

Business and Human Rights Policy
Coordination Office, Minister's Secretariat,
Ministry of Economy, Trade and Industry
1-3-1 Kasumigaseki, Chiyoda-ku,
Tokyo, Japan

Date: 29.08.2022

Consultation on the Japanese draft Guidelines on Respect for Human Rights in Responsible Supply Chains

We refer to the consultation on the draft *Guidelines on Respect for Human Rights in Responsible Supply Chains (the Guidelines)*. We welcome the publication of these Guidelines to promote business practices that respect human rights, and we appreciate the opportunity to provide our perspective.

Norges Bank Investment Management is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with JPY 8.270 trillion invested in equities and JPY 3.247 trillion in fixed income in Japan at the end of 2021.

As a long-term investor with holdings in more than 70 countries, we consider our returns over time to be dependent on sustainable development in economic, environmental, and social terms. The long-term legitimacy of sectors and markets depends, among other things, on operations and products that are ethically acceptable.

We expect all companies to respect human rights. The manner in which companies manage human rights risk may also affect their performance and the fund's returns over time. We believe companies should manage these risks by integrating human rights into their policies and risk management and to report transparently on these efforts.

We welcome the introduction of the Guidelines with the aim of encouraging companies to respect human rights. Our human rights expectations¹ of companies are based on international standards, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We are encouraged to see that your Guidelines promote adherence to these standards, and we believe they will provide valuable guidance for companies. We also appreciate that, aligned with international standards, your Guidelines acknowledge the responsibilities companies have to respect human rights in their own operations as well as their broader value chain.

¹ NBIM's Expectation Document on Human Rights can be found here: <https://www.nbim.no/en/the-fund/responsible-investment/principles/expectations-to-companies/human-rights/>



We welcome the recommendations that companies should establish a human rights policy and that this should obtain management approval. In addition to management commitment, we expect Boards to effectively review the company management's efforts. We would therefore encourage the Guidelines to also reflect the role of the Board in ensuring that a company has a policy to respect human rights and that relevant measures are integrated into corporate strategy, risk management and reporting.

We appreciate that the Guidelines encourage companies to disclose information proactively on their efforts to respect human rights. As a financial investor with holdings in more than 9,000 companies globally, we seek to assess companies' policies and systems to respect human rights. It is therefore essential that companies report on their efforts in a timely and consistent manner. Where possible and relevant, we believe that companies should report metrics that describe their performance and that enable monitoring of progress over time. This can, for example, include the use and effectiveness of their grievance mechanisms, the uptake of their human rights training programmes, and progress on their quantitative targets towards their human rights-related goals.

We believe that companies should base their sustainability reporting on established international frameworks and standards, and that they should take as a starting point the SASB/ISSB² industry standards and the GRI³ standards. It could be useful for the Guidelines to encourage the use of these standards and to provide guidance on how companies can best report on their human rights efforts, including suggested metrics on which to report.

Finally, we note that the Guidelines are voluntary, and we would therefore encourage monitoring their uptake and implementation over time.

We appreciate your willingness to consider our perspective, and we remain at your disposal should you wish to discuss these matters further.

Yours faithfully,

Carine Smith Ihenacho
Chief Governance and Compliance Officer

Wilhelm Mohn
Global Head of Corporate Governance

² Sustainability Accounting Standards Board (SASB) and International Sustainability Standards Board (ISSB).

³ Global Reporting Initiative (GRI).