

**Guidelines on Improvement of
Working Environment for
Migrant Workers in Supply Chains
(1st Edition)**

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**Lawyers Network for Foreign Workers
Lawyers' Network for Foreign Technical Interns**



Introduction

1 Purpose

Non-skilled workers, such as technical intern trainees and those who have acquired new residency qualifications (Special Skilled Worker No. 1) pursuant to the revision of the Immigration Control Act (hereafter collectively referred to as "migrant workers")¹, are placed in vulnerable situations in gathering information at recruitment and hiring stages and negotiating working conditions, as their native language is not Japanese and their network within Japanese society is insufficient. Issues related to migrant workers are described in Exhibits "Background of the Development of the Guidelines" and "A. Migrant workers Human Rights Issues." In Japan, where migrant workers are increasing, the importance of proper employment management and improved working conditions has enhanced.

Issues surrounding migrant workers in Japan are not limited to enterprises that directly accept technical intern trainees and other migrant workers. Appropriate measures should be taken by all Japanese companies, including large companies that may be accepting migrant workers in supply chains outside the company's own group.

In accordance with international labor standards and national laws and regulations, Japan's proactive engagement in human rights issues, including the improvement of migrant workers working environment in supply chains, is in line with corporate human rights responsibilities under the UN Guiding Principles on Business and Human Rights (hereinafter referred to as the "Guiding Principles"), and in line with the principle of "leave no one behind," to work towards the achievement of the UN Sustainable Development Goals (SDGs, in particular, Goal 8: Promoting Decent Work and Goal 12: Sustainable Production and Consumption). Ensuring that businesses and supply chains are sound, stable, and diverse (diversity and inclusiveness) and creating open Japanese companies and societies is beneficial in that it leads to the development of Japanese industry (Annex B, "The Need for Improving the Working Environment in Supply Chains").²

On the other hand, failure to improve working environment of migrant workers could lead to serious results, which are migrant workers' human rights violations. Such human rights violations could lead to loss in trust in the Japanese labor market, and will pose risks to future recruitment. Then the company's trust as a business partner is impaired, the company has to face legal actions, and concerns

¹ The definition widely includes foreign students and long-term residents regardless of their immigration status who engage in unskilled labor.

² These include, but are not limited to, the Labor Standards Act, the Labor Union Act, the Labor Contract Act, laws relating to ensuring equal opportunities and treatment for men and women in the area of employment, the Occupational Safety and Health Act, the Minimum Wage Act, laws relating to proper implementation of technical training for foreigners and protection of technical interns, enforcement regulations, guidelines for appropriate management of employment for migrant workers, and guidelines for the entry and residency management of technical interns.

over financial risks may arise. . In addition to the issue of a single enterprise, it may also pose business risks that impede the development of the Japanese industry as a whole, particularly in the sense that it impairs the attractiveness of Japanese market as an investment destination from overseas institutional investors.

However, it is often difficult for companies to detect and respond to supply chain issues on their own. Accordingly, our Guidelines provide code of conduct, model sourcing code, and dialogue/collaboration practice guidelines in order to respond appropriately to such risks and working to improve the working environment for migrant workers.

2 Structure of the Guidelines-Code of Conduct, Model Sourcing Code, and Practical Guidelines for Dialogue and Cooperation

Based on the above, these Guidelines are consisted of code of conduct, model sourcing code, and practical guidelines for dialogue and co.

I. Code of Conduct presents five beneficial actions in addressing human rights issues, including improving the working environments of migrant workers in supply chains.

II. Model Sourcing Code provides sourcing standards that companies may ask their suppliers to comply with in order to improve migrant workers' working environment.

III. Practical Guidelines for Dialogue and Cooperation present five practical guidelines for constructive dialogue and cooperation between experts, including business associations, industry associations and lawyers, and experts, including NGOs, trade unions and lawyers supporting migrant workers, and migrant workers themselves.

3. How to use these Guidelines

The Guidelines are intended to provide practical guidance based on current good practices in Japan and abroad. Japanese companies are expected to refer to these Guidelines as standards for improving their own responses and evaluating and reviewing the effectiveness of their existing responses, and to promote efforts to address human rights issues such as improving migrant workers working environments in supply chains. It is also expected that companies use this in dialogue with stakeholders, such as workers, investors, business partners, and civil societies.

As defined above, the Guidelines cover migrant workers in Japan, but the basic concept can also be applied to supply chains outside Japan.

4. Process for Developing the Guidelines

The draft Guidelines were formulated through collective action through cross-cutting dialogues and collaboration between attorneys supporting companies and attorneys supporting migrant workers. We are also grateful for the comments and advice of many Japanese companies, investors, trade unions,

civil society organizations, international organizations, and researchers during the process of drafting the Guidelines.

We hereby publish the first edition of the Guidelines incorporating comments made by a wider range of stakeholders in Japan and overseas. In addition, we intend to carry out activities to disseminate and improve the Guidelines in cooperation with relevant stakeholders.

I. Code of Conduct

The Code of Conduct presents five actions beneficial for companies in addressing human rights issues, including improving migrant workers working environments in supply chains as part of human rights due diligence, in order to fulfill enterprise's responsibilities for respecting human rights based on the Guiding Principles.

1 Formulation of policies and standards

Companies shall formulate its codes of conduct and sourcing policies or standards for supply chains, in accordance with international labour standards, national laws and regulations. They shall establish items related to improving the working environment of migrant workers and request suppliers to comply with such policies and standards.

2 Confirmation and investigation

Companies shall confirm whether migrant workers are employed or not in their business and their supply chains. In the event that a supplier is accepting migrant workers, the company shall establish the system to intensively investigate legal compliance and human rights situation, and investigations shall be conducted under such system.

3 Development and utilization of grievance and problem-solving mechanisms

Companies shall establish a grievance and problem-solving focal point to receive grievances and issues raised by migrant workers and its supporters in supply chains, as well as develop and utilize mechanisms such as grievance and problem-solving centers outside companies.

4 Dialogue and cooperations with migrant workers, NGOs, labour unions, etc.

Companies shall strive to identify risks of human rights violations through dialogues and cooperation with migrant workers, NGOs, trade unions, lawyers, etc. supporting migrant workers. In the event that a supplier is found to have any problems, the company shall urge suppliers to correct them.

5 Cooperation with suppliers

Companies shall strive to provide suppliers with information and support for capacity building regarding respect for migrant workers' human rights, as well as to engage in dialogues with them aimed at achieving appropriate business terms and conditions, including sharing the costs of addressing human rights issues, including improving migrant workers working environment.

Commentary on the Code of Conduct

1 Formulation of policies and standards

Companies shall formulate its codes of conduct and sourcing policies or standards for supply chains, in accordance with international labour standards, national laws and regulations. They shall establish items related to improving the working environment of migrant workers and request suppliers to comply with such policies and standards.

(1) Basic Concept

Based on the purpose of these Guidelines, companies shall formulate basic policies and standards in order to address human rights issues, including improving migrant workers working environments based on the International Labour Standards and other laws or regulations, such as the Technical Intern Training Act, which clarifies that migrant workers are not a means of adjusting supply and demand.

When formulating these policies and standards, please refer to “II Model Sourcing Code” below.

(2) Importance of collection of brokerage fees, etc. or elimination of workforce burden

The collection of brokerage fees and other related costs from migrant workers, regardless of its name, is likely to force the workers to raise funds, and is likely to lead to forced labor. Companies are required to make efforts to collect and eliminate the burden on workers by international standards; for example, ILO Convention No. 181, ratified by Japan, prohibit private employment agencies from collecting such costs. Although the laws and regulations vary according to the country of origin of migrant workers, companies should take into account the importance of eliminating the collection or burden of brokerage fees and other related costs from migrant workers, regardless of its name, when formulating policies and standards for responding to migrant workers.³

(3) Provisions of the Tokyo Olympic and Paralympic Sourcing Code

The provisions of “The Sustainable Sourcing Code”, which the Tokyo Organising Committee of the Olympic and Paralympic Games announced in March 2017 (Sourcing Code), serve as a useful reference because they formulate concrete standards in a compact manner, taking into account human rights problems of the technical intern trainees.

³ ILO181 Convention, Article 7. In the United Nations Global Compact and Verité, "Eliminating Recruitment Fees"

Announced the guidance "Charged to Migrant Workers." In addition, the ILO has defined recruitment and mediation fees and related costs in the "General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs" (General Principles and Practical Guidelines for Fair Recruitment and Mediation, and Definitions of Recruitment and Mediation Fees and Related Expenses Guideline, May 2019) and confirmed the elimination of collection from or burden on workers (Guideline No. 17).

Suppliers, etc. must not engage in illegal or improper acts such as non-paying of wages, illegal long work-time, taking-up of passports, forcing return to their countries, collection of guarantees, etc. against foreign workers working in their own countries for the manufacture and distribution of sourced goods, migrant workers including technical intern trainees, etc., and must issue working conditions based on laws, regulations, and administrative guidance, in a written form in a language understandable to the worker. In addition, when suppliers receive job placement or labor dispatch service of migrant workers, suppliers should check whether the business operator who conducts the job placement or dispatch is licensed based on laws and regulations, and whether or not migrant workers' rights have been violated unreasonably by its service. In addition, suppliers, etc. should also make efforts to give proper consideration to living environment of migrant workers, to establish a system to enable them to easily file complaints and consult with suppliers, and to cooperate with the competent labor-related organizations.

(4) Example of developing detailed sourcing codes

Some companies outside Japan develop more detailed sourcing standards that are specific to migrant workers. For example, Hewlett-Packard Inc. announced HP Supply Chain Foreign Migrant Worker Standard in 2015, which sets detailed standards for the following items: direct hiring by removing brokers, prohibition of collecting brokerage fees, prohibition of the collecting security deposits, and prohibition of taking away passports or any other identification cards. Companies such as Samsung and Burberry have also developed migrant workers specific sourcing standards.⁴⁵⁶

2 Confirmation and investigation

Companies shall confirm whether migrant workers are employed or not in their business and supply chains. In the event that a supplier is accepting migrant workers, the company shall establish the system to intensively investigate legal compliance and human rights situation, and investigations shall be conducted under such system.

(1) Investigation items

In the case of technical intern trainees, the main subjects of the survey are to investigate whether illegal or improper acts, are being carried out, such as non-payment of wages, illegal long working-time, take-up of passports, etc., forcing return to their countries by local dispatching agencies, brokers, supervising organizations, etc., collection of security deposits, etc., whether working conditions are clearly indicated in writing, and whether there are any practices that unjustly restrict physical freedom

⁴ <http://h20195.www2.hp.com/V2/getpdf.aspx/c04484646.pdf>

⁵ Samsung Migrant Worker Guidelines

⁶ Burberry Migrant Worker Policy

or private life, etc.

(2) Method of investigation

It is not possible to collect sufficient information only by interviewing suppliers such as questionnaires. Accordingly, as a more practical method of investigation, in addition to audits and interviews with managers, it is also useful to seek cooperation from experts such as attorneys and NGOs with experience in investigation. If confidentiality and prohibition of disadvantageous treatment is secured, it is also useful to conduct on-site survey, such as collecting information directly by interviewing migrant workers, with their consent. It is desirable that such investigation is conducted periodically and follow up actions are taken after the investigation.

(3) Benefits of introducing CSR clauses

In order to facilitate research, it is useful to conclude a CSR clause in a sourcing contract with a supplier that includes compliance with sourcing standards and information sharing for that purpose. However, it should be kept in mind that the introduction and operation of CSR clauses do not impose excessive burdens on suppliers, and that companies do not use clauses only as a means of terminating contracts with them. Rather, CSR clauses should focus on promoting collaboration with suppliers to improve migrant workers working environments and on promoting dialogue with suppliers.⁷

3 Development and utilization of grievance and problem-solving mechanisms

Companies shall establish a grievance and problem-solving focal point to receive grievances and issues raised by migrant workers and its supporters in supply chains, as well as develop and utilize mechanisms such as grievance and problem-solving centers outside companies.

(1) Necessity of developing and utilizing grievance and problem-solving mechanisms

The development and utilization of grievance and problem-solving mechanisms is also requested from the perspective of ensuring access to remedies, which is the third pillar of the Guiding Principles. It is essential to identify specific issues such as language barriers or insufficient information gathering or human network for migrant workers in order to resolve migrant workers' human rights issues at an early stage and to prevent negative impacts. In addition, when the burden on companies to develop individual grievance and problem-solving mechanisms is large, it is possible to respond to them through the use of the grievance and problem-solving center, which is established outside companies and offers solution by specialists. When companies have established individual or collective grievance

⁷ For example, Section 5 of the Japan Federation of Bar Associations' Guidance on Human Rights Due Diligence describes the model clauses of the CSR clauses and their introduction and operation considerations.

and problem-solving mechanisms, they are expected to provide information both inside and outside of the companies so that workers can be made known and use the mechanisms. For example, adidas, the sportswear manufacturer of Germany, has developed a grievance and problem-solving mechanism for raising grievances about violations of the human rights by its suppliers, and publishes the results of the process regularly, which serves as a reference.⁸⁹

(2) Measures against disadvantageous treatment

As with the precautions in the internal reporting system and compliance reporting system, it is important to give due consideration to the confidentiality of complaints, and to provide necessary supports to suppliers and other parties concerned, who are the subject of the complaints, so that they do not take means of dismissal or any other disadvantageous treatment to the migrant workers, etc. who brought the complaints and that as a result the suppliers keep the fairness of the system¹⁰.

4 Dialogue and cooperation with migrant workers, NGOs, labor unions, etc.

Companies shall strive to identify risks of human rights violations through dialogues and cooperation with migrant workers, NGOs, trade unions, lawyers, etc. supporting migrant workers. In the event that a supplier is found to have any problems, the company shall urge suppliers to correct them.

(1) Usefulness of dialogue and cooperation

The responses by compliance and audit described in 1 to 3 above may have limitations in grasping the facts. In parallel with the audit-type response, it is beneficial for companies to identify risks and to lobby suppliers, while communicating and cooperating with NGOs, trade unions, lawyers, etc., who are familiar with the actual situation of violations of migrant workers' rights in supply chains. Dialogue

⁸ See the Dialogue and Relief Guideline for Responsible Business Conduct and Supply Chain Promotion (<https://www.bhrlawyers.org/erguidelines>) for the development of grievance and problem-solving mechanisms.

⁹ Third Party Complaint Process for Breaches to the adidas Group: Workplace Standards or Violations of International Human Rights Norms

¹⁰ "Guidelines for Private Businesses on the Development and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act" on pages 11 and 12 of the Consumer Agency also stipulates that "In the case of receiving a report from an affiliated company or supplier, if the reporting person is an employee of the relevant affiliate or supplier, it is desirable to take necessary measures to prevent the said affiliate or supplier from being dismissed or otherwise treated disadvantageously, such as requesting the said affiliate or supplier to follow up or protect the said affiliate or supplier, while giving due consideration to the secrecy of the notification, to the extent possible."

Furthermore, with regard to sexual harassment and power harassment in the workplace in particular, the amendment of the law in 2019 made it a legal obligation not to dismiss or otherwise treat the worker disadvantageously on the grounds that the worker consulted or cooperated in confirming the facts.

and cooperation are approaches that are applied throughout the process of responding to migrant workers. Such dialogues and cooperations contribute to the enhancement of corporate value and are also considered crucial from the perspective of ESG investment.¹¹

Please refer to the "III Practical Guidelines for Dialogue and Cooperation" below.

(2) Examples of dialogues between Japanese companies

In the event of a report to the Labor Standards Inspection Office from a Myanmar technical intern working for a limited company in Gifu City, regarding human rights infringement, labor standard violation, and minimum wage law violation, Shimamura Co., Ltd. held a dialogue with the Workers' Union as follows: "As the social responsibilities of the ordering company, it is necessary to ask the whole supply chain to comply with laws and regulations, and we call for attention to the suppliers, and we will proceed with concrete surveys and measures on foreign technical intern training program in the future." The labor union has also actively appreciated this response as a model response by a client company.^{12 13}

5 Cooperation with suppliers

Companies shall strive to provide suppliers with information and support for capacity building regarding respect for migrant workers' human rights, as well as to engage in dialogues with them aimed at achieving appropriate business terms and conditions, including sharing the costs of measures addressing human rights issues, including improving migrant workers' working environment.

(1) Importance of collaboration to realize appropriate terms and conditions of business

Migrant workers' working conditions may deteriorate as suppliers respond to the price/delivery requirements of the ordering company. For example, according to the results of the Survey on

¹¹ See Principle 2 in the June 2018 version of the Corporate Governance Code.

¹² FWUBC JAM-JAM Press Release <http://www.jam-union.or.jp/jam%20top%20img/20181206ginou.pdf>, December 6, 2018

¹³ For other examples, See Annex B 5. In addition to this, Wacoal Holdings conducts self-assessment monitoring and on-site audits of its contract manufacturing plants based on the Wacoal Group Procurement Guidelines, which also include the working environment for technical interns as a matter of compliance, under the CSR Procurement Committee established in April 2018 (<https://www.wacoalholdings.jp/sustainability/csr/structure/>). With regard to its response to technical interns in its supply chain, MIKI HOUSE said, "In 2017, MIKI HOUSE conducted a 'Survey on Foreign Technical Interns' at 92 of our contracted manufacturing plants that manufacture products in Japan, and based on the results of that survey, from February 2018 to October 2019, we have actually visited all 25 companies employing technical interns to understand the actual situation at their workplaces. Information on the various risks identified in the survey was shared with the contract manufacturer's plants and we are working with them to resolve the issues." (https://www.mikihouse.co.jp/corporate/csr/csr_procurement/).

Subcontracting in the Textile Industry published by the Ministry of Economy, Trade and Industry in June 2017, more than half of garment manufacturers responded that despite the rise in minimum wages, the corresponding unit price paid by the ordering company was not increased. Many enterprises explained a reason for not negotiating the transaction unit price¹⁴ that there was a risk that the ordering company would terminate the contract if they negotiated the ordering company.

When asking suppliers to address human rights issues such as improving migrant workers' working environment, it is expected that, rather than leaving them to take such measures, ordering companies will also collaborate constructively with suppliers to achieve appropriate terms and conditions, including by sharing costs and reflecting such costs on transaction prices. Such costs include increase in human resources related costs as a result of ensuring appropriate wages, costs relating to facilities and protection equipment for occupational safety and health, as well as health check-ups.

Since the realization of appropriate terms and conditions of business is a problem that may not be solved by individual client companies and suppliers, it is expected that efforts will be made to improve the conditions of business in the industry as a whole and that administrative and legislative measure will be taken to support such efforts.

(2) Importance of providing information to suppliers

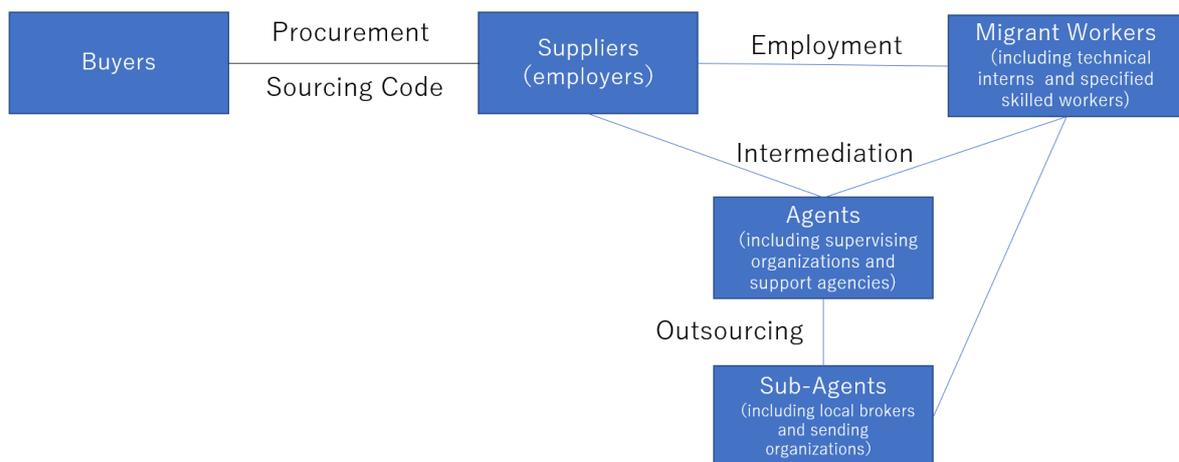
Many of the suppliers that accept migrant workers are small-and medium-sized enterprises, and there are some cases where there is insufficient information on respect for the human rights of migrant workers. Large companies in particular can also benefit from providing information and capacity building support to their suppliers. Large enterprises may benefit from stable procurement by extending such support to suppliers.¹⁵

¹⁴ <https://fispa.gr.jp/wp/wp-content/uploads/cyousa.pdf>

¹⁵ There are examples of providing guidance to suppliers. Hewlett-Packard Company Supply Chain Foreign Migrant Worker Standard Guidance Document

II. Model Sourcing Code

Based on labor practices and issues in Japan, the Guidelines has developed a model sourcing code that will be used by Japanese companies as reference materials, with a view to encouraging suppliers to improve their working environments for Migrant Workers.¹⁶



Article 1 Compliance with ILO Core Labor Standards

1 Suppliers shall not allow any form of forced labor and human trafficking (Article 18 of the Constitution; ILO Core Labor Standards; International Convention against Organized Crime, Protocol on Trafficking in Persons; Article 5 of Labor Standards Act; and Article 46 of Technical Intern Training Act).¹⁷

2 Suppliers shall not allow any form of child labor (Article 27, para.3 of the Constitution; ILO Core Labor Standards; Article 56, para.1 of the Labor Standards Act; and Article 9 of ILO Convention No. 181).

3 The treatment of Migrant Workers shall be the same as that of Japanese workers. This shall include equal wage (including overtime payments), bonuses, hours of work, leave, social insurance and other

¹⁶ Hewlett-Packard (HP) cooperated with the International Human Rights NGO Verité to publish HP Supply Chain Foreign Migrant Worker Standard for improving the working environments of foreign Migrant Workers for suppliers.

¹⁷ The Committee of Experts on the Application of ILO Conventions and Recommendations (CEACR) notes with concern the persistence of labor rights' violations and the continued abusive working conditions of technical training interns that amount to forced labor, such as wage arrears, long working hours, falsified identity documents and contract substitution (https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:13101:0::NO::P13101_COMMENT_ID:3081910).

benefits, for equal work and equal opportunities in vocational training (ILO Core Labor Standards; Article 3 of Labor Standards Act; Ministry of Health, Labor and Welfare Guidelines for employers to properly deal with improvement of employment management, etc. for foreign workers (“Foreign Workers Employment Management Guidelines”); Article 4-2-1 of ILO Convention No. 181; and Article 11(d), (f) and Article 12(c), (e) of the Convention).¹⁸

4 Suppliers shall ensure that Migrant Workers will not be subject to any discrimination, harassment or abuse (ILO Core Labor Standards; Article 11(1) of Act on Ensuring Equal Opportunities and Treatment of Men and Women in Employment; and Article 30-2 of Act on Comprehensive Promotion of Labor Policies).

5 Suppliers shall guarantee the right of Migrant Workers to participate freely in trade unions and shall not include in their employment contracts and rules of employment any provision restricting freedom of association (Article 28 of the Constitution; article 7 of Labor Union Act; ILO Core Labor Standards; and Article 11(a) of ILO Convention No. 181).

6 Suppliers shall not include in their employment contracts and rules of employment provisions restricting the right of Migrant Workers to conduct collective bargaining (Article 28 of the Constitution; ILO Core Labor Standards; Article 7 of Labor Union Act; Article 11(b) of ILO Convention No. 181; and Article 12(a) of the Convention).

Article 2 Employment Contract, etc.

1 Suppliers shall employ Migrant Workers with legitimate status of residence (Section 4-1-2, para. 1 of Foreign Workers Employment Management Guidelines requires employers to ensure that Migrant Workers are permitted under their status of residence to engage in the specified duties after hiring).

2 Employment contracts concluded between Suppliers and Migrant Workers shall be stipulated in the language understood by the Migrant Workers (Section 4-2-2(a) and (b) of Foreign Workers Employment Management Guidelines only states that the contract shall be “understandable”. It does not explicitly refer to the language requirement).

3 Employment contracts concluded between Suppliers and Migrant Workers shall, at a minimum, include the terms required by domestic legislation (Article 15 Labor Standards Act).

4 Suppliers shall orally explain the terms of the employment contracts to illiterate Migrant Workers in the worker's native language prior to the execution of the contracts.

5 Suppliers shall provide Migrant Workers with a copy of the employment contracts prior to the departure from the sending country (Article 15 of Labor Standards Act requires employers to clarify

¹⁸ Of the ILO Core Labor Standards, the perspective of the Convention on Equal Remuneration for Men and Women Workers for Work of Equal Value (1951, No. 100, ratified by Japan in 1967) is to be considered by comparing the treatment of Migrant Worker and Japanese workers when the proportion of unskilled laborers is high. It should also be noted that work of equal value rather than equal work is used as a criterion.

the conditions of employment. Section 4-2-2 of Foreign Workers Employment Management Guidelines states that employers shall provide foreign workers with the documents clarifying the conditions of employment as they can understand).

6 Suppliers shall not have Migrant Workers work for other employers in violation of the terms of the employment contract without the prior consent of the Workers.

7 When changing the terms of employment contracts, Suppliers shall clearly explain the change to the Workers and obtain full free consent. If the Migrant Workers do not agree to the changes, the Workers shall not be obliged to work and the cost of return shall be borne by Suppliers (except where the change in the employment contracts does not cause any material detriment to Migrant Workers).

8 The period of advance notice for the termination of employment contracts by Migrant Workers shall not differ from the period prescribed for Japanese workers (Article 3 of Labor Standards Act, Section 4-2-1 of Foreign Workers Employment Management Guidelines).

9 Suppliers shall endeavor to provide their rules of employment in a language which Migrant Workers can understand (as to the dissemination of rules of employment, Article 106, para.1 of Labor Standards Act).

Article 3 Use of Agents

1 When using Agents (including supervising organizations under the Technical Intern Training Program and registered support agencies under the “special skilled worker” system; the same shall apply hereinafter), Suppliers shall use duly licensed agents (Section 4 para. 2 of Foreign Workers Employment Management Guidelines).

2 Suppliers shall conduct proper due diligence on Agents. This due diligence shall include the assessment of a history of the legal status of agents, ethical practices, penalties and complaints, and their ability to fulfill supplier’s requirements in compliance with this Sourcing Code.

3 Suppliers shall stipulate in the contract concluded with Agents the matters to comply in accordance with this Sourcing Code.

4 Suppliers shall conduct regular audits of Agents on the compliance matters stipulated in the preceding Paragraph

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5 Suppliers shall make Agents conduct due diligence on their Sub-Agents (including local brokers and sending organizations under the Technical Intern Training Program; the same shall apply hereinafter) including their legal status and compliance history and disclose the details of any Sub-Agents to Suppliers including the terms of agreement of contracts between Agents and Sub-Agents.

6 Suppliers (including its officers, employees and agents) shall not receive any benefit from any Agents, Sub-Agents, or any other third party involved in the recruitment process.

Article 4 Restrictions on Recruitment Fees and Other Related Costs

1 Suppliers shall explicitly prohibit Agents from collecting recruitment fees from Migrant Workers in the contract with the Agents

2 Suppliers shall refer to the ILO's General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs as to the costs concerning recruitment, hiring and travel of Migrant Workers to be borne at a minimum in connection with these procedures (Article 7 of ILO Convention No. 181).

3 Suppliers shall endeavor to pay, as far as possible, direct and in advance to Migrant Workers the cost of recruitment (including visa acquisition and travel expenses). If it is not possible, Suppliers shall reimburse the cost as soon as possible after the arrival of Migrant Workers and no later than one month after entry into Japan.

Article 5 Prohibition of Security Deposit, Penalty Clause and Compulsory Savings

1 During recruitment and hiring stage of Migrant Workers or during the term of employment, Suppliers shall neither demand nor have any third party demand Migrant Workers to pay any security deposit (Article 17 of Labor Standards Act, Article 47, para. 1 of Technical Intern Training Act).

2 Suppliers shall not fix in advance either a sum payable to the employer for breach of contract or an amount of compensation for damages (Article 16 of Labor Standards Act and Article 47, para. 1 of Technical Intern Training Act).

3 Suppliers shall neither demand nor have any third party including Agents, demand Migrant Workers to conclude any contract for savings (Article 18, para.1 of Labor Standards Act and Article 47, para.2 of the Technical Intern Training Act).

Article 6 Prohibition of Storage of Identification Cards, etc.

1 Suppliers shall not retain Migrant Workers' identification cards, passports, travel documents, and other private documents, or have any third party including Agents retain them (Article 48, para. 1, Technical Intern Training Act; Section 4-2-6 of Foreign Workers Employment Management Guidelines).

Article 7 Wages and Working Hours

1 Suppliers shall provide Migrant Workers with the same wage for the same work as Japanese workers, and at least the minimum wages and welfare required by law (Article 3 of Labor Standards Act, Section 4-2-1 of the Foreign Workers Employment Management Guidelines, Article 11 (c) and Article 12 (b) of ILO Convention No.181).

2 Suppliers shall directly pay Migrant Workers without going through any third party (Article 24, para.1 of Labor Standards Act).

3 Suppliers shall provide Migrant Workers with pay slips with appropriate details as the Workers understand the basis of the payment. This includes separate itemization for overtime, bonuses, deductions, and other components of wages (Notification on Labor Standards Act No. 530 of September 10, 1998, Article 231, para.1 of Income Tax Act).

4 Suppliers shall endeavor to provide pay slips in the languages which Migrant Workers can understand.

5 The total working hours as stated in the employment contract shall comply with the provisions on working hours of the Labor Standards Act (Section 4-2-3 of Foreign Workers Employment Management Guidelines, Article 11(d) and Article 12(c) of ILO Convention No. 181).

6 If Migrant Workers wish to return to their home countries temporarily, Suppliers shall take due consideration so that Migrant Workers can take leave and return to their home country without being threatened for punishment or termination of the contract during the leave periods (Article 39 of Labor Standards Act for paid leave).

Article 8 Occupational Safety and Health

1 Where Suppliers provide accommodations to Migrant Workers, the accommodations shall be in a safe and sanitary condition and shall have access to potable water, clean toilets, sanitary kitchens (if appropriate), appropriate emergency exits, fire suppression and notification equipment, clean bathrooms, adequate heat and ventilation, reasonable private spaces and secure storage. Such accommodations shall meet the building and safety standards. Migrant Workers shall be provided with safe transportation between their accommodations and place of work where needed.

2 Suppliers shall not unreasonably restrict Migrant Workers' freedom of movement, including access to drinking water and toilets during working hours, and facilities during meal hours, or leaving accommodations provided by the Suppliers, unless there are legitimate safety concerns or where required by law.

3 Suppliers shall provide Migrant Workers with the training on the facility's policies and procedures, safety and health requirements, exit routes in case of fire or other emergencies and any other job related requirements necessary to their role prior to commencing their employment. (Section 4-3-1,3 & 6 of Foreign Workers Employment Management Guidelines, Article 11(f)(g) and 12(e) (f) of ILO Convention No. 181).

Article 9 Travel and Return Expenses

1 Suppliers shall bear Migrant Workers' travel expenses to Japan if Migrant Workers have been hired abroad except where Migrant Workers are already staying in Japan with legitimate status of residence to work for Suppliers at the time of employment in Japan (Section 4-1, para. 1 of Foreign Workers Employment Management Guidelines encourage employers to clarify in advance the details of the

burden of travel expenses by the employer).

2 Upon termination of the employment contract, Suppliers shall bear Migrant Workers' return transportation cost (aircraft, taxes, departure costs and other related expenses). Provided, however, that this shall not apply to cases where Migrant Workers stay in Japan even after the termination of employment, such as cases where the Workers find alternative legal employment (Section 4-1, para. 1 of Foreign Workers Employment Management Guidelines).

3 If Suppliers terminate an employment contract with Migrant Workers early due to downsizing, Suppliers may take alternative measures if alternative legal employment opportunities are available in Japan and Migrant Workers wish to continue to work in Japan.

4 Suppliers shall consider paying Migrant Workers' return transportation costs if they terminate the contract early due to unforeseeable circumstances, such as family emergencies or serious illness.

5 Suppliers shall consider paying Migrant Workers' return transportation costs if they seek legal relief to receive protection as victims of human trafficking.

Article 10 Grievance Mechanism

1 Suppliers shall have effective and confidential grievance mechanism in the languages that Migrant Workers understand. The grievance mechanism shall allow Migrant Workers to report complaints anonymously if they desire (UN Guiding Principles 29, 31).

2 Suppliers shall have procedures in place to respond promptly to complaints. The resolution of complaints shall be reported to Migrant Workers. Workers who disagree with the resolution shall be given the opportunity to appeal the decision.

3 Suppliers shall not dismiss or otherwise treat the complainant in a disadvantageous manner (as regards harassment, Article 11, para. 2 of Act on Ensuring Equal Opportunities and Treatment of Men and Women in Employment, Article 30-2, para. 2 of Act on the Comprehensive Promotion of Labor Policies).

III. Practical Guidelines for Dialogue and Cooperation

The following five practical guidelines for constructive dialogue and cooperation are provided for enterprises and experts, including business associations, industry associations and lawyers supporting enterprises (hereinafter referred to as "companies, etc."), as well as migrant workers and experts, including NGOs, trade unions and lawyers supporting migrant workers and (hereinafter referred to as "migrant workers, etc.") with a view to improving migrant workers working environments and addressing human rights issues in supply chains of the enterprise.

- 1 Share understanding that dialogue and cooperation lead to mutual benefits.
- 2 Focus on resolving the issue of respect for migrant workers' human rights.
- 3 Coordinate with each other to conduct fact-finding surveys and approaches in supply chains.
- 4 Use independent experts as mediators as appropriate.
5. Explore solutions in cooperation with other companies, organizations, and related institutions.

Commentary on the Practical Guidelines

- 1 Share understanding that dialogue and cooperation lead to mutual benefits.

Dialogues between companies and migrant workers, etc. are meaningful in enabling both sides to understand the other party's situation, position, and nature of the problem, and in increasing the possibility of overcoming each other's positions and finding ways to resolve the dispute. In addition, company's understanding of migrant workers' problems and their difficult positions can lead to easing the emotional distress and anger suffered by migrant workers, and the damage may recover to a certain extent. Thus, the significance of dialogue is that it leads to the settlement of disputes and the relief of victims.

In particular, Japanese companies have not only emphasized medium to long-term relationships of trust with suppliers, but have also adopted a management philosophy of coexistence and co-prosperity between them and society. For companies, etc., dialogue contributes to this management philosophy and provides an opportunity to disseminate responsible corporate behavior both internally and externally.

On the other hand, through having an opportunity of the dialogue between direct employers and ordering companies where products and services are supplied (enterprises located upstream of supply chains), migrant workers, etc. can gain an opportunity to solve problems that could not be solved by direct labor-management relations alone by cooperating with other companies.

2 Focus on resolving the issue of respect for migrant workers' human rights.

If companies, etc. and migrant workers, etc. focus too much on the question of whether companies, etc. are legally liable, companies, etc. usually have to take a defensive response. There is a risk that dialogue will lose its significance and that it will not be able to achieve the purpose of respecting migrant workers' human rights.

Under the Guiding Principles, companies, etc. are responsible for respecting human rights of workers in supply chains. It is beneficial for companies, etc. and migrant workers, etc. to find a practical way of solution that is acceptable to both sides in order to solve the issue of respect for human rights of migrant workers.

3 Coordinate with each other to conduct fact-finding surveys and approaches in supply chains.

By conducting fact-finding surveys in supply chains while cooperating, it is possible to carry out effective investigations based on the actual situation on the ground.

4 Use independent experts as mediators as appropriate.

It could be difficult to reach an agreement between companies, etc. and migrant workers, etc. regarding the determination of the facts and the method of settlement.

From the perspective of facilitating dialogues, it is beneficial for companies, etc., in consultation with migrant workers, etc., to utilize independent experts who are recognized to have expertise and experiences in legal, human rights, labor, dispute resolution, supply chain management and other sustainability-related areas as intermediaries and advisors.

The Guiding Principles also recommends that legitimacy and neutrality be ensured through the intermediation of third parties from the viewpoint of the effectiveness of the grievance mechanism. Its commentary points out that "Since a business enterprise cannot, with legitimacy, both be the subject of complaints and unilaterally determine their outcome, these mechanisms should focus on reaching agreed solutions through dialogue. Where adjudication is needed, this should be provided by a legitimate, independent third-party mechanism."¹⁹

5 Explore solutions in cooperation with other companies, organizations, and related institutions.

In supply chains, not only suppliers, but also a variety of other stakeholders, such as temporary staffing agencies, supervising organizations, and local dispatching organizations, exist. Therefore, in order to improve the working environment of migrant workers in supply chains, some structural

¹⁹ UNGP Principle 31(h) Commentary

problems are difficult to be resolved solely by companies, etc. and migrant workers, etc.

Even in such cases, it is desirable not to give up solving problems immediately, but to collaborate with related parties in various sectors, such as other companies, industrial organizations, government organizations, and international organizations, to take measures to improve the problem.

EXHIBIT

Background of the Guidelines

A Human Rights Issues related to Migrant Workers

1 Problems with the Technical Intern Training Program

With regard to the technical intern training program, although efforts have been made to improve the system compared with the previous system in accordance with the Technical Intern Training Act enforced in November 2017, there are many opinions pointing out various problems. In other words, there are criticisms that: (i) the purpose of this system is set to transfer skills, etc. to developing regions, etc. through human resource development, but in practice the system is used to eliminate the shortage of labor in Japan, and the actual situation is different; (ii) technical intern trainees do not have access to freedom of movement to work and are placed not to raise voice; (iii) this system allows intermediate exploitation, etc. by sending organizations and supervising organizations.²⁰²¹

There are severe opinions from overseas regarding the technical intern training system, and in the UN Human Rights Council's Universal Periodic Review in 2017, several countries pointed out the issue of the technical intern training program. In addition, the ILO Committee of Experts on the Application of Conventions and Recommendations pointed out the risk of forced labor. In particular, the ILO Committee of Experts pointed out that factors such as the inability, in principle, to change employers (organizations implementing technical intern training) under the system could lead to forced labor, and expressed the view that measures for supervision and protection under the Technical Intern Training Act are not considered sufficient. The U.S. State Department Human Trafficking Report downgraded Japan to Tier 2, in the 2020 edition, asserting that the Government of Japan was unable to fully enforce the provisions of the Technical Intern Training Act, in particular in terms of prosecuting perpetrators. Verité, a leading international NGO in the field of measures against trafficking in persons, also pointed out in a report released in 2018 that there is still a risk of forced or compulsory labor in the technical intern training program.²²²³²⁴

²⁰ Act No. 89 of 2016 on the Proper Implementation of Technical Practice for Foreigners and the Protection of Technical Practice Trainees

²¹ "Technical Practice Training Method and Issues of Acceptance of Migrant worker" by Shoichi Ibusuki (Joint Representative of the Liaison Committee for Practical Training Problems in Foreigners" and Justice, June 16, 2017

²² Observation on the application of Convention No.29, ratified by Japan, adopted by the ILO Committee of Experts on the Application of Conventions and Recommendations in 2018, and submitted before the International Labour Conference in 2019.

²³ U.S. Department of State "2019 Trafficking in Persons Report"

²⁴ Verité "Forced Labor Risk in Japan's Technical Intern Training Program"

2 Issues related to the revision of the Immigration Control Act

In December 2018, "Special Skilled Worker No. 1" and "Special Skilled Worker No. 2" were established as residence qualifications, and the Immigration Control Act was amended to increase the acceptance of migrant workers. In the process of deliberating the bill, the human rights issues of the technical intern training program were taken up.²⁵

Many of the foreign nationals who acquired the new status of residence due to the amendment of the Immigration Control Act are expected to be transferred from the technical intern trainees, and it has been pointed out that there are various problems that may arise due to an increase in the acceptance of foreign nationals as migrant workers in the future.²⁶

B Need for improving working environment in supply chains

1 Human rights due diligence through supply chains required by the Guiding Principles²⁷

In 2011, the Guiding Principles were unanimously endorsed by the UN Human Rights Council against the background of increasing social awareness of the negative impacts on human rights of stakeholders in corporate activities.

The Guiding Principles affirm that enterprises are responsible for respecting human rights, and explicitly state that internationally recognized human rights that enterprises should respect include ILO core labour standards, including the elimination of forced or compulsory labour (Principle 12).

The Guiding Principles also urge companies to implement human rights due diligence (human rights DD) in order to fulfill their responsibilities to respect human rights. Human rights DD is a process for internal control over human rights risks (Principle 17) that enterprises should implement in order to be accountable for identifying, preventing and mitigating the actual and potential negative human rights impacts of their operations, supply chains and other business relations and how they will be addressed.²⁸

This human rights DD includes the exercise of influence over human rights infringing enterprises

²⁵ Act No. 102 of 2018 to Partially Amend the Immigration Control and Refugee Recognition Act and the Ministry of Justice Establishment Act

²⁶ Masaki Wada, then Director-General of the Immigration Bureau of the Ministry of Justice, explained that out of the total number of trainees expected to be accepted in the first year (up to 47,550) in 14 industries, the percentage of trainees who will be transferred from technical intern trainees will be about 55% to 59% (Mainichi Shimbun, November 22, 2018, Tokyo morning edition).

²⁷ Regarding the status of the formation of rules at home and abroad through Guiding principle, as well as the effects on Labor Legal Practices and Japanese enterprises, see "Global Legislative Trends and the Impact on Labor Legal Practices on Business and human rights" (Quarterly Labor Act, fall 2018) and "International Progress of the Human Rights Monitoring Act" and the Need for Japanese Companies to Respond" (NBL1108).

²⁸ See OECD Due Diligence Guidance for Responsible Business Conduct. Guiding principle 17 states that such processes should include assessing impacts, integrating and addressing survey results, tracking responses, and communicating how to address them.

in cases where they have business relations with human rights infringing enterprises through supply chains, etc. and encouraging them to rectify the situation (Principle 13).

For this reason, companies are required to address human rights issues, such as improving working environment in supply chains, as part of their human rights DD. Companies also need to note that they are subject to strict screening or audit by foreign enterprises in business relationships or by foreign investors.

Considering the fact that the risks of human rights violations are potentially high for migrant workers, as mentioned above, and once any human rights violation occurs, Japanese labor market attractiveness will be seriously damaged and may lead to loss of competitiveness of Japanese enterprises as a whole, enterprises are required to give greater emphasis on human rights DDs when there are migrant workers in supply chains.

In addition, establishment of constructive labor management relations will decrease such risks above and will lead to enhancement of productivity and increasing the corporate value from mid and long term perspectives, as well as development of Japanese economy and sustainable development of the society.

2 Supply chains regulations abroad

As shown in the table, the Guiding Principles have triggered the introduction of regulations for the respect of human rights of workers, such as the elimination of forced labor in supply chains (mandatory disclosure/DDs, incorporation of labor standards in public sourcing, or embargo), mainly in Europe and the US.

The U.K. Modern Slave Act, enacted in 2015, legally requires companies to issue annual statements on the status of efforts to eliminate modern slavery through supply chains. The Act widely applies to Japanese companies if part of their business is conducted in the United Kingdom, which has a significant practical impact on Japanese companies as well.

The term "Slavery" as used in the UK's Modern Slavery Act refers to the widespread use of forced labour (Article 54, Paragraph 12, and Article 1). As mentioned above, in light of the fact that risks associated with forced or compulsory labour have been pointed out internationally with regard to the technical intern training program, efforts made by Japanese companies in supply chains regarding migrant workers' human rights issues could also be disclosed.

Trends in Supply chains Regulations

Regulatory trends	Contents
2014: EU Non-Financial	Require listed companies and financial institutions with more than 500

Disclosure Directive adopted		employees in the EU to disclose the status of environmental, labor, bribery, and human rights-related risks through supply chains.
2015: UK Modern Slavery Act adopted		A firm with a certain sales size that operates part of a business in the United Kingdom is required to disclose the status of efforts to eliminate modern Slavery in supply chains.
2015: U.S. Federal Procurement Regulation Revision		Strengthen prohibitions and requirements related to trafficking in persons in public procurement, and request submission and certification of compliance plans for contracts larger than a certain size.
2016: Enforcement of the U.S. Trade Facilitation and Trade Enforcement Act		Fully prohibit imports of goods produced by forced or child labor into the United States.
2017: French Human Rights DD Act adopted		Requesting large French companies to implement and disclose human rights DD through their affiliates and supply chains.
2018: Adoption of the Australian Modern Slave Law		A company with a certain sales size who conducts a part of its business in Australia will be required to register with a statement on the status of efforts to eliminate modern slavery in supply chains.
2019: Netherlands Child Labor Due Diligence Act adopted		Require Dutch consumers to investigate the existence of child labour in supply chains and report it to the authorities, both domestic and abroad, to provide goods and services to Dutch consumers.

3 Rule-making in Japan

(1) Adoption of the Tokyo Olympic and Paralympic Games Sustainable Sourcing Code

In Japan, in March 2017, the Tokyo Organising Committee of the Olympic and Paralympic Games announced “The Sustainable Sourcing Code (Sourcing Code)”. The Sourcing Code has established sourcing standards that target companies should comply with in manufacturing and distributing sourced goods, etc. In light of the fact that foreign nationals and migrant workers are in a position where they can easily be exploited, specific standards have been established for the treatment of foreign nationals and migrant workers as follows. The Sourcing Code urges target companies to comply with these sourcing standards not only for themselves but also for supply chains, and recommends referring to the human rights DD methodology based on the Guiding Principles.²⁹³⁰³¹

²⁹ OOA4(3)⑨

³⁰ OOA5(3)

³¹ Sourcing Code footnote iv

Foreign and migrant workers

Suppliers, etc. must not conduct illegal or improper acts such as non-payment of wages, illegal long working time, take-up of passports, forced return, collection of guarantees, etc. to foreign and migratory workers (including technical trainees) working in their own countries for the manufacture and distribution of sourced goods, etc., and must issue working conditions in a written form in a language that is understandable by the worker in question based on laws, regulations, and administrative guidance. In addition, when receiving migrant workers mediation or dispatch, suppliers should check whether the business operator who conducts the mediation or dispatch concerned has obtained a license based on laws and regulations, and whether or not migrant workers rights have been violated unreasonably. Suppliers, etc. should also make efforts to give proper consideration to the living environment, to establish a system to enable migrant workers to easily file complaints and consult with them, and to cooperate with the competent labor-related organizations.

(2) Development of the National Action Plan for Business and Human Rights

The Government of Japan aims to publish a National Action Plan on Business and Human Rights in mid-2020, and published its draft in February 2020.

In the draft, it was pointed out that "with the globalization and diversification of corporate activities, the international community is asking companies not only to implement initiatives on "business and human rights" within the company, but also to respect human rights in the domestic and international supply chains. Enterprises need to pay attention to this point." In addition, "protecting and respecting the rights of workers (including migrant workers and foreign technical intern trainees)" was described as a matter that is considered appropriate for the government to take a cross-sectional approach.

In addition, at the meeting with stakeholders prior to the draft publication, it was pointed out that it is important to consider how to protect the human rights of foreign nationals and how to develop an effective grievance mechanism in line with the rapidly increasing population of foreign nationals. In particular, it was pointed out that structural problems still exist in the technical intern training program and that proper operation of the Technical Intern Training Act is also becoming an issue.³²

4 Positioning in ESG investment

In 2006, when the Principles for Responsible Investment (PRI) were adopted, the number of ESG investment that consider ESG (Environmental, Social and Governance) factors has increased in the process of investors making investment decisions and making decisions as shareholders. Consequently, investors are increasingly interested in addressing human rights and labor issues, including supply chains of investee companies.

³² Baseline Study on Business and Human Rights, page 124

In the PRI, human rights and labor standards are cited as one of the important ESG issues, and collective engagement by institutional investors in each country led by the PRI is carried out mainly in the agriculture and apparel industries. In addition, in the February 2018 GPIF's "2018 Stewardship Activity Report" on page 29, "Supply chain" is cited as one of the major ESG-related issues considered by passive domestic equity management trustees entrusted by GPIF.³³³⁴

In addition, the "Principles for Prevention of Corporate Failure in Listed Companies" announced by the Japan Exchange Regulation Corporation in March 2018 also stipulates the "sense of responsibility for supply chains" as a principle 6, and mentions the importance of supply chains control for the prevention of misconduct. The commentary describes cases in which labor problems in supply chains led to scandals.

Under circumstances where the risks of forced or compulsory labor are pointed out internationally, investors may also be concerned if an enterprise does not adequately respond to the risks of forced or compulsory labor in spite of the existence of migrant workers in its business or supply chains. There is also the risk of divestment or the issues being pointed out in the engagement or the exercise of voting rights by investors.

5 Realization of Reputation Risks and Efforts by Japanese Companies

In December 2017, TV Tokyo broadcasted "Changing the Dawn of Gaia's Desperate Workplace!" One apparel company said that it did not respond to interviews with technical intern trainees hired by a supplier and that it did not respond to requests for interviews from television stations on the grounds that they were not legally obligated to do so. The response of companies and lawyers was a major social criticism from viewers.

On the other hand, Wacoal Holdings Corporation conducts self-assessment monitoring and on-site audits of its contract manufacturing plants based on the Wacoal Group Procurement Guidelines, which also include the working environment for technical interns as a matter of compliance, under the CSR Procurement Committee established in April 2018.³⁵

With regard to its response to technical interns in its supply chain, MIKI HOUSE Co., Ltd. said, "In 2017, MIKI HOUSE conducted a 'Survey on Foreign Technical Interns' at 92 of our contracted manufacturing plants that manufacture products in Japan, and based on the results of that survey, from February 2018 to October 2019, we have actually visited all 25 companies employing technical interns to understand the actual situation at their workplaces. Information on the various risks identified in the

³³ <https://www.unpri.org/esg-issues/social-issues/human-rights-and-labour-standards>

³⁴ http://www.gpif.go.jp/operation/pdf/voting_h29.pdf

The Stewardship Code, revised in 2020, states that institutional investors will engage in constructive "dialogue with objectives" based on "consideration of medium-to long-term sustainability including ESG elements in accordance with their investment strategies."

³⁵ <https://www.wacoalholdings.jp/sustainability/csr/structure/>

survey was shared with the contract manufacturer's plants and we are working with them to resolve the issues".³⁶

In December 2018, Shimamura, Co., Ltd., a major casual clothing manufacturer, was also reported that five technical intern trainees from Myanmar were illegally working or being infringed on human rights at a subcontracting company. In response to this report, Shimamura sent a notice to all the business partners requesting that there be no human rights violations against the technical intern trainees.³⁷

Furthermore, a documentary program broadcast by NHK in June 2019 stating that a Vietnamese technical intern trainee is engaged in harsh labor at a towel sewing company in Imabari City triggered a spread of criticism on the Internet, which could have an impact on the considerable reputation of the entire product brand. Reported companies are not members, but relevant trade unions have expressed their views on the matter. As the spread of SNS facilitates the public's dissemination of opinions, once the critical opinions are gathered on the Internet, and with spreading over such posts in a short period of time, there is a growing risk that the company's reputation will be damaged and that its sales and earnings will also be affected.

In this way, from the perspective of avoiding business risks, companies are required to address human rights issues, such as improving the working environment for migrant workers.

³⁶ https://www.mikihouse.co.jp/corporate/csr/csr_procurement/

³⁷ Nihon Keizai Shimbun, December 5, 2018, "Notification to suppliers to prevent violation of human rights of technical intern trainees by Shimamura"

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Author : Business and Human Rights Lawyers Network Japan

Lawyers Network for Foreign Workers / Lawyers Network for Foreign Technical Interns

Contact Information

Business and Human Rights Lawyers Network Japan Secretariat

(Attorney Emi Omura / Attorney Daisuke Takahashi)

URL: www.bhrlawyers.org

C/O Research Center for Sustainable Peace (RCSP), the University of Tokyo

3-8-1 Komaba, Meguro-ku, Tokyo, 153-8902, JAPAN

TEL: +81-3-5465-8842

Lawyers Network for Foreign Workers

Lawyers' Network for Foreign Technical Interns

(Attorney Shoichi Ibusuki / Attorney Chika Miyagi)

URL: www.grb2012.wordpress.com / www.kenbenren.com / www.k-chuolaw.com

Email: grb.jimu@gmail.com
