CASE STUDIES ON ENVIRONMENTAL DUE DILIGENCE: EXAMPLES FROM JAPANESE BUSINESSES

OVERVIEW

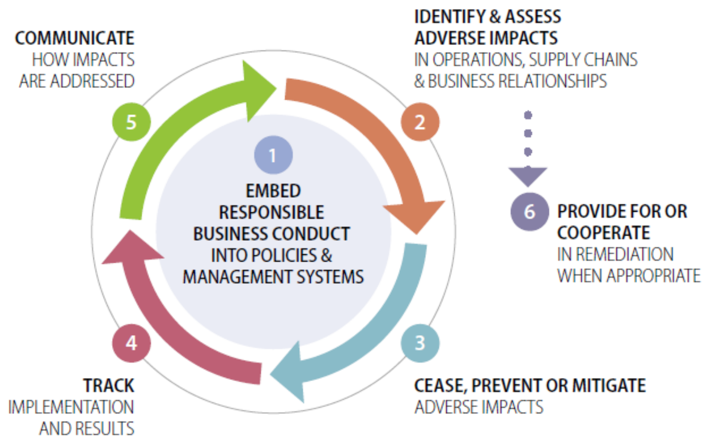
The six case studies enclosed in this series provide examples of corporate efforts to conduct environmental due diligence, drawing on the experience of Japanese companies. The case studies aim to support business in the practical implementation of environmental due diligence across supply chains. The OECD Guidelines for Multinational Enterprises (OECD Guidelines) and related OECD Due Diligence Guidance for Responsible Business Conduct (OECD Due Diligence Guidance) lay out the expectation that business contribute to sustainable development, while avoiding and addressing adverse impacts of their activities, including throughout their supply chains.

Risk-based supply chain due diligence to identify and address their adverse impacts on people and the planet is a means to implement the Responsible Business Conduct expectations outlined in the OECD Guidelines. This collection of case studies draws on the experiences of six Japanese businesses and organisations operating in various sectors and representing varying positions across the value chain, including: electronics and IT manufacturing; office supplies distribution; auto parts manufacturing; food ingredient manufacturing; financial services; and mega sports events organisation.

The case studies provide examples of actions taken to implement the OECD due diligence process and supporting measures as outlined in the OECD Due Diligence Guidance (see Figure 1 below), and in response to salient environmental risks or adverse impacts relating to climate change, biodiversity loss, use of plastics and deforestation. Not all six steps of the due diligence process are covered in each case study.

This series of case studies has been developed further to the OECD Centre for RBC's collaboration with the Japanese Ministry of Environment on the implementation of the Ministry's new Introductory Guide on Environmental Due Diligence along the Value Chain – Referring to the OECD Due Diligence Guidance for Responsible Business Conduct (August 2020).[1]

Figure 1: OECD DUE DILIGENCE PROCESS & SUPPORTING MEASURES



Source: OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct. Available in multiple languages at https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm

NOTES

[1] The Introductory Guide aligns with and references OECD RBC instruments and focuses on environmental aspects of supply chain due diligence. See: https://www.env.go.jp/press/108293.html

RESOURCES

OECD (2019), Due Diligence for Responsible Corporate Lending and Securities Underwriting: Key considerations for banks implementing the OECD Guidelines for Multinational Enterprises
http://mneguidelines.oecd.org/due-diligence-for-responsible-corporate-lending-and-securities-underwriting.pdf

OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct. Available in multiple languages at
https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm

OECD (2011), OECD Guidelines for Multinational Enterprises. Available in multiple languages at
https://mneguidelines.oecd.org/mneguidelines/

DISCLAIMER

RESPONSIBLE SUPPLY CHAINS IN ASIA

The Responsible Supply Chains in Asia (RCSA) programme is being implemented by the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD) with funding from the European Union. The RSCA programme aims to promote respect for human rights, including labour rights, and responsible business standards in global supply chains. This programme is carried out in partnership with Japan (an OECD member) and five partner economies, namely China, Thailand, Viet Nam, Philippines, and Myanmar.

With funding from the European Union

BETTER POLICIES FOR BETTER LIVES

CASE STUDY ON ENVIRONMENTAL DUE DILIGENCE ADDRESSING DEFORESTATION & BIODIVERSITY LOSS

These case studies provide examples of salient environmental risks and how companies are working to mitigate these risks through supply chain due diligence. They are designed to assist companies and other stakeholders in understanding how key processes outlined in the OECD Due Diligence Guidance for Responsible Business Conduct can be implemented in avoiding and addressing adverse environmental impacts associated with company operations, supply chains and other business relationships.

Each case study provides examples of company actions that relate to the six recommended due diligence processes set out in the OECD Due Diligence Guidance (see cover note). Not each case study includes examples across all six processes, rather, they draw on the relevant practical experiences of Japanese companies.

OVERVIEW

The organisation: The Company is a business-to-business food ingredients manufacturer, and specializes in: 1) vegetable oils and fats, 2) industrial chocolate, 3) emulsified and fermented ingredients, and 4) soy-based ingredients. It engages in the research and development, production, and sale of industrial use food ingredients, and procures palm oil, mainly from plantations in Malaysia and Indonesia, for the vegetable fats and oils used in its products.

The Challenge: The challenges associated with the conventional cultivation of palm oil are multidimensional and entrenched within complex supply chains.[1]

Sector: Food ingredients
Position in the supply chain: Manufacturing (mid-stream)
Scope of operations: Asia
Ownership form: Publicly listed company
Size: 5,874 employees (2020)

Investors, customers and stakeholders continue to express strong concerns about adverse environmental and social impacts in the palm oil supply chain including: deforestation, loss of biodiversity, and human rights abuses such as forced labour and child labour.[2] In response to these social and environmental risks, and to meet rising expectations of clients and investors, the Company is promoting sustainable procurement of palm oil.

This case study provides examples of how the Company is implementing supply chain due diligence into the Company's policies and management systems in order to address actual and potential adverse impacts on the environment. It focuses on two environmental risks commonly identified in the procurement of palm oil: deforestation and biodiversity loss.

1 EMBED RESPONSIBLE BUSINESS CONDUCT INTO POLICIES AND MANAGEMENT SYSTEMS

As set out in the OECD Due Diligence Guidance for Responsible Business Conduct (OECD Due Diligence Guidance),[3] embedding RBC into policies and management systems and communicating expectations to suppliers and other business relationships is the first step of due diligence for RBC.

It enables companies to articulate their company-wide vision and strategy, assign responsibility, support relevant business units in implementation and ensure accountability. It can also help ensure suppliers are aware of and commit to integrating their business partner's policies and support implementation and monitoring of due diligence practices in supply chains.

The Company appointed a Chief ESG (Environmental, Social and Governance) Officer who chairs an ESG committee which serves as an advisory body to the Board of Directors.

The committee meets at least twice a year to review progress, and reports to the Board. The committee has elevated sustainable procurement of palm oil as one of the Company's top priorities. This is part of the Company's broader efforts to ensure sound management of environmental and social issues. It also provides training to employees and group companies to help them integrate ESG considerations as part of regular business processes and management activities. The Company incentivises such actions through an annual awards programme aimed at recognising effective management of ESG issues.

The Company became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2004,[4] and reports annually on its sustainable and responsible sourcing practices. In 2016, the Company introduced its own Responsible Palm Oil Sourcing Policy, which refers to the RSPO manual, the United Nation Guiding Principles on Business and Human Rights (UNGPs), International labour Organization (ILO) Conventions, and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT). Through this Policy, the Company reinforced its commitment to engaging with business partners and relevant stakeholders on environmental and human rights issues related to its procurement of palm oil. The promotion of sustainability has attracted new businesses partners including consumer food manufacturers, retailers, and investors who focus on ESG.

For examples of practical actions to develop RBC policies and to embed them into management systems, see pages 22-23, items 1.1 and 1.2, pages 57-59, Q16, and Table 5 "Example of departments and functions potentially relevant to implementation of due diligence" of the OECD Due Diligence Guidance. For information on developing RBC policies, see page 56, Q15. Information on the role of the board and management in embedding RBC can be found on page 59, Q17. Information on how companies collaborate at an industry level and with relevant stakeholders can be found on pages 51-53, Q12 and Box 3 on "Good governance for due diligence collaborative initiatives".

2 IDENTIFY AND ASSESS ACTUAL AND POTENTIAL ADVERSE IMPACTS ASSOCIATED WITH THE ENTERPRISE'S OPERATIONS, PRODUCTS OR SERVICES

INCREASING VISIBILITY OVER SUPPLY CHAINS

Supply chain mapping is a critical part of the due diligence process. It helps companies develop a complete picture of their supply chain and business relationships and understand where the risks are.

This enables effective risk assessment and prioritisation based on severity and likelihood.

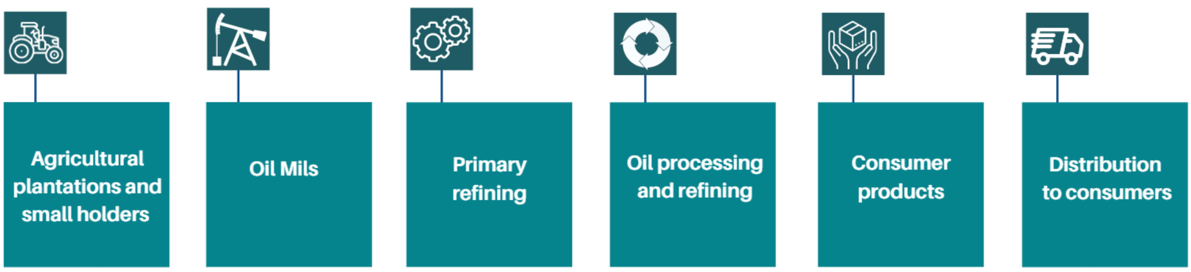
In 2020, the Company reported that it achieved its target of delivering full traceability of oil mills. It mapped its suppliers by tier, region and product and product type, and published details on its webpage together with a list of nearly 1,400 oil mills in its supply chain. See Figure 1 for an overview of the palm oil supply chain.

The Company procures part of its supply of palm oil from its own group companies operating refineries (primary refineries) in Malaysia. These refineries are a control point in the palm oil supply chain, operating at a key point of transformation in the supply chain with good visibility and leverage over their suppliers, including oil mills and plantations.

The Company engages with these primary refineries to increase its own understanding and visibility of the palm oil supply chain to identify and address environmental risks. In collaboration with an environmental non-governmental organisations (NGO), the Company and these primary refineries have requested oil mills to complete self-assessment questionnaires to help identify risks further up the supply chain.

The Company also conducts on-site visits to the oil mills associated with high environmental and social risks and supports these sub-suppliers in mitigating these risks.

Figure 1. SIMPLIFIED PALM OIL SUPPLY CHAIN



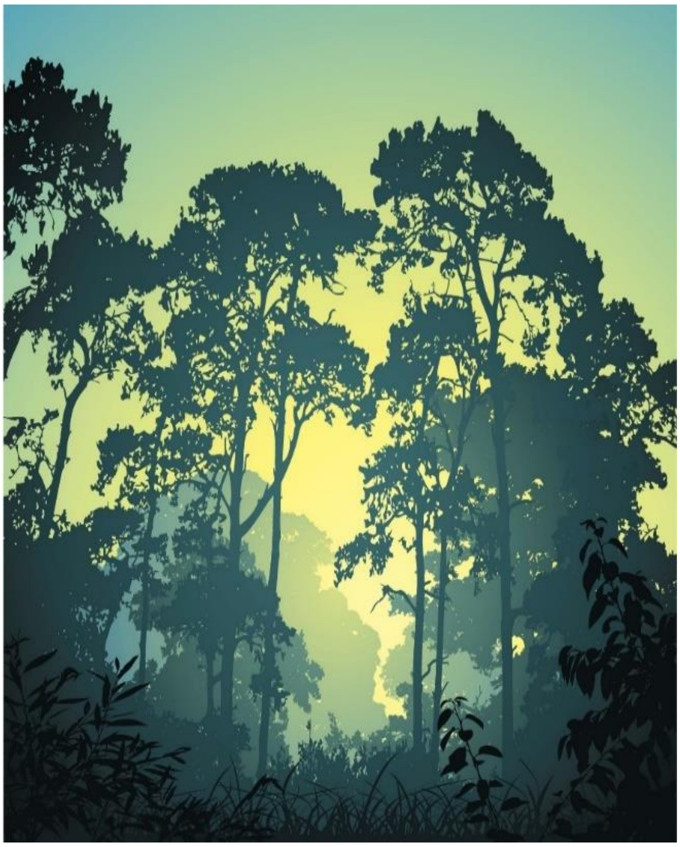
The Company has also engaged with its external (non-company group) primary refineries and is supporting these suppliers' understanding of the Company's Sourcing Policy. These external primary refineries are also asked to complete a self-assessment questionnaire relating to environmental and social risks, enabling the Company to understand and monitor progress of each supplier's risk management process.

The Company also encouraged external primary refineries to develop grievance mechanisms with their suppliers, to facilitate information gathering on negative impacts.

For examples of practical steps that companies can take to identify and assess high-risk operations and business relationships, see pages 66-67, Q24-Q25 of the OECD Due Diligence Guidance. For examples of actions to engage with suppliers beyond Tier 1, see pages 68-69, Q27-28.

To better understand supply chain mapping and control points in the supply chain, see pages 61-62, Box 4 "Where does supply chain mapping fit into the scoping and assessment process?" and page 69, Box 5 "Engagement with business relationships operating at control points in the supply chain".

3 CEASE, PREVENT AND MITIGATE ADVERSE IMPACTS



While companies always remain responsible for ensuring that their due diligence is effective, collaboration can be beneficial in pooling knowledge on sector risks, increasing leverage with shared business relationships, finding solutions and making due diligence more efficient for all. Collaboration can help companies prevent and mitigate specific risks.

Research on oil mills in Sumatra, Indonesia revealed that natural areas rich in biodiversity have been exposed to deforestation. Since 2018, the Company has financially supported the Areas for Priority Transformation programme (APT)[5] to help prevent and mitigate such risks.

The APT is a multi-stakeholder initiative in which local governments, NGOs, companies and farms work together to tackle deforestation in two tropical rainforest regions (Aceh Tamiang and Southern Aceh).

This initiative has adopted a "landscape approach", which aims to support the entire community across sectors. The goal of this programme is to reduce deforestation and demonstrate the feasibility of balancing commodity production, conservation and good social and labour practices at scale.

To accomplish this, the programme focuses on three mutually reinforcing areas of work: integrated land use planning with government, NDPE (No Deforestation, Peat, and Exploitation) support and training for industry, and intensive capacity-building for communities on the forest frontier.

For information on how companies can increase their leverage to effect change, see page 19, Box 2 "Collaboration in carrying out due diligence" and pages 78-80 Q36-Q38 of the OECD Due Diligence Guidance.

5 COMMUNICATE HOW IMPACTS ARE ADDRESSED

The Company reports on its management of ESG issues and sustainability-related actions through its website. It reports on initiatives to strengthen Company capacity for sustainable palm oil procurement, as well as the results of its supply chain mapping including details on the supply chain structure and the list of oil mills associated with the Company.

In addition, the Company also reports on the risks identified in its supply chain and the measures taken, in co-operation with suppliers, to identify and address these risks such as through the implementation of a grievance process. The Company also shares information on collective efforts to promote sustainable palm oil supply chains across the industry.

Reporting publicly on company RBC policies, due diligence processes and activities conducted to identify and address risks, including the findings and outcomes of those activities, is part of the due diligence process itself.

It enables companies to build trust in their actions and decision-making, and demonstrate good faith.

Finally, the Company sets specific targets related to sustainable palm oil procurement each year and reports publicly on the results and next steps. It aggregates performance data and publishes progress reports on the Company's Supply Chain Data Base webpage.

For examples of appropriate forms of public communication of information related to due diligence for RBC, see page 33, item 5.1 and pages 85-87, Q46-Q47 of the OECD Due Diligence Guidance.

6 PROVIDE FOR OR COOPERATE IN REMEDIATION

Grievance and remediation processes interact with and support due diligence by providing channels through which companies can become aware of and respond to adverse impacts of their activities.

Effective implementation of grievance mechanisms can help companies enhance risk-based due diligence across all issues related to RBC.

As part of its Responsible Palm Oil Sourcing Policy, the Company established a grievance mechanism in 2018 to receive and handle complaints on environmental and human rights issues related to operations and its palm oil supply chain.

To improve the effectiveness of its grievance mechanism in line with the UNGPs effectiveness criteria for non-judicial grievance mechanisms,[6] the Company published its Grievance Procedure which describes the workflow process, timelines and other information of the grievance mechanism such as the templates for reporting and action-planning on grievances.

To increase transparency, the Company publishes a list of grievances received with an update on progress on its webpage every quarter. This quarterly grievance list includes information on who has raised a grievance (at an organisation level only), dates, issues (i.e. deforestation, illegal sourcing), alleged upstream suppliers potentially involved, supply chain linkages with the Company and the progress and status of the complaint.

As of March 2021, the company had received 228 cases. As a result of the grievance procedure, the Company has decided in certain cases to stop sourcing from a specific supplier. In other cases, the Company worked with the supplier to develop a solution such as enhancing traceability or engaging with communities to prevent deforestation.

To better understand on-going supply chain risks and develop solutions, the Company has also been participating in a multi-stakeholder initiative led by the Global Compact Network Japan and the Japan Business and Human Rights Lawyers Network. Through this engagement, the Company is collaborating with other companies and stakeholders to solve issues through facilitated dialogue between business and NGOs.

For examples of practical actions that companies can take to cooperate with legitimate remediation mechanisms and enable remediation, see pages 34-35, items 6.1 and 6.2 and pages 90-91, Q52-Q54 of the OECD Due Diligence Guidance.

NOTES

[1] See for instance: Understanding the Journey: Shared experiences from companies on their transition to 100% sustainable palm oil. WWF (2020).
https://wwf.panda.org/discover/our_focus/food_practice/sustainable_production/palm_oil/news_updates/?950941/Tackling-sustainability-issues-in-the-palm-oil-sector-Major-brands-and-retailers-share-their-experiences-with-WWF

[2] See for instance: Study on the environmental impact of palm oil consumption and on existing sustainability standards. For the European Commission, DG Environment. 2018 (07.0201/2016/743217/ETU/ENV.F3).
https://ec.europa.eu/environment/forests/pdf/palm_oil_study_kh0218208enn_new.pdf. Or Rainforest Alliance Network "Conflict Palm Oil: How U.S. Snack Food Brands are Contributing to Orangutan Extinction, Climate Change and Human Rights Violations" https://www.ran.org/wp-content/uploads/2018/06/conflict_palm_oil_lowres_(1)..pdf

[3] OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct. Available in multiple languages at
https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm

[4] The Roundtable on Sustainable Palm Oil (RSPO). See: https://rspo.org/

[5] The Earthworm Foundation. https://www.earthworm.org/our-work/projects/aceh-tamiang-sumatra-indonesia

[6] The OECD Guidelines recommend when the enterprise identifies that it has caused or contributed to actual adverse impacts, it addresses such impacts by providing for or cooperating in their remediation. The OECD Guidelines provides core criteria for operational-level grievance mechanisms in line with the UNGPs. See pages 34-35. OECD Due Diligence Guidance for Responsible Business Conduct. 2018: https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm. The UN Guiding Principles on Business and Human Rights also provides eight effectiveness criteria for company grievance mechanisms. These effectiveness criteria provide a benchmark for designing, revising or assessing a non-judicial grievance mechanism to help ensure that it is effective in practice. Poorly designed or implemented grievance mechanisms can risk compounding a sense of grievance amongst affected stakeholders by heightening their sense of disempowerment and disrespect by the process. See the Commentary to Guiding Principle 31, UN Guiding Principles on Business and Human Rights (2011): https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

REFERENCES

OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct. Available in multiple languages at
https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm

OECD (2011), OECD Guidelines for Multinational Enterprises. Available in multiple languages at
https://mneguidelines.oecd.org/mneguidelines/

This case study documents actions related to some but not all of the six due diligence processes and supporting measures set out in the OECD Due Diligence Guidance. These actions are outlined under the corresponding process and step number included in the OECD Due Diligence Guidance.

CASE STUDY ON ENVIRONMENTAL DUE DILIGENCE ADDRESSING DEFORESTATION & BIODIVERSITY LOSS

These case studies provide examples of salient environmental risks and how organisations are working to mitigate these risks through supply chain due diligence. They are designed to assist companies and other stakeholders in understanding how key processes outlined in the OECD Due Diligence Guidance for Responsible Business Conduct can be implemented in avoiding and addressing adverse environmental impacts associated with company operations, supply chains and other business relationships.

Each case study provides examples of organisational actions that relate to the six recommended due diligence processes set out in the OECD Due Diligence Guidance (see cover note). Not each case study includes examples across all six processes, rather, they draw on the relevant practical experiences of Japanese organisations.

OVERVIEW

The organisation: The Tokyo Organising Committee of the Olympic and Paralympic Games (the Committee) was established in 2014 to deliver the 2020 Olympic and Paralympic Games in Tokyo, due to be held in 2021. Its Executive Board members are from various stakeholders including the Japanese Olympic Committee, the Japanese Paralympic Committee, the Tokyo Metropolitan Government (TMG) and the national government. As part of its wide ranging responsibilities, the organisation is responsible for procuring various goods and services across the globe; the Committee's total procurement budget for 2014 to 2019 was more than JPY 490 billion (Japanese Yen).

The Challenge: Demands from stakeholders for major events to be delivered responsibly and in line with international standards on responsible business conduct (RBC) are increasing. Specific concerns have been raised relating to the Committee's procurement practices and risks of deforestation and biodiversity loss linked to its international supply chains.[1]

Sector: Mega Sporting Events
Position in the supply chain: Buyer of goods and services
Scope of operations: Global
Ownership form: Public interest incorporated foundation
Size: 3,800 employees (2020)

In response to these challenges, the Committee has worked to implement supply chain due diligence expectations into its policies and has established an operational-level grievance mechanism (OLGM) to address negative impacts. The Committee has publicly committed to promoting environmental standards as part of its Sustainability Plan,[2] building on the good practices from the London 2012 games[3] and Rio 2016 games.

This case study provides examples of how the Committee is implementing supply chain due diligence, with a focus on two environmental risks commonly identified with large infrastructure projects of this nature, specifically deforestation and biodiversity loss.

1 EMBED RESPONSIBLE BUSINESS CONDUCT INTO POLICIES AND MANAGEMENT SYSTEMS

As set out in the OECD Due Diligence Guidance for Responsible Business Conduct (OECD Due Diligence Guidance),[4] embedding responsible business conduct (RBC) into policies and management systems and communicating expectations to suppliers and other business relationships is the first step of due diligence for RBC.

It enables companies and organisations to articulate their company-wide vision and strategy, assign responsibility, support relevant business units in implementation and ensure accountability. It can also help ensure suppliers are aware of and commit to integrating their business partner's policies and support implementation and monitoring of due diligence practices along the supply chain.

INCLUDING RBC EXPECTATIONS IN CONTRACTS OR OTHER FORMS OF WRITTEN AGREEMENTS

Stakeholders have urged the Committee to address adverse impacts on people, the environment and society stemming from procurement practices, and to contribute to achieving the Sustainable Development Goals (SDGs).[5] In response, the Committee adopted a Sustainable Sourcing Code (the Code) in 2017.[6] The Code requires suppliers and licensees to ensure compliance with sustainability standards throughout their supply chains, and clarifies procurement criteria and operating methods for products and services.

Box 1: ENVIRONMENTAL STANDARDS INCLUDED IN THE CODE FOCUS ON:

i. Energy savings
ii. Use of low carbon / carbon-free energy
iii. Reduction of greenhouse gas emissions by other means
iv. Promotion of the 3 Rs ("Reduce, Reuse, and Recycle")
v. Reduced use of containers, packaging, etc
vi. Prevention of contamination, management of chemicals, and waste disposal
vii. Collection of raw materials with consideration for resource conservation
viii. Conservation of biodiversity

The Code was produced through a broad scoping exercise involving a multi-stakeholder working group.[7] It includes environmental, human rights, labour, and economic sustainability standards and provides for specific environmental standards to be applied in the procurement of particular products, including timber, agricultural products, livestock products, fishery products, paper, and palm oil (see Box 1).

The Committee requires all suppliers to express their commitment to comply with the Code in writing as part of its contractual arrangement. The Code's commentary clarifies the expectation that suppliers should take a risk-based approach to due diligence.[8] The Committee also mandates that suppliers fill out a questionnaire to review their practices and efforts to address environment, human rights, and labour-related issues in supply chains to comply with the Code.

The Code's commentary provides model contractual clauses on sustainability for suppliers to include in their own contractual arrangements with their suppliers. The Committee has also sought to continually improve the Code and has revised it twice since 2018.

For examples of practical actions to incorporate RBC expectations and policies into engagement with suppliers and other business relationships can be found on page 24, item 1.3 and page 60, Q18 of the OECD Due Diligence Guidance.

DEVELOPING SPECIFIC POLICIES ON AN ENTERPRISE'S MOST SIGNIFICANT RISKS

Illegal and unsustainable logging can contribute to deforestation, forest degradation and biodiversity loss, as well as other adverse environmental and social impacts.

In 2017, environmental NGOs raised concerns relating to degradation of tropical forests and potential human rights violations connected to timber supply chains associated with the Tokyo 2020 Olympics.[9] Preventing and mitigating risks associated with deforestation and biodiversity loss are central to establishing responsible timber supply chains.

In addition to the Sustainable Sourcing Code (the Code), the Committee developed criteria under a Sustainable Sourcing Code for Timber (Timber Code), which provides suppliers with a detailed framework for the

Box 2: ADDITIONAL CONDITIONS FOR SUSTAINABLE PROCUREMENT OF TIMBER (EXCERPT)

i. *Timber that is harvested through an appropriate procedure with reference to relevant laws, ordinances, etc. of timber-producing countries or territories.*
ii. *Timber that derives from forests maintained and managed based on mid- to long term plans or policies and does not derive from conversion of forest to non-forest area such as farmland.*
iii. *Timber that is harvested through logging activity that is considerate toward conservation of the ecosystem.*
iv. *Timber that is harvested through logging activity that is considerate toward the rights of indigenous people and other local residents.*
v. *Timber that is harvested by workers who are protected through appropriate safety measures.*

procurement of timber.[10] The Timber Code includes forestry-related certification programmes and aims to address specific risks linked to deforestation and biodiversity loss, as well as impacts to the rights of indigenous people (see Box 2). The Committee requires its suppliers to demonstrate adherence to these standards which extend beyond requirements in existing domestic regulations.[11]
Concerns were also raised by stakeholders about the suitability of an early version of the Timber Code.[12] In revising the Timber Code, the Committee held meetings with a multi-stakeholder working group and conducted interviews with environmental NGOs, research institutes, certification programmes and timber importers. Discussions fed into a revision published in 2019.[13]

The revised Code requires suppliers to confirm in writing that timber is not derived from the conversion of forests to agricultural land. It also includes recommendations for suppliers to collect information relating to the traceability and source of timber and production sites, to improve visibility of supply chains.

For information on risk-based due diligence approaches and the prioritisation of risks, see pages 42-45, Q3-Q5, including Table 3 "Examples of indicators of scale, scope and irremediable character" of the OECD Due Diligence Guidance.

For information on developing RBC policies, see page 56, Q15. Information on how companies collaborate at an industry level and with relevant stakeholders can be found on pages 51-53, Q12 and Box 3 on "Good governance for due diligence collaborative initiatives".

4 TRACK IMPLEMENTATION AND RESULTS

Tracking the implementation and effectiveness of due diligence activities may help improve these processes in the future.

The Committee undertook a number of steps to address challenges in monitoring and engaging with suppliers in order to improve compliance with its sustainability standards.

Working with the Tokyo Metropolitan Government, the Committee organised field surveys at plywood logging and processing sites in Indonesia and Malaysia exporting plywood procured by the Committee.

> *Verifying effectiveness of due diligence practices can help ensure that companies have adequately identified, prevented or mitigated risks, and where appropriate, supported remediation of impacts, including through business relationships.*

These survey findings were published in the Sustainability Pre-Games Report in 2020[14].

For examples of practical actions to track implementation and results of due diligence, see page 32, item 4.1 and pages 82-84, Q41-Q45 of the OECD Due Diligence Guidance.

6 PROVIDE FOR OR COOPERATE IN REMEDIATION

Grievance and remediation processes support due diligence by providing channels through which companies can become aware of and respond to adverse impacts of their activities. Effective implementation of grievance mechanisms can help companies enhance risk-based due diligence across all issues related to RBC.[15]

Building on the London 2012 Grievance and Complaints Mechanism model set up by the London Organising Committee (LOGOC), the Committee established its own grievance mechanism to handle alleged cases of non-compliance with the Sustainable Sourcing Code (the Code).[16]

The Committee took steps to address and boost trust in grievance mechanisms by establishing an external advisory panel comprised of experts in human rights, environmental issues and conflict resolution.[17]

The advisory panel supervises the engagement process and provides independent opinions on each case within the grievance mechanism's scope.

For examples of practical actions that companies can take to cooperate with legitimate remediation mechanisms and enable remediation, see pages 34-35, items 6.1 and 6.2 and pages 90-91, Q52-Q54 of the OECD Due Diligence Guidance.

NOTES

[1] See for example: Joint NGO Statement on Tokyo 2020 Olympics' "Fake Sustainability". https://www.ran.org/press-releases/olympics-fake-sustainability/

[2] The Sustainability Concept of the Tokyo 2020 Games. See: https://tokyo2020.org/en/games/sustainability/

[3] https://library.olympic.org/Default/doc/SYRACUSE/47420/locog-sustainable-sourcing-code-london-organizing-committee-for-the-olympic-and-paralympic-games?_lg=en-GB

[4] OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct. Available in multiple languages at https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm

[5] See for instance Public Consultation on Draft Sustainable Sourcing Policy for Tokyo 2020. IHRB. 2015. https://www.ihrb.org/focus-areas/mega-sporting-events/public-consultation-draft-sustainable-sourcing-policy-tokyo-2020 and High-Level Sustainability Plan and Sourcing Code for Tokyo 2020 Olympics Submission. IHRB. 2016: https://www.ihrb.org/focus-areas/mega-sporting-events/submission-high-level-sustainability-plan-sourcing-code-tokyo-2020-olympics

[6] Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code.
See: https://tokyo2020.org/en/games/sustainability/sus-code

[7] This including members from international environmental and human rights non-governmental organisations (NGOs), in consultation with lawyers and other experts.

[8] Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code (3rd edition). Page 3. https://gtimg.tokyo2020.org/image/upload/production/c7upgxneht8jclnxygp8.pdf

[9] An Open Letter to Tokyo 2020 Olympic Authorities. Friends of the Earth. 2017. https://www.foejapan.org/forest/library/pdf/20170911_Letter_to_Tokyo2020_authorities_e.pdf

[10] Sustainable Sourcing Code for Timber. Tokyo 2020 Organising Committee. https://gtimg.tokyo2020.org/image/upload/production/ionsexo2hw0bvhjcollc.pdf

[11] The Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (the Clean Wood Act) went into force in May 2017. It aims to promote the use and distribution of wood and wood products made from trees harvested in compliance with the laws and regulations of Japan or the countries of origin. https://www.rinya.maff.go.jp/j/riyou/goho/english/english-index.html

[12] An Open Letter to Tokyo 2020 Olympic Authorities. Friends of the Earth. 2017. https://www.foejapan.org/forest/library/pdf/20170911_Letter_to_Tokyo2020_authorities_e.pdf

[13] Revision of procurement code in consideration of sustainability. The Tokyo Organizing Committee for the Olympic and Paralympic Games. 2019. https://tokyo2020.org/ja/games/sustainability/si-20190118-01

[14] Sustainability Report. The Tokyo Organizing Committee for the Olympic and Paralympic Games. 2020. https://tokyo2020.org/en/games/sustainability/report

[15] The OECD Guidelines recommend when the enterprise identifies that it has caused or contributed to actual adverse impacts, it addresses such impacts by providing for or cooperating in their remediation. The OECD Guidelines provides core criteria for operational-level grievance mechanisms in line with the UNGPs. See pages 34-35. OECD Due Diligence Guidance for Responsible Business Conduct. 2018. https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm.

[16] Establishment of a Grievance Mechanism to handle reports of non-compliance with the Tokyo 2020 Sustainable Sourcing Code. Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code. https://olympics.com/tokyo-2020/en/games/sustainability/sus-code#01. See also: Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code (3rd edition) [Commentary. See Page 50 on Grievance Mechanisms. https://gtimg.tokyo2020.org/image/upload/production/c7upgxneht8jclnxygp8.pdf

[17] Regarding the establishment and operation of Advisory Panel in the Grievance Mechanism for the Tokyo 2020 Sustainable Sourcing Code. 2018. See: https://gtimg.tokyo2020.org/image/upload/production/jpsbnkfk7eymeenlmyyx.pdf

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This case study documents actions related to some but not all of the six due diligence processes and supporting measures set out in the OECD Due Diligence Guidance. These actions are outlined under the corresponding process and step number included in the OECD Due Diligence Guidance.

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