

Summary Report

Japan-EU-OECD Seminar on Supporting International Collaboration on Responsible Business Conduct / CSR

Side Event to the Responsible Business and Human Rights Forum

Thursday 13 June 2019

13:00 - 14:00

UN Conference Centre (UNCC)

Meeting room F

Rajdamnern Nok Avenue

Bangkok 10200, Thailand



European Union



METI

Ministry of Economy, Trade and Industry



BETTER POLICIES FOR BETTER LIVES

Background

On 13 June 2019 the European Commission, Japan's Ministry of Economy Trade and Investment (METI), and the Organisation for Economic Cooperation and Development (OECD) jointly hosted a side session to the [Responsible business and Human Rights Forum](#) (RBHR Forum)¹ on supporting international collaboration for responsible business conduct (RBC) / CSR by European and Japanese businesses.

This Seminar was held in response to: (1) the 5th Japan-EU CSR Working Group meeting in November 2018 in Brussels. During this meeting, METI and DG GROW agreed to hold seminars focused on supply chains in third countries to raise awareness on international expectations on RBC/CSR policies and business practices; and (2) the [EU-Japan Economic Partnership Agreement](#) (EPA) coming into force on 1 February 2019. Importantly the EPA includes a comprehensive chapter on trade and sustainable development; encouraging CSR and recognising the importance of internationally agreed principles and guidelines, and expressly referencing the [OECD Guidelines for Multinational Enterprises](#) on RBC.² This Seminar was also held as part of the joint OECD-ILO Programme on "[Promoting Responsible Supply Chains in Asia](#)", which is funded by the EU.

Interventions made by speakers and panellists

Ms Cristina Tebar Less, Head, Responsible Business Conduct, OECD, opened the Seminar, highlighting the need for business to work collaboratively in addressing shared risks present in supply chains across Asia. Ms Tebar Less pointed out the links between this Seminar and the broader discussions taking place throughout the RBHR Forum, where stakeholders had been discussing challenges and successes in implementing due diligence for RBC as well as the links between operationalising RBC expectations and global trade and investment opportunities.

Ms Tebar Less gave a short introduction to the work of the OECD in developing best practice standards for business on Responsible Business Conduct (RBC) and supporting governments and the private sector in putting these standards into practice. The OECD's on-going collaboration with the EU Commission and METI under its Programme on Promoting Responsible Supply Chains in Asia was also raised with particular reference to the activities being undertaken in Japan.

Mr. Shingo Nakano, Deputy Director, Corporate Accounting, Disclosure and CSR Policy Office, Economic and Industrial Policy Bureau, METI presented the latest developments in Japanese CSR policy and related

¹ The RBHR Forum is a multi-stakeholder event addressing an array of priority issues under the Responsible Business Conduct and Business and Human Rights agendas. It took place during the Bangkok Business and Human Rights Week (10-14 June 2019) and was co-organised by the Royal Thai Government, Organisation for Economic Co-operation and Development (OECD), United Nations Development Programme (UNDP), United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), International Labour Organization (ILO), and with the participation of the UN Working Group on Business and Human Rights. The RBHR Forum includes the [OECD Global Forum on Responsible Business Conduct](#).

² The OECD is the leading organisation in providing recommendations on RBC and supply chain due diligence. The [OECD Guidelines for Multinational Enterprises](#) (OECD MNE Guidelines) is the most comprehensive set of recommendations from governments to business on RBC, and are aligned with other key international instruments on business conduct, including the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the International Labour Organisation Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration). The [OECD Due Diligence Guidance for Responsible Business Conduct](#) helps companies understand and implement due diligence in line with the OECD MNE Guidelines and other international instruments and expectations. The Guidance is built on the OECD's expertise on sector due diligence in supply chains as varied as minerals, extractives, agriculture, garment and footwear and finance; working with business, governments, workers and CSOs

research. METI's CSR policy places emphasis on: (1) facilitating the common understanding between companies and investors about companies' social challenges; and (2) sharing best practice. Recent activities include the launch of the "Guide for SDG Business Management" in May 2019 which includes guidance on approaches companies should take in introducing SDG business management and viewpoints that investors may take in assessing companies' efforts. The Guide is expected to be used not only by Japanese companies but also by companies worldwide seeking integration of SDGs into their business management, investors, related organizations and governments internationally. Japan's progress in developing a National Action Plan on Business and Human Rights was also mentioned.



Ms Alexandra Kuxova, Policy officer, DG for Internal Market, Industry, Entrepreneurship and SMEs, European Commission, briefly presented on the focus of EU "CSR Strategy" from 2011 which covered the following areas: enhancing visibility and disseminating good practice, improving and tracking levels of trust in business, improving self- and co- regulation processes, enhancing market reward for CSR, improving company disclosure of social and environmental information, further integrating CSR into education, training and research, peer review of national and subnational CSR policies, and better alignment of European and global approaches.

The Programme on Promoting Responsible Supply Chains in Asia, funded by the EU, and the work under the Programme with Japanese and European businesses in addressing shared supply chains risks and support for on-going international collaboration was also mentioned.

Ms Kuxova presented the latest Overview of Progress on the implementation of CSR/RBC and Business and Human Rights and the European Commission's Reflection Paper: Towards a Sustainable Europe by 2030. Next steps for the work of the Commission on CSR include mainstreaming SDGs through EU policies with CSR and RBC as key enablers, and reflecting on new approaches to sustainable business conduct with targeted measures. Ms Kuxova also mentioned the European Commission's participation at the next EU – Japan CSR Business Dialogue meeting to take place in November in Tokyo, and where the topic of on-going support for EU and Japanese business in implementing RBC and supply chain due diligence to address shared risks in third countries is a priority.

The above interventions were followed by panel discussion moderated by Ms Cristina Tebar Less. The following panellists and key statements are outlined below.

Mr. Hidemi Tomita, Board Member, Lloyd' Register Japan, Member of the CSR Forum. Mr Tomita presented the key findings of the latest CSR Forum research on business and human rights awareness and implementation by Japanese companies in Japan. It was noted that there is a growing awareness of human rights risk to business; pressure from external stakeholders is increasing; and adoption of best practice with companies needs to be led by top level management.

Ms. Miwa Yamada, Director, Law and Institution Studies Group, IDE-JETRO. Ms Yamada presented on the latest research from IDE – JETRO which looked at the common RBC related challenges Japanese companies are facing across their supply chains, and highlighted the important role of Japanese companies on RBC leadership in the region. Ms Yamada also mentioned key systemic RBC risks in need of international collaboration including for example, discrepancies between international regulation and laws on RBC/CSR, lack of capacity of governments to ensure compliance, corruption, child labour and climate change.



Mr. Yann Wyss, Senior Manager, Social and Environmental Impact, Nestlé. Mr Wyss provided an introduction to the products and services of Nestlé and noted that key suppliers are located across the Asian region. Suppliers in general are becoming more reading and willing to talk about issues of RBC/CSR and it was noted that this is an important issue for Nestlé where there are a number of risks present in their supply chains related to sourcing raw materials. Mr Wyss also noted growing pressures to implement RBC from consumers, investors and regulation.

Mr. Thomas Kentsch, Supply Chain Management, Siemens AG. Mr Kentsch introduced the products and services of Siemens and highlighted the global reach of Siemen's supply chains. Mr Kentch spoke about how Siemens looks to manage their RBC risks by focusing on the selection phase in choosing responsible suppliers and conducting rigorous on-site auditing at regular intervals.

Key Outcomes

The Seminar was well attended by over 40 participants spanning the private sector, government, CSOs and national level government.

Key take away messages from the panel discussion include:

- Discrepancies between different types of regulations on RBC/CSR being adopted internationally can present a challenge for both European and Japanese companies.
- It was noted that government regulation is not a key driver in Japan (although EU mandatory regulations are influencing business behaviour, predominantly MNEs) and businesses need to act irrespective of mandatory laws. It was highlighted that most of the pressure on companies to implement RBC/CSR is coming from investors.
- To better respond to expectations on the implementation of due diligence for RBC, there is a need to encourage companies to engage in an innovative way and share good practices.

- There is a need for capacity building to support Japanese NGOs and CSOs on CSR/ RBC and due diligence for RBC across supply chains.
- Building trust with stakeholders and focusing on disclosure is necessary.
- There is a need for stronger collaboration between the EU and Japan to address systemic risks present in supply chains spanning the Asian region. This collaboration should be across government, business and CSOs.



Key next steps

Under the Responsible Supply Chains in Asia Programme, the OECD together with the EU is continuing to work with business operating in Japan and the European Union is fostering collaboration and addressing common supply chains risks within the Asia region. This work is particularly aligned with the implementation of the Sustainable Development Chapter of the EU-Japan Economic Partnership Agreement. In addition, the OECD will be holding dedicated training programme for Japanese businesses on the implementation of the OECD Due Diligence Guidance on Responsible Business Conduct. The training will be held in 2020 and will be open to potential trainers as well as company representatives.

Organisers

Japan Ministry of Economy Trade and Industry
DG GROW and DG TRADE from the European Commission
OECD

Key Contacts

Ms Yuko Ishikawa, METI ishikawa-yuko@meti.go.jp
Ms Evelyne Hania, EU Commission Evelyne.hania@ec.europa.eu
Ms Stephanie Venuti, OECD Stephanie.venuti@oecd.org

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