

▶ **Responsible Business Conduct and
Human Rights Due Diligence:
Good Practices of Japanese Companies**





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► Foreword

This report is published under the project “Building Responsible Value Chains in Asia through the Promotion of Decent Work in Business Operations” funded by the Ministry of Economy, Trade and Industry, Japan (METI). The project, undertaken by the International Labour Organization (ILO), aims to promote decent work¹ by systematically supporting the practice of enterprises’ compliance with relevant domestic laws and respect for international labour standards, and by promoting cooperation among government, workers, and employers to address structural challenges. In practice, the project provides support to companies, including Japanese companies and their business partners overseas in conducting human rights due diligence², and gives advice towards improving human rights and labour conditions in target countries and industries. The target countries and industries are Bangladesh (the garment industry), Cambodia (the garment industry), Viet Nam (the garment and electronics industries), and Japan (the garment/ textile, electronics/ electronics parts, and automotive parts industries).

In October 2022, the Overseas Research Department (former name, renamed the Research & Analysis Department in April 2023) of the Japan External Trade Organization (JETRO) and the ILO Office for Japan agreed upon and signed a memorandum of understanding (MOU) for joint research on human rights due diligence efforts between Japan and three other Asian countries (Bangladesh, Cambodia, and Viet Nam). This research examined the trade relationships between Bangladesh, Cambodia, and Viet Nam and Japan, as well as policies and initiatives related to the promotion of responsible business conduct, and compiled examples of responsible business conduct and labour practices of Japanese enterprises engaged in manufacturing including apparel/ textile, electronics and electronic parts that have operational locations and business partners in these countries. This case studies booklet was developed based on the excerpt from Chapter 9 on good practices at the enterprise level from “Responsible Business Conduct and Human Rights Due Diligence: Good Practices of Japanese Companies Operating in Bangladesh, Cambodia and Viet Nam, Trade, Investment and Labour Nexus and A Way Forward”, a report summarizing the results of the joint research conducted under the MOU.

It is our hope that the examples of initiatives taken by Japanese enterprises on human rights due diligence and responsible business conduct, as summarised in this report, will serve as a reference for initiatives by other enterprises and their supply chains, and promote further initiatives. We also hope that this report will contribute to further promotion and cooperation among stakeholders towards respect for international human rights and labour standards, including core labour standards and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).

1 “Decent work” refers to “a rewarding and humane job, or more specifically, a productive job for all, based on freedom, fairness, security and human dignity”. <https://www.ilo.org/global/topics/decent-work/lang-en/index.htm>

2 “Human rights due diligence” refers to examining and responding to the risk of human rights violations in an enterprise’s own corporate activities and value chain.

▶ Acknowledgements

In conducting the ILO-JETRO joint research, including this case study booklet, interviews were conducted with governments, workers' and employers' organizations in Bangladesh, Cambodia, and Viet Nam. In Japan, it includes the Japan Business Federation (Keidanren) and industry-specific employer organisations such as the Japan Auto Parts Industries Association (JAPIA), Japan Electronics and Information Technology Industries Association (JEITA), and Japan Textile Federation (JTF). In particular, the companies below kindly agreed to be interviewed at their headquarters, and group companies and business partners in respective countries. We would like to express our sincere appreciation to all organizations, companies, and individuals who provided their invaluable advice and support in preparing this report.



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This report presents examples of human rights due diligence initiatives by Japanese enterprises engaged in manufacturing, including apparel/ textiles, electronics and electronic parts. While centred on initiatives by head offices in Japan, the case studies also focus on the initiatives of subsidiaries in countries where production is carried out (Bangladesh, Cambodia or Viet Nam) and cooperation with local business partners.

First, this introduces an overview of the human rights due diligence outlined in the international instruments used as a framework for analysing corporate cases (1). These instruments include the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the OECD Due Diligence Guidance for Responsible Business Conduct, and the ILO MNE Declaration. The ILO MNE declaration provides guidance on responsible and sustainable labour practices based on principles derived from international labour standards, and an overview of the principles addressed to enterprises will be presented (2). This will be followed by examples of good practices by the enterprises (3).

1. Overview of human rights due diligence

The UNGPs, the ILO MNE Declaration and the OECD Guidelines call on enterprises to respect internationally recognized human rights (including, as a minimum, human rights expressed in the International Bill of Human Rights³ and the fundamental rights of the ILO's core labour standards set out in the ILO Declaration on Fundamental Principles and Rights at Work).

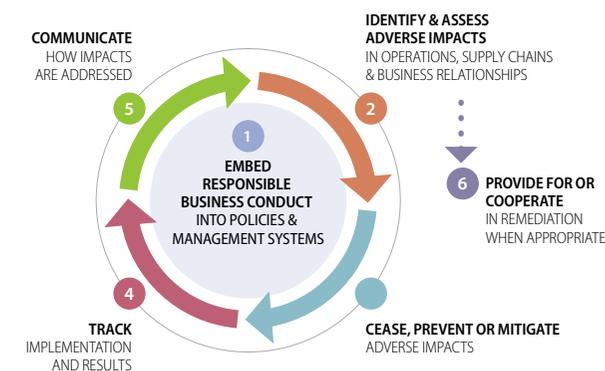
As shown in Figure 1 below, human rights due diligence, required to be carried out for enterprises to fulfil their responsibility to respect human rights, consists of six steps: [1] embed responsible business conduct into policies and management systems; [2] identify and assess adverse human rights impacts; [3] cease, prevent and mitigate adverse impacts; [4] track implementation and results; [5] communicate how impacts are addressed; and [6] Provide for or cooperate in remediation when appropriate. Of course, these steps ([1] to [6]) present a broad framework for human rights due diligence, and enterprises need to consider specifically and implement appropriate handling based on their own circumstances.

Stakeholder engagement (dialogue and collaboration) is important in all processes of steps ([1] to [6]) discussed above. For example, feedback from stakeholders could help to identify industry-specific risks and solutions, and lead to the improvement of the human rights due diligence process.

Stakeholders are individuals or groups of people whose interests are affected or may potentially be affected by an enterprise's activities. Not all stakeholders necessarily have an equal interest in enterprise activities.

Engagement with stakeholders whose human rights are or may be negatively affected (rights holders)⁴, including workers and the workers' organizations that represent their interests, is particularly important. In addition, stakeholder engagement should also involve meaningful consultations to identify existing and potential issues which may violate human rights, and seek solutions and means of prevention.

Figure 1 : Steps in human rights due diligence



Source: OECD Due Diligence Guidance for Responsible Business Conduct

3 Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights. https://www.mofa.go.jp/fp/hr_ha/page25e_000303.html

4 Examples of rights holders include workers engaged by the enterprises, subsidiaries and business partners, trade union and labour representatives representing employees and their interests, consumers, local residents and indigenous people.

1.1 Embed responsible business conduct into policies and management systems (UNGPs 16, OECD Guidelines [1])

Enterprises should aim to establish responsible business conduct by embedding responsible business conduct into corporate policies and management policies.

For example, enterprises could formulate a human rights policy committing publicly to respect human rights. Human rights policies should be established through dialogue and consultation with stakeholders, including workers and trade unions, and by obtaining expert advice and knowledge internally and externally, and approval of top management is expected.

The content of the human rights policy could then be embedded into operational level instruments including supply chain management policies and procurement guidelines. Systems related to initiatives to respect human rights could be developed by assigning responsibility for implementing the initiatives to the appropriate departments.

1.2 Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services. (UNGPs 18, OECD Guidance [2])

Enterprises should identify and assess the adverse impacts that they already have or may have on human rights throughout their operations. Specifically, enterprises, in consultation with both internal and external stakeholders and experts, should investigate, identify and assess any actual or potential adverse human rights impacts in their supply chain, including those of their suppliers.

1.3 Cease, prevent and mitigate adverse impacts (UNGPs 19, OECD Guidance [3])

Enterprises should cease, prevent and mitigate adverse human rights impacts if they cause or contribute to them. Furthermore, enterprises should use their influence with suppliers and other business partners to cease, prevent and mitigate actual or potential adverse human rights impacts if the adverse human rights impacts are directly linked to their operations, etc.

It is also expected that such responses will be implemented by assigning responsibility for preventing or mitigating the identified adverse impacts to the appropriate departments, and that internal decisions and budget allocations will be made to implement such responses.

1.4 Track implementation and results (UNGPs 20, OECD Guidance [4])

Enterprises should track and assess the initiatives implemented at each step to verify that adverse human rights impacts are being addressed. Tracking and assessing should be implemented based on appropriate qualitative and quantitative indicators, and it is expected that enterprises will use feedback from both internal and external stakeholders, including affected stakeholders.

1.5 Communicate how impacts are addressed (UNGPs 21, OECD Guidance [5])

Enterprises should publicly disclose information about their human rights due diligence initiatives through effective and easily accessible communication channels. Receiving feedback from stakeholders to whom information has been disclosed enables further dialogue and collaboration between enterprises and stakeholders, which can be used to improve human rights due diligence. Information disclosure is not required to wait the completion of other steps of human rights due diligence, but is rather expected to be carried out periodically during the process⁵.

1.6 Provide for or cooperate in remediation when appropriate (UNGPs 22, OECD Guidance [6])

If it is clear that an enterprise has caused or contributed an adverse human rights impact, it is required to provide or cooperate with remediation. Means of enabling remediation could include establishment of a grievance mechanism involving the concerned stakeholders, participation in a grievance mechanism established by an industry association, etc., or cooperation with the judicial system.

Specific examples of remediation could include apologies, restitution, rehabilitation, financial or non-financial compensation, etc., but it is important that appropriate remediation is provided from the perspective of the adversely impacted stakeholders⁶. It is useful to design and operate a grievance mechanism system based on engagement (dialogue and collaboration) with the stakeholders who include its users, such as employees of the enterprise and its business partners, and trade unions.

⁵ Japan Textile Federation, 2022, Guidelines for Responsible Business Conduct in the Textile and Apparel Industry, p. 59.

⁶ Policy Promotion and Liaison Conference of Related Government Agencies on the Implementation of the National Action Plan on Business and Human Rights (2022), Guidelines on Respect for Human Rights in Responsible Supply Chains, p. 29.

2. Overview of the principles directed at enterprises in the ILO MNE Declaration

The ILO MNE Declaration aims to encourage the positive contribution which multinational enterprises can make to economic and social progress and the realization of decent work for all; and to minimize and resolve the difficulties to which their various operations may give rise. The MNE Declaration provides governments, employer organizations, worker organizations and multinational enterprises guidance on responsible and sustainable labour practices and social policies, based on principles derived from the International Labour Standards.

An overview of the principles addressed to companies is as shown in Figure 2. This chapter also introduces examples of initiatives concerning these principles.

Figure 2 : List of the principles directed at enterprises in the ILO MNE Declaration

General policies	<ul style="list-style-type: none"> ○ Respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards. [8] ○ Contribute to the realization of the ILO Declaration on Fundamental Principles and Rights at Work. [9] ○ Conduct due diligence taking account of the central role of freedom of association and collective bargaining as well as industrial relations and social dialogue. [10] ○ Consult with government and employers' and workers' organizations so that the business activities of the enterprise are in harmony with the development priorities of the country. [11]
Employment	<ul style="list-style-type: none"> ○ Strive to enhance employment opportunities and raise employment levels in consideration of government employment policies and policy objectives. [16] ○ Before commencing activities, consult the competent authorities and national employers' and workers' organizations in order to keep employment plans, as far as practicable, in harmony with national social development policies. [17] ○ Give priority to the employment, occupational development, promotion and advancement of nationals of the host country. [18] ○ Use technologies which generate employment, both directly and indirectly, and adapt technologies to the needs and characteristics of the host country. [19] ○ Build partnerships with local enterprises through procurement in the area where business activities take place, the use of local raw materials and the local manufacture of parts and equipment. [20] ○ Contribute to the transition from an informal to a formal economy. [21] ○ Complement public social security systems and help to stimulate further their development. [22] ○ Take immediate and effective measures within the competence of the enterprise to secure the prohibition and elimination of forced or compulsory labour in operations. [25] ○ Respect the minimum age for admission to employment and take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour. [27] ○ Make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of staff at all levels in accordance with the principle of non-discrimination. [30] ○ Endeavour to provide stable employment for workers and observe obligations concerning employment stability and social security resulting from free negotiations, provide reasonable notice of changes in business activities, and avoid arbitrary dismissal. [33-34]

Training	<ul style="list-style-type: none"> ○ Provide training for all levels of employed workers to meet the needs of the enterprise as well as the development policies of the country. [38] ○ Participate in programmes that encourage skill formation, lifelong learning, skill development as well as vocational training, and develop skilled technicians. [39] ○ Provide opportunities within the enterprise as a whole to broaden the experience of local management. [40]
Conditions of work and life	<ul style="list-style-type: none"> ○ Provide wages, benefits and conditions of work that are not less favourable to the workers than those offered by comparable employers in the host country, taking into account the general level of wages in the country, the cost of living, social security benefits, economic factors and levels of productivity. [41] ○ Maintain the highest standards of workplace safety and health, make known to those concerned any special hazards and related protective measures associated with new products and processes, provide information on good practices in other countries and play a leading role in the examination of causes of industrial safety and health hazards. [44] ○ Cooperate with national and international organizations, the competent safety and health authorities, workers and their organizations with regard to safety and health, and incorporate matters relating to safety and health in agreements with the representatives of workers. [45-46]
Industrial relations	<ul style="list-style-type: none"> ○ Observe standards of industrial relations throughout operations. [47] ○ Respect the freedom of association and the right to collective bargaining, and provide the facilities and information required for meaningful negotiations. [48, 57 and 61] ○ Support representative employers' organizations. [50] ○ Engage in regular consultations on matters of mutual concern. [63] ○ Encourage business partners to provide effective means for remediation. [65] ○ Examine grievances pursuant to an appropriate procedure. [66] ○ Seek to establish voluntary conciliation machinery in cooperation with workers' representatives and workers' organizations. [68]

Source: Prepared based on the ILO MNE Declaration⁷

⁷ ILO, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. https://www.ilo.org/empent/Publications/WCMS_094386/lang-en/index.htm

3. Good Practices at the enterprise level

This section presents good practices by enterprises at each step in human rights due diligence. The summary of initiatives by enterprises are as below, and is followed by a detailed description of each initiative. Enterprises need to consider specifically and implement appropriate actions of human rights due diligence based on their own circumstances, so human rights due diligence should be carried out in many different ways for different companies. Therefore, it should be noted that the following initiatives are intended to give enterprises ideas on how they can conduct human rights due diligence in their own companies and their supply chains. The OECD Due Diligence Guidance for Responsible Business Conduct and the relevant industry guidelines would also be a useful guide for enterprises to identify their development path and the specific actions they should take.

Embed responsible business conduct into policies and management systems

Formulation and dissemination of policies

- ▶ Formulation of its Human Rights Policy in dialogue with various stakeholders and with reference to international documents. [ASICS]
- ▶ Systematic development of various internal policies, including a human rights policy and procurement policy, under the group Standards of Conduct. [Toshiba]
- ▶ Efforts to disseminate a human rights policy by preparing and distributing handbooks in the local official language. [Canon]

Development of internal systems

- ▶ Promotion of company-wide initiatives through a human rights promotion secretariat and risk management committee. [Canon]
- ▶ Establishment of Responsible Value Chain Subcommittee to promote group-wide efforts to respect human rights. [Brother]
- ▶ Development of systems that promote cross-functional cooperation through Sustainability Committee, CSR Procurement Committee, etc. [Wacoal]

Training and Awareness-raising

- ▶ Promotion of internal understanding of the handling of CSR procurement through role-playing workshop training, etc., where employees can deepen their understanding proactively. [Teijin Frontier]

Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services

Ensuring opportunities for dialogue

- ▶ Implementation of labour-management dialogue dedicated to human rights, separate from the Worker/Management Conference, to grasp employees' concerns about human rights. [Canon]
- ▶ Implementation of factory audits while engaging in dialogue and taking into account characteristics of foreign workers, such as conducting interviews in their native language. [Miki Shoko]

Establishment of systems and means for understanding human rights issues

- ▶ Efforts to grasp the working conditions at local factories through various means such as weekly reports and factory visits. [Kojima Iryo]
- ▶ Comprehensive support by Headquarters for self-assessments by each group company to grasp its human rights and labour-related issues. [Panasonic]
- ▶ Provision of multiple mechanisms to collect feedback from employees at factories to identify potential adverse impacts at early stages. [Canon]

Establishing supply chain traceability

- ▶ Efforts to ensure traceability up to fourth level suppliers, prioritizing specific raw materials. [ASICS]
- ▶ Efforts to ensure traceability through confirmation of supply chain from direct suppliers at the product planning stage. [Fast Retailing]

Cease, prevent and mitigate adverse impacts

Preventing and mitigating adverse impacts through dialogue

- ▶ Promotion of the fostering of a culture of occupational safety and health through dialogue with local employees on Health and Safety Committee established within a factory. [Panasonic]
- ▶ Reduction of the risk of industrial accidents through dialogue with employees. [Wacoal]
- ▶ Efforts to ensure that technical intern trainees are not burdened with recruitment fees for being sent from their home countries through payment of the fees by the company and through confirmation with technical interns. [Teijin Frontier]

Promoting and supporting the efforts of business partners

- ▶ Requests and provision of support for initiatives at suppliers based on the Policy of Engagement. [ASICS]
- ▶ Use of information obtained through a grievance mechanism to grasp priority issues and support the prevention and mitigation of adverse impacts at production partners. [Fast Retailing]
- ▶ Promotion of compliance with CSR procurement guidelines by suppliers through incentives. [Miki Shoko]
- ▶ Encourage the prevention and mitigation of adverse impacts at suppliers through feedback on the results of CSR questionnaires and individual interviews. [Brother]

Collaboration among companies

- ▶ Collect information on local labour laws and regulations in collaboration with other companies through local study groups and other opportunities to protect and promote employees' rights [Maruhisa]

Track implementation and results

Use of monitoring results to prevent and mitigate adverse impacts

- ▶ Promotion of the occupational health and safety management system and investigating and analyzing the circumstances of serious occupational accidents, which is utilized for preventing reoccurrence. [Panasonic]
- ▶ Use of existing indicators collected by HR department, such as working hours, to evaluate the effectiveness of measures taken in human rights due diligence [Canon]

Use of monitoring results to improve HRDD methods

- ▶ Self-assessment of its Hotline for supplier employees in accordance with UNGPs and addressing issues identified. [Fast Retailing]
- ▶ Efforts to improve the human rights due diligence process such as promoting the proactive initiatives of production partners and using the evaluation tools of an industry-common framework based on issues in previous practices. [Fast Retailing]
- ▶ Regular surveys on the compliance with procurement policies by suppliers, and strengthening and improving monitoring methods. [Toshiba]

Communicate how impacts are addressed

Efforts to improve information disclosure

- ▶ Efforts to disclose both qualitative and quantitative information, in a manner that is easy for stakeholders to understand. [Toshiba]

- ▶ Disclosure of information in a comprehensive manner by focusing on "salient human rights risks" identified within the group and providing descriptions of the state of responses and policies about each salient risk. [Canon]

Detailed information disclosure

- ▶ Proactive disclosure of related information such as the number and breakdown of reports towards ensuring the transparency of the grievance mechanism. [Panasonic]
- ▶ Disclosure not only of an overview of initiatives in workplace monitoring, but also of the results of evaluations and explanations of the evaluation categories in an easy-to-understand way. [Fast Retailing]

Commitment through information disclosure

- ▶ Commitment to company's own efforts and the promotion of further initiatives by suppliers through the disclosure of a list of suppliers. [Wacoal]

Provide for or cooperate in remediation when appropriate

Establishment and improvement of grievance mechanisms

- ▶ Efforts to ensure the effectiveness of a global hotline through various measures, including informing the status of responses to the person who reports complaints. [Panasonic]
- ▶ Efforts to make the system predictable for users through disclosure of the operating process and timeline of the grievance mechanism. [Fast Retailing]
- ▶ Improvement of access to remedy through the establishment of a grievance mechanism and participation in the mechanism of an external group. [Brother]

Cooperation with and support for business partners

- ▶ Enabling of prompt responses when problems including human rights violations occur by using the Crisis Analysis Report with suppliers and building an information-sharing framework. [ASICS]
- ▶ Support for suppliers in the introduction of a grievance mechanism and the resolution of problems raised through the mechanism. [Miki Shoko]

Other good practices: ILO MNE Declaration

- ▶ Creation of opportunities for employees at overseas factories to assume higher positions through the provision of training programmes. [Kojima Iryo]
- ▶ Encouragement for suppliers to participate in the Better Work programme and the promotion of worker-management dialogue at suppliers. [Fast Retailing]

3.1 Embed responsible business conduct into policies and management systems

3.1.1 Formulation of human rights policies based on dialogue undertaken with various stakeholders

ASICS

ASICS formulated policies concerning its supply chain in 2004. These policies, however, did not previously cover a wide range of stakeholders (including employees and customers), who could have been adversely impacted through the company's business activities. Therefore, ASICS formulated its human rights policy⁸ in June 2022 to focus not only on the prevention and mitigation of adverse impacts, but also on the promotion of positive impacts on human rights, such as respect for diversity and the promotion of decent work. With the goal of formulating a policy aimed at bringing to fruition a sustainable society, ASICS reviewed international documents, referenced them when undertaking their efforts, and undertook engagement with various stakeholders.

In addition to the UNGPs and the OECD Guidelines, ASICS referenced the ILO MNE Declaration, which mentions positive contributions made by enterprises (including recommendations provided to multinational enterprises in relation to their contributions aimed at advancing decent work). ASICS also reviewed other sources, such as human rights reports issued by governments, to gain a better understanding of major human rights challenges in countries relevant to the company's operations.

ASICS held internal interviews with those working in Human Resources & General Affairs, Production, Customer Service, Marketing and other departments, as well as with its European and American offices. Dialogues were also undertaken with the trade unions representing ASICS workers as a part of stakeholder engagements to understand the human rights challenges at the workplace.

A human rights policy will make a commitment regarding enterprise efforts to respect human rights and will incorporate responsible corporate behaviour into corporate policies and internal systems. In its formulation, it is important to refer to international instruments and to discuss it with internal and external stakeholders. When ASICS formulated its human rights policy, it referred to several international instruments, and the company held discussions with internal and external stakeholders situated in various positions in order to identify and understand salient issues for the company which helped to ensure that the human rights policy reflects the concerns of the potentially affected rights holders.



UNGPs16



OECD
Guidance1.1



MNE Declaration
Preface

3.1.2 Systematic development of internal policies, including human rights policies

Toshiba

Toshiba has long been committed to respecting human rights, as stipulated in Article 1 of the Standards of Conduct for Toshiba Group⁹. Given recent global trends, Toshiba decided to establish a clear human rights policy, recognizing the need to publicly declare its aspirations regarding human rights both inside and outside its group. Thus, Toshiba's first human rights policy was formulated in March 2022, known as the Toshiba Group Human Rights Policy¹⁰.

The Toshiba Group Human Rights Policy complements the Standards of Conduct for Toshiba Group and the Toshiba Group Sustainability Policy. An overview of each policy is given in Table 3.

Furthermore, recognizing that it is important to make thorough efforts to respect human rights not only within the Toshiba Group but also across the group's supply

chains, the Toshiba Group has formulated the Toshiba Group Procurement Policy¹¹ as well as a document titled Requests to Suppliers, which serves to issue requests for compliance with human rights considerations and to confirm the state of compliance through CSR surveys.

In the recent past, the Toshiba Group established the Toshiba Group Responsible Minerals Sourcing Policy for certain minerals (tin, tantalum, tungsten, gold and cobalt). The group has been conducting research, providing education, undertaking external collaboration and educational activities to promote responsible mineral procurement. These efforts were in response to the increased potential for risks in the Democratic Republic of the Congo and in neighboring countries, as well as conflicts in other high-risk areas, human rights violations in general (including child labour), and corruption, in mineral procurement.

Table 3: Toshiba Group Policies

Name	Overview	Subject themes
Standards of Conduct for Toshiba Group	This set of standards serves to give form to the group's management philosophy ("Committed to People, Committed to the Future.") and stipulates behavioral guidelines when it comes to conducting business activities that are fair, honest, and transparent, and for the purpose of having the enterprise be one which serves to contribute to the formation of a sustainable society.	General
Toshiba Group Sustainability Policy	This policy serves to strengthen activities involving contributions geared toward the sustainability of society. It supports efforts aimed at finding solutions for societal issues that Toshiba has undertaken thus far. These efforts are based on a long-term view of the societal impacts resulting from its corporate activities as a member of a society facing various challenges (such as energy shortages, resource depletion, and climate change).	Sustainability as a whole
Toshiba Group Human Rights Policy	Respect for human rights is stipulated in Article 1 of the Standards of Conduct for Toshiba Group, and this policy was established to further clarify the Toshiba Group's stance and efforts being undertaken in relation to human rights.	S (Human Rights)

Source: Standards of Conduct for Toshiba Group (Toshiba Website)

Embedding responsible business conduct into corporate policies and internal systems is required as the first step to undertaking efforts aimed at respect for human rights. Based on the Standards of Conduct for Toshiba Group, the Toshiba Group formulates and discloses various policies concerning responsible corporate conduct. Amid these efforts, the Toshiba Group is striving to incorporate initiatives related to human rights into its corporate policies and management systems.



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9 Toshiba, Standards of Conduct for Toshiba Group. <https://www.global.toshiba/ww/sustainability/corporate/standards-of-conduct.html>

10 Toshiba, Toshiba Group Human Rights Policy. https://www.global.toshiba/content/dam/toshiba/ww/sustainability/corporate/performance/social/pdf/human-rights-policy_en.pdf

11 Toshiba, Toshiba Group Procurement Policy. <https://www.global.toshiba/ww/procurement/corporate.html>

3.1.3 Efforts to disseminate a human rights policy by preparing and distributing handbooks in the local official language

Canon

Canon published the Canon Group Human Rights Policy,¹² established in 2021, in both Japanese and English languages. The policy has been disseminated among employees and stakeholders in each country and region via its website. Canon also communicates its human rights policy and related information in the official languages of the countries and regions where its sales companies and factories are located.

Canon Vietnam, for example, has prepared a handbook in Vietnamese which describes the company's human rights policy, the Canon Group's corporate philosophy, its code of conduct and other such policies. The handbook is given to employees when they join the company and

efforts are made to ensure that everyone is aware of its contents.

The handbook provides information on a whistleblower system (contact email address) which allows local employees to report illegal or unethical behavior. It also provides information concerning an employee helpline (telephone number for a hotline) which allows for closer communication in worker's mother tongue of Vietnamese when it comes to matters that include requests for improvements in the workplace environment, demonstrating that attempts are being made to respond promptly to occurrences such as human rights issues and other concerns.

Figure 4: Canon Vietnam handbook



Source: Canon Vietnam

It is important not only to formulate human rights policies, but also to ensure that people are aware of them and to put them into practice. Canon Vietnam distributes a handbook on human rights policies and related information to employees in the official language of the country when they join the company to make them aware of not only the existence of human rights policies, but also to make them aware of the specific human rights and workers' rights which are to be protected. The handbook also provides information on the whistleblowing system and the contact point for consultations, making it easier to respond promptly to occurrences such as human rights issues and concerns which arise in relation to such issues.



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12 Since its foundation in 1937, Canon has been committed to respecting humanity, treating all employees in a fair and equal manner, without discrimination based on social status, gender, age or occupation. In 1988, following half a century of operations, Canon established kyosei as new corporate philosophy, and reiterated its commitment to promoting respect for humanity as a global aspiration, working together with stakeholders around the world in that pursuit. Kyosei is the aspiration to create a society in which all people, regardless of race, religion or culture, live and work together for the common good. It sets the goal of human happiness and prosperity above the profits earned by any single company or nation. Under these circumstances, Canon has examined the nature of its human rights policy internally in light of recent social demands, and has formulated it once again as a human rights policy in order to align it with international standards as required by the Guiding Principles on Business and Human Rights. Canon, Respecting Human Rights. <https://global.canon/en/csr/people-and-society/labor/human-rights.html>

3.1.4 Promotion of company-wide initiatives through a human rights promotion secretariat and risk management committee

Canon

Canon promotes group-wide efforts to respect human rights as described below. Canon achieves this by utilizing both its Risk Management Committee, established in accordance with a resolution of the Board of Directors, and the promotion system of the Human Rights Promotion Secretariat, which is comprised of the Sustainability Division, Legal Division, and Human Resources Division, and is headed by the Executive Vice President (who is the executive responsible for human rights).

First, the Human Rights Promotion Secretariat oversees matters related to the entire Canon Group with its goal being to promote initiatives based on the Canon Group Human Rights Policy throughout the Group. It formulates overall plans for efforts relating to respect for human rights, including policies for activities related to human rights due diligence. Head office divisions and group companies are to undertake actions such as human

rights due diligence in accordance with the determined plans concerning initiatives relating to respect for human rights. The results of these initiatives are evaluated annually by the Risk Management Committee¹³ and reports are then provided to the CEO and the Board of Directors. The Human Rights Promotion Secretariat reflects elements such as the issues identified based on the series of initiatives to plans for initiatives relating to respect for human rights in the following fiscal year and beyond.

The Human Rights Promotion Secretariat is responsible not only for drawing up plans as described above, but also for undertaking actions such as the development and operation of grievance mechanism, the raising of awareness concerning human rights policies, and the planning and implementation of stakeholder engagement.

Human rights risks identification workshop in business units



Source: Canon

Since enterprises are required to respect human rights throughout their value chains, there are many issues which need to be addressed in cooperation with the respective entities involved, such as head offices and group companies. The Human Rights Promotion Secretariat at the Canon Group's headquarters, which is responsible for risks related to human rights, both manages and supports the identification, prevention, and mitigation of human rights risks at each division of the headquarters and at each group company, thereby working to promote group-wide initiatives aimed at respect for human rights.

¹³ Since 2022, the Risk Management Committee identified the risk of human rights violations as a significant risk, and the results of human rights due diligence, etc., are now subject to evaluation by the Committee.

3.1.5 Establishment of Responsible Value Chain Subcommittee to promote group-wide efforts to respect human rights

Brother

Brother Industries (hereinafter referred to as “Brother”) has established a Sustainability Committee chaired by the Representative Director and President to promote various activities globally centered on the materiality initiatives based on the Basic Policy on Sustainability, and to promote management with a focus on sustainability. Brother has established six subcommittees under the Sustainability Committee to promote management that focuses on sustainability across divisions (Figure 5).

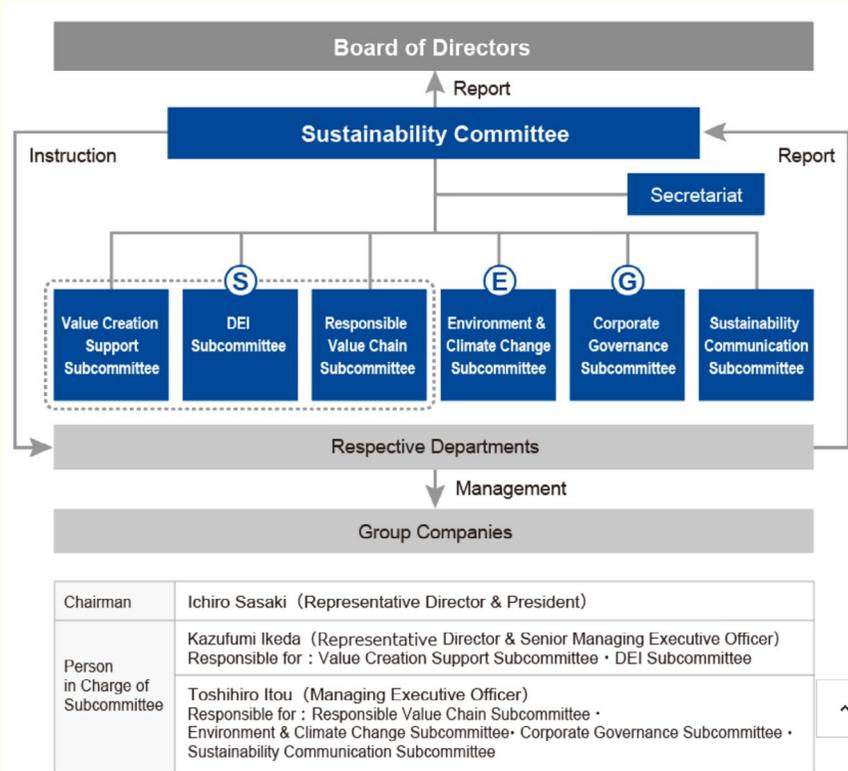
Among these subcommittees, the Responsible Value Chain Subcommittee plays the role of promoting activities to ensure the respect of human rights for people involved in the group’s business and to provide safe and secure workplaces to workers in the group’s value chain. Centered on the Legal Division, Purchasing Division and CSR Division, the subcommittee is leading the group overall in promoting initiatives for the identification of human rights issues and the mitigation and prevention of adverse impacts.

Specifically, for example, the Social Subcommittee¹⁴, the predecessor of the Responsible Value Chain Subcommittee, was central in the preparation of the draft of the Brother Group Human Rights Global Policy, which was newly established and released on January 30, 2023, following discussion and approval by the Sustainability Committee to strengthen respect for human rights and the handling of notable human rights issues throughout the group and to prevent adverse impacts on human rights throughout the value chain.

Further, the Responsible Value Chain Subcommittee is devising ways to implement initiatives more efficiently as the suppliers for each business and group company are different. For example, the format of the questionnaire for suppliers has been made uniform. In addition, a questionnaire focused on matters such as forced labour by the Responsible Value Chain Subcommittee and a CSR questionnaire (see 2.3.7) from the perspective of CSR procurement by Purchasing Department have been integrated. Such efforts are leading to the appropriate identification, prevention and mitigation of adverse impacts by reducing the administrative burden of supplier questionnaires in a rational way.

14 In April 2023, the Social Subcommittee was reorganized into the Subcommittees on S of ESG (Value Creation Support Subcommittee, DEI Subcommittee and Responsible Value Chain Subcommittee) shown in Figure 5.

Figure 5: Brother’s framework for the promotion of management that emphasizes sustainability



Source: Brother website: Promotion of Management with a Focus on Sustainability¹⁵

Brother has established the Responsible Value Chain Subcommittee under its Sustainability Committee, which is chaired by the Representative Director and President and reports to the Board of Directors. Under the subcommittee (including its predecessor organization), Brother has formulated a Human Rights Global Policy as a group and streamlined questionnaires so it can advance initiatives as the group overall.

15 Brother, Promotion of Management with an Emphasis on Sustainability. <https://global.brother/en/sustainability/csr/management>

3.1.6 Development of systems that promote cross-functional collaboration through the Sustainability Committee and other subcommittees

Wacoal

In April 2022, Wacoal established a Sustainability Committee headed by its Representative Director, President and CEO, and created a system for the provision of reports and recommendations to the Board of Directors on initiatives undertaken in relation to sustainability agenda facing the group. Regarding business and human rights, Wacoal also established two subcommittees, one for CSR Procurement and another for Human Rights, D&I¹⁶. These subcommittees operate under the Sustainability Committee (See Chart 6).

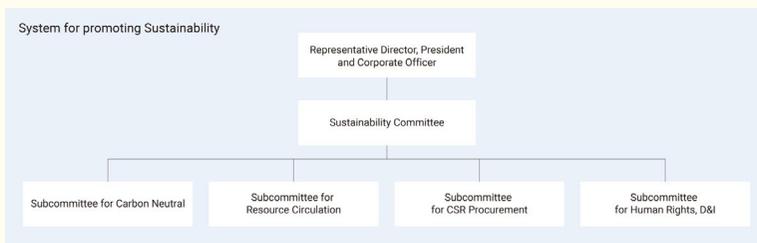
The Subcommittee for CSR Procurement is headed by the Representative Director, Vice President and Executive Officer and CFO. It is comprised of a Promotion Secretariat (Legal/Compliance Dept., Corporate Planning Dept., Global Division, Business Administrative Dept.) and each business unit. The Promotion Secretariat discusses and formulates specific plans for CSR procurement undertaken by the Wacoal Group together with subcommittee chairs while considering the opinions provided by the business units and other stakeholders. Each of the business units, including Wacoal Group companies, undertake the CSR procurement initiatives in accordance with the plans. The results of efforts undertaken by each business unit are reported to the Subcommittee for CSR Procurement,

which then provides feedback to each of the business units, including with respect to improvements to be made in the future.

Furthermore, Sustainability Promotion Officers have been appointed at the Corporate Communications Department to promote efforts relating to sustainability issues faced across the group. The Corporate Communications Department participates as a member not only of the Subcommittee for CSR Procurement, but also as a member of other committees such as the Subcommittee for Human Rights, D&I. It allows the Wacoal Group to communicate appropriately and smoothly with both internal and external stakeholders (including investors and NGOs) in relation to its sustainability initiatives.

Business and human rights issues, of course, need to be also considered from perspectives other than procurement. For that reason, Wacoal established its Subcommittee for Human Rights, D&I (refer to Chart 6) to conduct educational and awareness-raising activities related to the protection of human rights and to provide advice and recommendations concerning the implementation of human rights due diligence.

Chart 6: Sustainability Promotion System at Wacoal Holdings



Source: Wacoal Holdings Website¹⁷

It is necessary to establish a system which allows for cross-functional efforts to be undertaken since initiatives aimed at respect for human rights are required in various aspects of business activities. Wacoal established its Subcommittee for CSR Procurement underneath its Sustainability Committee to promote cross-functional cooperation among various departments. Wacoal also promotes this cross-functional initiative by appointing a Sustainability Promotion Officer at the Corporate Communications Department to enable appropriate communication with external organizations when it comes to initiatives relating to CSR procurement.

¹⁶ D&I is an abbreviation for Diversity and Inclusion.

¹⁷ Wacoal Holdings, System for promoting Sustainability. <https://www.wacoalholdings.jp/en/sustainability/system/>

3.1.7 Promotion of internal understanding of CSR procurement measures

Teijin Frontier

Teijin Frontier has formulated a CSR Procurement Basic Policy, which consists of a basic procurement policy¹⁸ and a procurement policy concerning human rights, labour, and environment¹⁹ and CSR procurement standards. The company distributes the CSR Procurement Standards to selected domestic and overseas suppliers based on internal standards and works to gain understanding and cooperation from the suppliers regarding the company's CSR Procurement Basic Policy.

On the other hand, it is important that not only external stakeholders, such as suppliers, but also internal stakeholders, who are responsible for implementing the CSR Procurement Basic Policy, understand the policy. To achieve this, Teijin Frontier is also promoting education for internal stakeholders. For example, the company delivers education on CSR procurement in e-learning format. Moreover, the company provides training workshops to promote a more proactive understanding among employees. This training is conducted by Teijin Frontier's Environment, Safety and Quality Assurance Department, while utilizing the specialist materials provided by a multi-stakeholder initiative.

For example, at the introductory level of the workshop training, a simulation exercise is organized in which "human rights issues have been identified at a company in the supply chain in Southeast Asia related to raw materials used in Teijin Frontier products". Participants are divided into the various stakeholders in the supply chain, such as, the company's first-tier suppliers of the raw materials, the retailers who sell those products and the Teijin Frontier shareholders. The participants are then asked to role-play how each stakeholder is expected to act in their respective positions.

At the intermediate level, the training incorporates a role-playing game from a corporate management perspective. During the games, assuming that each of the participants became a corporate executive, participants undertake budget allocation tasks for both capital investment for normal business operations and investment aimed at addressing human rights issues, etc., in the supply chain. The training aims to develop a comprehensive understanding of increasing corporate profits while balancing the two key themes.

Teijin Frontier Supply Chain CSR seminar for suppliers



Source: Teijin Frontier

To prevent and mitigate adverse impacts on human rights, it is necessary to promote understanding of efforts to respect human rights among internal employees. Teijin Frontier not only provides online self-guided learning but also incorporates role-playing to allow employees to take more initiative and deepen their understanding.

18 It consists of five items: compliance with the law, fair and equitable transactions, selection of appropriate business partners, cutting off relations with anti-social forces, and co-existence and co-prosperity with society. Teijin Frontier, CSR Procurement. <https://www2.teijin-frontier.com/english/sustainability/procurement/>

19 It consists of three sections: respect for human rights, ensuring occupational health and safety and preservation of the environment.

3.2 Identify and assess actual and potential adverse impacts associated with the enterprise’s operations, products or services

3.2.1 Implementation of labour-management dialogue dedicated to human rights separate from Worker-Management Conference to ascertain employees’ concerns about human rights

Canon

Canon believes that engagement with stakeholders, who may be subject to actual or potential adverse impacts, is an essential component of human rights due diligence.

As such, for identifying salient human rights risks²⁰ as part of its human rights due diligence, Canon conducts human rights-related dialogue with its labour union in addition to regular labour-management consultations. During the dialogue held in 2021, the discussion included a wide range of risks to human rights, while also confirming the trade union’s perspectives, on topics particularly pertinent to human rights risks

for employees such as discrimination based on race, sex, religion and other such attributes, harassment, overwork, occupational health and safety, and the protection of privacy.²¹ During the exchange of views, the trade union raised concerns about overwork and about occupational health and safety, and Canon reiterated its recognition that these are among the important issues being faced at the Canon Group.

Canon identifies and evaluates the salient human rights risks which it faces based on these stakeholder perspectives and opinions (See 3.5.2)

Dialogue with Canon Workers’ Union on human rights



Source: Canon

It is not always easy to properly ascertain adverse impacts on human rights that can arise through business activities from a corporate perspective alone, so dialogue with stakeholders is important. Canon, for example, undertakes labour-management dialogue that is specific to human rights in addition to ordinary labour-management consultations when going about identifying adverse impacts on human rights. By incorporating the perspectives of stakeholders, and not just the perspectives of enterprises, Canon strives to better ascertain actual or potential adverse impacts.

20 Salient human rights risks generally refer to the risks that rights-holders are exposed to in terms of risks involving serious adverse impacts faced in the course of the activities of their company and during the course of their business relationships.

21 Canon believes that the foundation that is in place thanks to labour and management having worked together to address employee issues (including those related to human rights) over the course of the group’s long history of labour-management consultations, that meaningful exchanges of views are being successfully undertaken.

3.2.2 Implementing factory audits while engaging in dialogue and taking into account characteristics of foreign workers

Miki Shoko

From 2018 to 2019, together with an NGO with specialist expertise, Miki Shoko implemented audits of the domestic garment factories of 25 suppliers who were in a direct contractual relationship with the company (Tier 1) and employing foreign technical intern trainees, focusing on the work environments of the foreign technical intern trainees.

In 2020, due to the impact of the spread of COVID-19 infections, the company had no choice but to suspend the audits of the factories temporarily. However, it resumed the audits in 2021, and since then, the scope has been expanded to include domestic dyeing factories, which are secondary suppliers (Tier 2) of Miki Shoko.

In audits implemented jointly with this kind of specialist external organization, the company confirms documents related to foreign technical intern trainees to confirm their working hours, the details of the labour contracts, and wages are being paid properly. It also checks occupational safety and health, such as the securing of evacuation routes and the appropriate

management of chemicals, and inspects the work sites of foreign technical intern trainees to confirm whether the work environment is appropriate and whether safety management is being carried out appropriately. Moreover, the company interviews foreign technical intern trainees in their native languages and inspects dormitories to confirm whether any situations have occurred in which forced labour would be suspected based on international standards²² from the perspective of the work environment and treatment of foreign technical intern trainees.

In these audits, rather than focusing on checking the specified items using checklists, the company emphasizes dialogue with people in the factories including management, General Affairs divisions, workers and foreign technical intern trainees, so that it can find out the actual working conditions of factory employees and the situation around occupational health and safety.

Dialogue with stakeholders is important to identify adverse impacts. In its audits, Miki Shoko does not limit itself to using checklists, but also gives consideration by emphasizing dialogue with the people in the factories, including management, General Affairs divisions, workers and foreign technical intern trainees. Moreover, it implements factory audits based on the characteristics of foreign workers, such as interviewing them in their native language and confirming whether curfews and rules associated with the restriction of movement, which could be judged to be forced labour, are applied in dormitory life.



²² The ILO indicators of Forced Labour (https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_203832.pdf) describe eleven indicators of suspected forced labour. Example indicators include withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime.

3.2.3 Efforts to ascertain the working conditions at local factories through various means such as weekly reports and field visits

Kojima Iryo

Kojima Iryo is working to improve the working environment in its own local factories in cooperation between its head office in Japan and the local factories. For example, at its factory in Bangladesh, the company makes efforts to understand and improve the working environment mainly through (1) weekly reports, (2) field visits, and (3) regular interviews.

(1) Weekly reports: In order to understand the working environment and local employees’ opinions, such as requests for improvements related to their working environment, all overseas representatives are required to prepare weekly reports after interviewing locally hired group leaders and vice group leaders. The person in charge of each representative’s work group confirms the content of the weekly reports within the group and shares it with the head office.

(2) Field visits: Once every two to three months, personnel from the head office in Japan visit its overseas factories and conduct field inspections.²³ During the visits, in addition to confirming whether there are any problems with the adequacy or safety of the working environment in the factory, they also confirm whether there are any problems with the living environment of the employees through dialogue with them. In this way,

by conducting factory site visits and engaging in direct dialogue with the employees, taking into account the opinions of those concerned about local conditions, such as culture and religion, they are making efforts to avoid a situation where employee dissatisfaction, if any, is not reported to the head office.

(3) Regular interviews with factory employees: Factory executives conduct interviews with the employees about once a month from the perspective of whether there are any problems with their working or living environments. They proactively gather firsthand opinions from the employees through the interviews and share them with the head office in Japan.

Based on the information obtained from the activities described in (1) to (3), Kojima Iryo makes sure that the head office confirms whether there are any issues in the working environment of the factory. Corrective measures will be considered and implemented once an actual problem is identified. If, despite the implementation of corrective measures, similar problems continue to be communicated through weekly reports or other such means, the company will deem that the measures are not working and take further action.

Due to factors such as the distance from the head office in Japan, compared with domestic factories, it is generally not easy to ascertain adverse human rights impacts in overseas factories in particular. Kojima Iryo is using a variety of methods to try to understand the working environment of workers in overseas factories.



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²³ Except for the periods when movement restrictions were in place due to the COVID-19 pandemic.

3.2.4 Comprehensive support by Headquarters for self-assessments by each group company to ascertain its human rights and labour-related issues

Panasonic

In order to identify and evaluate adverse impacts on human rights in the course of human rights due diligence, the Panasonic Holdings Corporation (hereinafter referred to as "Panasonic Holdings"), since FY2022 (fiscal year ended March 31, 2022), has been requesting that group manufacturing companies operating overseas (which hereinafter refers to group companies located overseas which are in charge of manufacturing of products for the group) undertake a "self-assessment related to human rights and labour compliance" (hereinafter referred to as self-assessment) in order to provide a bird's-eye view of human rights and labour issues.

During the "self-assessment related to human rights and labour compliance", each company that receives a request for implementation thereof, will autonomously investigate the existence of any adverse impact on human rights, including worker's rights, and take suitable measures when such issues are identified. In order for self-assessment to be fully implemented, it is necessary for the group companies to properly gain an understanding of the meaning behind self-assessment and how it is to be approached. Therefore, Panasonic Holdings asks each group company to appoint a person in charge of overseeing the implementation of the self-assessment when requesting to conduct the self-assessment. In conjunction with this, Panasonic Holdings provides support to group companies, such

as introductory briefings, and communicates closely with them to ensure the implementation of the self-assessment. As a result, Panasonic Holdings was able to collect the results of self-assessment from all group companies in FY2022.

Through the self-assessment implemented in FY2022, Panasonic Holdings recognized that more specific understanding of the issues was necessary to take corrective measures swiftly among group companies, and therefore revised questions on the self-checklists. After making improvements based on the experience of the FY2022 self-assessment, the company conducted the self-assessment in FY2023, adding some domestic manufacturing sites to its scope.

The abovementioned self-checklists were prepared referencing materials produced by an industry organization, as well as international standards such as ILO Fundamental Principles and Rights at Work. In doing so, Panasonic Holdings devised ways, including tailoring and rephrasing the wording, to make it easier for group companies to respond. Furthermore, there is a plan to provide awareness and education to relevant employees in the future so that the employees of group companies can correctly understand the meaning of the questions on the lists, and identify and rectify issues autonomously.

Even if a group company has been provided with a request to undertake human rights due diligence, there is the possibility that the response undertaken at the group company ends up being merely formalities if they lack the required human resources, a basic knowledge and understanding of the necessity, and the meaning behind human rights due diligence. In this case, the Panasonic Group strives to appropriately grasp the situation in the group companies through the self-assessment, which constitutes a part of human rights due diligence, and has made various creative efforts, including the appointment of focal persons and holding prior briefing sessions to support group companies. Furthermore, the use of the ILO's Fundamental Principles and Rights at Work and documents produced by an expert organization, as well as the improvement of checklists based on the results of previous efforts, can lead to more effective identification of adverse impacts on human rights.



3.2.5 Provision of multiple mechanisms to collect feedback from employees at factories to identify potential adverse impacts at early stages

Canon

Through various channels used to collect complaints, Canon aims to quickly identify and resolve workplace concerns which have the capacity to inflict adverse impacts on the human rights of employees.

For example, Canon Vietnam, the production base where the largest number of Canon Group employees work, has three factories. Each of those factories has multiple consultation channels available to employees. In addition to the system available to employees (which involves interviews with supervisors, an HR and general affairs consultation hotline, an internal reporting system, and letter boxes set up at factories), the company issues an online survey for all employees once a year as a way to proactively take a look at employee concerns and their situations. This online survey asks employees to answer about one hundred questions about their job satisfaction, events related to their employee benefits, workplace environments and other such matters.

Canon Vietnam reviews various concerns and consultations and considers the responses to be undertaken through these channels. For example, there was an instance wherein feedback was collected through online surveys about concerns regarding room temperatures in the workplace. Canon Vietnam confirmed that the temperatures in Vietnam are high on many days in the summer, so even if the air conditioning system is running, the temperature does not reach the proper temperature in some places. Work in such an environment may cause ill health and other adverse effects. Therefore, in order to prevent and mitigate adverse effects, Canon Vietnam has taken measures such as installing ceiling fans and air conditioners, adding ventilation pipes and providing chilled lemon water to prevent heatstroke.

Canon Vietnam Factory Manager responds to the concerns raised by employees



Source: Canon

Efforts to prevent and mitigate risks before adverse human rights impacts materialize increase the likelihood of avoiding human rights violations. Canon is trying to ascertain as wide a range of employee concerns as possible by providing various channels for collecting complaints.

3.2.6 Effort to ensure traceability up to Tier 4 suppliers, prioritizing specific raw materials

ASICS

ASICS recognizes that it has an important role to play in the supply chain and believes that greater transparency is an essential duty the company has to all of its stakeholders. With this in mind, ASICS publishes a list of supplier factories with which the company has a direct contractual relationship (Tier 1) and the main suppliers (or supplier factories) of Tier 1 suppliers (Tier 2).

Moreover, ASICS has started conducting investigations on specific raw materials on a priority basis so that it can identify Tier 2 suppliers, Tier 3 suppliers, and even Tier 4 suppliers by requesting inquiries to intermediary agents which support the transactions with Tier 1 suppliers. When issuing such requests to intermediary agents, ASICS carefully explains traceability needs to be ensured, along with a worksheet for the data aggregation to help the intermediary agents understand and collect the required data effectively.

Tracing all direct and indirect suppliers in broad-ranging supply chains is a difficult undertaking. ASICS is striving to ensure transparency of its supply chain by prioritizing specific raw materials and working with intermediary agents to identify suppliers up to Tier 4 suppliers.

3.2.7 Efforts to ensure traceability through confirmation of supply chain from direct suppliers at the product planning stage

Fast Retailing

Fast Retailing is working with its production partners on matters such as respect for human rights, improvement of work environments and environmental protection throughout its supply chain. The company is making efforts to increase transparency and fulfill its responsibilities in the supply chain by publishing a list of its production partners²⁴.

In order to disclose production partners, it is necessary to first identify them. In general, the apparel industry has complex supply chains. In the upstream of garment factories that are the direct business partners of clothing manufacturers and distributors (Tier 1), there are fabric factories (Tier 2), spinning factories (Tier 3), and so on. Also, there are cases where garment factories procure fabrics from different fabric factories (Tier 2) each

season via a fabric trading company, and in such cases it becomes difficult to track Tier 2 suppliers onwards.

Given such circumstances, Fast Retailing works with garment factories (Tier 1) to identify the source of procurement of materials, such as fabric, at the product planning stage. This approach stabilizes the production and quality of products that the company will ultimately purchase. Furthermore, the company strives to identify Tier 2 and Tier 3 production partners as far as possible so that it can implement long-term human rights initiatives with its production partners.

Chart 7: Fast Retailing's supply chain process

Supply Chain Process



Source: Fast Retailing Integrated Report 2022²⁵

When companies conduct human rights due diligence, there are many cases where it is difficult for the company to grasp indirect business partners (Tier 2, Tier 3, etc.). Given industry's complexity, Fast Retailing works to ensure the traceability of indirect suppliers by consulting with its direct suppliers (Tier 1) to confirm and manage their indirect suppliers.

²⁴ As of September 2022, all sewing factories planned for ongoing transactions, fabric factories that continuously produce fabrics for Fast Retailing products, and factories to which sewing factories outsource some processing processes (washing, printing, etc.) are disclosed. Note that "sewing factories" refers to factories that produce the final products and includes both direct and indirect trading partner factories.)

²⁵ Fast Retailing, Integrated Report 2022. https://www.fastretailing.com/eng/ir/library/pdf/ar2022_en.pdf

3.3 Cease, prevent and mitigate adverse impacts

3.3.1 Promotion of a culture of occupational health and safety through dialogue with employees

Panasonic

Based on the Panasonic Occupational Safety and Health Policy²⁶, Panasonic Industrial Devices Vietnam (hereinafter “Panasonic Vietnam”), which is one of the group’s manufacturing companies located overseas, believes that it is important for employees to be able to think about their health and safety and discuss problems among themselves to ensure the safe and healthy working conditions at the factory and subsequently to prevent and mitigate potential adverse impacts such as injury and death. As such, the company has established a system to foster such a culture.

Specifically, a Health and Safety Committee has been set up at the factory, and employees who are members of the Committee discuss prevention of incidents and industrial accidents. Based on these discussions, the Committee has identified the following as the means to foster a safety culture: (1) management and supervision, (2) risk assessments and countermeasures, (3) rules and training, and (4) a zero-accident mindset. The Committee has formulated an implementation plan including a list of specific activities for items (1) through to (4) and has set KPIs²⁷ to monitor progress (Figure 8). The above activity plan is communicated by the leaders of each department to their subordinates to provide opportunities to consider health and safety and raise awareness.

Figure 8: Target of Safety Innovation Activities



Source: Prepared based on documents provided by Panasonic Vietnam



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²⁶ Panasonic, Panasonic Occupational Safety and Health Policy. <https://holdings.panasonic/global/corporate/sustainability/social/health-and-safety/policy.html>

²⁷ KPI stands for key performance indicator.

In addition, risk assessment training is regularly conducted to discuss high-risk processes and other elements that can cause accidents resulting in injury or death, while viewing videos related to specific work. These efforts also contribute to fostering the safety culture described above.

In addition, Panasonic Industry provides support for the health and safety activities of its subsidiary Panasonic

Vietnam. For example, Panasonic Vietnam conducts what are called “monthly safety patrols”, which are activities purposed with periodically evaluating measures implemented to ensure the occupational safety of employees. Panasonic Industries receives reports from Panasonic Vietnam and provides advice to it so that occupational safety can be further improved upon.

Building safety and health systems and fostering a culture of safety and health on site are important measures to prevent and mitigate adverse impacts on human rights due to incidents and other such occurrences. It is also important to fully engage in dialogue with employees and other stakeholders to prevent and mitigate such adverse impacts. Panasonic Vietnam engages employees in various ways with activities aimed at improving health and safety with its Health and Safety Committee and promotes a culture of health and safety while undertaking dialogue with employees.

3.3.2 Reduction of the risk of industrial accidents through dialogue with employees

Wacoal

Underneath its Sustainability Committee, Wacoal has established the Subcommittee for CSR Procurement, which is responsible for planning and monitoring progress of CSR procurement undertaken by the group (See 3.1.6). This subcommittee has been monitoring the state of compliance with the Wacoal Group CSR Procurement Guidelines through actions such as self-assessments conducted by manufacturing factories and suppliers of raw materials. The group has also encouraged problem solving at factories, for example, by conducting on-site audits of factories deemed to be at high risk based on information obtained through monitoring.

When undertaking these initiatives, Wacoal also attaches much importance to undertaking dialogue in relation to occupational health and safety with the employees of factories to which production is contracted. For instance, regarding occupational safety, employees sometimes wear iron gloves to protect their hands from machine

blades during the fabric-cutting processes. However, performing detailed work wearing iron gloves can be difficult. As such, Wacoal has been working together with employees to improve quality through trial and error, such as developing and promoting the use of protective fingertip equipment and blade covers that prevent blade exposure.

In sewing processes involving sewing machines, the usage of finger guards was attempted, but the equipment ended up hardly being used. Thus, Wacoal is aiming to mitigate the occurrence of industrial accidents arising during sewing processes by not only utilizing commercially available finger guards, but also by developing and deploying its own finger guards while taking into account the opinions of employees. This effort is being made so that factories can take measures which prioritize safety and staff can engage in work safely without reducing work efficiency.

Stakeholder engagement is important when it comes to preventing and mitigating adverse human rights impacts. Worker-Management cooperation is essential especially in the area of occupational safety and health. To resolve the concerns of employees, Wacoal is using the results of engagement to better prevent and mitigate adverse impacts, which includes the adoption of different protective equipment and the development of new ones.



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3.3.3 Efforts to ensure that foreign technical intern trainees are not burdened with recruitment fees for being sent from their home countries

Teijin Frontier

A subsidiary of Teijin Frontier employs foreign technical intern trainees (hereafter foreign technical intern trainees). There were news reports that technical intern trainees were falling into the situation of having to work to repay debts as a result of coming to Japan by borrowing money and paying large recruitment fees to the sending organizations²⁸ in their home countries. Given such reports, Teijin Frontier conducted an internal survey at its subsidiary, and found that some of the technical intern trainees at the subsidiary had paid large fees to sending organizations in their home country to come to Japan.

Considering this situation, Teijin Frontier thought it was important to ensure that technical intern trainees do not bear the burden of paying recruitment fees and related costs to the sending organization at the sending countries. Consequently, the company consulted with the subsidiary that employs technical intern trainees,

and the subsidiary formulated a “Code of Conduct Concerning Foreign Workers”. The subsidiary then sent this Code of Conduct to the supervising organization²⁹, requesting that the supervising organization pay attention so that the technical intern trainees do not bear the burden of their recruitment fees and related costs at the sending countries.

In order to ensure that technical intern trainees do not pay recruitment fees, since FY 2019, the subsidiary started to bear such fees after the sending organizations disclosed the amount of recruitment fees collected from technical intern trainees. Also, by directly checking with technical intern trainees that they have not paid fees for undertaking the traineeship, the company confirms with certainty whether or not technical intern trainees have paid fees. This additional check ensures that trainees have not paid any fees even if there are errors in the information disclosed by sending organizations.

A technical intern trainee working in a factory



Source: Teijin Frontier

The situation of having no choice but to work to repay debts can constitute one of those elements that underlie the assessment of forced labour, one of the serious adverse impacts on human rights. Teijin Frontier takes careful measures to prevent such situations from occurring by paying the fees to the sending organization at the subsidiary that accepts technical intern trainees, and confirming the facts directly with the technical intern trainees.



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²⁸ The term “sending organization” under the technical intern training system in Japan means an organization that can mediate job applications relating to technical intern training from persons who wish to become technical intern trainees on behalf of supervising organizations in Japan and satisfy the requirements set forth in Article 25 of the Ordinance for Enforcement of the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees. (<https://www.jitco.or.jp/ja/regulation/send/>)

²⁹ Under the supervising organization system, which is one of the methods for accepting technical intern trainees, a supervising organization means a non-profit organization such as business cooperative and chamber of commerce and industry that accepts technical intern trainees when technical intern training is implemented at an affiliated company, etc. (implementing organization). [based on the description of the supervising organization system at <https://www.jitco.or.jp/ja/regulation/>]

3.3.4 Requesting and supporting supplier initiatives based on Policy of Engagement

ASICS

ASICS has developed a Policy of Engagement (hereinafter referred to as its “ASICS Policy of Engagement”)³⁰, which sets out the minimum compliance standards for business partners. The partners are also required to submit written statements to the effect that their representatives accept the ASICS Policy of Engagement (and its application).

The ASICS Policy of Engagement covers six major categories and has established its “Employment Standards” as a standard related to human rights. It consists of eight subsections: (1) Prohibition of Forced Labour; (2) Prohibition of Child Labour; (3) Prohibition of Harassment and Abuse; (4) Non-Discrimination; (5) Freedom of Association and Collective Bargaining; (6) Compensation; (7) Hours of Work and Overtime; and (8) Health and Safety.

It is stipulated that if a Business Partner violates the ASICS Policy of Engagement, ASICS may request an immediate remedy, the termination of the contract,

or both. When a violation is confirmed, ASICS will first request and provide guidance for corrections to be undertaken. If no improvements are observed after a certain period of time, the business unit involved will consider further measures, including termination of the relevant contract.

In the past, for example, a supplier was found to have violated the ASICS Policy of Engagement for not having provided proper overtime payments³¹. However, this case was attributable to a lack of awareness and misinterpretation of local laws and regulations. The ASICS business unit involved held direct conversations with the supplier to encourage improvements. The supplier paid overtime retroactively to workers in accordance with the ASICS Policy of Engagement, and revised its method of calculating overtime pay to bring it into line with the ASICS policy. As a result of these actions, there are no business partners with whom ASICS has terminated contracts for violating the ASICS Policy of Engagement to date.

Production in a supplier factory



Source: ASICS

Preventing and mitigating adverse impacts at suppliers is generally not as easy as it is at ASICS itself or at group companies. ASICS has formulated and requires compliance with the ASICS Policy of Engagement to strive toward resolving issues, including through direct interaction with suppliers rather than immediately terminating contracts when violations are identified.

³⁰ Suppliers (including manufacturers), contractors (subcontractors), brokers, advertising agencies, consultants and other service providers are collectively referred to as “business partners”.

ASICS, Policy of Engagement. <https://corp.asics.com/en/p/asics-policy-of-engagement>

³¹ ASICS Policy of Engagement stipulates that “Business partners ... shall pay employees, in addition to remuneration for normal working hours, for overtime hours worked at a premium rate at least as determined by applicable law or, in countries where no applicable law exists, at a rate of at least 25% of the normal hourly rate of pay”.

3.3.5 Use information obtained through grievance mechanisms to support production partners

Fast Retailing

Fast Retailing analyzes cases of consultation received from the employees of production partners through its own grievance mechanisms, including a hotline (see 3.6.2), and supports the prevention and mitigation of adverse impacts by production partners. For example, if analysis suggests a recurring pattern of consultation cases occurring in a particular country or region, the company offers support to production partners in that area for the prevention and mitigation of such adverse impacts.

For example, having analyzed the details of consultation received by Fast Retailing and country risks, the company identified the elimination and prevention of harassment at factories in Bangladesh as an important issue. As one of the measures, the company has cooperated with local NGOs since 2019 to advance a project to

establish complaint processing committees at factories (production partners). These complaint processing committees formulate policies and guidelines on the prevention of harassment and play the roles of investigating harassment and engaging in mediation. They are comprised of at least five members; the chair and a majority of the members are women, and two of the members must be invited from outside the factory.

On the above project, Fast Retailing is supporting the factories (production partners) so that they can make these complaint processing committees function in a substantial sense. In fiscal year 2022, it implemented training for the managers, workers, and complaint processing committee members of eight newly contracted factories.

While companies are required to respond to the complaints submitted to their grievance mechanisms, the perspective of using complaints to prevent and mitigate future adverse impacts is also important. Fast Retailing analyzes complaints received through its grievance mechanisms and supports production partners towards the prevention and mitigation of adverse impacts based on the results.



3.3.6 Promote compliance with CSR procurement guidelines by suppliers

Miki Shoko

In 2017, Miki Shoko formulated the Miki Shoko CSR Procurement Policy, the Policy on Human Rights for Suppliers³², and the Code of Conduct for Suppliers. Based on these policies, Miki Shoko formulated the Miki Shoko CSR Procurement Guidelines (first edition) and in 2020, and revised them (second edition) by adding the Miki Shoko Environmental Policy for Suppliers and Miki Shoko Policy on Migrant Worker for Suppliers. At the time of formulation of the first and second editions, the company held CSR procurement briefings for each supplier and made efforts to make suppliers aware of the content, and obtained agreement from suppliers that they would comply with the CSR procurement guidelines.

On the other hand, suppliers may perceive complying with CSR Procurement Guidelines as lacking in direct

merit if such requests are made only by Miki Shoko, and efforts at suppliers may not progress sufficiently. To encourage suppliers to make efforts and build good long-term relationships, when suppliers support and agree on CSR procurement, including monitoring through third-party audits, and show commitment to make corrections in case of any issue, Miki Shoko takes it into consideration as positively as possible when placing orders.

For example, the company's Production Division strives to give consideration so that such suppliers can secure the number of orders required for stable operation of their plants throughout the peak and low seasons by placing additional product orders ahead of schedule on top of the regular orders to use the low season effectively.

Companies need to exercise their influence and strive to prevent and mitigate adverse impacts by suppliers. Miki Shoko asks suppliers to comply with the CSR Procurement Guidelines, and in certain cases, such as when suppliers support CSR procurement and show significant progress or commitment to improve, Miki Shoko provides economic incentives to the suppliers that can be considered positive when placing orders, by, for instance, smoothing production by placing orders farther in advance. This policy coherence across the enterprise, from top management down to procurement practices, signals Miki Shoko's commitment to work with suppliers and support their progress in respecting workers' rights.



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³² Recognising the need for a comprehensive approach to its human rights policy, not only for its suppliers but also for the company itself, Miki Shoko partially revised the content of its policy as a group and published it as the MIKI HOUSE Group Human Rights Policy in October 2023.

Mikihouse, CSR procurement. <https://www.mikihouse.co.jp/en/pages/corporate-csr-procurement>

3.3.7 Promote supplier initiatives based on CSR questionnaire results

Brother

Brother requires its suppliers to comply with its Procurement Policy and CSR Procurement Standards. It also confirms the state of that compliance through regular CSR questionnaires and other means. Moreover, Brother requests and supports improvements by suppliers based on the results of that confirmation and monitors progress through audits.

For example, based on the evaluation criteria of Figure 9, the company rates each supplier from the perspective of high or low risk.

Also, Brother gives feedback on the evaluation results, including the above scores, to all suppliers who undertake the CSR questionnaire, implements individual interviews with suppliers in accordance with the evaluation results, and requests improvements. Moreover, when it is considered necessary, Brother not only requests improvements, but also implements audits at suppliers’ production bases to confirm the state of improvements.

Table 9: Evaluation criteria for CSR questionnaire

Risk rating	Score	Description
Low risk	85 pts or higher	Meets the “CSR Procurement Standards” requested by Brother
Middle risk	65 to 84 pts	Some areas require improvement, but voluntary improvements can be made.
High risk	64 pts or lower	Has areas that require improvement, and needs immediate improvement and monitoring.

Source: Brother website: Social (S) Responsible Supply Chain³³

Brother explanatory meeting for suppliers, which includes explanations on human rights initiatives



Source: Brother website: Social (S) Responsible Supply Chain³⁴

Attempts to identify and assess adverse human rights impacts through questionnaire surveys are carried out widely but identified problems will not necessarily be corrected by the questionnaire survey alone. Brother, therefore, follows up so that identified problems are corrected by various methods, including feedback to suppliers, individual interviews and audits.

³³ Brother, Social(S) Responsible Supply Chain. <https://global.brother/en/sustainability/social/supply-chain>

³⁴ *ibid.*

3.3.8 Collect information in collaboration with other companies to prevent and mitigate adverse impacts

Maruhisa

Maruhisa Co., Ltd. (hereinafter referred to as “Maruhisa”) is working with other companies to prevent and mitigate adverse human rights impacts as it develops its sewing business in overseas factories as an apparel OEM³⁵.

For example, in Bangladesh, where the company has its own factory, the local labour laws and regulations provide for the protection of workers’ rights and freedoms considering the country’s circumstances, so strict compliance with such laws and regulations is a starting point in the prevention and mitigation of adverse human rights impacts on workers.

In Bangladesh, it is not always easy for foreign companies including Japanese companies to respond promptly to changes in labour laws and regulations because their revisions are published in the country’s official language of Bengali, and it takes time for the government to

publish English translations. Maruhisa has relatively limited resources compared with globally operating companies with local bases in the region.

Therefore, to properly understand and strictly comply with local labour laws and regulations, including their amendments, Maruhisa holds study groups with companies located in the same export processing zone (EPZ)³⁶ and uses the Japan-Bangladesh Chamber of Commerce and Industry as a forum to exchange information. In doing so, in addition to exchanging information on the revision of labour laws and regulations, the company collects information on other companies’ responses to labour laws and regulations which translates to prevention and mitigation of adverse human rights impacts, and it uses this information as a reference for its own efforts.

A company’s compliance with the laws and regulations that are applicable at its site of operation can be a starting point for the prevention and mitigation of adverse human rights impacts. In particular, compliance with labour laws and regulations is important from the perspective of protecting workers’ rights. Maruhisa makes good use of opportunities to exchange information with other companies while first trying to strictly comply with local labour laws and regulations.



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³⁵ OEM stands for “Original Equipment Manufacturer,” which refers to companies that manufacture products under the brands of other companies.

³⁶ EPZ is an export-only special economic zone designated by the Government of Bangladesh. EPZ stands for Export Processing Zone.

3.4 Track implementation and results

3.4.1 Investigate and analyze the occurrence of serious industrial accidents and use the results to prevent re-occurrence

Panasonic

Panasonic Group is working toward gaining external certification ISO 45001, regarding management systems for Occupational Safety and Health, and implements risk assessments on machinery, equipment and hazardous substances at least once a year in accordance with the management system, striving to reduce the potential risk of occupational accidents and illnesses latent in the workplace.

In addition, Panasonic Group manages the state of occurrence of industrial accidents at about 340 sites globally, and in principle, obliges sites to report all non-minor accidents. In particular, a report is required within 24 hours in cases of critical industrial accidents with a residual disability or serious industrial accidents in which multiple people are hurt simultaneously. Panasonic Group raises the elimination of such serious, critical industrial accidents as the most important issue and has investigated and analyzed the backgrounds and causes of the critical accidents that have occurred in the past. As a result, it was found that the main cause

of critical accidents was fingers getting caught in the hazard source because work was carried out without stopping equipment during irregular work, such as the adjustment and maintenance of production equipment. Such accidents accounted for about 70% of the overall total and occurred often with old equipment with insufficient safety measures in particular.

Consequently, Panasonic Group decided to update the guidelines for the preparation of equipment safety standards annually, taking into account previous accidents and incorporating the latest international standards. Based on these guidelines, the group is promoting equipment safety measures, including old-style equipment. Furthermore, Panasonic Group is working to realize the elimination of critical accidents by developing resource persons who understand the guidelines and can support the development and implementation of safety skills and take root as good practices in the workplace.

Even if various measures are taken, it is difficult to avoid adverse impacts from occurring completely. Panasonic Group monitors the state of occurrence of industrial accidents, carries out research and analysis on the causes and backgrounds of critical accidents with residual physical disabilities as a priority issue, and uses the results in future safety measures.



3.4.2 Use of existing monitoring indicators collected by HR department for human rights due diligence

Canon

Canon has been implementing measures to prevent and mitigate various risks identified through human rights due diligence. When evaluating the effectiveness of proposed measures for addressing adverse impacts on employees, Canon uses indicators including those that have been managed in the operations of its human resources department.

As an example of this, Canon began to address human rights by introducing labour guidelines for subsidiary manufacturers in Asia in 2015 as one of the measures to prevent and mitigate the risk of overwork by

employees. Subsequently, in 2022, these guidelines were revised to conform to the standards of an industry-wide organization, and uniform standards were then introduced for all manufacturing companies within the Group, both in Japan and abroad.

For evaluating whether these efforts are effective in preventing and mitigating the adverse impacts of overwork risks, Canon uses the actual number of hours worked as a monitoring indicator which has been used by its human resources department.

There are some initiatives which can be utilized as part of human rights due diligence for preventing and mitigating adverse impacts on human rights, even if they were not originally designed for this purpose. Canon is working to utilize management indicators used at the human resources department, such as the management of working hours, in conjunction with human rights due diligence. In doing this, it is striving to evaluate the effectiveness of its efforts aimed at respect for human rights in a more comprehensive manner.



3.4.3 Self-evaluate the functioning of a grievance mechanism and work on the issues confirmed

Fast Retailing

Fast Retailing has established and operates a hotline that can also be used by the workers of production partners (see 3.3.5), but it has been confirmed that differences have occurred in the state of use of the hotline depending on factors such as the country where the production partner is located. In response to this, the company implemented a self-evaluation of the hotline function based on the eight criteria³⁷ presented in the UNGPs for grievance mechanisms. This evaluation aimed to investigate the background and causes of this problem and make improvements if issues were confirmed.

As a result, it was identified that there were challenges with the hotline being “accessible” and “equitable” among the eight requirements. The more specific meaning of each requirement is shown in the table below.

In response to this, Fast Retailing implemented measures based on the results of self-evaluation. Specifically, in relation to the requirement “Accessible”, the company prepared posters in multiple languages so that it could provide guidance in the native languages of the migrant workers for better awareness of the hotline. In relation to the requirement “Equitable”, in order to organize a system in which hotline users can directly obtain expertise from a specialist when they need it, with the support of International Organization for Migration (IOM), Fast Retailing selects NGOs which can support migrant workers when they use the hotline while employed at factories or when they return to their home countries.

Accessible	Being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access
Equitable	Seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms

A grievance mechanism can help in preventing and mitigating potential adverse impacts on human rights, and it is also important to implement follow-ups to see whether such means are functioning effectively. Fast Retailing has implemented a self-evaluation for its hotline system and is striving to overcome the identified issues, including accessibility.



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³⁷ The eight requirements are: justifiable, accessible, predictable, fair, transparent, consistent with rights, a source of continuous learning, and based on engagement and dialogue. (See 1 for more information.)

3.4.4 Initiatives aimed at the improving workplace monitoring methods

Fast Retailing

Fast Retailing believes that it is important for each production partner to act proactively, not passively, in its initiatives to respect human rights. It has transformed its workplace monitoring program gradually since September 2020 to strengthen voluntary working environment management processes by factories.

Specifically, the company is promoting the transition from unannounced audits by third-party organizations to a system under which factories ascertain and improve risks and issues in the working environment proactively through the tools of an industry-common framework³⁸. Moreover, the company is advancing the introduction of improved workplace monitoring based on the industry-common framework at all garment factories and major material factories.

Traditional workplace monitoring centered on audits had a challenge that multiple brands carry out unique audits of the same factory and it often results in creating an excessive burden which hinders efficient improvements. In addition, there was a challenge that production partners' measures tended to be passive, focusing on corrective actions for issues found through audits.

Given such challenges, the company is trying to move towards a system where production partners implement self-evaluations using the evaluation tool, undergo third-party verification, and work on improvements. By doing so, Fast Retailing expects that a cycle will be established within production partners in which they will ascertain issues in the working environment proactively through their own mechanisms and implement improvements.

A worker in Fast Retailing's production partner factory



Source: Fast Retailing Integrated Report 2022³⁹

While audits are an effective means for confirming the state of human rights at suppliers, it is difficult to encourage proactive initiatives among suppliers. The burden on suppliers who receive requests for similar audits from multiple parties is heavy, and they may even fall into a situation where they are not sufficiently able to prevent or mitigate adverse human rights impacts. Fast Retailing is trying to improve the human rights due diligence process by overcoming the shortcomings of audit methodology by encouraging proactive initiatives of production partners and using evaluation tools of an industry-common framework.

³⁸ The assessment tool includes indicators to strengthen the working environment management system, including policies, internal structures, procedures and their dissemination, and review and improvement of implementation, for each of the working environment assessment items.

³⁹ Fast Retailing, Integrated Report 2022. https://www.fastretailing.com/eng/ir/library/pdf/ar2022_en.pdf

3.4.5 Regular surveys on the compliance with procurement policies by suppliers

Toshiba

Toshiba requests its suppliers to pay attention to CSR based on the Toshiba Group Procurement Policy (see 3.1.2), and when it initiates new procurement transactions, Toshiba checks whether the supplier's manufacturing sites, management systems, state of compliance with laws and regulations on the environment, human rights, labour and safety, and the state of management comply with the Toshiba Group Procurement Policy. Moreover, Toshiba implements regular surveys on the state of compliance with the Toshiba Group Procurement Policy by suppliers (in other words, whether or not the measures in response to Toshiba's request to comply with the procurement policy are functioning from the viewpoint of preventing and mitigating adverse impact at suppliers) ("site monitoring" below). In fiscal year 2021, Toshiba surveyed 2,764 suppliers from a human rights and labour perspective and 3,002 suppliers⁴⁰ from a health and safety perspective (see 3.5.1).

Toshiba requests that its suppliers improve or provides guidance and support to them if requests for compliance

with the Toshiba Group's Procurement Policy are not functioning sufficiently and cases of violations or concerns are found in such monitoring. For example, Toshiba provides guidance on the proper use of protective equipment to protect the body or on safety and health management systems at work sites.

In fiscal year 2021, Toshiba started surveys of suppliers from the perspectives of human rights, occupational safety and health, environment, ethics, and BCP ("Sustainable Procurement Survey" below) under the leadership of Toshiba headquarters from the perspective of strengthening ESG initiatives, including supply chain monitoring in a form more in line with international standards.

Based on the issues identified in the process of these surveys, Toshiba is preparing a document to distribute to suppliers explaining the importance of addressing these issues and how they relate to principles in international labour standards and other international standards.

Human rights due diligence requires enterprises to track and evaluate whether their initiatives are working, including the prevention and mitigation of adverse impacts, and then take action for improvements based on the results. Toshiba requests suppliers to comply with its procurement policy, implements surveys regularly to see whether the requests (encouragement to prevent and mitigate adverse impacts at suppliers) are functioning, and strives for improvements based on the results of surveys at individual suppliers. Furthermore, Toshiba is also seeking to strengthen monitoring methods and information provision to suppliers.

⁴⁰ These are the total numbers of companies, and 'survey' here includes self-inspections using a self-assessment questionnaire (SAQ), auditing by a third party, and surveys or audits based on proprietary standards.

3.5 Communicate how impacts are addressed

3.5.1 Efforts to disclose both qualitative and quantitative information in a manner that is easy for stakeholders to understand

Toshiba

Toshiba makes public the Toshiba Group Human Rights Policy (See 3.1.2) and discloses qualitative information on its progress in implementation. Toshiba also discloses quantitative information in order to provide the progress of measures taken by the company in a way that is easy to understand for stakeholders.

For example, one concrete example consists of the figures

for actual results shown in Table 10. Toshiba has been undertaking (1) the issuance of requests to suppliers, (2) the monitoring of responses made in relation to the requests, and (3) the provision of requests and guidance for corrections and support, for the implementation of the Toshiba Group Procurement Policy (See 3.4.5). Table 10 shows the actual results related to (1) and (2), and Table 11 shows the actual results related to (3).

Table 10: Number of suppliers participating in briefings and those covered by monitoring on site (FY2021, Toshiba Group, cumulative)³⁵⁷

Topic	Participation in briefings	Surveys (Note)	On-site audit (Note)
Human rights and labour	2,514 companies	2,764 companies	232 companies
Health and safety	2,951 companies	3,002 companies	303 companies
Environment	3,630 companies	5,103 companies	112 companies

Source: Promote Sustainable Procurement (Toshiba Website)⁴¹

Table 11: Number of suppliers subject to guidance and support or suspension of transactions upon monitoring on site (FY2021, Toshiba Group, cumulative)

Topic	Guidance and support	Suspension of transactions
Human rights and labour	218 companies	0 companies
Health and safety	286 companies	1 company
Environment	66 companies	1 company

Source: Promote Sustainable Procurement (Toshiba Website)

It is important that information disclosure, which is a prerequisite for stakeholder dialogue, be provided in a form that is easy for the intended recipient to understand. Toshiba discloses qualitative descriptions of its efforts to respect human rights and other efforts, as well as quantitative information which serves to quantify status of its efforts and strives to disclose information that is easy for stakeholders to understand.



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⁴¹ Toshiba, Promote Sustainable Procurement. <https://www.global.toshiba/ww/sustainability/corporate/performance/social/procurement.html>

3.5.2 Disclosure of the group’s status of responses and policies with a focus on salient human rights risks

Canon

As described in 3.2.1 above, Canon has identified salient human rights risks within the Canon Group (See 3.2.1), which are disclosed in the Respecting Human Rights section of its website. Specifically, the details are as outlined in Table 12 (“Salient Human Rights Risks at Canon”). Canon recognizes the importance of stakeholder engagement in identifying human rights risks and engages in dialogue with the trade union, its employee representative.

In the chart, salient human rights risks in terms of the Canon Group are listed on the vertical axis, and “●” is assigned to the stakeholders exposed to each risk. For each risk, there are links to web pages that describe Canon’s policies for responses and the status of responses undertaken.

Table 12: Salient Human Rights Risks at Canon

		Rights-holders				Measures taken by Canon
		Suppliers/ Contractors	Canon employee	Customers/ Consumers	Local communities	
Salient human rights risks associated with Canon’s business activities	Discrimination based on race, sex, religion, etc.		●			Diversity and Inclusion
	Harassment		●			Prevention of Harassment
	Child labour	●				Respect for Human Rights in the Supply Chain
	Forced labour	●				Respect for Human Rights in the Supply Chain
	Unpaid wages/Low wages	●				Respect for Human Rights in the Supply Chain
	Excessive overtime work	●	●			Prevention of Excessive Overtime Work Respect for Human Rights in the Supply Chain
	Occupational health and safety	●	●			Occupational Safety and Health Management
	Protection of privacy		●	●		Protecting Personal Information
	Procurement of conflict minerals				●	Addressing the Issue of Responsible Minerals Sourcing
	Noise and environmental pollution at business sites				●	Protection and Conservation of the Global Environment
	Health damage or accident caused by product			●		Product Responsibility

Source: Sustainability > Respecting Human Rights > Salient Human Rights Risks for Canon (Canon Website)⁴²

Since human rights due diligence involves a wide range of content, it is no easy task to disclose information in a way that is easy for stakeholders to understand. Canon is working to disclose information in a comprehensive manner by focusing on “salient human rights risks” found within the group and providing descriptions of the status of responses and policies in relation thereto.

42 Canon, Respecting Human Rights. <https://global.canon/en/csr/people-and-society/labor/human-rights.html>

3.5.3 Disclosure of information to ensure transparency in terms of grievance mechanism

Panasonic

The Panasonic Group has established a Global Hotline for employees of the group and employees of external business partners to use as a global contact point. The main purpose of this Global Hotline system is to address complaints concerning adverse impacts against human rights at early stages and to enable remedies to be provided. An overview of how the Global Hotline works is presented in section 3.6.1.

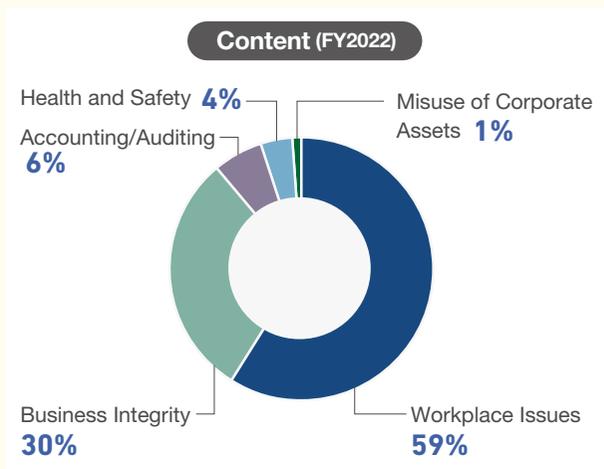
In addition to establishing and operating the Global Hotline system, the Panasonic Group discloses various kinds of information, such as the number of reports provided to the hotline, as shown in the Table 13 and 14 below.

Table 13: Number of Reports Provided to the Global Hotline (FY 2022)

Number of reports, etc. (FY 2022): Approximately 640	
Percentage of reports, etc., which were provided via the Global Hotline	About 80%
Percentage of substantiated cases (excluding anything still under investigation as of May 31, 2022)	About 25%

Source: Panasonic Sustainability Data Book 2022⁴³

Chart 14: Breakdown of the Number of Reports Provided via the Global Hotline (FY 2022)



Source: Panasonic Sustainability Data Book 2022

In order to gain trust in the grievance mechanism from stakeholders, the transparency of said mechanisms is important. The Panasonic Group discloses various kinds of information in an easy-to-understand manner with respect to its Global Hotline, one of its grievance mechanisms.

3.5.4 Disclosure of the outline and evaluation results of initiatives related to workplace monitoring in an easy-to-understand way

Fast Retailing

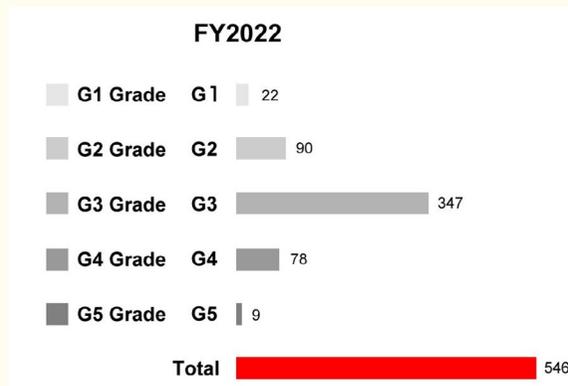
Fast Retailing has established pages on its website titled “Respect for Human Rights” to summarize and transmit various information concerning its initiatives to respect human rights. The specific major areas are the Fast Retailing Group Human Rights Policy, the Human Rights Committee, Human Rights Education, Human Rights Due Diligence, Hotlines and Remedial Measures, Respecting Human Rights of Our Employees, Respecting Human Rights in the Supply Chain, and Respecting Women’s Rights, with detailed information provided on each major area.

Of these areas, the workplace monitoring of the Respecting Human Rights in the Supply Chain area has

been described in detail (see 3.4.4, 3.6.2). Specifically, the workplace monitoring mechanism is disclosed as in Figure 17, and the results of workplace monitoring include an overview of the evaluation categories G1 through G5 with statistical information on the evaluation results of the garment factories. This data allows understanding of the types of confirmed adverse human rights impacts. Moreover, this is also explained in combination with the status of improvements and the policies thereto for garment factories that receive a G4 or G5 evaluation.

These are also disclosed on the English-language website.

Figure 15 Workplace Monitoring Result of Garment Factories



Source: Fast Retailing website: Sustainability, Monitoring and Evaluation of Production Partners⁴⁴

44 Fast Retailing, Monitoring and Evaluation of Production Partners, Workplace Monitoring Results. <https://www.fastretailing.com/eng/sustainability/labor/partner.html>

Table 16: Descriptions of evaluation grades for workplace monitoring results

Grade	Description
G1 Grade	No violations identified
G2 Grade	Relatively low-risk violations (e.g. improper use of personal protective equipment such as masks and gloves, lack of occupational safety training for all employees)
G3 Grade	Potential violations of human rights (e.g. obstacles on the evacuation route, lack of regular evacuation drills, inadequate recording of time-in and time-out)
G4 Grade	Major violations of human rights and the Code of Conduct for Production Partners (e.g. no statutory leave provided, excessive working hours, underpayment or insufficient payment of retirement benefits, no or incomplete employment contracts)
G5 Grade	Major violations of the Code of Conduct for Production Partners including child labour, forced labour, non-payment of minimum wages, lack of emergency preparedness (e.g. locked emergency exit)

Source: Fast Retailing website: Sustainability, Monitoring and Evaluation of Production Partners

Disclosing the status and results of initiatives for the respect of human rights is an essential process in human rights due diligence. Fast Retailing, for example, has attempted to disclose in a format that is easy for stakeholders to understand, and also made available in English. This includes details about workplace monitoring, including the methods used to investigate the adverse impacts on human rights, type of identified problems, and the measures taken to address them.

3.5.5 Promote further efforts by the company and suppliers through disclosure of a list of suppliers

Wacoal

Since May 2018, Wacoal has been maintaining a published list of the names and addresses of its factories on its website⁴⁵ in order to fulfill its societal responsibilities including its responsibility to the respect for human rights together with its supplier manufacturers. It has done this after gaining the endorsement of its manufacturing partner factories for this effort, which aims to continuously work on improvements of items stipulated within the Wacoal Group CSR Procurement Guidelines.

The disclosing of this list means that direct supplier factories will become recognized by various stakeholders as entities which are striving toward compliance with the Wacoal Group CSR Procurement Guidelines and other such rules. As such, the Wacoal Group believes that the disclosure of this list will not only serve as Wacoal's public commitment to its efforts of ensuring compliance by direct supplier factories to its CSR Procurement Guidelines, but that it will also raise awareness among these factories regarding their own responsibility in the same respect.

Companies need to promote efforts aimed at respect for human rights not only at their group companies, but at their suppliers as well. By having direct manufacturing contractors endorse the Wacoal Group CSR Procurement Guidelines and disclosing the list of the names of those manufacturing contractors, Wacoal is working to encourage the efforts made by those manufacturing contractors.



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⁴⁵ Wacoal Holdings, List of factories entrusted with the manufacturing of products (as of June 2023). <https://www.wacoalholdings.jp/en/sustainability/csr/list/>

3.6 Provide for or cooperate in remediation when appropriate

3.6.1 Establishment of a Global Hotline and efforts to ensure its effectiveness

Panasonic

The Panasonic Group recognizes that it is important to establish a system to have information from workplaces shared promptly in the event a problem arises. As described in 3.5.3, it has established a Global Hotline⁴⁶ for use by employees of the group and employees of external business partners.

The hotline supports 32 languages so that employees can provide a report in their native language wherever possible. Furthermore, the company strives to ensure the confidentiality of the report using an external and independent system so that the whistleblower can remain unidentified. Moreover, internal regulations stipulate that whistleblowers are not to be subjected to retaliation or disadvantageous treatment owing to the issuance of their report.

In addition, the Panasonic Group is working to inform all officers and employees in the group (as well as the

external business partners concerned) through its website, internal personnel training, posters, and other avenues, that any cases of non-compliance or suspected non-compliance should be reported to the “Global Hotline”.

In practice, the Legal Department operates and manages the Global Hotline, and within a certain period of time after receiving a report, it investigates the facts, etc., and then reports the status of responses undertaken to the whistleblower. Additionally, the whistleblower can check on the progress of their case on the website periodically using the report number and password assigned to them. Furthermore, all reports received through the hotline are centrally managed by the Legal Department. Results of analyses on those reports are reported to management on a regular basis and used to prevent and mitigate similar adverse impacts.

Although many companies have already established an internal whistleblowing system for their own employees, the Panasonic Group has established a mechanism that is available for employees of external business partners as well. Efforts have also been made to ensure the effectiveness of the Global Hotline through various measures, such as efforts to facilitate accessibility through multilingual support and awareness-raising activities, clear specification of internal regulations that strictly protect confidentiality and prohibit retaliation, and disclosure of the status of responses undertaken in relation to reports.



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⁴⁶ Panasonic, Welcome to EARS, the Panasonic Global Compliance Hotline. <https://secure.ethicspoint.eu/domain/media/en/gui/104773/index.html>

3.6.2 Improve the predictability of the grievance mechanism through the disclosure of operating processes and timelines

Fast Retailing

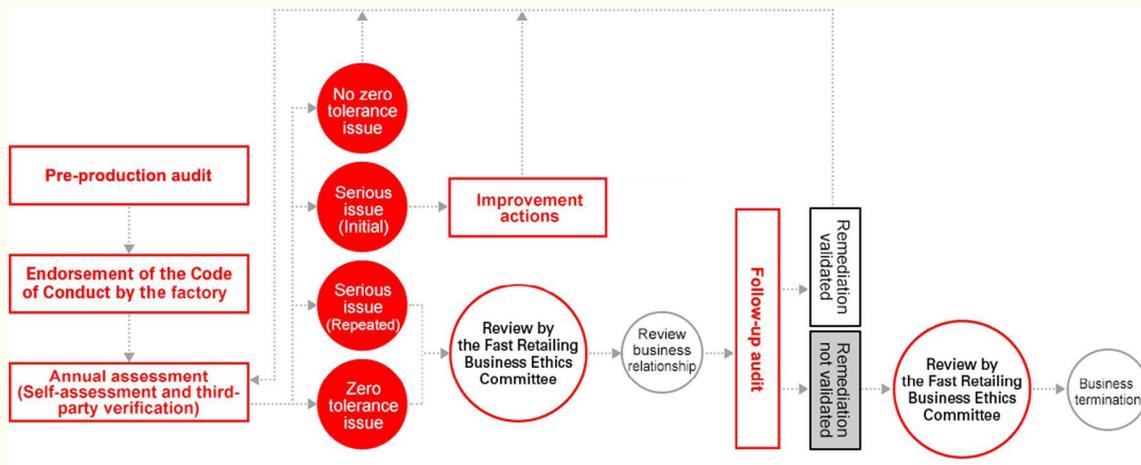
Fast Retailing formulated a “Code of Conduct for Production Partners” in 2004 and confirms the state of compliance with the Code of Conduct at all garment factories and major material factories through workplace monitoring (Figure 17). Specifically, the company undertakes unannounced audits by third-party entities and assessments using frameworks common to the apparel and footwear industry to evaluate working environments at factories; and to implement improvement activities in accordance with the severity of risks.

In addition to handling at normal times like this, Fast Retailing requires production partners to introduce

mechanisms to handle employee grievances and operate based on the standards of the UNGPs and industry initiatives. Moreover, the company has established hotlines in Shanghai, Ho Chi Minh City, Jakarta, Dhaka and Tokyo, enabling employees and employee representatives of garment factories and materials factories to consult directly with Fast Retailing, anonymously and in their native languages.

Also, the operation process, including a timeline, is made available as shown in Figure 18 in case there has been a complaint to the hotline. For example, it is specifically explained here the kind of situation in which the person who consults will be contacted.

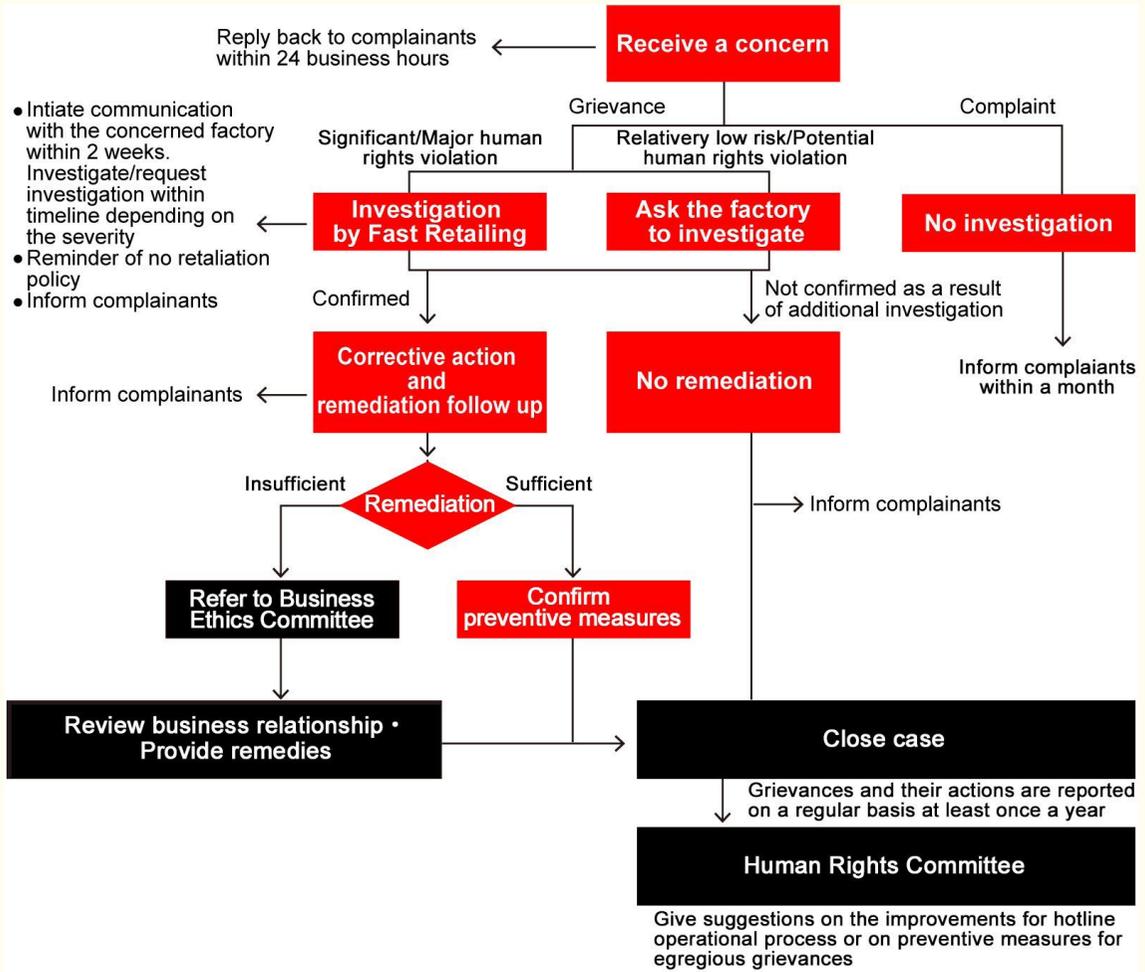
Figure 17: Workplace monitoring system (excludes factories implementing Better Work audits)



Source: Fast Retailing website: Monitoring and Evaluation of Production Partners⁴⁷

47 Fast Retailing, Monitoring and Evaluation of Production Partners, Workplace Monitoring Results. <https://www.fastretailing.com/eng/sustainability/labor/partner.html>

Figure 18: Fast Retailing Hotline Communication Flow



Source: Fast Retailing website: Monitoring and Evaluation of Production Partners

Grievance mechanisms are required to be predictable based on the UNGPs. Fast Retailing not only established a grievance mechanism, but also publishes data on its operational processes and response timelines on its website and strives to make the grievance mechanism system predictable for users.

3.6.3 Improve access to remedy through the establishment of a grievance mechanism and participation in the mechanism of an external group

Brother

Brother established internal grievance mechanisms and participates in a system established by an external group.

The internal mechanisms include an internal Employee Helpline for Compliance Issues as a system for employees at the company both in Japan and overseas, as well as an internal Employee Helpline for Harassment Issues dedicated to handling sexual harassment, power harassment and other acts of harassment. Through these measures, the company strives for the prevention, early handling and non-recurrence of human rights violations.

In addition, the company participates in a grievance mechanism established by an external organization. This mechanism allows, in addition to Brother Group's suppliers, Brother Group suppliers and its employees, customers, investors and all other stakeholders and rights holders to report human rights concerns. The mechanism supports responses by member companies by sharing information and providing advice based on expert knowledge to related member companies while protecting the anonymity of the reporters of received complaints. If there has been a report to this mechanism, Brother will investigate the facts promptly and, if an adverse impact on human rights or human rights risk is confirmed, will work on its correction.

The establishment of a grievance mechanism is one way of dealing with adverse impacts on human rights. For Brother, this includes a reporting helpline for general grievances, and a dedicated line for addressing harassment issues within the company, and the company works on corrective measures on the identified issues. Brother is also participating in a mechanism, in which stakeholders, including supplier employees and other external stakeholders, can indirectly report human rights concerns related to Brother and Brother can receive expert guidance on the issues raised and assistance in determining the validity of the claims.

3.6.4 Use of Crisis Analysis Reports at the Headquarters and cooperation with the crisis management system on the supplier side

ASICS

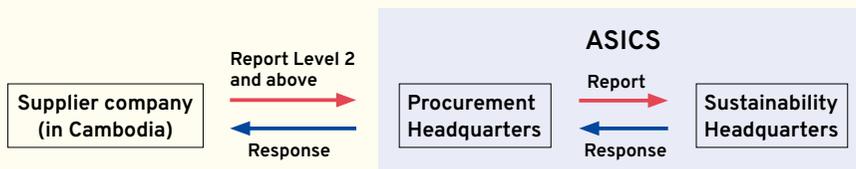
ASICS requires supplier factories to contact Production Division at its Head Office if human rights violations occur at a factory. Production Division summarizes the information it has received on a Crisis Analysis Report, a standard form ASICS uses internally and reports to the Sustainability Department.

Because it is difficult to judge accurately whether a report is necessary at contracted factories, ASICS encourages them to share information widely, even including

seemingly trivial issues, as soon as something occurs, such as human rights violations, accidents and injuries.

After receiving a Crisis Analysis Report, based on the content of the report, the Sustainability Department asks the Production Division for additional confirmation as required, supports the response, and confirms the final resolution of the problem and the measures taken to prevent reoccurrence.

Figure 19 Use of Crisis Analysis Reports



Issues are managed by level

Level 1 (minor injuries to employees) – Level 3 (issues affecting human life or the factory as a whole, such as fires and human rights violations that result in strikes)

File in a Crisis Management Report

- A wide range of problems, even seemingly trivial ones, that occur at factories are described.
- The progress of problems can be tracked until their resolution.

Manage Crisis Management Reports

- Problems that occur at factories are grasped quickly
- Sustainability Headquarters asks for additional confirmation from Production Division as necessary and supports the response.
- Confirmation of final resolution and measures for the prevention of reoccurrence.

Source: Prepared based on interviews with ASICS and a supplier in Cambodia

In addition, ASICS encourages suppliers to establish a crisis management system to facilitate information sharing with ASICS Production Division. For example, one supplier in Cambodia has adopted the problem classification levels used in ASICS Crisis Analyst Report (level 1: minor injuries to employees, etc., to level 3: problems affecting human life or the entire factory, such as fires, and human rights violations that result in strikes); and reports problems of level 2 or higher to ASICS, and, by doing this, ASICS strives to receive information from suppliers promptly so that it may take appropriate action to support the supplier to solve the problem. ASICS has built a system for wide-ranging information sharing with the company. In case problems such as human rights violations occur at a supplier, the related information is shared with the Sustainability Department so that its employees who are well-versed in sustainability matters, including human rights, can quickly address the problems and prevent their reoccurrence.

3.6.5 Introduction of an external NGO system emphasizing dialogue in remediation mechanisms

Miki Shoko

Miki Shoko adopted an application (hereinafter referred to as “the app”) developed by a Japanese NGO to help employees of its suppliers’ production factories to register complaints directly with a third party outside of the company. The app currently operates at 175 domestic and overseas supplier locations (also including indirect suppliers).⁴⁸

The app is made available to employees to support them, regardless of their nationalities, to lodge complaints directly with the third party outside of the company (i.e. the NGO) when human rights violations occur. Employees can install the dedicated app on each employee’s smartphone, and it is available in eight languages. Miki Shoko pays the costs associated with operation of the app.

With the cooperation of the NGO, Miki Shoko provides support to employees who submit complaints and

encourages suppliers to do the same regarding the complaints and consultations received on the app. For instance, an employee used the app to inquire about differences between labour and management in the understanding of overtime payments. The problem was resolved through dialogue between the complainant, the factory manager, Miki Shoko and the NGO.

In the rollout of the app, Miki Shoko updated the CSR Procurement Guidelines (second edition) to include an explanation of the grievance mechanism, provided suppliers with a set of related tools (a guidebook on operation of the app, a handbook on the app usage distributed to employees, and posters with a QR code for installation of the app), all prepared in Japanese, English, Chinese and Vietnamese. The company also asked its suppliers to make the information known to their employees, including putting up posters at easily visible locations such as factory side doors.

In many cases, it is not easy to establish and operate a grievance mechanism at each company. Miki Shoko recommends its business partners introduce an app developed by an NGO, and it pays the costs related to operation of the app and provides support such as participating in dialogue to resolve complaints received.



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⁴⁸ Although some suppliers are considered to have a large number of employees who are not involved in the production of Miki Shoko’s products, Miki Shoko recommends that all suppliers, regardless of the percentage of Miki Shoko’s own products in their production volume, introduce this application at their factories. The number of suppliers where application is available, 175, was at the time of interview.

3.7 Other Good Practices

3.7.1 Create opportunities for employees in overseas factories to assume senior positions through the provision of training programs

Kojima Iryo

Kojima Iryo invites its Bangladeshi factory employees to Japan and offers them career promotion opportunities. Specifically, it offers a one-year training programme for up to four employees a year who meet certain conditions. The program includes three months of Japanese language training by an external professional organization and nine months of practical experience training at the head office.

So far, 15 employees have taken the training programme. After completing the programme, the trainees are expected to return to Bangladesh for key positions such as group leaders of production lines or quality inspection lines. The program is an opportunity for the employees

of the Bangladeshi factory to improve their skills and working conditions.

Kojima Iryo considers the implementation of the programme to be beneficial for the company as well. By improving the remuneration of employees who have taken the programme and improved their skills, the company has increased employee retention and secured top talent. In addition, those employees returning from training have taken up middle positions and communicate directly with Japanese manufacturers' representatives and local staff in Japanese and Bengali respectively, leading to more efficient plant operations.

Paragraph 38 of the MNE Declaration states that multinational enterprises should provide training for workers employed by them in the host country, as appropriate, and to the extent possible, such training should develop generally useful skills and promote career opportunities and lifelong learning. Kojima Iryo offers a one-year training program for qualified employees from overseas factories. Those who have completed the programme are expected to take key positions in their home countries and increase their earnings to reflect their increased responsibilities. The company is devising ways to offer employees at its overseas factories the opportunity to take up senior positions while the company also enjoys the benefits of talent retention and efficiency in factory operation management.

3.7.2 Promotion of labour-management dialogue at supplier companies

Fast Retailing

Fast Retailing has been a partner company⁴⁹ of a joint programme between the ILO and the International Finance Corporation (IFC), “Better Work”, since 2015, and promotes participation in Better Work programmes by its production partners (factories).

Better Work is a comprehensive programme that supports improvement of working conditions, including through the establishment and operation of bilateral committees at production factories, involving both factory management and employees. These committees promote the improvement of the working environment through effective dialogue between labour and management. For example, a Cambodian supplier that is a production partner of Fast Retailing and participates in Better Work holds six labour-management dialogues voluntarily annually, in addition to the six annual labour-management dialogues supported by Better

Work, holding discussions on issues such as working conditions and occupational health and safety.

Further, Fast Retailing has received training at the Better Work Academy since 2020 to provide support using methods of Better Work at factories in countries and regions where Better Work is not operating, and Fast Retailing has been supporting the establishment and effective operation of bipartite labour-management committees composed of labour and management representatives among its suppliers. In providing such support, Fast Retailing ensures it can obtain the cooperation of production partners by explaining the significance of continuous dialogue between labour and management to the stability of factory operations and the improvement of productivity, and has introduced this method in China, Viet Nam, Bangladesh and Indonesia so far.

Paragraph 40 of the MNE Declaration states that multinational enterprises should afford opportunities within the enterprise as a whole to broaden the experience of local management in suitable fields such as industrial relations, and Paragraph 63 states that workers and their representatives should provide for regular consultation on matters of mutual concern. Fast Retailing supports the promotion of labour-management dialogue by its production partners based on its experience as a partner buyer in the Better Work programme.

⁴⁹ Better Work, a joint programme between the ILO and the International Finance Corporation (IFC), aims to improve the work environment and productivity in apparel supply chains, and is cooperating with global apparel brands toward this goal. Apparel companies that participate in Better Work as partners commit themselves to: 1) the discontinuation of overlapping audit and improvement processes; 2) support for a single improvement process focused on matters such as social dialogue, management systems, gender equality and learning, from which long-term effects are expected; 3) avoidance of immediate termination or reduction of orders based on compliance violations; and 4) reviews of purchasing practices that may have an impact on compliance violations.



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