



Network Japan

Building the Sustainable World

Practical Manual on Human Rights Due Diligence

—Responsible Business Conduct in the Human Rights Field—

Global Compact Network Japan Supply Chain Working Group
(FY2022)

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Global Compact Network Japan's (hereinafter, "GCNJ") Supply Chain Working Group (hereinafter, "the Working Group") was formed in 2008 through the gathering of 11 companies that were partnering with GCNJ. The number of companies and organizations participating in GCNJ has since increased in conjunction with the growing societal interest in SDGs, and the Working Group has produced a variety of outputs through its activities. In 2017, the Working Group developed the "CSR Procurement Self-Assessment Toolset" and published practical tools that can be used in procurement practices by companies as well as all people and organizations engaged in economic activities. GCNJ's "Useful series for realizing a sustainable world," which also includes other publications, has supported various initiatives towards the achievement of the SDGs of many companies and organizations.

In recent years in particular, globalization of the economy has advanced at a remarkable pace; the materials and parts that make up each individual product and service are multinational; in other words, it seems that individuals and the world are intricately and closely connected through products and services. On the other hand, there are people who are forced to lead difficult lives behind the backdrop of affluence, and there have been numerous reports of cases in which economic activities have become a factor that exacerbates adverse impacts on human rights. Under such circumstances, social demands for the consideration of human rights have become stronger and stronger in conjunction with the globalization of corporate activities, and in keeping with international principles, Japan had published the "Guidelines on Respecting Human Rights in Responsible Supply Chains," as well as various other guidelines, etc. concerning human rights. In other words, companies are required to build organizational systems that respect human rights through the performance of human rights due diligence (hereinafter, "Human Rights DD"), rather than just responding to human rights issues whenever they appear.

"Practical Manual on Human Rights Due Diligence - Responsible Business Conduct in the Human Rights Field -" published on this occasion by the Working Group (hereinafter, "this Manual") prescribes procedures for organizations and their supply chains to avoid adverse impacts on human rights through their business activities and the products and services they provide, and for appropriately and rationally managing the causes of these, towards the implementation of the 10 Principles of the United Nations Global Compact and the realization of a sustainable society.

At the same time as ensuring consistency with the three international norms for human rights, namely the United Nations' "Guiding Principles on Business and Human Rights" and the ILO's "Tripartite declaration of principles concerning multinational enterprises and social policy," as well as the "OECD Guidelines for Multinational Enterprises" published by the OECD, which are international human rights DD guidelines, this Manual has been produced in reference to the "OECD Due Diligence Guidance for Responsible Business Conduct" (hereinafter, "OECD Guidance"), which contains more detailed content concerning due diligence. In particular, the scope of corporate social responsibility is extending not only to the supply chain but also to the value chain, and the requirements for conducting due diligence are expanding to include not only human rights but also the environment, etc., and therefore, the arrangement of chapters and expressions, etc. has been based on "OECD Guidance," which covers due diligence in general.

Finally, we hope that the implementation of Human Rights DD in reference to this Manual will help companies to advance their efforts for the respect of human rights. In addition, we also hope that spreading such initiatives throughout the entire supply chain and value chain will help put the 10 Principles of the United Nations Global Compact into practice, to achieve the SDGs that are being faced, and to realize a sustainable society as soon as possible.

About Titles

We have received advice from various people concerning how to understand the concept of the title, "Human Rights Due Diligence." There is no doubt that the objective of human rights due diligence is the realization of a sustainable society in which all human rights are protected. In other words, it is necessary to understand human rights in the context of social sustainability, and caution should be paid to treating human rights due diligence, which is a means towards the achievement of this objective, as if it were the objective.

In addition, regarding the use of the word "manual," having considered that many companies' risk management is conducted based on manuals that have been established for each risk, we hoped that the use of this word in the title would make it feel more familiar to companies.

Naturally, the appropriate initiatives for human rights vary depending on the situation of any given company, and therefore it cannot be said that proceeding with human rights due diligence in accordance with this Manual will always be the best or optimal approach. Companies are required to refer to this

Manual and to constantly examine and improve the processes that are suitable for their organization. We believe that reading this Manual while bearing in mind that its objective is to help business practitioners take action toward the realization of a sustainable society will facilitate understanding of these matters.

Composition and Intent of this Manual

This Manual was created as a practical tool for organizations to protect the human rights of everyone with involvement over the course of business activities, in an era of changing times and society. In addition, it is intended to be used not only by companies that are already conducting Human Rights DD, but also by companies that have not yet put this into practice as well as by all small and medium-sized organizations. We hope that following the processes stated here will contribute to the appropriate management of human rights risks in the value chain and, at the same time, to the sustainable growth of organizations.

This Manual is comprised of the “Manual Main Text,” which shows the procedures an organization should follow for the performance of Human Rights DD and a “Forms (input forms)” section concerning the documents and records to be created over the course of the performance of these procedures. In addition, this Manual has been created under the premise that it will be used irrespective of industry, type of business, size, and maturity of the organization implementing the procedures, as well as the countries and regions in which the activities are based. On the other hand, there are concerns that expanding the scope of use will result in a more abstract and difficult-to-understand text, and therefore, we have included explanations and reference examples in the main text with the intent of at least partially resolving such issues.

Method of Use

This Manual is intended for use at organizations of various sizes in all industries and business types and has not been created with any specific organization in mind. The level of detail and complexity of the process for Human Rights DD varies depending on the situation of the organization, the products and services that it handles, as well as the countries and regions in which it operates, etc., and therefore, some items may need to be added depending on the situation. In addition, the names of departments and roles will vary at each organization. This Manual has been structured so that each individual organization's Human Rights DD Manual can be completed by replacing the organization name and department names, etc. in accordance with the actual situation. In particular, by prioritizing comprehensiveness over efficiency in relation to risk assessments, we have made it possible even for practitioners that do not have deep knowledge in human rights to select risks more accurately. As a result, there are some procedures that contain some complicated elements. In such cases, it would be desirable for each company to build effective procedures for themselves in reference to other literature, etc. and to adopt methods that are suitable for their organization. This can be said to apply not only to risk assessments but also to other processes. If you find any parts of the procedures confusing, we recommend reviewing the sources of this Manual, such as the “Guiding Principles on Business and Human Rights” and creating a manual that is based on the purport of respecting human rights.

1. Development of Systems

1-1. Human Rights Policy

(1) Establishment of Human Rights Policy

Establish a human rights policy that conforms with the standards set by internationally recognized human rights principles, such as the United Nations' "Guiding Principles on Business and Human Rights," ILO's "Tripartite declaration of principles concerning multinational enterprises and social policy," and the "OECD Guidelines for Multinational Enterprises," in relation to the business activities of your organization, the products and services provided by your organization, the processes for procurement by your organization, as well as in order to effectively prevent and mitigate the manifested and potentially adverse impacts on human rights relating to these (human rights risk). The human rights policy should include the values that your organization has held since its establishment as well as any impact on human rights that should be given consideration. In addition, when preparing the policy, also consider advice from internal departments with knowledge on human rights, such as the Human Rights Department and Compliance Department, as well as external specialists and specialist bodies, etc., including attorneys and human rights NGOs and NPOs. The human rights policy should be determined with the approval of the Board of Directors.

The human rights policy should include the following.

- Your company's approach to respecting human rights
- Expectations for consideration of human rights for direct stakeholders, including employees, trading partners, and users of your company's business, products and services
- Declaration of support for international norms, international standards, as well as laws and regulations related to human rights [Related to 2-3 (1)]
- Commitment to ongoing improvement through Human Rights DD
- Scope of application of policy
- Relationship with the organization's philosophy and other internal rules
- About dialog and consultations with stakeholders
- Corrective process (remedial procedures) in the case of a human rights violation

Reference 1 Signing of Human Rights Policy

This Human Rights Policy shall be published upon being approved by the Board of Directors and signed by top management. Top management does not necessarily need to be the company president. Depending on the organization, there may be cases where the group's representative, chairperson, or officer in charge of human rights, etc. serve as top management for Human Rights DD.

(2) Raising of awareness and establishment of human rights policy

The Human Rights Policy should be reflected in all other operation-related policies and organization internal business. In addition, the Human Rights Policy should be conveyed to all people working for the organization, and efforts should be made to ensure that it is firmly established throughout the organization through the holding of regular training sessions, etc. to maintain awareness.

Reference 2 About Other Policies

In the case of a company, in addition to business policies and departmental policies set below corporate policies, design policies and service policies for products and services, etc. are also applicable here.

Reference 3 People Working for the Organization

In addition to full-time employees, contract employees, temporary employees, part-time employees, casual workers, and others who engage in jobs and work directly related to business activities, this also includes those who are only temporarily involved, such as equipment maintenance business operators and waste collection companies.

Related

Description of Notation

UNGP RF: United Nations Guidance Principle Reporting Framework

DD Guidance: OECD Due Diligence Guidance for Responsible Business Conduct

Numbers and symbols represent the respective stipulated clauses or item numbers.

UNGP-RF A1 A1.1 A1.2

DD Guidance 1.1 a 1.1 b

UNGP-RF A1.3

DD Guidance 1.1 b 1.1 d

(3) Publication of Human Rights Policy

The established Human Rights Policy should be posted on the organization's official website and company brochure so that it can be easily accessed by people from within and outside the company.

In addition, the Human Rights Policy should be posted in a place where it can be seen by everyone working on-premises, and if your company has any foreign employees, it should also be written in the appropriate local language.

(4) Review of Human Rights Policy

The Human Rights Policy should be reviewed when situations such as those below occur and should be revised where necessary.

- Changes in the social situation
- Changes of trading partners
- Changes in the products and services handled
- Launch of new businesses, addition and changing of business
- Changes in the internal situation
- Additions or changes to international norms, international standards, as well as laws and regulations related to human rights
- The results of management reviews concerning Human Rights DD, etc.

Related

UNGP-RF
A1.3

DD Guidance
1.1c

DD Guidance
1.1a
1.1e

Reference 4 Example Human Rights Policy

OO Co., Ltd. Human Rights Policy

Introduction

OO Incorporated agrees with the implication of "(specific name of international norm)" and respects and protects human rights. In addition, we understand that the human rights described herein represent the bare minimum,

This Policy shows specific concepts on the respect for human rights, based on the (Company' s Code of Conduct)."

In addition, at the same time as applying this policy to our officers and employees, we will also encourage our trading partners, business partners, and customers to understand this Policy and to respect human rights.

Respect for Human Rights

OO Incorporated respects the dignity and rights of all people and complies with all laws and international norms concerning human rights. In addition, we do not condone discrimination of any kind, regardless of the reason, including that which is based on race, gender, nationality, religion, . . . , and strive to not be complicit in same.

Performance of Due Diligence and Ongoing Improvements

OO Incorporated will endeavor to appropriately manage risks relating to human rights, and to make ongoing improvements, through the implementation of the human rights due diligence system established by the company.

Response Upon the Occurrence of an Issue

In the event of our business activities having an adverse impact on human rights, we will endeavor to remedy the damage through the use of expert knowledge from both inside and outside the company, in accordance with our human rights due diligence system. We will also implement corrective measures to prevent similar damage from occurring in the future.

1-2. Incorporation of Human Rights DD into Business Processes

(1) Clarification of Roles, Responsibilities, and Authority

The organization, in order to implement Human Rights DD (i.e. in order to achieve the Human Rights Policy and to properly address human rights risks), will identify the human rights risks related to all aspects of business including operations, the products and services handled, and procured parts and materials, will assign responsibilities and authorities in order to manage these reliably and effectively, and will clarify their content.

Reference 5 Division of Duties

Generally speaking, the division of duties is a document that clarifies the roles that employees should play and the scope of their responsibilities, but if content concerning human rights is added to such division of duties, this may be addressed within the existing system.

Reference 6 Manager in Charge

At large organizations, etc., it is also effective to appoint a manager in charge who is given board of directors-level authority and responsibility for the operation and monitoring of Human Rights DD in order to make decisions effectively. In such a case, the manager in charge should be appointed from senior management.

The main role of the manager in charge is to ensure the performance of operations related to Human Rights DD and to report on the operation results to top management.

For organizations that are already sufficiently controlled without having such a manager in charge, such as small-sized organizations, it is not necessary to appoint a specific manager in charge.

(2) Approvals concerning risks and decision-making and documentation of information

Important decisions concerning human rights risks and Human Rights DD at departments and different levels should be approved by the manager in charge or a manager, in accordance with the respective content, and documented in writing to the extent possible. In addition, information relating to these matters shall be shared between the persons concerned.

Content	Related Document	Related Section
Human Rights DD implementation procedures	Human Rights DD Manual	
Specific concepts and policies on human rights	Human Rights Policy	1-1 (1)
Roles, authority, and responsibilities for operation relating to human rights	Human resources notices, organizational chart, Division of Duties	1-2 (1)
Human rights-related matters that should be considered throughout the supply chain	Procurement Guidelines	1-3 (1)
Status of Human Rights Risks at suppliers	"Preliminary Evaluation of New Transaction"	1-3 (3)
Scoping results and processes that determined these	"Scoping Sheet (General Outline Diagram)"	2-1 (2)
	"Scoping Result Records"	
Human rights-related laws, regulations, guidelines and other requirements that the organization has decided to comply with	"List of Human Rights Compliance Items, Etc."	2-3 (2)
Priority Human Rights Risks in the value chain and processes that determine them	"Human Rights Risk List"	2-5
	"Human Rights Risk Assessment Chart"	2-4 (5)
Measures against adverse human rights impacts that occur over the course of business activities	"Correction Plan for Adverse Impact on Human Rights and Confirmation of Correction"	3-1 (2)
Preventive measures against adverse human rights impacts that may occur over the course of business activities	"Human Rights Risks Prevention Plan"	3-2 (1)
Methodology and conclusion of second-party audit of Human Rights DD operation	"Human Rights Internal Audit Plan"	4-3 (2)
	"Human Rights Internal Audit Records"	4-3 (3)
Conclusions from the evaluation conducted by top management on the conformity and effectiveness of Human Rights DD operation	"Human Rights DD Management Review Records"	4-4 (4)

Related

UNGP-RF
A2
A2.1

DD Guidance
1.2a
1.2b
3.1a

UNGP-RF
A2.2

DD Guidance
1.2c
1.2d

The following is to be ensured in the creation and management of documents

- Appropriate identification and descriptions (e.g. title, date, creator, reference number)
- Appropriate format (e.g. language, software version, graphics) and medium (e.g. paper, electronic media)
- Review and approval concerning appropriateness and validity

Ensure that those who need the information are able to access same reliably and quickly. In addition, pay due care to the following when managing information to prevent the adverse impact of information leaks.

- It can be searched easily
- Take measures to prevent information leaks as necessary. For example, in the case of electronic media, access restrictions and password locks, and in the case of paper media, the locking of archives and lockers, etc.
- Indication of the latest version and current version, as well as isolation measures or destruction of older versions in order to prevent misuse
- Revision history and version management
- Use a shredder when disposing of highly confidential documents, such as those containing personal information. In addition, in the case of electronic media, perform processes such as initialization, or request processing by a specialist company.

(3) Committee

Top management shall establish a committee comprised of the manager in charge and related departments (or related people) in order to ensure that initiatives relating to the Human Rights Policy are not concentrated on certain departments, as well as to enable cross-functional partnerships throughout the departments concerned. In addition, consideration shall be paid to ensuring that the wishes of vulnerable persons and minorities among the general and temporary employees are reflected at the committee, such as through the inclusion of an employee representative.

The following matters shall be handled at the committee.

- Sharing of information on risks relating to human rights
- Deliberation of scoping results and human rights risk assessments
- Determination and review of materiality in relation to human rights
- Deliberation on the resources and budget required for the performance of human rights DD
- Proposal of risk management plans and monitoring of their progress
- Changes relating to Human Rights DD processes
- Sharing of information on complaints and issues concerning human rights, such as human rights infringements
- Sharing of information relating to changes in human rights-related laws and guidelines
- Deliberations on the requirements for stakeholders, including guidelines concerning human rights
- Deliberations on the continuation of transactions with suppliers that have an adverse impact on human rights
- Deliberations on support measures for suppliers that are required for Human Rights DD
- Deliberations on plans and sharing of information relating to non-conformities, rectification, and prevention
- Matters concerning the disclosure of information relating to Human Rights DD
- Other important matters relating to human rights

The organization shall disclose information relating to the organizational system for the promotion of Human Rights DD in a location where it can be accessed by anyone, such as its official website.

Related

UNGP-RF
A2
A2.2

DD Guidance
1.2e

Reference 7 Cases where a committee is not established

The committee has the function of supporting managerial decision-making and supervision. In the case of a small-sized organization for which operation processes can be appropriately managed, it will not necessarily be required to establish a committee. On the other hand, in the case of a large-sized organization, there may be cases where multiple risks other than human rights risks, including environmental risks and occupational safety and health risks, need to be individually managed. In such cases, integration is effective in terms of business efficiency, however, if there are different departments in charge, there may be conflicts of interest that make integration difficult. If this is the case, it should be considered that the issue is addressed by a sustainability committee, etc. that is positioned closer to management, and included in the management strategy.

Reference 8 Participation of worker representatives in committees

If there is a trade union, it is desirable for the trade union committee chair or person in an equivalent position to be appointed, and if there is no trade union, for a person representing workers to be appointed as a committee member.

If the members are comprised mainly of managers or persons in management level positions, the wishes of persons in weaker positions such as general and temporary employees, as well as minorities, may not be reflected. In addition, for the holding of more effective discussions, it is desirable to include a variety of genders, ages, regions and nationalities.

(4) Awareness and preparation of human resources

Top management, in order to reduce adverse human rights impacts and risks for all persons working for the organization, shall plan and conduct training for all relevant persons so that they may gain an awareness of the following matters.

- Understanding of the Human Rights Policy (related to 1-1 (2))
- Basic education on human rights
- The impact on human rights caused by their operation
- The manifested or potential human rights risks in their operation
- The advantages to business that can be obtained by mitigating the impact on human rights
- The disadvantages to business in the case of an adverse impact having been caused due to a deviation from human rights DD

Top management evaluates the exemplary initiatives for Human Rights DD in order to achieve the targets relating to the Human Rights Policy and human rights, as well as to develop an internal environment, atmosphere, and organizational culture.

Reference 9 Incentives

Methods for evaluating initiatives relating to Human Rights DD conducted by individuals and departments including making them subject to the granting of internal awards and adding them to the evaluation criteria for personnel evaluations.

It is important to encourage awareness among those involved while also raising awareness through such a mechanism.

(5) Consultation help desk and remedy process

The organization, in reference to the “Engagement and Remedy Guidelines for Promotion of Responsible Business Conduct and Responsible Supply Chains,” shall establish a consultation help desk to accept complaints and consultations concerning human rights in accordance with the United Nations’ “Guiding Principles on Business and Human Rights.” [Refer to 6-2]

At the same time, establish procedures for the accurate and prompt acceptance of complaints and opinions from all stakeholders, including employees. The procedures should include a description on the protection of the rights of the sender of the information (or information provider).

Related

UNGP-RF
A2.3

DD Guidance
1.2f
1.2g

DD Guidance
1.2h

(6) Response to violations and deviations

The organization shall conduct the following as necessary in relation to the method of dealing with violations or significant deviations from the Human Rights Policy, human rights laws and regulations, compliance obligations, and other Human Rights DD-related agreements. (Related to Section 6)

- Identification of the actual situation
- Action against the persons involved
- Education and training for the persons involved

(7) Preparation of other resources

Top management determines and provides the materials necessary for the proper implementation of the matters determined by the Human Rights Policy and Human Rights DD. These include tangible items such as facilities, equipment and tools, as well as intangibles such as systems, procedures, and layouts.

In addition, utmost consideration is paid to the organization's atmosphere, culture, and values, etc. as well, and efforts are made to produce a location and space in which everyone can work actively and with a sense of purpose.

1-3. Incorporation of Human Rights DD into Procurement Processes

(1) Formulation and raising of awareness of procurement guidelines

The organization, towards the realization of the Human Rights Policy, shall formulate guidelines that clearly state the initiatives to be conducted in the supply chain, including matters relating to the response to human rights issues, as well as the expectations for suppliers.

These shall be formulated in reference to advice from the CSR Department and the Procurement Department. The guidelines shall be approved by the manager in charge following deliberation by the committee.

In addition, the content of the guidelines shall be published on the organization's official website, a system shall be put in place wherein they can be viewed by anyone, and at the same time, it will be ensured that the Human Rights Policy and guidelines are accurately communicated to suppliers through briefing sessions for the raising of awareness.

The same applies in the case of the guidelines being revised; such revisions shall be accurately communicated via the company's website and through briefing sessions, etc.

(2) Consent to initiatives

In order to ensure (1) above, the organization shall require its suppliers to endorse the Human Rights Policy and guidelines.

In addition, at such times, if there is no option but to maintain an ongoing trading relationship with a supplier for which it is difficult to comply with the guidelines for any reason, that supplier shall be made subject to priority management in Human Rights DD. [Related: 2-5]

Reference 10 Consent to policies and guidelines

Methods for obtaining consent include incorporating sustainability-related items into trading agreements and exchanging written consent for the procurement guidelines. In such cases, it is desirable to keep records of "when," "to whom (which supplier)," and "what" was conveyed.

<Reference Form> "Informed Consent" Form

Related

DD Guidance
1.2i

UNGP-RF
A2.4

DD Guidance
1.3a

DD Guidance
1.3b
1.3e

(3) Preliminary examination at time of new transaction

In the case of a new trading agreement being established with a new supplier, a risk assessment shall be conducted beforehand to ascertain where (parts, materials, supplies, procurement areas, processes, etc.) and what kind (human rights, labor, environment, governance, etc.) of risks are present to what extent. Additional measures shall be taken as necessary.

<Reference Form> “Preliminary Evaluation of New Transaction” Form

(4) Establishment of infrastructure for Human Rights DD in the supply chain

The organization shall provide the support required for suppliers to maintain sufficient processes for the conducting of transactions in compliance with the guidelines. Support methods include those that will contribute to the improved abilities of human resources, such as education, training, and guidance, as well as material support, such as the lending of devices and equipment, and financial support.

Reference 11 Formulation of procurement policy

In order to provide suppliers with awareness of your organization’s human rights and environmental policies and initiatives, and to have them perform and cooperate with procurement activities, it can also be effective to formulate a procurement policy that clearly specifies the expectations for suppliers.

Reference 12 Examples of items to be stated in procurement guidelines

*Includes non-human rights-related content

- | | |
|--|---|
| 1. Compliance | 3. Environment |
| (1) Compliance with laws, regulations, and social norms | (1) Provision of products and services for the protection of the global environment |
| (2) Compliance with internal rules | (2) Consideration to the environment in terms of product lifecycle |
| (3) Compliance with competition laws | (3) Continuous improvements |
| (4) Prevention of corruption | (4) Management of environmentally hazardous substances |
| (5) Security export control | (5) Initiatives for biodiversity |
| (6) Protection of intellectual property rights | |
| (7) Elimination of antisocial forces | |
| 2. Human rights, labor | 4. Contributions to society |
| (1) Respect for human rights | (1) Contribution to society and the local community |
| (2) Prohibition of harassment | |
| (3) Prohibition of discrimination | 5. Pursuit of product satisfaction |
| (4) Prohibition of forced labor | (1) Pursuit of quality and safety |
| (5) Prohibition of child labor | (2) Response to customers |
| (6) Dialog and consultation with employees | |
| (7) Awareness raising of health and safety / health management | 6. Information security |
| (8) An active work environment | (1) Management of confidential information and personal information |
| | (2) Protection of information |

Related

DD Guidance
1.3d

2. Risk Assessments

2-1. Scoping

(1) Fundamentals

For the rational and effective management of human rights risks, identify business areas for which there is a high likelihood of risk by drawing a general outline diagram relating to business and business relationships, including the supply chain. This general outline diagram should identify human rights risks (risks that are already being faced, risks that may be faced (potential risks)) and the relationship to business (the company's activities or operations, the products and services provided by the company, the items procured by the company, and the company's suppliers).

It should be noted that the following will be considered when identifying business areas.

- (1) The organization's business, activities, or operations
 - The environment surrounding the business
 - The content and quality of the activities or operations
 - Laws, regulations and guidelines concerning activities or operations
 - Complaint and litigation history
 - Address of the base for the company's activities, etc.
- (2) The products and services provided by the organization
 - Examples of accidents and litigation relating to products and services
 - Complicity in human rights violations and conflicts, etc.
- (3) The items procured by the organization and the suppliers
 - Countries and areas from which procured items (materials and parts, etc.) are obtained
 - Countries and areas in which procured items are processed
 - Processes in which procurement items are processed (presence or absence of processes involving dangerous work, etc.)
 - Business content and business areas of suppliers (manufacturing companies, trading companies, etc.)
 - Supplier's location (e.g. conflict areas, or areas for which there is a concern of discrimination, etc.)
 - Results of audits and evaluations conducted by examination and evaluation bodies, etc.

(2) Implementation of scoping

All business is subject to scoping. At such times, a representative of the respective business or a person familiar with the business should be included in the discussions. The scoping results shall be deliberated by the committee and approved by the manager in charge.

The information required to identify areas shall be obtained through the use of reports from governments, international organizations, civil society organizations, worker representatives and trade unions, national human rights institutions, the media and other experts, as well as through consultation with stakeholders and internal / external experts as necessary.

The information used to identify the area (such as the data serving as basis for the identification and the reasons for the identification) shall be stored in the form of records.

<Reference Forms> "Scoping Sheet (General Outline Diagram)" Form
"Scoping Result Records" Form

Related

UNGP-RF
B1
B2
B3
B4

DD Guidance
2.1a
2.1d

DD Guidance
2.1b
2.1c
2.1e

Reference 13 Cases where scoping is not required

In the case of a small-sized organization, etc., or where the scope of business is limited, it may not be necessary to conduct scoping. If scoping is not performed, Human Rights DD shall be conducted on the business area in general.

Reference 14 Reference information for scoping

In order to ascertain human rights risks that are hidden in value chains, information on human rights issues in the respective country and region is required. The websites shown below may be useful for obtaining highly reliable information on such matters.

- (1) Corruption Perceptions Index (CPI)
<https://www.transparency.org/en/cpi/2021>
- (2) ILAB (US International Labor Affairs Bureau) List of Goods Produced by Child Labor or Forced Labor (Report on Child Labor and Force Labor)
<https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>
- (3) Nippon Export and Investment Insurance (NEXI) Country Risk Map
<https://www.nexi.go.jp/cover/img/rskmap.pdf>

(3) Maintenance of the appropriateness of the scoping results and management of changeDD Guidance
2.1f
2.1g

In order to accurately manage potential human rights risks in business activities, conduct regular (once annually at a minimum) evaluations on the appropriateness and validity of the scoping results.

In addition, in the case of any change to business content, such as the changing of various policies, the merger or restructuring of the business or organization, or participation in a new market, or if there are changes or additions to the products and services or changes in suppliers and their surroundings, etc., scoping should be conducted as necessary.

Reference 15 Examples of events that impact scoping

- | | |
|--|---|
| <ul style="list-style-type: none"> (1) Social changes <ul style="list-style-type: none"> •Demographic trends (lower birthrates and aging population) •Foreign exchange fluctuations •Climate change •Wars and regional conflicts •Economic growth •Development of technology •Formulation and revision, etc., of laws and regulations | <ul style="list-style-type: none"> (2) Changes within business areas <ul style="list-style-type: none"> •Performance •Bankruptcy and abolition of business of trading partner •Number of employees •Employee diversification •Diversification of customers and users •Changes in customer and user orientation •Aging or obsolescence of equipment, etc. |
|--|---|

(4) Preliminary evaluation concerning changes in the business environment

The organization shall conduct risk assessments beforehand to the extent possible in the following cases.

- Merger of a business or organization
- Restructuring of a business or organization
- Entry into a new market
- Development of new products or services

2-2. Understanding of Organization and Status

The organization understands the surrounding situation in relation to the business areas identified in scoping. In other words, ascertain the changes in society that have impacted the business (or which are likely to cause an impact), as well as the content and size of changes within the business area, including the supply chain and the value chain.

2-3. Determination of Compliance Items, Etc.

(1) Identification of compliance items such as applicable laws, regulations, and requirements

Clarify the legal requirements that must be complied with in relation to the business, the products and services provided, as well as any related procurement items and suppliers, and any other requirements with which the decision has been made to comply (where applicable).

- Laws, regulations and ordinances
- Requirements of the government or other bodies
- International policies and standards
- Orders, rules, or guidelines of regulatory authorities
- Industry body policies and standards
- Policies, standards, and code of conduct prescribed by the organization
- Voluntary commitments
- Judgments from courts or administrative tribunals
- Agreements with community groups or non-governmental organizations (NGO)
- Agreements with public bodies and customers
- Requirements from trading partners

Reference 16 Examples of international policies and standards

Universal Declaration of Human Rights

Convention on the Rights of Persons with Disabilities

Guiding Principles on Business and Human Rights

United Nations Declaration on the Rights of Indigenous Peoples

International Covenants of Human Rights (International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights)

Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic minorities

Convention on the Prevention and Punishment of the Crime of Genocide

Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

United Nations Convention Against Transnational Organized Crime

International Convention on the Elimination of All Forms of Racial Discrimination

ILO Declaration on Fundamental Principles and Rights at Work

Convention on the Elimination of All Forms of Discrimination Against Women

ILO MNE Declaration

Convention on the Rights of the Child

ILO Core Labor Standards

Reference 17 Applicable compliance items

There are laws, regulations, and ordinances, etc. that function as the minimum level of compliance obligations that must be observed. On the other hand, although there are no direct penalties for failing to comply with international standards, industry policies, and social norms such as local customs, companies are required to actively comply with these as part of their social responsibility. It is desirable to prepare a list of applicable compliance items for these, and to take the initiative in working towards the building of a better society.

(2) Clarification of relevance of compliance items, etc. with business activities, products and services

The organization shall clarify where and how the applicable compliance items, etc. determined pursuant to (1) above will be applied to the applicable business activities, products and services.

(3) Response to conflicting requirements

In the event of there being any contradictions in the content of laws, regulations, and norms, etc. due to differences in countries and regions, refer to internationally recognized principles on human rights such as the “Guiding Principles on Business and Human Rights,” “Tripartite declaration of principles concerning multinational enterprises and social policy,” and “OECD Guidelines for Multinational Enterprises.”

<Reference Form> “List of Human Rights Compliance Items, Etc.” Form

2-4. Preparations for Risk Assessment and Conducting of Assessment

(1) Fundamentals

The organization, in relation to the activities it performs in the business areas identified through scoping (2-1), the products and services that are provided, as well as the procurement items and suppliers relating to these, shall evaluate the risk of deviation from the Human Rights Policy (1-1), procurement guidelines (1-3), and compliance items, etc. (2-3 (1)) from the perspective of nature (severity) and likelihood of occurrence.

In addition, evaluations of potential business mergers and restructuring, entry into new markets, and the development of new products and services are also subject.

Reference 18 Example of standards for the selection of evaluation subjects

(1) The company’s activities or operations

Operation-related danger, diversity of workers, number of employees, laws and regulations applicable to operation, number of incidents of harassment

(2) The products and services provided by the company

Product-related danger, diversity of users, accident and problem history

(3) Items procured by the company

Laws and regulations applicable to the source country / region of raw materials, the mining method of raw materials, and procured items

(4) The company’s suppliers

Supplier size, business and operation-related danger, content of the products handled, trading quantity and amount, litigation and problem history, Human Rights DD initiatives status

(Related to 2-4 (3))

Related

DD Guidance
2.2b
2.2d
2.2f

(2) Collection of information required for evaluation

Over the course of the evaluation, collect the information required for the evaluation, including information on harm to human rights that is actually occurring within the business area identified during scoping as well information relating to such matters. Consult with stakeholders, trade unions, or workers' representatives, etc. that have incurred human rights damage (or who are currently incurring or may incur such damage) and examine how to collect information. In addition, during the collection of information, if direct contact is impossible or difficult (or is expected to be difficult) for reasons such as the stakeholder who has sustained harm being located far away, consult with a reliable specialist organization such as a labor union or human rights NPO. In addition, collect all information other than that directly related to human rights.

Reference 19 Examples of information to be collected over the course of evaluations

- Information relating to internal rumors and past problems
- Information from third parties
- News from domestic and the other countries
- Information on the amendment of laws, regulations, and ordinances
- Environmental impact assessments and equivalents of same
- Human rights impact assessments and equivalents of same
- Results of legal reviews or on-site investigations by external agencies
- Audit results (accounting audits, occupational safety and health audits, environmental audits, etc.)
- Case studies of initiatives at other companies, etc.

As human rights concern all matters relating to people, it is desirable to collect information from a broad range of sources rather than from limited sources.

(3) Clarification of the relationship between the identified risks and the company

When assessing risk, clarify in which of the following forms the company is involved in relation to its activities, the products and services provided by the company, the items procured by the company, and the related suppliers.

- A direct cause (or has the potential to be a direct cause) of an adverse impact
- Encouragement (or the possibility of same) of adverse impact
- The adverse impact is (or may be) directly linked to the company's business, products, or services

It should be noted that in order to improve the accuracy of evaluations, the necessary information will be obtained through consultations with employees, those working for the company, suppliers, customers, and other stakeholders. Of such stakeholders, active consultation will be held with those who have actually been impacted (or who are being impacted or may be impacted). In addition, opinions may also be sought from the relevant employees, internal departments with knowledge of human rights, such as the Human Resources Department and Compliance Department, external experts and specialist organizations involved in human rights, including attorneys and consultants who are familiar with human rights issues and human rights NGOs and NPOs, as well as related companies, etc. as necessary. If agreement is not reached on the evaluation results, take action with utmost effort and in good faith, such as by arranging briefing sessions and opportunities for discussion.

The results of such communications with stakeholders shall be stored in the form of records.

Related

DD Guidance
2.2d
2.2b

DD Guidance
2.3a
2.3b
2.3c
2.3d

(4) Obtaining of supplier information

When conducting risk assessments on the supply chain, such as on the status of initiatives concerning potential human rights risks in the procured materials, raw materials, and services, and human rights risks at suppliers, use the following information as reference.

- Results of interviews with suppliers
- Information from the internet
- Information obtained from past transactions
- Self-Assessment Questionnaire (SAQ) implementation results, etc.

Related

DD Guidance
2.2c
2.4c

Reference 20 GCNJ Version Common SAQ

A self-assessment questionnaire that is conducted by the buying company on its suppliers to ascertain the status of all risks in the supply chain.

Conduct quantitative evaluations on the risk management of the supplier by dividing risk into the following nine categories and having them to respond to questions relating to the status of initiatives set for each of these categories.

- Corporate governance (Organizational governance)
- Human rights
- Labor
- Environment
- Fair corporate activities
- Quality and safety
- Information security
- Supply chain
- Co-existence with the local community

As the responses to the SAQ are based solely on the subjective opinion of the supplier, check the appropriateness of the scores and adjust the levels by looking at the responses from other suppliers as necessary.

(Refer to the GCNJ official website for details)

Reference 21 Example of SAQ Questionnaire Implementation Frequency

If there are many suppliers with which your company usually does business, the conducting of an annual risk assessment on all suppliers may be a burden in terms of man-hours, possibly leading to the performance of haphazard assessments and other adverse impacts on operation. In such a case, it will be necessary to mitigate the burden on the personnel conducting the evaluations, such as by varying the interval between evaluations in accordance with the level of risk and adjusting the evaluation items.

Rank	Standard	Frequency
A	High evaluation score	Every three years
B	Medium evaluation score	Every two years
C	Low evaluation score	Every year

(5) Conducting of assessment

The organization shall conduct a risk assessment based on the information obtained from (2) to (4). At such time, the company's business activities, upstream (processing of materials and parts, extraction and mining of raw materials, suppliers relating to these, etc.), and downstream (the use, disposal, and circulation, etc. of the products and services provided by the company), i.e. the perspective of the value chain, will be taken into account, with the assessment being based on the severity (impact) in the case of an adverse impact occurring, the probability of occurrence, as well as the difficulty of addressing such a matter.

In particular, it will clarify the activities that may not be conducted under laws relating to human rights and other institutional frameworks.

In addition, at the time of evaluation, special consideration shall be paid to minorities and socially vulnerable groups, such as those who are at higher risk of being bullied or harassed, as well as women in a male-dominated workplace.

For companies within the group, as a general rule, each company shall conduct assessment based on this manual; however, if there are any deficiencies or concerns of deficiencies, the parent company shall provide support as necessary

<Reference Form> “Human Rights Risk Assessment Chart” Form

2-5. Determination of High-Risk Items

The organization, from the various information obtained, including the results of the assessment of 2-4 (5), shall identify risks that can be immediately addressed, and large risks that have already appeared or may appear, and shall clarify those that should be addressed as a matter of priority (i.e. those of high severity or for which a delay in handling may result in them becoming irremediable). In addition, the supplier issues to be addressed with priority shall also be clarified based on the results of the supplier assessment. In regard to the results of risk assessments, including scoping (including those that are not to be addressed as priorities), decisions shall be made with the approval of top management in the form of risks subject to management in Human Rights DD upon being deliberated by the committee, based on the results of discussions with related companies and stakeholders that have been affected (or are being or may be affected) as well as the opinions of internal and external specialists.

<Recommended Format> “Human Rights Risk List” Form

2-6. Review of Evaluation Results

The results of risk assessments, including scoping, shall be reviewed regularly (at a frequency of at least once annually).

In addition, if there are any changes to business content, such as changes of policy and entry into a new market, any additions to products and services, any major changes to business, any changes of suppliers and the surrounding matters, or any major changes in the social situation, risk assessments shall be conducted as necessary, and the latest risk status shall be ascertained.

Related

DD Guidance
2.2d
2.2e
2.2i
2.2j

UNGP-RF
B2
B3

DD Guidance
2.4a
2.4b
2.4d
2.4e
2.4f

DD Guidance
2.2g

3. Termination, Prevention, and Mitigation of Adverse Impacts

3-1. Prevention of Adverse Impacts Manifested

(1) Termination of adverse impacts

In the event of the company causing adverse impacts on human rights, contributing to adverse impacts, or in the event of information relating to such matters having been obtained through external reports, consultation service for complaint, third-party consultation or via hotline, etc., the manager in charge shall be contacted immediately and at the same time, measures shall be taken in order to terminate the impact. (If the company is unable to act directly or proactively, such as in cases where the company is contributing to a situation, it shall actively cooperate with the mitigation of any remaining adverse impact).

If it is difficult to terminate the impact due to business, contractual, or legal issues, consultation shall be held with internal legal advisors, such as advising counsel, and the impacted stakeholders, and a roadmap towards improvement shall be created based on examination of mitigation measures and monitoring methods.

The personnel in charge or the department in charge of such a matter shall create a record of the series of measures taken.

<Reference Form> “Report on Adverse Impact on Human Rights” Form

(2) Correction and recurrence prevention plan

In relation to (1) above, the personnel or the department in charge shall formulate a plan for the rectification and prevention of recurrence of the adverse impact. In such cases, efforts shall be made to investigate the cause through follow-up investigations, etc. .

In addition, advice from relevant employees, internal departments with knowledge in human rights, such as the Human Resources Department and Compliance Department, external specialists and specialist organizations involved in human rights, including attorneys and consultants who are familiar with human rights issues and human rights NGOs and NPOs shall be considered as necessary, and in addition, consultations shall be held with stakeholders that have sustained an adverse impact (or are sustaining or may sustain an adverse impact).

The following shall be clarified in the plan.

- The content of the adverse impact
- The subject affected by the adverse impact in the case of an issue having occurred
- Intent of the countermeasures or goal after taking the countermeasures
- Content or method of the measures
- Implementation period
- Personnel in charge (or department in charge) and manager

The plan shall be discussed with stakeholders who have sustained an adverse impact (or who are sustaining or may sustain an adverse impact), and determined by the approval of the manager in charge, upon deliberation by the committee.

<Reference Forms> “Correction Plan for Adverse Impact on Human Rights” Form
“Confirmation of Correction of Adverse Impact on Human Rights” Form

Related

UNGP-RF
C6

DD Guidance
3.1b

UNGP-RF

C1
C2
C2.1
C2.2
C2.3
C4
C4.1
C4.2
C4.3

DD Guidance

3.1c
3.1e
3.1f

(3) Education or training for the implemented plan

For the reliable implementation of the plan formulated in (2) above, education or training shall be planned to provide the key personnel for the operation of the plan (including management) with the necessary abilities.

Records shall be created for such education and training, and include the following.

- Name of the education and/or training
- Objective or aim of the education and/or training
- Content of the education and/or training (textbooks and procedural manuals, etc.)
- Implementation date and time
- Manager in charge
- Participants
- Whether or not the objective of the education and/or training was achieved, etc.

(4) Raising awareness among stakeholders

The following methods shall be used to raise awareness of human rights within the organization.

- Disseminate information such as news and topics related to human rights
- Disseminate human rights information through the intranet
- Holding events such as lectures and study groups on human rights
- Topics relating to human rights at departmental meetings, etc.

(5) Confirmation of corrective effect

After implementing the correction plan, the personnel or department in charge shall confirm that the measures taken have met their intent or purpose, and at the same time shall evaluate the effectiveness of these measures.

In the event of having been determined by evaluation that the correction has not been sufficient, the plan shall be reviewed and the correction process shall be repeated until the intended result has been achieved.

3-2. Response to Potential Adverse Impacts

(1) Develop and implement of prevention measures

The personnel or the department in charge in relation to the improvement with a risk determined in 2-5 shall draft and implement measures for the appropriate management of the risk.

When developing such a plan, advice from relevant employees, internal departments with knowledge in human rights, such as the Human Resources Department and Compliance Department, external specialists and specialist organizations involved in human rights, including attorneys and consultants who are familiar with human rights issues and human rights NGOs and NPOs shall be considered as necessary. In addition, consultations shall be held with impacted or potentially impacted stakeholders and rightsholders.

Related

DD Guidance
3.1d

DD Guidance
3.2a
3.2b

The following shall be clarified in the plan.

- The content of the possible adverse impact
- The subject affected by the adverse impact in the case of an issue having occurred
- Intent of the countermeasures or goal after taking the countermeasures
- Content or method of the measures
- Implementation period
- Management indicators related to key elements of operations (KPIs)
- Personnel (or department) in charge and manager

Examples of measures

- (1) Changing of operation content or abolition of operation
If there is any dangerous work or operation that carries psychological stress, etc., eliminate that operation or replace it with another operation.
- (2) Establishment and revision of system
If there is a possibility of stress being caused to others due to variations in judgment between individuals, systems and standards shall be established to promote the correct performance of operation, as well as to support appropriate judgment.
- (3) Changes to personnel placement
Change the placement of the perpetrators and victims.
- (4) Education and/or training
The objective is to gain knowledge on human rights and to foster an awareness of human rights. (Related to 3-1 (3))
- (5) Establishment and modification of facilities, equipment, and devices
If there is any equipment, etc. that lacks consideration for a diverse variety of persons, such as in terms of the number of toilets and rest areas, the height of an emergency stop button, or a display in colors that are difficult to see, take measures such as modifying the existing equipment, or newly installing the applicable equipment, etc.
- (6) Establishment or review of procedures
Protect against risks by establishing procedures for dangerous labor and operation that may lead to long working hours.
- (7) Modification of products or changes to the content of services
For products with safety issues, or products and services for which there has been a lack of consideration of diversity, either take measures to mitigate the impact, or modify or change the applicable products and services.
- (8) Changing procurement items
If there is a risk of human rights violations during the mining or manufacturing process of materials, etc., change to alternative materials and parts.
- (9) Changing suppliers
Change from agreements with suppliers with inadequate management systems, such as poor working environments, or suppliers who have had a serious adverse impact on human rights, such as those with a history of scandals (regardless of whether the adverse impact has appeared or is potential), to agreements with reliable suppliers.
- (10) Development of a monitoring system or strengthening of monitoring, etc.
Develop a monitoring system for high-risk operation, products, services, suppliers, and procurement items, and conduct regular monitoring of same.

The plan will be determined through deliberation by the committee and the approval of the manager in charge.

<Reference Form> “Human Rights Risks Prevention Plan” Form

(2) Execution of plan

When executing the measures of (1) above, the department in charge shall consult and promote cooperation with impacted or potentially impacted stakeholders and rightsholders to the extent possible.

(3) Points to note when formulating and executing plans

A. Termination and mitigation of adverse impacts

In the event of the company or one of its stakeholders sustaining an adverse impact from a trading partner or another stakeholder, recommend the party that caused the impact to terminate or mitigate the impact, or plan measures to terminate or mitigate the situation such as those shown below.

- Encouragement from people with greater leverage, such as the top management at the company
- Provide transaction-related incentives as an alternative to the termination or mitigation of the impact
- Partner with other groups and organizations, such as industry associations and government agencies to examine measures.
- Suspend or dissolve the trading relationship, etc.

Reference 22 Exercising of leverage

Effective responses to adverse impacts include not only responses taken by one’s own company, but also those taken in partnership with government agencies, industry associations, supply chain partners, the GCNJ and other platforms that span business types and industries, etc. In addition, it is necessary to address not only the adverse impact, but also to consider strengthening of the response.

B. Prior notification of requirements to trading partners

To ensure that no adverse impact is caused on human rights over the course of transactions, new trading partners should be made aware of the company's Human Rights Policy and procurement guidelines, etc. prior to the commencement of transactions. ⇒Refer to I-3(1)

C. Support for those close by

In the event of an adverse impact on human rights having been caused by another company, and that said company is intending to take measures, cooperate to the extent possible towards the resolution of the issue, such as through engaging in consultations with impacted or potentially impacted stakeholders and rightsholders. For example, also consider activities as a sector and government engagement, etc.

D. Support for suppliers

For suppliers and other stakeholders that are taking measures against adverse impacts and risks relating to human rights, provide support as necessary. Methods of support include education and/or training, the provision of funds, the provision of technology and know-how, as well as the review of Purchasing price. Support measures shall be deliberated by the committee and shall be determined with the approval of top management.

Related

DD Guidance
3.1g
3.1b
3.2c
3.2d
3.2e
3.2f

DD Guidance
3.2g

E. Disengagement and maintenance of trading relationships with suppliers

In order to continue relationships with suppliers, the committee shall deliberate on the control, termination, and correction of any serious impact on human rights caused by a supplier. Efforts to make improvements to risks shall be made with suppliers based on the deliberation results; however, in cases where improvement is determined to be difficult despite such efforts, measures such as suspending transactions or dissolving the trading relationship shall be taken. In such cases, sufficient consideration shall be paid to the social and economic impacts of the dissolution, and a detailed explanation shall be provided to the supplier concerned.

In addition, if retention of the trading relationship has been determined, clarify the reasons for continuing the relationship, as well as the reputational risk, financial risk, and legal risk that can be envisioned in conjunction with retention of the relationship. The content relating to such deliberations shall be recorded in the form of meeting minutes.

F. Withdrawal from conflict areas, etc.

In the event of withdrawing business from a conflict area, etc. due to a sudden deterioration in the situation, etc., provide an explanation for the withdrawal, etc. to stakeholders including locally hired employees and related local suppliers. In such cases, provide opportunities for direct discussions, such as briefing sessions, to the extent possible; however, if this is difficult, use alternative means such as written documents or websites.

Reference 23 Human rights issues in conflict areas and areas affected by criminal groups

In areas of conflict or where people are affected by widespread violence or serious harm by organized crime groups, it can be expected that new entrants and replacement companies will not emerge. The withdrawal of business from such areas will not only have a major adverse impact on local lifestyles and the local economy as a result of delays in the provision of products and services, but will also have a significant impact on employment, and therefore, it is necessary to sufficiently consider such impacts in the case of withdrawing business.

Related

DD Guidance
3.2h
3.2i
3.2j

4. Evaluation of Conformity and Effectiveness

4-1. Basics of Monitoring, Measurement, Analysis and Evaluation

In order to maintain the effectiveness of human rights initiatives, managers and departments in charge must not only regularly monitor efforts relating to Human Rights DD but must also conduct regular evaluations.

In addition, top management shall plan and regularly conduct third party audits on trading partners in relation to the conformity and effectiveness in operations of legal requirements, rules such as policies and guidelines prescribed by the company, as well as other compliance items, etc. relating to the company's Human Rights DD.

<Reference Form>

“Human Rights Compliance Item, Etc., Compliance Status Evaluation Chart” Form

4-2. Monitoring, Measurement, Analysis, Evaluation, and Follow-up Survey

(1) Monitoring and Measurement

Regularly monitor the following items, and where possible to quantitatively ascertain the results, measure the situation.

- The compliance items, etc. identified in 2-3
- Risk status
- The progress status in relation to the series of initiatives related to section 3
- Complaints and information on adverse impacts
- All other items prescribed in this Manual

(2) Analysis and evaluation

The monitoring and measurement results shall be analyzed in reference to the following standards, and an assessment shall be conducted on the effectiveness of the initiatives.

- The compliance items, etc. identified in 2-3
- The items established in relation to section 3 ⇒ Refer to 3-2 (1)
- All other items prescribed in this Manual

<Reference Form> “Human Rights Risks Prevention Plan” Form

4-3. Audit

(1) Audit basics

Top management shall instruct the Audit Department to conduct a human rights audit in order to maintain the appropriateness and effectiveness of Human Rights DD.

The audit shall confirm the following in relation to the company's operation, activities, and suppliers.

- The compliance items, etc. identified in 2-3
- The items established in relation to section 3 ⇒ Refer to 3-2 (1)
- All other items prescribed in this Manual
- The effectiveness of initiatives relating to Human Rights DD

(2) Audit plan

The General Manager of the Audit Department shall formulate an audit plan based on the intent of top management. The following items shall be clarified in the audit plan.

- Objective or aim of the audit
- Audit standards
- Department or supplier subject to audit, or products and services subject to audit *¹
- Implementation period
- Audit members*²
- Audit method (document audit, on-site audit, online audit, etc.)

*¹ Audit subjects shall be selected based on the size of the risk

*² From the perspective of the independence of the audit, audit members shall be persons who are not directly involved with the parties being audited (or department or organization being audited) and/or operation being audited

Related

UNGP-RF
C5

DD Guidance
4.1a

DD Guidance
4.1b

The audit plan should be determined with the approval of the Board of Directors

<Reference Forms> “Human Rights Audit Plan / Audit Results Report” Form
“Human Rights Audit Implementation Plan” Form

(3) Internal audit

An audit shall be conducted on the initiatives relating to the company's operation and activities in Human Rights DD.

<Reference Forms> “Human Rights Audit Plan / Audit Results Report” Form
“Human Rights Audit Implementation Plan” Form
“Human Rights Audit Improvement Instructions” Form

(4) Supply chain audit

The Audit Department shall conduct an audit on risks in the supply chain and the management status thereof.

<Reference Forms> “Human Rights Audit Plan / Audit Results Report” Form
“Human Rights Audit Implementation Plan” Form
“Human Rights Audit Improvement Instructions” Form

Reference 24 Human Rights Audit

Audits on suppliers have often focused on quality, costs, delivery dates, and credit management, etc. in the past. In recent times, however, environmental issues and occupational health and safety, etc. have also come to be included in audit themes. The conducting of audits on all of these wide-ranging themes could be expected to impose a considerable burden on both the auditor and the parties being audited. If so, it may be effective to conduct checks on multiple themes on any one single audit

(5) Measures upon discovery of an issue (corrective measures)

If a problem is discovered through daily monitoring, internal audits, and supply chain audits, or if there is a concern of such a problem being encouraged, it shall be promptly discussed with stakeholders such as the victims and employees, labor union, or worker representative, and cooperation shall be provided with measures for the prevention of any further damage (measures to correct the problem).

*Corrective measures that lead to fundamental solutions are described in section 6. In addition, if multiple parties are involved, the response shall be deliberated by the committee.

(6) Audit results report

The Audit Department shall summarize the results of internal audits and supply chain audits conducted during the financial year in accordance with the plan, as well as matters relating to correction, and shall report to the top management and the Board of Directors.

<Reference Form> “Human Rights Audit Results Report” Form

4-4. Management Review

(1) Conducting of management review

Top management, in order to maintain the appropriateness, validity, and effectiveness of Human Rights DD on an ongoing basis, shall conduct reviews on Human Rights DD at the times prescribed in advance.

(2) Input for management review

The following matters shall be considered during management reviews.

Related

DD Guidance
4.1c

UNGP-RF
A2.5
C2.2
C2.3
C3
C3.1
C3.2
C4.1
C4.3
C5.1
C6.3
C6.4
C6.5

DD Guidance
4.1f

- Measures against adverse impacts on human rights that have occurred through to the present
- External and internal issues relating to Human Rights DD
- Changes to compliance items, etc. as well as the needs and expectations of stakeholders
- Changes to operations conducted by the organization, products and services handled, procurement items, and suppliers
- Risk status
- The status of the measures prescribed in 2-3
- Records of complaints and problems
- Monitoring and measurement results
- Status of compliance with compliance items, etc.
- Results of internal and external audits
- Information from third-party contact points
- The status of management resources assigned to Human Rights DD
- Proposals for improvements from departments and the manager in charge

Related

(3) Output in management reviews

The review by top management shall cover the following matters.

- The conclusion that Human Rights DD is appropriate, valid, and effective
- Instructions for improvements
- Decisions on management resources

(4) Reporting on the results of management reviews

Top management shall report on the results of management reviews to the Board of Directors.

<Reference Form> “Human Rights DD Management Review Records” Form

5. Disclosure of Initiative Status

5-1. Basics of Information Disclosure

The organization shall externally publish a series of information concerning its Human Rights DD policies and processes.

In particular, consideration should be given to language and culture in order to ensure that the relevant information is conveyed to the individual or organization that is subject (or was subject) to an adverse impact relating to human rights or a risk either directly or substantially.

Related

UNGP-RF
B1
B2
B3
B4

DD Guidance
5.1b

5-2. Disclosure

(1) Disclosure items

- (1) Code of conduct or the standards formulated by the organization to fulfill its social responsibilities [Related to 1-1 (1), 1-3 (1)]
- (2) Information on the relevance with (1) above and the organization's management plan [Related to 1-2]
- (3) Business areas identified by scoping [Related to 2-1]
- (4) Significant adverse impacts and risks identified from the areas of (3) above [Related to 2-5]
- (5) Standards and processes used for the determination of (4) above [Related to 2-4]
- (6) Mitigation and preventive measures relating to (4) above and plans for same [Related to 3-1 (1), 3-2 (1)]
- (7) Information relating to the plan of (6) above and the implementation results [Related to 3-1 (2), 3-2 (2)]
- (8) Method for evaluating the results of the implementation of (7) above [Related to 4-2, 4-3, 4-4]
- (9) Information relating to the corrective action(s) taken *Includes not only the corrective action taken voluntarily by the organization, but also any action it has cooperated with [Related to 6-1 (2) and (3)]
- (10) Content of complaints received and the results of corrective action(s) [Related to 6-2 (3)]

(2) Disclosure medium

The organization shall make the information of (1) widely available, such as by including such information in its reports on social responsibility and posting such information on its website.

Reference 25 Main reports on social responsibility

- CSR report
- Sustainability report
- Integrated report, etc.

(3) Responding to inquiries from parties concerned

In the event of an inquiry about the response to a matter being made by a stakeholder that suffered an adverse impact (or is suffering an adverse impact) in relation to human rights, the manager in charge shall provide all related information, including how the matter was resolved.

- The method should be appropriate in consideration of the level of impact (sender, medium, frequency, timing)
- The content of information and the method of provision shall be deliberated beforehand by the committee and approved by top management
- Explanations to stakeholders shall be performed by top management

To ensure that stakeholders do not suffer disadvantage as a result of the provision and disclosure of information, due consideration should be paid to culture and timing.

DD Guidance
5.1c

6. Correction

6-1. Corrective Measures

(1) Basics of corrective measures

The organization, in the event of having determined that it has caused or contributed to an adverse impact relating to human rights, such as on the basis of a complaint from a stakeholder that has been adversely impacted (or is being adversely impacted) in relation to human rights, an internal or external report, or indications from an internal audit or external audit, etc., the situation shall be corrected, and at the same time, corrective measures shall be taken commensurate with the situation.

(2) Formulation and implementation of plan for corrective measures

(i) Initial response

The organization, in the event of a situation of (1) having been clarified, shall promptly contact the manager of the applicable department or the Human Resources Department. The manager or Human Resources Department, upon receipt of such communication, shall take action so as to ensure that the adverse impact does not extend any further, and at the same time, shall report on the situation and the content of the action taken to the manager in charge of human rights.

(ii) Drafting of correction plan

The organization shall investigate the cause of the matter of (i) above, and in the event of the cause being the organization or the organization having contributed to the issue, it shall apologize to the stakeholder who suffered the adverse impact. In addition, the organization shall promptly have a plan formulated to correct and prevent recurrence of the situation by the applicable department and the manager in charge. A corrective plan shall be created in reference to international guidelines concerning corrective action, while keeping legal compliance in mind, and the plan shall be determined upon consultation with the stakeholder that suffered the adverse impact as well as deliberations by the committee. The corrective plan shall include the following.

- Occurrence date
- The content of the adverse impact
- The victim (the individual, organization, or area, etc. that suffered the adverse impact)
- The person who discovered the incident
- The content of the initial response
- The presence or absence of an apology and the content thereof (what kind of explanation was given, when, by whom, and to whom? Also, the reaction given to the apology, etc.)
- Information on the restoration of damage, recovery of position, and reinstatement
- The content of financial and non-financial compensation
- The presence or absence of punishment and the content thereof
- The cause of the occurrence
- Measures (content and implementation deadline)
- Method for confirmation of effect
- The method of response, etc. in the case of an agreement not being reached on the correction results

<Reference Forms> “Correction Plan for Adverse Impact on Human Rights” Form
“Human Rights Audit Improvement Instructions” Form

(iii) Implementation of corrective action

The organization shall execute the corrective plan determined pursuant to (ii) above.

Related

UNGP-RF
C6

DD Guidance
6.1a

UNGP-RF
C4.1

UNGP-RF
C4.2
C5.1

DD Guidance
6.1b
6.1c

UNGP-RF
C4.3

(3) Evaluation of effectiveness

The organization, regarding the series of corrective action(s) taken in accordance with the plan and the results thereof, shall conduct an evaluation to the extent possible on the effectiveness of the corrective measures and the level of satisfaction of the person(s) filing complaints through interviews with the stakeholders that suffered an adverse impact.

If the evaluation determines that the measures have not been effective, the corrective action plan shall be reviewed, and further action shall be taken. The organization shall create records on such actions taken and shall report to the committee.

<Reference Forms> “Correction Plan for Adverse Impact on Human Rights” Form
“Human Rights Audit Improvement Report” Form

Related

UNGP-RF
C6.3

DD Guidance
6.1d

6-2. Complaint Processing and Grievance Mechanism

(1) Establishment of contact point

In the event of the company having caused or contributed to an adverse impact on human rights, a contact point shall be established to provide remedies for the stakeholders that have suffered damage.

In addition, if it has been determined that complaints and requests cannot be collected from all stakeholders through only an internal consultation contact point, an attorney or consultant who is familiar with human rights issues, a human rights NGO or NPO, an external specialist or specialist body relating to human rights, or other highly effective organization should be selected to serve as the consultation contact point. Stakeholders should be made aware of the existence of said contact point through the posting of information on the company’s website, etc.

UNGP-RF
C6.1
C6.2

DD Guidance
6.2a

Reference 26 Specialist organizations that can be appointed as third-party contact points

- Attorney-at-law
- A consultation contact point established by an industry body
- A contact point established by the Ministry of Foreign Affairs, Ministry of Health, Labour, and Welfare, or Ministry of Economy, Trade and Industry (National Contact Point)
- Human rights consultation contact point of the Legal Affairs Bureau
- Native language consultation of the Organization for Technical Intern Training
- Certified social insurance and labor consultant, etc.

(2) Establishment of internal consultation contact point

The organization shall establish a consultation help desk that can accept complaints and opinions from employees (includes regular employees, non-regular employees, contract employees, part timers, casual workers, and all other types of workers). The trade union or worker representative shall be involved in its operation.

DD Guidance
6.2b
6.2c

(3) Determination of personnel in charge of measures

The organization, in relation to (1) and (2) above, shall appoint a manager for the processing of complaints and the resolution of issues, as well as a department for accepting complaints and responding to consultations.

(4) Recording of the information received

The organization shall keep records of the content of complaints, consultations, and requests, etc. relating to human rights that are obtained from third-party consultation contact points, the internal consultation contact point, and through routes other than the above.

(5) Protection of information provider

The organization, from the perspective of the protection of the life, body, property, and other interests of the information provider, must not leak without valid reason the information learned in relation to (1) and (2) above (particularly information by which the information provider can be identified).

Reference 27 Protection of whistleblowers

The “Whistleblower Protection Act” requires that when an officer, employee, or agent, etc. makes a report to a company or other contractor, or to an organization with the authority to issue recommendations, such as a government agency, a system be put in place to protect the reporter, and that a person be appointed to investigate the fact of the report and to take corrective action, etc. Business operators with 300 or less workers are required to make efforts towards the above.

(6) Disclosure of information received

The organization shall disclose information relating to human rights that has been received over the course of the fiscal year both internally and externally. It should be noted that the content of the disclosure shall include the following items, and the content itself shall be determined upon deliberations of the committee.

- The number of complaints, consultations, and requests, etc.
- The main content of complaints, consultations, and requests, etc.
- Results of analysis on occurrence locations, trends, and patterns, etc. of complaints, consultations, and requests, etc.
- Measures taken in response to complaints, consultations, and requests, etc. and method of future response, etc.

Reference 28 Basic actions for engagement and remedy against issues and complaints made

The “Engagement and Remedy Guidelines for Promotion of Responsible Business Conduct and Responsible Supply Chains” published by the Japan Responsible Supply Chains Committee (JRSC), which is comprised of multiple stakeholders mainly from the GCNJ and Business and Human Rights Lawyers Network Japan (BHR Lawyers), etc., recommends the following 10 basic actions in order to promote constructive dialog between companies and the community in relation to human rights issues.

- (1) The acceptance of complaints relating to responsible business conduct, including international human rights and supply chains.
- (2) The designation of an internal person in charge for processing complaints and resolving issues, as well as a department in charge of receiving complaints and responding to consultations.
- (3) The establishment of a contact point for the acceptance of complaints and consultations, as well as the external disclosure of same.
- (4) The prescribing of procedures for the processing of complaints and the resolution of issues, as well as the external disclosure of same.
- (5) The prevention of conflicts of interest in the processing of complaints and the resolution of issues.
- (6) The prevention of disadvantageous handling, such as acts of retaliation against the filer of a complaint.
- (7) The disclosure of the status of complaint processing and consultation to the extent possible.
- (8) The engaging in dialog with stakeholders and the hiring of independent external experts for the processing of complaints and the resolution of issues.
- (9) The regular reviewing and improvement of the complaint processing and issue resolution system, in reference to the guidelines.
- (10) The internal sharing of the status of complaint processing and consultations, including at the management level.

* Utilize collective complaint handling / consultation procedures (complaint handling and problem resolution center, etc.) as necessary.

Source: Engagement and Remedy Guidelines | BHR Lawyers Network
<https://www.bhrlawyers.org/en-erguidelines>

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Putting this Manual into practice will help promote activities that will lead to efforts towards the realization of a sustainable society and sustainable corporate activities, and we would appreciate your continued guidance and support.

Useful Guidelines, Etc.

- Guiding Principles on Business and Human Rights: Implementing the United Nations' "Protect, Respect and Remedy" Framework, United Nations Information Centre
- National Action Plan on Business and Human Rights (2020-2025), The Inter-Ministerial Committee for Japan's National Action Plan (NAP) on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work, International Labor Organization
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, International Labor Organization
- OECD Guidelines for Multinational Enterprises, OECD
- OECD Due Diligence Guidance for Responsible Business Conduct, OECD
- Guidelines on Respecting Human Rights in Responsible Supply Chains, The Inter-Ministerial Committee on Policy Promotion for the Implementation of Japan's National Action Plan on Business and Human Rights
- Responses to "Business and Human Rights" That Are Now Required by Companies (Detailed Version), Human Rights Bureau, Ministry of Justice
- Human Rights Due Diligence Guidelines for Small and Medium-Sized Enterprises :Towards a Sustainable Society, Research Group on Business and Human Rights Issues, Center for International Economic Collaboration (CFIEC)
- Responsible Business Conduct Guidelines - Promoting Responsible Business Conduct in the Supply Chain, JEITA
- Guidance for Human Rights Due Diligence, Japan Federation of Bar Associations
- "Engagement" and "Remedy" Guidelines for Promotion of Responsible Business Conduct and Responsible Supply Chains, The Japan Responsible Supply Chains Committee (JRSC)
- Handbook for Management that Respects Human Rights, Japan Business Federation

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Building the Sustainable World
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— Responsible Corporate Behavior in the Human Rights Field —

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