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Japan Uyghur Association

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Japanese Companies' Links to Forced Labor in Xinjiang Uyghur Autonomous Region and Corporate Responsibility¹

Human Rights Now
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We are greatly concerned that Japanese companies have not yet taken sufficient measures to completely eliminate the possibility that they are involved through their supply chains in the Chinese government's mass detention, abuse, forced labor, and destruction of Muslim culture in Xinjiang Uyghur Autonomous Region. It has also been revealed that under the Chinese government's "Strike Hard Campaign against Violent Extremism," there are serious and widespread abuses and violations of basic human rights such as freedom of expression, association and privacy and freedom from torture and inhumane treatment, forced labor, unfair trial, discrimination, and violations of minority rights.

In the report "Japanese Companies' Links to Forced Labor in Xinjiang Uyghur Autonomous Region" dated 28 August 2020,² we proposed that companies should fulfill their responsibilities in accordance with The UN Guiding Principles on Business and Human Rights ("Guiding Principles")³ in response to forced labor, which is a serious human rights violation, referred to in the report, "Uyghurs for sale: 'Re-education', forced labour and surveillance beyond Xinjiang" by the Australian Strategic Policy Institute (ASPI).⁴ Based on the Guiding Principles, Japanese companies are required to conduct human rights due diligence covering their supply chains and value chains, not only in cases where their business activities cause human rights violations, but also in cases where they may be involved in or contribute to human rights violations, or where their business, products or services directly link to business partners which violate human rights. When human rights violations are identified, the companies must encourage their business partners to prevent or mitigate such human rights violations,

¹ This is a translation of the Japanese version released on 8 Apr. 2021, available at <https://hrn.or.jp/news/19754/>.

² The English version of the report was released on 7 December 2020. "Japanese Companies' Links to Forced Labor in Xinjiang Uyghur Autonomous Region", HRN, 7 Dec. 2020, <https://hrn.or.jp/eng/news/2020/12/07/statement-on-japanese-companies-and-forced-labor-in-xinjiang/>.

³ "Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework", <https://www.mofa.go.jp/files/000055037.pdf>.

⁴ Xu, *et al*, "Uyghurs for sale, 'Re-education', forced labor and surveillance beyond Xinjiang", ASPI, 1 Mar. 2020, https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2020-06/Uyghurs%20for%20sale-05JUN20.pdf?gLf8LmxiW_bfX8GZigtHpA9dcK30=.

including providing remedies for such violations. Therefore, an immediate suspension of business transactions is inherently contrary to the purpose of the Guiding Principles. However, the human rights violations in this case are state-sponsored, and it is extremely difficult to prevent, mitigate, and remedy such violations, as companies' involvement is already complicit in and encourages human rights violations.

So far, Patagonia,⁵ H&M⁶ and IKEA⁷ have announced that they will stop sourcing materials and purchasing cotton from Xinjiang in their supply chains. The Better Cotton Initiative (BCI), an international NGO promoting sustainable cotton cultivation, has announced that it will suspend licensing products from the area in October 2020 due to concerns over the human rights violations.^{8,9}

The governments of various countries have also taken tough measures against the Chinese government and companies, imposing a series of sanctions since 2020 in relation to this matter as follows.

22 May 2020	U.S. government imposes a <i>de facto</i> embargo on a total of 33 Chinese government-affiliated organizations and companies (added to the Entity list). ^{10,11}
20 June 2020	U.S. government imposes a <i>de facto</i> embargo on a total of 11 Chinese companies.
9 August 2020	U.S. government imposes an embargo on cotton and cotton products from Xinjiang Uyghur Autonomous Region.
30 November 2020	U.S. government imposes an embargo on the products of the Xinjiang Production and Construction Corps (XPCC), China's largest group that produces cotton products in Xinjiang Uyghur Autonomous Region.
13 January 2021	Canadian government announces comprehensive trade regulations for commercial activities.
13 January 2021	U.S. government imposes an embargo on cotton, tomatoes and related products from Xinjiang Uyghur Autonomous Region.
22 March 2021	U.S. Department of the Treasury designates two Chinese officials as Specially Designated Nationals (SDN) subject to sanctions. ¹²
22 March 2021	The EU adopts sanctions against Chinese officials, freezing their assets in the EU and banning them from traveling to the region for the first time in nearly 30 years. ¹³

⁵“Update: Patagonia Statement on Xinjiang”, Patagonia works, 23 July 2020,

<http://www.patagoniaworks.com/press/2020/7/23/update-patagonia-statement-on-xinjiang>.

⁶“Kyōsei-rōdō’ giwaku maguri, H&M chūgoku gyōsha to no torihiki uchikiri e”, AFPBB, 16 Sep. 2020

<https://www.afpbb.com/articles/-/3304839> (Japanese).

⁷“General Statement”, IKEA of Sweden AB, <http://preview.thenewsmarket.com/Previews/IKEA/DocumentAssets/566626.pdf>.

⁸ Afanasieva, “Breakingviews - Fashion can bear the costs of virtue cotton”, Reuters, 27 Aug. 2020,

<https://www.reuters.com/article/us-britain-cotton-china-breakingviews-idUSKBN25L18Z>.

⁹ However, in March 2021, the BCI's China office claimed that there was no evidence of forced labor taking place.

Reference: Xin, et al, “GT investigates: Why does BCI cut own limbs to ban Xinjiang cotton?”, Global Times, 25 Mar. 2020,

<https://www.globaltimes.cn/page/202103/1219417.shtml>.

¹⁰ A list of individuals and companies that the U.S. Department of Commerce's Bureau of Industry and Security identified as being contrary to U.S. national security or foreign policy interests or as being of concern for the proliferation of weapons of mass destruction.

¹¹ “Bei, chūgoku 33-dantai-kigyō ni kin’yu-seisai uiguru dan’atsu ya heiki chōtatsu”, Jiji. com, 23 May 2020,

<https://www.jiji.com/jc/article?k=2020052300224&g=int>.

¹² Isobe, “Bei-zaimushō, jinken-shingai riyū ni chūgoku kambu wo seisai-taishō ni, bei-chū-kōkan-kaidan chokugo ni hatsudō”, JETRO, 23 Mar. 2021, <https://www.jetro.go.jp/biznews/2021/03/508277bb651c64bb.html>.

¹³ Iwama, “EU, 30-nen buri taichū-seisai kettei uiguru jinken-mondai

de”, Nikkei, 22 Mar. 2020, <https://www.nikkei.com/article/DGXZQOGR2204T0S1A320C2000000/>.

22 March 2021	UK government imposes sanctions on Chinese officials, including an asset freeze and a travel ban in the UK. ¹⁴
22 March 2021	Canadian government imposes sanctions on Chinese officials, including an asset freeze and a travel ban in Canada. ¹⁵

Also, for example, in January 2021 SKL Kommentus Inköpscentral, which is run by the Council of Municipalities in Sweden and conducts public procurement consulting and social audits for municipalities, sent a letter to request that public procurement suppliers, including their business partners and factories, conduct human rights due diligence in Xinjiang and report them. Also, they asked the suppliers to cut off transactions unless there is credible evidence that they are not complicit in forced labor and can conclude that they do not have a connection to forced labor. If any of the following are identified: 1) manufacturers with production facilities in Xinjiang; 2) manufacturers that employ Xinjiang workers dispatched by the government to work outside of Xinjiang; or 3) manufacturers that procure fabrics, yarns, cotton, or other materials produced in Xinjiang, it is assumed that there is a connection to forced labor.¹⁶

In addition, on 29 March 2021, a statement was issued by several UN experts, including the UN Working Group on Business and Human Rights, expressing deep concern over the detention and forced labor in Xinjiang Uyghur Autonomous Region.¹⁷ Dante Pesce, a member of the Working Group, stated "Uyghur workers have allegedly been forcibly employed in low-skilled, labor-intensive industries, such as agribusiness, textile and garment, automotive and technological sectors" and

while the Government of China justifies its actions relating to the treatment of Uyghurs by combatting terrorism and violent extremism, poverty alleviation or development purposes, we nevertheless respectfully urge the Government to immediately cease any such measures that are not fully compliant with international law, norms and standards relating to human rights, including the rights of minorities.

Also, Surya Deva, Vice Chairperson of the Working Group stated that companies must be proactive in their efforts to conduct due diligence as

many businesses are also implicated in these allegations, either directly or through their supply chains. Businesses must not turn a blind eye to this and must conduct meaningful human rights due diligence in line with the UN Guiding Principles to identify, prevent, mitigate and account for human rights abuses caused, contributed to or directly linked to their operations, products or services in Xinjiang and in other Chinese provinces.

The reason why governments, companies and organizations are taking such severe measures such as sanctions and suspension of transactions is that it is already clear that forced labor is widespread in Xinjiang Uyghur Autonomous Region, but it cannot be easily recognized by third party audits with available evidence. In light of this fact, it is recognized that having economic ties with the region itself is a serious human rights risk. In order for companies to fulfill their responsibility to respect human rights,

¹⁴ Ikeuchi, et al, "Bei ei kanada mo taichū-seisai uiguru-mondai de EU to ashinami", Nikkei, 23 Mar. 2021, <https://www.nikkei.com/article/DGXZQOQN22C1H0S1A320C2000000/>.

¹⁵ *Id.*

¹⁶ "Swedish public procurers engage suppliers to take measures against possible links to Uyghur forced labor", Business & Human Rights Resource Centre, 25 Jan. 2021, <https://www.business-humanrights.org/en/latest-news/swedish-public-procurers-engage-suppliers-to-take-measures-against-possible-links-to-uyghur-forced-labour/>.

¹⁷ OHCHR, "China: UN experts deeply concerned by alleged detention, forced labour of Uyghurs" 29 Mar. 2021, <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=26957&LangID=E>.

they should cease trading as long as there is such a link to the companies' supply chains and value chains and forced labor is undeniable.

We conducted a follow-up survey on the subsequent activities of the companies mentioned in the ASPI report. At the same time, we investigated business relationships between Japanese companies and the suppliers mentioned in the ASPI report and subject to the *de facto* embargo by the U.S. government.

As a result, as shown below, at least based on the information currently available, links between Japanese companies and organizations and forced labor in Xinjiang Uyghur Autonomous Region are strongly suspected, and the companies must take serious accountability for them in this regard. In October 2020, the Japanese government announced the "Action Plan on Business and Human Rights (2020-2025)"¹⁸ and set "efforts in domestic and international supply chains and promotion of human rights due diligence based on the Guiding Principles" as government initiatives to promote corporate responsibility to respect human rights. In addition, the statement of expectation from the government to companies was that the companies would adopt the process of human rights due diligence. Thus, in this case, governmental support for the fulfillment of corporate responsibility to respect human rights is also necessary.

Based on the above, we make the following recommendations to companies and organizations.

Recommendations

1. The Japanese companies and organizations identified in the following list should clarify their business relationships with the suppliers linked to forced labor, and they should be accountable to them.
2. If such business relationships are still ongoing at this time, the companies and organizations should immediately terminate the relationships unless the possibility of forced labor discussed in the report can be ruled out clearly.
3. The companies and organizations should formulate corrective measures against forced labor and measures to prevent its recurrence and publicly disclose them.

¹⁸ Inter-Ministerial Committee for Japan's National Action Plan, "National Action Plan on Business and Human Rights (2020-2025)", Oct. 2020, <https://www.mofa.go.jp/mofaj/files/100104121.pdf>.

Table 1: Uyghur Forced Labor and Japanese Companies' Involvement (Excerpt from the ASPI report)

No.	Place of origin (Uyghur place name)	No. of people transferred	Period of transfer	Chinese factories involved		International brands supplied by factory
				Company name	Address	
1	Nilka county, Ili Kazakh Autonomous Prefecture	390	2014-2018	KTK Group (今創控股集团)	Changzhou, Jiangsu	Alstom, Bombardier, CRRC, <u>Hitachi</u> , Siemens.
		551	2019	※Also known as Jiangsu Jinchuang Group		
2	Lop, Hotan Prefecture	1200	2017	O-Film Technology Co. Ltd. (欧菲光科技股份有限公司)	Shenzhen	Acer, ASUS, Amazon, BAIC Motor, Changan Automobile, Dell, GAC Group (automobiles), Geely Auto, General Motors, HP, HTC, Huawei, Lenovo, LG, Meizu, Microsoft, Oppo, SAIC Motor, Samsung, SGMW, <u>Sony</u> , Vivo, Xiaomi, ZTE, Apple.
3	Hotan Prefecture	2048	2017-2018	Youngor Textile Holdings Co. Ltd (雅戈尔色纺科技公司) ※A subsidiary of Youngor Group Co. Ltd. (雅戈尔集团股份有限公司) ※Youngor also owns a number of subsidiaries and factories in Xinjiang	Hefei, Anhui	Cerruti 1881, Zegna, Hart Schaffner Marx and Mayor. ※Youngor's Xinjiang company claims to supply ; Calvin Klein, Gap, Jack & Jones, Lacoste, L.L.Bean, Marks & Spencer, Polo Ralph Lauren, Tommy Hilfiger, and <u>Uniqlo</u> .
4	Guma County, Hotan Prefecture	500	2017	Hefei Fuying Photoelectric Co. Ltd (合肥福映光电有限公司)	Hefei, Anhui	LG Display and <u>Japan Display Inc.</u> Dell, Lenovo, Samsung and <u>Sony</u> . BMW, Jaguar, Land Rover, Mercedes-Benz, Volkswagen, Huawei, Apple.
		544	2018	※Highbroad Advanced Material (Hefei) Co. Ltd. (翰博高新材料(合肥)股份有限公司)の子会社 ※A subsidiary of Highbroad Advanced Material (Hefei) Co. Ltd. (翰博高新材料(合肥)股份有限公司)		

5	Keriya county, Hotan Prefecture	105	2018	Hubei Yihong Precision Manufacturing Co. Ltd. (湖北奕宏精密制造有限公司) ※Dongguan Yidong Electronic Co. Ltd. (东莞市奕東電子有限公司)の子会社 ※A subsidiary of Dongguan Yidong Electronic Co. Ltd. (东莞市奕东电子有限公司)	Xianning, Hubei province	They supply directly to: BYD, Goertek, <u>Mitsumi</u> , <u>TDK</u> , <u>Toshiba</u> , BOE and <u>Kyocera</u> . Their end customers include: Amazon, Apple, Cisco, General Electric, Google, Haier, HP, Huawei, Microsoft, <u>Mitsubishi</u> , <u>Nintendo</u> , Oculus, Oppo, <u>Panasonic</u> , Samsung, Siemens, <u>Sony</u> , and ZTE
6	Awat county, Aksu Prefecture	1554	2018	Sichuan Mianyang Jingweida Technology Co. Ltd. (四川錦陽經緯達科技有限公司)	Mianyang, Sichuan	Dell, Foxconn, Hisense, HP, Huawei, <u>Sharp</u> , <u>Toshiba</u> , ZTE, Bosch.
7	All over Uygur Autonomous Region	560	2019	Foxconn Technology ※a Taiwanese company	Zhengzhou, Henan province	Amazon, Apple, Dell, Google, HP, Huawei, Microsoft, <u>Nintendo</u> , <u>Sony</u> , Xiaomi, Nokia and <u>Sharp</u> .
8	Shule County, Kashgar Prefecture	1000	2017-2018	Qingdao Jifa Huajin Garment Co. Ltd. (青島即發華錦服裝有限公司) ※Part of the Qingdao Jifa Group (青島即發集團)	Qingdao, Shandong	Abercrombie & Fitch, Adidas, Decathlon, Nike, <u>Uniqlo</u> , Carrefour, Gap, Walmart, Abercrombie & Fitch.
9	Mongolküre county, Ili Kazakh Autonomous Prefecture	34	2017-2019	Changji Esquel Textile Co. Ltd. (溢達紡織有限公司)	Changji, Xinjiang	Amazon, Apple, Banana Republic, Brooks Brothers, Calvin Klein, Charles Tyrwhitt, Fila, Giordano, Hazzys, Hugo Boss, J. Crew, Jack & Jones, Jos. A. Bank, Lacoste, Land's End, Li-Ning, <u>Muji</u> , Nautica, Nike, Patagonia, Ralph Lauren, <u>Shimamura</u> and Tommy Hilfiger.

Note: The Chinese companies in bold (No.1, 2, 9) are embargoed by the U.S. government due to human rights violations against Uyghurs.

Table 2: Responses of Japanese companies accused of involvement in forced labor in the ASPI report and our evaluation

No.	Company name	Responses	Evaluation	
1	Hitachi, Ltd.	We have conducted SA8000 audits for the suppliers pointed out in the report by a third party based on the international standard. As a result, we identified no issues such as forced labor or child labor. However, when we audited the suppliers, we found that there are some areas that need improvement. With the consent of the suppliers, we requested improvements.	Conducted third-party audits	We think that the positive attitude toward this issue itself is commendable.
2	Sony Corporation	As a result of the investigation, we identified no direct business partners of Sony in Xinjiang Uygur Autonomous Region. RBA and RBA member companies conducted third party assessments on suppliers cited in the ASPI report, including a local level assessment. As a result, we identified that there was no fact of forced labor.		On the other hand, from the response, “We could not confirm the forced labor,” there are still questions, such as to what extent transparent auditing was possible under the Chinese communist government.
3	TDK Corporation	We confirmed that none of the companies in our group had any dealings with the suppliers pointed out in the report. On the other hand, we found that our group had transactions with a parent company of a supplier cited in the report. In addition to the self-assessment in the framework of the RBA, we requested an on-site audit by a third-party auditing company, and as a result, they identified that there were no findings related to forced labor.		
4	Toshiba Corporation	We confirmed that the three suppliers mentioned in the ASPI report are not direct business partners of us or our consolidated subsidiaries. A brand licensed company revealed that we had a business relationship with one out of three suppliers for products developed in previous years. However, we have decided to stop doing business with the supplier after the end of producing development models of 2019 in the middle of 2021, and not to use their parts for developed models of 2020 and beyond.		
5	Kyocera Corporation	We identified that there are no direct transactions with the suppliers mentioned in the report, but there is business relationship with their parent company. We have not been able to confirm any transactions related to forced labor, but we are looking into the possibility of suspending transactions.		The response was even more positive than the company that concluded, “We conducted a survey, but identified no problems.”
6	Mitsubishi Electric Corporation	We have checked all our material transaction records and confirmed that we do not have any direct transactions with the suppliers pointed out in the report. Therefore, we did not conduct		Denied doing business with

		further investigation.	suppliers pointed out in the report	the fact that they decided not to investigate because there are no direct transactions is inadequate.
7	Mitsumi Electric Co., Ltd.	We have signed a business agreement of compliance with guidelines that explicitly prohibit forced labor as a condition of doing business. We have investigated our suppliers that are alleged to use forced labor, but have not been able to confirm any applicable transactions.		Since the information pointed out in the report has been deleted from the Chinese company's website, it is impossible to assess whether the ASPi report or Mitsumi Electric's claims are correct.
8	Sharp Corporation	It was pointed out that we have relationship with a supplier in the ASPi report, but as a result of an investigation, we found that there is no relationship with the supplier. We confirmed that there is no direct or indirect business relationships with them.		The fact that there is a business relationship was reported by a local newspaper (Sichuan News) which can still be confirmed as of 17 March 2021. It is questionable whether the answer is really based on an investigation.
9	Nintendo Co., Ltd.	We seek to ensure that there is no forced labor in our supply chain, and we have not received any reports of it to date.	Conducted a survey like a self-assessment	It is difficult to evaluate this because it is not possible to find what kind of research was conducted.
10	Japan Display Inc.	We have investigated our suppliers and secondary suppliers and have confirmed that there is no link to forced labor. For this reason, we did not conduct a new investigation.		
11	Ryohin Keikaku Co., Ltd. (Muji)	We asked an independent audit organization to conduct due diligence on the factory in Xinjiang Uyghur Autonomous Region which is indirectly related to us through the supply chain. As a result, no serious problems have been identified at this time, except for correctable findings.	Conducted third-party audits	We appreciate the fact that Ryohin Keikaku conducted a third-party audit. They removed "Xinjiang cotton" from their own website; however, the fact that they are selling the product as "Xinjiang cotton" on Rakuten and Yahoo Shopping (as of 22 March 2021, we can still confirm this) must be called a dishonest response.
12	UNIQLO Co., Ltd. (Fast Retailing Co., Ltd.)	We have confirmed that no forced labor of any kind, including Uyghurs, has occurred. The two suppliers mentioned in the report have already confirmed that they do not have any business with UNIQLO. Last year, UNIQLO and GU also conducted an investigation of major material and textile factories in the upstream process of the factories that they do business with, and confirmed that there are no production facilities located in Xinjiang Uyghur Autonomous Region, and also confirmed that there is no forced labor in factories located outside the autonomous region.	Denied doing business with suppliers pointed out in the report	<ul style="list-style-type: none"> • Two Chinese companies that UNIQLO denied having business relations with show that they have business relationships with UNIQLO on their websites (as of 17 March 2021, we can still confirm this). We wonder if they really conducted investigations before answering. • We think there is a problem with Shimamura's survey
13	Shimamura Co., Ltd.	We asked our relevant suppliers if there was any forced labor, but they informed us that no such activities had taken place.	Conducted a survey like a self-assessment	

				<p>method. It is natural for their suppliers to deny, and it is not an investigation.</p> <p>To begin with, most of the cotton in China is made up of "Xinjiang cotton". As companies that have dealt with products using "Xinjiang cotton," we believe that these three companies are at high risk of being unknowingly complicit in forced labor that is integrated with large-scale incarceration.</p>
14	Panasonic Corporation	No response.	Completely ignored	Panasonic's continued complete disregard for our phone calls in addition to our two written letters of inquiry left us feeling hopeless.