Human Rights Due Diligence Support Service

Recent years have seen an increase in social concern over the responsibilities that business enterprises bear toward the broader community. Amid this trend, corporate value has come to be assessed in terms of three elements: environment, social and governance, or "ESG". In particular, since the United Nations clarified the responsibility of industry to respect human rights through its Guiding Principles on Business and Human Rights, assertions that corporations must take responsibility for resolving human rights issues have intensified.

As part of our business activities, ABeam Consulting supports uniform corporate efforts to respect, protect and fulfill human rights, from understanding the human rights issues that could be triggered by corporate activities, to prevention or minimization of high-risk human rights issues.

Corporate responsibility toward human rights issues

More than a few Japanese business enterprises give short shrift to handling human rights issues simply because they have not encountered any yet. However, as a corporation extends its value chain into the global sphere, the scope of potential human rights issues expands beyond management’s ability to grasp it, and when they emerge, problems could spread to unexpected extent. The ability to handle problems before they arise is among the keys to sustainable growth. A corporation must grasp its potential human rights issues, and respond to them according to a well-defined set of priorities.

What are human rights issues?
Numerous, diverse human rights issues can emerge from corporate activities. Particularly in the context of cultural and societal differences, it is possible to cause human rights issues without intending to do so.
- Workplace treatment, discrimination
- Child labor & forced labor
- Freedom of association
- Organizational bargaining rights
- Fair wages & work hours
- Personal info protection & management
- Life, freedom, safety guarantees
- Freedom of thought & religion
- Workplace health & safety
- Eradicating bribery & corruption
- Immigrant & foreign laborers
- Privacy protection
- Ensuring educational opportunity
- Public health & safety, etc.

What happens if they are not taken care of?

<table>
<thead>
<tr>
<th>Corporate brand damage</th>
<th>Strikes</th>
<th>Boycotts</th>
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<tbody>
<tr>
<td>Internal complaints</td>
<td></td>
<td></td>
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<tr>
<td>Alienation of customers/personnel</td>
<td>Supplier management responsibility</td>
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<td>Reduced investment</td>
<td>Recruitment difficulties</td>
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<td>Increased costs of protest countermeasures</td>
<td>Increased legal defense costs</td>
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<td>Payment of legal penalties/sanctions</td>
<td>Increased basic materials procurement costs</td>
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What efforts must a company make?

The UN Guiding Principles on Business and Human Rights clearly lay out the responsibilities of corporations to respect human rights. Corporations must respond accordingly throughout the entire value chain.

What efforts must a company make?

- Commit to taking responsibility with public declaration of human rights orientation
- Perform human rights due diligence
- Match rights and obligations to effective remedies when breached

Barriers that hinder business enterprises in furthering human rights

There are numerous sets of human rights protection guidelines, both domestic and international. But a company must discover the processes that suit it best, and take continual action based on it. A company that has already initiated such efforts must produce sufficient results within a limited budget and timeframe. The fact is that they must confront numerous barriers while moving the effort forward.

Difficulty defining scope
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It can be difficult to determine the countries, regions and business operations that should be subject to human rights research, as will as the scope of research (e.g., include secondary, or even tertiary suppliers?).

Limited resources
CSR personnel are busy with regular duties. Can effective human rights issues research really be accomplished within a limited budget and timeframe?

Difficulty obtaining local cooperation
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Despite making requests to purchasing dept. regarding human rights-compliant procurement principles, the idea of incurring costs in doing so may be called into question.

Effectiveness is not visible
Has management & employee awareness of human rights really increased? Is the workplace really responding thoroughly? It can be difficult to measure these kinds of factors.

Lack of uniform standards, orientation in human rights issues research
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How can research be utilized to uncover human rights issues such as workplace health and freedom of association?

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The ABeam Consulting approach to handling human rights

We research the human rights issues facing the client firm through studies of global risk data, on-site surveys, interviews, questionnaires, etc. Starting with the high-priority human rights issues, we formulate and implement measures to prevent and minimize issues while conducting continual follow-up analysis of their effectiveness and enhancing the human rights response with external disclosure.

We realize a following approach including the “Human Rights Impact Assessment” method validated globally which is formulated by Caux Round Table Japan.

What distinguishes the ABeam Consulting approach to human rights

ABeam Consulting is able to research human rights issues using global risk data, to provide quantitative visibility of the human rights issues that business enterprises encounter. We obtain a firm understanding of these human rights issues through supplemental on-site surveys and interviews tailored to the countries, regions and types of business activity that are particularly associated with the risk of human rights issues.

Based on numerous business transformation precedent cases, we support the formulation and implementation of the optimum measures to prevent and/or minimize these issues.

Point 1
Data analysis enables comprehensive, integrated human rights issues research

Human rights issues are quantified by country/region with reference to business activity type, human rights risk type, etc.,* providing an exhaustive grasp of human rights issues facing the client firm. Each issue can then be assigned a rationally determined priority.

* Referencing 33 indices across five risk categories

Point 2
Stakeholder engagement ensures external perspective

External opinions are effectively incorporated through engagement with NPOs possessing specialized knowledge, and with stakeholders deeply involved in human rights issues.

Point 3
Steady, solid on-site implementation of preventative and remedial measures

Prevention/remediation measures are formulated based on accumulated know-how from numerous precedent cases of business process transformation. A balance of workload and prevention/remediation level is ensured to gain on-site understanding, and implementation can then follow.

Point 4
KPI design that increases likelihood of goal achievement

Establishing phased KPI enables a set of shared goals at all levels from corporate management to the work site, all of which can then move forward together. This improves progress toward goal attainment and ensures continuous action.