# Illuminating Impacts of Business on Human Rights: Initiatives in Human Rights Education

Dignity in Work for All

s the human rights regulatory landscape shifts globally, and adverse impacts of business on the lives of workers and communities continue to be spotlighted, Dignity in Work for All (DIWA), a global nongovernmental organization (NGO) that has been working in the nexus of business and human rights for more than two decades, sees a growing need to support companies in understanding their own operations and in establishing fit-for-purpose human rights due diligence (HRDD) programs that bring results and address dynamic supply chain challenges. The organization also recognizes the need for companies to go "beyond due diligence" and work towards building an enabling environment for ethical businesses to thrive.

DIWA has been capacitating companies to identify and address human rights risks in their own operations and extended supply chains for over two decades. Alongside this work, DIWA continuously engages governments, multistakeholder initiatives (MSIS), civil society organizations (CSOS), worker support groups, and the general public to increase their awareness of issues faced by workers in various workplaces and global supply chains; making available open-source research reports, toolkits, and other learning resources; and actively participating in establishing meaningful industry sustainability codes and standards.

The organization was founded in the Philippines in 2005 and was then known as Verité Southeast Asia (VSEA). With operations and activities in more than twenty countries, including Japan, the organization and its network has since grown in both size and scope, organizing country teams throughout Southeast Asia, and establishing offices in Thailand,¹ Australia,² and, by end-2024, Japan. However, as early as 1998, DIWA founder and Executive Director Marie Apostol along with some of the pioneering members and affiliates of the organization were already deeply involved in investigating the root causes of various issues faced by foreign migrant

workers (FMW) in manufacturing facilities and agricultural worksites across Southeast Asia and beyond. They were documenting the enormous amounts of money FMWs were paying to secure jobs in factories, and the impact of this recruitment practice on workers' ability to advocate for better conditions or to leave the job when this was no longer tenable.

"Twenty years ago," Apostol recalls, "audits were mainly financial audits or quality audits. When we came in, nobody understood what we were looking for." Exploitative recruitment and hiring practices were not seen then as indicators of forced labor. Eventually, DIWA (VSEA at the time) started to actively cite excessive recruitment fees as an indicator of forced labor which, among other things, keep workers in debt bondage, severely limit their right to freedom of movement, and hinder them from advocating for decent working conditions without the threat of penalty.

While the organization started out conducting social compliance audits, it quickly grew to become an institution of training, capacity-building, independent research, policy advocacy, and stakeholder engagement. Apostol explains:

We started with social [compliance] audits, and that led to understanding better what companies we were working with needed. We started doing training and capacity building. [Based on] the results or the outcomes of the audit, we would be able to translate [these] into what competencies businesses need to have to be able to address these issues on a daily basis, on an ongoing basis, and on a systematic basis.



Farm workers harvesting coconuts in the Philippines. ©2024 Dignity in Work for All



Migrant fishermen in Taiwan making repairs to their nets. ©2024 Dignity in Work for All

To complement the work that it was doing directly with client-brands and their suppliers, DIWA embarked on various research activities not only to identify labor issues in the sectors in which the organization was involved, but to understand more systematically their root causes and drivers, as well as the profile of rights holders who were most vulnerable to such issues and risks. Since 2005, the research arm of the organization has been conducting focused investigative research and applied studies, and testing approaches that could lead to solutions to the most pressing labor issues. Reports yielded by research have also informed DIWA's capacity-building programs and learning platforms.

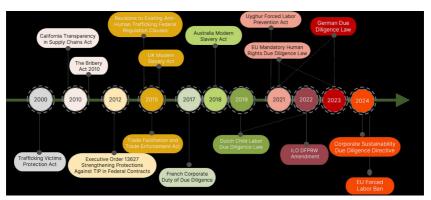


DIWA has now grown into a diverse organization, established across the Southeast Asian region and currently operating in over 20 countries. DIWA has business operations and in-country experts based across the region, sitting within various units: Research and Stakeholder Engagement, Capacity Building and Consulting, and Audit and Supplier Engagement. ©2024 Dignity in Work for All

#### Leveraging On-the-ground Work to Educate Industry Actors at All Levels

Since 1998, when Apostol and team started social compliance audits in Southeast Asia, DIWA has conducted thousands of workplace assessments across more than twenty countries in several industry sectors such as apparel and footwear, toys, electronics, cosmetics and beauty products, sports equipment, construction, food, agriculture and fishing, logistics, service (e.g., hotel, tourism), oil and gas, and mining. Insights from these assessments are also distilled into case studies, course modules, and other learning materials for activities that DIWA delivers mainly to business actors, and eventually to governments, civil society organizations or non-governmental organizations, workers, unions, and other stakeholders.

DIWA notes that regulations concerning HRDD and workers' rights can vary greatly in terms of policy and enforcement across countries in Asia, and there are inconsistencies in member states' ratification of International Labour Organization (ILO) conventions and integration of the same into their national legal frameworks. Thus, regardless of states' readiness to fulfill human rights obligations, companies need to have robust social compliance systems and adequate capacity to meet various jurisdictions' legal, customer, and stakeholder expectations relevant to businesses today, while striving to meet their own business and operational objectives.



Some of the key legal instruments driving HRDD over the last decades. @2024 Dignity in Work for All

### **Training Activities**

As HRDD becomes mandatory for businesses worldwide, effectively mainstreaming what used to be distinct voluntary efforts of socially responsible businesses, DIWA continues to deliver programs that support various types of businesses to embed and operationalize human rights within their business processes. These also strengthen internal implementation structures, ensuring that companies remain agile and self-correcting, and become continuously improving organizations in terms of human rights performance.

Through various customized training and capacity-building programs, as well as interactive tools and resources based on DIWA's deep work on the ground, the organization ensures that companies' human rights initiatives and programs are based on real-life data and on a systems approach. Training and capacity-building programs may involve not just management personnel of all levels, who develop and implement policies and procedures; but also workers and all other employees, who are directly impacted by practices evolving from such policies and procedures. Quite recently, DIWA developed an open source toolkit for Thailand businesses for in-country recruitment, as part of a research project supported by the Australian Government-funded ASEAN-Australia Counter Trafficking program (ASE-AN-ACT). DIWA, then known as VSEA, also spearheaded the development of a similar open source toolkit for the palm oil industry a few years back. Both toolkits and links thereto are found in Annexes A and B.

DIWA's approach directs companies to look into internal processes and structures, and at external risk drivers. In this way, they can build sustainable programs that effectively go beyond due diligence and more towards holistically addressing risks before they become issues, correcting systems failures, and remediating results of rights violations on workers. Laws and regulations are viewed as minimum standards rather than the north star.

Jet Urmeneta, Head of DIWA's Capacity Building and Consulting Unit, explains these training activities:

Capacitating companies through various initiatives is one of the ways by which DIWA contributes to upholding workers' rights in the region. By helping businesses construct comprehensive HRDD programs, and guiding them to embed human rights and social responsibility principles into actual business processes and operations, companies are able to effectively self-



Cezar Bagadion, Senior Director for Strategic Learning and Organizational Development Solutions, facilitates the training entitled "Seven Elements for the Successful Implementation of the Employer Pays Model in Malaysia" held on 15-16 May 2023. @2024 Dignity in Work for All





Jet Urmeneta, Senior Director for Capacity Building and Consulting, leads a training session on the Corrective Action Process on 13 September 2024 in Johor, Malaysia. ©2024 Dignity in Work for All



Daryll Delgado, Senior Director for Research and Innovation, leads a session on identifying risk sources in the local coconut supply chain industry during a Standards Awareness and Alignment Training held on 23 February 2024 in Gen. Santos City, Philippines. ©2024 Dignity in Work for All

detect, self-correct, and self-manage their human rights impacts across their supply chain.

This foundational element of DIWA's approach in effecting change, which can have profound impacts and goes beyond the company's own operations, starts with identifying how human rights risks can surface in the normal day-to-day business activities and conduct. DIWA's approach is premised on the notion that both business and human rights commitments can be honored simultaneously, without undue hindrance on overall business performance.<sup>3</sup> Through its standards awareness and the more technical capacity-building training programs, DIWA breaks this notion down to the business process level for companies to see the granular details of operationalizing human rights commitments alongside day-to-day business concerns.

#### Urmeneta adds:

DIWA'S more than two decades' experience partnering with businesses to develop robust HRDD programs has fostered a nuanced understanding of the language of business and insights into business processes. This has also allowed DIWA to help companies more accurately assess where risks to human and labor rights originate in their operations and supply chains, and what kinds of control mechanisms they would need to put in place to prevent risks from becoming full-blown issues and to take appropriate action (e.g., meaningful compensation to workers affected) if they do become issues.

# Centering Workers' Rights While Engaging Multiple Stakeholders

While partnerships with businesses, helping them articulate and operationalize their own commitments to their human rights policies and relevant legal obligations, is a key tenet of the organizations' theory of change, DIWA firmly believes that MSIs and stakeholder empowerment are key to effecting more broad and deeper changes in the way businesses are run, and in their impacts on the lives of workers and communities.

DIWA advocates not only for individual businesses but also industry associations to establish standards and systems to address emerging risks; for instance, promoting the employer-pays principle to deal with forced labor risks and issues in migrant worker recruitment. During its tenure with the

Roundtable on Sustainable Palm Oil (RSPO), DIWA played a vital role in conceptualizing and pushing for a sector-relevant definition of forced labor to be included in the RSPO Principles and Criteria (RSPO P&C).

Involvement in MSIs like the aforementioned continues to drive DIWA to explore other means of educating various stakeholders about business and human rights. The organization has produced open-source tools and learning materials for different sectors and segments of supply chains, aimed at capacitating all stakeholders (small businesses, unions, CSOs/NGOs, and the like) to contribute to addressing often very complex labor and human rights issues. DIWA recognizes that businesses of varying sizes and capacities have different knowledge levels about HRDD principles, and the maturity of their social compliance systems vary as well. As such, DIWA designs its publicly available resources to benefit businesses which may consider themselves novices in HRDD, as well as those which already possess relatively advanced systems.

Daryll Delgado, Head of DIWA's Research and Stakeholder Engagement Unit, lists the different ways of awareness-raising of labor rights and promotion of human rights: in closed-door meetings, roundtables, boardrooms sessions as well as in very public sessions through publications, open-source toolkits, webinars, and face-to-face engagements with strategic government agencies or MSIs. Various publications produced by DIWA are available in its website.4

In its engagement with various types of businesses, DIWA has seen how HRDD programs succeed when workers in the supply chain are truly empowered to report and properly frame the issues afflicting them, and when they are involved in developing solutions. In helping some companies prioritize the most salient human rights risks, for instance, in order to create specific key performance indicators (KPIs) or milestones, DIWA always highlights the need to consider workers and their working conditions front and center.

In all of DIWA's training activities and capacity-building programs,<sup>5</sup> whether focused on social standards awareness or on establishing robust HRDD systems and implementing standards, centering workers' experiences and incorporating worker voice into the process are always emphasized.

Worker interviews have long been a key component of DIWA's methodologies for its social compliance audits, human rights impacts assessments (HRIA), original and applied research, and other data gathering activities and engagements with business and other stakeholders. The emphasis on worker

voice, through incorporation of interviews with workers from all categories present in the unit of assessment or study, and through keeping grievance and communication lines open, has facilitated DIWA'S nuanced understanding of labor issues and working conditions, and thus has remained a critical foundation on which DIWA'S analyses and recommendations, program designs, and trainings are built.

In the many years that DIWA has been operating across geographies and industries, it has seen how the interplay between migrant workers' policies in any number of sending and receiving countries creates unique legal frameworks and procedures to which workers and other stakeholders involved in their recruitment must adhere (e.g., labor regulators, recruitment agents). DIWA always stresses in its capacity-building and stakeholder engagement activities that without direct engagement with workers as well as other relevant stakeholders and rights-holders throughout the value chain, any assessment activity or workplace and supply chain improvement efforts would have inherent limitations and face credibility challenges.



DIWA employs diverse strategies to educate companies about human rights and enhance their HRDD systems. © 2024 Dignity in Work for All

### Casting the Spotlight: Business and Human Rights Developments in Japan

In Japan, the business environment is undergoing significant changes to prioritize transparency and HRDD. Many Japanese companies have started to integrate human and labor rights into their policies, and are looking into cascading human rights commitments to their extended international supply chains. The Japanese government has introduced initiatives to support companies to focus on human rights in their operations, and to respond to increasing global demands for more transparent supply chains.

Notable changes have been seen in legislations governing business, including the abolition of the Technical Intern Training Program (TITP) in 2024,6 its replacement by the new Training and Employment System (TES), and the introduction of the Specified Skilled Worker (ssw) program in 2019.7 The last program allows foreign workers to work in sixteen specified industry sectors with more flexibility – and which came about partly in response to reports and allegations of human rights risks inherent in the previous TITP system.8 Additionally, Japan's Inter-Ministerial Committee has developed the Guidelines on Respecting Human Rights in Responsible Supply Chains to encourage businesses to conduct due diligence and uphold human rights.9

Research by the Japan External Trade Organization (JETRO) shows that while efforts are being taken by Japanese companies to embed human rights in their businesses, many continue to face challenges in implementing HRDD measures and managing human rights issues that are more systemic and require the collaboration of multiple stakeholders to address. 10 The same research reveals that companies face internal capacity issues such as a general lack of understanding of the importance of human rights among employees, low awareness of ways to address human rights issues, and insufficient staffing and budget to deliver human rights commitments.11

Delgado notes that while there has always been a high level of compliance to legal requirements among Japanese companies, as "observed in audits and assessments we have been conducting in Japan for the last ten years, still many companies struggle when it comes to implementing evolving human rights expectations in their Japan operations as well as in their global supply chains."

# **Navigating Japan's Shifting HRDD Landscape**

In Japan, as in other countries, significant shifts in the macro business environment spurred by new regulations or large-scale projects involving a multitude of stakeholders often prompt government and/or other high-level stakeholders to go through self-examination and formally acknowledge labor and human rights issues. In terms of large-scale projects, one of the recent drivers was the 2020 Tokyo Olympics, which put a spotlight on the country and its industries as Japan raced to complete infrastructure and other adjacent projects by relying on foreign workers both from within and outside of its borders. And as previously mentioned, recent legal HRDD drivers in Japan such as the Guidelines on Respecting Human Rights in Responsible Supply Chains (Guidelines) further increased scrutiny on conditions of workers and on human rights in general, serving as catalysts for the business community's renewed interest in advancing HRDD compliance.

But while the Guidelines provide a key framework on integrating human rights into business operations, a November 2022 study<sup>14</sup> indicated challenges that Japanese companies face in implementing these guidelines in their international operations. The study of the "overseas business development of Japanese companies" showed that approximately 50-60 percent of the companies which participated in the survey were implementing or have shown willingness in implementing HRDD in their businesses. Only 10.6 percent of companies were found to be conducting HRDD. Companies that "plan to implement (HRDD) within a year" and "are considering implementing (HRDD) within a few years" accounted for about 50 percent. The survey showed the following top issues in building supply chains that respect human rights abroad: 16

- Unsure of concrete ways to tackle the issue (31.5 percent);
- Insufficient staffing and budget (23.1 percent);
- Complex problems cannot be solved by one company alone (18.1 percent);
- Lack of understanding of the importance of respect for human rights among employees within the company [in Japan] (17.6 percent).

Another study in November 2021<sup>17</sup> identified challenges related to the presence of systemic issues and effective methods and approach to address

them. The absence of any established methodology to assess the status of respect for human rights in the supply chain ranked as a priority, with at least 43 percent of companies citing it as a challenge.

Based on the results of these studies, Japanese companies acknowledge that there is a need for additional support in education and awareness-raising on the value of human and labor rights in business practices in order to implement HRDD successfully. DIWA's activities in Japan over the years consisting of social audits, trainings, and research, as well as strategic conversations not only with Japanese businesses but also government and csos/ NGOs further indicated that sustainable HRDD begins with in-depth education and capacity-building which are based on worker-centered and riskbased approaches, ensuring that such HRDD programs are systems-based and go beyond mere compliance.

As DIWA deepens its work in the country, it relies on its more than two decades' experience in business and human rights as it further seeks partnerships with Japanese businesses and relevant stakeholders to advocate for, among others, robust HRDD systems which locate workers at their center. "[Companies] can have a public-facing or external-facing due diligence programs communicating policies to their suppliers, making their suppliers sign service agreements [and] contracts," Delgado notes. "But if within the company, they do not have the implementation structures, their own people do not understand what human rights are, what the impacts or potential impacts of their business operations have on people, then we do not think that due diligence program is going to be very effective," she adds.

Training and education are prime points of opportunity for collaboration in Japan at this juncture when the country's HRDD landscape is shifting and evolving. Apart from bringing its expertise and experience to the table, DIWA intends to develop long-term, sustainable relationships with Japanese business and other stakeholders to effect real change. Lowie Rosales-Kawasaki, DIWA Japan Country Director, expresses it succinctly,

We recognize the effort at all levels and we want to be part of realizing the desire of making Japan a humane, fair place for foreign workers to live and thrive... and for Japanese corporations to be seen as humane corporations who have excellent standards.

#### **Continuing the Pursuit Beyond Due Diligence**

DIWA began as an organization specializing in social compliance auditing at a time when the spotlight was cast on egregious working conditions in global supply chains. Through audits, it has provided global brands and their suppliers with findings of violations and/or risks of violations against labor standards, and recommendations to address the same. DIWA has conducted its audits by drawing and analyzing information drawn from multiple sources with workers and the data and insights drawn from them occupying a preferential position in the assessment.

Building upon its social auditing expertise, which it continues to perform to this day, DIWA eventually evolved and expanded its scope of work to research, stakeholder engagement, capacity-building, consultancy, and policy advocacy over the last two decades. But even as it establishes relationships with other actors in the nexus between business and human rights, DIWA remains a partner of choice for global brands and their suppliers who are committed to improving working conditions and adhering to best practice on labor standards while pursuing their overall commercial objectives.

As it enters its third decade, DIWA embarks on reaching and engaging other companies and other sectors as international commerce navigates the shifting landscape of HRDD in global supply chains. The organization remains committed to putting workers at the center as it works with business and other stakeholders in the pursuit of an enabling environment in which companies go "beyond due diligence."

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# Palm Oil Toolkit: Learning Resource on Labor Rights for Various Actors in the Industry

#### Annex B

# In-country Recruitment Toolkit: Guiding Thai Businesses of All Sizes in Ethically Hiring Migrant Workers

The In-country Recruitment Toolkit is a free, online, bilingual, and open-source material primarily intended for Thai businesses. The toolkit and the research on incountry recruitment from which it was based were both supported by the Australian Government-funded ASEAN-Australia Counter Trafficking program (ASEAN-ACT).

The project was developed and implemented during the COVID pandemic when border closures cast the spotlight on Thai businesses and their recruitment of migrant workers who are already in Thailand to address the labor shortage. Incountry recruitment has been a largely unexplored by inquiries involving migrant worker recruitment, which typically focus on cross-border issues and concerns.

The Toolkit was intended to aid Thai businesses in improving protection for workers through the implementation of robust policies, procedures, and practices which are applicable to in-country recruitment. It also includes recommendations for small and medium scale enterprises, whose circumstances present unique challenges in ethical recruitment. While the research that led to its development is focused on Thailand, the Toolkit is also useful for other jurisdictions in which incountry recruitment is practiced.

The Toolkit is available in Thai and English. <sup>19</sup> The research report which informed the development of the Toolkit is available online. <sup>20</sup>

#### **Endnotes**

- 1 Dignity in Work for All (Thailand) Co., Ltd.
- 2 VSEA Australia Ltd., which is currently processing its name change to Dignity in Work for All Australia, Ltd.
- 3 For instance, see Dahan, N. M., Lerner, H., & Milman-Sivan, F. (2024). Shared Responsibility and Labor Rights in Global Supply Chains. Retrieved from https:// link.springer.com/article/10.1007/s10551-021-04988-w. Last accessed: 16 January 2025.
  - 4 Other resources, www.dignityinwork.org/resources.
- 5 See Capacity Building and Consulting page in DIWA website, www.dignityinwork.org/capacity-building-consulting.
- 6 See Benoza, Kathleen. (2024). Japan to end technical intern program and allow transfers to new jobs. The Japan Times. Retrieved from: www.japantimes.co.jp/ news/2024/02/09/japan/society/technical-intern-program-scrapped/. cessed: 16 January 2025.
- 7 See What is a "Specified Skilled Worker" Residency Status?, Japan International Training Cooperation Organization (JITCO), https://www.jitco.or.jp/ en/skill/. Last accessed: 16 January 2025.
- 8 See <a href="https://www.mofa.go.jp/mofaj/ca/fna/ssw/us/">www.mofa.go.jp/mofaj/ca/fna/ssw/us/</a> for complete list of all 16 industry sectors. Last accessed: 16 January 2025.
- 9 Ministry of Economy, Trade and Industry (METI). (2022). Release of Japan's Guidelines on Respecting Human Rights in Responsible Supply Chains. Retrieved from https://www.meti.go.jp/english/press/2022/0913 001.html. Last accessed: 16 January 2025.
- 10 Japan External Trade Organization (JETRO). (2023). The Japanese content industry: Current status and trends in global expansion. Retrieved from https:// www.jetro.go.jp/ext images/ Reports/o1/d3add687bd7a74cc/20220061 01rev2.pdf. Last accessed: 16 January 2025.
  - 11 Ibid.
- 12 For regulatory developments and laws on HRDD across the globe, see the following: focusright (2024) Companies are facing rising expectations on responsible business conduct. Retrieved from https://www.focusright.ch/en/rising-expectations. Last accessed: 16 January 2025.
- 13 See the following: Mori, A., & Kaneko, J. (2018). Shrinking Japan: Foreign workers counted on for Olympic, reconstruction projects. Retrieved from https:// mainichi.jp/english/articles/20181113/p2a/oom/ona/001000c. Last accessed: 16 January 2025.
- 14 Japan External Trade Organization. (2023). Survey on the international operations of Japanese firms: FY2022 survey report. Retrieved from https://www. jetro.go.jp/ext\_images/en/reports/survey/pdf/jafirms2022.pdf (English); https:// www.jetro.go.jp/ext\_images/\_Reports/o1/d3add687bd7a74cc/20220061\_01rev2.pdf (Japanese). Last accessed: 16 January 2025.
  - 15 Ibid, page 59.
  - 16 Ibid, page 62.

17 Ministry of Economy, Trade and Industry (METI) & Ministry of Foreign Affairs (MOFA). (2021). *Questionnaire survey on the status of human rights initiatives in the supply chains of Japanese companies*, <a href="https://warp.da.ndl.go.jp/info:ndljp/pid/13826453/www.meti.go.jp/press/2021/11/20211130001/20211130001-1.pdf">https://warp.da.ndl.go.jp/info:ndljp/pid/13826453/www.meti.go.jp/press/2021/11/20211130001/20211130001-1.pdf</a> . Last accessed: 16 January 2025.

18 Toolkit in Bahasa Indonesia, Bahasa Malay, Spanish, and English:

 $Bahasa \quad Indonesia, \quad \underline{https://verite.org/wp-content/uploads/2021/04/Verite-Palm-oil-toolkit-Bahasa.pdf}$ 

Bahasa Malay, <a href="https://verite.org/wp-content/uploads/2021/06/Verite-Palm-Oil-Toolkit-Bahasa-Malaysia.pdf">https://verite.org/wp-content/uploads/2021/06/Verite-Palm-Oil-Toolkit-Bahasa-Malaysia.pdf</a>

 $Spanish, \qquad \underline{https://verite.org/wp-content/uploads/2021/04/Verite-Palm-oiltoolkit-Spanish.pdf}$ 

 $\label{lem:condition} \begin{array}{ll} English, & \underline{\text{https://verite.org/wp-content/uploads/2021/o4/Verite-Palm-oiltoolkit-English.pdf.} \end{array}$ 

19 Thai, <u>www.dignityinwork.org/in-country-recruitment-thailand</u>; English, <u>www.dignityinwork.org/in-country-recruitment</u>.

20 In-Country Recruitment of Foreign Migrant Workers and Risks of Forced Labour and Human Trafficking in Thailand, <a href="https://assets.tina.io/4e719ac7-1f36-4aaf-a629-cdb8fdo463d8/Resources/In-Country%2oRecruitment%2oof%2oForeign%2oMigrant%2oWorkers%2oand%2oRisks%2oof%2oForced%2oLabour%2oand%2oHuman%2oTrafficking%2oin%2oThailand.pdf">https://assets.tina.io/4e719ac7-1f36-4aaf-a629-cdb8fdo463d8/Resources/In-Country%2oRecruitment%2oof%2oForced%2oLabour%2oand%2oHuman%2oTrafficking%2oin%2oThailand.pdf</a>. Last accessed: 16 January 2025.