

(3) Measures of the Government Promoting Corporate Responsibility to Respect Human Rights

A. Measures Related to Domestic and Global Supply Chains and Promotion of Human Rights Due Diligence Based on the UNGPs

(Existing framework/Measures taken)

With increased interest in responsible business conduct, the OECD Guidelines for Multinational Enterprises, which Japan adheres to, added a new chapter on business responsibility on respect for human rights in its 2011 edition. In addition, OECD has launched due diligence guidance specific to sectors such as minerals, agriculture, garments, and footwear. In 2018, the OECD Due Diligence Guidance for Responsible Business Conduct was published as a practical tool that businesses can use regardless of the sector. The Government has been engaged in promoting the above Guidelines and Guidance to businesses.

The ILO promotes dialogue and cooperation between business enterprises and stakeholders based on the ILO MNE Declaration, which is a guideline for achieving decent work through supply chains, and this is considered as an initiative that mutually supplements human rights due diligence. In this connection, the Government raises awareness of the ILO MNE Declaration.

Japan's Stewardship Code and Corporate Governance Code refer to grasping the status of investee companies and corporate information disclosure to promote sustainability initiatives, including elements of ESG issues. In addition, the Stewardship Code, which was revised again in March 2020 also includes reference to consideration on sustainability when holding dialogue between institutional investors and investee companies. Furthermore, the Guidance for Collaborative Value Creation was published as a guideline for dialogue and disclosure on voluntary and proactive initiatives of companies on non-financial information, including ESG factors.

Under the Women's Participation Act, businesses that regularly employ 301 or more workers are obligated to: (1) understand the status of women's participation and advancement in business enterprises and analyze issues; (2) establish, notify, disseminate, and publish an action plan incorporating quantitative goals and initiatives based on the understanding of the status and analysis of issues; and (3) publish information on the company concerning women's participation and advancement in the workplace. These initiatives were enhanced with the partial revision of the Women's Participation Act in May 2019.

With respect to the environment, corporate initiatives are being promoted with the establishment of the Environmental Reporting Guidelines. In August 2020, the "Introductory Guide on Environmental Due Diligence along the Value Chains: Referencing the OECD Guidance" was issued as a manual, including points to note in conducting environmental due diligence in relation to risk management and value chain management stated in the Environmental Reporting Guidelines. The Guidelines state that human rights are integral to address some measures regarding environmental issues, and explains that environmental due diligence is required as part of responsible business conduct and integrated with human rights.

In terms of awareness-raising activities and support, studies and research have been conducted by relevant institutions, including the Institute of Developing Economies of the Japan External Trade Organization (IDE-JETRO) and the Business Policy Forum, Japan. The results have been issued for the benefit of business enterprises.

For Japanese business enterprises engaging in overseas businesses, contact points for Japanese business enterprises (Japanese business support officers) have been established at Japanese embassies and consulates to enhance support for Japanese business enterprises' overseas expansion.

Among international organizations, ILO provides information to both company managers and workers on how to better align business operations with international labour standards and build good industrial relations through the ILO Helpdesk for Business on International Labour Standards.

In addition to the above, international initiatives, including the Extractive Industries Transparency Initiative and measures against Illegal, Unreported and Unregulated fishing are being implemented, and Japan makes an active contribution to such initiatives.

(Future measures planned)

(a) Publicize the NAP and raise awareness of human rights due diligence among Japanese business enterprises in cooperation with industry groups and other relevant bodies

- Promote responsible business conduct by publicizing the NAP among corporations and raising awareness of human rights due diligence, including in supply chains, among industry groups and other relevant bodies. [All Ministries]

(b) Continue to raise awareness on the OECD Guidelines for Multinational Enterprises

- Continue to raise awareness on the OECD Guidelines for Multinational Enterprises in cooperation with relevant organizations to promote responsible business conduct. [Ministry of Foreign Affairs, Ministry of Health, Labour and Welfare, Ministry of Economy, Trade and Industry]

(c) Raise awareness on the ILO Declaration and ILO MNE Declaration

- Continue to raise awareness on the ILO Declaration and the ILO MNE Declaration on the websites of relevant ministries and agencies in cooperation with relevant organizations. [Ministry of Health, Labour and Welfare]

(d) Publicize the NAP and raise awareness of human rights due diligence to Japanese business enterprises operating overseas via Japanese embassies, consulates, and overseas offices of government-related entities

- Publicize the NAP and raise awareness of human rights due diligence with possible cooperation with local agencies and organizations by Japanese embassies and consulates. In so doing, sufficient attention is to be paid to the issue of protection of human rights of workers in supply chains, including the socially vulnerable such as women and children. [Ministry of Foreign Affairs, Ministry of Finance, Ministry of Economy, Trade and Industry]

(e) Raise awareness on the Guidance for Collaborative Value Creation

- Continue to boost efforts to raise awareness of the Guidance for Collaborative Value Creation, which is useful for holding dialogue and disclosure relating to non-financial information, including ESG factors for investors and corporate managers and directors. The Guidance can be used as a guide for voluntary and proactive initiatives of companies. [Ministry of Economy, Trade and Industry]

(f) Steadily implement the Act on the Promotion of Women's Participation and Advancement in the Workplace

- The revised Act was adopted and enacted at the ordinary parliamentary session in 2019 (effective from June 1, 2020). The expansion of the Act's scope (to be effective from April 1, 2022) included: expansion of the obligation to develop action plans and to have information disclosure for business enterprises employing 101 or more employees, and the obligation to reinforce information disclosure applied to business enterprises employing 301 or more employees. Going forward, disseminate information on the contents of the revision, and provide support for SMEs to develop action plans for smooth implementation of the revised Act. [Ministry of Health, Labour and Welfare]

(g) Promote information disclosure by business enterprises in accordance with the Environmental Reporting Guidelines

- Promote understanding of environmental due diligence and information disclosure by publicizing the Introductory Guide on Environmental Due Diligence issued in August 2020. [Ministry of the Environment]

(h) Support initiatives by international organizations overseas

- Continue to provide support for efforts, including voluntary contributions to the ILO, such as promoting decent work of workers at the lower tiers of global supply chains and disseminating good practices discovered through those activities. [Ministry of Health, Labour and Welfare, line Ministries]

B. Support for Small and Medium Enterprises (SMEs) regarding Business and Human Rights

(Existing framework/Measures taken)

SMEs play an important role in Japan's economy, providing most employment and contributing to local communities and the lives of residents as the key player in society, while also having a role in supply chains. Because SMEs include a wide range of companies in terms of size, sector, and business category, the Government will implement business and human rights efforts with input from the SMEs that reflects the diversity of these enterprises. The Government also recognizes the need to engage in awareness-raising activities to increase understanding and implementation by SMEs, while also being considerate of SMEs' position in business transactions.

(Future measures planned)

(a) Provide information to SMEs through the portal site on business and human rights

- Set up a portal site with centralized information related to business and human rights to promote efforts regarding business and human rights made by SMEs. [Ministry of Foreign Affairs]

(b) Conduct seminars targeting SMEs in cooperation with economic organizations and civil society

- Continue to implement human rights education and awareness-raising seminars for business enterprises targeting SMEs as part of the project called the Support for Human Resources Development in SMEs and enhance understanding for human rights due diligence. [Ministry of Economy, Trade and Industry]

(c) Include policies regarding business terms and conditions and improvement of business practices

- Continue to boost efforts to improve transaction terms and practices to prevent main contractors from forcing subcontractors to absorb their expenses. [Ministry of Economy, Trade and Industry]



- 1 The NAP refers to the Government's initiative, which are to be undertaken with the understanding and cooperation of relevant parties. The Government believes that the understanding and cooperation of the businesses is of particular importance in promoting responsible business activities in Japan and overseas, and has thus outlined its expectations for the business enterprises in this section.
- 2 The Government expects Japanese enterprises, regardless of their size and sector of industry, to respect internationally recognized human rights and the principles concerning the fundamental rights set out in the ILO Declaration; introduce the process of human rights due diligence based on the UNGPs and other related international standards; and engage in dialogue with stakeholders, including those that are part of supply chains. Furthermore, the Government expects Japanese business enterprises resolve issues through effective grievance mechanisms.³

Reference: According to the UNGPs, in order to meet corporate responsibility to respect human rights, business enterprises should have in place the following policies and processes.

1 A human rights policy

UNGPs 16

Business enterprises need to show a policy commitment to meet their responsibility to respect human rights.



2 Human rights due diligence

UNGPs 17~21

In order to identify, prevent, mitigate and account for how they address their impacts on human rights, business enterprises need to assess adverse human rights impacts, address the findings, track responses, and communicate how impacts are addressed. This series of processes is called "human rights due diligence."



3 Provision of remediation

UNGPs 22

Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.



³ For example, the UNGPs state that business enterprises should have in place (1) a policy commitment to meet their responsibility to respect human rights; (2) a human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights; and (3) processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute. The OECD Due Diligence Guidance states that due diligence is "the process enterprises should carry out to identify, prevent, mitigate and account for how they address these actual and potential adverse impacts in their own operations, their supply chain and other business relationships." ILO MNE Declaration states that enterprises, including multinational enterprises "should carry out due diligence to identify, prevent, mitigate and account for how they address their actual and potential adverse impacts that relate to internationally recognized human rights." Keidanren provides specific examples for corporations to "clarify policies for respecting human rights and reflect them in business activities" in the Implementation Guidance on Charter of Corporate Behavior.