

Advancing human rights due diligence in Japan

Evidence-based insights and recommendations for NAP revision

August 2025

Introduction

This policy note, jointly prepared by the World Benchmarking Alliance and the Business & Human Rights Resource Centre, offers recommendations for Japan's revised National Action Plan on Business and Human Rights (NAP 2.0).

World Benchmarking Alliance (WBA) is an international non-profit organisation that benchmarks corporate contributions to the United Nations Sustainable Development Goals. Its Corporate Human Rights Benchmark (CHRB) evaluates company performance against the UN Guiding Principles on Business and Human Rights in high-risk sectors. Based on publicly available company disclosures, the CHRB promotes transparency and accountability, allowing stakeholders to assess progress and identify gaps. Since 2017, it has assessed 244 global companies based on publicly available disclosures, including 28 headquartered in Japan and 168 from G7 countries.

Business & Human Rights Resource Centre (the Resource Centre) is a global non-governmental organisation that monitors the human rights practices of over 10,000 companies worldwide. Through its Company Response Mechanism, the Resource Centre collects and publishes how companies respond to human rights allegations, offering real-time insight into corporate accountability.

Drawing on CHRB data and Resource Centre case studies, this note highlights key gaps in Japanese companies' human rights due diligence and calls for stronger alignment with international standards to advance responsible business conduct.

1. Progress since NAP 1.0 shows momentum but significant gaps remain

Under the UN Guiding Principles on Business and Human Rights (UNGPs), companies are expected to carry out human rights due diligence (HRDD) to identify, prevent, mitigate, and account for how they address actual or potential adverse human rights impacts on workers, individuals, and communities. The Corporate Human Rights Benchmark (CHRB) assesses companies against the key HRDD steps outlined in the UNGPs – namely identifying, assessing, integrating and acting, tracking, and communicating on human rights impacts. **In Japan, the first National Action Plan on Business and Human Rights (NAP 1.0) in 2020 and the 2022 Guidelines on Respecting Human Rights in Responsible Supply Chains have driven measurable improvements in human rights due diligence implementation.**

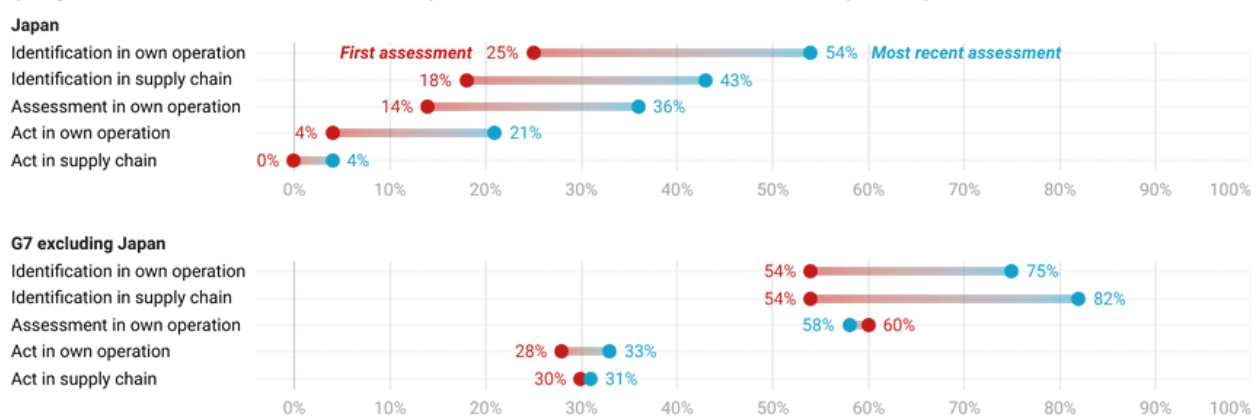
CHRB data shows that over the past five iterations (2018-2023), the percentage of Japanese companies meeting any HRDD step rose from 32% to 57%, with the average percentage of HRDD steps met per company rising from 12% to 31%. However, comprehensive implementation remains rare. **Only one Japanese company assessed has implemented the full human rights due diligence process, covering all key steps in both its own operations and supply chain.**

While progress has been made, further efforts are needed to deepen implementation and ensure consistency across companies. NAP 2.0 offers an opportunity to set clearer expectations, strengthen transparency, and promote accountability through tools such as third-party benchmarks and public disclosure.

2. Japanese companies lag behind G7 peers across key HRDD stages, particularly action on supply chain risks

Despite recent improvements in HRDD, Japanese companies continue to lag behind G7 peers in both pace and depth of implementation (Figure 1). While 43% of the companies ranked now identify human rights risks in their supply chains, reflecting a 25% improvement since the first assessment, this remains well below the 82% seen in other G7 countries. The most significant gaps appear in translating risk identification into taking actions, particularly within supply chains where serious human rights risks often occur. Only 21% of Japanese companies take action to address risks in their own operations, and just 4% do so in their supply chains, compared to 33% and 31% respectively among other G7 countries. Japanese companies struggle most to extend due diligence beyond direct operations into complex global supply chains, which is critical for meeting international expectations and maintaining competitiveness in global markets.

Figure 1: % of companies meeting HRDD steps in their first and most recent assessment (Japan vs Other G7 countries), from the latest CHRB data (2023)



Source: World Benchmarking Alliance (WBA) • Created with Datawrapper

Japan's limitations in taking action on human rights are also evident in how its companies respond when allegations arise, as seen in a key case from Indonesia. In March 2025, UN Special Rapporteurs raised concerns about Indonesia's second-largest palm oil producer, PT Astra Agro Lestari (AAL), citing alleged human rights violations and environmental degradation. Following a report identifying companies linked to AAL's palm oil, the Resource Centre contacted 46 consumer brands, agribusiness traders, investors, and banks for public responses.

Among the companies contacted were five Japanese companies and banks. Four of them responded. Three, which are Japan's major banks, stated they "cannot respond regarding individual transactions." The fourth, **Kao**, a chemical and cosmetic giant, said it was "in the process of confirming with the suppliers." Meanwhile, there were non-Japanese companies that responded with specifications they have already taken, including ordering direct suppliers to suspend sourcing from **AAL**.

These differences reflect the varying degrees of responsiveness in assessing serious human rights violations such as labour conditions across the supply chain and making timely decisions.

3. Rising global human rights expectations call for clearer policy direction to safeguard Japan's competitiveness

There is a clear need for NAP 2.0 to provide stronger policy direction for Japanese companies to align with rising international expectations on human rights, both from major global buyers and regulators in key markets. Respect for human rights is rapidly becoming a baseline requirement for participating in global supply chains. More companies in the CHRB make supplier contracts dependent on suppliers meeting fundamental human rights expectations, rising from 35% to 45%. Companies headquartered in the EU and US are progressing faster, with EU companies rising from 71% to 95% and US companies from 40% to 61%. In addition, more buyers are factoring in human rights performance when selecting and managing suppliers: 50% now consider it during supplier selection, and 61% during decisions to renew, expand, or terminate business relationships.

These trends suggest that without stronger alignment with international human rights expectations, Japanese companies may face growing barriers to securing and sustaining roles in global supply chains. This is also illustrated in the case of UNIQLO shirts seized by US Customs and Border Protection (CBP) in 2021 when suspected that the garments were made using forced labour from China's Xinjiang region. **Fast Retailing**, Uniqlo's parent company, took steps to prove that the shirts' materials were not sourced from Xinjiang. The CBP, however, did not give clearance due to a lack of supporting evidence. Similarly, since a Withhold Release Order against cotton from Xinjiang was issued in January 2021, Muji has reportedly stopped exporting cotton sourced in Xinjiang to the US. These two cases highlight how Japanese companies risk being shut out of international markets when their sourcing practices do not align with stricter international human rights standards.

4. Mandatory HRDD regulation drives better corporate due diligence

Experience from other regions demonstrates that regulation is a key driver of improved corporate human rights due diligence. Companies headquartered in countries with mandatory HRDD frameworks saw an 11% improvement in addressing human rights risks and impacts in their supply chains, with 29% now taking meaningful action. In contrast, only 14% of companies in countries without such regulation are acting on supply chain risks.

Companies operating in the EU are also outpacing those in the wider European region, despite starting at nearly the same baseline. In the EU, 76% of companies identify risks in their operations and nearly 80% in their supply chains, compared to 66% and 70% in the wider European region.

This progress suggests a positive impact through the introduction of national legislation in, for example, France (“Loi au devoir de vigilance”) and Germany (“Supply Chain Act”) and could also hint at company action being taken to prepare for the impending implementation of the EU Corporate Sustainability Due Diligence Directive. These examples offer valuable insights for Japan on how regulatory clarity can support more consistent and effective corporate action and improvement on human rights.

5. Recommendations for NAP 2.0

Advance meaningful implementation of human rights due diligence and responsible supply chains

NAP 2.0 should call for full implementation of core components of human rights due diligence, including identification, assessment, actions, and monitoring. It should promote deeper, more meaningful implementation that extends from a company’s own operations to its supply chain. Beyond raising awareness, efforts should support companies to embed responsible business practices that align with international expectations and enable continued participation in global value chains. This shift should be supported by government-promoted mandatory legislation, ensuring that voluntary measures evolve into enforceable standards over time.

Promote transparency and accountability through third-party benchmarks and disclosure

To enhance oversight and identify areas for improvement, NAP 2.0 should encourage the use of third-party benchmarks and evaluation tools, such as CHRB and [KnowTheChain](#). These mechanisms help make corporate human rights efforts more visible and comparable, supporting transparency and stakeholder trust. They also contribute to companies learning better practices from other companies in a ‘race to the top’ approach. The government should also promote public disclosure of company progress and maintain consistent and open multi-stakeholder dialogues on how to support responsible supply chain actions.

Acknowledge international momentum and support preparedness for future legal frameworks

NAP 2.0 should reflect the global shift toward mandatory human rights due diligence and signal Japan’s openness to exploring similar regulatory approaches. Building on the [2022 Guidelines on Respecting Human Rights in Responsible Supply Chains](#), which were widely seen as an initial step, NAP 2.0 should promote preparedness by offering guidance and support for companies to embed due diligence into their operations and build responsible supply chains in line with evolving international standards. This includes moving beyond procedural, tick-box exercises to encourage meaningful implementation that identifies, addresses, and monitors human rights risks in practice. With stronger policy direction and accountability, Japan has the potential to become a regional and global leader in responsible business conduct, particularly given its comparatively strong recent progress in Asia and its early efforts to set national expectations.