products to determine whether or not the company is violating the human rights of its technical intern trainees.

Human rights risks due to new technologies

● Sony conducted a human rights risk assessment and confirmed anew the risks associated with the content concerning new technologies such as AI. Then it issued “AI ethical guidelines,” which became policy at the time that it was putting AI into use and conducting research and development. It also joined the international initiative “Partnership on AI” and is continuing to have on-going discussion on ethical issues surrounding AI.

● Fujitsu recognized the potential of its technologies causing human rights abuses and settled on customers and end users as one of the three important areas of concern. In-house discussions are on-going, involving the offices of CSR, diversity promotion, research centers, intellectual property, etc.

● Problem points relating to AI are a black box, as the process of decision-making on AI is not visible from the outside. In response to this situation, IBM published open source software to detect data bias. This and other movements to increase transparency on the “creating” side are moving forward inside the company. It not only is building an algorithm that does not make discriminatory decisions, it is also focusing on what is called FAT—Fairness, Accountability and Transparency. In the future, it’s expected that they reveal the sources of their data and explain how AI makes decisions.

The positive effect that come from implementation

Tackling the issues in “Business and Human Rights” is defined in the Guiding principles as the responsibility of companies to respect human rights. For companies, not only are

business risks reduced as a result of their efforts, but they also feel the positive effect that are derived from implementation, some of which are given in Table 7.

Table 7 : Examples of positive effects

Item	Examples of positive effects
Maintaining and acquiring human resources	By setting up an environment that is easy to work in, we expect to maintain and acquire outstanding human resource talent, as well as see an increase in productivity.
Improved corporate reputation	Leads to a high evaluation among institutional investors and ratings agencies that place an importance on ESG
Increased brand value	Evaluated by our stakeholders as a company that is actively tackling human rights issues
Consumers	Able to answer the expectations of ethical consumption, a concern that is increasing among the younger generation
Community	By conducting business operation with a concern for human rights, we have been able to build good relationships with communities where our offices and factories are located

The positive effects of maintaining and acquiring human resource talent are occurring not only in the companies themselves, but also in the supply chains. For example, in one company, the audit results worked with a supplier factory in Indonesia which had a D ranking to improve conditions. It improved its ranking to A. There was feedback from the side of management in which they said “Our employee evaluations have gotten better compared to other factories in the area by improving the working environment and health and safety standards. It’s gotten easier to find people to hire.”

There are also survey results that say that positive impacts are brought to financial performance as well.³⁰ According to Goldman Sachs’ “THE PM’S GUIDE TO THE ESG REVOLUTION”, in the consumer goods sector, companies with policies that take into account the environment, health and safety, child labor and forced labor in the supply chains have 5.6% higher stock prices per year compare to companies that do not have policies. In all sectors, companies that have set up opinion boxes and hotlines to raise the ethics of companies see a 0.9% increase in their stock price per year.

³⁰<https://lasolascap.com/images/Thoughts/17/GS%20Sustain%20-%20PMs%20guide%20to%20the%20ESG%20Revolution.pdf>

Also, it's important for companies to deal proactively and be transparent when cases of human rights violations arise. One beverage manufacturer voluntarily formulated a human rights policy and increased transparency through a spirit of dialogue. By doing this, even with respect to issues pointed out by NGOs, it's been able to respond without passing behind its back. Consumers also are paying attention to how companies respond after receiving criticism from society and how they act to prevent the recurrence of problems.

【Reference】 From "Free Description," of our questionnaire survey on how "Business and Human Rights" should be for the new era (2018 Business Policy Forum, Japan)

Examples of companies that feel positive effects:

- With employees at the center, one company conducted activities that contribute to society with an emphasis on human rights. Employee exchanges and workplace revitalization are achieved and are contributing to increased productivity and the development and improvement of products and services. Also, the company is building good relationship with local communities.

- One company had a chemical plant that was having a significant impact on the community, but it is able to continue its business while gaining the understanding of local residents.

- In areas where there are Muslims, one company created an environment where local employees can work easily by operating its business in a way that takes into consideration the setting up of prayer spaces, the wearing of religious clothes (scarfs) and food, while also considering the religions of other minorities. This contributes to the maintenance and acquiring of the best local human resource talent.

- Being evaluated outside the company on measures that have been made public, is connected to an improved image and presence for job seeking students and investors

Company examples that consumers felt good:

- At retailers, there is consideration for the environment and that workers are safely. Also, there is concern that appropriate wages are paid.

- A CEO at an overseas company came out as LGBT and deepened the understanding towards the discrimination by himself.

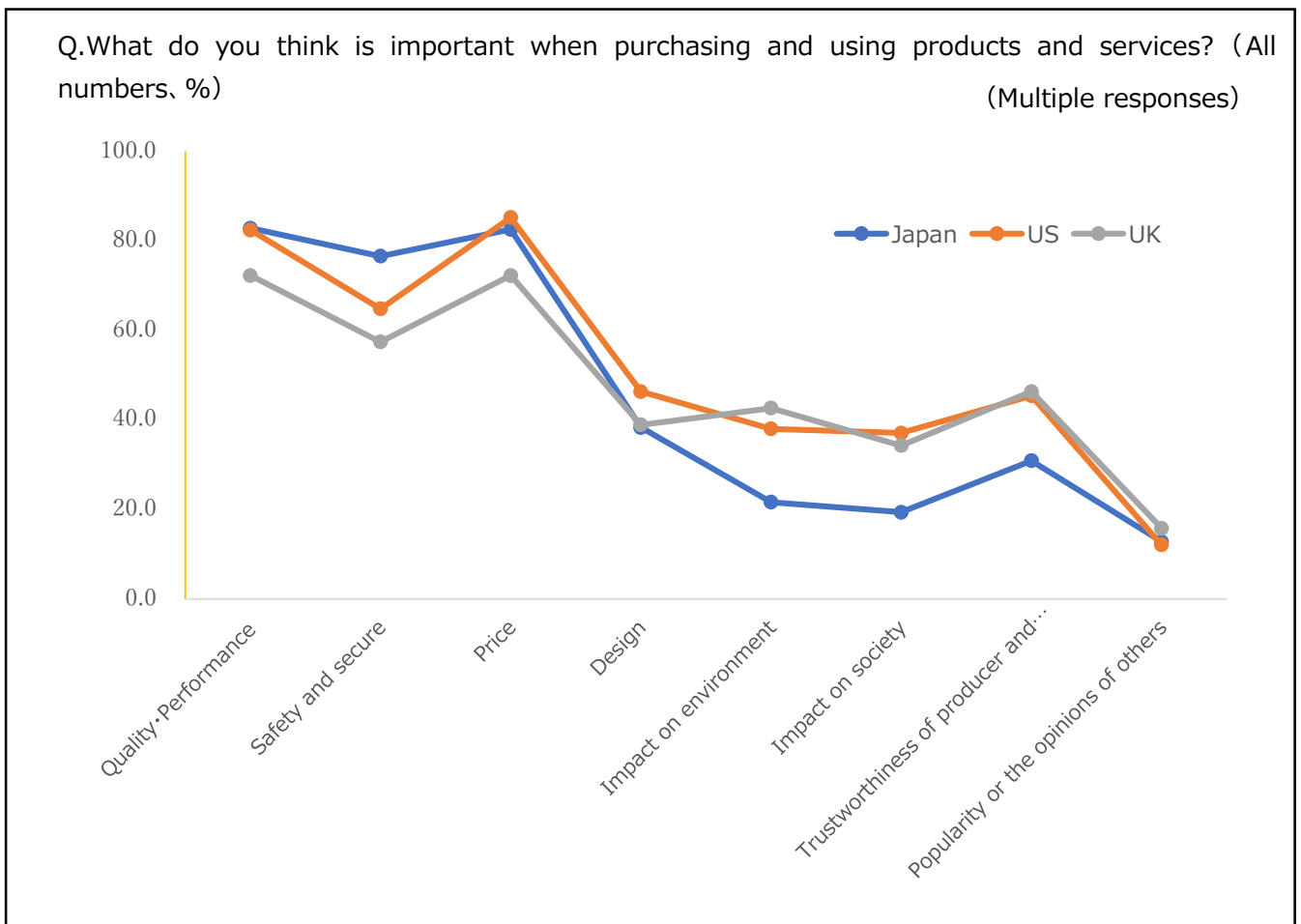
- Unions also work together to hold workshops where all members involved in labor affairs from the top of the company receiving foreign workers learn about the life situations of those with origins in other countries.

3. Awareness in Japanese Society

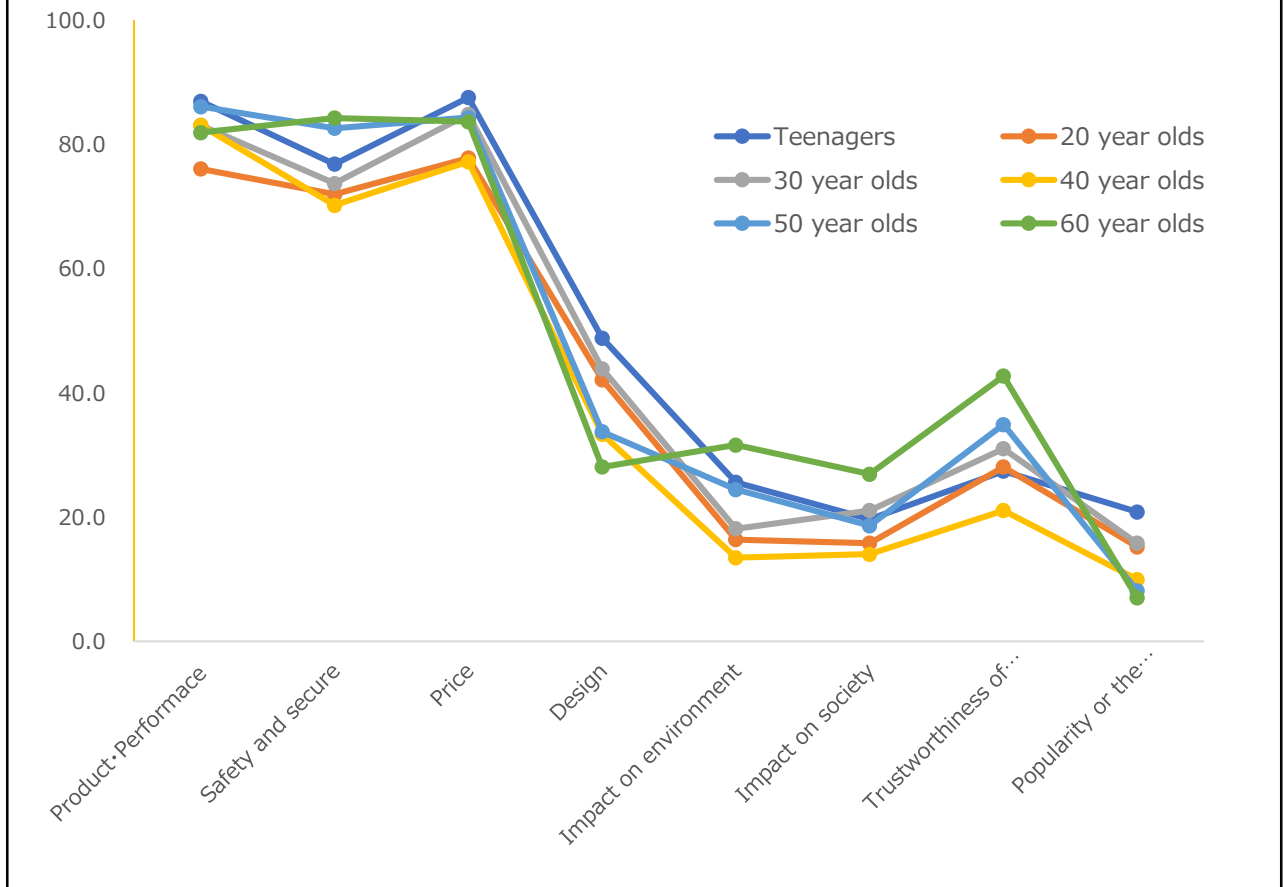
In order to get an understanding of the extent of awareness in Japanese society, we conducted a survey on the impacts of business activities on human rights. We adjusted the survey so that the respondents were an equal number of both men and woman and of ages ranging from teenagers to people in their sixties. For comparison, we conducted a survey with content similar to that done with people living in the United States and United Kingdom. (Survey period: November 15 through December 6, 2018. Respondents: 1024 people in Japan, 108 people in the US, 108 people in UK.)

THINGS WHICH ARE EMPHASIZED IN THE PURCHASE AND USAGE OF PRODUCTS AND SERVICES

Of the percentage of people who place importance on the impacts on society when purchasing and using products and services, Japan numbers about half that of the US and England, with the result of 20% of the total. When we look at different generations, Japan has the highest percentage of people in their sixties who think it's important to look at the impacts on society.



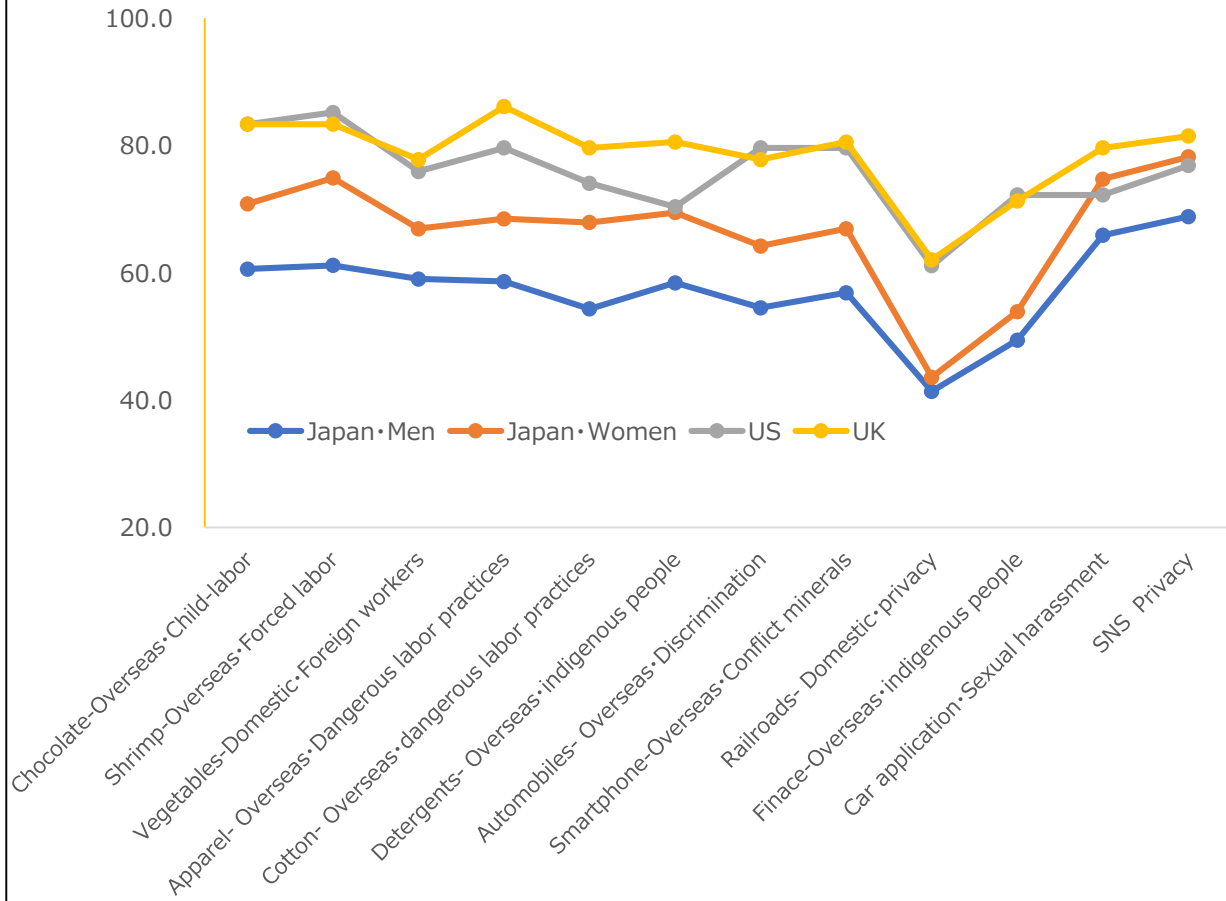
Q. What do you think is important when purchasing and using products and services? (Japan · Separated by generation, %) (Multiple responses)



IMPACT OF NEWS ABOUT HUMAN RIGHTS VIOLATION ON THE PURCHASE AND USE OF PRODUCTS AND SERVICES

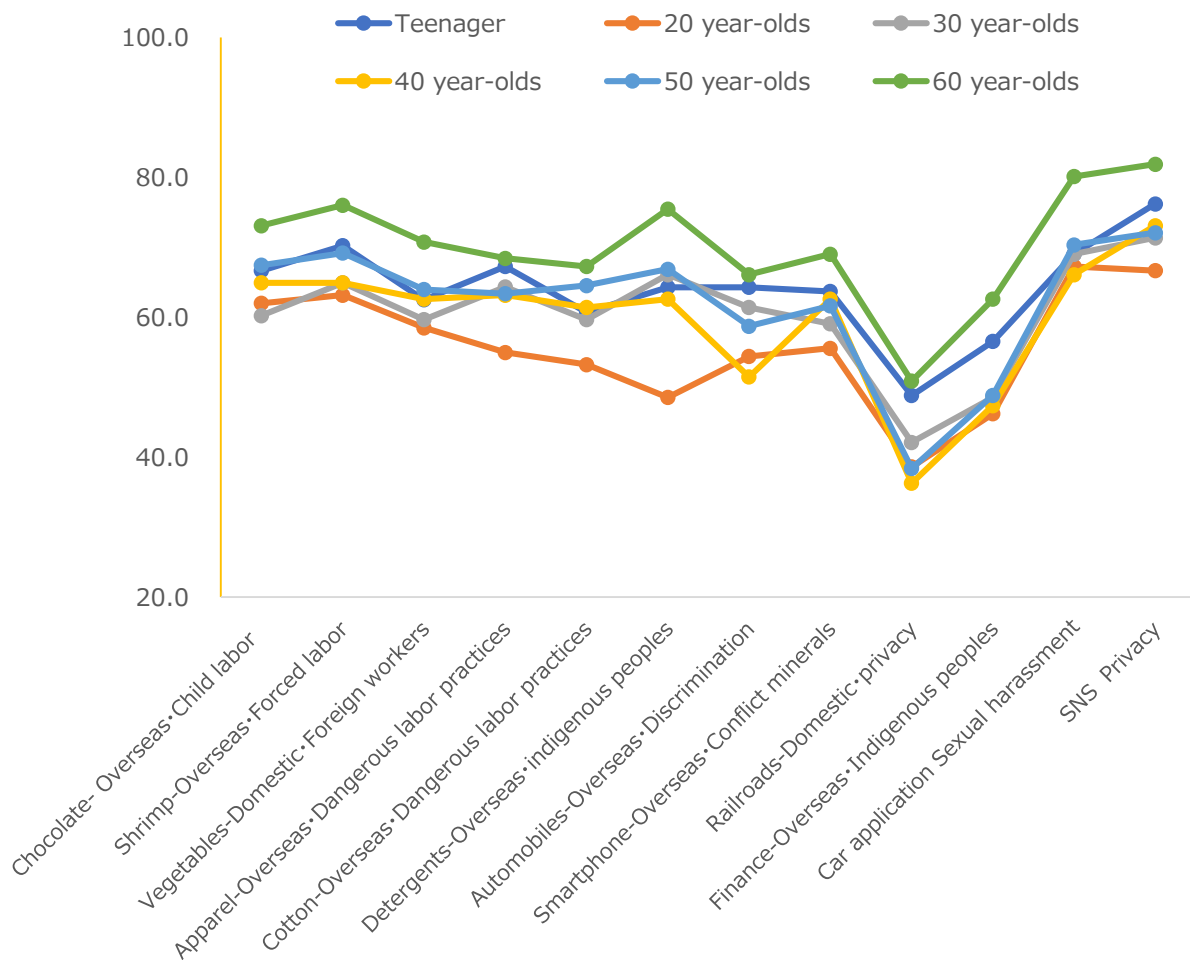
Also, we asked about how hearing the news of corporate human rights violations affects decisions to purchase or use products and services. The results were that percentage of people in Japan who answered that it has an impact was 10-20% lower than among people in the US and UK. Looking at the different responses between genders in Japan, the percentage of women who answered that it had an impact was on average about 10% higher than men. Separated by generation, those in their sixties were the highest followed by teenagers and fifty year-olds.

Q.How much does news impact your feelings about wanting to buy or use a product or service? (%) (Multiple responses)



Q. How much does news impact your feelings about wanting to buy or use a product or service? (% Japan, separated by generation)

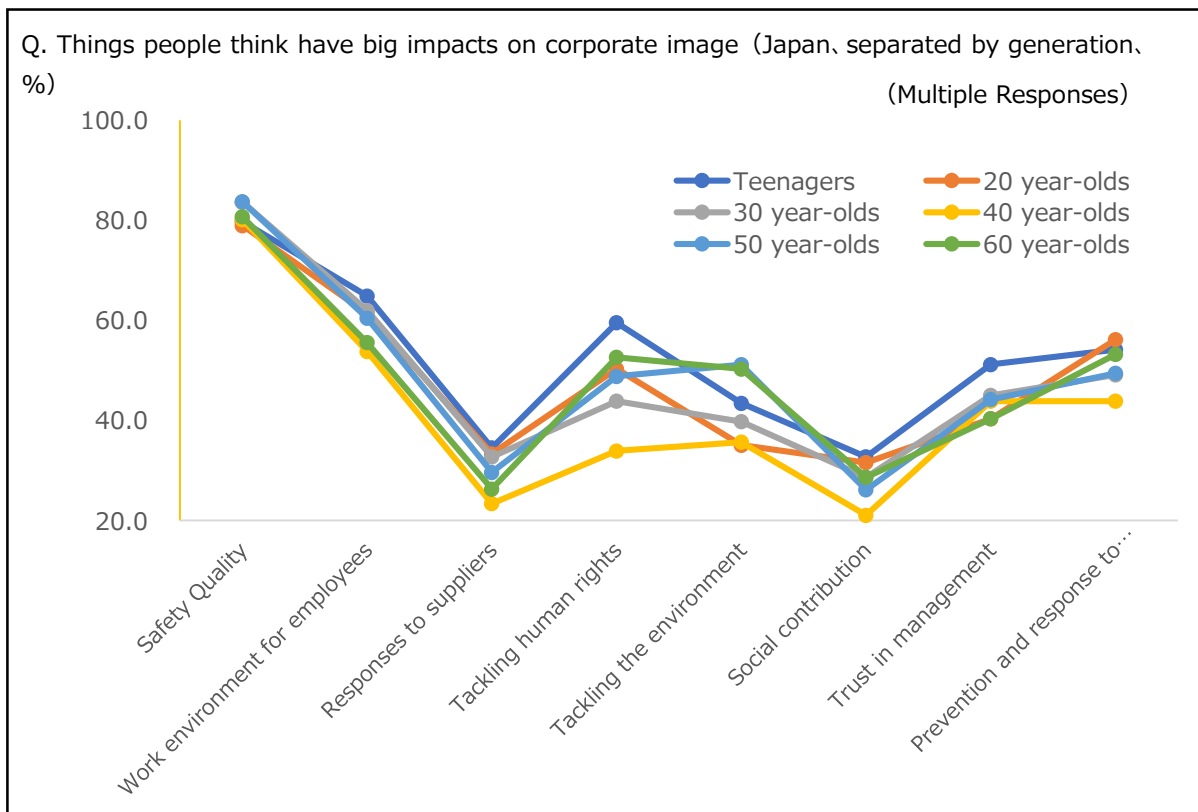
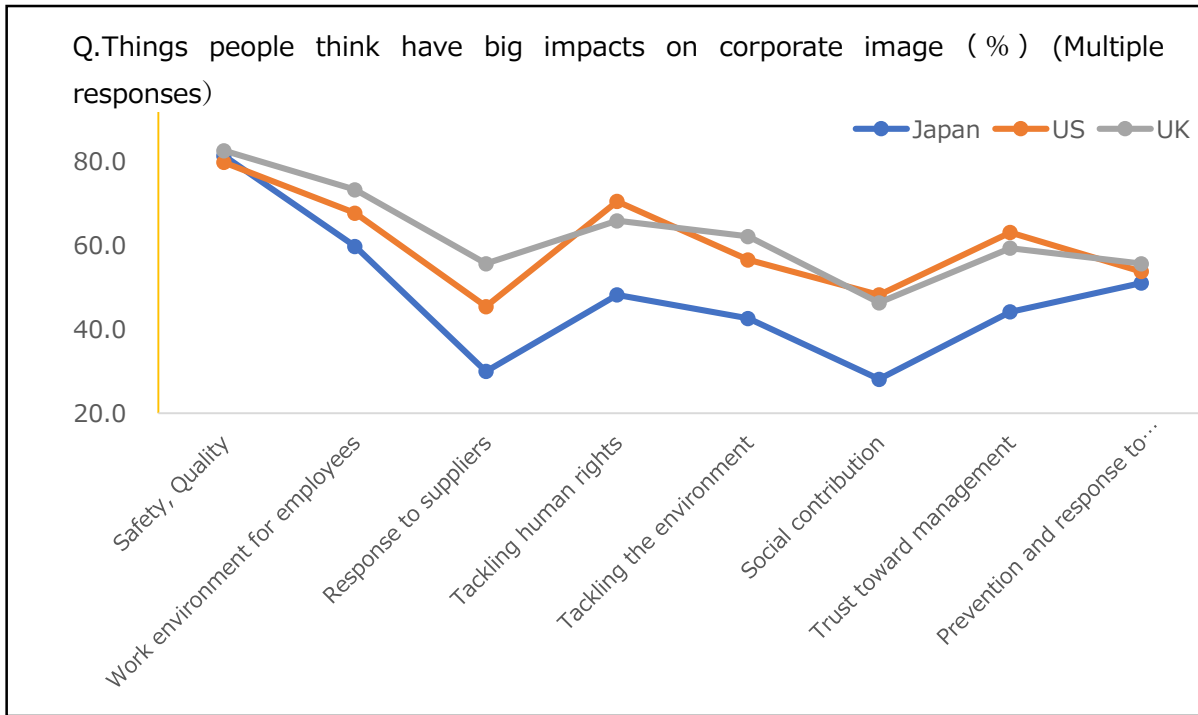
(Multiple responses)



THINGS THAT IMPACT CORPORATE IMAGE

“Safety and Quality” rates high in all countries among things that impact corporate image with the percentages for each country being close in value. “Prevention” and response to scandals” also rates relatively close in response numbers among the three countries. However, for other items, Japan is lower than the US and UK. From this we can see that things that affect business image are extremely biased on one area.

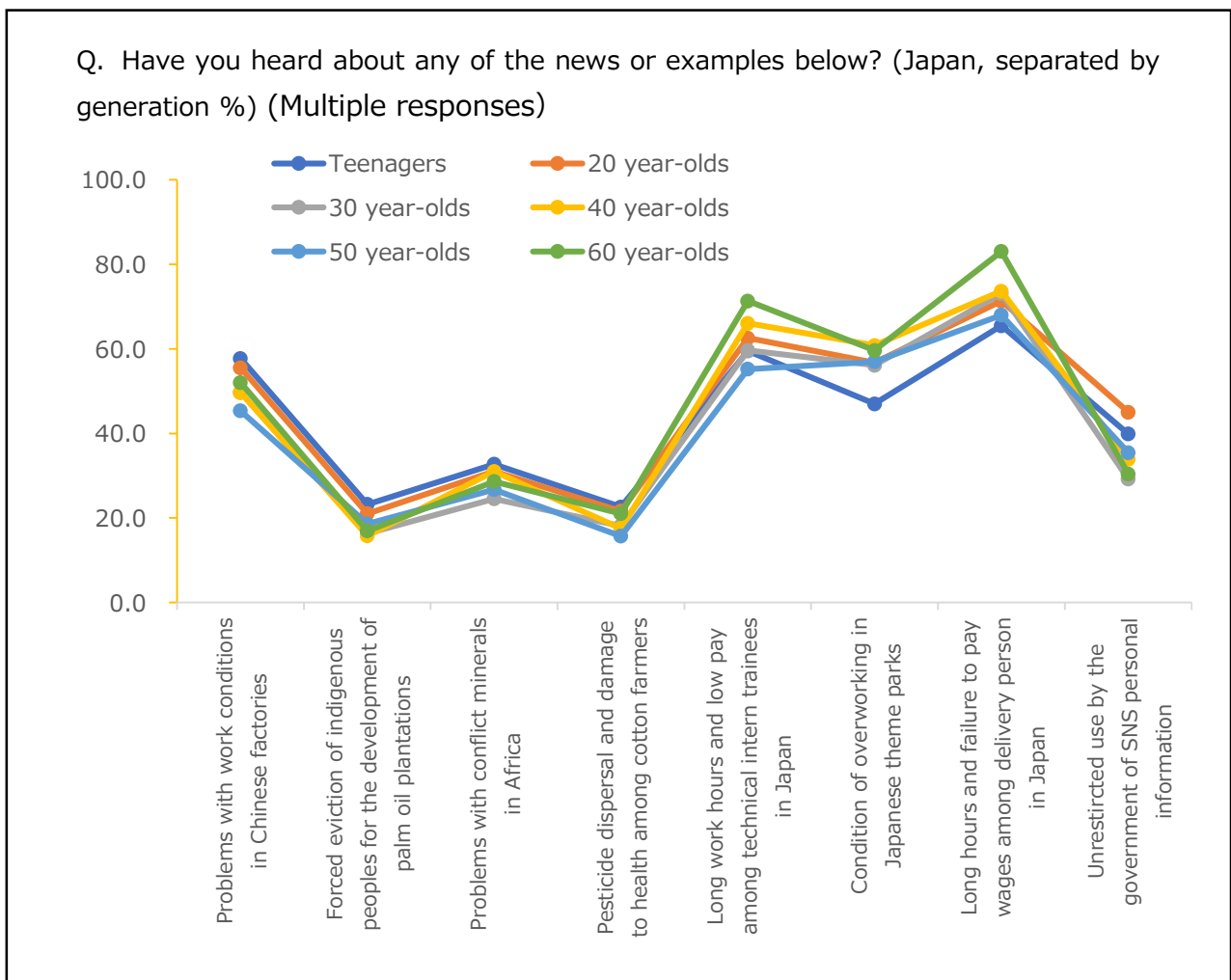
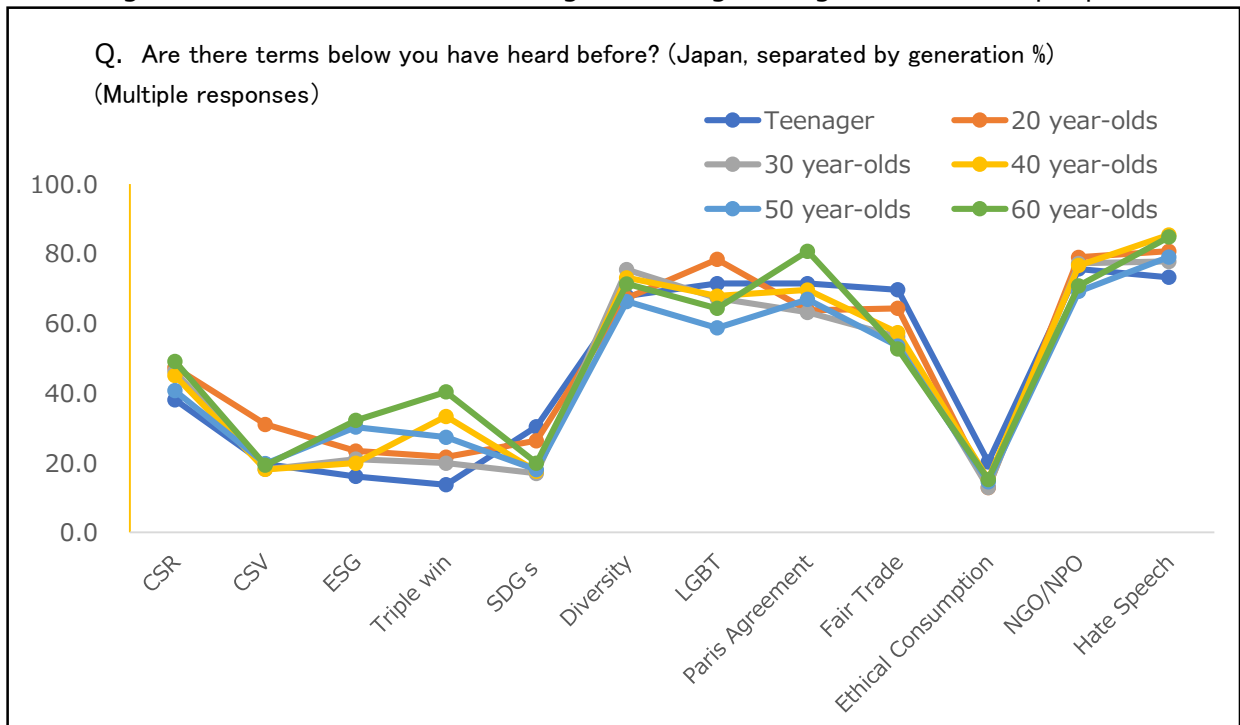
However, looking at the results for Japan separated by generation, the percentage of teenagers who think that the approach to human rights affects corporate image compares well with the general percentages in the US and UK. The result of this is that there is a high emphasis on human rights in the younger generation.



LEVEL OF RECOGNITION OF TERMINOLOGY AND NEWS ABOUT HUMAN RIGHTS VIOLATIONS
(COMPARISON BETWEEN GENERATIONS)

On the question of how much recognition there is of human rights terminology, teenagers show a higher recognition of terms such as Fair Trade, ethical consumption

and SDGs than other generational groups. Also, the level of recognition about news of human rights violations from abroad is higher among teenagers than other people.



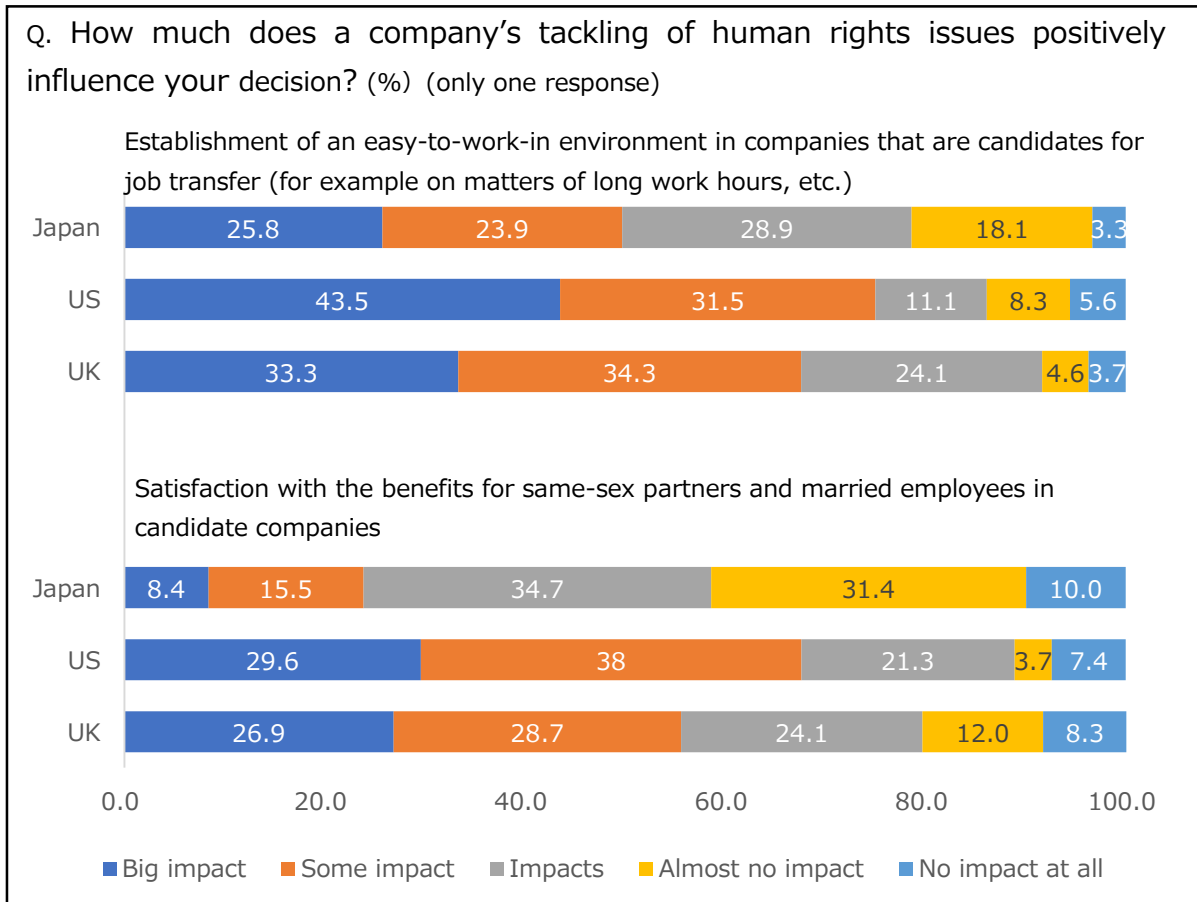
RECOGNITION OF THE PROBLEM OF HUMAN RIGHTS VIOLATIONS INVOLVING COMPANIES
(JAPAN-US-UK COMPARISON)

To the question of whether people have heard about the problem of human rights violations involving companies, Japan had a higher number of people who answered affirmatively compared respondents in the US and UK. On the other hand, as we've seen so far, a low percentage of people regard as important the impacts that human rights violations (as reported in the news) have on their purchases or use, nor do they consider much the impacts on society when purchasing. Based on this, we can see that there exists a gap where concrete recognition and action are not connected, despite people having a vague awareness of the problems.



IMPACTS ON CHOICE IN THE WORKPLACE

Companies are making efforts to establish environments that are easy to work in. The companies that people consider transferring to are those that have adjusted this tendency of making their employees work long hours. About 80% of the respondents answered that this has a positive impact on their selection, although the number is lower than in the US and UK.



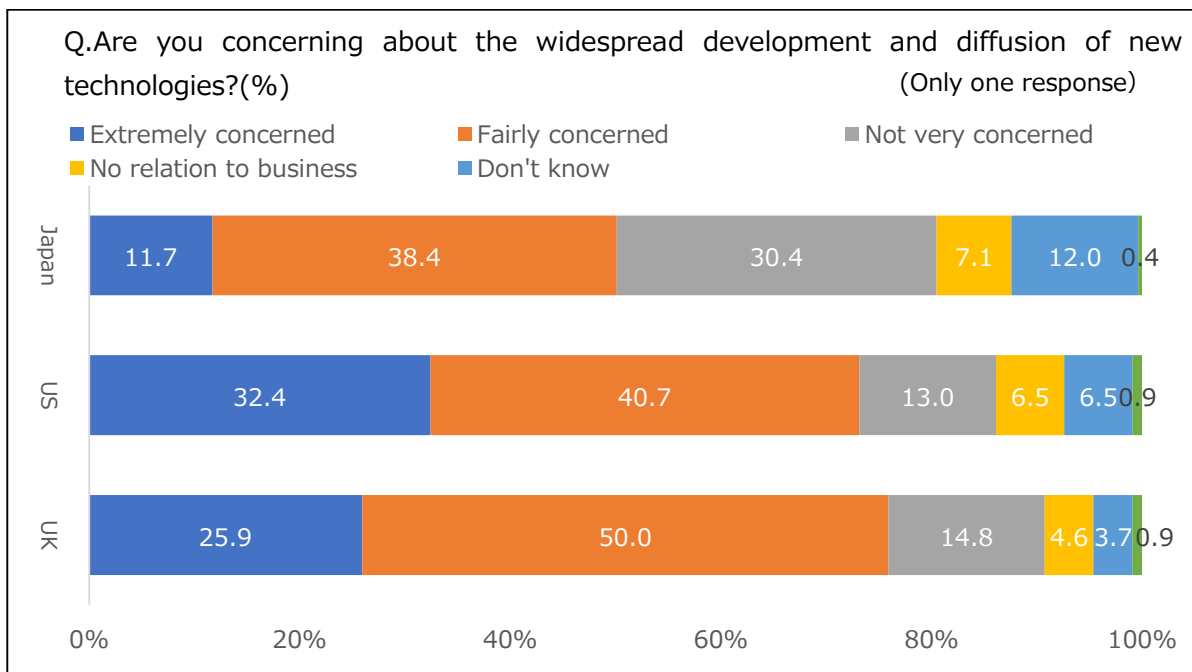
IMPACTS ON THE CHOICE OF PLACES FOR INVESTMENT

Companies that are potential places for investment are working to improve their work environments, including those of their suppliers. In the US and UK half of the respondents answered that such actions had a positive effect on their selection. On the other hand, in Japan less than 30% of the companies answered that it had an effect.



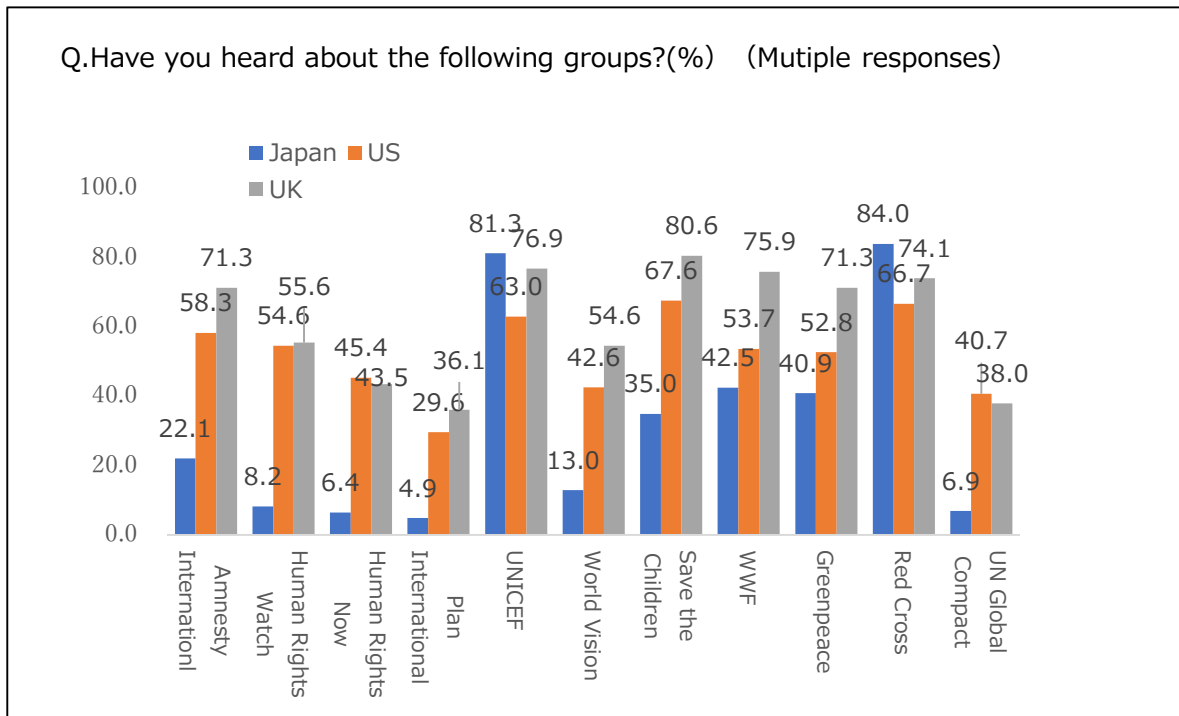
CONCERNS ABOUT NEW TECHNOLOGIES

Big Data and AI have been progressing rapidly in recent years. There is a concern that these new technologies will impact human rights problems. In the US and UK over 70% of the respondents answered that they were concerned about the issue. But in Japan only about half expressed concern.



LEVEL OF RECOGNITION OF ORGANIZATIONS LIKE NGOS

While the level of recognition of UNICEF and the Red Cross is very high in Japan, recognition of human rights organizations is, at their highest, only just over 30%. On the other hand, in the US and UK all of the organizations on average have high rates of recognition. Here we can see the difference in the influence they have on civil society. (However, there is a need to look carefully at whether all the respondents understand correctly the nature of each organization.)



4. Challenges in the promotion of “Business and Human Rights”

In our questionnaire survey which targeted Japanese companies, the results came up that more than 30% of corporate respondents³¹ were moving forward on implementing “Business and Human Rights” in accordance with the Guiding Principles. We also found that the number of companies that are revising their corporate policies on respecting human rights has increased dramatically in recent years. However, considering that the respondents in this survey were limited to a section of large corporations, it can’t be said that all corporations in Japan, which includes small and medium-sized companies, are doing enough in their efforts. Based on the research-survey results taken to date, we should consider the following as issues in accelerating the implementation of “Business and Human Rights” in Japan.

Challenge 1. Relatively low-level of consciousness on human rights in the formation of consumer behavior and corporate image in Japanese society

As a major characteristic in Japanese society, the point is often raised that what citizens consider important in consumer behavior leans heavily towards “Safety and Quality.” On questions about what the impacts on corporate image are, the safety and quality of products and services rate strikingly high and issues concerning human rights and the environment rate generally low. There is the same tendency in purchasing activities.

The range of safety and quality impacts stops basically with the users themselves. In Japan, the impacts that consumer conduct and corporate behavior have on society with respect to human rights and the environment are low compared to the US and UK. Moreover, it can’t be said that they are considered very important. However, investment in the stock market and supply chains has become global and the borderless nature of our world continues as business expands over the internet. With this as the situation, Japanese companies cannot ignore the consciousness of citizens who live abroad. If they are dragged along by only domestic consciousness, it’s possible that they will misinterpret the general trends in the world.

But there are signs of change in Japanese society. This is in the younger generation. The changes are especially large in the awareness among teenagers. Beginning with human rights, the extent to which the younger generation think about the impacts of issues such as responses to work conditions for employees and suppliers and trust in managers on corporate image is high compared to that for other generations. Moreover, there is an increasing level of recognition of terminology such as global human rights news, fair trade, ethical consumption, and SGDs. And as the number of foreign workers in Japan increases year by year, this trend will only accelerate in the future. Companies need to understand these changes in Japanese society and develop responses.

³¹ See 15Pages

Challenge 2. Awareness about human rights in Japanese companies and understanding about “Business and Human Rights”

Not being able to dispel stereotypes and narrow images about human rights is a challenge for companies that are promoting “Business and Human Rights.” In Japan, up until now, focus has been given and individual responses made on specific issues, among which are Japanese labor relations, consumer movements and problems with pollution. As a result, the issue of human rights has proscribed by these limited images. What’s needed is that companies get a proper understanding of the international standards for demands about human rights and on business in accordance with the Guiding Principles³².

The Guiding Principles ask for respecting human rights as recognized by the international community. This, at the very least, means that which has been made clear in the International Bill of Human Rights (Universal Declaration of Human Rights and International covenant on Civil and Political Rights, and International covenant on Economic, Social, and Cultural Rights, and in ILO core labor standards³³) These are usually understood as “The rights for living as a human being,” but the meaning is significantly broader than the image of human rights in Japan. Also, if one were to change his or her way of looking at how problems about labor and the environment have been dealt with in Japan up until now, in reality many of these are human rights problems. It’s important that companies, while keeping in mind first these international human rights, look through at various problems through the lens of human rights and stay aware that rights are related to all areas where business is in contact with people

Also, companies have a responsibility for respecting human rights. Fulfilling this responsibility is set out clearly in the Guiding Principles. Companies are expected to identify risks that will bring negative impacts and prevent and mitigate adverse impacts. The scope of responsibility doesn’t stop at the extent to which a company brings about direct influence.

Moreover, it’s important for companies to understand that the claims concerning human rights violation that come from stakeholders are not just selfish demands or complaints, but to see them as claims for rights that should be properly dealt with. It’s expected that companies consider the impacts of their business activities from the standpoint of the rights of their stakeholders. If there are negative impacts, then a perspective should be nurtured to solve the problems. As a result of these activities, the risks to businesses will be mitigated.

Challenge 3. Information about concrete implementation

What we hear often in our surveys from businesses that haven’t yet made efforts to implement

³²https://www.eyjapan.jp/services/specialty-services/ccass/human-rights/pdf/ccass_hr_brochure_jp.pdf

³³ <https://www.ungpreporting.org/wp-content/uploads/2017/06/UNGPRreportingFramework-Japanese-June2017.pdf>

“Business and Human Rights” is that they don’t know how to approach the matter in a concrete manner. “Business and Human Rights” is a subject that tends to be seen as being difficult, and it’s true that there is a lot of technical terminology. Also, as both the areas of business and the scope of human rights covers a wide range, people say that they don’t understand how far they have to go in implementation to get a passing grade.

We also hear from those companies that haven’t made progress in implementing according to the Guiding Principles. What they say more than anything is that they expect to conduct training and provide information to industry organizations. It’s hoped that information will be provided which is clear and easy to understand on how to implement even for those companies that don’t have sufficient knowledge about “Business and Human Rights.” Putting together concrete examples in conjunction with the diffusion and using of tools that already exist to help push the progress of implementation are some ways of doing this. Such tools might be the “OECD Due Diligence Guidance for Responsible Business Conduct,” Japan Federation Bar Association’s “Guidance on Human Rights Due Diligence,” and the Keidanren’s “Guidance to Putting into Practice the Charter of Corporate Behavior” Also, from companies that are pursuing implementation in accordance with “Business and Human Rights”, it’s expected that mechanisms that are common to industries and news on issue specificity are of high value. Frameworks are set up for different industries. It’s expected that industry organizations will establish such circumstances and companies will actively participate and access the information for themselves.

Challenge 4 . Awareness and participation among top management

From the business questionnaire survey, we can see that progress on implementation in accordance with the Guiding Principles and efforts on Human Rights Due Diligence depend on top managers recognizing the importance of “Business and Human Rights” and businesses participating in promotion. Of the business that are implementing in accordance with the Guiding Principles, more than 80% have established an in-company system in which they assign chief officers to be in charge of “Business and Human Rights” at the executive level. Half of these have clearly designated specific officer who is responsible.

In addition, by looking at the progress of Human Rights Due Diligence, we can see that the percentage of firms that carry out evaluations on negative impacts, implement measures and track responses in step with their progress is decreasing. Follow-up is not sufficiently performed. Building a system of promotion for “Business and Human Rights” that includes management levels is indispensable for conducting these kinds of continuing activities. And top management is expected to be firmly involved.

Challenges 5 . Transparency and disclosure of information

Even in companies that are implementing in accordance with the Guiding Principles, just over 20% of the total disclose progress they've made on issues that have clear impacts on human rights and on KPI³⁴. Voluntary disclosure by companies is lacking. For investors, it goes without saying that this kind of information is important in making an evaluation on corporate value. It's been pointed out that Japanese companies have a tendency in which S (Society) valuations are low in comparison to E (environment) valuations.

Increasing transparency is indispensable for fulfilling one's responsibility in explaining to and gaining the understanding of stakeholders. It's also vital as a start to stakeholder engagement. It's expected that companies move forward in disclosing both the issues that they deem important and the status of their current responses.

Challenge 6 . Stakeholder engagement

Of the all companies, at most only 20-30% have had inquiries or questions from stakeholders on "Business and Human Rights" or have had requests for problem proposals. And it is still only a portion of the companies that feels that the proposals they received were clear. Because of this lack of engagement between companies and stakeholders, one of the reasons why implementation on "Business and Human Rights" doesn't proceed is because companies aren't able to get a sense of such requests.

For example, compared to NGOs in the US and UK, knowledge of Japanese NGOs is extremely low. The opportunities for business to come in contact has been limited because the social influence of NGOs is not very large. However, in recent years with the development of online platforms and social media where anyone can easily gather signatures and make themselves heard, an environment now exists where it's easy to raise concerns. Even domestically, there have been examples of companies making efforts to resolve issues at the request of NGOs and citizens. Increasing company/stakeholder engagement is essential implementation to move forward.

Challenge 7 . Government policies in the area of "Business and Human Rights"

More than half of the companies moving forward with implementation in accordance with the Guiding Principles expect NAP to facilitate a national understanding on international norms for human rights. Also expected are reviews of government policies and systems that are apt be seen by the international community as not respecting human rights. (To take one example, the technical intern training program which had received criticism for being linked to forced

³⁴ See the questions and results of this research questionnaire

labor.) The government has a big role to play in promoting “Business and Human Rights” in Japanese companies.

In advanced countries such as in Europe, governments lead the way in strategically promoting the creation of an environment to tackle “Business and Human Rights.” This is done in the form of reducing business risks and ensuring a fair and competitive environment. Apart from the legal and regulatory system where Human Rights Due Diligence and its disclosure is made mandatory, systems and mechanisms are being set up to encourage implementation in businesses. Rules concerning public procurement, development finance and rules related to trade, agreements from multi-stakeholders, certification programs, frameworks for disclosure and the setting up of goals in NAP are examples.

On the other hand, currently in Japan some areas are moving forward on an individual basis, doing things like hammering out policies for the improvement of work environments. Unfortunately, human rights awareness in Japanese society is at quite a low level compared to the US and European countries. This is the current level of awareness from which it’s been necessary to start. The country as a whole has not been sufficiently successful in cultivating the momentum needed to make progress on “Business and Human Rights” in accordance to the Guiding Principles. NAP can give a strong momentum for that. However, at the moment, apart from being formulated in 21 countries, Japan and Canada are the only countries among the G7 nations which have not yet come up with a NAP—this despite the development of NAP being positively agreed upon at the Elmau Summit in 2015.

5. Recommendations

For Japanese companies to move forward in the future on implementing “Business and Human Rights,” certain things need to be done. Based on the results of survey research conducted up to the present, we present the following recommendations.

[Recommendations for companies]

Recommendation 1. Making a commitment to be responsible for bringing about respect for human rights, management should be involved in the promotion of activities and in building a system where it can continuously implement policies.

“Business and Human Rights” is concerned with all areas where people are involved. Its problems deal with all aspects of business activities. It’s not enough for one department to respond to issues, but rather it’s necessary to establish a cross-company system. The roles played by top management and board of directors that make management decisions in promoting these initiatives becomes important. In fact, in companies where the top management understands the importance and is involved in promotion, implementation of Human Rights Due Diligence moves forward. Companies feel the positive effects of how their policy contributes to improved corporate evaluations and to the retaining and acquiring of human resource talent.

Building a system that makes clear the responsibilities of upper management to “Business and Human Rights” and checks the progress status of implementation as a mechanism of management is indispensable for on-going promotion. It is expected of the management level to be involved in making clear who the officer in charge is, for conducting periodic reviews at the board of directors and for setting up company-wide human rights committees, as well as for overseeing implementation.

Recommendation 2. Businesses gradually increase their level of maturity through the ongoing implementation of “Business and Human Rights”

“Business and Human Rights” initiatives are neither things that are transient and come to an end, nor are they matters to be checked off and be away with. What must be done is different depending on the type of business and the scale of operations. Also, the areas change that companies should respond to on “Business and Human Rights” in accordance with transformations in business and society. Implementing Human Rights Due Diligence means identifying negative impacts, dealing with challenges from areas of high human rights risks and tracking the situations. It also means confirming what’s been improved and making reports.

The initiatives turn in a continuous cycle based on the level of priority for identified human

rights risks. And in response to the changes in society and to new technologies such as AI and Big Data, they begin to function for the first time with periodic reviews. It is important for companies to take “Business and Human Rights” as an ongoing initiative that does not end and to see that they are increasing their level of maturity step-by-step. Also, in this process, regular conversations and discussions with stakeholders are essential.

In addition, it’s important that companies both disclose their progress status on “Business and Human Rights” and increase transparency. There is nothing in the ongoing initiative of “Business and Human Rights” that says, “If I do this, I’ll get full credit.” It’s not a matter of disclosing after you’ve been able to complete everything. But rather what’s required in the Guiding Principles is that companies recognize what’s important and become aware of human rights risks that are of high priority. They then make reports on how they are going to respond and how far they can go in their current situations, regardless of the level of implementation. Increasing transparency is essential for carrying out the responsibility of explaining to stakeholders and gaining their understanding, as well as for starting an engagement with them. Companies are expected to facilitate disclosure about challenges that they recognize as important and about the current status of their responses.

[Recommendation to companies and stakeholders]

Recommendation 3 . Both sides, companies and stakeholders should engage in constructive dialogues and discussions (engagement)

In prevention and remediation of the negative impacts on human rights, listening to the parties involved is the starting point. Implementation of “Business and Human Rights without dialogues and discussions among the people who hold rights means companies cannot respond in an essential way. Responding after problems become apparent opens the possibility that you’re already late, so it’s important to be involved with stakeholders on a daily basis in order to understand potential needs. Even in Japan, consciousness about the social nature of business is increasing among the younger generation, but these changes won’t be understood without engagement.

It’s essential for companies to first identify the parties involved where there may be negative impacts on human rights and create opportunities for dialogue. In circumstance where it’s difficult to listen directly to the voice of the concerned party that is being impacted, NGOs or others can act as their voice. In such instances, companies are expected to take the stance of not reacting to the claims of parties as criticism or complaints, but instead to understand the problems and face them with the intention of finding a resolution.

Stakeholders like NGOs and investors are expected to carry out their duties so as to support these movements. At present, not even 10% of companies have often a sense of the requests coming from their investors. “Business and Human Rights” is an important challenge for

companies in creating sustainable value, and constructive engagement is required between investors and businesses. It's also important that NGOs make appeals to businesses based on facts and at appropriate times, and that they conduct dialogues with the priority of helping the victims of human rights violations. Also, on problems that are difficult to resolve as a single company, what's vital is cooperating to solve challenges. This includes approaches that initiate from specific issues and from multi-stakeholders in different industries.

As a reference for putting into practice recommendations 1 through 3, Table 1 in the appendix puts together examples of initiatives that are based on a mature level of promotion for "Business and Human Rights"

[Recommendation for governments]

Recommendation 4. Governments should immediately make clear the direction for promoting "Business and Human Rights" and come up with a mid-to-long-term roadmap through Nap.

"The National Action Plan for Business and Human Rights" (NAP), which the Japanese government plans to announce in 2020, will be an important opportunity for Japanese society and Japanese business to point out the direction they will take in the future on "Business and Human Rights." Through the NAP, it's expected that the government, along with promoting Human Rights Due Diligence for companies, will make a clear statement on setting up a healthy, competitive environment by creating a level playing field in hiring in developing and emerging countries and on issues of competitiveness. Especially in this area, the role that should be played by government covers an extremely wide range—from government policies for promoting company initiatives to measures regarding the implementation in government itself and for Japanese society as a whole. It's expected that a mid-to-long-term roadmap that appropriately combines these various measures will become clear with the NAP. Concretely, it's anticipated that it will show as soon as possible the time-axis corresponding with a clear direction, at least with respect to the following topics.

1. Structure to support effective and efficient implementation in companies and preparation of infrastructure

It's expected that preparing an environment with the necessary structure and infrastructure will encourage active implementation in companies. Moreover, putting into practice effective measures will be linked to increased international competition for companies.

1-1. Measures that increase awareness on both the management and investing side and encourage action.

1-2. Promoting information disclosure in companies

1-3. Providing information that supports implementation in small to mid-sized companies

1-4. Improvement in remedy mechanism (National Contact Point, NCP) that the government is responsible for

1-5. Installation study of domestic human rights organizations

2. Practicing respect for human rights by government organizations

By the government itself taking the lead and implementing the policy, it will encourage companies to put it into practice. It's expected that this will create an environment where business risks are reduced.

2-1. Introducing human rights standards for public procurement

2-2. Strengthening human rights considerations in trade agreement and development assistance

2-3. Preventing human rights violations in government policy and programs

3. Measures for promoting understanding and raising awareness in society as a whole.

It's expected that by raising the consciousness of society as a whole, it will also raise awareness and sensitivity of companies with respect to human rights.

3-1. Encouraging understanding and education concerning international standards for human rights and "Business and Human Rights"

3-2. Conducting periodic surveys on the status of implementation and its progress.

In addition, for each of the above topics, more concrete examples for investigation are given in Table 2 in the Appendix so as to lead to more constructive discussions among the parties concerned.

[Recommendations for society as a whole]

Recommendation 5. Raising awareness on human rights in Japanese society as a whole

Japanese is turning into an aging society at a speed unparalleled in the rest of the world. As such, it's vital that we increase the production of each person, secure a labor force that includes accepting people from overseas, and advance the social implementation of new technologies like AI and Big Data. However, if it's a society where human rights are not respected, the abilities that individuals possess won't be fully displayed and Japan won't be chosen as a place for employment. Even if new technologies are introduced, the people living there might think that the future will not necessarily turn out to be a happy one. As the percentage of foreigners in Japan increases, it will become an increasingly more diverse society. Amidst this, it's important that we raise sensitivity toward human rights. It's necessary for Japan as a whole to move toward realizing a society where people are valued and where we increase awareness of human rights to the international standard. Each element of society—nations, businesses, citizens, etc.—need to play a role in tackling these issues.

- To raise awareness in Japanese society as a whole and to boost momentum for respecting human rights, it's expected that governments in particular will play a leading role and raise awareness society through policies.
- In companies, it's important that the managerial level raises this awareness and embodies it in its leadership. Also indispensable for companies is promoting education for employees so that a culture emerges where human rights are respected at work every day. And just as companies bear the responsibility of playing an active role in fostering environmental awareness throughout Japanese society (for instance in doing things like sending messages to consumers), companies also have a large role to play in increasing awareness on human rights.
- Each citizen needs to take into consideration initiatives on human rights in his or her purchasing behavior and selection of companies as a standard for making decisions. They also need to communicate their willingness to give support by proactively choosing companies that tackle human rights.
- The media needs to review whether the messages it is sending out are not helping bring about misunderstandings on human rights. It should add more reports aimed at increasing awareness among the citizenry.
- It is important for educational institutions to promote education on human rights in accordance with the international standards and take on the role of creating a foundation for society from a long-term perspective.

Also, this survey focused on and examined aspects of how specially to reduce human rights risks. With big changes in population movements and further developments expected in technology in areas like AI and Big Data, it's important conduct on-going reviews from the standpoint of human rights risks. There's a big role that companies can play in implementing human rights that haven't yet been realized such as in areas like universal design and in business models that are inclusive. In particular, We need to further study factors that contribute to the implementation of human rights by companies.

Appendix 1 : Examples of initiatives corresponding to maturity of promotion in

“Business and Human Rights”

“Business and Human Rights” is beneficial for identifying priorities in terms of human rights risks and for raising the level of maturity by steps. As examples, implementation in line with a company’s level of maturity on “Business and Human Rights” have been extracted as table entries from practical examples of initiatives in corporate practice and based on the demands of the Guiding Principles. We’ve tried to organize these examples in the table below. (The number of the item is related to concrete corporate initiatives in “Guiding Principle II. Corporate responsibility to respect human rights and III. Access to remedies.”)

In promoting “Business and Human Rights,” it’s desirable that companies increase the maturity level of initiatives in those areas where high human rights risks have been identified. However, we can’t draw a strict distinction in classifications of maturity level. And so, different classifications should be considered depending on individual circumstances. Also, we don’t expect the following arrangement to apply uniformly to all companies. Industry type and circumstances, the size of the company, the presence of resources that can be apportioned as responses—we can assume that these will be put to use for the purpose of reducing human rights risks while adding to the necessary and appropriate corrections in line with the circumstances for each company.

Maturity Level

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I M P L E M E N T A T I O N	Policy Formulation and Commitment (Guiding Principle 16)		
	<p>· Properly understand the responsibilities and requirements for respecting the human rights in companies that follow the Guiding Principles</p>		
	<p>· Top management makes a commitment, both inside and outside of the company, to respecting human rights at the level that is recognized internationally. (Example: the top management sends out messages.)</p>	<p>· Integrate policies that respect human rights into existing corporate policies, or formulate a new independent human rights policy and obtain approval from the board of directors. (Example: create a chapter on human rights in the company’s guidelines for action. Include human rights clauses in the sourcing policies)</p>	<p>· Periodically review policies and revise them as necessary. Investigate the adoption of new policies.</p> <p>· Formulate concrete policies on issues that have a significant impact on human rights. (Example: policy for migrant workers and detailed policy on specific procurement goods.)</p>
	<p>· Formulate an action plan to realize the policy</p>	<p>· Engage in dissemination and education so that the policy</p>	

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permeates throughout the company and outside.

Building an Internal System and Education (Guiding Principle 16)

• **Determine the officers in charge and clarify the persons responsible in the management group.**

• **Offer input to executives about important issues that have a significant impact on human rights. Apportion management necessary resources in response.**

• Establish a place to regularly discuss business and human rights inside the management system. (Example: CSR Committee)

• Conduct periodic reports for Board of Directors, outside directors, company auditors and audit committee.

• Establish a cross-company system that involves related divisions so as to respond to meet specific key issues.

• Include human rights clauses in performance evaluations of those responsible on the management and in business operations and personnel evaluations.

• Send messages to employees once a year from the officer in charge of "Business and Human Rights."

• Top management and the person responsible in each business operation send ongoing messages to employees from their own standpoints.

• Send messages from top management to business partners, suppliers, etc.

• **Implement educational activities for all employees (including temporary employees) through e-learning that give basic knowledge on "Business and Human Rights" and raise understanding for the responsibilities that employees should fulfill.**

• Engage in specialized education and training for employee levels of the company, such as those related to areas with high human rights risks.

• Conduct regular training for executives

• Offer education and capital building to partners and those one does business with.

• Engage in educational activities on issues that have been newly identified as important.

• Promote awareness in small and medium-sized businesses where resources are particularly insufficient.

Adverse impact assessment on human rights (Guiding Principle 18)

• Identify and evaluate high priority areas that have the possibility of negatively impacting human rights and specify the human rights risks. Pay attention to the value chain and the use and disposal of

• Review specific human rights risks periodically based on changes in business and social conditions.

• Conduct evaluations on areas of secondary priority where exist the possibility of negative

• Review specific human rights risks periodically based on changes in business and social conditions.

• Conduct pre-assessments on human rights risks when new businesses are being

Maturity Level

I M P L E M E N T A T I O N	<p>products and services going back to the supply chain. Also pay attention to the investment chain. (Conduct by steps from large-scale business with sales and the degree of negative impacts is large and business development areas where the risks are high.)</p>	<p>impacts on human rights.</p>	<p>considered.</p>
	<ul style="list-style-type: none"> Conduct surveys on the situation by writing, etc. for businesses and business partners that are deemed to have high human rights. (such as SAQ) 	<ul style="list-style-type: none"> Go to the actual sites and conduct audits and hearings with the people concerned and stakeholders on the business with high human rights risks, business partners, up-stream supply chain and downstream value chain. 	<ul style="list-style-type: none"> Conduct regular supplier audits, etc. and monitor the status of human rights risks.

Activities to Prevent and Mitigate Negative Impacts (Guiding Principle 19)

<ul style="list-style-type: none"> Listening to the parties affected by negative impacts and grasping the situation. Provide necessary compensation and allowances to the parties who have suffered negative impacts. Provide necessary guidance, including issuing to the parties that were cause. 	<ul style="list-style-type: none"> Change the policy or system that made possible the negative impact or was the cause to prevent recurrence. Provide necessary education to the relevant parties. 	<ul style="list-style-type: none"> Examine the structural factors that caused negative impacts, and cooperate with external stakeholders to address them.
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Tracking Evaluation (Guiding Principle 20)

<ul style="list-style-type: none"> Get a hold on the improved status through hearings with parties involved and questionnaire surveys with related stakeholders 	<ul style="list-style-type: none"> Conduct ongoing questionnaire surveys to understand quantitatively the status of improvement 	<ul style="list-style-type: none"> Conduct evaluations with the approval of third parties
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Disclosure of information (Guiding Principle 21)

<ul style="list-style-type: none"> Publicize policies respecting human rights 	<ul style="list-style-type: none"> Report the officer in charge of those responsible in the management level 	<ul style="list-style-type: none"> Disclose a reporting line to the Board of Directors
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<ul style="list-style-type: none"> • Disclose important human rights risks that have been identified, the evaluations of negative impacts, and the process of prevention and mitigation of those impact 	<ul style="list-style-type: none"> • Disclose measures taken to evaluate, prevent and reduce the negative impacts 	<ul style="list-style-type: none"> • Report progress on targets, KPI and countermeasures with respect to important human rights risks
<ul style="list-style-type: none"> • Report the status of internal remedy mechanisms 	<ul style="list-style-type: none"> • Disclose an overview on inquiry contents and responses for the remedy mechanism • Give an overview report on the remedy mechanism to external sources 	<ul style="list-style-type: none"> • Disclose detail of the inquiry contents and responses to the remedy mechanism • Increase transparency of the supply chain, including disclosing business partners and suppliers of raw materials
<ul style="list-style-type: none"> • Report the status of internal education 	<ul style="list-style-type: none"> • Report the contents of engagement with stakeholders 	<ul style="list-style-type: none"> • Have the management announce initiatives in places like the international conference
<p>Building the remedy mechanism (Guideline Principles 21, 29-31)</p>		
<ul style="list-style-type: none"> • Improve the existing reporting window, etc. and use it as a remedy mechanism for human rights 	<ul style="list-style-type: none"> • Build a reporting process from outside stakeholders such as suppliers and customers 	<ul style="list-style-type: none"> • Build a reporting system that can be accessed directly by victims such as local residents and workers for suppliers
<ul style="list-style-type: none"> • Take measures in-house to raise awareness about the reporting window and encourage its use 	<ul style="list-style-type: none"> • Take measures outside the company to raise awareness about the reporting window and encourage its use 	<ul style="list-style-type: none"> • Take measures to encourage action for increasing awareness and responding in local languages for target groups of the reporting system that victims can use directly
	<ul style="list-style-type: none"> • Ensure transparency of the reporting system process 	<ul style="list-style-type: none"> • Organize advisory committees with objectivity and expertise and introduce a mechanism to handle fairly report and process them

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<p>Dialogue with Stakeholders and Cooperation with Outside the Company (Guiding Principles 18 and 31) *Important Throughout</p> <ul style="list-style-type: none"> • Answer inquiries from stakeholders 	<ul style="list-style-type: none"> • Conduct direct dialogues with citizen’s organizations, etc. and investigate how to resolve issues 	<ul style="list-style-type: none"> • Support NGOs and other organizations that act to mitigate human rights risks they are exposed to.
<ul style="list-style-type: none"> • Participate in existing industry initiatives, etc. and collect information • Contribute to the formulation of guidance on human rights Due Diligence for by industry and initiatives for multi-stakeholders 	<ul style="list-style-type: none"> • Show leadership by building and actively participating in initiatives involving industry and stakeholders in order to influence upstream supply chains. • Make proactive policy recommendations to the government 	

Appendix 2 : Examples of necessary items to be discussed on NAP formulation

The role governments play in the promotion of “Business and Human Rights” covers a wide range from government policies that promote implementation in the business world to implementation in government itself and measures for Japanese society as a whole. It’s expected that a medium to long-term roadmap that appropriately combines these various measures will be clarified by the NAP. We’ve put together concrete items that need to be discussed so as to lead to more constructive discussion with stakeholders.

1 . Mechanism and infrastructure preparation to support effective and efficient implementation in companies

1 – 1. Measures that increase awareness on both the management and investor sides and encourage action

An integrated government mechanism is needed for companies to respond adequately to human rights risks and thus avoid business risks. For this reason, the following measure should be considered.

- Make the perspectives of “Business and Human Rights” be reflected in the use of corporate governance codes and stewardship codes and respond so as to link it to the boosting of implementation of human rights Due Diligence in corporate and investor behavior.
- Construct an environment where investors and companies can have dialogues on “Business and Human Rights”

1 – 2. Promotion of corporate information disclosure

In Europe and the United States, the promotion of disclosure of information on human rights, including legislation, is being actively undertaken. Information disclosure on human rights in Japan is not sufficient. A more proactive way of promoting is necessary to answer the expectations of stakeholders, beginning with investors. For this reason, the following measure should be considered.

- Set up a forum for discussion on methods of promoting information disclosure (guidance formulation, etc.) and the appropriateness of future mandates. Clarify a medium-term roadmap.

1 – 3. Information preparation to support small and medium-sized businesses

In order to respond appropriately to supply chains, implementation for small and medium-sized business is necessary. However, since small and medium-sized businesses in general have inadequate resources, they aren’t in the situation where they can sufficiently become aware and respond to human rights issues. For this reason, the following measures, for example, might be considered.

- Develop guidance on and tools for Human Rights Due Diligence for small and medium-sized

companies. Formulate and put into effect accreditation systems or plans for assistance. Monitor the effectiveness.

- At the same time, offer easy-to-understand information that gives concrete examples, while building consultation windows and assistance systems that provide information (portal sites, etc.) to small and medium-sized companies.

1 – 4. Improve remedy mechanisms including the NCP

In fulfilling their responsibilities to respecting human rights, it's extremely important for companies to ensure access to remedy for their people and that they are able to trust and utilize NCP as the outside remedy mechanisms. Also, it's essential that companies construct systems for processing grievances in-house or promote participating in collective systems. Therefore, the following measures might be considered.

- Clarify a medium-term plan of development for NCP which makes clear the time axis (including the items below) in order to make more active NCP.

- Concrete plan for increasing awareness of NCP
- Increasing transparency of the system of reporting and claim-processing
- Further clarifying areas of responsibility
- Improving ways to engage with stakeholders

- Together with promoting the development of a system for processing grievances inside each company(guidance formulation, etc.), assist in the setting up of systems for processing grievances collectively.

1 – 5. Investigating the establishment of domestic human rights organizations

Human rights organizations have accumulated information and know-how about "Business and Human Rights." And from the standpoint of being separate from the government and strongly independent, they respond quickly to human rights issues and conduct publicity activities on human rights. It's expected that these organizations will be able to contribute on many fronts to the human rights initiatives in companies. Therefore, the following measures are for consideration.

- Set up forums for discussion on the appropriateness and the ideal way of establishing organizations to play central role for promoting "Business and Human Rights" in the format of domestic human rights organizations based in the Paris Principles or other formation. Issue conclusions periodically.

2. Implementation in governmental organizations respecting human rights

2 – 1. Introduction of human rights standards in public procurement

Public organizations, beginning with the government, have great buying power and their influence is enormous. At the same time, their standards of procurement become an important

message for business suppliers. However, at the present, there are many who think that the standards concerning human rights in public procurement are extremely limited. Against this, the following measure should be considered.

- Clarify a plan that expands after 2020 to public procurement in government and municipalities. This can act as a legacy of the sustainable procurement code introduced for the Tokyo Olympics and Para-Olympics.
- Look into initiatives on the human rights side for companies. Also look into the possibility of introducing a point system in public procurement together with environmental aspects.

2 – 2 . Strengthen human rights considerations in trade agreements and developmental assistance

Making clear human rights clauses in trade agreements and developmental assistance is an extremely important element for promoting implementation in Japanese companies and for future competitiveness. The following measures are for consideration.

- Investigate the standards of consideration for human rights in developmental finance and into strengthening monitoring. Investigate a framework for assisting in the resolution of human rights issues in places that Japanese companies go into and with their business partners as a part of developmental assistance.
- Strengthen the factors for consideration of human rights in the clauses of trade agreements. As a prerequisite, re-examine the possibility of ratifying the Treaty on Human Rights beginning with ILO No. 105 and No.111.

2 – 3. Prevention of human rights violations in government policies and systems

In instances where there is a latent risk of government policies or system themselves causing human rights violations, a danger exists among companies that utilize those mechanisms of being complicit in human rights violations. It's necessary to review systems promptly with regards to such high risks mechanisms. Also, pre-evaluations of human rights risks are essential at the time of the introduction of new systems. Therefore, the following measures should be considered.

- Quickly investigate the factual relationships to government policies and systems, especially those which the international community has pointed out as possibly causing human rights violations. Promptly rectify necessary items.
- Build domestic systems and mechanisms based on international agreements to eliminate human rights violations. An example might be limiting the excessive levies imposed on workers that come with being accepted as technical intern trainees and or with foreign workers who have been newly brought in.

3 . Measures for promoting understanding and increasing awareness throughout society

3 – 1. Promoting understanding and education about the international standards for human rights and “Business and Human Rights”

Medium and long-term initiatives that broadly promote understanding of the international standards on human rights for the general public (which make up the employees and customers of companies) and increase awareness throughout society are important for the encouragement of implementation of essential initiatives in companies. The following measures should be considered.

- Investigate awareness and education measures for the entire citizenry, including teaching in schools the international standards for human rights.
- Formulate a plan with promotion measures on ethical consumption, which include issues on human rights in supply chains.

3 – 2. Conduct periodic surveys on the status of implementation and progress

NAP is an extremely important tool in the promotion of “Business and Human Rights,” but it should be seen as only a gateway. After the introduction of NAP, understanding the situation—as to whether or not the initiatives on “Business and Human Rights” are being properly done—and the process of on-going improvement, including making changes to reflect the situation, are mandatory requirements. This is in order to ensure implementation of the plans. Therefore, the following measure should be considered.

- To get a correct understanding of the current situation, while conducting on-going dialogues with businesses and stakeholders through the NAP formulation process, identify the negative impacts on human rights in business activities and identify gaps where the current system is inadequate regarding the issues.
- Use a statistical approach and conduct on-going surveys for the purpose of getting an understanding of the actual situation and to measure the degree of progress and improvement concerning the status of implementation of “Business and Human Rights” and the level of awareness among the citizenry. Link the results to improvements in NAP.

◇ Overview of CSR Forum, Japan

In 2004, Business Policy Forum, Japan launched CSR Forum, Japan with support from the Ministry of Economy, Trade and Industry as a business initiative to propose efforts for corporate social responsibility (CSR). Since then, with typical Japanese companies participating in the forum, we have utilized this as a CSR network that represents Japan and, in cooperation with national and international organizations, every year we have released information on a variety of research results.

The main missions of CSR Forum, Japan are as follows.

- Provide support for companies by sharing experiences, insight and the latest information on CSR
- Implement research projects related to CSR policies and business
- Promote communication and collaboration between companies and related organizations

(Reference) Actual results achieved through research so far (most recent Six years)

FY2017— Investigative Research Report on Ideal Non-financial Information Disclosure in the New Era

FY2016— Investigative Research Report Concerning the Desirable State of Efforts and Partnerships with International Organizations, the Government, and the Industrial World Aimed at Resolving Social Issues (Such As the SDGs)

FY2015 — Research report on international strategies of CSR towards strengthening Japanese companies' competitiveness

FY2014 — Aiming to achieve the following three points, we will carry out "research on companies' global development and CSR."

FY2013 — Study Report on How to Make Appropriate Use of ISO 26000 and other International Standards on Corporate Social Responsibility in Businesses

Appropriate way to use international standards so that companies can achieve corporate social responsibility

FY2012 — Report on Issues concerning Business and Human Rights in Emerging Countries
How to respect human rights in emerging countries and achieve business development

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