"Engagement" and "Remedy" Guidelines for Promotion of Responsible Business Conduct and Responsible Supply Chains (1st Edition)

Overview

December, 2019

Japan Responsible Supply Chains Committee

Led by:  Supported by:

Global Compact Network Japan  Business and Human Rights Lawyers Network Japan

The Guideline has been formulated under the advice and support of:

OECD Centre for Responsible Business Conduct and ILO Office for Japan.
Overview of Engagement and Remedy Guideline Project

<Implementation Body>
Japan Responsible Supply Chains Committee
The committee is comprised of multi-stakeholder members including individuals engaged in business, investment, civil society, law, international organizations, and public organizations.

<Leading Organizations>
• Global Compact Network Japan (GCNJ)
• Business and Human Rights Lawyers Network Japan (BHR Lawyers)

<Supporting and Advising Organizations>
• Civil Society Platform for Japan’s National Action Plan on Business and Human Rights (BHR-NAP-CSPF)
• OECD Centre for Responsible Business Conduct
• ILO Office for Japan

<Accreditation>
The Project is accredited as “Tokyo 2020 Support Program (Sustainability)” by Tokyo Organising Committee of the Olympic and Paralympic Games
The Guidelines aim to:

- Promote constructive dialogues between business and society;
- Strengthen grievance mechanisms;
- Ensure access to remedies in the Japanese Business contexts.

The Guidelines contribute to:

- Development of the legacy of Tokyo 2020
- Enrichment of Japan's National Action Plan on Business and Human Rights
- Dissemination of the ESG initiatives by Japanese companies
The Guidelines are comprised of four documents:

• (0) Introductory Document
• (1) Engagement and Remedy Guidelines (Text)
• (2) Grievance Centers Guidelines
• (3) Basic Action for Engagement and Remedy Guidelines
Chapter 2 describes the governance and procedures of grievance mechanism in individual companies.
(1) Engagement and Remedy Guidelines (Text)

Chapter 3 shows a model grievance mechanism clause in supply chain agreements as well as key perspectives in handling complaints in supply chains.

(Clause for Grievance Mechanism)

1. Purpose of this Clause
   Buyer and Supplier agree to this clause in the interest of promoting constructive dialogue with stakeholders through the supply chain and working together to ensure access to human rights remedies.

2. Implementation and Cooperation of Complaint Processing
   Supplier will properly handle stakeholder complaints regarding sustainability issues, such as negative impacts on human rights in its own business and supply chains (the "Complaints") and will cooperate with Buyer in handling the Complaints.
   The content of Supplier's collaboration with Buyer in handling the Complaints shall include the following:
   (1) Implement measures to facilitate stakeholder accessibility, such as cooperating with the Buyer to disseminate the complaint handling system to be developed or used, at the request of the Buyer.
   (2) Not to treat the complainant (including organizations or individuals who duly support or represent the complainant) in a disadvantaged manner, such as retaliation, on the grounds that the complainant has filed a complaint against the Buyer, or to have a third party to do so;
   (3) In order to cooperate with the Buyer in investigating the facts of the Complaints, the Buyer shall be provided with the required information and the Buyer shall be inspected and audited at the request of the Buyer.
   (4) Determine appropriate grievance mechanisms measures with respect to the Complaints at the request of the Buyer.
   (5) Report to the Buyer on the status of implementation of complaint resolution measures and accept audits by the Buyer regarding the Complaint at the request of the Buyer.

3. Consultation for Resolution of Complaints
   In resolving the Complaints, Buyer and Supplier shall hold consultations in good faith with a view to seeking constructive and practical complaint resolution measures that will benefit Buyer, the Supplier and stakeholders from a medium-to long-term perspective.

4. Corrective Action Request
   If the Supplier is found to have violated Paragraph 2, the Buyer may request the Supplier for corrective action. The Supplier shall submit to the Buyer, within [ ] months from the date of receipt of such corrective action request from the Buyer, a report setting out the reasons for such violation and the plan for its remediation and correct such violation within a reasonable time.

5. Termination
   Notwithstanding the Buyer's demand for corrective action against Supplier as set forth in the preceding paragraph, if the Supplier fails to remedy the breach of Paragraph 2 within a reasonable period of time and as a result, a material breach of such provision continues, the Buyer may terminate the Master Transaction Agreement or Individual Contracts in whole or in part. Provided, however, that this shall not apply if there are justifiable grounds for the failure of the Supplier to correct such breach.
(2) Grievance Centers Guidelines

The Guidelines describe the governance and procedures of grievance mechanisms in establishing and operating the grievance centers.

Governance of Collective Grievance Mechanisms (Grievance Centers)
(3) Basic Action for Engagement and Remedy Guidelines

The Basic Action lists ten actions that Japanese companies can implement for strengthening grievance mechanisms.

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<th>1. Accept complaints related with responsible business conduct including international human rights and supply chains.</th>
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<td>2. Designate persons and departments responsible for handling complaints and stakeholder engagement within the company.</td>
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<td>3. Establish a contact point for receiving complaints and stakeholder engagement and disclose it to the public.</td>
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<td>4. Establish grievance mechanism procedures and disclose them to the public.</td>
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<td>5. Prevent conflicts of interest in grievance mechanism procedures.</td>
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<td>6. Prevent disadvantageous treatment such as retaliatory actions against complainants.</td>
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<td>7. Disclose the status of complaint handling and stakeholder engagement to the extent possible.</td>
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<td>8. Engage in dialogue with stakeholders and utilize independent experts in handling complaints and resolving issues.</td>
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<td>9. Review and improve the grievance mechanism on a regular basis while referring to the Guidelines.</td>
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<td>10. Share the status of complaint handling and dialogue within the company, including management.</td>
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※ Utilize collective grievance mechanism and dialogue procedures (e.g., Grievance Centers) when appropriate.
Messages

We have received messages which welcome the Guidelines from key persons in various sectors.

Ms. Cristina Tébar Less  Head, OECD Centre for Responsible Business Conduct

The OECD Guidelines for MNEs and related tools and instruments on Responsible Business Conduct, reflect internationally agreed expectations for business to address their adverse impacts on people and the planet across their supply chains. Meaningful stakeholder engagement, enabling and supporting access to remedy, and legitimate remediation mechanisms, including corporate level grievance mechanisms, are critical components of supply chain due diligence and recognised in the OECD Due Diligence Guidance for Responsible Business Conduct. The OECD Centre for Responsible Business Conduct commends the efforts of the Global Compact Network Japan and the Business and Human Rights Lawyers Network in developing the “Engagement” and “Remedy” Guidelines for the Promotion of Responsible Business Conduct and Supply Chains, and looks forward to continued collaboration.

Ms. Akiko Taguchi  Director, ILO Office for Japan

We are delighted to be invited to participate in the formulation of the Guidelines. As Japanese enterprises have had an increased impact on people working around the world through their supply chains, we become aware that the appropriate and courageous business actions contribute to the economic and social development of other host countries. In order to realise responsible business conducts, engagement and collaboration with stakeholders as complements to due diligence efforts will play a crucial role (Section 10(e) of the ILO MNE Declaration). This will contribute to an increased productivity in the workplace, prevent labour disputes, and promote of sustainable economic growth and decent work as set forth in SDGs Target 8. The Engagement and Remedy Guidelines cites the ILO MNE Declaration, which is a guidance document for enterprises with regard to the ILO International Labour Standards. We hope that the Guidelines will be referenced and implemented by many enterprises and stakeholders.
Carine Smith Ihenacho  Chief Corporate Governance Officer, Chief Corporate Governance Officer, Norges Bank Investment Management  
“Japan Responsible Supply Chains Committee has drafted comprehensive Engagement and Remedy Guidelines for Promoting Responsible Business Conduct and Supply Chains. We believe that the document’s principle based approach provides valuable and comprehensive guidance to companies”

Ms. Miyuki Zeniya  Head of Sustainable Finance, The Dai-ichi Life Insurance Company, Limited  
In a recent society that strongly seeks for a sustainable society, the Engagement and Remedy Guidelines provides guide for dialogue, handling complaints, and resolving issues with the society, which are essential for companies to think about their Businesses and Human Rights issues. It is a guidebook that is easy to understand for many Japanese business people who are working to solve SDGs challenges, and for those who have started to get interested in this subject. Overseas investors have already become aware that corporate actions based on a human rights perspective, such as gender diversity and supply chains, are indispensable. As an institutional investor in Japan that promotes ESG investment, I hope that many people will use this Guidelines as a reference.

Mr. Minoru Matsubara  General Manager, Responsible Investment Division, Resona Asset Management  
I would like to express my sincere appreciation for your participation in the Guidelines as an investor. Climate change and supply chain risk (human rights) are major issues in financial markets, particularly for investors. Investors around the world are particularly aware of human rights issues, and we plan to provide support from 2020 for resolving various issues in the supply chain in line with these Guidelines. I would like to request all companies to raise their interest in these initiatives, and to encourage more companies to refer to the Guidelines.

Attorney Akira Kawamura  President of Japan Association of Arbitrator; Former President of International Bar Association; and Of Counsel of Anderson Mori & Tomotsune  
In recent years, as the corporate environment has become globalized and the supply chain has grown beyond national borders, the areas of risk management and compliance that companies must pay attention to have dramatically expanded, and the contents are expected to deepen beyond mere compliance with laws and regulations. These trends have been shown by the fact that the ethical legitimacy of products produced under severe working conditions in developing countries has been questioned and that the Sarbanes–Oxley Act has called for the compliance with corporate ethics for the stakeholders of society. The Engagement and Remedy Guidelines present a method for companies to effectively address the global environment of uncertainty. I hope that the Guidelines will be further refined and deepened to support the globalization of companies.
Engagement and Remedy Guidelines Website: 
https://www.bhrlawyers.org/erguidelines

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