


# Progress and challenges in corporate initiatives towards human rights in Japan

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## Emi Sugawara, Professor at Osaka University of Economics and Law, Faculty of International Studies, continues to examine business and human rights in Japan, charting the progress and challenges in corporate initiatives

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Throughout this series, “[Business and Human Rights in Japan](#)”, I examine movements regarding business and human rights in Japan, including civil society and Japanese Government initiatives. In this final instalment, we assess the current state of initiatives among Japanese corporations.

A distinctive feature of efforts to respect human rights within Japanese companies is that corporate groups have led them. While Japanese corporations have grappled with various human rights issues such as environmental pollution, Buraku discrimination (a term the government refers to as “Dowa” issues) significantly influenced corporate practices in response to right-holder concerns. <sup>(1)</sup> Buraku discrimination is a form of discrimination based on “decent”, as defined in the International Convention on the Elimination of All Forms of Racial Discrimination. <sup>(2)</sup>

### The influence of Buraku discrimination

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And individuals hailing from Buraku areas have historically faced discrimination in marriage, employment, and workplace settings. In 1975, when it was revealed that corporations had been purchasing lists of Buraku area names, Buraku communities condemned these actions, demanding fervent introspection and apology from the companies involved. Consequently, corporate groups were formed on a regional basis to address Buraku discrimination and conduct human rights awareness and education within organisations.

One such group is the “Corporate Federation for Dowa and Human Rights Issues,” which includes regional corporate federations such as those in Tokyo (established in 1979, comprising 121 companies), Osaka (established in 1978, comprising 139 companies), and Aichi (established in 1981, comprising 26 companies), among others, totalling 13 regions.

In addition to addressing Buraku discrimination, these initiatives focus on promoting knowledge sharing, internal awareness-raising and training, and fostering corporate cultures that respect human rights. They place particular emphasis on issues pertaining

to rights holders such as women, LGBTQ individuals, persons with disabilities, and foreigners. In recent years, these groups have also begun to address the theme of business and human rights.

## **Addressing business and human rights in Japan**

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However, initiatives addressing business and human rights are also observed within prominent employer organisations representing Japan, such as the Japan Business Federation (JBF) and the National Conference of Small and Medium Enterprises (NCSME). JBF revised its Implementation Guidance of Chapter 4, Respect for Human Rights, Charter of Corporate Behaviour in 2021 and concurrently published a “Handbook for Management Respecting Human Rights”.<sup>(3)</sup> Furthermore, in January 2024, JBF released the results of a third survey on the Charter of Corporate Behaviour (hereafter the JBF survey), which primarily focused on initiatives related to human rights.<sup>(4)</sup>

Within the NCSME, efforts have been made towards promoting “management respecting humanity”, endeavouring to incorporate a perspective of human rights respect.<sup>(5)</sup>

## **The changing landscape around the business sector**

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As for the changing landscape surrounding the business sector, notable governmental initiatives include the formulation of the National Action<sup>(6)</sup> Plan in 2020, the issuance of the “Guidelines on Respecting Human Rights in Responsible Supply Chains” in 2022,<sup>(7)</sup> and the decision to consider human rights in public procurement in 2023. Additionally, in June 2021, the “Japan’s Corporate Governance Code” of the Tokyo Stock Exchange was revised, incorporating the principle of “Respect for Human Rights” into Supplementary Principle 2-3(1).<sup>(8)</sup>

In 2023, examples of human rights disclosure were added to the “Approaches and Examples of Disclosures on Sustainability in Securities Reports”. Gradually, there has been growing interest among investors in business and human rights. Their key disclosure points include the:

1. Separate listing of human capital as a distinct item from other factors.
2. Specific disclosure of anticipated risks.
3. Disclosure of measures to prevent identified risks and,
4. Disclosure of quantitative information.<sup>(9)</sup>

## **Are initiatives by Japanese companies progressing?**

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It appears that Japanese companies are progressing in these initiatives. According to the latest data from the JBF survey, 76% of the respondent companies are advancing initiatives (including partial or planned implementation) based on UN Guiding Principles on Business and Human Rights (UNGPs). This represents an increase of more than 40 percentage points from the previous survey in 2020, which stood at 36%. When

categorised by workforce size, 95% of companies with over 5,000 employees engaged in initiatives. Conversely, smaller companies with fewer than 499 employees showed a higher proportion, indicating they had not started initiatives or understood the content.

## **Addressing negative impacts on human rights in Japan**

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Furthermore, concerning the negative impacts on human rights perceived as significant by companies and the rights holders affected, harassment and discrimination in the workplace are recognised as important risks for women, LGBTQ individuals, and persons with disabilities.

Discrimination and forced labour are recognised as crucial risks for foreign workers. There is a growing trend within companies to address negative impacts on human rights by acknowledging a wide range of rights holders. It was concluded that expanding and delving into appropriate perspectives is necessary to avoid overlooking new or serious human rights risks.

Among the companies advancing initiatives based on UNGPs, 91% (compared to 65% in the previous survey conducted in 2020) established human rights policies either individually or by applying a common policy across the group. Regarding human rights due diligence, 94% of the companies clarified it within their procurement policies. The methods for its implementation included information dissemination (94%), conducting surveys (69%), and organising sessions such as seminars, training, and exchanges of opinions (52%).

## **Grievance and remediation mechanisms**

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Regarding grievance mechanisms, 90% of companies have established channels for reporting and consulting on issues related to human rights. The range of eligible users includes “employees of the company” (100%) and “employees of domestic subsidiaries or affiliates” (94%). Improving the mechanisms to include various stakeholders, including socially vulnerable individuals more susceptible to human rights violations, remains challenging.

Regarding remediation mechanisms in the event of human rights violations, 68% of the respondent companies had already established internal systems. However, in cases where establishing a system solely within a single company is challenging, consideration should be given to utilising the collaborative platforms provided by industry associations, although such platforms in use are yet to be widespread.

## **Information disclosure by companies**

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Regarding information disclosure, many companies primarily use their websites (92%) and integrated reports (75%), with approximately 39% disclosing information in their financial statements. Furthermore, among the information disclosed, “human rights

policies” (90%) are the most common, followed by “measures taken to incorporate human rights policies internally” (64%) and “information on actions taken to prevent or mitigate risks” (52%).

## Respect for human rights through supply chains

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Among companies advancing initiatives based on the UNGPs, the most common challenges in practising business operations that respect human rights are the complexity and enormity of supply chain structures, making it difficult to identify issues (73%).

While there has been some progress in Japanese corporate initiatives based on UNGPs, challenges remain evident, particularly regarding the difficulty of implementing respect for human rights through supply chains and the widening gap in engagement with small- and medium-sized enterprises (SMEs).

The UN Working Group on Business and Human Rights, which visited Japan in the summer of 2023, highlighted the need for measures to ensure respect for human rights throughout the supply chain, including for SMEs. <sup>(10)</sup> They discussed the necessity of a legal framework, such as mandatory due diligence, and emphasised the importance of capacity building for companies to engage in such initiatives effectively.

## How can companies effectively address human rights in Japan?

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Currently, the Japanese Government responds to enquiries and consultations regarding government guidelines through JETRO. <sup>(11)</sup> Also, consideration should be given to establishing a helpdesk function to provide individual advice and support on how companies can effectively address human rights in their supply chains.

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Professor Emi Sugawara leads a research project on business and human rights from the perspective of the parties concerned for improved policies