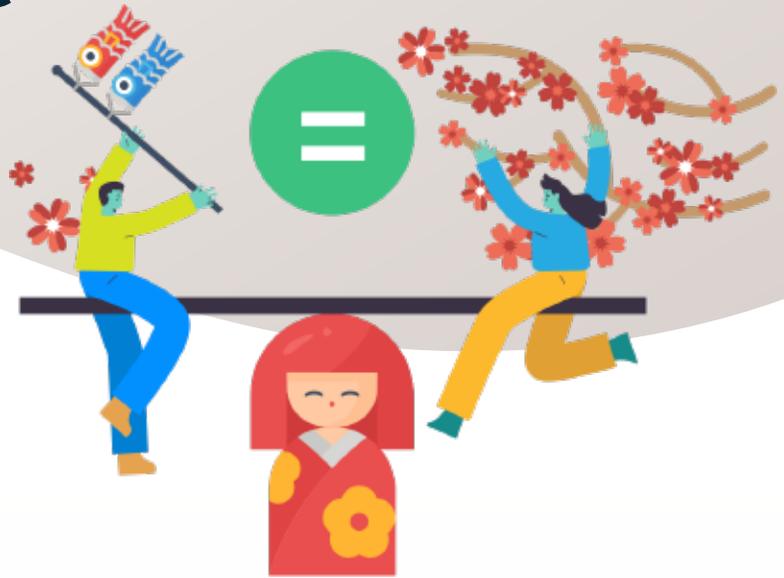


Japan's Human Rights Due Diligence Guidance

Japan has taken a progressive stance in implementing the UN Guiding Principles on Business and Human Rights (UNGPs) through a comprehensive and holistic approach.

Following their G20 commitment in Hamburg in 2017, where they agreed to foster human rights in line with internationally recognized frameworks, Japan developed its National Action Plan (NAP) in October 2020. Unlike other jurisdictions that often focus on specific human rights issues like human trafficking or child labor, Japan's approach is more comprehensive, encouraging companies to consider a wide range of potential human rights abuses based on their sector and geographic location. The Japanese government views this framework as essential for maintaining Japanese companies' global competitiveness and establishing new global standards for business conduct. This commitment was



further strengthened by the Ministry of Economy, Trade and Industry's (METI) Guidelines on Respecting Human Rights in Responsible Supply Chains in 2022, which provides practical guidance for businesses to implement human rights due diligence. While these guidelines remain voluntary, they represent Japan's leadership role in Asia for promoting corporate responsibility in human rights protection.

Unlike other regulations like CSDDD, LKSG, or EUFLR, Japan has taken the approach of providing guidance frameworks outlined below.

Key Framework Developments

National Action Plan (NAP)

Japan's commitment to human rights due diligence began with the publication of its National Action Plan on Business and Human Rights in October 2020. This framework aligns with the UN Guiding Principles on Business and Human Rights while adapting to Japan's unique business environment.

METI Guidelines

The Ministry of Economy, Trade and Industry (METI) has taken significant steps to support businesses:

- Released comprehensive Guidelines on Respecting Human Rights in Responsible Supply Chains (2022)
- Published practical reference materials and case studies (April 2023)
- Introduced a procurement advantage for companies implementing human rights due diligence

Core Components of Japan's Guidelines

1. Human Rights Policy Development

Businesses are expected to:

- Establish clear human rights commitments
- Define scope and application
- Align with international standards
- Implement practical monitoring mechanisms

2. Due Diligence Framework

Companies must address three types of human rights impacts:

- Direct impacts from company activities
- Contributed impacts through business relationships
- Impacts linked to operations or services

3. Risk Assessment and Mitigation

The framework emphasizes:

- Sector-specific risk identification
- Geographic risk evaluation
- Supply chain transparency
- Remediation processes

METI's guidelines outline specific risks for key industries:

Agriculture & Fishing

- Worker health and safety
- Chemical exposure risks
- Labor rights concerns
- Community impact management

Manufacturing

- Working conditions
- Supply chain transparency
- Environmental impacts
- Labor standards

Service Industry

- Fair employment practices
- Data privacy
- Consumer rights
- Workplace discrimination

Implementation Guidance Includes

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Step 1: Initial Assessment and Planning

A. Gap Analysis Framework

1. Policy Review

- Evaluate existing human rights policies and procedures
- Compare current practices with METI guidelines
- Identify documentation gaps and outdated policies
- Review past incident reports and resolution processes
- Assess current monitoring and reporting capabilities

2. Organizational Assessment

- Map current responsibility structures
- Evaluate staff knowledge and training needs
- Review existing budgets and resource allocation
- Assess internal communication channels
- Evaluate current decision-making processes

B. Supply Chain Mapping

1. Primary Suppliers

- Create detailed profiles of direct suppliers
- Document geographical locations and jurisdictions
- Identify key products and services
- Assess current contractual obligations
- Review existing supplier audits and assessments

2. Extended Supply Chain

- Map tier 2 and 3 suppliers where possible
- Identify critical supply chain nodes
- Document supplier interdependencies
- Map material and service flows
- Identify information gaps requiring further investigation

C. Risk Assessment Matrix

1. Geographical Risks

- Political stability assessment
- Local regulatory environment
- Human rights track record
- Labor law enforcement
- Cultural and social factors

2. Industry-Specific Risks

- Known sector challenges
- Historical incidents
- Industry best practices
- Regulatory requirements
- Emerging risk factors

D. Implementation Planning

1. Team Structure

- Appoint executive sponsor
- Create cross-functional steering committee
- Assign project management resources
- Define roles and responsibilities
- Establish reporting lines

2. Resource Requirements

- Budget allocation
- Staffing needs
- Technology requirements
- External expertise needs
- Training resources

3. Timeline Development

- Set key milestones
- Define phase gates
- Establish review points
- Create contingency buffers
- Plan for periodic assessments

E. Stakeholder Engagement Plan

1. Internal Stakeholders

- Executive leadership briefings
- Department-specific communications
- Employee awareness programs
- Training schedules
- Feedback mechanisms

2. External Stakeholders

- Supplier communication strategy
- Customer awareness planning
- Investor relations approach
- NGO engagement framework
- Community outreach programs

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Step 2: Policy Development

- Draft a human rights policy that aligns with international standards ^{different business units and regions}
- Include specific commitments for different business units and regions
- Define clear roles and responsibilities for implementation
- Establish KPIs for measuring progress
- Create communication plans for internal and external stakeholders

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Step 3: Due Diligence Implementation

- Begin with pilot programs in high-risk areas
- Develop supplier questionnaires and audit protocols
- Create escalation procedures for identified violations
- Implement grievance mechanisms for stakeholders
- Establish data collection and reporting frameworks

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Step 4: Supply Chain Integration

- Update supplier contracts to include human rights requirements
- Develop supplier training programs and resources
- Create incentive systems for compliant suppliers
- Implement tracking systems for supplier performance
- Establish collaboration platforms for sharing best practices



To learn more about how FRDM can assist with your company's supply chain due diligence, get in touch with us.

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