

## **Guidelines on Development of Collective Grievance Mechanisms (Grievance Centers)**

These guidelines provide a practical guide on the development of collective grievance mechanisms (grievance center) for Japanese companies to leverage themselves and achieve responsible business conduct and responsible supply chain management to the extent possible.

Grievance mechanisms are usually operated by individual companies. Depending on the size and circumstances of companies, however, it may be useful to establish and operate a collective grievance mechanism in which multiple companies participate. Collective grievance mechanisms operated by expert organizations independent from companies may rather improve the trust and legitimacy of the grievance mechanism.

Therefore, these Guidelines will describe important points to note when establishing a collective grievance mechanism (a grievance center) in supplement to the “Engagement” and “Remedy” Guidelines for Promotion of Responsible Business Conduct and Supply Chains. These Guidelines especially describe similarities and differences compared to the grievance mechanisms within individual companies that are set forth in Chapter 2 of the “Engagement” and “Remedy” Guidelines and the role of participating companies.

The establishment and operation of the collective grievance mechanism in Japan shall be in compliance with Attorney Act, Act on Promotion of Use of Alternative Dispute Resolution, and any other applicable regulations.

## **Section 1. General rules**

### **Article 1. Purpose of Development of Collective Grievance Mechanism**

Companies (hereinafter referred to as “Participating Companies”) can participate in collective grievance mechanisms involving multiple companies for the following purposes:

- 1) Complementing the effectiveness of their individual grievance mechanism
- 2) Improving the trust and legitimacy of the grievance mechanism by entrusting complaint handling to expert organizations independent from the Companies
- 3) Increasing efficiency of complaint handling (Depending on the size and circumstances of companies, it may be more efficient to establish and operate a collective grievance mechanism in which multiple companies participate)

### **Article 2. Operating Body of Collective Grievance Mechanism**

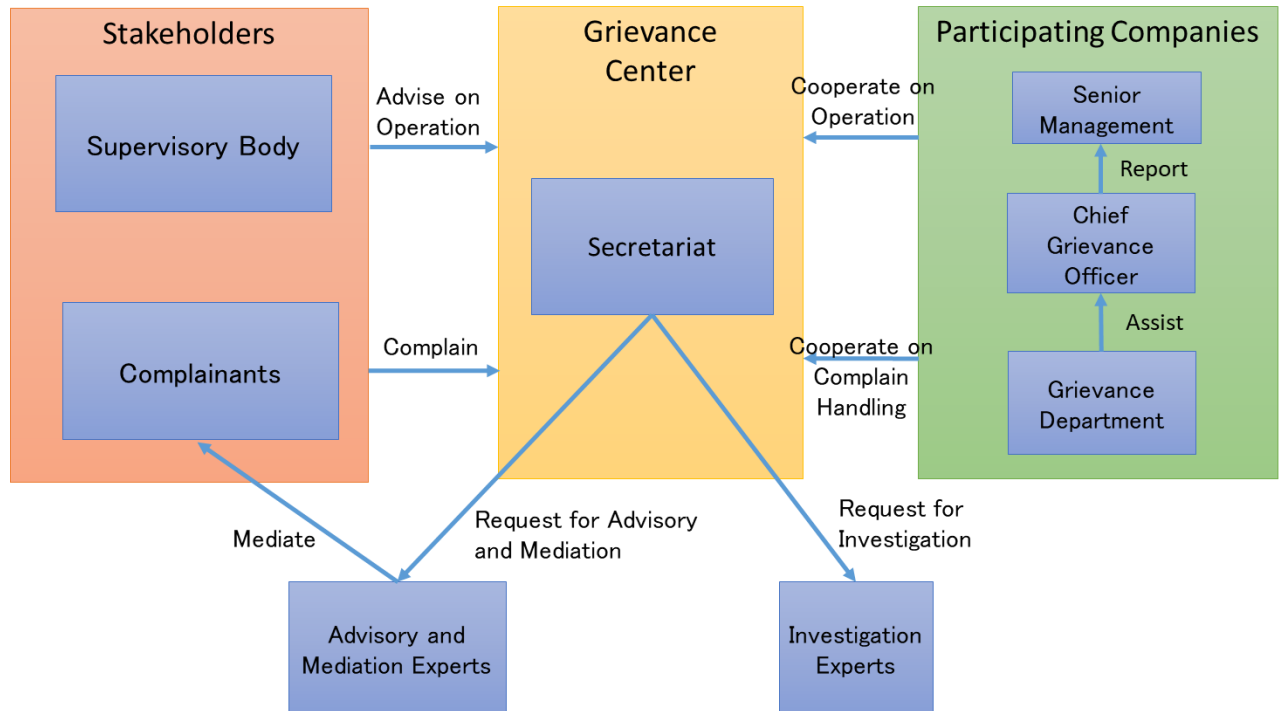
It is desirable that organizations specialized in complaint handling and independent from the companies ("hereinafter referred to as "Grievance Center") operate the collective grievance mechanism To ensure to ensure the trust and legitimacy of the grievance mechanism. In this case, Participating Companies should participate in the collective grievance mechanism operated by the Grievance Center under the condition that the Grievance Center signs a confidentiality agreement with the Participating Companies.

### **Article 3. Role of Participating Companies in Collective Grievance Mechanism**

Even if Participating Companies join in the collective grievance mechanism operated by Grievance Center, the ultimate responsibility for complaint handling should remain with Participating Companies. Participating Companies should proactively cooperate with Grievance Center for complaint handling.

## Section 2. Governance of Grievance Center

### Governance of Collective Grievance Mechanisms (Grievance Centers)



#### Article 4. Operation of Grievance Center

1. Grievance Center should be operated with the participation and cooperation of various stakeholders, including the government as well as companies.
2. Operating costs of Grievance Center should be paid mainly by the Participating Companies. As the Grievance Center serves the public function of ensuring access to remedies, the Grievance Centers should seek to receive contributions also from other stakeholders for operating costs.

#### Article 5. Participating Companies

Participating Companies should cooperate with the operation of the Grievance Center.

#### Article 6. Supervisory Body

To ensure the trust and legitimacy of the grievance mechanism, Grievance Center should establish a Supervisory Body, the members of which should include the stakeholders who are the users of the grievance mechanism, and which should provide advice on the operation of the grievance mechanism to the Grievance Center.

#### Article 7. Grievance Center Secretariat

1. Grievance Center should establish a Secretariat in charge of handling complaints in order to operate the grievance mechanism effectively.
2. Grievance Center should secure enough resources (personnel, budget and expertise) for Secretariat in order to appropriately respond to the complaints.

#### Article 8. Advisory and Mediation Experts

1. In order to ensure the trust and legitimacy of the grievance mechanisms, it is useful for Grievance Center to appoint Advisory and Mediation Experts for responding to serious complaints. The Advisory and Mediation Experts should advise on each complaint case, from a professional viewpoint independently from Participating Companies. In accordance with these Guidelines, Advisory and Mediation Experts should facilitate dialogues between the Participating Companies and the stakeholders who are users of the grievance mechanism, and propose a resolution for them.
2. If Grievance Center appoints Advisory and Mediation Experts, Grievance Center should choose persons who have expertise and experience in the fields related to law, human rights, labor, environment, development, dispute resolution, supply chain management, and other issues related to sustainability.
3. If Grievance Center appoints Advisory and Mediation Experts, Grievance Center should choose persons who are independent from the Companies.
4. Grievance Center should pay compensation for Advisory and Mediation Experts, in principle, based on hourly charges. Grievance Center should avoid contingent payment because such payment may harm the neutrality of the Advisory and Mediation Experts.
5. Especially for dealing with serious and complex complaints, it is useful to organize an advisory panel, which is comprised of three or more members of Advisory and Mediation Experts.
6. Grievance Centers should disclose a list of Advisory and Mediation Expert candidates in order to ensure the trust and legitimacy of the grievance mechanism.

#### Article 9. Investigation Experts

1. If the premise of the complaints is too serious and complex for Grievance Center Secretariat to solely investigate, it is useful for Grievance Centers to request an investigation of such a case to external Investigation Experts. In accordance with these Guidelines, Investigation Experts should investigate the possibility of any misconduct of the Participating Companies and other related matters.
2. If there is any serious conflict over the statement of facts in the complaints between the Participating Companies and the stakeholders who used the grievance mechanism, it is useful for Grievance Center to appoint Investigation Experts who are independent from Participating Companies. In this

case, the independence of the Investigation Experts should be ensured in accordance with Article 5.3 and 5.4.

3. If Grievance Center appoints Investigation Experts, Grievance Center should choose persons who have expertise and experience in the fields related to law, human rights, labor, environment, development, dispute resolution, supply chain management, and other issues related to sustainability.
4. Especially for dealing with serious and complex complaints, it is useful to organize an investigation panel, which is comprised of three or more members of Investigation Experts.

#### Article 10. Prevention of Conflicts of Interest

If any Secretariat staff, Advisory Expert, or Investigation Expert has a special interest in relation to the complaints which Grievance Center has received, Grievance Center should prevent such a person from getting involved with such a complaint to ensure the equitability of the grievance mechanism.

### **Section 3. Scope of Grievance Mechanism**

#### Article 11. Role of Grievance Centers

Grievance Center should specify the scope of complaints and users under the grievance mechanism in accordance with Section 2 of Chapter 2 (Grievance Mechanism in Individual Companies) of the “Engagement” and “Remedy” Guidelines for Promotion of Responsible Business Conduct and Supply Chains. Grievance Center should broadly include complaints and issues related with responsible business conduct addressed under the OECD MNE Guidelines, the ILO MNE Declaration, and the Guiding Principles so as to ensure access to remedies.

#### Article 12. Role of Participating Companies

If Participating Companies maintain complaint handling procedures such as whistleblower systems and customer claim response systems other than the Grievance Center, Participating Companies may request the Complainant to use such other systems as long as the complaints can be expected to be handled more effectively through the other systems. Provided that, however, Participating Companies should respect Chapter 1. “Fundamental Principles on Grievance Mechanisms” of the “Engagement” and “Remedy” Guidelines even in operating other complaints handling systems.

### **Section 4. Ensuring Access to Grievance Mechanism**

#### Article 13. Role of Grievance Center

Grievance Center should ensure access to the grievance mechanism in accordance with Section 3, Chapter 2 (Grievance Mechanism in Individual Companies) of the “Engagement” and “Remedy” Guidelines.

#### Article 14. Role of Participating Companies

1. Participating Companies should cooperate in ensuring access to the grievance mechanism through the Grievance Centers by raising awareness of the grievance mechanism among the stakeholders who may be users of the grievance mechanism.
2. Participating Companies should take measures to prohibit any disadvantageous treatment including reprisals (including any disciplinary measure or any action seeking legal liabilities) against the Complainant in accordance with Section 3 of Chapter 2 (Grievance Mechanism in Individual Companies) of the “Engagement” and “Remedy” Guidelines.

### **Section 5. Operation of Grievance Mechanism Procedure**

#### Article 15. Application of Grievance Mechanism Procedure in Individual Companies

Grievance Center should operate the grievance mechanism procedure in accordance with Section 4 of Chapter 2 of the “Engagement” and “Remedy” Guidelines, which sets out the grievance mechanism procedure in individual companies, unless otherwise specified in this section. In this case, "Companies" set out in Section 4 of Chapter 2 of the “Engagement” and “Remedy” Guidelines should be read as "Grievance Center", and "Grievance Department of Companies" should be read as "Grievance Center Secretariat".

#### Article 16. Role of Participating Companies in Receipt of Complaints

1. If Grievance Center receives complaints with respect to Participating Companies, Grievance Center Secretariat should promptly report such fact to the target Participating Companies.
2. If complaints are submitted directly to Participating Companies, Participating Companies should share the complaints with Grievance Center, unless there is any objection from the Complainant, after explaining to Complainant that Participating Companies handle the complaints through Grievance Center.

#### Article 17. Role of Participating Companies in Assessment of Complaints

When Grievance Center Secretariat assesses the received complaints, the target Participating Companies should provide the Secretariat with information necessary for the assessment upon request of the Grievance Center Secretariat.

#### Article 18. Role of Participating Companies in Fact Investigation

When Grievance Center Secretariat investigates the facts regarding the complaints, the target Participating Companies should cooperate with Grievance Center Secretariat's investigation of the

Companies and associated persons upon request of the Grievance Center Secretariat.

Article 19. Role of Participating Companies in Facilitation of Dialogues

1. During the course of facilitating dialogues through Grievance Center, Participating Companies should make efforts to agree with the Complainant on complaint resolution measures which conform to internationally recognized human rights.
2. During the course of facilitating dialogues through Grievance Center, Participating Companies should make efforts to agree with the Complainant on constructive and practical measures for complaint resolution which would mutually benefit the parties in the medium and long term, without being bound by their positions and claims.

Article 20. Respect for Mediation Plan for Complaint Resolution by Participating Companies

If Advisory and Mediation Experts and Grievance Department of Companies propose a mediation plan for complaint resolution, Participating Companies should determine the complaint resolution measures and respect the proposed mediation plan.

Article 21. Role of Participating Companies in Implementation of Complaint Resolution Measures

1. Participating Companies should designate a person associated with the Companies who is responsible for the implementation of the resolution measures determined through Grievance Center in order to ensure the implementation of the resolution measures.
2. The person in charge of implementation of the complaint resolution measures of the Participating Companies should regularly report to the Grievance Center Secretariat the implementation status of the resolution measures.

**Section 6. Ensuring Transparency of Grievance Mechanism**

Article 22. Role of Grievance Center

Grievance Center should ensure transparency of the grievance mechanism in accordance with Section 5 of Chapter 2 (grievance mechanism in individual companies) of the “Engagement” and “Remedy” Guidelines.

Article 23. Role of Participating Companies

1. Participating Companies should cooperate with Grievance Center in ensuring the transparency of grievance mechanism by providing information necessary for ensuring transparency upon request by Grievance Center.
2. In accordance with Article 27 of Chapter 2 (Grievance Mechanism in Individual Companies) of the “Engagement” and “Remedy” Guidelines, in parallel with the operation of the grievance

mechanism through Grievance Center, Participating Companies may independently investigate and handle complaints by engaging their attorneys and by properly exercising their attorney-client privilege (hereinafter referred to as the “Privilege”) in communicating with their attorneys. Provided that, however, Participating Companies should not unreasonably refuse to disclose and explain the complaint handling status to the stakeholders based on the Privilege in the circumstance where there is no risk of harming the Privilege.

## **Section 6. Audit, Improvement, and Learning of Grievance Mechanism**

### **Article 24. Role of Grievance Center**

1. Grievance Center should audit and improve the grievance mechanism in accordance with Section 6 of Chapter 2 (Grievance Mechanism in Individual Companies) of the “Engagement” and “Remedy” Guidelines.
2. In auditing and improving the grievance mechanism, Grievance Center should respect advice from the Supervisory Body.
3. Grievance Center should regularly hold a meeting among Investigation Experts, Advisory and Mediation Experts, and their candidates to consolidate positions on common issues in complaint handling and to improve the practices of complaint handling.

### **Article 25. Role of Participating Companies**

1. Participating Companies should cooperate with Grievance Center in auditing and improving the grievance mechanism.
2. Participating Companies should use knowledge and experience learned through the participation in the collective grievance mechanism through Grievance Center for remediating human rights abuse, conducting human rights due diligence, and responding to and preventing corporate scandals.