

[HRN] Human Rights Due Diligence Bill
(Provisional Translation as of April 21st Version)

Chapter 1. General Provisions

Article 1. OBJECTIVES

This Act was enacted in response to the United Nations Human Rights Council's endorsement of the Guiding Principles on Business and Human Rights, the formulation of action plans in Japan and other countries based on the Guiding Principles, and the enactment of relevant legislation in other countries, which have raised domestic and international concerns regarding the responsibility of business operators to respect human rights in their business activities, including their own value chains, and in their business relationships with other parties. In addition to national and local governments' obligation to protect human rights, business operators also are required to fulfill their responsibilities to respect human rights in accordance with the Guiding Principles. In light of the importance of national and local governments fulfilling their obligations to protect human rights, and business operators making appropriate efforts to respect human rights in accordance with the Guiding Principles, it is essential that the national government, local governments, and business operators fulfill their responsibilities to respect human rights appropriately, with regard to their business activities, through strengthening the implementation of human rights due diligence in their own business activities and their value chains, as well as in their business relationships with other parties. This is to ensure that local governments and business enterprises fulfill their responsibilities to respect human rights in their business activities by strengthening the implementation of human rights due diligence in their own business activities and their business relationships with other parties in their value chains, and thereby contribute to the realization of a sustainable economy and a society where human rights are respected.

Article 2. DEFINITIONS.

1. As protected by this Act, "human rights" means the rights based on the conventions and international norms for the protection of human rights listed in the Appendix.

2. In this Act, "value chain" means all related legal entities that have direct or indirect business relationships, or investment and/or financing relationships, within or outside a country, that are related to the procurement and securing of raw materials, resources, equipment, and software for products and services, manufacturing and processing, sales and provision, disposal, and other business activities of and by the national government, local governments, business operators, and related parties.

4. In this Act, "negative impact on human rights" means any adverse impact on the human rights of workers, consumers, local residents, and all other relevant persons that has occurred or is likely to occur in relation to the business activities of the national government, local governments, business operators and their value chains, or business relationships with other parties.

5. In this Act, "human rights due diligence" means a series of actions taken by a business operator or national or local government to identify, prevent, and mitigate all negative human rights impacts resulting from its business activities or business relationships with other parties, to evaluate the effectiveness of its efforts, and to explain and disclose information about how it has addressed those actual or potential negative human rights impacts.

Article 3. Scope

This law applies to the national government, local governments, and all business operators that engage in business activities in Japan.

Chapter 2 Responsibility for Performing Human Rights Due Diligence

Article 4. Responsibilities of the National Government, Local Governments, and Business Operators

1.(1) The national government, local governments, and business operators that employ more than ●● workers on a regular basis are obligated to perform their own human rights due diligence and to disclose the status of that due diligence.

These obligations include the following:

- (a) Establishment and publication of policies regarding respect for human rights
- (b) Selection of a supervisor
- (c) Identification and periodic analysis of negative impacts on human rights
- (d) Implementation of measures to prevent or mitigate any of the identified negative human rights impacts that may occur, and to address or correct any that actually have occurred.
- (e) Follow-up surveys on the effectiveness of the foregoing measures and evaluation of the effectiveness of those measures
- (f) Establishment of a system for receiving reports and consultations regarding negative impacts on human rights (hereinafter referred to as "procedures for reporting and consultations").
- (g) Making public announcements and reports to the relevant authorities regarding the matters set forth in Article 5 below.

(2) In carrying out each of the items in the preceding paragraphs, the business operators shall proceed with consultations and dialogues with entities that could have a negative impact on human rights, or with organizations that represent those entities (labor unions, non-profit organizations, etc.).

2(1) Business operators other than the national government and local governments that do not employ more than ●●● workers on a regular basis shall endeavor to perform human rights due diligence as set forth in the preceding paragraph and to publicize the status of such due diligence. However, even if the number of workers regularly employed by the business entity

does not exceed ●●●, a business entity involved in government public procurement is obligated to perform human rights due diligence in accordance with the preceding paragraph.

(2) In implementing the preceding paragraph, efforts shall be made to proceed with consultations and dialogues with entities that may have a negative impact on human rights, or with organizations that represent those entities (labor unions, non-profit organizations, etc.).

*Items to be reviewed:

What is the scope of the businesses that will be obligated to perform human rights DD?

(Reference) - Enterprises other than those defined in the Basic Act on Small and Medium Enterprises (e.g., those in the manufacturing industry with 300 or fewer employees) = approximately 12,000 enterprises

Listed companies = approx. 4,000 entities

Chapter 3 Administration and Enforcement by Government Agencies

Article 5. Publication and Reporting to Competent Authorities

1. Business operators that regularly employ more than ●● workers, and those that do not regularly employ more than ●● workers but are involved in government public procurement, shall announce the following items on their websites and notify the competent authorities thereof by ●● of each year:

(1) Status of initiative to address the matters specified in each item of Article 4.1(1) above

(2) Status of dialogues with entities that could have a negative impact on human rights, or organizations representing those entities (such as labor unions and non-profit organizations) when implementing the matters specified in each item of Article 4.1(1) above, as specified in Article 4.2.

2. Business operators that do not employ more than ●● workers on a regular basis shall endeavor to publicize the matters set forth in paragraph 1 of this Article on their websites and

other media.

3. The national government and local governments shall make public announcements concerning the matters set forth in Paragraph 1 of this Article on their websites and other media by [date/month] of each year. In addition, the national government shall collect, organize, and provide practical expertise on human rights due diligence in Japan and abroad in order to contribute to public announcements by business operators and reports to the competent authorities.

Article 6. Audit of Reports by Competent Authority

1. The competent authority shall examine the following matters:

- (1) Whether a report has been made in accordance with Article 5.1 above.
- (2) Compliance with the requirements set forth in Article 5.1 above.

2. If the reporting obligation set forth in Article 5.1 above is not fulfilled or the requirements set forth in Article 5.1 are not met, the competent authority may require the relevant business operator to submit or amend a report within a certain time limit.

3. If the competent authority deems it necessary, with respect to a report made pursuant to Article 5, paragraph 1, [competent authority] may refer the matter to a public office or public or private organization and request a report on necessary matters.

Article 7. Powers of competent authority

1. The competent authority shall act ex officio, properly exercising its discretion to

(1) Manage the operator's compliance with its obligations under Article 4 with respect to the risk of possible negative human rights impacts and any negative human rights impacts that may occur.

(2) Terminate and prevent any violations of the obligations in Article 4 that are discovered.

2. The competent authority shall act on the basis of a request by an individual who

claims to have suffered a negative human rights impact, or by an organization representing such an individual, based on specific facts, where:

(1) the claimant's protected legal status has been violated due to a breach of the obligations in Article 4; or

(2) the infringement specified in subsection (1) of this section is imminent due to nonperformance of an obligation in Article 4.

3. The competent authority may issue appropriate and necessary orders and take measures in order to realize paragraphs 2 (1) and (2) of this Article. The competent authority shall establish detailed procedures for this purpose.

Article 8. Orders and Measures by Competent Authority

1. The competent authority shall issue appropriate and necessary orders and take measures to detect, terminate, and prevent violations of the obligations in Article 4. In particular, the competent authority may:

(1) Summon victims of negative human rights impacts and individuals involved in negative human rights impacts.

(2) Request a business operator submit a corrective action plan within a certain time limit.

(3) Require business operators to take specific measures to fulfill their obligations within a certain time limit.

Chapter 4. Public Procurement

Article 9. Obligations of State and Local Governments to Protect Human Rights in Public Procurement [Activities]

1. At the time of public procurements, the national government and local governments shall take into account the status of implementation of the obligations and requirements specified in Article 4 by the relevant business operator(s) and the details thereof.

2. Entities that violate the obligations in Article 4 or that are subject to the fines provided for in Article 10 shall be excluded from participation in public procurement procedures such as supply contracts, construction contracts, or service contracts by the party ordering the public procurement. This exclusion shall be limited to an appropriate period of up to three years.

Chapter 5. Penalties

Article 10. PENALTIES.

- 1 A business operator that violates an order pursuant to Article 7, Paragraph 3 shall be punished by a fine of up to ● yen.
2. Any business operator that violates the orders in Article 8.1 (2) and (3) shall be punished by a fine of up to ● yen.

Chapter 6. Civil Liability

Article 11. Civil Liability

1. With respect to violations of the obligations set forth in Article 4, national and local governments and business operators are liable to compensate victims of human rights who have been negatively affected by their own business activities and the business activities within their value chains, or other business activities or business relationships with other parties, for damages that could have been avoided by the implementation of the obligations to be performed [pursuant to Article 4].
2. Any person who claims to have suffered a negative impact on human rights may authorize a national trade union or non-governmental organization to pursue a lawsuit to enforce the rights of such person, in order to achieve the reparations referred to in paragraph 1 of this Article.

End

1. Universal Declaration of Human Rights
2. International Covenant on Civil and Political Rights
3. International Covenant on Economic, Social and Cultural Rights
4. Convention on the Elimination of All Forms of Racial Discrimination
5. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
6. Convention on the Elimination of All Forms of Discrimination against Women
7. Convention on the Rights of the Child
8. Convention on the Rights of Persons with Disabilities
9. International Convention for the Protection of All Persons from Enforced Disappearance
10. International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families
11. United Nations Declaration on the Rights of Indigenous Peoples
12. UN General Assembly Resolution on the Human Right to a Clean, Healthy and Sustainable Environment
13. ILO Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
14. ILO Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
15. ILO Forced Labour Convention, 1930 (No. 29)
16. ILO Abolition of Forced a Labour Convention, 1957 (No. 105)
17. ILO Minimum Age Convention, 1973 (No. 138)
18. ILO Worst Forms of Child Labour Convention, 1999 (No. 182)
19. ILO Equal Remuneration Convention, 1951 (No. 100)
20. ILO Discrimination (Employment and Occupation) Convention, 1958 (No.111)
21. ILO Occupational Safety and Health Convention, 1981 (No. 155)

22. ILO Promotion of Occupational Safety and Health Convention, 2006 (No. 187)