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Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development

Written statement* submitted by Human Rights Now, a non-governmental organization in special consultative status

The Secretary-General has received the following written statement which is circulated in accordance with Economic and Social Council resolution 1996/31.

[15 May 2017]

* This written statement is issued, unedited, in the language(s) received from the submitting non-governmental organization(s).

A long way to go – the human rights situation in the supply chains of Japanese companies

1. Introduction

In just three years Japan will host the Tokyo 2020 Olympic and Paralympic Games, bringing international scrutiny to Japan's human rights policies and practice, including those concerning businesses. There is a danger the preparation neglects human rights principles, leading to violations in the supply chains of procurement, including forced eviction and exploitation in the construction sectors. Also, there may be significant risks that materials and goods used in the Olympics are connected to human rights violations, including land grabbing, child labour, and unsafe working conditions. Such violations can be mitigated, but only if human rights due diligence policies are firmly in place. HRN calls on the Japanese government to review its human rights policies for Olympic Game procurement and preparation according to the UN Guiding Principles on Business and Human Rights (UN Guiding Principles).

2. Human Rights Violations in the supply chain of major Japanese apparel companies

HRN has conducted a series of investigations over the last two years into three major apparel businesses in Japan and found persistent human rights problems in their respective supply chains.

(1) UNIQLO

From July to November 2014, SACOM, together with HRN and Labour Action China (LAC), conducted a joint investigation of factory workers' conditions in China, focusing on two key manufacturing suppliers of UNIQLO through its parent company, Fast Retailing Co Ltd (FR),¹ known for UNIQLO and GU brands.² Interviews with workers identified the following labour rights violations: long working hours and low basic salary; high risk and unsafe work environment; strict management and punishment systems; and a dysfunctional labour union.

Fast Retailing responded to some of HRN's findings and made improvements in certain areas.³ However, it should still address remaining issues such as disclosing its supplier list and audit results and guaranteeing a decent living wage.

From 5-12 February, 2015, HRN carried out an investigation in Cambodia into the working conditions of four supplier factories that contract with UNIQLO, GU, M&S, Celio, Tanjay Bianca, and H&M.⁴ Interviews with workers of these factories indicated the following labour rights violations: illegal and cruelly prolonged overtime work; "disposable" workers; discriminatory treatment of labour union activities; lack of the protections for female workers; poor work-environment safety; lack of effective mechanism to redress labour rights violations; and attacks on labour unions.

¹ <http://www.fastretailing.com/jp/>

² <http://sacom.hk/statement-clean-clothes-from-uniqlo-now-uniqlo-should-improve-the-working-conditions-of-the-suppliers-in-china-immediately/>

³ <http://hrn.or.jp/eng/wp-content/uploads/2016/03/UNIQLO-Joint-Statement-20160325.pdf>

⁴ <http://hrn.or.jp/eng/wp-content/uploads/2015/04/Cambodia-statement-English-20150416-1.docx>

Another case of labour rights violations committed by a supplier factory of UNIQLO in Cambodia occurred at the Zhon Yin B Factory in September 2015, when 47 workers and 3 union leaders were illegally terminated for union activities. Other workers were later fired in February 2016 for striking to protest the dismissals, and the factory filed a suit to terminate 55 others participating in the February strikes. Fast Retailing later addressed the issue, but not until after the Global campaign started in October 2016 as described below.

Following the 2015 and 2016 findings, Human Rights Now called for Fast Retailing to implement adequate measurements and ensure that corporate practices are based on the UN Guiding Principles, to publish its action plan and periodically make its implementation progress public, and to be active in remediating all labour rights violations in its supply chain. In October 2016, a Global NGO coalition conducted a campaign calling for Fast Retailing to ensure corporate social responsibility for the Zhon Yin B labour dispute, which soon resulted in resolution of the dispute and workers' restitution.

On February 28, 2017, Fast Retailing released its major suppliers' factories list on its website⁵ as HRN had requested.⁶ HRN welcomes this decision to disclose the list as a step forward to better compliance. However, HRN calls on Fast Retailing to also immediately release the suppliers list for GU (it is currently limited to major suppliers of UNIQLO); release a list of sub-contractors; ensure traceability including for raw materials; and update the suppliers list regularly.

(2) Miki House Trade INC and Wacoal

On August 30, 2016 and November 24, 2016, HRN's staff interviewed a woman currently working in a supplier factory contracted by Miki House Trade INC⁷ in Yangon and found the following claims:⁸ illegal working hours; low and delayed wages; unsafe working environment; lack of employment contracts; lack of protection for female workers; and a lack of complaint-dispute resolution mechanisms.

On August 30, 2016 HRN's staff interviewed the workers of a supplier factory of Wacoal⁹ in Yangon and found the following claims:¹⁰ substandard safety conditions in the work environment; a lack of protection for female workers; and low wages.

Both Miki House Trade and Lecien, a subsidiary of Wacoal, promised to improve the labour conditions in the factories in question; however, there is a long way to go until there are significant reforms made within the structure of the companies.

3. Illegal Logging and human rights

In January 2016, HRN published a report on illegal logging in Sarawak, Malaysia, which negatively impacted and ignored the land rights of indigenous groups relying on the forests, some which was traced to

⁵ <http://www.fastretailing.com/jp/sustainability/business/policy.html#factory>

⁶ <http://hrn.or.jp/activity/2127/>

⁷ <http://www.mikihoustrade.co.jp/#business>

⁸ For the full statement, please see: <http://hrn.or.jp/eng/wp-content/uploads/2017/02/Miki-House-and-Wacoal-should-take-effective-action-to-improve-working-conditions-in-their-supplier-sewing-factories-in-Myanmar.pdf>

⁹ <http://www.lecien.co.jp/company/>

¹⁰ <http://hrn.or.jp/eng/wp-content/uploads/2017/02/Miki-House-and-Wacoal-should-take-effective-action-to-improve-working-conditions-in-their-supplier-sewing-factories-in-Myanmar.pdf>

use by multiple Japanese companies.¹¹ It is just one example of a larger problem. Recent estimates indicate 12% of Japan's timber imports are at high risk of being illegal due to Japan's lenient laws.¹² For private sector imports, only the voluntary "Goho-wood" system addresses illegal timber; however, it does not sanction non-participating companies and relies on export-state certifications which can be forged. Stronger laws need to be put in place with real sanctions on companies importing illegal timber and due diligence duties on them to ensure certifications accurately verify legal timber.

4. Recommendations

HRN is concerned that Japanese companies are contributing to human rights violations against workers within their supply chains without adequate human rights policies in accordance with the UN Guiding Principles.

At the November 2016 Forum on Business and Human Rights, the Japanese government announced it would formulate a National Action Plan (NAP) on the UN Guiding Principles "in the coming years". While welcome, there have been no public reports of its progress since then.¹³

We offer the following recommendations to address the situation.

To Japanese industries

HRN calls on Japanese industries to immediately establish and implement human rights due diligence policies to ensure fundamental human rights are respected within their entire supply chains in a transparent manner, in particular under the Universal Declaration of Human Rights and ILO conventions. The policy must:

1. Immediately express a policy commitment of respect for fundamental human rights in all its business relations;
2. Establish a due diligence policy and mechanism to prevent and mitigate adverse human rights impacts in all its business relations, including supply chains;
3. Review and improve supply chain monitoring mechanisms; publicly disclose audit results;
4. Publicly disclose a complete list of suppliers;
5. Engage in constructive and sincere dialogues with civil society organizations; and
6. Revise low order prices and ensure living wages and decent working condition to all relevant workers in supply chains.

To the Japanese government

HRN recommends and urges that the Japanese government to:

1. Develop and implement a NAP on the UN Guiding Principles to protect vulnerable workers, and periodically release reports on its progress and expected completion date.¹⁴
2. Ensure the NAP follows the Guidance on NAPs, for example, by consulting with interested stakeholders, committing to the UN Guiding Principles, improving legal enforcement, focusing on and monitoring concrete impacts on labor rights, etc.¹⁵

¹¹ http://hrn.or.jp/wpHN/wp-content/uploads/2016/01/MalaysiaSarawakReport_20160114.pdf (Japanese).

¹² Chatham House, Trade in Illegal Timber, November 2014.

¹⁴ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

¹⁵ http://www.ohchr.org/Documents/Issues/Business/UNWG_%20NAPGuidance.pdf

3. Consider implementing legislation similar to the United Kingdom's Modern Slavery Act 2015 which increases transparency within supply chains.¹⁶
4. Revise the current Corporate Governance Code to ensure transparency and accountability of corporate behavior related to human rights and environmental protection.¹⁷
5. For public sector contracts, only contract with companies that meet specific human rights criteria and exclude companies that do not.
6. Strengthen the National Contact Point (NCP) system for grievance redress by making NCP peer reviews mandatory, providing adequate funds for such peer reviews to NCPs and the OECD Secretariat, strengthening the structure of NCPs, and revising the Procedural Guidance for NCPs.
7. For timber imports, ban all imports and procurements of illegally logged timber and sanction offenders.

¹⁶ <http://www.legislation.gov.uk/ukpga/2015/30/notes/division/5/6>

¹⁷ <http://www.jpjx.co.jp/english/equities/listing/cg/tvdivq0000008jdy-att/20150513.pdf>