Trade and Climate action: two big questions Masako Konishi Expert Director of WWF Japan



1. Japanese voluntary carbon pricing scheme, GX League has started in 2023 as a trial phase.

Japan commits 46% reduction compared to 2013 by 2030. For the first time, Japan introduced carbon pricing (called GX League), which includes voluntary Emission Trading Scheme (from 2026) and Fuel surcharge (from 2028).

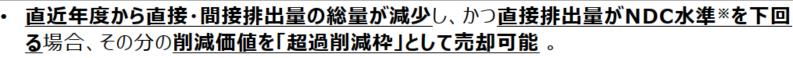
This ETS is voluntary scheme which companies have choice whether to participate ETS or not, and even if they cannot achieve their targets, they can choose whether to buy allowances or just explain.

Current carbon tax is only 289 yen(=2 Euro)/tCO2. Fuel surcharge (carbon surcharge) is planned to be implemented from 2028.

GX League: two big problems

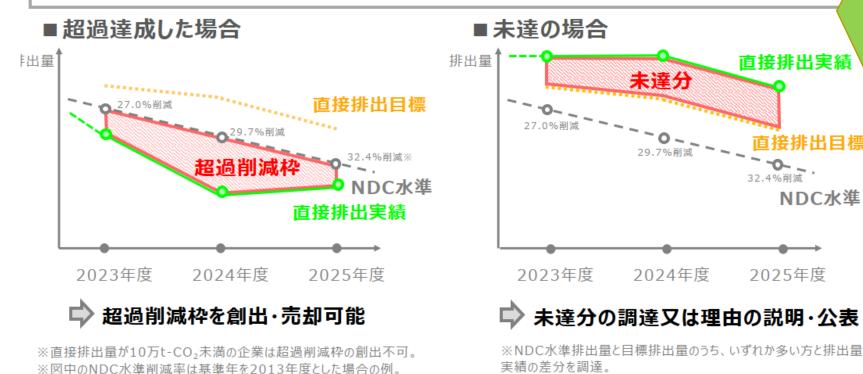


GX-ETSの概要:取引の実施



 ・
 ・
 <u>目標未達</u>の場合、
 <u>超過削減枠やカーボン・クレジットの調達</u>又は
 未達理由を説明。

※我が国のNDC:2030年度46%削減(2013年度比)に相当する直線的な削減経路。 制度開始時点でNDC水準を下回る場合の扱いは『GX-ETSにおける第1フェーズのルール』を参照のこと。



Target setting should be under Japanese NDC level. However, 1. Comply or Explain. If the company fails to achieve its reduction target, it needs to buy credits or just explain.

2. No limit for credits. Credits can be diverse.

1. With this carbon pricing scheme, how is the level playing field be ensured between EU and Japan?

出典:経産省(2023) https://x.gd/bQzx1

Financing transition for hard to abate sectors.



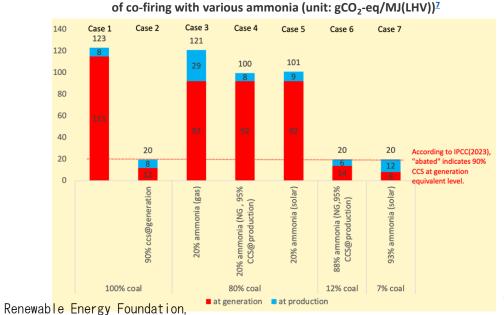
Scope of transition roadmap in the electric power sector (initiatives at the corporate level (1))

(Power Generation Sector)

- In the power generation sector, it is important to promote steady decarbonization using renewable energy and nuclear power, which are currently available decarbonized power sources.
- Because of expanding the introduction of <u>renewable energy</u>, which is a variable power source, and the absence of an international interconnection line, thermal power plays an important role in the stable supply such as for supply capacity, balancing power, and inertial function. On the other hand, due to the large CO2 emissions, it is necessary to develop and demonstrate technologies for decarbonization, such as the co-firing and mono-firing of hydrogen, ammonia, and biomass, and the use of CCUS, and to implement them as soon as possible.

METI, https://www.meti.go.jp/policy/energy_environment/global_warming/transition/transiti on_finance_technology_roadmap_power_eng.pdf

Unique definition of transition, for example for power sector emphasizes ammonia co-firing for coal power plants and CCUS.



https://www.renewableei.org/en/activities/column/REupdate/20231201.php

Plans to expand fuel ammonia to the world, especially Southeast Asia



Efforts to build a fuel ammonia supply chain

• To expand the supply and demand of fuel ammonia, comprehensive international cooperation from the following four perspectives is promoted.

1. Collaborating with the **International Energy Agency (IEA) issues analysis report** to increase international awareness

2. Cooperation with gas producing countries and countries eligible for renewable energy to build supply chains to Secure Supply

3. Collaborating with coal-fired power users (Malaysia and Morocco) on an ammonia power generation feasibility study to expand demand.

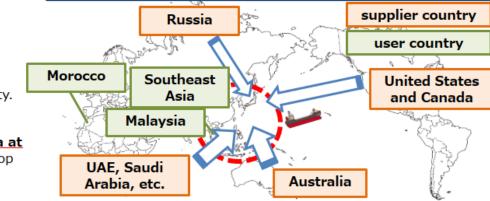
4. Hosting the international conference on fuel ammonia to establish a platform for international cooperation led by Japan

 On <u>Minister Hagiuda's business trip to Southeast Asia</u> in January 2022, <u>Intergovernmental MOC on energy</u> <u>transition including ammonia utilization with Indonesia, Singapore, and Thailand</u> was concluded. In particular, <u>Indonesia</u> agreed to <u>start FS on ammonia co-firing in local coal-fired thermal power plants</u> and <u>urged the</u> <u>removal of the moratorium on coal exports.</u>

① IEA analysis report

- "The Role of Low-Carbon Fuels in Clean Energy Transitions of the Power Sector" (October 2021)
- Key messages:
- As renewable energy expands, it is important to ensure electric power security.
 Ammonia is an effective means.
- Developing countries in Asia and elsewhere will be able to use ammonia at low prices, as developed countries develop technologies and build supply chains.

② ③Cooperation with potential supply and demand countries for fuel ammonia



Greenwashing advertisement?

Environmental NGOs and lawyers have filed a complaint with the Japan Advertising Review Organization (JARO) on a case claiming to be environmentally friendly without evidence.

2. How do you see the risk of "greenwashing" and what measures are going to be taken towards environmental considerations to advertising regulations in Europe?



GREENWASHING: RISKS & SOLUTIONS EU-Japan DAG Meeting

STÉFAN LE DÛ EBC Sustainability Committee Chair

Monday 8th April 2024, Tokyo

WHY GREENWASHING IS A PROBLEM FOR ALL BUSINESSES



ERODED CONSUMER TRUST

Greenwashing makes it difficult for all businesses to be believed when they make eco-friendly claims. This can lead to:

- Difficulty for genuine companies to stand out in a crowded marketplace.
- Reduced consumer engagement with all sustainability initiatives.



UNEVEN PLAYING FIELD

Greenwashing creates unfair competition for companies that are truly committed to sustainability. They face:

- Lack of recognition for their efforts due to general skepticism.
- Difficulty attracting environmentally conscious consumers.



LEGAL & REPUTATION RISKS

Regardless of current practices, greenwashing exposes companies to potential problems:

- Growing regulatory scrutiny and potential lawsuits.
- Public backlash, negative media coverage.
- Disengagement of eco-conscious employees.



CONCERNING SITUATION IN EUROPE









53% of green claims give vague, misleading or unfounded information 40% of claims have no supporting evidence

Half of all green labels offer weak or non-existent verification There are 230 sustainability labels and 100 green energy labels in the EU, with vastly different levels of transparency





EU POLICIES: EMPOWERING STAKEHOLDERS



EMPOWERING INVESTORS

- EU Green Taxonomy: a common framework defining sustainable economic activities
- EU Corporate Sustainability Reporting
 Directive: mandatory ESG transparency by companies, with audited public reports



EMPOWERING CONSUMERS

- Ban from 2026 on deceiving green terms on products sold in the EU.
- Vague terms like "carbon neutral", "ecofriendly", "biodegradable" will be banned.
- Green claims will need to be precise and supported by evidence.

 \rightarrow BY CHOICE OR BY LAW, EU BUSINESSES WILL BECOME MORE SINCERE ABOUT THEIR GREEN CLAIMS, OR THEY WILL LOSE INVESTORS AND CONSUMERS (AND FACE LEGAL CONSEQUENCES).



2023: FIRST MOVES AGAINST GREENWASHING IN ASIA



SOUTH-KOREA

In February 2023, the Ministry of the Environment of South-Korea announced a plan to fine companies for misleading the public about their environmental impacts.

While the initial fines might seem modest, they signal a growing focus on environmental transparency and accountability.



SINGAPORE

In December 2023, Singapore's advertising watchdog banned an advertisement for an air-conditioning manufacturer.

The advertisement allegedly made misleading claims about the environmental benefits of the air conditioner.



EBC RECOMMENDATION: REGULATIONS AGAINST GREENWASHING IN JAPAN

SITUATION IN JAPAN:

- Widespread SDG communication, but limited impact on true changes in consumption behaviors and business practices
- Weak regulations undermine sustainability claims credibility
- Hinders consumer and investor decisions

RECOMMENDATIONS:

- Establish strict regulations against greenwashing
- Define sustainable practices, enforce standardized reporting
- Impose consequences for misleading green claims
- Develop widespread sustainability education within companies



A GAP BETWEEN EU AND JAPAN GREEN CLAIMS STANDARDS MAY CREATE OBSTACLES TO BILATERAL TRADE





Keidanren's Initiatives and Efforts on Circular Economy

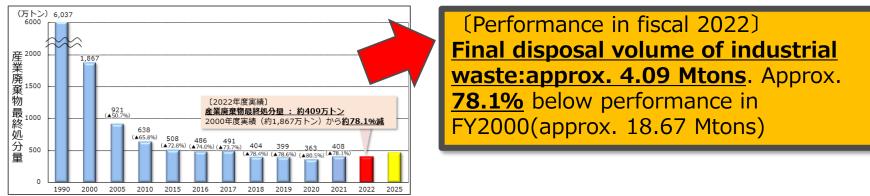
April 8, 2024 Keidanren

1. Voluntary Action Plan for Establishing a Sound Material-Cycle Society

Keidanren formulated the Voluntary Action Plan for Establishing a Sound Material Cycle Society to promote voluntary efforts on the part of Japan's business community. Every year, it conducts and publishes a follow-up survey with cooperation of participating 46 industries(1 additional organization added this year).

(1) Reductions in final waste disposal volume of industrial waste (Fifth Target)

⇒ Industry as a whole "aims to reduce by fiscal 2025, the final disposal volume of industrial waste appropriately treated with consideration for achieving a low-carbon society by 75% from the actual performance level in fiscal 2000".



(2) Industry-specific targets with a view to improve the quality of resource circulation

⇒ Set up individual targets accomodating industry-specific characteristics and circumstances for improving the quality of resource circulation.(e.g. target material recycling rate for byproducts generated during a product's manufacturing process)

(3) "Industry-specific plastic-related targets" (fiscal 2019-)

⇒ Set up industry specific targets contributing to resolving marine plastic litter issues and promote plastic resource circulation.

2. Proposal for the Realization of a Circular Economy (2023.2.)

(1) Introduction

- > Background to aiming to realize a circular economy
- Increased resource demand and destabilization of resource supply
- Need to promote resource circulation toward carbon neutrality (CN)
- ③ Overseas trend of treating resource circulation as an industry policy
- The government also accelerated discussions on the circular economy. The MOE compiled the Circular Economy Roadmap and the METI started studies toward the Resource-Autonomous Economy Strategy

(2)Direction to aim for

<u>(1)Overcoming resource</u> <u>Constraints</u>

Secure resources to overcome resource constraints and strengthen economic security

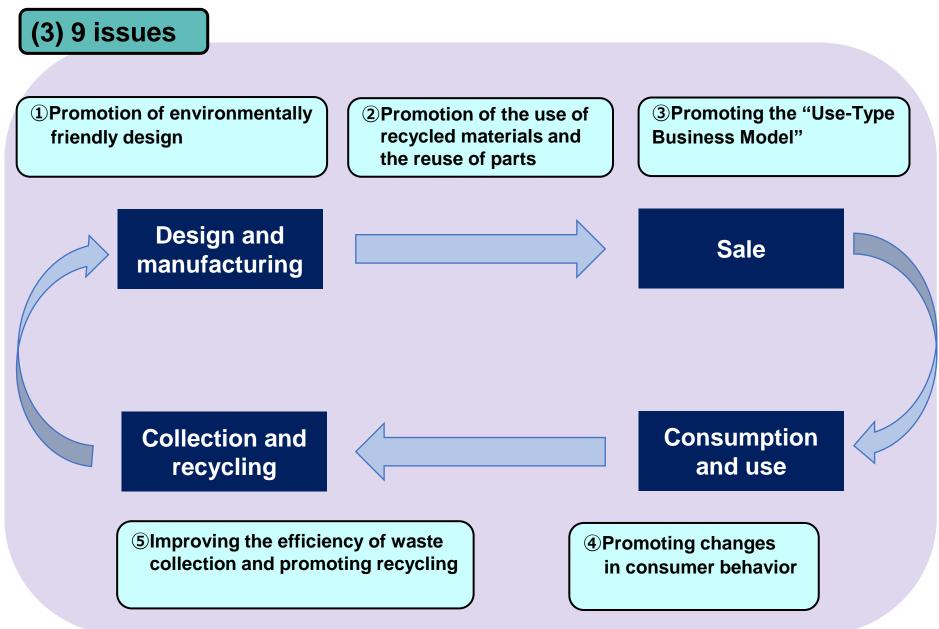
2Overcoming environmental constraints and contributing to carbon neutrality

In addition to curbing waste, efforts must be made to realize CN through resource circulation

③Economic growth and strengthening industrial competitiveness

Efforts toward resource circulation should be turned into economic growth and strengthened industry competitiveness

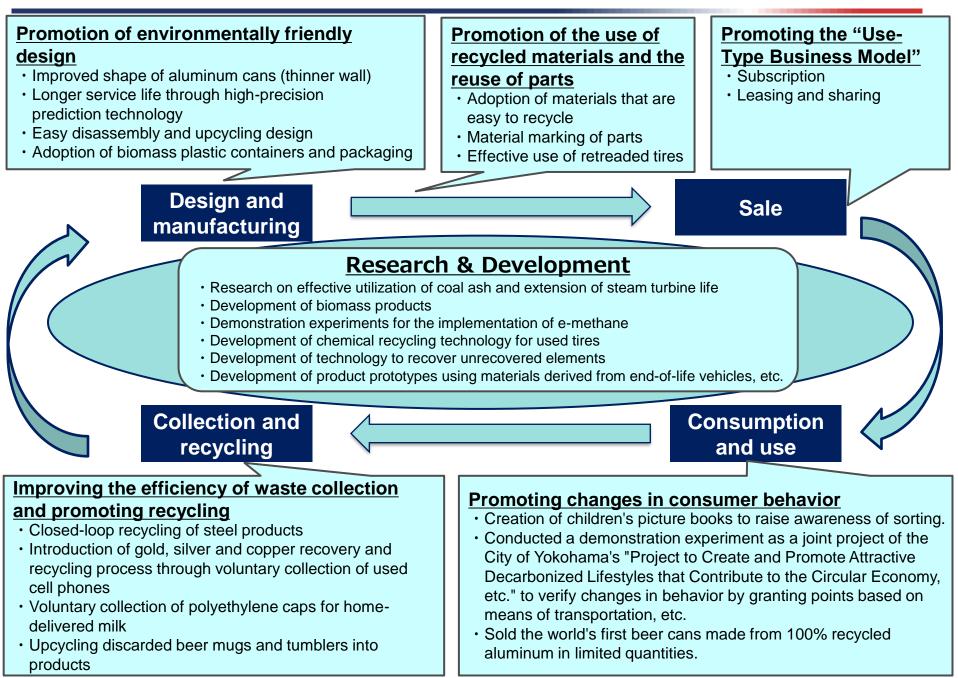
2. Proposal for the Realization of a Circular Economy



2. Proposal for the Realization of a Circular Economy

(3) 9 issues <u><international contribution,="" creation<="" u=""></international></u>	of information distribution platform>
 Cooperation in establishing resource circulation systems in other countries Creation of an information distribution platform 	
Assessments Image: Assessments Image: Assessment of the "degree of contribution to the circular economy" of companies	by stakeholders> (Constructive dialogues between companies and investors and financial institutions

2. Reference



3. The Delegation to Europe on the Circular Economy

(1) Overview

1Background

In February 2023, Keidanren compiled a proposal for the realization of a Circular Economy and urged the government to implement its recommendations. Subsequently, the government officially included circular economy as an important policy priorities, positioning it as part of Japan's growth strategy.

□ Keidanren positions CE as one of the priority areas as it will lead to economic growth and industrial competitiveness, and therefore, it becomes important to understand EU's latest CE policy and learn from the Netherlands being a leading CE nation.

2 Duration

November 27th, 2023 - November 30rd, 2023

3 Destination

Brussels - Belgium Haag, Amsterdam, Rotterdam - the Netherlands

④Delegation members

□ Leader : Yumiko Noda, Vice Chair and Chair on the Committee on Environment

□ Members : 35 persons from 23 companies





Meetings (Public)

To understand the updated policies on circular economy of Europe

@Brussels

- European Commissioner Mr.Virginijus Sinkevičius
- DG ENV
- DG GROW
- The Mission of Japan to the EU
- Vlerick B-Scholl

To understand the policies and initiatives of the national and local governments of the Netherlands

@Haag / Amsterdam / Rotterdam

- Minister for the Environment
- A former Prime Minister Mr. Jan Peter Balkenende
- Deputy Mayor of Amsterdam
- Ambassador of Japan to the Netherlands

Objectives

- To understand the updated policies on circular economy of Europe.
- 2. To learn the initiatives from the Netherlands, a circular economy leader.
 - the national and local governments: visions and concrete initiatives
 - private enterprises: clues for business transformation
 - startups: types of startups and collaboration opportunities

Meetings (Private)

To understand clues for transforming business models of enterprises toward circular economy @Amsterdam / Rotterdam

- DSM
- Unilever
- Mr. Thomas Rau

To understand startups for circular economy @Amsterdam / Rotterdam

- Interaction with startups
- Visit to Startups' sites
 - Blue City (incubation)
 - De Ceuvel (experiment)
 - De Hallen (practice)

(3) To understand the updated policies on circular economy of Europe

Mr. Virginijus Sinkevičius, European Commissioner for Environment, Oceans and Fisheries

...

There are many things that need to be done to realize a circular economy. However, I believe that the realization of CE is important for the future. I hope that this can be placed on the main agenda of the EU and Japan collaboration.

X tweeted by Mr. Sinkevičius



Virginijus Sinkevičius 🍲 @VSinkevicius

Excellent opportunity to discuss the latest on *#CircularEconomy* with Keidanren, Japan's largest business federation.

Japan is a very active partner at @UN Global Alliance on Circular Economy & Resource Efficiency.

That makes me confident we can boost our cooperation!







(4) Takeaways

- All the people we met throughout this delegation at the European Commission, the Dutch government, Amsterdam city, and Dutch leading companies, seemed to have a strong belief that "without an ambitious goal, nothing will be achieved", despite that, in reality, their paths are with trials and errors.
- High level of respect was expressed by the officials of EU and the Netherlands toward Japan's 3R experience and technological capabilities. We are reassured there is a strong possibility that Japan and Europe can collaborate to lead the CE initiative in the world.
- In order to achieve a transformation to circular economy, "courage", "mindset" and "innovation" are the key factors.
- CE cannot be achieved by a single company. One of the major achievements of this delegation is ties among the companies that make up the CE value chain have been deepened, which foster collaboration opportunities.

Circular Economy Latest Developments in the EU

Tokyo, April 2024

Recent Developments in the EU

- Consumer rights: final approval for the directive to empower consumers for the green transition
- Packaging: Council and Parliament strike a deal to make packaging more sustainable and reduce packaging waste in the EU
- Regulations for a new "Ecodesign" framework

Consumer rights: final approval for the directive to empower consumers for the green transition

- On 20 February 2024 the Council has adopted a directive to empower consumers for the green transition. The new rules will enhance consumers' rights by amending the unfair commercial practices directive (UCPD) and the consumer rights directive (CRD) and adapting them for the green transition and the circular economy. This is the last step in the decision-making procedure.
- Thanks to the directive adopted today, consumers will be better informed, better protected and better equipped to be real actors of the green transition.
- The directive will protect consumers against misleading 'green' claims, including about unfair claims about carbon offsetting. It will also clarify the traders' liability in cases of information (or lack of information) on early obsolescence, unnecessary software updates or the unjustified obligation to buy spare parts from the original producer. The directive will also improve the information available to consumers to help them make circular and ecological choices. For instance, products across the EU will bear a harmonised label with information on the commercial guarantee of durability.

Packaging: Council and EP strike a deal to make packaging more sustainable and reduce packaging waste in the EU

- The Council and the European Parliament reached a provisional agreement on a proposal for a regulation on packaging and packaging waste.
- ▶ The proposal aims to:
- reduce the generation of packaging waste
- promote a circular economy for packaging in a cost-efficient way
- harmonize packaging rules across the EU
- □ The deal needs to be formally adopted by both institutions.

Regulations for a new "Ecodesign" framework

- Lawmakers in the European Parliament and Council announced on 5 December 2023 that they have reached a provisional agreement on proposed regulations for a new "Ecodesign" framework to establish sustainability requirements for nearly all products across the EU, and to improve information to consumers about products' environmental sustainability.
- The agreement follows an initial proposal by the European Commission in March 2022 to set rules to improve the sustainability profile of a wide category of products, including making them more environmentally friendly, circular, and energy-efficient through their lifecycle, by replacing the existing 2009 Ecodesign directive.





Circular Economy Networking Events

Forthcoming hybrid conferences with matchmaking opportunities

Tokyo, April 8, 2024

Georgi Stoev

Member of the Employers' Group of the EESC





I. The European Circular Economy Stakeholder Platform (ECESP)

O Powered by the European Commission and the European Economic and Social Committee, in collaboration with the Belgian Presidency of the Council of the European Union and the World Circular Economy Forum (WCEF)

Forthcoming conference	The ECESP Annual Conference 2024:
	Circular Economy from Visions to Actions
Dates and location	15 & 16 April 2024 / Brussels and online
Conference Website	https://wcef2024.com/

The 7th edition will concentrate on panel discussions about Europe's progress in the circular economy transition, highlighting the key role of the legislative framework for Circular Economy

Participants: policymakers, industry leaders, academics, activists to turn circular visions into actions & opportunities to network





II. Site visits to local circular businesses organized by the Belgian Presidency of the European Union

Site visits – 17 April 2024 Accelerator sessions – 17 & 18 April 2024 in Brussels and online Access – Onsite in Brussels and online through a virtual & interactive platform Detailed programme – <u>https://wcef2024.com/programme/</u>





II. Circular Economy Forum

BEYOND EXPERIMENTATION

Europe's leading role in mainstreaming circular practice

Date – 17 April 2024 (from 8h30 to 16h30 CET)

Location – The Square (<u>https://square-brussels.com/find-us/</u>)

Website and event registration – <u>https://circulareconomyforum.be/</u>





II. Circular Economy Forum

BEYOND EXPERIMENTATION

Europe's leading role in mainstreaming circular practice

N.B.! Matchmaking opportunity at the event facilitated by: **The Enterprise Europe Network Flanders, Wallonia and Brussels** <u>Circular Economy - Hybrid Matchmaking Event</u> Registration tool available at: <u>https://b2match.io/</u>

- 1. Either through a booked on-site meeting: on the date of the Circular Economy Forum
- 2. Or through a booked online meeting, between 8th and 14th April

N.B.: Both options require a registration / booking through the provided link above





Circular Economy Networking Events

Forthcoming hybrid conferences with matchmaking opportunities

Thank you for your attention





Comité économique et social européen European Economic and Social Committee



Parlement europeen European Parliament Challenges in Japan to ratify the ILO Core Conventions: C111-Discrimination (Employment and Occupation), C155-Occupational Safety and Health





C111-Prohibition of Discrimination, 1958

Convention 111 is for the purpose of eliminating discrimination (1) based on 7 factors (race, color, sex, religion, political opinion, national extraction or social origin) and (2) in relation to employment and occupation.

Obligations of countries that have ratified C111: It is required to create clear national policies for the purpose of eliminating discrimination and promoting equal employment or occupation opportunities and treatment;

(1) **Enact laws** as appropriate to ensure acceptance of and compliance with said policies; and

(2) <u>Abolish all provisions of laws and regulations, review all administrative orders and conventions</u> that are incompatible with said policies.





Challenges in Japan to ratify C111

In connection with the obligation in (1), Japanese domestic legal restrictions are limited. There are only prohibitions against gender discrimination when advertising and hiring.

With regard to the obligation in (2), it is an issue that there are 1) provisions that differentiate (protect) based on gender in consideration of physical and psychological disparities with regard to hiring and labor conditions^{*1}, and 2) provisions that differentiate (sanction) with regard to expression of political views by public servants from the perspective of ensuring the neutrality of administrative agencies^{*2}.

- *1 The Ministry of Health, Labour and Welfare intends for provisions aimed at protecting maternity not to cause problems with regard to the application of convention 111.
- *2 According to the Ministry of Health, Labour and Welfare, it has been confirmed that the USA, the UK, Germany, Canada, and South Korea, etc. also have some restrictions. Although the content and scope of restrictions varies from country to country, there are many instances in which occupations (USA, UK) and actions/situations (Germany, Canada) are restricted.





Views of the "ILO" Parliamentarians for Ratification of Convention 111

★The current status of domestic legislation prohibits discrimination on seven grounds, but the only distinct prohibition is sex discrimination. However, only sex discrimination is explicitly prohibited. The current laws and regulations virtually guarantee the other requirements, and the ILO parliamentarians consider it feasible to promote ratification of the convention111.

- ★Several observations have been made in CEACR. It can be possible to ratify a convention without necessarily having an explicit statute. A declaration of renewed efforts to this end can be made by ratification. According to this, "the approval of the policy and compliance with the issue of "enacting laws and regulations that are appropriate to ensure the approval of and compliance with the policy" is generally considered to be cleared.
- ★The issue is to "repeal all statutory provisions and modify all administrative orders or practices that are incompatible with the policy." In the domestic legislation, "provisions that establish distinctions (sanctions) regarding restrictions on the expression of political views by public officials" remain in the National Public Service Act, the Local Public Service Act, the Self-Defense Forces Act, and other laws and regulations. The Japanese government's position is that ratification will not be possible unless the provisions of the laws and regulations are repealed and all orders and practices are revised (the ratification process will not proceed).
- ★In other countries, being a public official, one is a person and holds human rights. It is a universal principle that the right to express political opinions is a matter of course. On the other hand, Japan is restrictive, which must be said to be inconsistent with the purpose of the Convention. In addition, the Japanese government cannot ratify the Convention in its current state because it strictly judges the current provisions, including rules and regulations.
 - The ILO parliamentarians believe there may be a way to ratify it within the current Personnel Authority rules, but it may be challenged as a political decision.



Challenges in Japan to ratify C155 ~Occupational Safety and Health, 1981~

Regarding the Japanese domestic system related to the C155, the Government of Japan has already taken various measures under related laws and regulations for general workers, seafarers, miners, and public servants (including Self-Defense Forces personnel).

- Article 11(f) provides that the competent authority shall implement the policies of Article 4 of the Convention, introduce or expand the system of testing for chemical, physical and biological factors affecting workers' health. However, except for the Occupational Safety and Health Law and the Rules of the National Personnel Authority, we do not have testing systems introduced in national laws and regulations.
 - In addition, Article 17 of the Convention states that where two or more enterprises are engaged in activities at the same time in the same workplace, they shall cooperate in the application of the requirements of the Convention. However, the Occupational Health and Safety Law has no applicable provisions for industries other than construction, shipbuilding, and manufacturing.
- The second sentence of Article 19(c) of the Convention provides that the representative workers' organization in an enterprise may consult with representative workers' organizations on information concerning measures taken by the employer to ensure occupational safety and health, provided that no confidential information is compromised.
 However, there are no provisions in existing laws and regulations that allow for such consultations on the condition that confidentiality is not compromised.

Ratification status of Convention C155 by principle countries (80 ratified out of 187 countries)

	USA	GB	Germany	France	Italy	Canada	Australia	Singapore	China	Korea
C155	×	×	×	×	0	×	\bigcirc	\bigcirc	0	\bigcirc



Recent moves toward ratification of the ILO Core Conventions [Formulation of the NAP on "Business and Human Rights" [Oct. 2020]]

- A National Action Plan (NAP) based on the UN Guiding Principles on Business and Human Rights has at last been formulated in Japan (Oct. 16, 2020, Inter-Ministerial Committee for Japan's NAP on Business and Human Rights)
- Regarding the ILO Core Conventions, the "Plan" incorporates the following content, as the ministries and agencies in charge have clearly stated.
- Chapter 2 Action Plan
 2, Areas of the NAP
 (1) Cross-Cutting Areas

 a. Labor (Promotion of decent work)
 (Future measures planned)
 Make continued and sustained efforts to pursue ratification of the fundamental ILO conventions and other ILO conventions that are considered appropriate to ratify. [Cabinet Secretariat, National
 - other ILO conventions that are considered appropriate to ratify. [Cabinet Secretariat, National Personnel Authority, Ministry of Internal Affairs and Communications, Ministry of Foreign Affairs, Ministry of Health, Labour and Welfare, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Defense]

[For more] Domestic and International Trends in Anti-Harassment



Thank you for your kind attention





The Convention C111 concerns discrimination (employment and occupation). 条約(第111号)は、差別(雇用および職業)に関するものです。

It is part of the block of fundamental ILO conventions.

It is been ratified by 175 countries. Japan has not ratified it.

Within the EU, all 27 Member States have ratified ILO Convention C111 concerning discrimination (employment and occupation).

差別待遇(雇用及び職業)条約(第111号)は基本的なILOの条約の一部です。 175カ国が批准しています。日本は批准していません。

EU内では、全27の加盟国が、雇用及び職業についての差別待遇に関する条約(第111号)を批准しています。



Article 1

For the purposes of this convention, the term "discrimination" includes:

(a) any distinction, exclusion, or preference based on race, color, sex, religion, political opinion, national extraction, or social origin, which could result nullifying or impairing equality of opportunity or treatment in employment or occupation.



1この条約の適用上、「差別待遇」とは、次のものをいう。 (a) 人種、皮膚の色、性、宗教、政治的見解、国民的出 身又は社会的出身に基いて行われるすべての差別、除外又 は優先で、雇用又は職業における機会又は待遇の均等を破 り又は害する結果となるもの

Article 1 (continued)

(b) any other distinction, exclusion, or preference result in nullifying or impairing equality of opportunity or treatment in employment or occupation, which may be specified by the Member concerned after consultation with representative employers' and workers' organizations, if such exist, and with other appropriate bodies.

第1条(続き)

(b) 雇用又は職業における機会又は待遇の均等を破り又は 害する結果となる他の差別、除外又は優先で、当該加盟国 が、使用者の代表的団体及び労働者の代表的団体がある場 合にはそれらの代表的団体及び他の適当な団体と協議の上、 決定することのあるもの

Article 1 (continued)

2. Distinctions, exclusions, or preferences based on the qualifications required for a particular job shall not be considered as discrimination.

第1条(続き)

2 固有の要件に基く特定の業務についての差別、 除外又は優先は、差別待遇とみなしてはならない。 Article 1 (continued)

3. For the purposes of this convention, the terms "employment" and "occupation" encompass access to vocational training, access to employment and various professions, as well as employment conditions.

3 この条約の適用上、「雇用」及び「職業」とは、 職業上の訓練を受けること、雇用されること及び 個々の職業に従事すること並びに雇用の条件をいう。

第1条(続き)



Convention C155 concerns the safety and health of workers. 第155号条約は、職業上の安全及び健康に関する条約です。

It is part of the block of fundamental ILO conventions.

It has been ratified by 80 countries expect Japan.

Within the EU, 17 out of the 27 Member States have ratified ILO Convention C155 on Occupational Safety and Health.

Ten EU countries, namely Germany, Austria, Bulgaria, Estonia, France, Greece, Lithuania, Malta, Poland, and Romania, have not yet ratified it.

これは基本的なILOの条約の一部です。

80 力国が批准しています。日本は批准していません。

EU内では、27の加盟国のうち17カ国が、労働者の安全と健康に関するILO第C155号条約を批准し ています。

ドイツ、オーストリア、ブルガリア、エストニア、フランス、ギリシャ、リトアニア、マルタ、 ポーランド、およびルーマニアの**10**か国は、まだ批准していません。 At its 110th session in June 2022, the International Labour Conference recognized the fundamental right to a safe and healthy working environment for all workers. All ILO member states are now obligated to respect and promote this right. Each member must develop, implement, and regularly review a coherent national policy on worker' safety, health, and workplace environment.

2022年6月の第110回ILO総会では、中核的労働基準に安全で健康 的な労働環境を含めることに関する決議が採択され、即時発効 しました。すべてのILO加盟国は、この権利を尊重し推進する義 務があります。各加盟国は、労働者の安全、健康、労働環境に 関する一貫した政策を策定し、実施し、定期的に見直さなけれ ばなりません。 This policy aims at preventing work-related accidents and health problems by minimizing the risks present in the workplace environment as much as possible.

この方針は、職場環境に存在するリスクをで きるだけ最小限に抑えることで、職場関連の 事故や健康問題を予防することを目的として います。



Applicability of ILO Fundamental Conventions ILO 基本条約の適用

The Declaration on fundamental Principles and Rights at Work requires all ILO member states to respect and promote the rights outlined in conventions recognized as fundamental. These "core" ILO conventions serve as a universal minimum standard for social rights at work.

As such, the fundamental ILO conventions (C111 and C155) must be applied by all countries. Even without ratifications, they must be applied.

労働基本原則と権利に関する宣言は、ILO加盟国すべてに、基本的と認識される条約に明記 された権利を尊重し促進することを要求しています。

これらの中核的なILOの条約は、労働における社会的権利の普遍的な最低基準として機能します。

したがって、基本的なILOの条約(第111号および第155号)は、 すべての国によって 。 批准がなくても、それらは適用されなければなりません。



EU Domestic Advisory Group under the EU-Japan Economic **Partnership Agreement**



How to promote the ratification of **ILO Convetions C111 -Discrimination in Employment and Occupation and C155 -Occupational Safety and Health**

08 April 2024

Erika Koller Member of the EESC Vice- Chair of the EU-Japan DAG





The ILO recommends the following to promote the ratification of fundamental conventions

- Increase the awareness of governments, employers' and workers' organizations, as well as the general public
- Second to overcome the presumed and real obstacles to ratification
- Organize meetings of a tripartite nature at national, subregional and regional levels. On these meetings should be systematically examined what the obstacles are to the ratification of these specific Conventions

Japan used technical assistance provided by the ILO of ratification on some other fundamental conventions.





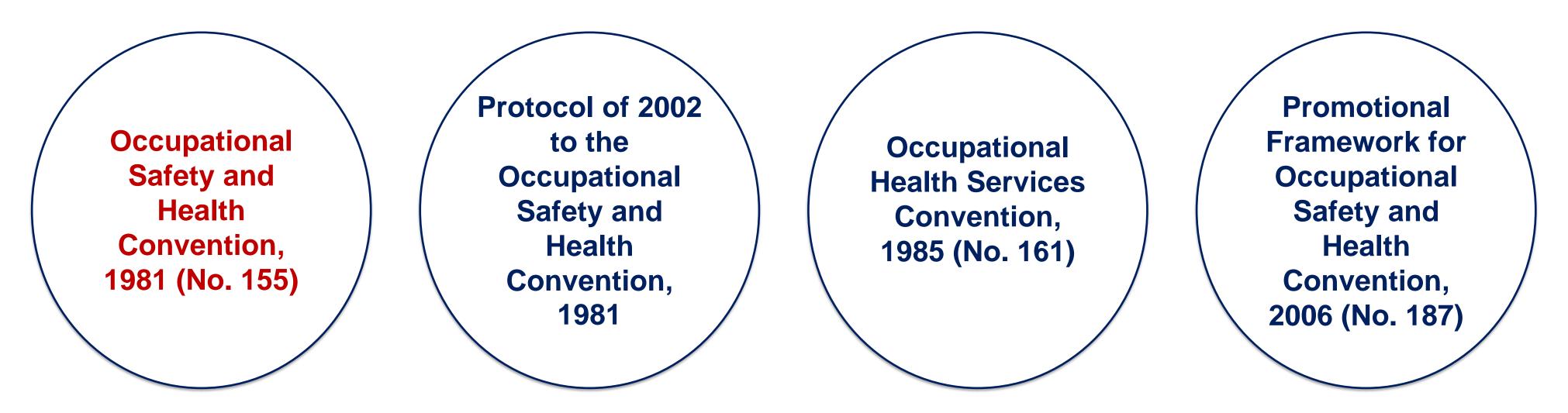
- Prohibition and definition of the direct and indirect discrimination in national legislation in 22 member states
- Progress in the adoption of national action plans and strategies targeting Roma communities in most countries in Europe



EU Domestic Advisory under the EU-Japan Economic Partnership Agreement



ILO OSH Conventions



All ILO OSH Conventions of general scope refer to progressive development in various ways. They promote the development of safety culture, attitudes, perceptions, competences and behaviour of individuals and groups of workers.

Their implementation is different in the EU member states depending on their legislation of health and safety at work.

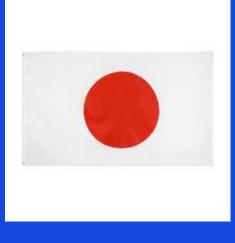


EU Domestic Advisory under the EU-Japan Economic Partnership Agreement

THANK YOU FOR THE ATTENTION!











EU Forced Labour Regulation

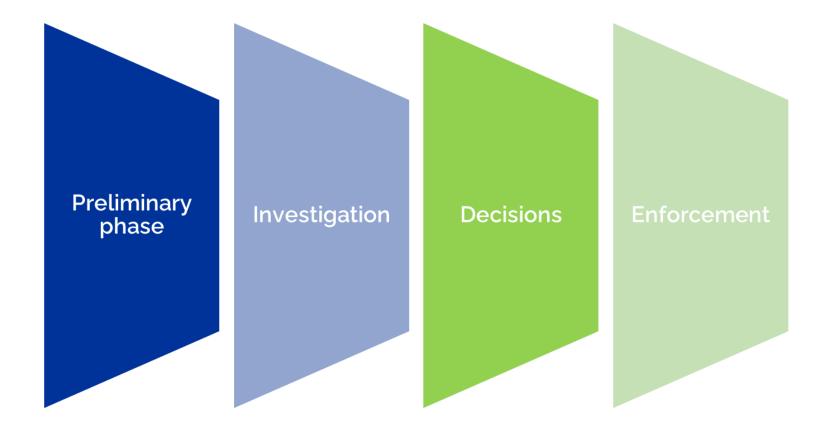


State of Play



In a nutshell....

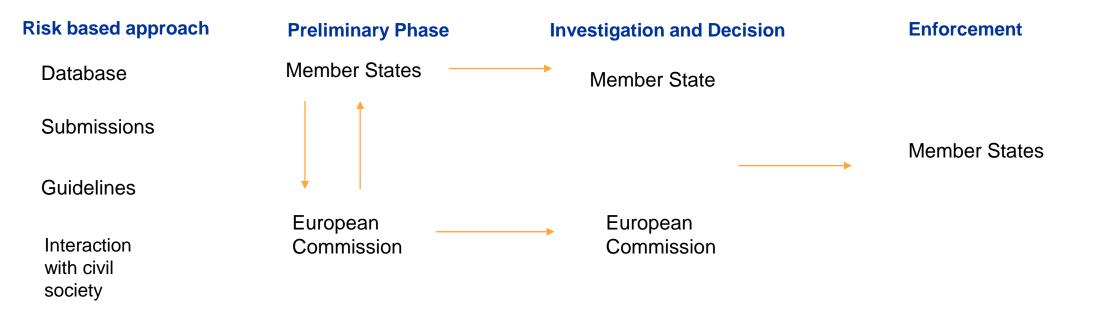
- The EU's Forced Labour Regulation will prohibit economic operators from "placing & making available on EU market, or the export from EU market, of any product made using forced labour".
- Scope: all products, including their components, regardless of whether they are produced domestically, imported, or exported from the EU.
- Investigations for violations will be conducted strategically, following a risk-based approach (Art. 14), re likely violations, identifying products and economic operators. Prioritization according to defined criteria- e.g. "scale and severity, including on state imposed forced labour, quantity and volume of products, or the share of parts suspected to be produced with forced labour etc.



Governance

Investigation-based system, whereby MS and the EC investigate suspected occurrences of forced labour. Union Network against Forced Labour products (Art.6).

Focus on economic operators involved in the supply chain as clos as possible to where forced labou will occur ad with highest leverage to terminate it.



Should investigations reveal evidence of forced labour = withdrawal of such products from the EU market and to dispose of them (Art 24/25).

Safeguards to protect critical supply chains and, in cases where a product is vital to a "supply chain of strategic or critical importance for the Union", the competent authority can order a temporary withholding, instead of withdrawal, until the economic operator demonstrates it has eliminated forced labour from the supply chain of said product.

For Economic Operators

Supporting tools

- Database of forced labour (priotizie seevere forced labour risks incl by State authorities)
- Guidelines
- Single portal
- Support measures for SMEs

Proportionality

- Burden of proof with competent authorities
- Risk-based approach

Right to be heard

- Preliminary phase
- Investigation phase
- Decision phase

Cooperation with 3rd Countries - Art 13

Forced Labour Regulation contains an enhanced requirement for international cooperation when it comes to the implementation and enforcement of the Regulation.

"Para 1.EC shall, as appropriate, cooperate and exchange info with authorities form third countries, civil society representatives, trade unions, business organizations and other relevant stakeholders"

"Para 2.International cooperation with authorities of third countries shall take place in a structured way, for example in the context of existing dialogues with third countries, such as human rights and political dialogues, implementation of trade and sustainable development commitments of trade agreements or the Generalised Scheme of Preferences, and EU development cooperation initiatives or, if necessary, specific dialogues that will be created on an ad hoc basis"

"Para 3.EC and MS may consider the development of cooperation initiatives and accompanying measures to support efforts of economic operators, in particular SMES, as well as civil society organizations, social partners and 3rd countries to tackle forced labour.

> JP and other EU's trading partners should use this to ensure their efforts to eradicate forced labour are duly considered

Thank You

UN Photo: Photo # 329493

Japan-EU EPA Trade and Sustainable Development 5th Joint Dialogue with Civil Society 8th April 2024

Cross-cutting Aspects of Trade and Sustainable Development

Dr. Emi Sugawara

Professor, Osaka University of Economics and Law Director, Global Compact Research Center, Japan (Member, Working Group on the National Action Plan) e-sugawara@keiho-u.ac.jp

*In this presentation, the term 'value chains' is primarily used, but in accordance with official documents, the terms 'supply chains' or 'chain of activities' are also used.

THE UNIVERSAL DECLARATION OF Human Rights

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Japanese Companies and Due Diligence

• Gaps in the implementation of DD in value chains among Japanese companies

"... there are significant gaps in understanding and in the implementation of the UNGPs among different types of businesses" (UNWG on BHR (2023))

companies with more than 5,000 empl.: 95% are undertaking initiatives based on UNGPs (KEIDANREN (2024)) companies with 499 or fewer empl.: a high proportion of "have not started yet" and "do not understand" companies implementing HRDD: large (53.5%), Mid-sized (20.7%), SMEs(9.7%), Small(4.9%) <u>JETRO(2024)</u> Japanese-affiliated companies overseas implementing HRDD: 28.5% (<u>JETRO(2023)</u> companies implementing environmental DD in supply chain: 56% (<u>MURC (2022)</u>)

• Building capacities and an environment to ensure HR & E DD in value chains incl. third countries

Sustainable development: responsible business conducts in global value chains Capacity building

Good practices for companies and business partners, as well as for people and communities in host countries Creating an enabling environment

Mandatory due diligence is a strong measure, but policy coherence and a smart mix are essential.

Progresses in Japan

• Human rights and environmental due diligence Sep 2022 Governmental Guidelines on Respecting Human Rights in Responsible Supply Chains April 2023 <u>Decision</u> (Inter-Ministerial Committee) on HR efforts in public procurement May 2023 Governmental Handbook on Environmental Due Diligence in Value Chains Dec 2023 <u>Good practices</u> of information disclosure on sustainability in financial statements awareness raising and information dissemination through website, seminars, platforms for sharing good practices (ex. <u>Green value chain platform</u>) March 2024 Stakeholder review report on National Action Plan on Business and HR (drafted by the Working Group and approved by the Roundtable) 23 recommendations to government including capacity building and policy coherence,

and the integration of environmental and human rights perspectives

- Value Chain Initiatives with international organizations
- ILO <u>Building Responsible Value Chains in Asia</u> (good industrial relations, tripartite collaboration and home-host policy level collaborations) (<u>ILO (2024)</u> good practices)

UNDP <u>B+HR Project</u> (context assessment studies, HRDD trainings, B+HR Academy)

High Attention to EU CSDDD

- Establishing Mandatory human right and environmental due diligence in chain of activities, based on (selected) international standards
- Expectations for building capacities and an enabling environment for companies to ensure due diligence in the chain of activities

Capacities building?

contractual assurance

websites, portals, platforms, guidelines (basic: general and introductory ways)

helpdesks (advanced: individual, tailored and confidential approach ways)

Creating an enabling environment?

diverse measures: administrative (supervision, information disclosure, public procurement and contract) and judicial (penalties and civil liability) etc...

how to mix measures (sanctions and incentives) smartly and coherently

Expectations under on EU-Japan EPA

• To effectively implement responsible business conducts (HR&E DD) on the ground, benefiting both people and communities throughout value chains.

1. Smart mix and policy coherence for building capacities and an enabling environment In addition to "mandatory due diligence", mixing diversity measures (sanctions and incentives etc..) smartly and coherently is essential to change corporate behavior. Capacities building should benefit both companies and business partners, as well as people and communities in supply chain (incl. host countries).

2. Inclusive approach open to third countries to ensure responsible value chain Dialogue and collaboration among governments, industries and stakeholders in Japan, EU and third countries

<u>3. Cutting the root causes of human rights and environmental issues</u> Not solely responsibilities of companies, but the role of government : bilateral and multilateral intergovernmental dialogues and negotiations, discussions.

<u>Expectation for Joint Dialogue with Civil Society under Japan-EU EPA (based on stakeholder review report of J-NAP)</u>
 The following three points should be maintained to ensure that stakeholder opinions are exchanged meaningfully:
 Firstly, important issues are selected after prioritization; Secondly, balanced representation of stakeholders is ensured.
 Thirdly, continuous efforts are made to follow up on raised important issues.

EU Corporate Sustainability Due Diligence Directive (CSDDD)

Stuart Newman – April 2024

Who* & When**

2029 2027 2028 EU companies with **1000+** employees and 450M€ worldwide turnover, start to report 1 Jan 2030 EU companies with **3000+** employees and 900M€ annual worldwide turnover, start to report 1 Non-EU companies with net Jan 2029 turnover generated in the EU of 450M€ EU companies with 5000+ Non-EU companies with net employees and **1.5Bn€** annual turnover generated in the EU of worldwide turnover, start to report 900M€ 1 Jan 2028.

Non-EU companies with net turnover generated in the EU of **1.5Bn€**.

* Companies that do not meet the thresholds, but that are the ultimate parent company of a group that reaches the thresholds

** Rules should only apply if the company has met the threshold conditions for each of the last two consecutive financial years

Important to keep in mind

EU CSDDD is **cross-sectorial**: it applies to any company doing business in the EU that meets the respective thresholds (except for **finance** which is partly excluded).

Apart from Articles 6 – 8, which are **harmonized**, Member States could introduce **more stringent requirements** when transposing the text nationally.

Industry and multistakeholder initiatives can support companies with the implementation of obligations laid down in **Articles 5 - 11**.

Lex specialis (e.g. conflict minerals, batteries, EUDR) prevails over lex generalis.

Thematic Scope

Adverse Human Rights Impacts

An impact on persons resulting from

- An abuse of one of the impacts listed in Annex I, Part I Section I
- 2. An abuse that is not listed but included in Annex I Part I Section 2 provided that the human right can be abused by a company / legal entity, it impairs a legal interest protected in the human rights instruments listed in Section 2 and the company could have reasonably foreseen that the HR could be affected.

Adverse Environmental Impacts

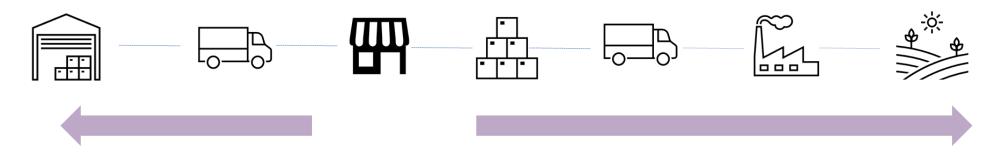
An impact on the environment resulting from the breach of the prohibitions and obligations listed in Annex I Part I points 18 & 19, and Part II of Annex I, taking into account national legislation linked to provisions of the instruments listed therein.

What: Risk-Based Due Diligence

>> Underpinned by Stakeholder Engagement

- #1 Integrate due diligence into policies & management systems
- #2 Identify & assess actual / potential adverse HRE impacts
- #3 Prevent / mitigate potential adverse HRE impacts and bring them to an end
- #4 Establish and maintain a complaints procedure and remediation
- #5 Monitor effectiveness of DD policies and measures
- #6 Publicly communicate on due diligence if not covered by CSRD
- #7. Adopt & put into effect a climate transition plan (CSRD aligned)

Until Where?



Companies to take appropriate steps to carry out DD with respect to their own operations and those of their subsidiaries and business partners throughout their chain of activities

Chain of activities: upstream business partners' activities pertaining to the design, extraction, sourcing, manufacture, transportation, storage, supply of raw materials/products/parts and development of the product/service. Also, **downstream** business partners' activities pertaining to distribution, transport, storage (**if those activities are conducted for the company or on behalf of the company**).

Exclusion of downstream sale, disposal, & distribution, transport, storage and disposal of dual-use products. NB: When identifying risks beyond Tier 1, companies should contact the companies at risk directly (in an effort not to overly burden SMEs with questions)

How

Civil liability

limited to cases of damage caused by a company through intent or negligence.

Right to full compensation.

Window of at least 5 years to bring claims forward

Administrative supervision

2

maximum minimum 5% of company's annual net worldwide turnover

Accompanying measures

3

tools & guidance documents to be provided by European Commission.

Specific support mechanisms for SMEs

Collaboration

4

Companies may participate in industry / multi-stakeholder initiatives to support the implementation of the rules

Important to keep in mind

Appropriate measures* will vary depending on:

- Level of involvement:
- 1. caused by the company;
- 2. jointly caused (acts or omissions);
- 3. caused by the business partner alone
- Where the adverse impact takes place
- Leverage

* Appropriate measures are those capable of achieving the objectives of DD



Business Partners

Key is to engage with BPs. Disengagement as a last resort and after assessment of negative impacts it would generate



State Imposed Forced Labour

In situation of SIFL, company should be required to terminate the relationship if impacts are severe

Indicators

Quantitative & qualitative indicators to measure improvement

Important to keep in mind

Purchasing Practices

Listed as an appropriate measure (beyond contractual assurances)

Audits Costs

In case of relationship with an SME BP, costs of audits to be borne by in-scope company

Public Procurement

Compliance with DD rules = may be taken into account as award criteria in public procurement

Thank you

JBCE's position / recommendations on CSDDD and FLPB

- Ensure a meaningful and implementable approach
- Harmonisation of requirements and enforcement
- Legal certainty and clarity on companies' liability

JBCE-EBC Joint proposal to achieve Sustainable and Responsible Supply Chains

- A <u>holistic and cooperative approach</u> by economic actors, policymakers and all relevant stakeholders is necessary
- <u>Public authorities play a crucial role</u> in assisting businesses when they navigate complex regulatory environments
- Enhanced policy discussions and continued <u>collaboration between</u>
 <u>EU-Japan</u> are recommended

Proposal for the EU and Japanese governments

In past years, JBCE proposed :

Proposals for future activities for the EU and Japanese governments:

- Launching a Scoping Study Project Establishing the environment for industry to achieve resilience in supply chains, while increasing corporate values
- <u>Launching a Shared Responsibility Project</u>
 Tie business and civil society in the third counties

For further advancement, JBCE would like to advocate for the following :

- 1. The necessity for cooperation between the governments of Japan and the EU as trusted partners.
- 2. Development of mutually beneficial tools and mechanisms between Japan and the EU.

Backup Slides

- Created in 1999, JBCE is a leading European organisation representing the interests of close to 110 multinational companies of Japanese parentage operating in Europe.
- Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceuticals, steel, textiles and glass products.
- Building a new era of cooperation between the EU and Japan is the core of our activities, specifically in the fields of Green, Digital and Trade developments.

*JBCE has been referenced as a key actor to foster cooperation between the EU and Japan. Joint Statement and EU-Japan Green Alliance at EU-Japan Summit (27 May 2021)

JBCE's Corporate Sustainability committee's activities

Engaging in EU policies related with Corporate Sustainability to foster responsible business conduct while achieving business growth

Enhance dialogue between EU & Japan Businesses

- Contribution/participation to the Business Round Table
- Exchange of views with other Japanese and European associations (CBCC, EBC etc.)
- Initiated and co hosted EU-Japan CSR Business Dialogue (2016-2019)
- Contributed to the OECD, ILO on responsible supply chain in Asia programme
- Co-hosted event with EBC on "Sustainable and Responsible Supply Chains" (2023)

Best practice sharing among members

- Sustainability Reporting
- Business and Human rights
- Gender diversity /Work-life balance
- Transparency and anti bribery , etc.



3rd EU-Japan Business Dialogue in Brussels (November 2018)

Policy advocacy

- Contribute to public consultations
- Discussions with EU institutions
- Issue position papers and proposed amendments

Corporate Sustainability Due Diligence Directive

Forced Labour Product Ban Regulation

European Sustainability Reporting Standard

Corporate Sustainability Reporting Directive

Sustainable Finance and Taxonomy

Join forces with other associations

- Joint statement with JEITA, EBC
- Joint position paper with non-EU associations on CSRD
- Joint position paper of Joint Association Roundtable on CS3D, FLPB, etc.

Ensure a meaningful and implementable approach

- Involvement of governments is needed, in parallel to companies' involvement
- Banning products made with forced labour does not solve the root cause, for this purpose, engagement should rather be stimulated
- A collaborative approach and shared responsibilities are needed
- Sufficient time to properly react should be granted and capacity building should be done within companies
- Different approach should be taken and guidance is needed in case of state induced forced labour
- Guidelines for companies to implement the requirements should be provided

Harmonisation of requirements and enforcement

 Key element is to align with the international standards such as UNGP and OECD MNE guidelines

Legal certainty and clarity on companies' liability

- Proportionality should be guaranteed
- Liability in the value chain should be limited to "caused by or contributed to"

Expectations under EU-Japan EPA

From Soft to Hard law

'Tsunami' of requirements on due diligence

Consider meaningful and implementable approach

1. Recognition of the objective of requirements and understanding the root cause of the issue

Business or government do not always have a magic wand to tackle the issue on the ground

2. Recognition of the importance of creating an enabling environment

Providing infrastructures and incentives, such as capacity building and training, to address issues in supply chains

3. Recognition of the shared responsibility towards the issue

Dialogue among governments, industry and stakeholders to create value for business and society across different cultures and systems

Launching a Shared Responsibility Project

- Facilitate the dialogue between stakeholders to achieve collaboration and empowerment in supply chains -

[Tie business and civil society in the third counties]

- 1. Identify mutual strategic supply chains and establish a platform with third countries to address supply chain issues
- 2. Call engagement from business and civil society on issuespecific topics
- 3. Play a role as a facilitator, a platform and tool provider (with the support of all stakeholders) to tackle specific issues

Joint Statement with EBC (outcome of the Joint Event)

To achieve Sustainable and Responsible Supply Chains...

A holistic and cooperative approach by economic actors, policymakers and all relevant stakeholders work is necessary.

• As part of this joint effort, we plead for both the business community and policymakers to commit strongly to creating a favorable business environment.

Public authorities play a crucial role in assisting businesses when they navigate complex regulatory environments

- The governments of EU and Japan should develop public-private synergies to protect human rights and the environment in supply chain operations without transferring state responsibilities to businesses.
- Development of international standards and definitions are necessary.
- For CSRD and CSDDD, the timely issuing of guidelines and the development of capacity-building are recommended.

Enhanced policy discussions and continued collaboration between EU-Japan are recommended

- To identify best practices on responsible and sustainable supply chains policies, strengthening the policy dialogue between the EU and Japan governments is recommended.
- EPA and its TSD Chapter should contribute to these collaborative and multi-stakeholder efforts towards sustainable supply chains.
- EU and Japanese authorities should continue promoting and investing in cooperation, such as the EU-Japan Joint Dialogue with Civil Society.