



Joint Statement: UNIQLO and Labour Rights: the Continuing Investigation into Working Conditions at Factories in China

March 25, 2016

**Students & Scholars Against Corporate Misbehaviour
Human Rights Now
Labour Action China**

In our continuing efforts to monitor and expose human rights violations in Asia, and our specific investigation into the working conditions of some Chinese suppliers for UNIQLO, Human Rights Now (HRN), Students & Scholars Against Corporate Misbehaviour (SACOM), and Labour Action China (LAC) are issuing this joint statement.

Background

On January 2015 SACOM, in association with Tokyo-based human rights organization HRN and LAC, a Hong Kong-based labour organisation addressing labour rights in China, released an investigative report on the working conditions of two Chinese suppliers for UNIQLO (hereinafter the first investigative report).¹ This report, as well as press conferences held in Tokyo, exposed a series of labour rights violations as well as harsh working conditions at the investigated UNIQLO suppliers in China. As a follow up, SACOM conducted further investigations and published its findings in its report, “Unveiling The Labour Rights Violations — The Second Investigative Report on UNIQLO’s Suppliers in China ” in February of 2016.² Independently of SACOM, HRN requested response from FAST RETAILING CO., LTD (hereafter, FR) to issues that HRN considered especially urgent in an open letter, “Questions and Requests on the Improvement of Working Conditions at Fast Retailing’s Contractor and Subcontractor Factories”, dated November 6, 2015 (hereafter Open Letter).³

¹ <http://hrn.or.jp/eng/news/2015/01/12/investigative-report-on-the-working-conditions-in-uniqlos-china-suppliers/>

² <http://sacom.hk/uniqlorevisit/>

³ <http://hrn.or.jp/eng/news/2015/12/22/questions-and-requests-on-the-improvement-of-working-conditions-at-fast-retailings-contractor-and-subcontractor-factories/>

Workers in the factory of Pacific Textiles Ltd. (hereafter, the Pacific Factory) Exposed to Potential Health Risks from Hazardous Chemicals and Insufficient Training

Based on the first investigative report released in 2015, the results of the industrial wastewater examination conducted by the authorities, and workers' interviews conducted in the follow-up investigation, we have confirmed that harmful chemicals are being used in the production procedures in the Pacific Factory. However, FR has declined HRN's request in the Open Letter to disclose the names of chemical materials found in the Pacific Factory on the basis that these are company secrets.⁴ Furthermore, FR did not provide details on the management of chemical materials nor how such materials are being handled, despite HRN's request in the Open Letter. FR explained that it submits the list of chemical materials to the relevant Chinese authorities and that the procedures are in place to notify workers in relation to the chemical materials being used at the factories.⁵

According to FR, "the following information is displayed in each production unit: chemical substances used and warnings; such as what kinds of hazardous chemical substances are used on production lines, and the required protection gear."⁶ FR also stated that "before workers are assigned to production lines, the factory conducts training with them on each hazardous substance and the danger, as well as notes on using protective gear at the Pacific Factory."⁷ FR explained that it "had started discussions with the factory regarding the need to review the contents of the trainings and the issue of how to raise and spread awareness on the production lines. It is expected that the review of the content of training as well as the implementation of a new training system will be completed by the end of February 2016."⁸

However, FR's claim that the workers were properly informed and protected remains unsubstantiated by the workers themselves at the Pacific Factory, who were interviewed by SACOM. SACOM's interviews with the workers in October of 2015, which was after the release of FR's CSR Action in July, 2015⁹, revealed that workers were still exposed to harmful chemicals without receiving sufficient and appropriate pre-service training. Because these workers lack knowledge and awareness of workplace health and safety and are at the same time required to meet a high productivity target, the implementation of protective measures FR claims to have installed in the workplace are insufficient. As an example, a worker who has worked in the dyeing department of the Pacific Factory for two

⁴ <http://hrn.or.jp/eng/wp-content/uploads/2016/03/Response-from-FAST-RETAILINGEnglish.pdf>. Translation by Human Rights Now. For the original document see <http://hrn.or.jp/wphn/wp-content/uploads/2016/01/c07245791c2487a5b1395b953e9a25e4.pdf>

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ <https://www.fastretailing.com/eng/csr/news/1507311700.html>

years told SACOM that he is not clear on the negative health effects of the chemicals. Although protective equipment was provided in certain procedures, as he had to repeat the same procedure many times in a day and found the protective equipment inconvenient to work in, he seldom wore it. Workers in the knitting and dyeing department also reported that they seldom wear masks because of high temperature, lack of ventilation and discomfort. Furthermore, workers in the dying department reported itchy and irritated skin after work, together with an uncomfortable foul smell during working hours. These examples show that because of the lack of awareness of potential occupational hazards, workers often fail to use protective equipment properly and their health remains threatened.

Given the potential adverse health impacts for the workers of chemical materials used in factories, HRN, SACOM and LAC would once again urge FR, in line with its emphases on transparency and “right to know”, to release information on which chemical materials are used at its supplier factories and how they are managed.

According to the response from FR issued on January 6, 2016, FR states that it “started discussions with the factory regarding the need to review the contents of the trainings and the issue of how to raise and spread awareness on the production lines. It is expected that the review of the content of training as well as the implementation of a new training system will be completed by the end of February 2016.”¹⁰

Furthermore, HRN, SACOM, and LAC request FR to ensure that the health of all workers at relevant production sites is adequately protected by properly informing them of the chemicals used on site and the possible health effects of such chemicals, and providing workers who handle chemicals with comprehensive pre-service and in-service training on working with chemical substances.

Auditing and Progress in the Improvement of Overtime Work

On January 6 2016, FR responded to HRN’s request in the Open Letter for further disclosure of information and the implementation of measures to improve overtime practices. FR stated that it has “achieved a decrease in the overtime hours compared with the beginning of January 2015 by hiring additional staff, implementing days off and increasing break times.”¹¹ FR also stated that it “would continue to monitor the situation through site visit inspections once every three months”.¹²

HRN, SACOM and LAC appreciate FR’s efforts to monitor and improve the overtime working practices in its supplier factories. However, based on SACOM’s interviews conducted in October 2015

¹⁰ <http://hrn.or.jp/eng/wp-content/uploads/2016/03/Response-from-FAST-RETAILINGEnglish.pdf>.

Translation by Human Rights Now. For the original document see <http://hrn.or.jp/wpHN/wp-content/uploads/2016/01/c07245791c2487a5b1395b953e9a25e4.pdf>

¹¹ *Id.*

¹² *Id.*

with 40 workers in the Pacific Factory and the Tomwell Factory¹³, factory workers seem to have worked approximately 100 and 80 hours overtime per month respectively.¹⁴ However, more stringent action is required to ensure that workers are not pushed into working overtime and receive sufficient breaks. In order to achieve fundamental improvements it is important to guarantee a decent living wage by raising the basic wage, in which case the workers wouldn't have to rely on overtime pay to make a living.

Guarantee of a Decent Living Wage

HRN and SACOM had requested FR to provide a guarantee of a decent living wage, which means wages sufficient for workers to meet their normal living expenses. In its written response issued on January 6, 2016, FR failed to provide a substantive and convincing response to this request, although FR stated that it is closely examining more reasonable methodology and standards to determine what constitutes a decent living wage within FLA (Fair Labour Association) framework.

Once again, while other global companies announce, develop and implement an action plan to guarantee living wages, FR continues to evade the issue. Interviews with the workers by SACOM revealed that one of the reasons that workers are pushed to work overtime is due to their low basic wages. The basic wages in factories are so low that in order to receive a decent income, workers are pushed to rely on overtime pay. A decent living wage is a basic worker's right and we would strongly urge FR to adopt a comprehensive and satisfactory corporate policy to address this urgent issue

The Disclosure of the List of Suppliers

Although HRN requested in the Open Letter to disclose a list of suppliers, FR declined the request in its response issued on January 6, 2016 on the basis that FR considers the private information of our business partners to be important confidential information in its business. FR instead referred to its CSR report and website and stated that it appropriately discloses information regarding its production activities.¹⁵ However, these disclosures of information do not allow for a substantive chain of social responsibility to be established through the production line. Other global brands such as Hennes & Mauritz AB (H&M) and Adidas AG (Adidas) do disclose their lists of suppliers. FR operates in

¹³ 20 workers from dyeing, quality control, and knitting departments of Pacific as well as 20 workers from cutting and sewing departments of Tomwell.

¹⁴ Workers from different departments in Pacific reported that they worked for 10.5 hours per day after deducting one-and-a-half-hour meal break, and took turns to have a day off after working for 6 or 7 days. Thus the total overtime hours worked add up to around 90 to 100 hours per person per month. Likewise, workers in Tomwell reported they work two hours of overtime on Mondays, Wednesdays and Fridays; three hours of overtime on Tuesdays and Thursdays; and work for eight hours on Saturdays. Thus the overtime hours in Tomwell would be approximately 80 hours in total.

¹⁵ <http://hrn.or.jp/wpHN/wp-content/uploads/2016/01/c07245791c2487a5b1395b953e9a25e4.pdf>. For English translation see <http://hrn.or.jp/eng/wp-content/uploads/2016/03/Response-from-FAST-RETAILINGEnglish.pdf>.

similar market as such clothing companies and it is regrettable that it has failed to provide similar transparency in its supply chain.

Conclusion

HRN, SACOM and LAC once again call on FR to address the issues identified above, as they directly impact workers' wellbeing and livelihoods. We will continue to monitor FR's policies and actions and hope to continue providing constructive investigative findings and proposals to ensure that corporate practices are based on the United Nations Guiding Principles for Business and Human Rights. Also, we request FR to publish its action plan and that the implementation progress be made public.