

Ajinomoto Group
Result of Human Rights Impact Assessment
Sugarcane Molasses in Indonesia

Introduction

The UN Guiding Principles on Business and Human Rights (UNGPs) require business enterprises to fulfil their responsibility to respect human rights. Specifically, business enterprises are required to develop a human rights policy and to establish, operate and continuously implement a human rights due diligence mechanism to identify and assess actual or potential adverse human rights impacts of their business activities and to prevent or mitigate adverse impacts. The UNGPs also require the establishment and operation of grievance mechanisms for a wide range of stakeholders to provide remedies for individual human rights issues not identified in the risk assessment.

Background and Objectives

In promoting human rights due diligence, Ajinomoto Co., Inc. conducts human rights risk assessments by Verisk Maplecroft and Caux Round Table Japan (CRT Japan) in its global business operations. The first assessment was conducted in 2018 and, based on the assessment results, human rights impact assessments were conducted for the seafood processing and poultry industry in Thailand in 2018 and for the sugarcane and coffee industries in Brazil from 2021 to 2022. The second risk assessment was conducted in February 2022. The result identified Indonesia and Vietnam as countries with high human rights risks, and sugarcane and coffee beans as raw materials with high human rights risks. Of these human rights themes which potentially have significant adverse impacts on society, Ajinomoto Co., Inc., together with CRT Japan, decided to conduct a human rights impact assessment on sugarcane in Indonesia, particularly sugarcane molasses, which is procured in large quantities, based on the procurement amount and the Ajinomoto Group's influence. A human rights impact assessment was conducted on February 27th and February 28th, 2023 in the Surabaya region of Indonesia, arranged at a time when the COVID-19 situation had calmed down. The objectives were to visualize the supply chain, to ensure traceability and to identify actual and potential human rights issues through direct dialogues with suppliers in a way that follows the value chain. This was a very important step in identifying actual human rights risks through dialogues. As a third-party organization, CRT Japan supports Ajinomoto Co., Inc. in this UNGPs-based initiative.

Methodology

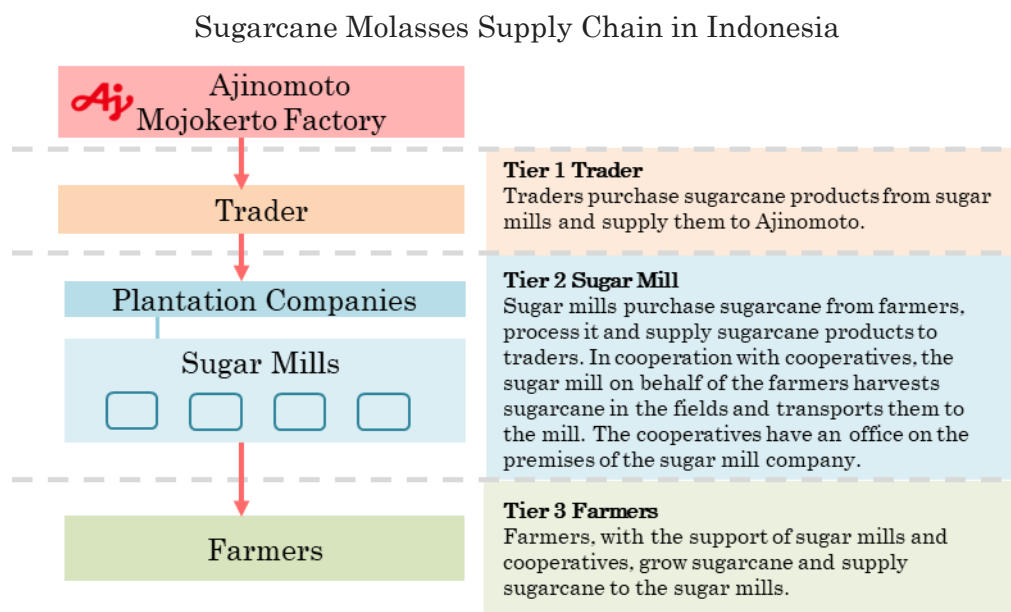
Direct dialogues were conducted over two days on February 27th and February 28th, 2023 with the Ajinomoto Group Mojokerto Factory, with a trader, a tier 1 supplier of sugarcane molasses, with a sugar mill, a tier 2 supplier, and with sugarcane farmers and cooperatives, a tier 3 supplier. To ensure legitimacy, a third-party organization, CRT Japan, conducted the dialogues. Also, to obtain accurate information and ensure a comfortable environment for stakeholders, the dialogues were conducted in Indonesian, their native language. Two interpreters (Indonesian and Japanese languages) were arranged. One was arranged by Ajinomoto Indonesia and the other by CRT Japan to ensure accurate communication and legitimacy of the information.

Early realization of a small success experience

CRT Japan focused on the early establishment of a “UNGP’s-based management system with an external perspective” and the realization of a PDCA cycle at Ajinomoto Co., Inc. to address and improve human rights issues identified in the human rights due diligence and disclose information on the results of monitoring. The idea behind this was that the early realization of this series of initiatives and the sharing of best practices within the group would hopefully provide an opportunity for the group to absorb the knowledge of the UNGP’s and apply it to each business unit.

Groundwork to reach rights-holders

Direct dialogues were conducted with the relevant stakeholders along the upstream supply chain from the Ajinomoto Group Mojokerto Factory to the tier 3 suppliers, sugarcane farmers (see figure below).



As this was the first attempt and the local stakeholders had limited understanding of the UNGP’s, we first communicated respect for human rights to the site managers and

employers at the trader, plantation company (sugar mill), and farmers. Through dialogues, we understood the working and living conditions of factory workers and harvest workers through dialogues. Such an approach is an important step as part of building trusted partnerships with each other to understand respect for human rights and to identify and resolve human rights issues together.

Items Recommended for Future Confirmation from the Human Rights Impact Assessment Result

Items recommended for the future confirmation through dialogues are as follows.

- Drivers at a trader: long working hours during peak season (decent working hours in accordance with the law), presence of a contact point for reporting (freedom of association and collective bargaining)
- Sugar mill workers: long working hours during peak season (decent working hours in accordance with the law and forced labor not complying with the contract)
- Sugarcane harvest workers: appropriate personal protective equipment (appropriateness of occupational health and safety), employment status (forced labor not complying with the contract)

Human Rights Issues in the Supply Chain

Child Labor	There is little concern about employment of child laborers below the legal working age (15 years old). Government-issued ID cards and family cards contain the date of birth, and these are generally used to verify age at the time of employment. In addition, a driver’s license can also be used to verify age. In the sugarcane fields, children do not help work in the fields and they usually attend school. There is a low risk of child labor resulting from children assisting in family work.
Decent Wages	Workers are paid above minimum wage. It can be said that workers are paid decent wages. On the other hand, Indonesia has experienced inflationary pressures in recent years and prices are on the rise. In addition to guaranteeing wages above the minimum wage, it is also important to ensure that workers are earning the living wage necessary to maintain a minimum standard of living.
Decent Working Time	With regular work schedules, workers’ working hours tend to be properly managed by companies to ensure decent working time. On the other hand, due to the nature of sugarcane production, the workload during the harvest season is significantly higher than in other seasons. In particular, sugar mill workers and drivers employed by the trader work long hours during the harvest season. Companies are required to manage working hours in accordance with the law. In addition, from a human rights perspective, it is important to confirm that workers have given their consent to work on weekends and overtime.
Discrimination	Apart from Japanese workers at Ajinomoto Indonesia, no foreign

in the Workplace/ Migrant Workers	workers were confirmed at the suppliers. During the dialogue at the sugar mill, it was confirmed that there was no discrimination based on place of origin. On the other hand, it should be noted that, in general, due to the geographical characteristics of Indonesia, which consists of a large number of islands, the country has citizens with different religious, linguistic, and cultural backgrounds, and there is a possibility that discrimination may occur based on these attributes.
Freedom of Association and Collective Bargaining/ Access to Remedy	Ajinomoto Indonesia has multiple labor unions, which actively communicate with the company and function properly as a mechanism to actively convey workers' voices to the company. At the sugar mill, there are several contact points where workers can raise issues. Sugarcane farmers have cooperatives that represent them and can raise concerns. At the trader, no labor unions or contact points for raising concerns were identified. The UNGPs expect business enterprises to establish effective grievance mechanisms for individuals and communities who may be adversely impacted. It is important to establish a system in which not only regular workers, but also temporary and seasonal workers can raise their voices to the company and to ensure workers' access to remedy.
Forced Labor	Sugarcane harvest season is a peak season and workloads increase significantly for the trader and sugar mill. There is a risk of long working hours. It is recommended to confirm the actual situation of whether they agree to work on weekends and overtime, and whether they are forced to work long hours. In addition, farmers do not have employment contracts. It is also recommended to confirm whether they are being forced to work.
Occupational Health and Safety	Workers at the Mojokerto Factory and sugar mill wear appropriate personal protective equipment and work in a safety-conscious manner. On the other hand, harvest workers arranged by the sugar mill perform harvesting in the sugarcane fields manually. Since these workers work only during the harvest season and were not working during the time of this dialogue, no direct dialogue was conducted this time. It is recommended to confirm the actual working conditions of whether they wear appropriate personal protective equipment and ensure occupational health and safety when handling sharp tools such as sickles, and who they are in an employment relationship with.
Indigenous Peoples' Rights	The question was asked only of sugarcane farmers, with the aim of clarifying the relationship between sugarcane fields and indigenous peoples. The land for the sugarcane fields is the common property of the village and has been inherited and managed by the village for many years. No concerns regarding indigenous peoples, such as land grabbing from indigenous peoples, were identified.

Supply Chain

Cooperation among	In the sugarcane supply chain, the trader, sugar mill, cooperatives, and farmers work together in a series of operations from sugarcane
-------------------	---

suppliers	planting to management, harvesting, and sugar processing. Through cooperation and collaboration, it was understood that they are making efforts to deliver quality products to Ajinomoto Indonesia.
Transparency	The direct dialogues with each stakeholder as part of the traceability enhancement efforts revealed not only the flow of sugarcane products, but also what kind of workers are involved in production at each phase, clarifying the traceability of the supply chain. In particular, the farmer support by the sugar mill and the position of cooperatives were revealed only after dialogues were conducted. The importance of continued dialogue was emphasized. In addition, sugarcane harvest workers and drivers who transport sugarcane, which were not interviewed this time, are seasonal workers who work only during the harvest season.
Group Supply Chain Management	Regarding the widespread awareness of the Ajinomoto Group Policies, including the Group Shared Policy on Human Rights, which mentions about supply chain, Ajinomoto Indonesia includes the Ajinomoto Group Policies in its contracts with suppliers, and includes the prohibition of child labor and forced labor in the terms and conditions, thereby encouraging suppliers to support the policy. Ajinomoto Indonesia also regularly communicates with suppliers after entering into contracts.

Toward the future

[Improve information disclosure] Improve information disclosure on activities to respect human rights in the supply chain from the perspective of “business and human rights,” including group policies such as Group Shared Policy on Human Rights and an explanation of how these policies are applied to procurement activities in Japan and overseas.

[Conduct human rights impact assessments on a regular basis] Through direct dialogues such as this impact assessment, identify human rights risks related to rights-holders, including suppliers and contractors, especially vulnerable workers, and conduct assessments of their actual working and living conditions on a regular basis. At the same time, raise suppliers’ awareness of respect for human rights and mitigate human rights risks through initiatives for suppliers regarding respect for human rights.

[Conduct continued dialogue] In this assessment, we first communicated respect for human rights to the site managers and employers at the trader, plantation company (sugar mill), and farmers, and understood the working and living conditions of factory workers and harvest workers through dialogues. However, the actual working situations related to trader drivers (human rights risks related to long working hours), sugarcane farmers (human rights risks related to employment contracts and

environmental risks related to burning of waste), as well as harvest workers (with who they have employment relationship) are not yet fully understood. As part of efforts to further enhance traceability, it is essential to hold continued dialogues to understand the actual working and living conditions. Early identification of the actual situation enables Ajinomoto Co., Inc. to take countermeasures as necessary, and is effective in preventing potential risks from becoming apparent.

[Supply chain management] From the dialogues, it was confirmed that workers in the supply chain have a positive brand image of the Ajinomoto Group. We expect Ajinomoto Group uses its great influence to build trust with stakeholders (rights-holders) and shares information as best practices to leverage and further promote respect for human rights in the supply chain.

Hiroshi Ishida
Executive Director, Caux Round Table Japan

References

1. Dialogue Questionnaires

For dialogues with Ajinomoto Mojokerto Factory, trader, and sugar and mill

#	Questions	Child Labor	Decent Wages	Decent Working Time	Discrimination in the Workplace	Freedom of Association and Collective Bargaining	Migrant Workers	Forced Labor	Occupational Health and Safety	Access to Remedy
1	What is the youngest age of the workers at your site (regardless of whether they are directly or indirectly employed)?	x								
2	How do you verify the age of workers at your site?	x								
3	Do you use third-party agencies for employment at your site, and if yes, how do you ensure that ethical brokerage practices are in place?	x						x		
4	Do you have a written employment contract in a language a worker understands upon commencement of work?						x			
5	How are wages paid at your site? Is it paid on a daily basis, hourly, or otherwise? If so, do you make sure they are above the minimum wage set by the government?		x				x			
6	Do workers get paid directly on the payday as specified in the employment contract? Do they get their working hours and breaks as specified?		x	x						
7	How many hours do they work each day?			x						
8	Is any discrimination observed in the workplace?				x		x			
9	Can workers form labor unions or can worker representatives bring workers' voices to management?					x				
10	Are explanations and training on hazardous work, etc. provided before work begins? For migrant workers, are they conducted in a language that the migrant workers understand?						x		x	
11	Are all workers provided with the appropriate protective equipment for the nature of their work? What type of personal protective equipment is it? Have there been any accidents? If so, please tell us about the number of casualties there, broken down into Indonesian/migrant workers.								x	
12	Do workers have a point of contact to raise any complaints or improvements?									x

For sugarcane farmers

#	Questions	Child Labor	Decent Wages	Decent Working Time	Discrimination in the Workplace	Freedom of Association and Collective Bargaining	Migrant Workers	Forced Labor	Occupational Health and Safety	Access to Remedy	Indigenous Peoples' Rights
1	Does your child help with work? Does your child ever take time off school to help with work?	x									
2	Who owns the sugar cane fields? Is it your private property?										x
3	Does your sugarcane field employ anyone? Do you have a written employment contract in a language a worker understands upon commencement of work?	x					x	x			
4	How are wages paid to workers? Is it paid on a daily basis, hourly, or otherwise? If so, do you make sure they are above the minimum wage set by the government?		x				x				
5	Are the wages sufficient for a living? Do you grow crops other than sugarcane?		x								
6	Do workers get paid directly on the payday as specified in the employment contract? Do they get their working hours and breaks as specified?		x	x							
7	How many hours do you work each day?			x							
8	Is any discrimination observed?				x						
9	Who do you talk to when you have concerns? Is there any cooperative?					x				x	
10	Have you experienced any hazards while working in the sugarcane fields? Is the work done manually or with machinery?								x		
11	Is appropriate personal protective equipment used during the work to protect yourself? What personal protective equipment is it? Have there been any accidents?								x		
12	Do you belong to any indigenous tribe?										x
13	Are there schools and hospitals in the area around the sugarcane fields?										

2. Dialogues

Mojokerto Factory



Trader



Sugar mill and cooperatives



Sugarcane farmers



CAUX
ROUND
TABLE

3. Environment around Sugarcane Fields

(1) Elementary school. Children of sugarcane farmers attend this elementary school. There is a store nearby that sells daily necessities.



(2) Vocational high school



(3) Clinic. Public hospitals and clinics provide medical care and are covered by the national health insurance BPJS.

