



## **Panasonic and Sony Must Fulfill their Responsibility to Respect Human Rights by Ensuring that Workers of Former Supplier Kawaguchi Manufacturing are Paid their Full Wages and Compensated for Human Rights Violations**

Human Rights Now (HRN) supports the demands of Bangladeshi migrant workers of the Malaysian-based supplier factory Kawaguchi Manufacturing Sdn Bhd (“Kawaguchi”) to Panasonic and Sony.

These workers have suffered alleged severe labor and human rights violations by their employers at Kawaguchi including non-payment of wages, exploitative work conditions including 7-day workweeks, excessive work hours, irregular salary deductions, unpaid overtime, unacceptably squalid accommodations, confiscation of passports, and other alleged labor rights violations and accepted indicators of forced labor and modern slavery listed by the International Labor Organisation (ILO).<sup>1</sup>

Kawaguchi is a manufacturing factory in Klang, Malaysia, supplying plastic products, such as television and speaker casings, that has long had as its main customers several Japanese electronic brand companies including Panasonic, Sony, and Daikin.

Once allegations of abuse at Kawaguchi arose, Panasonic and Sony promptly cut their ties with Kawaguchi and have been accused of doing so irresponsibly without meaningfully engaging with workers’ representatives or addressing workers’ needs despite the inability of Kawaguchi to do so, motivating possible lawsuits in the U.S. and in Japan against Panasonic and Sony.<sup>2</sup>

Although the primary duty bearer for these allegations should be Kawaguchi, Panasonic<sup>3</sup> and Sony<sup>4</sup> are expected to act according to their commitment to the UN Guiding Principles on Business and Human Rights (the UNGPs),<sup>5</sup> as stated in their human rights policies, which require companies to be responsible throughout their supply chains.

---

<sup>1</sup> Business and Human Rights Resource Center (BHRRC), "Malaysia: Plastics co. supplying to Panasonic, Sony & Daikin accused of violating rights of Bangladeshi workers with indicators of forced labour; incl. cos. responses", 15 Jan. 2025, <https://www.business-humanrights.org/en/latest-news/malaysia-plastics-co-supplying-to-panasonic-sony-daikin-accused-of-violating-rights-of-bangladeshi-workers-with-indicators-of-forced-labour-incl-cos-responses/>.

<sup>2</sup> Sean Augustin, "Kawaguchi foreign workers to sue 2 prominent Japanese companies", Free Malaysia Today, 3 Jan. 2025, <https://www.freemalaysiatoday.com/category/nation/2025/01/08/kawaguchi-foreign-workers-to-sue-2-prominent-japanese-companies/>.

<sup>3</sup> Panasonic, Human Rights Policy, <https://holdings.panasonic.jp/corporate/sustainability/social/human-rights/policy.html> (as of 28 Jan. 2025)

<sup>4</sup> Sony, Human Rights Policy, [https://www.sony.com/ja/SonyInfo/csr\\_report/humanrights/humanrightspolicy\\_ja.pdf](https://www.sony.com/ja/SonyInfo/csr_report/humanrights/humanrightspolicy_ja.pdf) (as of 28 Jan. 2025).

<sup>5</sup> Guiding Principles on Business and Human Rights, 2011: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf).

HRN calls on Panasonic and Sony to urgently take steps to ensure that Kawaguchi's workers receive all their unpaid wages, adequate compensation, and remedy for the human rights violations that they have suffered in producing their brand products.

### **The Timeline and Claims of Workers' Grievances against Kawaguchi**

Beginning in August 2024, Kawaguchi's workers began publicly stating that they had not been paid wages since April 2024. In interviews workers further stated that there had been inconsistent payments over the previous two years, including delays of several months between wage payments,<sup>6</sup> leading up to the stretch of non-payment from May to the start of 2025, a period of over six months. Workers' alleged violations also included the list below, and they match at least ten of the ILO's indicators of forced labor.<sup>7</sup>

- non-payment of wages for 4-8 months, as well as for weekend and holiday work;
- squalid and unhygienic accommodations, including 40-70 workers per room and 40-60 workers sharing 2-3 unhygienic toilets;
- forced payment of arbitrary recruitment and other fees and costs for regularizing workers' employment and immigration status, placing workers into deep debt;
- confiscation of passports (which have since been returned); visa renewal delays for years, with around 70-80 workers working without valid visas and all of the workers in an irregular status for long periods of employment;
- excessive working hours and days, sometimes up to 24 hours a day and 7 days a week;
- threats of detention and/or deportation for workers exposing issues, such as protesting wage non-payment, with at least four workers allegedly being forcibly sent back to Bangladesh as punishment for voicing their concerns.

### **Events Following the Workers Initial Complaints, Including the Conduct of Panasonic, Sony, and Daikin**

The Selangor State Labour Department conducted an investigation into Kawaguchi in September 2024, following a complaint by labor activist Andy Hall, and found evidence of its failure to pay more than 200 workers since April and its retention of worker passports.<sup>8</sup> Also in September, labor activists began

---

<sup>6</sup> Libby Hogan, "Sony, Panasonic 'cut and run' from Malaysian supplier accused of wage theft", Australian Broadcasting Corporation, 14 Dec. 2025, <https://www.abc.net.au/news/2024-12-15/sony-panasonic-accused-of-worker-exploitation-malaysia/104705876>.

<sup>7</sup> BHRRC, *supra*, note 1; "Report on Alleged Forced Labor and Exploitation at Kawaguchi Manufacturing SDN BHD", 18 Dec. 2024, <https://www.oecdwatch.org/complaint/employees-of-kawaguchi-manufacturing-vs-kawaguchi-manufacturing-sony-and-panasonic/> (p. 10 ff. of the linked document). The ten ILO indicators of forced labor are abuse of vulnerability, deception, restriction of movement, isolation, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime. "ILO Indicators of Forced Labour", [https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed\\_norm/@declaration/documents/publication/wcms\\_203832.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_203832.pdf).

<sup>8</sup> BHRRC, *supra*, note 1; Andy Hall, "15th Dec 2024: FMT – Ex-MP calls for ministry action after salary protest at Malaysia's Kawaguchi plastics company supplying Japanese conglomerates Sony, Panasonic and Daikin", 15 Dec. 2024, <https://andyihall.org/2024/12/15/fmt-15th-dec-2024-ex-mp-calls-for-ministry-action-after-salary-protest-at->

assisting the workers, calling on Panasonic, Sony, and Daikin to use their leverage to pressure Kawaguchi to pay workers' unpaid wages, end the violations, and compensate them for past violations.

The three firms stated that they would investigate the allegations, and they made public statements that they would address any problems identified. In November, Panasonic and Sony reported that, following their investigations, they were severing ties with Kawaguchi, making workers idle and further vulnerable to wage non-repayment. Daikin stated that its orders were only 1-2% of Kawaguchi's and insufficient to support the factory alone after Panasonic and Sony's departure, and it would need to withdraw its production, despite its wish not to do so.<sup>9</sup>

As the non-payment of wages continued, in November 57 workers filed four reports of unpaid wages of RM806,310 MYR (about \$285,000 USD or ¥45 million JPY) with Malaysia's Labour Department.

On 13 December 2024, Kawaguchi's management finally shut down the factory and offered to begin paying workers their missing wages from September 2025, which the workers rejected due to their extreme vulnerability and need for more timely remedy. Many workers claim that they were then forced to unknowingly sign a document to resign, and over 200 workers began peacefully protesting in public.

Following the protests, and after all of the 251 workers submitted a labour tribunal claim for lost wages, on December 18 there was a further agreement under the auspice of the Malaysian labour tribunal for Kawaguchi to pay for repatriation and payment of lost wages from January 2025 and settling all remaining payments by November 2025, with the Putrajaya labour office further agreeing to arrange for workers' employment with other companies. The settlement agreement was for approximately RM3,000,000 MYR (Malaysian ringgit, about \$700,000 USD or ¥100 million JPY in total).

However, the pull-out of Panasonic and Sony, subsequent closure of Kawaguchi's factory, and its apparent near insolvency make it appear unlikely that Kawaguchi can repay workers in any timeframe.

Daikin promptly supported workers' emergency medical and food aid needs, and on 20 December 2024, it contributed its first payment of over RM53,000 (about \$12,000 USD or ¥1.9 million JPY) to the workers' relief, which was estimated to provide about a week's worth of support.

Nevertheless, the workers continued to be in a very vulnerable position, many still in deep debt, without sufficient long-term and sustainable support, prompting them to seek relief from Kawaguchi's buyers.

### **The Complaint to OECD Japan NCP and Possible Lawsuit against Panasonic and Sony**

On 27 December 2024 it was reported that 251 former migrant workers of Kawaguchi, through their Washington DC-based legal representative Terrence Collingsworth, brought a formal complaint to Japan

---

[malaysias-kawaguchi-plastics-company-supplying-japanese-conglomerates-sony-panasonic-and-daikin/](#) (citing multiple sources); see also Amalia Azmi, "8 investigation papers opened against Kawaguchi, accomodation providers", New Straits Times, 17 Dc. 2024, <https://www.nst.com.my/news/nation/2024/12/1149494/8-investigation-papers-opened-against-kawaguchi-accomodation-providers>.

<sup>9</sup> Hogan, *supra*, note 6; discussions with an activist involved in the case.

NCP against Panasonic and Sony, alleging violations of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct Matters, such as failing to respond to adverse impacts of its business.<sup>10</sup> In early January 2025, it was announced that the workers intended to bring a lawsuit in the near future against Panasonic and Sony in the U.S. seeking damages, compensation, and an apology for their failures in addressing the alleged rights violations listed above. The labor rights activist Andy Hall, who is assisting the workers, stated that “neither of the companies is engaging with Collingsworth, so we are forced to escalate the matter.”<sup>11</sup>

In addition to a failure to engage with workers’ representatives and the alleged violations, the motivation for a lawsuit also includes the fact that Panasonic and Sony offered (together with Daikin) only RM20,000 (about \$4,400 USD or ¥700,000 JPY) to the workers, which is insufficient to even cover their recruitment fees and related costs. Additionally, in contrast to Daikin, the two companies did not offer support to workers’ re-employment, food, medical and other needs following the factory’s closure.

On January 14, Panasonic sent a response to the Business and Human Rights Resource Center (BHRRC), a human rights NGO, stating, among other things, that it “has decided to further contribute to the remediation of workers’ rights violations by proportionally reimbursing the recruitment fees these workers indicated to have paid.” Also on January 14, Sony sent a dismissive one-sentence response to the BHRRC that it labeled a “non-response”.<sup>12</sup> In contrast to Panasonic and Sony, Daikin reached a settlement with workers’ representatives to provide additional compensation to the affected Kawaguchi workers, and it continued to provide further food aid and medical assistance. The workers consider their claims against Daikin to therefore be settled.

### **Recommendations to Panasonic and Sony**

HRN calls on Panasonic and Sony to meet their responsibilities and abide by international standards under the UNGPs. Specifically, we strongly urge them to:

1. Adequately address the adverse human rights impacts, including labor rights, arising from their business relationship with the Kawaguchi factory, including full repayment of unpaid wages and fees and adequate compensation for other damages and violations of the rights of workers suffered while employed at Kawaguchi, utilizing their leverage as well as according to their own responsibilities.
2. Ensure prevention of human rights violations from occurring by strengthening human rights due diligence procedures, improving grievance mechanisms for workers in their supply chains, and conducting meaningful stakeholder engagement.

---

<sup>10</sup> Japan NCP is Japan’s National Contact Point, the government body responsible for implementing OECD Guidelines and addressing complaints under them. Augustin, *supra*, note 2; discussions with an activist involved in the case.

<sup>11</sup> Augustin, *id.*

<sup>12</sup> Both of these responses are available at BHRRC, *supra*, note 1.

3. Establish a system to respond promptly and appropriately to actual human rights violations and take corrective measures for workers.

4. Conduct comprehensive human rights due diligence to address human rights risks, and establish a sustainable and responsible supply chain which is human rights-respecting.

### **Recommendations to the Japanese Government**

HRN strongly urges the Japanese government to take the following concrete measures to ensure that companies conduct responsible business activities and fully protect the human rights of workers and other rights holders based on the UNGPs.

1. Enact legislation that legally requires companies to conduct human rights due diligence in their supply chains. This legislation should include standards and guidelines on the specific content of human rights due diligence and clearly state mechanisms to ensure its effectiveness.

2. Obligate companies to implement appropriate corrective and remedial measures to redress the rights of people harmed by corporate activities, including workers in their supply chains.

3. In the process of reviewing Japan's National Action Plan (NAP) on Business and Human Rights, consider binding legal measures based on a gap analysis between the current policies and others with international human rights standards.

4. Establish a national human rights institution independent of the government and based on the Paris Principles as the central authority for public policy and action on business and human rights.