

UA ZENSEN's Initiatives to Promote Corporate Respect for Human Rights in the Supply Chain

Rapid economic globalization since 1990 has expanded corporate supply chains beyond national borders. While economic development mainly progressed in countries where expansion and outsourcing occur, there were many violations of workers' human rights, such as obstruction of trade union activities and labor under poor conditions.

In response to this situation, the Guiding Principles on Business and Human Rights (the "Guiding Principles")¹, adopted by the United Nations in 2011, set forth "The Corporate Responsibility to Respect Human Rights" and require all companies to work with their stakeholders to conduct human rights due diligence processes², and require companies to prevent, correct, and rectify human rights violations within their supply chains and other business relationships.

In recent years, there has been an accelerating movement, particularly in Europe, to require companies to respect human rights, such as by making it legally obligatory to conduct human rights due diligence on supply chains. In Japan, concrete moves are underway as well, with the Ministry of Economy, Trade and Industry (METI) and the Japan Textile Federation having formulated guidelines, and the Ministry of Agriculture, Forestry and Fisheries (MAFF) embarking on formulating guidelines for the prevention of human rights violations in food supply chains.

The risk of human rights violations against workers is not unrelated to business activities in Japan, and many matters have been pointed out in the International Bill of Human Rights, such as long working hours, harassment, gender wage disparity, and the rights of foreign workers. On the other hand, the implementation of human rights due diligence by Japanese companies is limited.

UA ZENSEN's mission statement upholds the stability that arises out of solidarity-based employment, maintaining and improving working and living conditions, and establishing international fair labor standards, and has been practicing efforts to protect workers' rights on an equal footing between labor and management. In addition, its "Guidelines for CSR Measures" indicate the importance of ensuring consideration for human rights and labor conditions throughout the supply chain.

In light of growing social demands for companies to respect human rights, UA ZENSEN makes the following efforts to realize a society in which workers' rights are respected as a matter of course.

1. UA ZENSEN's Basic Stance on Corporate Respect for Human Rights

(1) The Significance and Purpose of Trade Union Participation When it Comes to Human Rights Due Diligence

Workers are the primary rights holders in corporate activities, and the implementation of human rights due diligence that focuses on their rights is directly related to the protection of the rights of all workers, which is the foundation of trade union efforts.

Furthermore, respect for human rights in areas such as the supply chain is now an essential management issue that companies must address. Corporate management that respects human rights improves workers' motivation to work and productivity, increases corporate value, and builds good business relationships, thereby contributing to ensuring the sustainability of the company and industry. On the other hand, companies that are unaware of human rights violations caused by their

¹ For details, see [Ref. 1].

² For details, see [Ref. 2].

activities face risks to their regular business activities, such as suspension of trade or withdrawal of investments, which may extend to the employment and working conditions of their employees.

Trade unions represent the voice of workers, work daily to maintain and improve their employment and working conditions, and have knowledge and experience in defending workers' rights. In addition, their collective labor-management relations based on on-site circumstances and labor issues in the supply chain as identified through daily union activities, industrial federation activities, and the international labor movement give them the ability to continuously propose solutions that are beneficial to a company's workers.

Therefore, trade unions, as special stakeholders, are expected to participate in corporate human rights due diligence and ensure its effectiveness.

(2) Organizations Targeted by This Initiative

Labor rights violations can occur in any corporate activity, regardless of the size of the company or type of industry. Once a serious violation of human rights has occurred, not only will the dignity of the worker in question be damaged, but as mentioned above, the impact on business activities can also be significant. Even for companies that do not have direct business relationships with overseas companies, the possibility that they will be required by their business partners to respect human rights is expected to increase in the future.

Therefore, all affiliated unions, regardless of the size or type of industry, shall work to promote respect for human rights in their companies.

Specific details will vary depending on the size of the company, its position in the supply chain, the nature of its products and services, and the implementation status of the company.

(3) Scope of Respect for Human Rights Initiatives

In accordance with the Guiding Principles, the scope of respect for human rights shall include the company itself, group companies, and related companies within the supply chain in Japan and overseas (direct business partners, including trading companies, indirect business partners, including second, third, fourth-tier subcontractors and so on, and other business partners). In cases where it is difficult to immediately implement the program in all target companies, priority should be given to those companies that are at a higher risk of labor rights violations.

(4) Areas of Human Rights in Which Trade Unions Should be Actively Involved³

Trade unions should make matters concerning workers' fundamental rights and working conditions the target of human rights due diligence, and should actively participate in risk identification, prevention/mitigation, and remediation with reference to the following:

<ILO Core Labor Standards>

Note: Figures in parentheses indicate relevant international labor standards

Note: Core Labor Standards Nos. 111 and 155 have not been ratified by Japan

- Freedom of association, right to organize and collective bargaining (ILO Conventions 87 and 98)
- Forced labor (ILO Conventions 29 and 105)
- Discrimination (ILO Conventions 100 and 111)
- Child labor (ILO Conventions 138 and 182)
- Occupational health and safety (ILO Conventions 155 and 187)

Other matters relating to basic working conditions and work environment (examples):

- Wages (ILO Conventions 95 and 131)
- Working hours (ILO Conventions 14, 106, 171)
- Harassment (ILO Convention 190)

³ See [Ref. 3] for the main human rights as covered by the Guiding Principles.

Matters that may have a negative impact on human rights:

- Relating to fair trade

Issues that may arise depending on the characteristics of the industry or supply chain (examples):

- Foreign workers (ILO Conventions 97, 143, 181)

2. Specific Efforts

(1) UA ZENSEN Initiatives

1) Develop a System of Initiatives

- The Policy on Working Conditions Struggle shall detail efforts relating to corporate respect for human rights in the supply chain, and shall encourage affiliated unions to implement these efforts.
- Relevant guidelines, such as the Guidelines for CSR Measures, Guidelines for Multinational Enterprises, and Guidelines for Management Measures and Guidance, will be inspected and reviewed to reinforce content related to corporate respect for human rights in the supply chain. UA ZENSEN's complaint handling systems will also be considered for expansion.
- Differences in supply chains among industries, and distinct characteristics related to company size will be considered, and the human rights issues to be addressed as priority, which companies will be targeted, and which methods will be implemented for human rights due diligence will be determined and shared with affiliated unions.

2) Support Affiliated Union Initiatives

- Informational seminars and information sharing events for both labor and management of affiliated unions will be held where up-to-date information on corporate respect for human rights will be disseminated along with examples of affiliated union initiatives.
- Support in the form of explanatory leaflets, example agreements, checklists, Q&As, and examples of issues and initiatives will be offered as new initiatives develop.
- UA ZENSEN will extend their support when entering into Global Framework Agreements (GFAs) and when forming global union networks with trade unions in overseas group companies.
- Domestic and international resources will be provided to assist in the resolution of human rights violation cases which are difficult for individual labor and management to resolve, such as international human rights violations and problems arising from business relationships.

3) Support Organizing

- Organizing within the company will be elevated, and organizing within groups, affiliated companies, and business partners along the supply chain will be facilitated.

4) Create an Environment for Fostering Initiatives

- UA ZENSEN will raise opinions to the council alongside the Japanese Trade Union Federation (JTUC-RENGO), and take part in formulating policies for union initiatives.
- Affiliated union initiatives will be verified, and governmental and political parties will be petitioned to enact the legal systems and measures required to promote corporate respect for human rights.
- Industry associations will be called upon to establish industry-specific guidelines and complaint mechanisms. UA ZENSEN will also take part in formulating and reviewing these guidelines, and reflect those opinions.
- Industry associations will be lobbied regarding the promotion of SME labor-management initiatives.

- UA ZENSEN will work with JTUC-RENGO, other industrial federations, and industry associations to ensure fair trade when dealing with issues that may have a negative impact on human rights.

(2) Affiliated Union Initiatives

1) Verifying Corporate Efforts to Respect Human Rights

Affiliated unions shall verify corporate efforts with reference to the steps of human rights due diligence in labor-management consultations and other such areas.

2) Establishing Systems to Promote Labor and Management Respect for Human Rights

Affiliated unions will verify the need for labor-management efforts to work together to respect human rights. To establish a system for this, the following requests are made to companies

(depending on the various circumstances of the companies and their unions):

- Labor-management agreements that stipulate how labor and management will promote respect for human rights and how they will work together to achieve this shall exist
- The promotion of respect for human rights by labor and management should be clearly specified in the preamble or philosophy clause of the above agreement
- Items pertaining to corporate respect for human rights shall be added to the agenda of the Labor-Management Council
- A Labor-Management Expert Committee on Human Rights Due Diligence shall exist
- Unions shall participate in internal bodies responsible for conducting human rights due diligence (e.g., Sustainability Committee, Risk Management Committee)
- GFAs shall exist

Affiliated unions will take the following actions to maintain and strengthen their responsiveness to human rights issues:

- Build global union networks in multinational enterprise⁴
- Actively participate in and gather information from relevant meetings by UA ZENSEN, Global Union Federations (GUFs), and other organizations
- Promote organizing within companies, group companies, and affiliated companies, regardless of nationality or employment status

3) Participation in Corporate Human Rights Due Diligence

Affiliated unions will require the following of companies (in order of priority):

- (i) A Human Rights Policy
- (ii) Human rights due diligence to be conducted, and trade unions to be consulted from the system design stage
- (iii) Trade unions must participate in every step of the human rights due diligence process

Affiliated unions will work toward effective participation by taking the following actions:

- Seeking proposed responses from companies at every step of the human rights due diligence process and offering consultations from a trade union perspective (See [Ref. 4] for specific examples of information that can be provided and opinions to be adopted at each step)
- Cooperating with UA ZENSEN and GUFs to respond to human rights violation cases that are difficult for individual labor and management to resolve
- Informing workplaces about company initiatives regarding respect for human rights and union activities

4) Participation in Grievance and Redress Systems

Affiliated unions will require the following of companies (in order of priority):

⁴ See [Ref. 3] for the main human rights as covered by the Guiding Principles.

- (i) Grievance and redress systems shall be established where no such systems exist, and trade unions shall be consulted from the design stage
- (ii) Where such systems exist, human rights issues shall be subject to handling, and response systems shall be put in place
- (iii) Company grievance and redress systems to the supply chain shall be expanded to include, among other things, the use of outside experts

[Ref. 1] Key Points from “Guiding Principles on Business and Human Rights”

Overview

- The “Guiding Principles on Business and Human Rights” is a document outlining the international standards on corporate respect for human rights used as a common base for the efforts of countries, companies, and stakeholders. It consists of "State Duty to Protect Human Rights," "Corporate Responsibility to Respect Human Rights," and "Access to Remedy."
- The document defines corporate responsibility as (1) commitment through corporate policy, (2) conducting human rights due diligence, and (3) remediation from negative impacts to human rights, and requires stakeholder participation through all stages of the process.

Corporate Responsibility to Respect Human Rights

What are human rights?

- The following are the minimum and cover human rights as defined by international standards:
 - The United Nations' "International Bill of Human Rights" (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights)
 - Core labor standards as set forth in the “ILO Declaration on Fundamental Principles and Rights at Work”

What is respect?

- Ensuring the rights of others are not violated, and addressing any harm that has already occurred.

What is responsibility?

- Responsibility exists outside of national responsibilities, and requires compliance with international standards when national laws do not meet those standards.
- The scope of responsibility covers human rights risks and violations by a company and its business partners (including companies along the supply chain, as well as direct and indirect business partners).

[Ref. 2] What is Human Rights Due Diligence?

Overview

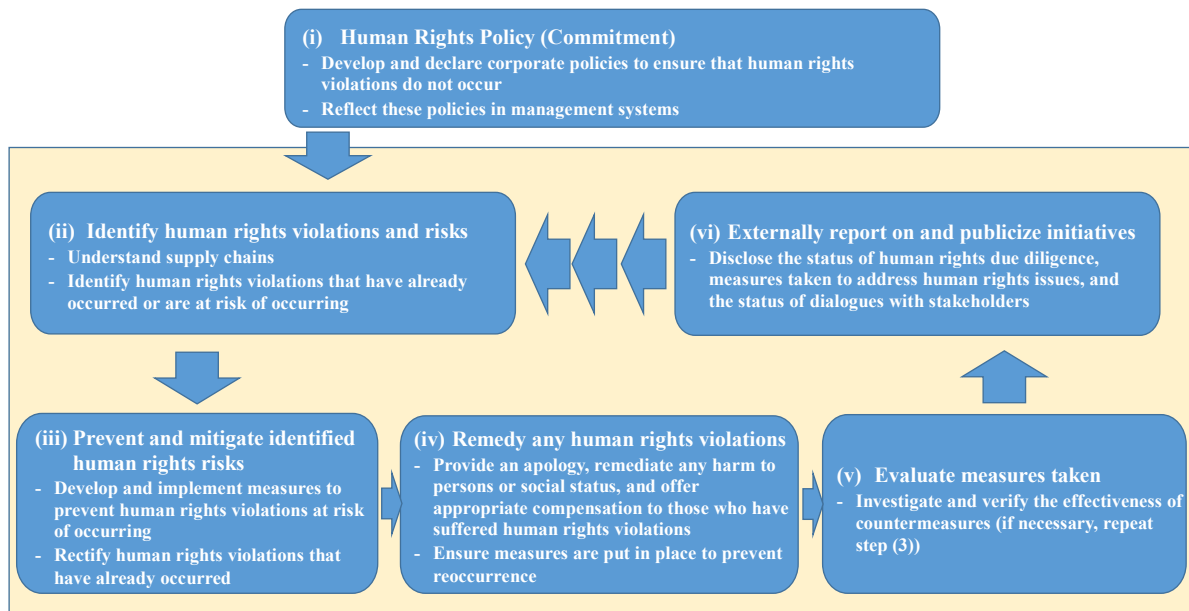
Companies will:

- Prevent the infringement of rights throughout their business activities
- Engage in dialogue with stakeholders
- Check for human rights violations with related companies within the supply chain, and work continuously to prevent and eliminate human rights violations

Process

- (i) Human Rights Policy (Commitment)
- (ii) Identify human rights violations and risks
- (iii) Prevent or mitigate identified human rights violations and risks
- (iv) Remedy any human rights violations
- (v) Evaluate measures taken
- (vi) Externally report on and publicize initiatives

The Human Rights Due Diligence Process



[Ref. 3] Human rights as found in major international human rights treaties and international labor conventions

1. International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights) *Are specific examples

- Right to be free from cruel, inhuman or degrading treatment *Serious harassment or unsafe working conditions
- Right to personal liberty and security *Serious harassment
- Right to freedom of movement *Seizure of identity documents, restrictions to movement
- Right to privacy *Personal privacy, online slander
- Right to freedom of thought, conscience and religion or belief *Non-provision of religious accommodations
- Right to freedom of opinion and expression *Complicity in censorship
- Right to freedom from advocacy of racial, religious or national hatred *Hate speech
- Right to respect for the family *Lack of work-life balance
- Right to be free from discrimination *Gender discrimination
- Minority rights *Negative impacts on community residents
- Right to work *Arbitrary dismissal, limited access to social security, lack of vocational training
- Right to just and favorable conditions at work *Non-provision of minimum wages, and non-provision of equal pay for work of equal value
- Right to social security *Denying access to social insurance, denying access to workers' compensation
- Right to respect for the family life *Denying access to maternity leave, overwork, lack of work-life balance
- Right to an adequate standard of living *Livelihoods of communities violated by development
- Right to health (occupational health and safety, overwork, manufacturer liability)

2. Core Labor Standards

- Abolition of forced labor
- Freedom of association, right to organize and collective bargaining
- Elimination of discrimination in respect of employment and occupation
- Abolition of child labor
- Safe and healthy working environment

Source: Japan Textile Federation, "Guidelines for the Promotion of Responsible Corporate Behavior" (July 2022), p.70

[Ref. 4] Examples of participation and opinions to adopt at each step of the human rights due diligence process

Step 1: Develop a human rights policy (commitment)

- When drafting policies on respecting human rights, trade unions shall be consulted on their content prior to making decisions
- ✓ Key Points for Consultation:
 - The policy must be a declaration by top management
 - The content must be in line with international human rights standards
 - The company must specify how it will implement its responsibility to respect human rights
 - The content must demonstrate how the company expects to show respect for human rights to its employees, business partners, and business and service personnel
 - The content must demonstrate a stance of dialogue with workers, trade unions, and other stakeholders
- The policy must be disclosed to employees, as well as to related parties and their employees (via individual communications such as e-mail, via briefing sessions, posted in easily visible locations, made available in multiple languages, etc.)
- The policy must be reflected in management principles and internal rules and regulations, and should be revised as necessary
- Training must be provided to officers and employees to ensure that the policy is integrated into all business activities and is effectively implemented
- The policy must be reviewed by labor and management as necessary based on, among other factors, the outcomes of human rights due diligence

Step 2: Identify human rights violations and risks

- (Mainly for contractors) Seek to discuss companies subject to human rights due diligence, the method of investigation, the items to be investigated, and the details of any business partners' requests with the trade union
- ✓ Key Points for Consultation:
 - Does the scope include the company, group companies, and both direct and indirect business partners?
 - In cases where it is difficult to immediately target all companies involved in the supply chain, are those that are at the highest risk of labor rights violations prioritized for implementation?
 - Do investigations include items related to ILO core labor standards and basic working conditions? Are there any other items that should be included for investigation, given the current understanding of what's going on on-site?
 - Is special attention being paid to negative impacts on vulnerable stakeholders?
 - Is there a proposal to engage in discussions and provide assistance towards setting fair trading, considering the costs associated with initiatives for respecting human rights among business partners?
 - Are business partners encouraged to engage in labor-management dialogue throughout the entire human rights due diligence process?
- (Mainly for contractors) Business partners will be requested to submit the details of their requests with the trade union, and they will then discuss how best to respond
- Human rights risks to be investigated and identified within the company alongside labor and management
- Human rights risks in the supply chain to be identified through on-site labor-management investigations as necessary after confirming business partner investigation results

Step 3: Prevent and mitigate identified human rights risks

- Seek to discuss risk correction, prevention, and mitigation measures with the trade union
- ✓ Key Points for Consultation:
 - Do the measures take the human rights violation risk target's desires into account?
(Make sure any measures taken do not cause other negative impacts on workers' rights or the working environment)
 - Are collaborative efforts and support measures proposed for initiatives within business partners?
Note: Suspension of trade can in itself lead to human rights risks, such as worker dismissal, worse working conditions, or corporate cover-ups of other human rights risks. Dialogue and influence are important when it comes to improvements, and all possible negative impacts to human rights that could be caused by suspension of trade of the business partner should be considered
- If a human rights risk occurs with a business partner that operates in a country with a legal system that does not meet international standards, compliance with international standards that go beyond the national laws should be called for
- Even in cases where compliance with international standards would result in a violation of domestic law, demands should be made for maximum efforts to be made to meet the international standards, and these efforts should be documented and publicized
- When structural human rights risks are identified that are difficult for individual companies to resolve, parties should be encouraged to work with UA ZENSEN, GUFs, industry associations, and other such organizations to resolve the risks

Step 4: Remedy any human rights violations

- Grievance procedures should be held for cases of workers' rights violations, information should be provided, and the appropriate opinions reflected to ensure that appropriate correction and remedies are provided from the perspective of those who have been negatively affected
- Labor and management should be called upon to consider and implement measures to prevent recurrence

Step 5: Evaluate measures taken

- Proper monitoring and documentation of the effectiveness of corrective, preventive, and mitigating measures should be requested
- Recorded information should be shared with the trade union, and labor and management should verify the effectiveness of the program
- If an on-site visit is required, the trade union should participate

Step 6: Externally report on and publicize relevant initiatives

- Announcements should be shared with the trade union in advance
- Announcements should be made known to company employees, business associates, and their employees
- If stakeholders offer feedback on the reported announcement, this should be shared with the trade union