

GAME OF CHOICE

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MM 2019

Global Compact Network Japan Supply Chain Working Group
XXXX Group CSR/Sustainable Procurement Training

CSR Activities

“Contribute to sustainable development”

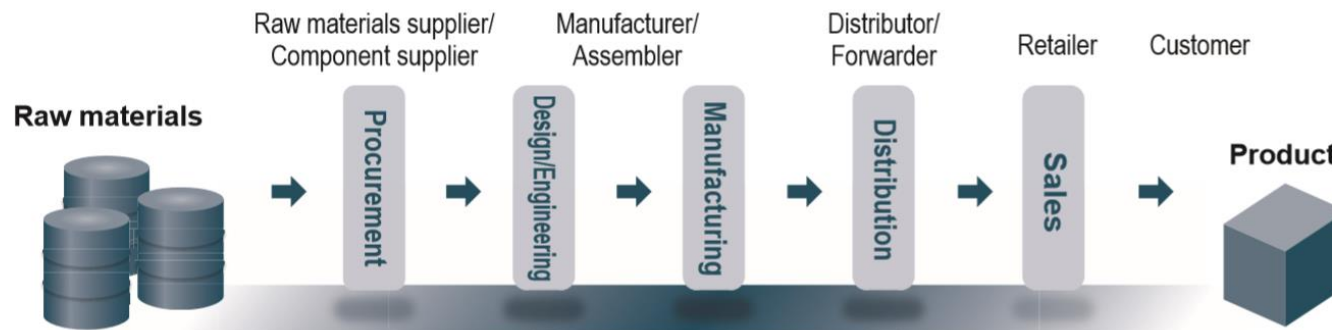
People began to place on corporations the great expectation that they would contribute to sustainable development, and to building **a sustainable society has become part of corporate social responsibility** (CSR).

Meanwhile, by the current globalization of corporate activities, **the supply chains have been expanding throughout the world** for the procurement of products, raw materials, and other materials. **There are limits to what can be achieved through the CSR activities of a single corporation.**

Therefore, corporations are required **to deploy CSR activities throughout their entire supply chain.**

CSR/ Sustainable procurement

CSR/ Sustainable procurement is the activities that **a buyer in collaboration with suppliers attempts to fulfill corporate social responsibility through the entire supply chain by placing emphasis on the factors including the environment, labor conditions, human rights, and anti-corruption** to the conventional elements of quality, performance, price and delivery time while a buyer (corporation) procures materials or raw materials, etc.



Supply Chain Risks & Impacts

Typical social challenges = supply chain risks

Social challenges	Human rights/Labor	Environment	Anti-Corruption
	<ul style="list-style-type: none"> · Elimination of forced labor · Elimination of child labor · Elimination of long working hours · Elimination of wages paid below the minimum wage · Elimination of inhumane treatment⁷ · Elimination of discrimination · Recognition of the right to collective bargaining (Freedom of association⁸) · Realization of workplace safety and a healthy environment 	<ul style="list-style-type: none"> · Pollution prevention · Management of harmful substances · Management of waste products (wastewater, etc.) · Management of substances causing air pollution · Management of substances included in products · Consideration of biodiversity 	<ul style="list-style-type: none"> · Elimination of unethical business practices · Prohibition of bribery and corruption · Prohibition of abuse of dominant bargaining position⁹ · Prohibition of granting or receiving inappropriate profits · Prohibition of anticompetitive practices¹⁰ · Provision of accurate information regarding products and services

Public awareness of these challenges is increasing, and if companies respond inappropriately, stakeholders will often engage in **protests, boycotts**, etc., which will have **a significant adverse impact on business activities**.

Example 1: Human rights/Labor

Walmart



Child labor **\$135,000 fine!**

Example 2: Environment

UNIQLO



Contamination by hazardous chemicals

Pressure from NGO!

Example 3: Corruption

FIFA



Corruption and bribery

Arrest!

Game of Choice

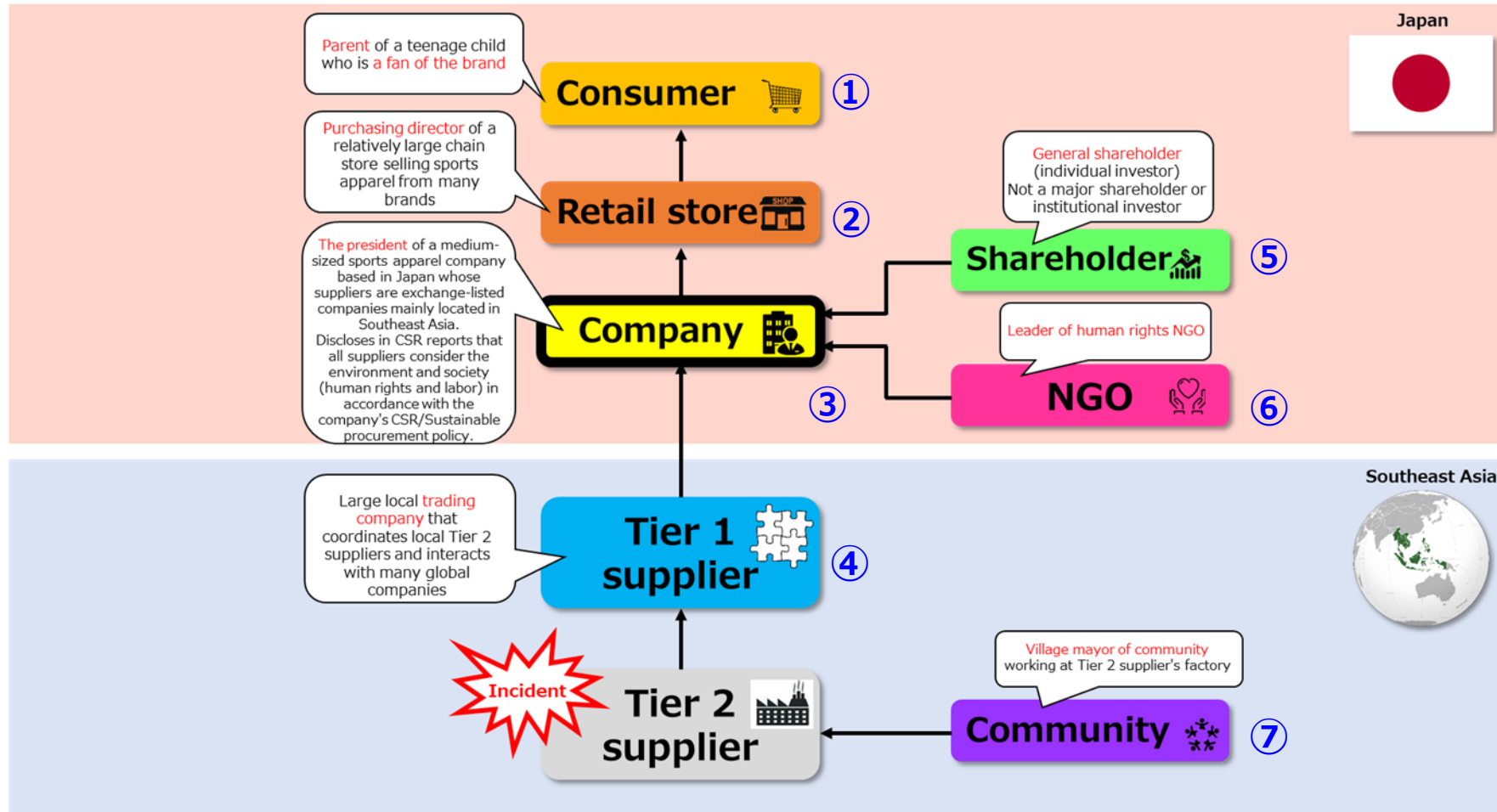
- The Game of Choice helps you **comprehend the importance of CSR/ sustainable procurement** by **understanding the social and environmental risks** in the supply chain and **becoming aware of the values and ethics of various stakeholders**.
- Faced with a particular social or environmental risk...
If you were the president of the company, what would you do?
If you were a stakeholder in the supply chain of the company, what would you do?
- Through the Game of Choice, each of **you will become a character** in the supply chain, **choose a course of action** against a particular risk, **and discuss the reasons for your selection**.

How the Game of Choice proceeds

[Set Characters] In each group, a "ghost leg" lottery is used to assign each member to one of **the seven character** roles.

Attachment 10

Supply Chain Diagram



How the Game of Choice proceeds

1. Announce Incident

The incident card indicates **social and environmental problem that the company faces.**

An incident has occurred!!

Incident 1: XXXXXXX

- XXXXXXXXXXXXXXXXXXXXXXXX
- XXXXXXXXXXXXXXXXXXXXXXXX
- XXXXXXXXXXXXXXXXXXXXXXXX
- XXXXXXXXXXXXXXXXXXXXXXXX
- XXXXXXXXXXXXXXXXXXXXXXXX

The company has scheduled a press conference to explain how it will respond.

Set Characters

**Announce
Incident**

Select and Announce
Company Action

Select and Announce
Stakeholder Actions

Discussion





How the Game of Choice proceeds

Choice Time Part 1!

2. Announce incident

The card indicates **a social and environmental problem that the company faces.**

- HINT: When choosing actions, consider the 10 principles of the UN Global Compact.

Human Rights		Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Laborer		Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory laborer; Principle 5: the effective abolition of child laborer; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment		Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption		Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Set Characters

Announce Incident

Select and Announce Company Action

Select and Announce Stakeholder Actions

Discussion

How the Game of Choice proceeds

Choice Time Part 1!

3. Selection and announcement of company actions

- **After deliberating no more than three minutes**, the company selects **one action from the six choice cards** and places the card next to the company on the supply chain diagram.
- Explain **the reason for the choice** in no more than **3 minutes** (like a press conference).
- The facilitator acts as the host of the "press conference" and offers commentary afterwards, playing the role of a news commentator.

Set Characters

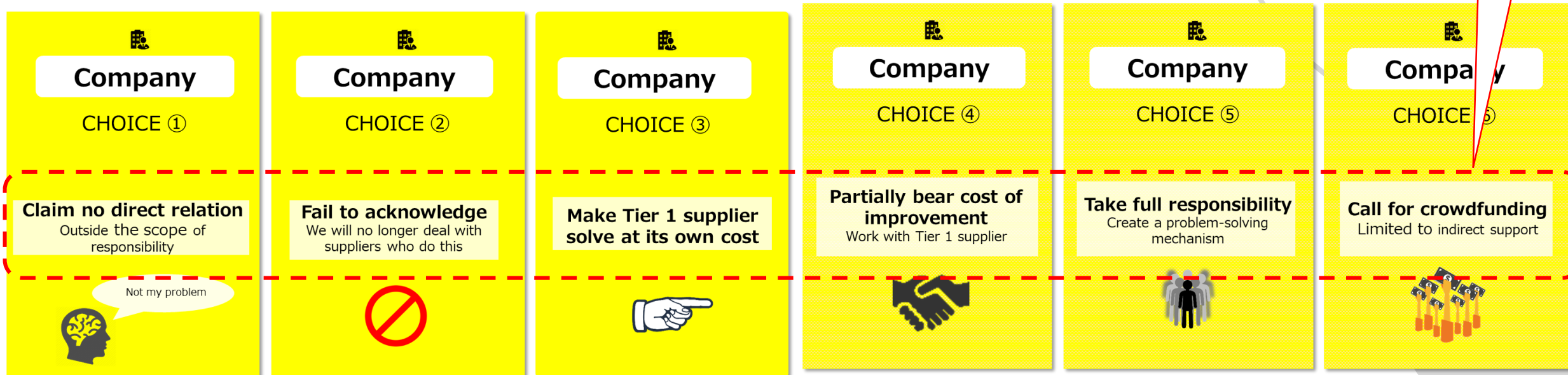
Announce Incident

Select and Announce Company Action

Select and Announce Stakeholder Actions

Discussion

Let's see the company's choice!



How the Game of Choice proceeds

Choice Time Part 2!

4. Selection and announcement of stakeholders' actions

- Each stakeholder chooses **one action from the three choice cards** and places the selected card next to the corresponding character on the supply chain diagram.
- Explain **the reason for the choice** in no more than **2 minutes**.

(The company is not allowed to respond each time to these announcements)



How the Game of Choice proceeds

Choice Time Part 3!

Set Characters

Announce Incident

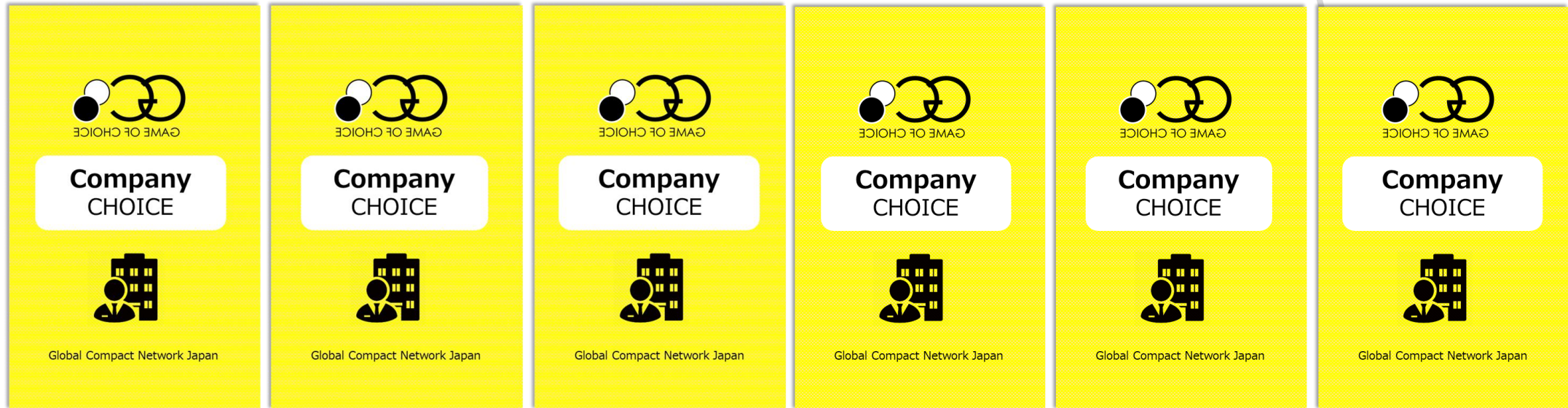
Select and Announce Company Action

Select and Announce Stakeholder Actions

Discussion

5. The company makes a final decision and announces its action

- If the company decides to change its final choice, it places the new card on the supply chain diagram.
- Explain **the reason for the choice** in no more than **2 minutes**.
(Including its response to each stakeholder)





Before the game starts...

Let's introduce ourselves!

(You can also exchange business cards!)

No more than 1 minute each

Share your company, department, daily work,
hobbies, interests, etc.

(The facilitator will keep track of the time.)



OK, let the game begin!

An incident has occurred!!

The company will announce its response at a press conference.

Incident 1: Child Labor

- When the company visits a supplier's factory, there are several children in the factory.
- When asked what they are doing there, the children say “bringing tea to our parents working in the factory.”
- It is later discovered that the children work full-time in the factory and do not attend elementary school.
- The factory manager says that the children come from very poor families, and if left unattended, they would have to beg or prostitute themselves.

From UNGC 10 principles:

Labor - Principle 5: Labor Businesses should uphold the effective abolition of child labor

Reference: Estimate of time required for one round

- 1) Choose company's action (after up to 3 minutes of reflection, make a 3-minute announcement) (4-6 minutes)
- 2) Announcement of each stakeholder (no more than 2 minutes each) (7-14 minutes)
- 3) Final response from the company (no more than 2 minutes) (total 13-22 minutes)

Final message:

It's important to have the mindset from multi-viewpoint and ask yourself, "What would you do in other's place?"

Part of fulfilling your social responsibility across the supply chain is dealing with the challenges that arise by putting yourself in the position of each stakeholder, and asking, "What would I do in that role?"

There is no correct answer!!

Step out of your usual role, such as a company employee, and into someone else's

- 1) Company chooses action (up to 3 minutes of deliberation followed by an announcement of 3 minutes)
- 2) Announcements of each stakeholder (no more than 2 minutes each)
- 3) Final response from the company (no more than 2 minutes), total 22 minutes

Change characters and play again!

Each group rotates characters and plays again.
Give your role to the person on your right.
Play again with the same incident!

Human rights/Labor

- Elimination of forced labor (labor by free will)
- Elimination of child labor
- Elimination of long working hours
- Elimination of wage paid below the legal minimum wages
- Elimination of inhumane treatment
- Prohibition of discrimination
- Guarantee of right to collective bargaining (Freedom of association)
- Realization of workplace safety and a healthy environment

Environment

- Securing environmental permits
- Prevention of pollution
- Management of harmful substances
- Management of waste products (wastewater, etc.)
- Management of substances causing air pollution
- Management of substances included in products
- Consideration of biodiversity

Anti-corruption

- Elimination of unethical business practices
- Prohibition of bribery and corruption
- Prohibition of abuse of dominant bargaining position
- Prohibition of granting or receiving inappropriate profits
- Prohibition of anticompetitive practices
- Provision of accurate information regarding products and services

Finally, let's exchange opinions within the team!

Team members exchange reflections in a debriefing session

This is an opportunity for the company and the supply chain stakeholders **to reflect on** their choices.

- This choice had this result, but how would a different choice affect the supply chain?
- Did your remarks and feelings change when your role changed?
- Were there any remarks or events that significantly changed the flow of the event?
- What did you learn? Etc...



Let's hear an overall summary!

Let's hear an overall summary!
The facilitator or team representative will report how the team discussions went and what opinions and comments were helpful for everyone.

Take about 1 or 2 minutes per team



Set Characters

Announce
Incident

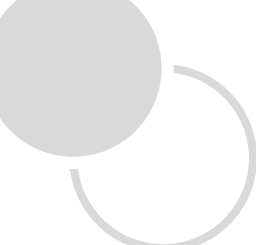
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Stakeholder Actions

Discussion

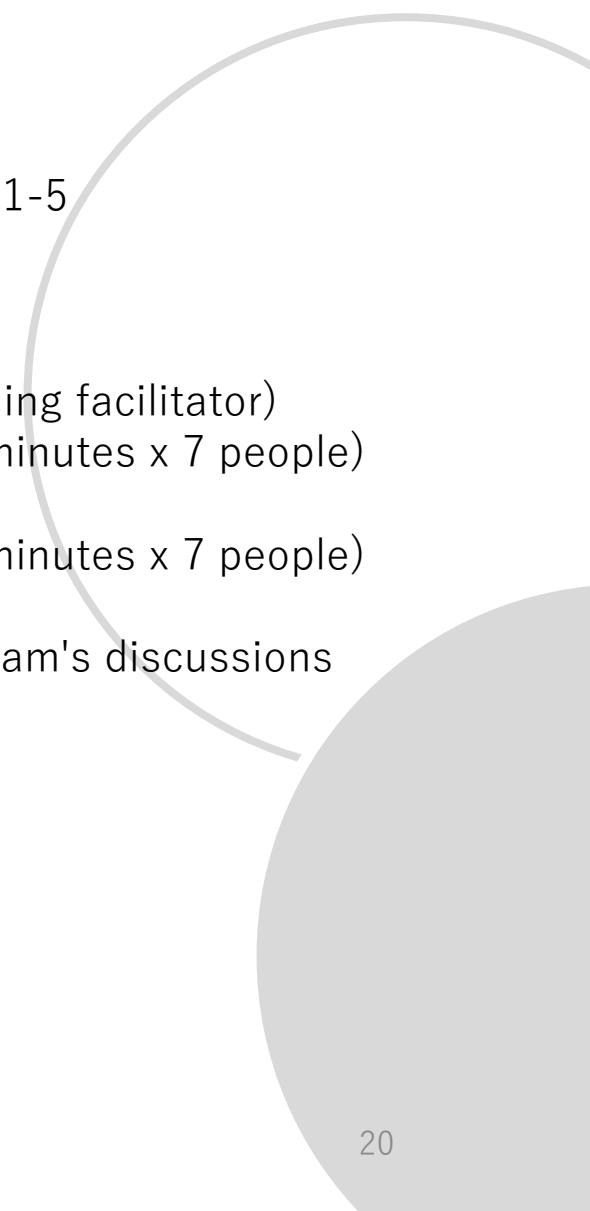


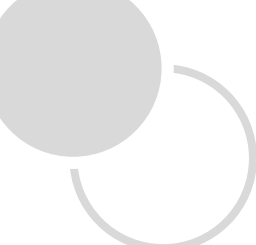
The following slides are for the facilitators
and are not to be projected.



Time management diagram for the facilitator (90-minute version)

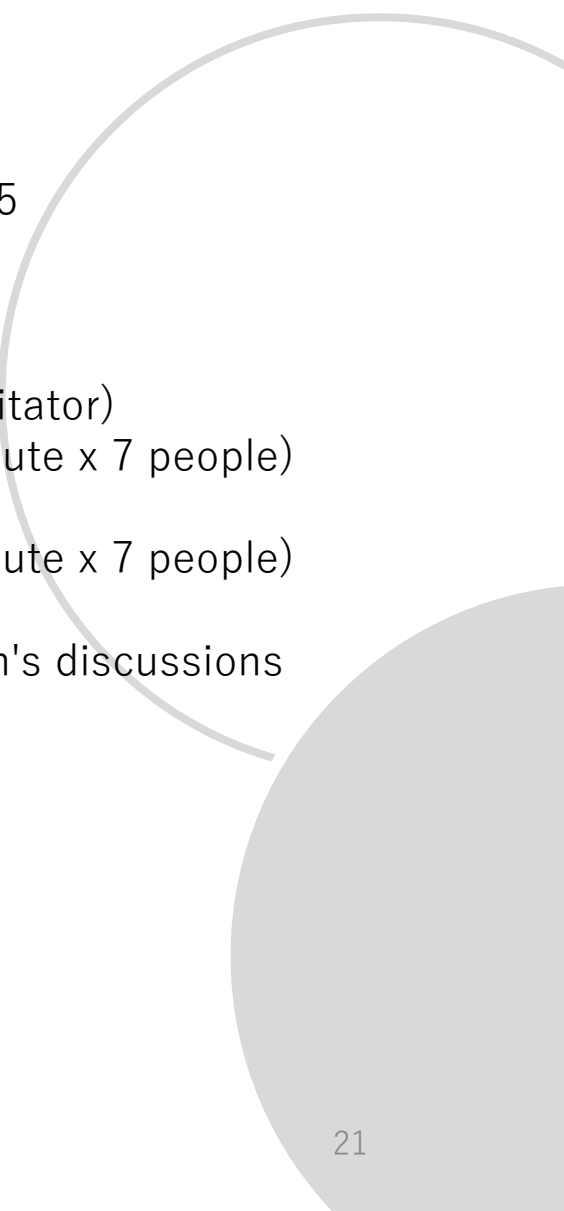
08 minutes	:	to	:	• Explanation of purpose and overview of the game p. 1-5
05 minutes	:	to	:	• Role descriptions and assignments p. 6
05 minutes	:	to	:	• Explanation of game flow, rules, etc. p. 7-11
02 minutes	:	to	:	• Explanation of incident
08 minutes	:	to	:	• Self-introductions (up to 1 minute per person, including facilitator)
22 minutes	:	to	:	• Round 1 (company 3+3+2 minutes, stakeholders 2 minutes x 7 people)
02 minutes	:	to	:	• Facilitator comments, participants' opinions, etc.
22 minutes	:	to	:	• Round 2 (company 3+3+2 minutes, stakeholders 2 minutes x 7 people)
08 minutes	:	to	:	• Reflection within the group (goal)
05 minutes	:	to	:	• Facilitator or team representative reports on each team's discussions (5 teams x 1 minute)
03 minutes	:	to	:	• Closing remarks and backlog
90 minutes				

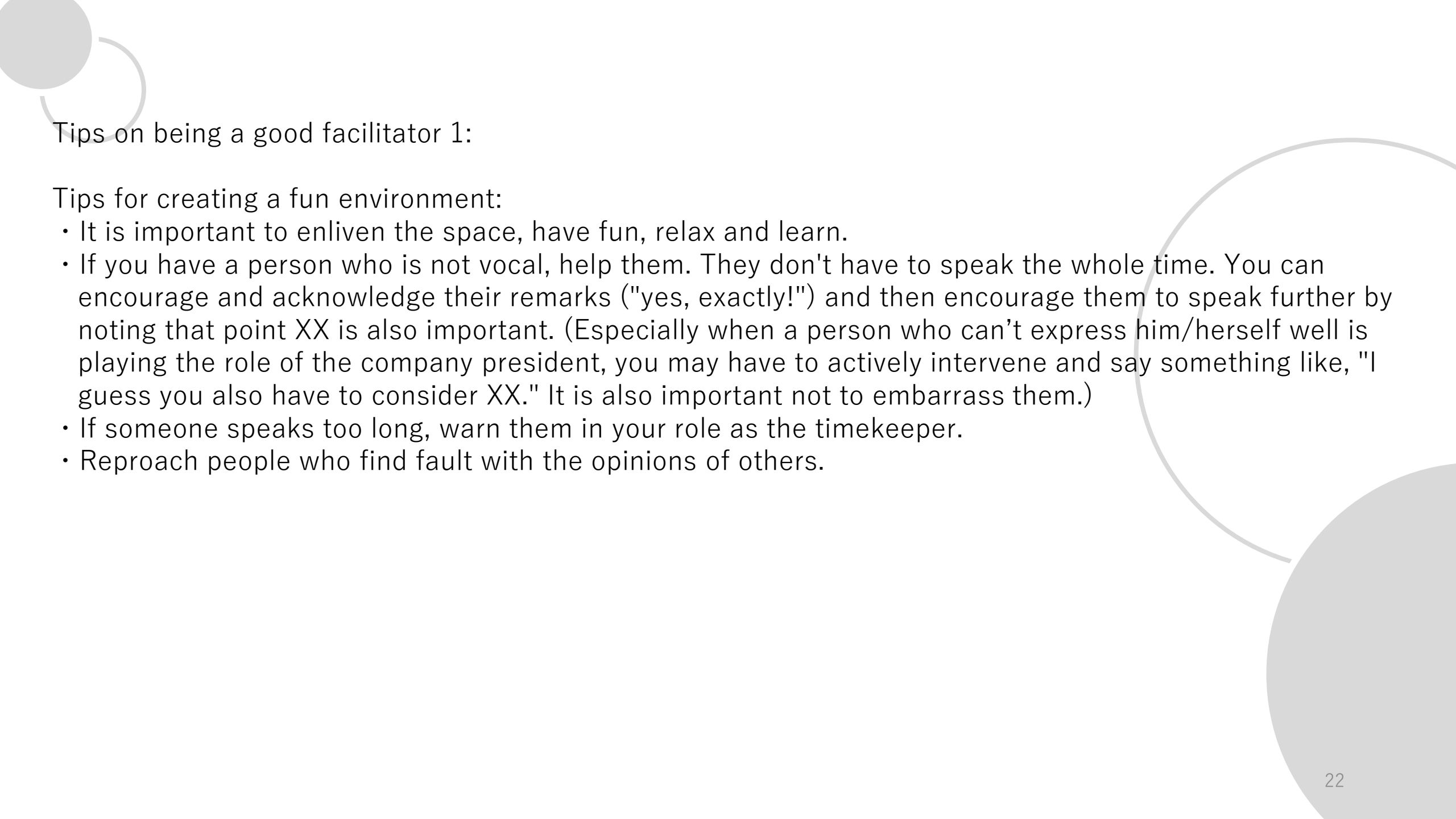




Time management diagram for the facilitator (60-minute version)

06 minutes	:	to	:	• Explanation of purpose and overview of the game p. 1-5
04 minutes	:	to	:	• Role descriptions and assignments p. 6
04 minutes	:	to	:	• Explanation of game flow, rules, etc. p. 7-11
02 minutes	:	to	:	• Explanation of incident
06 minutes	:	to	:	• Self-introductions (1 minute per person, including facilitator)
13 minutes	:	to	:	• Round 1 (company 2+3+1 minutes, stakeholders 1 minute x 7 people)
02 minutes	:	to	:	• Facilitator comments, participants' opinions, etc.
13 minutes	:	to	:	• Round 2 (company 2+3+1 minutes, stakeholders 1 minute x 7 people)
07 minutes	:	to	:	• Reflection within the group (goal)
04 minutes	:	to	:	• Facilitator or team representative reports on each team's discussions (5 teams x 1 minute)
01 minutes	:	to	:	• Closing remarks and backlog
60 minutes				





Tips on being a good facilitator 1:

Tips for creating a fun environment:

- It is important to enliven the space, have fun, relax and learn.
- If you have a person who is not vocal, help them. They don't have to speak the whole time. You can encourage and acknowledge their remarks ("yes, exactly!") and then encourage them to speak further by noting that point XX is also important. (Especially when a person who can't express him/herself well is playing the role of the company president, you may have to actively intervene and say something like, "I guess you also have to consider XX." It is also important not to embarrass them.)
- If someone speaks too long, warn them in your role as the timekeeper.
- Reproach people who find fault with the opinions of others.

Tips on being a good facilitator 2:

Tips for improving the quality of the discussion:

- The company president tends to make vague statements. In your role as a media reporter at the end, you can clarify the company's statement by making a comment like the ones listed below. Once the company realizes that it has to be concrete, the discussion can suddenly turn livelier. "That was a pretty vague statement." "When you say XX, do you mean you will bear the entire cost burden of that?" "When you say 'accept burdens other than costs,' what does that mean?" "When you say you want to work with the government and community to solve this problem, does that mean that the company will not pay for it?" "Crowd-funding? Does this mean that the company does not pay for it?"

- To prod the players to dig deeper, you can interject one of the probing questions below. To make your prodding more subtle, you can begin by saying something to the effect that nobody has mentioned it today, but at other meetings you heard a remark like the following.

"Won't consumers be worried about higher prices?"

"As a shareholder, you're worried about a downturn in business results, right?"

"As an NGO, you're wondering if this company has violated other similar human rights issues. How does the company really know about such a possibility?" etc.

"As a Tier 1 supplier, it seems like what the company just announced will place a considerable burden on you. Will that be OK?"

"Retailers will not only stop selling products from the company, but they'll also file lots of claims against it, right?"

"It's a very idealistic thing for the company to do, but you must want to know if it is possible to put into practice, right?"

- The table on the next slide gives examples of comments from stakeholders in response to each answer by the company.

<Reference> Sample questions after company's answer

Company response	First remark from facilitator	Consumer	Retail store	NGO	Shareholder	Community	Tier 1 supplier
① Claim no direct relation	That's not a choice befitting the times.	<ul style="list-style-type: none"> · I don't want to buy products from companies that do not protect human rights. · This kind of terrible response will spread over social networks. 	<ul style="list-style-type: none"> · If there's a boycott, how will you compensate me for my lost sales? · If there's a boycott, I'll stop carrying your product. 	How does your company view its social responsibility?	Will you take management responsibility if the stock price falls?	<No comment>	If there's a boycott, who'll be liable for the decrease in orders?
① Fail to acknowledge (cut off Tier 2)	It would be a shame if protests erupted in the area of the Tier 2 factory.	<ul style="list-style-type: none"> · I don't want to buy products from companies that do not protect human rights. · This kind of cruel response will spread over social networks. 	<ul style="list-style-type: none"> · Who's responsible for the supply? · What kind of measures will be taken if protests erupt in the area of the Tier 2 factory? · If there's a boycott, I'll stop carrying your product. 	<ul style="list-style-type: none"> · How does your company view its social responsibility? · Who is responsible for financial compensation, including of Tier 1? 	<ul style="list-style-type: none"> · Will you take management responsibility if the stock price falls? 	We will protest because it affects the community.	Who will compensate us for the lost profits?
① Resolve at the cost of the Tier 1 supplier	That's terrible for Tier 1.	If the price of the product goes up, I might not be able to buy it anymore.	I'm worried about the increase in the purchase price.	How does your company view its social responsibility?	Is Tier 1 really willing to accept the costs? (I'm concerned about the impact of a stalemate on profit and loss.)	If Tier 2 is cut off, we will protest because it affects the community.	<ul style="list-style-type: none"> · We can't do that unless you accept a price increase. · This is your fault for haggling a low price. · If you respond this way, we'll stop supplying you.
① Partially bear cost of improvement	How much do you have to pay?	If the price of the product goes up, I might not be able to buy it anymore.	I'm worried about the increase in the purchase price.	<ul style="list-style-type: none"> · If there is anything you need, we will help you. · Can you do this in partnership with other companies? 	Don't waste money on such things. (I am worried about a decrease in dividends.)	<ul style="list-style-type: none"> · I worry about the economic impact on the region. · I'm worried about the burden on our community (for example, the cost of school expansion when child labor is eliminated). 	<ul style="list-style-type: none"> Will the burden also fall on our company? Will you accept the price increase?

An incident has occurred!! Pattern 2

Incident 2: illegal wages, long working hours, freedom of association

- An NGO investigation reveals that one of the supplier's sub-contractors (a Tier 2 supplier) does not pay the minimum wage.
- They also use a 12-hour shift system with only two 10-minute breaks.
- There are rumors of several employees being fired for trying to collective bargaining.

From UNGC 10 principles:

Labor - Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Typical social challenges:

Human rights/Labor	Environment	Anti-Corruption
<ul style="list-style-type: none"> · Elimination of forced labor · Elimination of child labor · Elimination of long working hours · Elimination of wages paid below the minimum wage · Elimination of inhumane treatment⁷ · Elimination of discrimination · Recognition of the right to collective bargaining (Freedom of association⁸) · Realization of workplace safety and a healthy environment 	<ul style="list-style-type: none"> · Pollution prevention · Management of harmful substances · Management of waste products (wastewater, etc.) · Management of substances causing air pollution · Management of substances included in products · Consideration of biodiversity 	<ul style="list-style-type: none"> · Elimination of unethical business practices · Prohibition of bribery and corruption · Prohibition of abuse of dominant bargaining position⁹ · Prohibition of granting or receiving inappropriate profits · Prohibition of anticompetitive practices¹⁰ · Provision of accurate information regarding products and services