

## Summary of Outcomes

# Roundtable on Advancing international collaboration on Responsible Business Conduct for sustainable supply chains in Asia

Tuesday 19 November 2019 9:00 - 12:30

Tokyo Prince Hotel, Providence Hall on 2nd Floor

3-3-1 Shiba-koen, Minato-ku Tokyo, 105-8560, Japan

## Background

The purpose of this event was to facilitate and support government and business collaboration in addressing Responsible Business Conduct (RBC) / Corporate Social Responsibility (CSR) opportunities and challenges, including those relating to addressing supply chains risks across the Asia region.

Hosted by the OECD and the ILO, the event brought together multiple stakeholders, including the EU Commission, European governments, the Japanese Government, as well as businesses, research institutions and business associations active across Asia. Participants discussed the implementation of international Responsible Business Conduct expectations across supply chains. This event was comprised of high-level opening remarks followed by two roundtable sessions led by the OECD and the ILO respectively.

The first roundtable session chaired by the OECD focused on ***'Applying the OECD Due Diligence approach to address supply chain risks'***. Companies with supply chains spanning the Asia region face a number of supply chain risks and opportunities with respect to implementing RBC expectations. Supply chain risks are often linked to sourcing of raw materials and the downstream manufacturing process, particularly in the electronics and vehicle parts sectors. As such, the purpose of this session was to provide a clearer understanding of the OECD Due Diligence framework, drawing on experiences related to sourcing of raw materials as an example, and discussing the tools available to help companies conduct supply chain due diligence and support collaborative efforts in this regard.

The roundtable consisted of 10 interventions from European governments that have included due diligence requirements in legislation and national action plans, investors that are expecting companies in their portfolio to adopt supply chain due diligence, research institutions, business associations, business that have been practically implementing the OECD Due Diligence Guidance, as well as questions from the broader audience. The roundtable was moderated by Rashad Abelson, Legal Expert for the OECD Centre for RBC and opened together with Stephanie Venuti, Policy Advisor and Country Manager from the OECD Centre for RBC.

The second roundtable session chaired by the ILO was on ***'Advancing decent work in overseas operations of MNEs in Asia'***. The focus of this session was on how socially responsible labour practices help businesses operating in Asia to become more competitive and productive so that they can access new markets; as well as on the steps businesses are taking or could take to collaboratively work with local governments, international organizations, suppliers and other stakeholders along their supply chains.

The roundtable consisted of experts in the labour dimension of Corporate Social Responsibility (CSR) in supply chains, including a labour lawyer, representatives from the ILO Association of Japan and Enterprise Europe Network, as well as a professor in a leading Japanese university, who shared challenges and opportunities in this area. The roundtable was moderated by Fredy Guayacan, Programme Manager for the Responsible Supply Chains in Asia Programme, ILO Regional Office for Asia and the Pacific.

The Concept Note and Agenda for the event are available [here](#). Key outcomes and recommendations that were discussed during both roundtable sessions are outlined below.

## Key outcomes

### Government action

- Participants recognised the key role of government in providing incentives and setting expectations for business. Highlighted examples of various actions that governments have taken in this regard included:
  - Incentives and pressures: Germany's National Action Plan on Business and Human Rights sets out key expectations for business, including the OECD Due Diligence Guidance for Responsible Supply Chains, and export credit guarantees. Potential legislation to monitor and evaluate how businesses are implementing RBC was also mentioned. Germany and the Netherlands both also spoke about the [EU Regulation on Responsible Sourcing of Minerals](#), which requires EU importers of certain minerals to demonstrate implementation of the [OECD Due Diligence Guidance for Responsible Mineral Supply Chains](#); the Regulation requirements start to apply in 2021.
  - Different modalities for collaboration: The [Netherlands' public private partnership agreements](#) within sectors look to support business in addressing supply chain risks and creating a knowledge platform on due diligence across supply chains.
  - Driving uptake of due diligence activities through multi-stakeholder cooperation: Government, civil society, and private sector representatives formed [the European Partnership for Responsible Minerals](#) which develops tools to promote uptake of the OECD Due Diligence Guidance for Minerals by supporting tools development, outreach, and capacity building programmes.
  - Rights of workers: Governments should engage in discussions related to responsible supply chains given that their role is critical in protecting basic rights for workers in those countries that participate in supply chains. In this sense, a dialogue between partner economies in the supply chain is crucial.

**Businesses, investors and CSOs also contributed examples of action they are undertaking and highlighted various areas of collaboration. Notably, the discussion highlighted that:**

- Investors in Japan are looking to international practices and expectations related to RBC.
- The process of identifying and addressing the wide range of risk types across supply chains is not always straightforward, and it is important to take a risk-based approach when conducting due diligence.

- It is important to take a whole of supply chain approach to risk based due diligence and in particular, looking at risks beyond tier 1 and 2.
- There are examples of good initiatives already underway and exhibited by Japanese businesses:
  - The same tools used to identify and address human rights risks can be used and expanded upon, particularly in terms of focusing on other types of risks including environmental and labour risks;
  - Environmental risks can be addressed as part of procurement processes;
  - Industry associations are conducting awareness raising and trainings with their members on specific risks (i.e. raw materials sourcing) and connecting stakeholders in this regard.
- Although there are tools available to support business, in the case of workers' rights in Japan, further support for business is needed to ensure that the rights of domestic workers, as well as at the rights of foreign workers and other human rights and environmental risks, are being identified and addressed as part of the implementation of a comprehensive approach to supply chain due diligence.
- Japanese companies may be implementing supply chain due diligence and addressing risks, but may not always be reporting on these actions (i.e. showcasing their good work). Disclosure is a critical step of the due diligence process, in particular, in terms of accessing investment and trade opportunities.
- Level of general awareness of RBC amongst Japanese companies operating in Asia is not as strong as those operating in Europe.
- Human resources and skills shortages can be a challenge for Japanese companies operating in Europe and in terms of implementation of international RBC expectations across supply chains.
- Civil society and academia play a significant role in placing pressure on government and business, and are also key stakeholders in the due diligence process.
- Lawyers are an important stakeholder group in progressing the implementation of RBC expectations through their engagement with public and private sector clients as well as designing and shaping normative frameworks. The new ['Engagement' and 'Remedy' guidelines](#) prepared by the Responsible Supply Chains Committee were highlighted as a key achievement in the work carried out by the Committee.
- Trade unions have a key role to play in achieving decent work in the supply chains of Multi-National Enterprises (MNEs) via social dialogues. Examples referred to include

Global Framework Agreements and Global Works Councils that contribute to constructive dialogues between employers and workers particularly in MNEs.

- ILO core conventions regarding forced labour, child labour, rights to organize/collective bargaining, and equality should be respected, promoted and realized by all ILO member countries regardless of the ratification status.
- MNEs have a role to play in supporting SMEs to facilitate implementation of international expectations related to RBC/CSR across supply chains.
- Supporting the implementation of international expectations on RBC/CSR among SMEs is an area of priority. For example, the European Commission is providing support for SMEs through the Enterprise Europe Network by developing a network both within and outside Europe.
- SMEs have a strong role and the potential to leverage increased private sector awareness and implementation of RBC in Japan.

**Key outcomes of the discussion highlighted the need for:**

- ▶ Governments to support the creation of enabling environments and activating the role of National Contact Points for RBC (NCPs) both in Japan and across Europe.
- ▶ Exploring collaboration opportunities with Japan's Responsible Supply Chains Committee and Japan's legal community in progressing the implementation of RBC expectations through their engagement with public and private sector clients, as well as the design and implementation of guidelines relating to engaging with stakeholders, access to remedy and corporate level grievance mechanisms.
- ▶ Support SMEs in using their collective leverage to promote the implementation of international RBC/CSR expectations with MNEs and other businesses within their supply chains, or respective sectors, and to provide support in further enabling RBC/CSR action on the part of SMEs more broadly.
- ▶ Offer training for Japanese companies on international RBC expectations and the OECD Due Diligence Guidance for RBC, including with their suppliers and outside of Japan.
- ▶ Facilitate the sharing of experiences amongst European and Japanese stakeholders to build the capacity of civil society and academia in Japan, and activating these stakeholder groups in further driving implementation of international RBC expectations by business.

- ▶ Facilitate open discussion and experience sharing amongst Japanese companies to share challenges and exchange learnings (it was recognised that the Roundtable was a step forward in this regard).
- ▶ Link efforts to enable RBC and outcomes under the Responsible Supply Chains in Asia Project more concretely to the implementation of the EU-Japan Economic Partnership Agreement.
- ▶ Create a platform for social dialogue between home and host countries as recommended by the [ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#), including governments, suppliers and buyers, and trade unions to achieve sustainable and responsible supply chains.

### Organisers and key Contacts

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