

# **Japan's Efforts concerning Corporate Supply Chains and Human Rights**

**June 2022**

Ministry of Economy, Trade and Industry of Japan

# Japan's Efforts on Business and Human Rights

## Launch of Japan's NAP

- In October 2020, Japan launched a National Action Plan on Business and Human Rights (2020-2025) to promote respect for human rights in business activities through discussions with the Advisory Committee/Working Group.
- The NAP includes a set of measures promoting understanding and awareness of business and human rights among ministries and agencies, government related entities, local public entities and business enterprises. The NAP expects business enterprises to introduce human rights due diligence.
- The Inter-Ministerial Committee on Policy Promotion for the Implementation of Japan's NAP is set up to promote cooperation among relevant government ministries and agencies and follow the NAP's implementation progress and so on.



# Japan's NAP on Business and Human Rights (2020-2025) (Summary)



## Ch.1 Towards the Formulation of the NAP

- 1 Increasing International Attention to Business and Human Rights and the Need for NAPs
- 2 Positioning of the NAP
- 3 Objectives to be Achieved through the Launch and Implementation of the NAP
  - To protect and promote human rights for society as a whole, including international society
  - To ensure policy coherence in relation to business and human rights
  - To ensure and enhance the international competitiveness and sustainability of Japanese business enterprises
  - To contribute to achieving the SDGs
- 4 The NAP Formulation Process

## Ch.2 Action Plan

- 1 Fundamental Principles of the NAP
- 2 Areas of the NAP

## Ch.3 Government's Expectations towards Business Enterprises

The Government expects Japanese enterprises, regardless of their size and sector of industry, to respect internationally recognized human rights and **introduce the process of human rights due diligence** based on the UNGPs and other related international standards.

## Ch.4 Framework for Implementation and Review of the NAP

The NAP is expected to cover five years. The Inter-Ministerial Committee will follow the progress of the NAP's implementation every year. Dialogues with stakeholders are to be held, and the summary of the dialogues is to be publicized. A mid-term review will be held three years after the issuance of the NAP, with revisions planned after five years.

# Japan's Efforts on Business and Human Rights

- As listed in the NAP, METI **promotes awareness and initiatives in the industrial sector, including SMEs.**
- METI **set up a special business and human rights website,** introducing international frameworks, Japan's approach and initiatives in foreign countries, and information on related surveys and seminars.

(Website) [https://www.meti.go.jp/english/policy/economy/biz\\_human\\_rights/index.html](https://www.meti.go.jp/english/policy/economy/biz_human_rights/index.html)

- METI organizes seminars targeting various companies, including SMEs and Japanese companies operating in Europe and the U.S.A. **METI organizes these seminars in cooperation with JETRO.**
- As a part of the follow-up to the NAP, METI, jointly with MOFA, conducted the "Questionnaire Survey on the Status of Efforts on Human Rights in the Supply Chains of Japanese Companies."



# “Questionnaire Survey on the Status of Efforts on Human Rights in the Supply Chains of Japanese Companies”

## Survey overview/objective

- This was the **first government survey** on the status of business and human rights efforts by Japanese companies (jointly conducted by the Ministry of Economy, Trade and Industry and the Ministry of Foreign Affairs)
- In October 2020, in consideration of the “Guiding Principles on Business and Human Rights” endorsed by the United Nations Human Rights Council in 2011, the Government of Japan launched a National Action Plan on Business and Human Rights (“NAP”). The NAP expresses the government’s expectations for Japanese companies to introduce human rights due diligence regardless of their size and sector of industry. This survey was **conducted as a part of the follow-up to the NAP to ascertain the status of corporate efforts.**

## Survey period

September 3 – October 14, 2021

## Survey targets

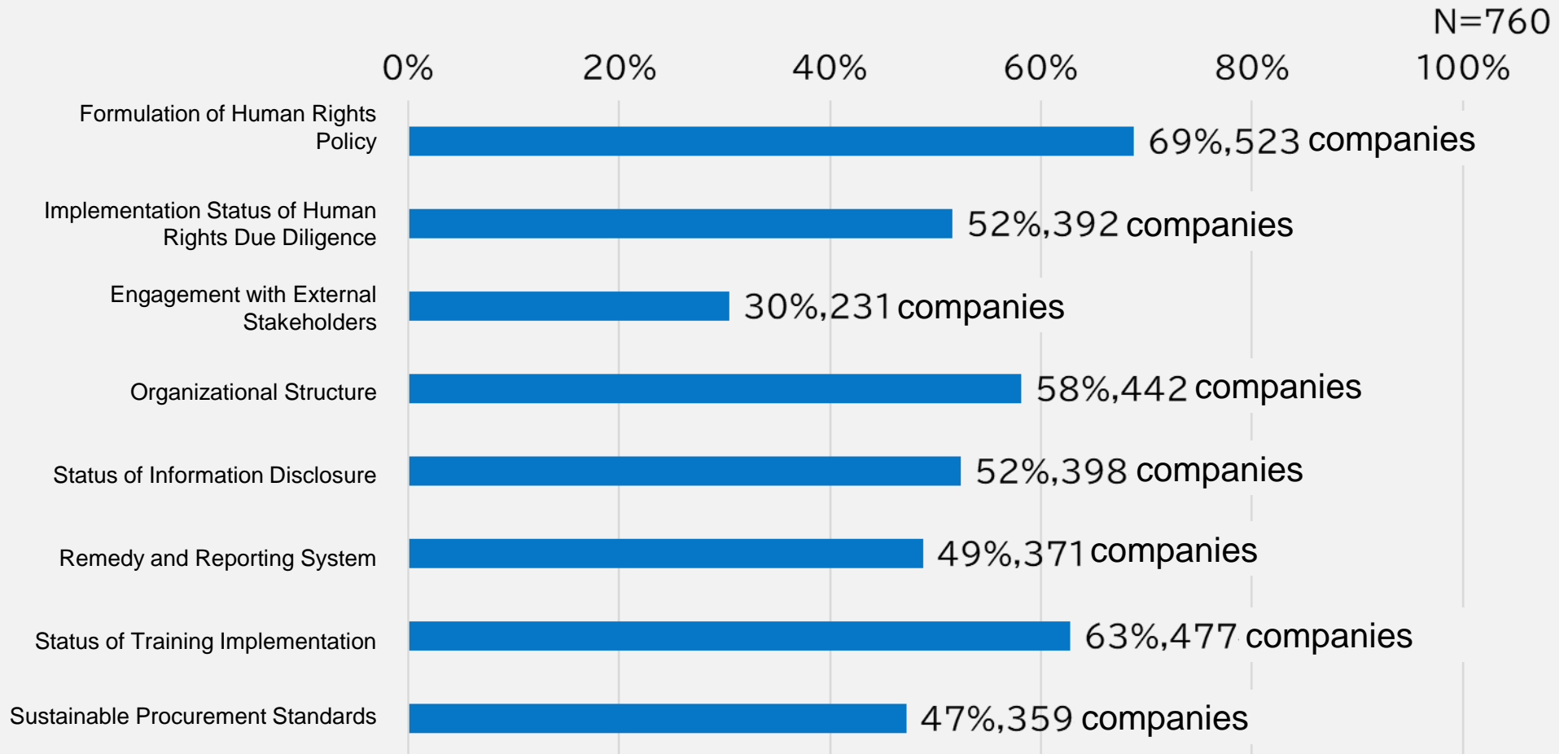
Companies listed on the first and second sections of the Tokyo Stock Exchange, etc., as of August 2021

## Number of companies targeted / number of respondents

Out of the 2,786 targeted companies, 760 companies responded to this survey.

# Overview of Results

- Of the responded companies (760 companies), **approximately 70% have formulated a human rights policy, and over 50% have implemented human rights due diligence.** Only 30% have engaged with external stakeholders.



# Formulation of Human Rights Policy

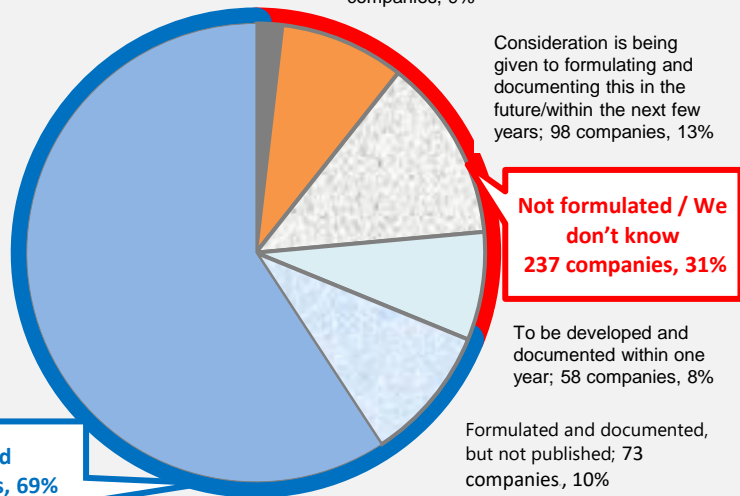
- About **70% of companies have formulated a human rights policy**.
- Of the companies that have developed a human rights policy, just under 90% have policies approved at the most senior level of the business enterprise, and just under 60% recall information by internal and/or external experts.

Do you have a human rights policy, or do you clearly state respect for human rights in your corporate policies and management principles, management strategies, etc.? Do you disclose them?

Regarding the formulation of human rights policy, please indicate which of the following requirements are met as required by the United Nations Guiding Principles on Business and Human Rights. Please select all that apply. (You can choose more than one)

We don't know; 14 companies, 2%      Not formulated or documented; 67 companies, 9%      N=760

Formulated, documented, and made publicly available; 450 companies, 59%

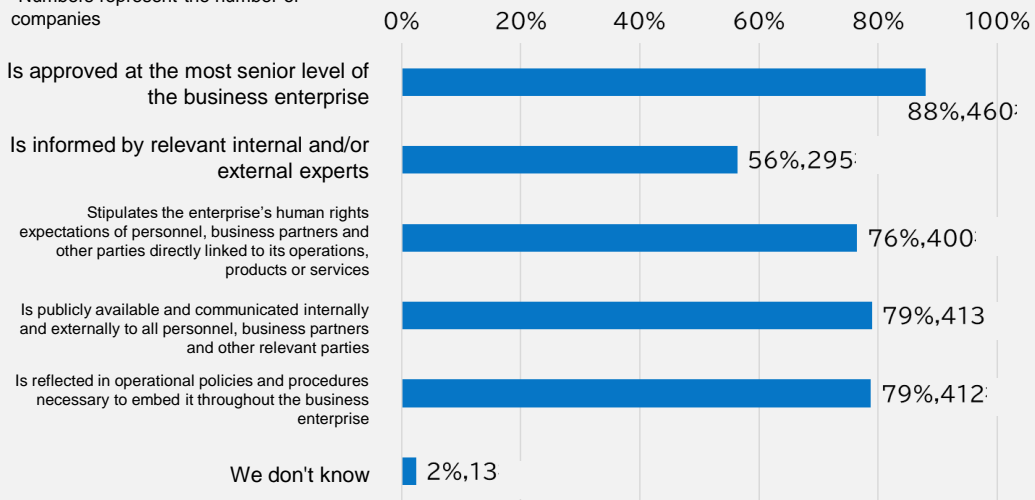


**Not formulated / We don't know**  
237 companies, 31%

**Formulated**  
523 companies, 69%

\*Numbers represent the number of companies

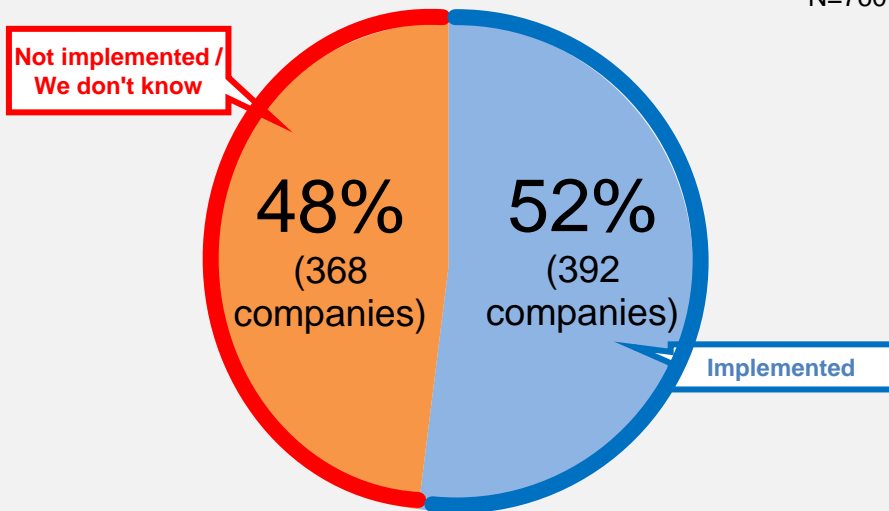
N=523



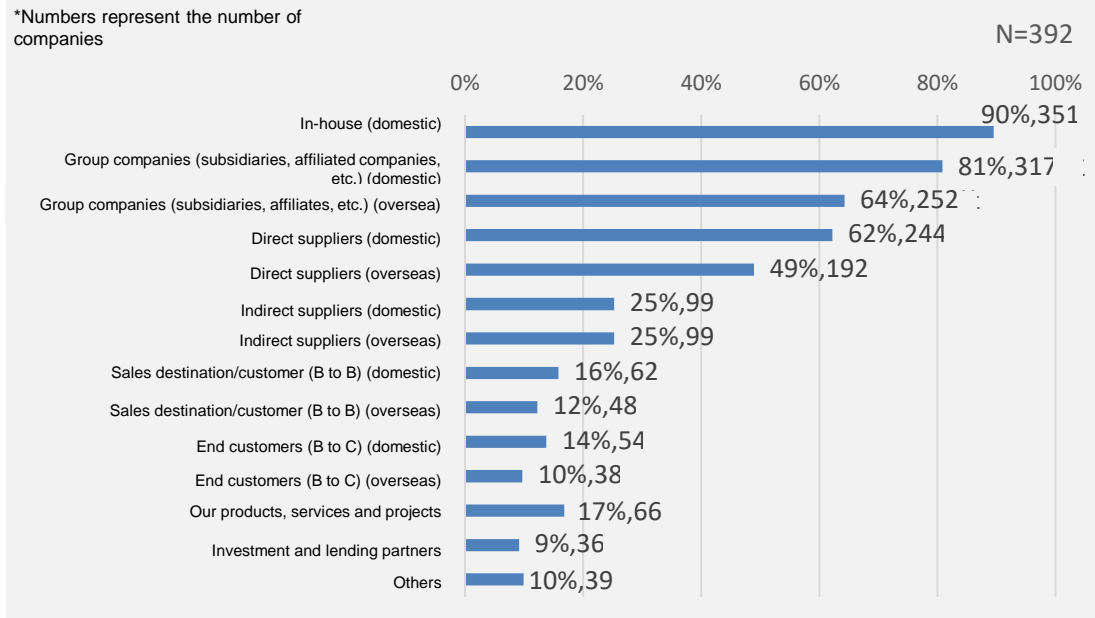
# Implementation Status of Human Rights Due Diligence

- **Over 50% of companies have implemented human rights due diligence.**
- Of the companies that have implemented human rights due diligence, 25% of companies have implemented it to cover indirect suppliers, and 10–16% of companies have implemented it to cover sales destinations/customers.

## Implementation Status of Human Rights Due Diligence



## To what level scope, does your human rights due diligence cover? (You can select more than one)



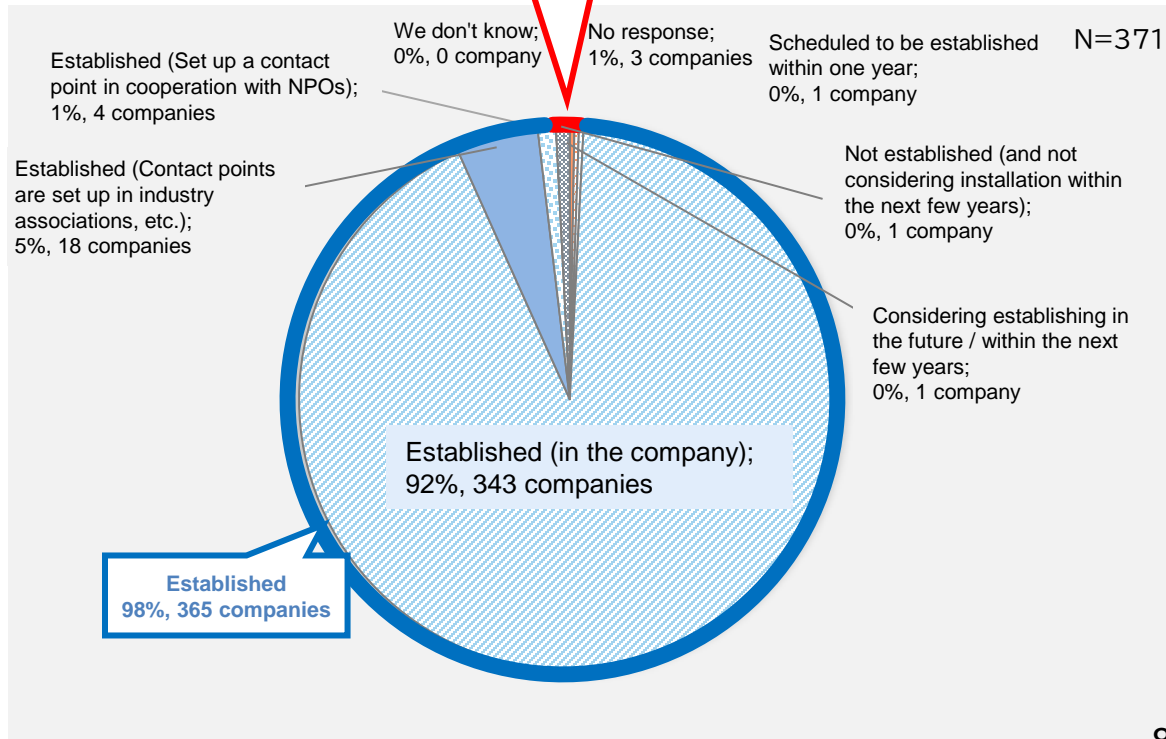
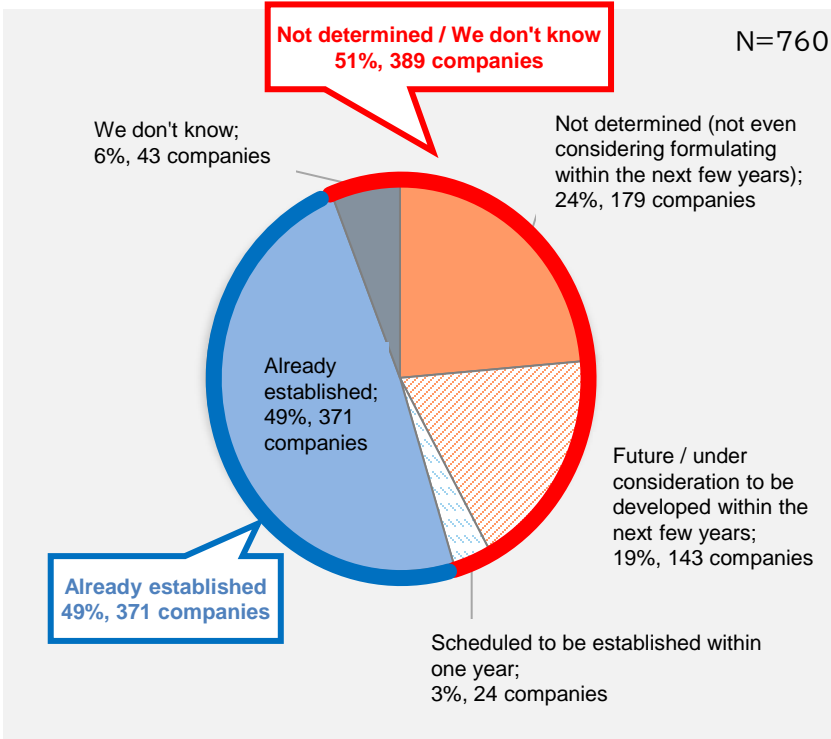


# Remedy and Reporting System

- Approximately 50% of all companies have established guidelines and procedures for victims' remedy and correction of problems.
- Of these, over 90% have established a hotline for receiving reports on human rights violations.

• Do you have specific guidelines and procedures (grievance handling and redress mechanisms) for victims' remedy and correction of problems when human rights violations are detected?

• Has your company established a hotline for receiving reports on human rights violations?



# Human Rights Efforts

- **Group A: Number of companies that have implemented all** basic items\* for human rights policy and human rights DD, etc.: **103 companies**

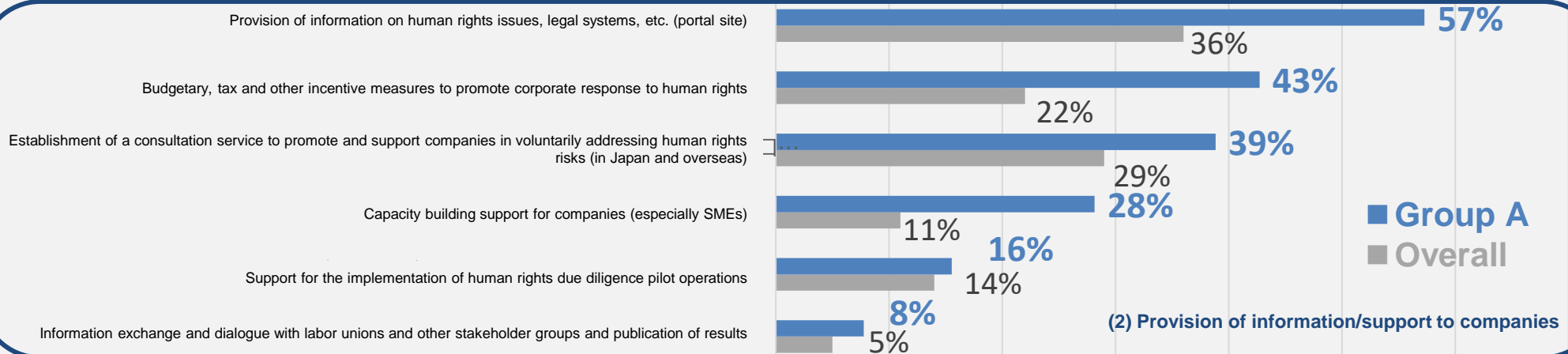
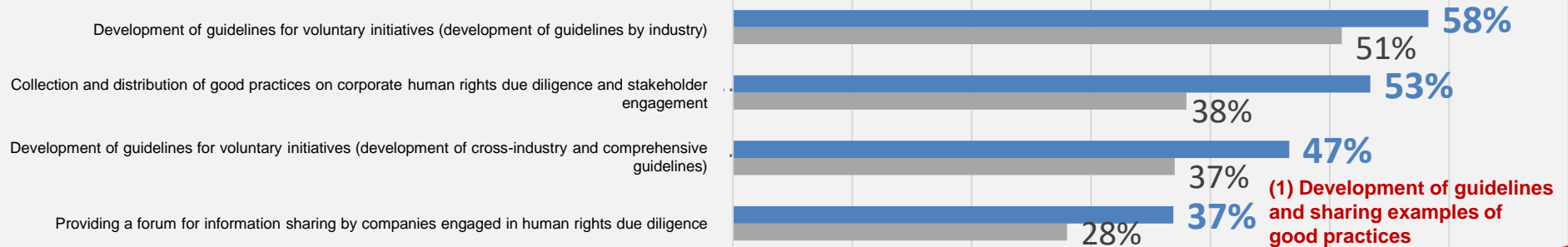
\*Formulation of Human Rights Policy,  
Implementation Status of Human Rights Due Diligence,  
Engagement with External Stakeholders,  
Organizational Structure,  
Status of Information Disclosure,  
Remedy and Reporting System,  
Status of Training Implementation,  
Sustainable Procurement Standards

- **Group B : Number of companies who have not formulated** human rights policy and **have not implemented** human rights DD: **160 companies**

# Group A: Requests for the Government / Public Organizations (1)

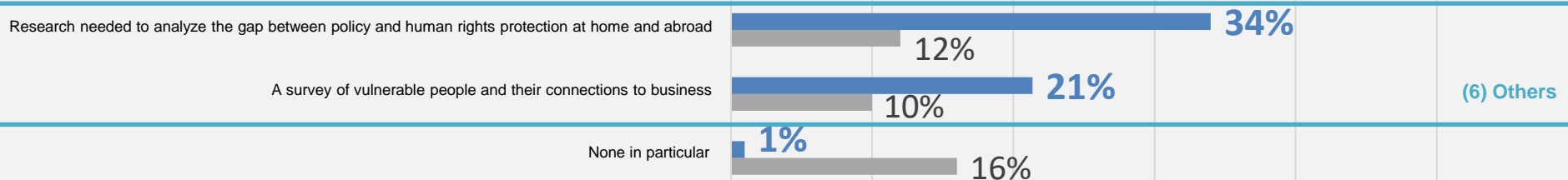
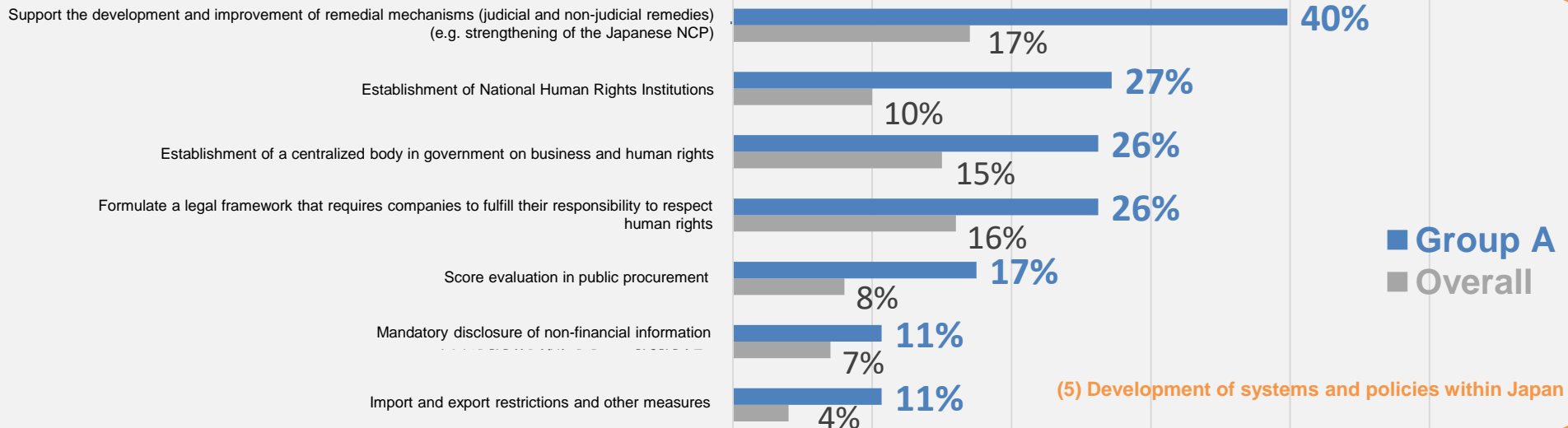
- Compared to the overall average, items that **Group A** particularly requested were (4) Support related to international institutional harmonization / other countries' policies, and (3) Raising awareness among companies and nationals.

0% 10% 20% 30% 40% 50% 60% 70%



# Group A: Requests for the Government / Public Organizations (2)

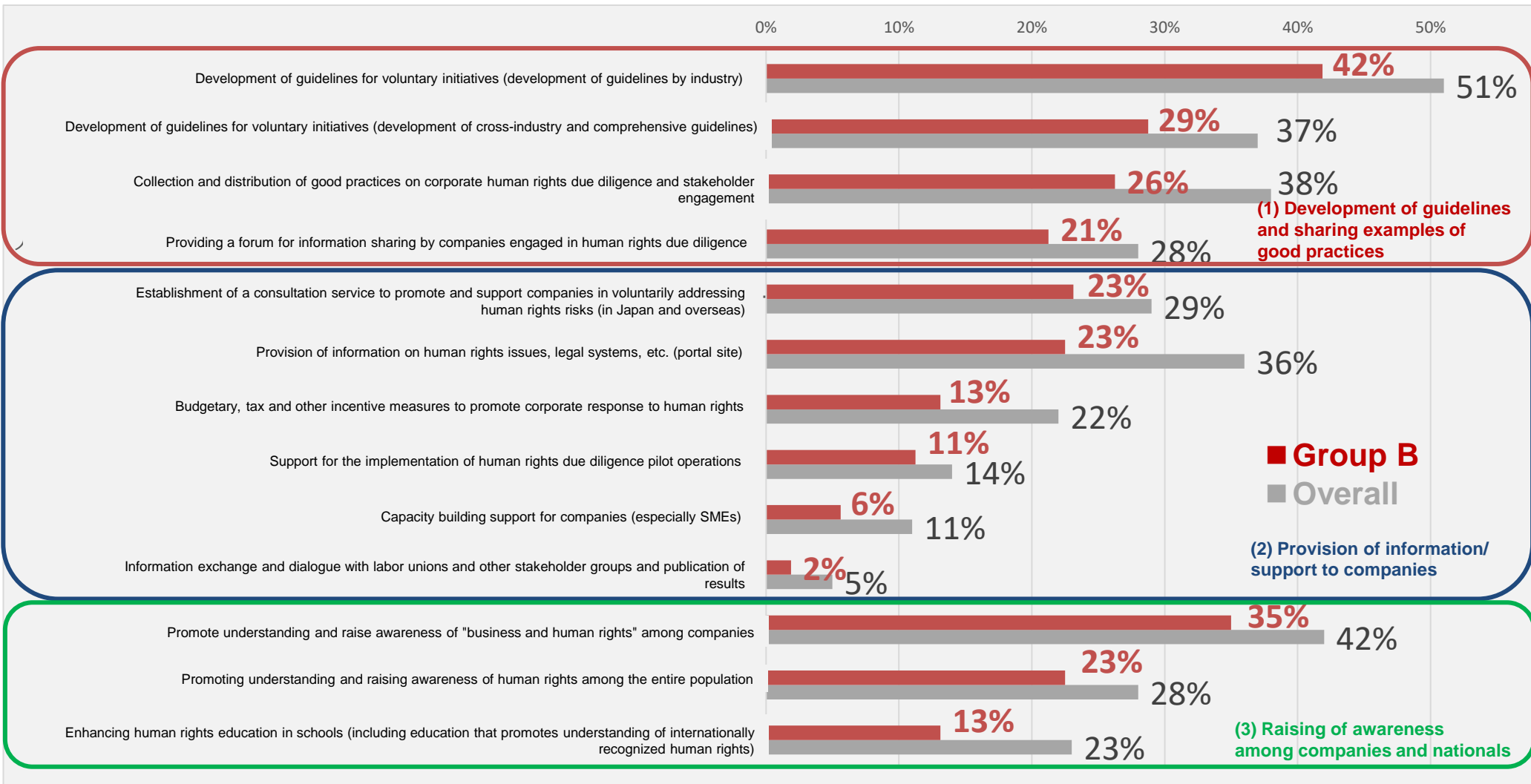
0% 10% 20% 30% 40% 50% 60%



■ Group A  
■ Overall

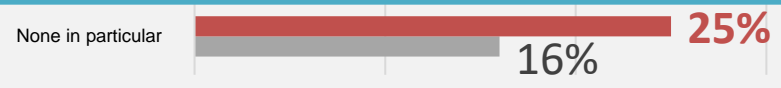
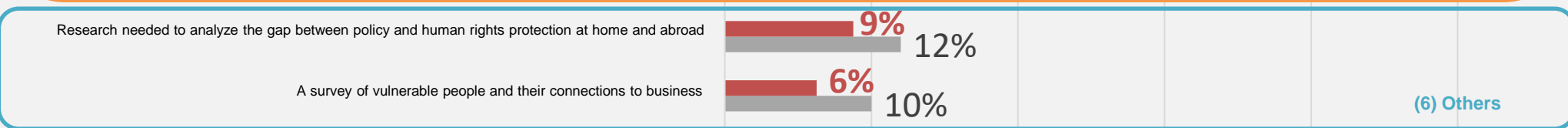
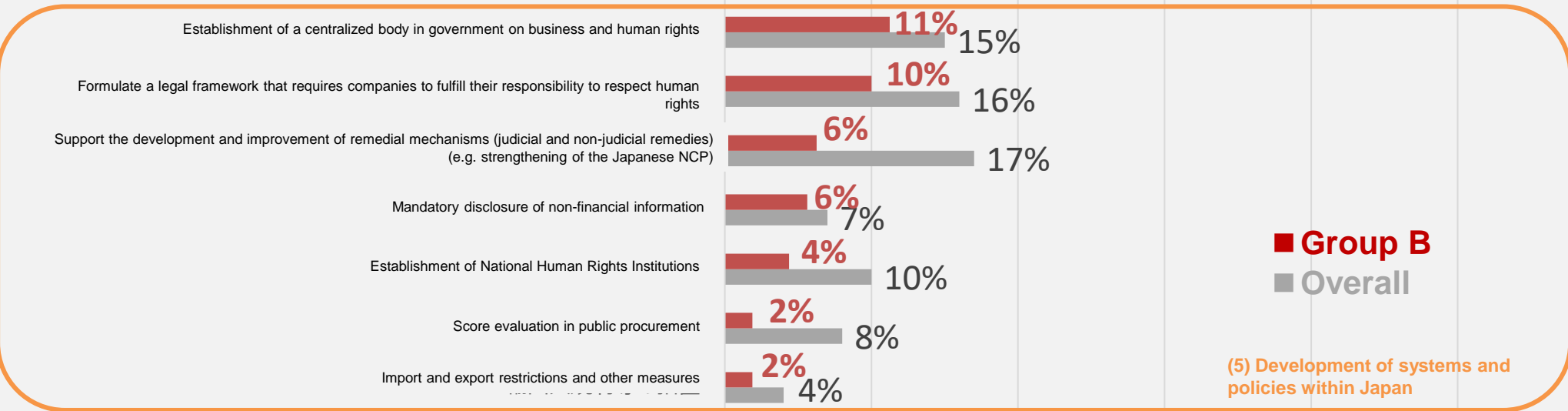
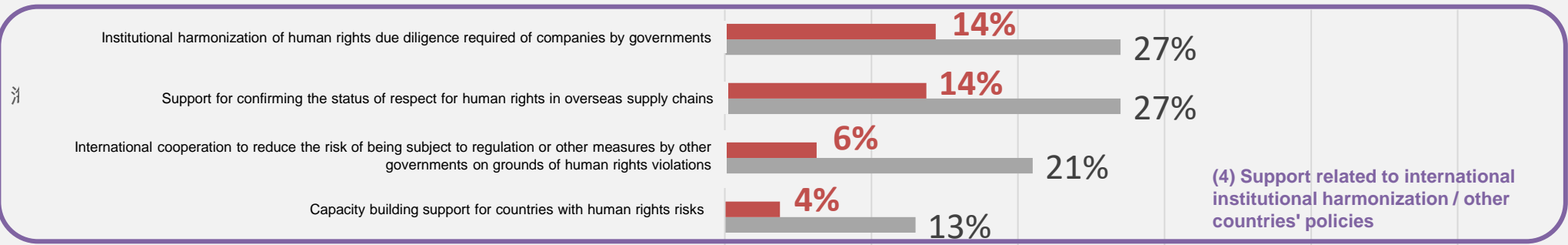
# Group B: Requests for the Government / Public Organizations (1)

- For **Group B**'s requests for the government / public organizations, top-ranked items are the development of guidelines, collection and distribution of good practices on human rights due diligence, and promoting corporate understanding and awareness.



# Group B: Requests for the Government / Public Organizations (2)

0% 10% 20% 30% 40% 50%



■ Group B  
■ Overall

# Forced Labor Issue at G7 Trade Ministers Meeting

- The G7 Trade Ministers Meeting was held on Friday, October 22, 2021, and Minister of Economy, Trade and Industry, Mr Hagiuda, State Minister of Economy, Trade and Industry, Mr Ishii and Parliamentary Vice-Minister for Foreign Affairs, Mr Miyake, attended the meeting.
- In the meeting, the G7 Trade Ministers had a lively discussion on issues such as how to address forced labor. Together with a Ministerial Communique, the first G7 annex on Forced Labor was adopted.

## Comments by Minister Hagiuda <Forced Labor>

- Eliminating the violation of human rights and forced labor from the Supply chain is a crucial issue.
- It is **key that G7 partners work together** to eradicate forced labor.
- **Creating an environment in which businesses can proactively take measures to eradicate forced labor under a level playing field** is essential. Thus, it is **important to develop international cooperation and frameworks and increase the predictability and transparency of measures** taken in each country.



## Annex A - G7 Trade Ministers' Statement on Forced Labour (October 22, 2021 ) Excerpt

- We, the G7 Trade Ministers, **share** and are guided by **the concern** expressed by our Leaders in Carbis Bay in 2021 **regarding the use of all forms of forced labour in global supply chains, including state-sponsored forced labour of vulnerable groups and minorities**, including in the agricultural, solar and garment sectors.
- We acknowledge that on any given day there are about 25 million people subject to forced labour worldwide, and **call on all countries, multilateral institutions and businesses to work together**, including with survivors of forced labour, **to eradicate forced labour from global supply chains**.
- We recognise trade policy can be one of the important tools in a comprehensive approach to prevent, identify and eliminate forced labour in global supply chains.
- We call on all countries, multilateral institutions and businesses to commit to uphold human rights and international labour standards, and respect relevant principles on responsible business conduct throughout global supply chains to prevent forced labour, protect victims of forced labour and provide remedy to victims of forced labour.
- We recognise the important role of governments to eradicate forced labour, protect victims of forced labour, and improve global supply chain transparency and the implementation of the principles of business and human rights, as recognised by the UNGP.
- **We commit to further enhancing clarity and predictability for businesses**.
- **We further commit to promote guidance on human rights due diligence**, including but not limited to responsible recruitment practices, in line with the OECD Guidelines for Multinational Enterprises and Due Diligence Guidance on Responsible Business Conduct, including at sector levels; the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and ILO general principles for fair recruitment; the IOM's ethical recruitment standards; and the UNGP.
- We will continue working together including through our own available domestic means and multilateral institutions to protect individuals from forced labour, to ensure that global supply chains are free from the use of forced labour and those who perpetrate forced labour are held accountable.



# Efforts to Formulate Guidelines for Respecting Human Rights in Supply Chains

- In March 2022, METI set up a “Study Group on Guidelines for Respecting Human Rights in Supply Chains” **to compile a draft of cross-industry guidelines by the summer of 2022.**
- The guidelines aim to meet the following two requests.
  - ① **Following international standards, including the UN Guiding Principles on Business and Human Rights**
  - ② **Responding to businesses’ concerns that they do not know how to make concrete efforts regarding respect for human rights**
- The draft guidelines will be reported and decided by the Inter-Ministerial Committee on the Implementation of Japan’s NAP and **disseminated to the industry as guidelines by the Japanese government.**

## <Composition of the Study Group Members>

### **Group Members (15 members in total) :**

Scholars (corporate law, international politics) 、 ILO Office for Japan、 Institute of Developing Economies, JETRO、 Business and Human Rights Civil Society Platform、 lawyer、 auditor、 investor、 Japanese Business Federation(Keidanren)、 Japanese Trade Union Confederation (JTUC-Rengo)、 Japan Chamber of Commerce and Industry、 Japan Textile Federation、 Japan Electronics and Information Technology Industries Association (JEITA)

### **Observers :**

Ministry of Foreign Affairs, Ministry of Health, Labour and Welfare, Financial Services Agency, Ministry of Agriculture, Forestry and Fisheries, Ministry of Finance, Ministry of Land, Infrastructure, Transport and Tourism

### **Secretariat :**

Ministry of Economy, Trade and Industry

# Industrial Initiatives

## Keidanren's Initiatives

- **Keidanren has expanded the human rights section of the “the Implementation Guidance on the Charter of Corporate Behavior.”**

- Targeting top management, the Guidance describes points necessary to understand the importance of human rights efforts and putting them into action.

- **Keidanren has formulated a “Handbook for Management that Respects Human Rights” to encourage companies to take action.**

- Targeting executives and staff members in charge, the handbook provides specific and practical information, such as examples of measures taken by corporations, reference materials, and websites, etc.

## Industries Associations' Initiatives

- **In March 2020, JEITA issued the Guidelines on Responsible Business Conduct.**

- The Guidelines summarize points to be compiled by companies and note how to manage them. Human rights and labor issues are also included.

- **JEITA has been working on establishing an industry-wide grievance mechanism.**

- The upcoming mechanism aims at promoting proactive efforts by businesses to address human rights issues in their supply chains in Japan and overseas.

- **Japan Textile Federation has been working on developing guidelines on due diligence in cooperation with ILO.**

- In November 2021, Japan Textile Federation and ILO signed a Memorandum of Understanding to promote responsible business conduct in the Japanese textile industry. The guidelines will be finalized in July 2022.