

Spotlight on Japan: Comparative Developments in Business and Human Rights Regulations

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SPOTLIGHT ON JAPAN

This blog is part of our [Spotlight on Japan series](#), featuring blogs written by our current Japanese legal trainees—bengoshi who have completed U.S. LLM programs and are now training with Winston & Strawn LLP as part of their professional development. These blogs offer unique insights into cross-border legal practice through the lens of rising Japanese legal talent. They reflect not only the trainees’ curiosity and capabilities but also Winston’s deep commitment to nurturing global legal exchange.

In recent years, the international community has increasingly focused on the importance of respecting human rights in corporate activities. This trend was driven in part by the United Nations’ adoption of the *Guiding Principles on Business and Human Rights* (UNGPs) in 2011, which accelerated the global movement towards holding companies accountable for human rights violations. Companies are increasingly being held responsible for human rights abuses within their own operations and across their supply chains, including with respect to excessive working hours, forced labor, child labor, harassment, discrimination, and non-payment. This blog provides an overview of recent developments in Europe, the United States, and Japan.

EUROPE: STRONG PUSH THROUGH LEGALIZATION

Europe has taken the most significant steps in the field of business and human rights, with companies facing legal obligations to drive meaningful changes in corporate behavior rather than simply efforts aimed at encouraging voluntary corporate initiatives.

The EU’s Corporate Sustainability Due Diligence Directive (CSDDD), which entered into force in 2024, imposes a legal obligation on certain large companies to conduct human rights and environmental due diligence. Specifically, the CSDDD applies to the following categories of companies:

COMPANY
TYPE ^[1].

THRESHOLDS

| | |
|-------------------------|---|
| EU companies | EU-based limited liability companies and partnerships with at least 1,000 employees and at least €450 million in net worldwide turnover . |
| Non-EU companies | Companies based outside the EU with at least €450 million in net turnover within the EU . |

These thresholds are designed to target companies with the greatest potential impact, while limiting the regulatory burden on smaller businesses. These companies will be required to identify and address potential and actual adverse impacts to human rights in their own operations, their subsidiaries and, where related to their value chain(s), those of their business partners.

In addition, at the national level, countries such as Germany have implemented proactive legislation, such as the Supply Chain Due Diligence Act (LkSG). The LkSG, which came into force in 2023, imposes certain due diligence obligations on companies to identify, prevent, and minimize risks of human rights violations within their own business areas as well as actions of contractual partners and suppliers. Noncompliance can lead to administrative fines.

UNITED STATES: FOCUS ON SANCTIONS AND IMPORT REGULATIONS

In contrast, the United States has actively employed sanctions and trade regulations as measures to address human rights violations, including forced labor. In particular, the Uyghur Forced Labor Prevention Act (UFLPA), which came into force in 2021, establishes a rebuttable presumption that goods originating from certain regions were produced using forced labor, thereby placing the burden on companies to disprove such allegations. Although the UFLPA was enacted under and actively enforced by the Biden Administration—resulting in detention of billions of dollars’ worth of imports—the current Trump Administration has not clearly indicated how it will approach enforcement. While some officials support strict measures, internal divisions and commercial interests linked to China make the administration’s stance uncertain. Increased enforcement remains possible, but its extent is yet to be seen.

JAPAN: FROM VOLUNTARY INITIATIVES TO INSTITUTIONAL DEVELOPMENT

In Japan, the government adopted the National Action Plan on Business and Human Rights (NAP) in 2020, and the Ministry of Economy, Trade and Industry issued the *Guidelines on Respecting Human Rights in Responsible Supply Chains* in 2022. However, there are currently no legally binding regulations that require companies to conduct human rights due diligence. Efforts remain largely voluntary at this stage.

Nonetheless, given the regulatory gap with Europe and the United States, as well as the broader global trend toward strengthening supply chain management, discussions on potential future legislation in Japan are expected to intensify. A growing number of Japanese companies have started to take steps to incorporate human rights due diligence into their business practices, particularly in response to increasing international expectations.

COMPARISON AND FUTURE CHALLENGES

Europe seeks to transform corporate behavior through binding legal measures, while the United States takes an external pressure approach through sanctions and regulatory enforcement. Japan, although increasingly conscious of international trends, continues to emphasize voluntary corporate efforts. For multinational companies, this patchwork means that flexible responses tailored to different regulatory environments are essential, as is the urgent need to build robust global human rights compliance frameworks.

Companies must manage not only compliance risks arising from these regulations, but also reputational risks that could significantly impact their corporate value. As global regulatory expectations continue to evolve, many companies are beginning to review their internal policies, supplier contracts, and risk management systems to ensure consistency with emerging legal standards and changing expectations of corporate social responsibility. It is

becoming increasingly important to monitor developments beyond jurisdictional boundaries and take a proactive approach to human rights due diligence.

Rie Isoi contributed to this blog post. Rie is an associate at TMI Associates, one of Japan's largest law firms. Headquartered in Tokyo, TMI Associates was founded in 1990 by ten intellectual property specialists and has grown to include over 720 attorneys, patent attorneys, and foreign lawyers operating across Japan and internationally. The firm is renowned for its work in intellectual property, corporate and M&A, litigation and arbitration, banking and finance, antitrust and competition, and labor and employment law.

Rie's practice focuses on business and human rights, data privacy and security, as well as international trade and export control matters. Rie earned an LLM from Columbia Law School in 2024 and then interned at the United Nations Office for Disarmament Affairs, focusing on conventional arms control and disarmament issues.

[1] The CSDDD will also apply to companies with franchising or licensing agreements in the EU ensuring a common corporate identity with worldwide turnover over €80 million provided at least €22.5 million was generated by royalties.

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