

**Guideline for Responsible Business Conduct  
for the Textile and Clothing Industry of Japan  
(Provisional)**

Japan Textile Federation

July 2022

## **Introduction**

In September 2021, with the cooperation of the ILO Office in Japan, the Japan Textile Federation (JTF) established the "Formulation Committee for Guidelines for Responsible Business Conduct" with the membership of 13 organizations comprising the textile and clothing supply chains and held four round of meetings and three study sessions with experts. The Committee also held social dialogue session with UA Zensen, a sectoral trade union, to discuss the guidelines. These discussions resulted in the "Guidelines for Responsible Business Conduct in Textile and Clothing Industry of Japan" formulated to help the Japanese textile industry fulfill its social responsibilities in the area of human rights.

In recent years, the international community, particularly in Europe and the United States, has been demanding that companies, regardless of their business scale, conduct their business in a manner that voluntarily works to contribute to sustainable development, including respect for human rights and protection of the environment. This demand extends throughout the value chains and is known as "Responsible Business Conduct (RBC)." However, in Japan, the awareness of RBC has not progressed well, and limited number of companies are fully engaged in RBC.

This guideline focuses on human rights issues, particularly in the aspect of labour, which have been attracting increasing attention recently. It also identifies the significance and rationale of RBC as well as the procedures for due diligence as a means to realize RBC. While similar guidelines of this area mostly stand on a viewpoint of those who manages supply chains, this guideline rests with a perspective of small and medium-sized enterprises (SMEs) receiving the order in supply chains. This is due to the characteristics of the textile industry including Japan, in which the edge of supply chain is dominated by SMEs.

This guideline consists of four parts. Part I outlines the purpose and outline of the guideline. Part II provides examples of checklist when SMEs receive the orders. Part III outlines the matters that should be understood from the standpoint of buyers managing the supply chain, as it has been done by the akin guidelines. Part IV describes step-by-step process to deal with the issues identified in Part II and III and manage the whole procedure. This process is called due diligence. The checkpoint examples are listed by issue-based, aiming to help SMEs readily identify and manage the risks by using this guideline.

We hope that this Guideline helps company management's efforts in promoting business responsibility to respect human rights, which lead to the social recognition of efforts made in Japanese textile industry that is chosen by workers and that will once again become a vibrant industry.

July 2022

Japan Textile Federation

Chairman Masanao Kambara

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➤ This English version is provisional and will be revised in the future.

# Part I. Purpose and outline of the Guideline

## 1. Purpose of the Guideline

### (1) Towards sustainable development of the textile and clothing industry and international competitiveness

As the first quarter of the 21st century has come to an end, we are approaching a critical moment in time to ensure that our textile and clothing industry businesses are inherited to the next generation in a sustainable manner.

Global textile industry is continuing to transform itself for growth in response to the wave of the fourth industrial revolution, including the digital transformation and the change in production system network. Meanwhile, in Japan there is a decline in clothing consumption due to population decrease, labour force shortage mainly in younger generation, as well as an increase in number of business closures due to the lack of successors. The COVID-19 crisis has accelerated this trend. The garment industry in particular is relying on foreign Technical Interns to maintain operations, but many violations of the laws and regulations of the Technical Intern Training Program have been pointed out, leading to a deterioration of the industry reputation and loss of attractiveness to the younger generations. As the UN Sustainable Development Goals (SDGs) indicate, it will be difficult to continue business in a sustainable manner by 2030 unless the industry becomes attractive through substantial changes in every person's behaviour.

Now, the survival of the Japanese textile and clothing industry hinges on all companies' efforts to manage their operations in a way that respects workers' rights, which is one of the core issues for the sustainability of the industry, and to maintain "decent work" throughout the industry. "Decent work" is defined as productive work for women and men in conditions of freedom, equity, security, and human dignity (see "6. Definitions"). The issue of workers' rights is one of the most familiar human rights issues for employers and must be taken care of by all companies. **The purpose of the Guideline is to help promote industry-wide efforts towards decent work through international labour standards and to achieve resilient value chains (see "6. Definitions") that contributes to improving international competitiveness.<sup>1</sup> The Guideline provides guidance on identifying**

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<sup>1</sup> The development process of the guideline started in July 2021, when the Ministry of Economy, Trade and Industry of Japan (METI) released the "Report of the Study Group on Sustainability in the Textile Industry", which recommended that the government, industry associations and international organizations work together on development of guideline to address due diligence, a measure to identify, prevent or mitigate risks to human rights in the supply chains. (METI '[Study Group on Sustainability in the Textile Industry](#)' Report (July 2021)). In response, the Japan Textile Federation(JTF), in cooperation with the ILO, agreed to develop the guideline and promote collaboration to realize decent work throughout the Japanese textile industry (ILO press release "[ILO and Japan Textile Federation \(JTF\) sign a Memorandum of Understanding to Promote Responsible Corporate Behaviour](#)" (5 November 2021)). The objectives of the development and implementation of the guidelines for responsible business conduct were to:

## **and addressing priority labour issues.**

### **(2) Stakeholder expectation in textile and clothing industry**

Workers are the heart of business, whereas it is also supported by other people. “Stakeholder” in relation with domestic and overseas business activity includes those who directly involved, such as workers, consumers and business partners (See “6. Definitions”). Local communities, governments and other public institutions are also recognized as a stakeholder. Companies, as a member of society, should pursue profits and gain trust of its stakeholders at the same time. In recent years, in addition to legal requirements, the social demands of these stakeholders have made it essential to mitigate human rights risks<sup>2</sup> and maximize their contribution to the sustainable socio-economic progress. This demands actions throughout “value chain” extending nationally and internationally. “Value chain” refers to a chain of activities or actors that aims at creating a certain value, including product design, labour management, financing and consumption, which includes supply chain, that represents business activities along the production such as procurement of raw materials, manufacturing and sales of products (See “6. Definitions”). Civil society and consumers demand companies operating across global value chains to act towards responsible business conduct. Investors also demand responsible business conduct, as exemplified by the term “ESG investment”. Such demand is not only being extended to companies that provide products and services, but also to their business partners in the supply chains (for more information concerning relationship between value chains and supply chains, see “6. Definitions”).

### **(3) International standards to promote business respect for human rights**

The aim of this Guideline is to promote business respect for human rights with maintaining sustainable growth, so called “Responsible Business Conduct (RBC)”. Human rights, which form the basis of Responsible Business Conduct, are enshrined in the Constitution of Japan as the rights of all people to live in dignity and pursuit of happiness as human beings, and are the rights that all people are born with. All people involved in business activities, including workers, consumers and local residents, have human rights because they are all human beings, regardless of race, colour, sex, language, religion, political or other opinion, national (nationality, place of birth,

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- strengthen sector-wide efforts and improve international competitiveness by implementing guidelines that meet the requirements of international labour standards and global standards
  - identify priority labour issues and the way to address them through sectoral and social dialogue across the industry and supply chains
  - create decent work and make supply chains more resilient by strengthening supplier's capacity building.

<sup>2</sup> See Part II Section 1.

etc.) or social origin, property, birth or other status.

The *UN Guiding Principles on Business and Human Rights* ('the UN Guiding Principles'), constituting an international instrument on business and human rights, a) reaffirm the obligation of states to protect human rights, b) define the responsibility of businesses to respect human rights, and c) require states and businesses respectively to ensure access to remedies for human rights infringements (see "6. Definitions"). In the context of increasing cross-border business activities, the UN Guiding Principles aims to address adverse impacts of business activities on human rights and incorporated the results of an extensive dialogue with stakeholders, including governments, companies and industry associations, people and communities directly affected by business activities and civil society around the world. Given this background, the UN Guiding Principles, unanimously endorsed by the UN Human Rights Council in 2011, have become common language for all stakeholders. This Guideline is based on the UN Guiding Principles and provides guidance to enable companies to implement activities in line with the UN Guiding Principles.

It is expected for companies, in promoting responsible business conduct, that they fully understand and implement the content of international instruments that are complementary to the UN Guiding Principles, i.e., the *OECD Guideline for Multinational Enterprises* and the *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* (MNE Declaration). Companies are also expected to refer to the sector specific guidance, the *OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*, which helps better understand this Guideline.

#### **(4) Need to scale up collaborative efforts across the industry**

The textile and clothing industry constitutes a long supply chain that includes diversified production and sales processes. In the manufacturing process, raw materials and process of spinning belong to upstream, twisted yarn, weaving, knitting, dyeing and finishing belong to midstream, and sewing and retail belong to downstream. In the non-manufacturing process, trading companies with their function of integrating whole supply chains, apparels that design and sell the final product, and retails, all of which represents sector diversity.

The domestic textile manufacturing industry is currently less competitive for higher manufacturing costs compared to China and South-East Asia regions, mainly due to differences in labour costs. There is hence a high share of overseas production. Moreover, the lack of superiority in price determination within the trading structure of subcontracting and piecework processing makes it difficult to secure the profit margins needed for reinvestment, which in turn prevents productivity growth, resulting in a low wage trend. In addition, most companies in the domestic textile manufacturing industry are located in rural areas where birthrate-declining and population-ageing are prevalent, creating difficulties in hiring nationals. This brings about a situation where they have to rely on migrant workers when they see them as low-cost labour force, that contributes to the increased risk of adverse human rights impacts (See Part II, Section 2(6) "Migrant workers").

Furthermore, this situation concerns the question of whether the retail price of the final product properly reflects all the costs of the manufacturing process<sup>3</sup>.

These challenges are deeply rooted in the structural challenges of the textile and apparel industry and therefore beyond what can be tackled by individual companies. Without collaboration across the whole textile industry, it is not possible to effectively promote responsible business conduct and respect for human rights throughout the value chain. Only by the whole industry working together can address structural challenges and move towards more attractive industry with an improved working environment and an increased productive employment. **To bottom-up the industry's overall level, cooperation is needed now to ensure fair trading practices, decent working conditions, protection of and co-existence with migrant workers, and diversity, equity and inclusion.**

#### **(5) Benefits and risks for companies in relation to respect for human rights**

Respect for human rights brings benefits to companies. It leads to better human resources, increased productivity and good business relations, which contributes to the stable corporate growth and the social reputation improvement. Conversely, companies not respecting human rights cause various risks, such as non-compliance with laws and regulations, disputes and lawsuits with workers, reduced incentives and productivity of workers, loss of reputation, and difficulty in recruiting human resources, that is likely to have negative impacts on business operation. Furthermore, failure to prevent or respond to serious human rights violations can also create a risk of business continuity, such as suspension of contracts and loss of investment.

Efforts to respect human rights may be perceived as a temporary burden for companies, but the trust gained by this effort will increase the value of companies in the medium and long term and lead to their growth. It can also increase the sustainability of the industry as a whole if all the companies that make up the value chain work as partners on an equal footing, beyond their trading position as buyers and suppliers.

Given these benefits and risks, responsible business conduct is an essential management issue for companies aiming to continue and grow their business.

It is hoped that the implementation and dissemination of these guideline can contribute to improving the sustainability of the Japanese textile industry.

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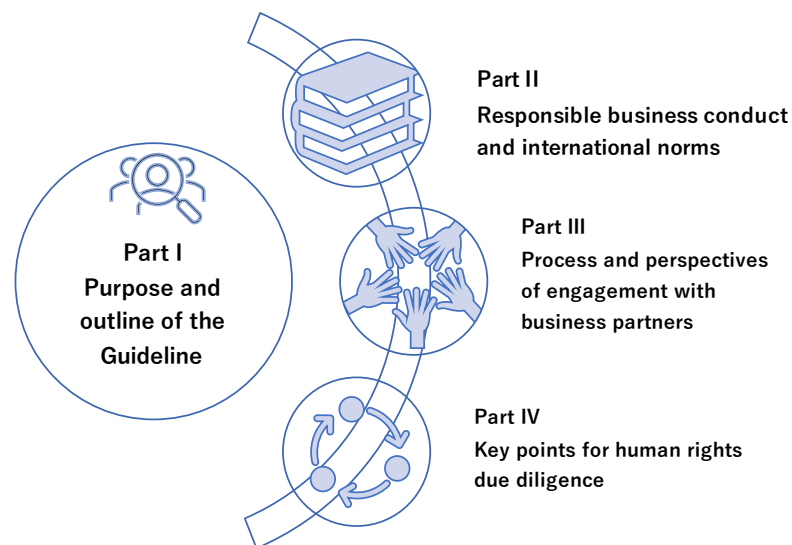
<sup>3</sup> See Section II part XX for risks of adverse impact on human rights inherent in migrant workers



## 2. Scope of the Guideline - company

As the Guideline promotes industry-wide efforts, the scope is intended to include all companies in the Japanese textile and clothing industry, including those in the aforementioned manufacturing and non-manufacturing processes. Therefore, it is the common issue of whole Japanese textile and apparel industry.

## 3. Structure of the Guideline



This Guideline is structured as follows:

- Part I provides the purpose and outline of the Guideline.
- Part II elaborates responsible business conduct that should be carried out by and within the companies (internal check and actions), with an explanation and introduction of typical worker's human rights and good practices of Japanese companies. To that end, Part II explains international standards (e.g. International labour standards) and their relevance for companies, as well as relevant Japanese laws and regulations which companies can refer to.
- Part III elaborates process and perspectives of engagement with business partners including direct and indirect business partners (external relations). Specifically, from the standpoint of business relationship, Part III outlines how to promote business partner's efforts for responsible business conduct as detailed in Part II.

- Part IV focuses on procedural aspects and provides key points for “human rights due diligence” (“HRDD”) process to better integrate into corporate management the practices described in Parts II and III. HRDD refers to a sustained management process that a reasonable and prudent company should carry out in order to fulfil its own human rights responsibilities in light of its own circumstances, including the context of sector, business operations, size and other factors. (see “6. Definitions”).

## 4. Building blocks of the Guideline implementation

### (1) Top commitment to respect for human rights and the incorporation into management policy and system

First and foremost, top management needs to declare in a corporate policy that the company adopts business conduct in line with this Guideline to respect for human rights and achieve decent work. **Based on the declaration, companies should incorporate the policy for the respect of human rights into its management system and business operation.** [See Part IV-1] It is essential for top management to clearly state its corporate policy internally and externally to ensure that all internal departments have a thorough understanding of the need to respect human rights, to carry out responsible business conduct, and to establish a system of respect for human rights in cooperation with external stakeholders. The top management’s public declaration to fulfill responsibility to respect human rights are referred to as “commitments” in the UN Guiding Principles. The Guideline is intended to provide practical guidance for making and implementing the commitments.

### (2) Promoting engagement internally and externally

The Guideline aims to promote HRDD as an essential procedure to perform responsible business conduct that contributes to respect for human rights and decent work throughout the supply chains (see Part III and Part IV). This requires proactive efforts not only by buyers but also by suppliers, and the Guideline also provides guidance on specific measures needed for suppliers (see Part II).

However, **respect for human rights and decent work cannot be achieved simply by exercising tick boxing, but should be achieved through meaningful dialogue with the relevant stakeholders.**

For this reason, constructive dialogue with company trade unions, worker representatives and individual workers is essential for efforts within companies. This is because collecting real voices of rights holders need for understanding and improving the environment. In terms of supply chain management, it is also essential to have a constructive dialogue externally with business partners to gain cooperation for respect for human rights and decent work. Rather than unilaterally imposing its own rules, companies should take into account the partners' response capabilities and management resources. When it comes to overseas business partners and their workers,

a multi-dimensional dialogue to maximize respect for human rights and contribution to the host country's development, taking account of the culture, legal system and practices of the country is an important factor (ILO MNE Declaration, paragraph 11).

Internationally, these efforts are referred to as "engagement" (see "6. Definitions"). This Guideline is for the users to refer to the relevant sections when facilitating these dialogue within the company or with other business partners.

Column I: What is "engagement"?

During the course of conducting HRDD, the term "engagement" appears frequently. "Engagement" refers to an ongoing dialogue and collaboration between a company and the specific stakeholders (see "6. Definitions") who are affected by the company's activities. The purpose of engagement is to understand and respond to the interests and concerns of the stakeholder and their expectations to the company. In situations where the company communicates its HRDD efforts to the public [→see Part IV, Section 6], it is useful to use this terminology. Particularly communicating with foreign business partners needs shared objective and it is important to be accountable for how the company has conducted this stakeholder engagement.

[→See "Annex 2: Good practice (1) Practice of human rights due diligence, including stakeholder engagement."]

### (3) Identification of human rights issues

"What exactly should we check in respecting for human rights?" is one of the frequent questions raised among companies and their staffs. "Annex: Examples of checklist and approach to address risks" of this Guideline provides specific points of human rights issues for practical consideration. The examples given in the Annex are limited to the typical and salient issues that are generally flagged for the textile and clothing industry. **As the nature of the human rights issues and the scope of the countermeasures differs from company to company,** some companies may have other risks that need to be addressed in addition to the checklist in the Annex. Please note that **the checklist is intended to be used as an opportunity to identify priority issues in accordance with the company's own situation.**

Part II of the Guideline explains the international standards that form the basis for each human rights issue. We hope that the readers will refer to Part II to become familiar with the examples of checklist items in the Annex.

Aside from this identification of human rights issues, to disclose and communicate the company's efforts is also an essential part of the HRDD procedure [→see Part IV, Section 6 for details].

As discussed in section 1, the textile and clothing industry is composed of many processes from upstream to

downstream and each process faces different challenges. Company needs to prioritize the salient risks, bearing in mind its position in the supply chain. For a detailed explanation of the issue-specific challenges, please refer to the examples of checklist and appropriate actions to be taken when risks are discovered in the Annex.

This Guideline expects companies to examine their own corporate behavior according to the Guideline, correct any problems, undergo audits if necessary, and conduct continuous follow-ups. However, it can be a burden to assign staffs with expert knowledge, especially for SMEs with limited resources. In such cases, it may be effective to seek the external experts' help such as lawyers, labour and social security lawyers and private auditors with expertise and knowledge of international human rights and labour standards. In the future, JTF will work to establish a framework to promote consultation with experts in a way that is conducive to the whole industry.

## 5. References

The Guideline focuses on the specific challenges faced by companies in the textile and clothing industry in Japan in view of promoting understanding of priority challenges on human rights. Please refer to the following reference materials to start your efforts in accordance with the Guideline and to further realize the aims of the UN Guiding Principles.

- International Human Rights Council 'Guiding Principles on United Nations Business and Human Rights' (UN Guiding Principles)
- THE CORPORATE RESPONSIBILITY TO RESPECT HUMAN RIGHTS: An Interpretive Guides\_
- [OECD 'Guidelines for Multinational Enterprises'](#)
- OECD 'Due Diligence Guidance for Responsible Business Conduct'
- OECD 'Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector'
- International Labour Organization (ILO) 'Declaration on Fundamental Principles and Rights at Work and its Follow-up'
- ILO 'Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy' (MNE Declaration)
- Japan Textile Industry Federation 'Proposals for the textile industry as it should be in 2030'
- [Inter-Ministerial Committee on Japan's National Action Plan on Business and Human Rights](#) 'National Action Plan on Business and Human Rights (2020-2025)'

## **<List of definitions>**

### **“UN Guiding Principles”**

International instrument on business and human rights, unanimously endorsed by the UN Human Rights Council in 2011. It is the first UN document to explicitly state the responsibility of businesses to respect human rights. It sets out 31 principles, comprising the obligation of states to protect human rights as the first pillar, the responsibility of businesses to respect human rights as the second pillar and access to remedies as the third pillar.

### **“Human rights due diligence” (“HRDD”)**

A sustained management process that a reasonable and prudent company must carry out in order to fulfil its own human rights responsibilities in light of its own circumstances (including the context of industry, business operations, size and other factors). Although the human rights issues presented in the Guideline focus only on labour rights, which is one of the most important human rights issues, HRDD itself includes a wide range of other human rights issues (such as issues related to the human rights of local residents and consumers).

### **“Stakeholders”**

Relevant actors in relation with corporate activities, including consumers, workers, business partners, local communities and public authorities

### **“Decent work”**

Productive work for women and men in conditions of freedom, equity, security, and human dignity. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for all, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

### **“Value chain”**

A chain of activities or actors that aims at creating a certain value, including product design, labour management, financing and consumption, which includes supply chain, that represents business activities along the production such as procurement of raw materials, manufacturing and sales of products. “An Interpretive Guide” for the UN Guiding Principles” clarify that the value chain includes entities that have a direct or indirect business relationship and which either (a) supply products or services that contribute to the enterprise's own products or services, or (b) receive products or services from the enterprise.

\*Supply chain: Refers to a chain of business activities to deliver products to consumers through processes such as procurement of raw materials, development of products, manufacturing and logistics at various stages. As it focuses on the supply, its scope is narrower than that of a value chain, which focuses on value creation as a whole.

### **“Engagement”**

Continued dialogue and collaboration between companies and specific stakeholders affected by their activities.

## Part II: Responsible business conduct – internal check and actions

### 1. Major actions

Part II provides a guidance for responsible business conduct – internal check and actions, starting from the top management’s commitment to the engagement within and outside the company, and the identification of human rights issues. These constitute the core part of this Guideline. Before going into the detail of worker’s rights in Section 2, the following FIVE major actions should borne in mind and addressed within the internal operation.

- i. Comply with national laws and respect for international standards
- ii. Concentrate on dialogue with workers throughout the process of respecting human rights
- iii. Prioritize the most salient among a wide range of human rights risks
- iv. Establish effective grievance mechanism
- v. Conduct day-to-day research and documentation for accountability

#### (1) Comply with national laws and respect for international standards

The responsibility of business enterprises to respect human rights refers not only to national laws and regulations, but to internationally recognized standards, i.e., international human rights standards and international labour standards<sup>4</sup> (see Appendix I and ILO MNE Declaration Articles 8 and 9). In general, the conventions included in such international standards are implemented through ratification and legislation of national laws by countries. There are cases where conventions are not ratified, or even if ratified, national laws may not be compatible with the international standards. In such cases, the risk of human rights violations increases, and **it is therefore essential that companies understand and respect for international standards**. From this perspective, the Guideline introduces the international standards of labour rights in Part II, Section 2.

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<sup>4</sup> International labour standards are adopted by the ILO, constituting 190 Conventions, 206 Recommendations, Protocols and other normative instruments. Conventions are binding instruments subject to ratification by Member States and set out the general principles to be observed in various topics of the world of work. Among the Conventions, there are so called “core labour standards”. Member States have an obligation, regardless of the ratification status, to respect, promote and realize the principles concerning fundamental rights which are subject of the 5 areas of labour issues covered by 10 Conventions: freedom of association and right to collective bargaining; forced labour; child labour; discrimination, and; safe and healthy working environment (ILO Declaration on Fundamental Principles and Rights at Work, 1998). Recommendations, on the other hand, are not subject to ratification and are not binding, but provide Member States with specific implementation measures and guidance that complement the Convention.

In addition, **where international standards are realized through national laws in countries, they are deemed direct legal obligations to the companies.** In this sense, companies must also have a system in place for compliance with the laws and regulations and, if necessary, a system for consulting external experts. As a reference, this Guideline introduces specific international documents that establish international standards as well as relevant Japanese domestic laws in the respective sections of Part II Section 2.

### International Labour Standards – what it means for enterprises

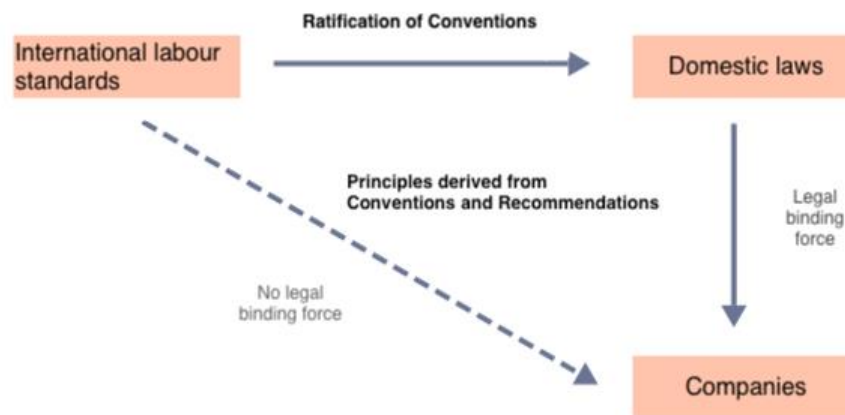


Figure 1. International labour standards: relation with companies

(Adapted from ILO [International Labour Standards and Sustainable Sourcing Handbook](#))

### (2) Concentrate on dialogue with workers throughout the process of respecting human rights

As explained in “Promoting engagement internally and externally” in Part I Section 4-2, companies need, in fulfilling the responsibility to respect human rights, **to build a system and culture that enables to collect voices of respective rights holders, workers in particular, on any workplace concerns as well as surveillance mechanisms for risk identification.** This is because workplace issues are not only those easily identified such as improper installation of fire extinguishers or emergency exits and other occupational safety and health risks. But there are also obscure problems that, by their nature, are difficult for the people concerned to raise, and the employers do not always have a clear picture of. This includes discrimination and harassment in the workplace and issues related to Technical Internship Trainees in Japan (see Part II Section 2-6 “Migrant workers”). To that end, workplace environment where workers are genuinely encouraged to raise concerns is needed to make sure that the system for respecting human rights is functioning properly within the company (see Part IV). In particular, migrant workers and other minorities in the workplace often feel it difficult to speak up or express their concerns to the managers, due to their language barriers and other obstacles. In order to ease their challenges, creating an environment that facilitates communication is the matter of primary importance.



Moreover, it must be understood that the human rights recognized for workers, such as the freedom of association, the right to organize and the right to collective bargaining (see Part II, Section 2 (2) “Freedom of association, the rights to organize and collective bargaining”) are integrant for day-to-day social dialogue (ILO MNE Declaration, paragraph 10(e), 48-62). When workers are alone, isolated, and disadvantaged by workplace problems, they must be guaranteed with these rights as a means of forming or joining a trade union of their own choice and negotiating on an equal footing with their employer. If these rights are infringed, for example by companies refusing or suppressing requests from workers, social dialogue will only be nominal.

If a trade union does not exist in workplace, or even if it exists but excludes certain workers such as non-regular workers from the membership, dialogue with worker representatives as a forum to hear their voices is necessary. **However, dialogues with trade unions and worker representatives should not remain superficial but should —foster an environment that facilitates the recognition of individual worker's work-related concerns and problems.** This highlights the importance of improving internal openness and fostering a relationship of trust with workers.

Dialogue with workers substantially contributes to identification and mitigation of adverse impacts on human rights from worker perspective throughout the processes of top management policy development, human rights due diligence, and access to remedies. Effectiveness and viability to eliminate adverse impacts can be brought about by dialogue with workers.

Column II: Roles of trade unions and worker representatives
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Social dialogue is essential for securing human rights of diverse workers in diverse workplaces, and the fundamental rights to support social dialogue are freedom of association, the right to organize and bargain collectively. Trade unions are organized for the purpose of realizing these rights and for enabling workers to resolve labour issues that they cannot resolve alone on an equal footing with their employers. Social dialogue with trade unions well-grounded on mutual trust can lead to benefits for companies, including increased productivity, reduced turnover and the prevention of labour-management disputes. This is because it is more efficient to engage in dialogue through trade unions than to negotiate with each worker individually, and because it creates an environment in which workers can voice their concerns through trade unions rather than having to deal with it alone.
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On the other hand, the majority of small and medium-sized enterprises (SMEs) in Japan do not have trade unions, and moreover, as work styles diversify, increasing number of people are unable to rely on labour-management dialogue through trade unions. In such situation, freedom of association, the right to organize and bargaining collectively may often be overlooked. However, when workers are in a vulnerable situation and are experiencing difficulties, or when problems arise in the workplace, securing these fundamental rights are critical in pursuing ways to address the problems collectively in workplace and enhancing the sustainability of enterprises.
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In addition, even in enterprises where trade unions do not exist, the election of a worker representative is mandatory in Japan when establishing a collective agreement between employers and workers. Some of the important requirements for a worker representative include: (1) he or she must represent a majority of the workers (elected by a democratic method such as a show of hands or a vote); (2) he or she is not nominated by the employer, and ; (3) he or she is not in an integrated position with management in determining working conditions and other matters.

### **(3) Prioritize the most salient among a wide range of human rights risks**

Human rights issues encompass a wide range of issues, as listed in Part II Section 2. The key is to address primarily the more salient risks to human rights. Company engaging in responsible business conduct needs to prioritize the most salient human rights risks with the highest severity.

The “severity” of a human rights risk is primarily determined from three perspectives: 1. Scale (the gravity of the adverse impact. For example, extent of impact on workers' health or safety, and whether the violation concerns fundamental rights at work); 2. Scope (the reach of the impact. For example, the number of workers affected, and how extensive the impact spreads); 3. Irremediable character (whether it is a type of human rights violation that is difficult to restore).<sup>5</sup> **To avoid arbitrary decision on “severity” by relying on limited information, the aforementioned social dialogue plays an important role to make appropriate judgements.**

It should also be noted that some workers are particularly vulnerable. **In general, migrant workers (in this Guideline, they are referred to workers with diverse background, not solely nationalities but also ethnicity, culture, religion, and language), women, sexual minorities, persons with disabilities, young workers and informal workers are often in vulnerable situations and need special considerations.** Human rights related risk identification should be conducted based on meaningful dialogue with minorities belonging to these groups. For instance, Technical Interns are a typical example of a vulnerable group, thus companies employing them should determine that the risk associated with them is of a high severity [→With respect to migrant workers, see Section 2. (6) “Migrant workers”].

Once most salient and severe human rights risks are identified, the company is required to adopt appropriate measures to prevent and mitigate the adverse impact of its involvement, and to provide for remediation for any harm that has occurred (Guiding Principles 19 and 22).

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<sup>5</sup> UN Guiding Principle 14 Commentary.

### Column III: Vulnerability of women workers and gender mainstreaming approach

One example of a status particularly vulnerable to human rights impact is women workers, who constitute the majority of the workforce in the textile and clothing industry supply chains. For example, women workers are inclined to face higher risks of lower wages and of harassment in the workplace in comparison to the male counterparts, and the proportion of women informally employed or working in the informal economy also high. Special attention should be paid to these vulnerabilities in all human rights due diligence processes. It is also necessary to review all workplace policies and internal systems from the perspective of gender equality to ensure that fair and non-discriminatory treatment is in place, and all workers regardless of gender should have equal opportunities to participate in such review process.

Giving due consideration to the adverse impacts women workers are particularly vulnerable to, companies should examine whether the existing policies and initiatives have inadvertent adverse impacts on them [→see Part II 2. (3) “Discrimination” for more information regarding indirect discrimination in the workplace]. Gender lens examination should be put in place on monitoring procedures within due diligence process and accessibility of grievance mechanisms [→see Part IV for the due diligence process].

#### **(4) Establish effective grievance mechanism**

As explained in point (2) above, social dialogue is an integral part of the process to identify, prevent and mitigate human rights impact. **Even in cases where adverse impacts on human rights are actually found, social dialogue may be an important tool for the remedy, as it can be the catalyst for the victim's redress.**

However, there are cases where human rights infringements cannot be prevented through social dialogue even if management is committed to respecting human rights. So it is necessary to establish a grievance mechanism that allows workers to report such violations to management or third parties by all means. Established grievance mechanism enables a company to work quickly and effectively for the improvement of the situation (see “Grievance mechanism” in Part IV, Section 7, and Paragraph 66 of the ILO MNE Declaration) . In particular, in cases such as harassment where workers tend to feel reluctant to disclose their names and communicate directly with the management, a grievance mechanism that allows workers to report anonymously through a third party can be helpful.

Grievance mechanism can be various forms and tailored to fit the size of a company. Some of the examples of grievance mechanism include suggestion box addressed to the president or the management, or an internal hotline for workers via e-mail. Companies may primarily consider introducing and strengthening such mechanisms which are already familiar to them. More importantly, there are basic requirements that should be met, such as prohibiting retaliation, protecting privacy, and linking to some mechanism that leads to a solution rather than just a hearing of opinions. If there is an external reporting mechanism, companies should notify that to the workers. External

reporting or grievance mechanism would enable companies to be more proactive in addressing serious human rights violations. Once an industry-wide grievance mechanism, companies are encouraged to use it.

The concept of grievance extends as far as an actual remediation of the situation for those who have suffered adverse human rights impacts (UN Guiding Principle 22). In establishing a grievance mechanism must always take into account this objective.

#### **(5) Conduct day-to-day research and documentation for accountability**

The context of human rights impacts vary widely depending on the situation in which they occur. As it is of a nature that it can occur from day to day, it is important to collect information on a regular basis. One way of doing this is through social dialogue and meaningful engagement with trade unions and worker representatives, as well as daily communication with workers, as described in (2). An alternative way is to conduct regular surveys on workers whether they find facts of human rights violations (specific issues will be described in Part II, Section 2). Along with this, **companies should keep internal records of the survey results** (how, when and what information was collected through the survey, what facts were understood and what countermeasures were implemented) **so that they can periodically review and be accountable for their own efforts and progress towards improving the situation** (Guiding Principle 21).

This also enables a quick response and external communication when adverse human rights impact become apparent (communicating the efforts externally is an integral part of the human rights due diligence procedure) [→see Part IV, Section 4 “Track implementation and results (Step 4)”].

Column IV: Global Framework Agreement: Towards a trusted and better company in the world by promoting social responsibility through dialogue and joint responsibility between labour and management

As corporate activities expand beyond national borders and their impact spreads globally, trade unions are taking corresponding initiatives. For example, the “Global Framework Agreement (GFA)” aims to build constructive labour-management relations through social dialogue on a global scale, as Global Union Federations (GUFs) establish agreements with multinational enterprises that focus on respect for core labour standards and basic labour rights, including in supply chains. GFA is also expected to benefit companies in the following ways.

Companies will be able to:

- show the international community their efforts for respecting human rights, including core labour standards and basic labour rights
- prevent industrial disputes in overseas operations and supply chains by conducting social dialogue within the process of human rights due diligence.
- gather information on labour-related matters in other countries through GUF's international network
- utilize GUF's network and know-hows to quickly respond to any issues when industrial disputes arise overseas
- eventually increase the value and reputation of the company

At the global level, GFAs are being increasingly contracted. In Japan, Takashimaya, Mizuno, and AEON have contracted GFAs, in which the relevant GUF and the company level and industry level trade unions (UA Zensen) participated. These four parties to the GFA regularly hold dialogues to discuss issues related to human rights and other matters, including core labour standards and basic labour rights in their overseas supply chains, as well as on progress toward their improvements. They are also working together for the prevention and early resolution of industrial disputes in overseas supply chains.

## 2. Issues concerning workers' human rights

### (1) **Forced or compulsory labour**

#### ① Code of conduct

- A business enterprise shall respect everyone's free choice of employment and take immediate and effective measures to secure prohibition and elimination of 'forced or compulsory labour'.
- A business enterprise shall respect the right of workers to voluntarily leave or terminate their employment, without forcing to work.

Commentary: Forced or compulsory labour is also known as modern slavery. According to the ILO, approximately 24.9 million people were subject to modern slavery worldwide in 2016, and 16 million people were trapped in forced labour or exploitation in the private sector<sup>6</sup>. Freedom from forced labour is a fundamental human right linked to the right to free choice of employment. Work should fulfil each person's expectations and skills and should be secured under decent working environment. Whether an act constitutes forced or compulsory labour is, to some extent, depending on the impression and perception of individual worker, so it would be difficult to confirm forced labour only through objective evidence such as written documents. In this regard, as explained in Part I, conducting individual interviews with the workers to confirm the facts is necessary.

In the international community, persistent demand arises to address forced labour as a global supply chain issue. Increasing risks of trafficking in persons and forced labour targeting specific groups such as migrants urged the adoption of the ILO's Protocol of 2014 to the Forced Labour Convention (No. 29) and the agreement in G7 2021 and 2022 on the establishment of a mechanism to eliminate forced labour. In addition, import regulations on forced labour in supply chains and the laws to ban modern slavery that encourage due diligence are introduced in the European countries and the US, and discussions on further actions are underway. With such stricter regulations, exclusion from overseas markets is becoming a realistic risk for Japanese companies in cases where forced labour exists in their operation or their supply chains.

#### ② Key definitions

**'Forced or compulsory labour'** refers to 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily'.

There are two main elements underlying the definition of forced labour: (1) menace of penalty, and (2) voluntary offer. There are apparent situations corresponding to these elements, where a worker is unable to leave from the work for fear of being punished. It is crucial to understand that there are various forms of forced labour. For instance, the work that a worker receives remuneration or salary may still be considered

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<sup>6</sup> <https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

forced labour depending on the situation.

‘Any person’ can be subject to forced or compulsory labour including adults, children and foreign workers, either contracted or not,, home workers who work on the basis of a verbal request and acceptance (offer and acceptance), and self-employed workers who work on the basis of a business contract (For more information on home workers, see the column "Risks of home workers" of Part II, 2.(3)).

In terms of '**menace of penalty**', the concept of '**penalty**' is not limited to physical or psychological punishment or restrictions (threatening by violence, restrictions on workers' freedom to leave the workplace, etc.). The 'penalty' might also take any form, including a loss of rights (right to wages, etc.) or privileges (living in a residence with good conditions etc.), or threatening of prosecution for foreign workers who are illegally staying in the country.

'**Voluntary offer**' refers to the freely given and informed consent of workers to enter into an employment relationship and to their freedom to leave their employment at any time. Even if the consent is formally given by a worker, it is not considered as consent when it was given under the menace of penalty.

'**All work or service**' refers to all types of work, service and employment, including informal or illegal employment relationships.

● Examples composing an element of the 'menace of penalty'

- Physical and verbal violence against workers, their families and relatives
- Physical movement restrictions
- Financial sanctions
- Withholding or non-payment of wages
- Termination of future employment
- Exclusion from community and social life
- Sexual violence
- Threatening of prosecution and deportation
- Deprivation of rights, social status and housing
- Taking away food, shelter and other necessities of living
- Personal retaliation
- Benefit from workers' vulnerabilities

● Examples composing an element of involuntary offer

- Physical restraint or seclusion
- Prohibition of movement (restraint to workplace)

- Trafficking in persons<sup>7</sup>
- Debt bondage or bonded labour<sup>8</sup>
- False statement or promises about types and conditions of job
- Withholding or non-payment of wages
- Detention of personal property (especially identity documents and passports)
- Extreme overtime work well beyond what is allowed under national legislation or collective agreements

Note: These lists are situations that infer 'menace of penalty' or lack of 'voluntary offers' in the context of forced or compulsory labour. Since these circumstances are often found connecting with forced labour, keeping a close watch on their presence can help prevent it.

Column V: Overtime work and forced labour
Overtime work itself does not always constitute forced labour, but there are some cases where workers work excessively against their will and laws under threats imposed by employers including fear of dismissals. In such cases, overtime work well beyond what is allowed by laws can be considered as forced labour. There are the cases where workers are in a vulnerable situation and are forced to work overtime as only in so doing can they earn the wages to keep minimum living standards (especially the minimum wage). The risk of forced labour should be suspected in the situation where the elements of 'menace of penalty' and 'voluntary offers' are found, as listed above

### ③ Potential factors that increase risks

#### (a) Workers' vulnerable situation

- Labour migration: migrant workers are often trapped in vulnerable situation exposing them to an rights abuse due to the following reasons. It should be reminded that even a light 'penalty' can be enough of a menace particularly for those workers in vulnerable situations.

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<sup>7</sup> 'Trafficking in persons' shall mean the recruitment, transportation, transfer, harboring or receipt of a persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. (Article 3(a) of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention against Transnational Organized Crime).

<sup>8</sup> 'Debt bondage' refers to the status or condition arising from a pledge by a debtor of his personal services or of those of a person under his control as security for a debt, if the value of those services as reasonably assessed is not applied towards the liquidation of the debt or the length and nature of those services are not respectively limited and defined (Article 1(a) of the Supplementary Convention on the Abolition of the Slavery, the Slave Trade and of Institutions and Practices Similar to Slavery).



- Migrant workers are often unable to voice their unsatisfied working environment due to their weak negotiation power over working conditions and strict visa requirements which make them difficult to change jobs.
  - Language barriers (depending on the level of education in their country of origin, they may not be literate nor understand the whole content of contracts in their mother tongue).
  - Social barriers (e.g., inadequate notification of public support, the laws and regulations in the country of residence, and networks for consultation, etc.).
  - Direct or indirect discrimination is committed that is rooted in employer's discriminatory attitudes towards foreigners (e.g., xenophobia, prejudice against people from specific countries, etc.).
  - Debt bondage (in particular, debts incurred for recruitment fees to find jobs) [→For further details on the specific vulnerabilities of migrant workers, see Part II, 2.(6) 'Migrant (immigrant) workers'].
  - Non-standard form of employment: workers are often vulnerable due to precarious working conditions including unstable employment and lack of trade union membership, which leads an exposure to the high risk of rights abuse.
  - Home workers and self-employed: they may have to depend on commissioned work to make ends meet, may not be subject to working hours regulations, and their working environment may be harmed by unreasonable orders.
  - Youth employment: young workers are often exposed to a risk of forced labour because of poverty due to their family's financial situation, etc. [→For more information on child labour, see Part II, 2.(4) 'Child Labour'].
- (b) Dormitories: in cases where workers live in dormitories provided by the employer, they cannot easily change their residence and it can increase their dependence and vulnerability to their employer. It may also lead to involuntary work when living environment in dormitory is unsafe or unsanitary, or when many workers are living in a same small room without privacy. The same applies when workers are secluded from the outside world, for example by confinement at night or on holidays, or prohibition of their mobile phones.
- (c) Subcontract manufacturing: where business partners in the supply chain subcontract manufacturing process to external parties, the risk of human rights violations may increase due to insufficient processing fees and the lack of transparency of the working environment. [→for details, see the Column IX 'Risks of subcontract manufacturing' in Part III, Section 1. (2)]. This risk is particularly high overseas, coupled with the widespread informal economy [→For more information, see Part III, Section 2.].
- (d) Allegation of forced labour or human rights abuses
- (e) Inadequate legal enforcement related to forced labour (e.g., inadequate number of government investigations and enforcement, existence of informal economy, etc.).
- (f) Deprivation of the right to organize and collective bargaining: It inhibits workers from voicing against forced labour [→ See Part II, 2.(2) 'Freedom of association, the right to organize and the right to collective bargaining'].

- (g) Excessive pressures on suppliers (due to factors such as price, delivery date, piece-rate payment system, etc.).

#### ④ Potential challenges in supply chains

Upstream: Insufficient awareness of the international standards concerning forced labour. Risks in the overseas procurement process for raw materials such as natural fibers. Products such as cotton, cashmere, silk, wool, bamboo, and wood pulp are also suspected involvement in forced labour and should be procured with caution.

Midstream/downstream: Risks of subcontracting manufacturing (see ③ above). Insufficient awareness of the international standards. Failure to improve processing fees through fair trade. Low wages compared to the manufacturing industry's average. Inappropriate system operation as for migrant workers (including Technical Interns Trainees). It should also be noted that some terms and conditions of transaction may cause a negative impact on human rights within the operation of business partners [→for details, see Part III, Section 1. (2) ①]

- ※ Upstream: raw materials, spinning / Midstream: yarn twisting, weaving, knitting, dyeing and finishing / Downstream: sewing

#### ⑤ Relevant Japanese laws, regulations and guidelines

- Prohibition of bondage (Article 18 of the Constitution) and prohibition of forced labour (Article 5 of the Labour Standards Act).
- 'Menace of penalty' can constitute a criminal offence (Criminal Code articles 220-223, 235).
- Overtime work must be stipulated in the Rules of Employment after signing and submitting a 'Article 36 agreement' (agreement stipulated in Article 36 of Labour Standards Act), and work orders must be properly carried out under legal requirements.

\*Recently, there has been an increase in allegation that employers deny resignation or demand pre-determined compensation for resignation, which requires attention (Prohibition on Establishing the Compensation for Loss or Damage in Advance) (Article 16 of the Labour Standards Law)).

#### ⑥ Relevant international standards and guidelines

Freedom from slavery and forced labour (Universal Declaration of Human Rights Article 4); free choice of employment (Universal Declaration of Human Rights Article 23); Prohibition of forced or compulsory labour (International Covenant on Civil and Political Rights Article 8); ILO Forced Labour Convention (C29) and its 2014 Protocol and Recommendation (R203); ILO Abolition of Forced Labour Convention (C105); ILO Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy, Paragraph 25; OECD Guidelines for Multinational Enterprises, Chapter V. 1. d); the OECD Due Diligence Guidance for Responsible Business Conduct, Section II Module 3; and ILO General Principles and Operational Guidelines for Fair Recruitment.

## (2) Freedom of association, right to organise and collective bargaining

### ① Code of conduct

- A business enterprise shall recognise the right of workers to establish and join ‘**organisations**’ of their own choosing without previous authorisation, and shall respect these rights without any discrimination. A business enterprise shall not engage in anti-union discriminatory practices or interference with trade union activities (**Freedom of association and protection of the right to organise**).
- A business enterprise, whether or not a trade union exists at the workplace, shall not hinder trade unions or worker representatives from consulting and exchanging views with the enterprise, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their representatives are not thereby prejudiced. The enterprise shall respond to bona fide negotiations when requested. This includes to provide with information required for meaningful negotiations. (**Protection of the right to collective bargaining**).

Commentary: For the dignity of diverse people in workplaces to be protected and their human rights to be respected, it is important to have dialogues between employers and workers. The freedom of association and the right to collective bargaining – underlying rights of the industrial relationship – have been shaped over a long history. Collective bargaining on an equal footing may help resolve workplace issues including working conditions by collective power that cannot be solved individually. This also leads to an increased motivation of workers and thus benefit the enterprise too. Furthermore, an environment in which workers and employers can freely and constructively discuss workplace issues may lead to the prevention of labour-management disputes and encourage sustainable enterprises.

However, in Japan and elsewhere around the world, violations of freedom of association and the right to collective bargaining continue unabated. Conducts of enterprises such as discrimination against union members or interference with trade union activities deprive the workers’ right to join a union to voice up and right to collectively negotiate their working conditions, and may constitute human rights infringement.

Some business partners in supply chains may locate in countries where unionization is prohibited and certain collective action is considered as a crime. In such cases, business enterprises may face a dilemma by finding themselves caught in the middle of repression by state or public authorities and workers’ rights protection. However, it is expected for the enterprise to continue to have dialogue to mitigate adverse human rights impacts.

In Japan, unionization rate continues to decline, standing at 16.9% in 2021 (Basic Survey on Trade Unions in 2021). Against this backdrop, the majority of small and medium-sized enterprises (SMEs) in Japan are without unions, and an increasing number of people cannot rely

on collective dialogue via trade unions due to the diversification of individual's working styles.

Even in workplaces without trade unions or where the majority of workers do not belong to trade unions, the guarantee of freedom of association, the right to organise and the right to collective bargaining are of paramount importance. These rights may not always be cognitive in routine operations, but they are core labour standards and have very important meanings for workers as well as for enterprises particularly when workers are in a vulnerable situation facing difficulties, or when actual problems arise in the workplace.

## ② Key definitions

'**Organisation**' means any organization of workers for furthering and defending the interests of workers, which include all organisations of enterprise-, industry-, or international-level.

'**Freedom of association**' and '**right to organise**' refers to the right of anyone to establish organisations, meaning the right of all workers to freely and voluntarily establish and join organisations to promote and protect their occupational interests. Workers have the right to establish, join and administrate organisations of their own choosing without interference from the state or other institutions (according to the ILO conventions, this includes the right of employers to establish, join and administrate organisations). These are prerequisite for the protection of the right to collective bargaining.

'**Interference with trade union activities**' refers to acts of promoting the establishment of trade unions or supporting trade unions financially or by other means with the aim of bringing them under the control of employers or employers' organizations.

'**Collective bargaining**' refers to a voluntary procedure for consultation and negotiation between workers and employers, particularly with regard to working conditions. Parties include employers, employers' organisations, trade unions or, where no trade union exists, representatives nominated by the workers.

## ③ Potential factors that increase risks

a. Laws restricting freedom of association, the right to organise and collective bargaining, particularly in countries abroad

(Examples)

- Establishment of trade unions requires government authorization
- Only one trade union is allowed in each industry (which is likely to cause problems of non-representation minorities such as migrant workers)
- A trade union can only be established with a specific number of people
- Collective bargaining is prohibited or workers are forced to join an organisation administered by a government
- Freedom of association is not granted to certain workers, such as foreign workers
- A government is allowed to dissolve trade unions without certain legal basis

- b. Government's repressive actions against trade union activists and trade union campaigns
- c. Existence of a union separate from representative organisations and the equal treatment may not be possible.
- d. Cases where there are a number of workers with short-term employment contracts and those working in informal economy (See Column X in Part III, 2), making it difficult for the workers to exercise their rights for a fear of negative impact on their employment, etc.

#### ④ Potential challenges in supply chains

Insufficient awareness of freedom of association, right to organise and collective bargaining can be a problem throughout supply chains (upstream, midstream and downstream), regardless of business type or country. Particular attention should be paid to the following points.

Upstream: Insufficient legal protection or discriminatory enforcement in relation with freedom of association and right to organize and collective bargaining particularly when procuring raw materials from abroad.

Midstream/Downstream: Insufficient legal protection or discriminatory enforcement in relation with freedom of association and right to organize and collective bargaining particularly in a country where an enterprise owns a factory or outsourcing contractor In Japan the unionization rate is low particularly in SMEs (See the note below) and freedom of association and the right to collective bargaining may be at the risk of infringement.

(Note) In midstream and downstream of supply chains, it is common that there is no trade union in an enterprise, and thus it is important to protect the rights of workers through dialogue with workers' representatives. In addition, as enterprises are likely to be unfamiliar with trade union practice, attention needs to be paid so that business partners do not infringe freedom of association and the right to organise against workers' action to newly establish a trade union.

※ Upstream: raw materials, yarn and spinning / Midstream: yarn twisting, weaving, knitting, dyeing and finishing / Downstream: sewing

#### ⑤ Relevant Japanese laws, regulations and guidelines

The right of workers to organize and to bargain and act collectively (Article 28 of the Constitution); unfair labour practices (Article 7 of the Labor Union Act); effects of the standards of collective agreement (Article 16 of the Labor Union Act).

#### ⑥ Relevant international standards and guidelines

The right to form and to join trade unions (Article 23 of the Universal Declaration of Human Rights); freedom of association and the right to form and join trade union (Article 22 of International Covenant on Civil and Political Rights); the right to form, join and freely function trade unions and

the rights to strike (Article 8 of International Covenant on Economic, Social and Cultural Rights); ILO Freedom of Association and Protection of the Right to Organise Convention (No. 87); ILO Right to Organise and Collective Bargaining Convention (No. 98); ILO Workers' Representation Convention (No. 135); ILO Collective Bargaining Convention (No. 154) and Collective Bargaining Recommendation (No. 163).

ILO Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy, paragraphs 48-68; OECD Guidelines for Multinational Enterprises, Chapter V, 1. a) b), 2. 3. 7. 8; and the OECD Due Diligence Guidance for Responsible Business Conduct, Section II, 6.

Note: The Company-Union Dialogue Procedure, in which the ILO arranges a qualified facilitator to support and facilitate dialogue between multinational enterprises and workers' representatives, is also available. (Reference: [ILO Company-Union Dialogue: An operational tool of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy \(MNE Declaration\)](#))

### (3) Discrimination

#### ① Code of conduct

- A business enterprise shall not **discriminate** against workers on the basis of race, colour, sex, religion, political opinion, national or regional extraction, social origin or any other reasons in various work-related situations, including recruitment, assignment, remuneration, working hours, rest periods, paid leave, vocational training, occupational health and safety, employment security, promotion, dismissal, and other grounds. Only the worker's ability and performance to do the job shall be the factor of evaluation.
- A business enterprise shall pay equal wages to workers who perform work of equal value, regardless of their gender ('**the principle of equal remuneration for work of equal value**').
- A business enterprise is expected to promote **diversity, equity and inclusion** in order to create a workplace that is productive, creative and free from discrimination.

Commentary: All persons are equal because they are human beings and must be dignified and respected as individuals, regardless of their appearance or beliefs. Discrimination is an act to deprive human dignity and has a serious adverse impact on the identity and social life of a discriminated persons and the family.

Similarly in the workplace, discrimination in workplace deprives workers of the opportunity for self-achievement through work. It means that the potential contribution that the individual could make to the organisation and society will be lost, and a business enterprise will lose the opportunity to increase competitiveness through skilled and talented human resources. The dissatisfaction caused by discrimination can also affect the performance of colleagues and teams in the workplace and can cause strain and disrupt order of the enterprise and society. On the other hand, prohibiting discrimination is closely linked to ensuring diversity, equity and inclusion in the workplace.

Recognising different personalities and characteristics of individual workers and acknowledging the difference in needs of each worker to create better working environment where they can fully extract their skills may increase the productivity and creativity of workers and the enterprise. It may lead to customer satisfaction and business opportunities. It may also contribute to an improved the working environment and better industrial relations, enhanced enterprise reputation and attractiveness, and thereby securing human resources and talents for increase competitiveness.

Promoting equal pay for work of equal value is also important in eliminating discrimination. Lack of a proper implementation of this is one of the causes of gender pay gap, while achievement of this will improve overall gender equality (SDGs 5).

In other countries, laws and regulations have been developed to require business enterprises to disclose gender gap, etc. In Japan, starting from July 2022, employers with 301 or more permanent workers are required to disclose their most recent performance regarding a gender pay gap.

## ② Key definitions

'**Discrimination**' means any distinction, exclusion or preference made on the basis of the following, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation' (See ILO Discrimination (Employment and Occupation) Convention (No. 111), Article 1, Paragraph 1).

- Race and colour: discrimination on the grounds of belonging to a particular ethnic group, where ethnic minorities, indigenous or tribal peoples are targeted.
- Sex: on the grounds of biological and physical characteristics and differences in social status of women and men. This includes discrimination on the grounds of marital status, spouse, family structure and maternity.
- Religion: discrimination on the grounds of being a member of a religion or expression of religious beliefs. This includes discrimination against atheists.
- Political opinions: discrimination on the grounds of political opinions, affiliation with a political party, political or socio-political stance, civic activity or moral qualities.
- National or regional extraction: discrimination on the grounds of place of birth, ancestry or foreign origin. National or linguistic minorities, acquirers of nationality and descendants of immigrants from abroad may be included.
- Social origin: discrimination on grounds of social class, socio-occupational status or caste.
- Other factors regulated by law: discrimination on grounds such as a history of HIV infection, disability, age, pregnancy, childcare or caring responsibilities, sexual orientation, trade union membership or participation in activities.

### (Note) Direct and indirect discrimination

Discrimination includes both direct and indirect discrimination.

- **Direct discrimination** refers to explicit discrimination where a system or policy directly cites a particular ground of discrimination.  
e.g. a job advertisement stating that people with a particular ideology or political opinion, or who are married or pregnant, are excluded from the post.
- **Indirect discrimination** refers to system, situations or practices that are apparently neutral but which in fact have an unequal negative impact on persons from a certain group.  
e.g. training opened in weekday evenings that has an effect of excluding those who have childcare or nursing-care responsibilities (thereby putting them at a disadvantaged position for a job assignment or promotion); setting a requirement of a particular language for post even when language skills are not particularly essential (which may constitute a form of discrimination on the basis of national extraction or race), etc.

Indirect discrimination has challenges in visualizing the problems and mitigating the risks. As



indirect discrimination does not require a clear intention to discriminate, it is important to know that a person may unintentionally contribute to discrimination, even when there is no explicit behaviours such as discriminatory expressions.

✂Examples that do not constitute discrimination

Distinctions based on the inherent requirements for certain jobs, special measures of protection or assistance provided for by national law (e.g. those relating to health or maternity) or the correction of historical inequalities (e.g. affirmative action) are excluded from discrimination.

**‘The principle of equal remuneration for work of equal value’** refers to ‘the principle of rates of remuneration established without discrimination based on sex. (See Article 1 of ILO Convention No. 100).

**‘Work of equal value’** includes not only the same or similar work, but also work of equal value, even if the content, location, responsibilities, required skills and qualifications of the job are different.

**‘Remuneration’** includes ‘the ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker’s employment’ (See Article 1 of ILO Convention No. 100).

**‘Diversity, equity and inclusion’** in workplace refers to recognition and embracement of the differences (diversity) of individual workers, acknowledgement of different potential barriers that individual workers may face in workplace, while actively striving to create an equitable environment where all workers can fully use their capacity (equity), and creation of a work environment in which all workers feel safe and a sense of belonging to the workplace (inclusion).

### ③ Potential factors that increase risks

- a Vulnerability of workers: discrimination may in general occur against workers who are in vulnerable situation, such as migrant workers, persons with disabilities, women, youth and non-permanent workers. Discrimination may be caused by prejudice against these persons, ignorance or apathy of traditional stereotypes. Prejudice includes unconscious bias<sup>9</sup> (See the note below), which often unconsciously forms dominant rules in favour of majority groups
- b Occupation gender segregation: female workers account for more than half of the workforce in many manufacturing processes in the textile and clothing supply chains, and 80% globally<sup>10</sup>, and

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<sup>9</sup> Unconscious bias refers to unconscious and groundless assumptions derived from traditions, norms, values, culture or one's own experiences.

<sup>10</sup> ILO ‘Moving the needle: Gender equality and decent work in Asia’s garment sector Regional Road Map’ (2021) [https://www.ilo.org/wcmsp5/groups/public/---asia/--robangkok/documents/genericdocument/wcms\\_793065.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/--robangkok/documents/genericdocument/wcms_793065.pdf)

- are often concentrated in lower positions than male in terms of job titles and functions
- c Prevalence of discriminatory traditional values, lack of awareness on what constitutes discrimination in certain cases (in particular, lack of awareness of indirect discrimination)
- d Laws and regulations that allow discrimination against some groups belonging to certain attributes and insufficient awareness

It should be noted that discrimination is not always intentional, rather very often occur unintentionally. There are cases that enterprise policies (e.g. recruitment policies) and operational methods inadvertently become discriminatory.

(Note) Examples of unconscious bias

- “It is no problem to let male workers work overtime or in holidays because they are men.”
- “ those male workers who prioritize childcare are unmotivated to work.”
- “Men are better suited for leadership positions.”.
- “Responsible duties are difficult to assign with mothers.”
- “Tea serving, receptionist and office support work are women’s work.”
- ”Foreign workers cannot follow detailed instructions and do not fit into the Japanese working culture.”
- “People with disabilities cannot be entrusted with challenging tasks.”

Changing the way you speak depending on the age or gender of the person you are talking to may also happen under unconscious bias.

#### ④ Potential challenges in supply chains

Discrimination can be a problem throughout supply chains (upstream, midstream, and downstream), regardless of business type or country. In midstream and downstream, particular attention should be paid to discrimination against technical intern trainees in Japan and discrimination against female workers (or multiple discrimination against female migrant workers) at the enterprise's own factories or outsourced contractors.

※ Upstream: raw materials, yarn and spinning / Midstream: yarn twisting, weaving, knitting, dyeing and finishing / Downstream: sewing

#### ⑤ Relevant Japanese laws, regulations and guidelines

<General>

Equality under the law (Article 14 of the Constitution); prohibition of discriminatory treatment on the grounds of nationality, creed or social status (Article 3 of the Labour Standards Act); and Article 30-2 of the Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers’ Vocational Lives, etc.

<Gender>

The principle of equal wages for men and women (Article 4 of the Labour Standards Act; prohibition of discrimination on the basis of sex in recruitment and employment (Article 5 of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment); prohibition of other discriminatory treatment (Article 6 of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment); and prohibition etc. of disadvantageous treatment on the grounds of marriage, pregnancy, childbirth etc (Article 9 of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment).

<Persons with disability>

Prohibition of discrimination (Article 4 of the Basic Act for Persons with Disabilities); prohibition of discrimination on the basis of disability (Articles 7 and 8 of the Act for Eliminating Discrimination against Persons with Disabilities); equal opportunity in recruiting and hiring (Article 34 of the Act to Facilitate the Employment of Persons with Disabilities); prohibition of discriminatory treatment (Article 35 of the Act to Facilitate the Employment of Persons with Disabilities ); and reasonable consideration (Articles 36-2 and 36-3 of the Act to Facilitate the Employment of Persons with Disabilities).

⑥ **Relevant international standards and guidelines**

Entitlement of rights without distinction (Articles 2 of the Universal Declaration of Human Rights and Article 2 of International Covenant on Economic, Social and Cultural Rights); Equality before the law (Articles 7 of the Universal Declaration of Human Rights); ILO Equal Remuneration Convention (No. 100); ILO Discrimination (Employment and Occupation) Convention (No. 111); International Convention on the Elimination of All Forms of Racial Discrimination; Convention on the Elimination of all Forms of Discrimination against Women; ILO Workers with Family Responsibilities Convention (No. 156); ILO Tripartite Declaration of Principles concerning Multinational Enterprise and Social Policy, paragraphs 28-31; and OECD Guidelines for Multinational Enterprises, Chapter V, 1.e).

#### Column VI: risks for homeworkers

A homeworker is a worker who does not have the degree of autonomy or economic independence necessary to be considered an independent worker and performs work as specified by the employer for remuneration at home or in other premises (ILO Home Work Convention (No. 177)).

In Japan, they are also called 'side job workers' or 'cottage workers.' Usually, a homeworker uses his or her home as a workplace, receives parts or raw materials from an ordering manufacturer or wholesaler, produces goods alone or with relatives living together, and receives remuneration for the work. As of October 1, 2020, there were 105,301 cottage workers (11,220 males and 94,081 females) in Japan, of which 26,077 were in the textile and clothing industry, dominating the largest industry . Since the Labor Standards Act does not apply to cottage workers, their working conditions are regulated by a special law called the 'Industrial Homework Act' (Kanai-Kogyo-Hou). This law, aimed at improving the working conditions and living standards of cottage workers, stipulates the measures such as issuance of "a cottage labour handbook", assuring remuneration payment, minimum remuneration, and occupational safety and health with penalty provisions.

Globally, the Asia-Pacific region accounts for the majority of homeworkers, and the textile industry has a large number of home workers. In low- and middle-income countries, 90% of homeworkers are in the informal economy [→see Part III, 2. for informal economy]. These homeworkers are generally unaware of their rights, often excluded from social security or labour law protection, and vulnerable to risks in terms of low wages and occupational safety and health . Child labour is rampant in home work.

Under the ILO Convention No. 177, those who gives out home work in pursuance of business activity are deemed to be employers. Homeworkers should be promoted the equality of treatment with other wage earners in relation to the right to organise, protection from discrimination, occupational safety and health, remuneration, social security, training opportunities, minimum age, and maternity protection, taking into account the conditions applicable to the same or similar type of work.

## 4. Child Labour

### ① Code of conduct

- A business enterprise shall not allow children under the '**minimum age for employment**' to work, in order to secure children's right to development and access to education.
- A business enterprise shall not allow young workers under the age of 18 to engage in '**hazardous work**', such as night shifts or overtime work, where their health and safety may be endangered.
- When a business enterprise discovers the '**worst forms of child labour**', enterprise shall take immediate and effective measures to secure the prohibition of it as a matter of urgency.

Commentary: Approximately one in ten children worldwide are engaged in child labour that is not permitted under the laws and international conventions (in total, 160 million children<sup>11</sup>). Of these children, about half are engaged in hazardous work. One in 13 children in the Asia-Pacific region and one in five in Africa are engaged in child labour. Particularly high number of child labour is reported in the textile industry supply chains.

Children are not as free to self-determine as adults and thus are more vulnerable. Child labour interferes with the physical, intellectual, social, and moral development of children by physically and mentally exploiting them and by depriving them of educational opportunities. Child labour also has a negative impact on the next generation of these children, widening the gap and hindering national development.

In Western countries regulations on import ban related to child labour and legislation encouraging business enterprises to conduct due diligence have been introduced. Therefore, the risk for Japanese enterprises to be excluded from overseas market increases if child labour exists in their supply chains. Child labour is a human rights abuse and if a single case of child labour is found, it can lead to NGO campaigns and boycotts by consumers, which damages business reputation.

Child labour is generally considered as a problem at production sites in developing countries, not in Japan. However, for example, recently some middle school and high school students have been accepted as interns, and there are also workplaces in Japan where underage workers are employed on a regular basis. In such cases, it must be confirmed and ensured thoroughly that laws and international standards regarding to the prohibition of child labour are not violated.

### ② Key definition

'**Minimum age for admission to employment**' refers to the age at which employment becomes legitimate. The specific age is determined by national laws, but according to the ILO Minimum Age

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<sup>11</sup> As of early 2020, and further 9 million children are reported to be at risk of child labour due to the COVID-19 crisis (UNICEF website < <https://www.unicef.org/protection/child-labour>>).

Convention (No. 138), it shall not be less than the ages listed in the table below, depending on the nature of work. For normal work, the age shall not be less than the age of completion of compulsory schooling (See ILO Convention No. 138, Article 2, Paragraph 3).

**<Age for admission to employment>**

	Principle	Exception
Normal work	15 years and over	14 years and over
Hazardous work (defined below)	18 years and over (16 years and over if exceptional requirements are met)	18 years and over (16 years and over if exceptional requirements are met)
Light work (defined below)	13 years and over	12 years and over

(Note) For ILO Member States whose economy and educational facilities are insufficiently developed, exceptions may be granted for a transitional period, for normal and light work, after consultation with the organisations of employers and workers concerned, where such exist. (See ILO Convention No. 138, Article 2, Paragraph 4).

'**Hazardous work**' refers to work which by its nature or the circumstances in which it is carried out is likely to jeopardise the health, safety or morals of young persons. The types of hazardous work are determined by national laws or regulations or by competent authority, after consultation with organisations of employers and workers concerned in each country (see ILO Convention No. 138, Article 3, Paragraph 1 and 2). Specifically, **particular consideration should be given to the following working situations** (see ILO Worst Forms of Child Labour Recommendation (No. 190), Paragraph 3)<sup>12</sup>. In the textile industry, this could apply, for example, to work involving rotator.

**< Examples of hazardous work >**

- Work which exposes children to physical, psychological or sexual abuse
- Work underground, underwater, at dangerous heights or in confined spaces
- Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy objects.
- Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health
- Work under particularly difficult conditions, such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer

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<sup>12</sup> However, as exceptional cases, it is possible for national laws or regulations or competent authorities to permit employment from the age of 16 years, provided that ① prior consultation has taken place with organisations of employers and workers concerned, ② the safety, health and morals of young persons are fully protected, and ③ they have received adequate specific instruction or vocational training in the relevant branch of activity (ILO Convention No. 138, Article 3, Paragraph 3).

'Light work' refers to work that is unlikely to be harmful to the health or development and that is not such as to prejudice the attendance at school or the participation in vocational orientation or training programmes approved by the competent authority. The specific details are defined by national laws (see ILO Convention 138, Article 7). Special attention should be given to the following with regard to the conditions of employment in the case of light work: (See ILO Minimum Age Recommendation (No. 146), Paragraph 13)

< Points to which special attention should be given for light work >

- Fair remuneration bearing in mind the principle of 'equal pay for equal work'.
- Strict limitation of the hours spent at work in a day and in a week, and the prohibition of overtime, so as to allow enough time for education and training, for rest during the day and for leisure activities.
- A minimum consecutive period of 12 hours' night rest and customary weekly rest days
- An annual holiday with pay of at least four weeks and, in any case, not shorter than that granted to adults
- Coverage by social security schemes including employment injury, medical care and sickness benefit schemes
- Satisfactory standards of safety and health and appropriate instruction and supervision.

'Worst forms of child labour' comprises the followings (see ILO Worst Forms of Child Labour Convention (No. 182), Article 3).

- All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;
- The use, procuring or offering of a child for prostitution, for the production of pornography or pornographic performances;
- The use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs;
- Hazardous work (see above).

### ③ Potential factors that increase risks

- a National laws and regulations that do not meet the standards required by ILO Convention No.138 and ILO Convention No.182
- b Insufficient law enforcement systems for regulating child labour (e.g. low capability of government investigation and labour inspectors and informal economy)
- c Low wages (low wages for adult workers induce children to work to support the household)

- d Subcontract manufacturing: where business partners subcontract some manufacturing process to external parties in the supply chain, the risk of human rights violations generally increases due to insufficient processing fees and lack of transparency of the working environment) [→For more information, see Part III, 1. column IX ' Risks of subcontract manufacturing] In the textile and garment industry, processing is often subcontracted to home workers, which also increases the risk of child labour in home
- e Lack of the right to organise and collective bargaining, which prevents workers from voicing up to eradicate child labour
- f Poverty, inadequate social protection and education systems (where children are unable to attend school due to lack of schools in the vicinity, high cost of education, unable to speak local language used in school because children are migrant, etc. Also, there is a case where parents do not understand the importance of education)
- g When there is an assumption among adults that younger workers are more skilled in certain tasks, such as complex sewing or embroidery
- h Education-related legislation that does not allow school enrolment for certain groups, such as migrants
- i Vulnerability of the young persons: they are sometimes treated as trainees and ordered to work long hours without adequate wages, deprived of educational opportunities, and are exposed to violence and harassment. Even when the requirements for light work are met, their working conditions must be carefully observed.
- j Excessive pressure on business partners (due to factors such as prices, deadlines, and piece-rate payment systems)
- k Terminating the relationship with business partners where remains a risk of child labour.

#### ④ Potential challenges in supply chains

Upstream: risks entailing the procurement of raw materials from abroad.

Midstream/Downstream: risks entailing overseas subcontract manufacturing (see③above). Failure to improve processing fees through fair trade. Low wages compared to the manufacturing industry's average. It should also be noted that some terms and conditions of transaction may cause a negative impact on business partners [→see Part III, 1.(3)①].

※ Upstream: raw materials, yarn and spinning / Midstream: yarn twisting, weaving, knitting, dyeing and finishing / Downstream: sewing

#### ⑤ Relevant Japanese laws, regulations and guidelines

The right and obligation to work (Article 27, Section 3 of the Constitution); minimum age (Article 56 of the Labour Standards Act); certificates for minors (Article 57 of the Labour Standards Act); working hours and days off (Article 60 of the Labour Standards Act); night work (Article 61 of the Labour Standards Act); restrictions on engagement in dangerous and hazardous operations (Article



62 of the Labour Standards Act); operations that handle heavy objects (Articles 7 of the Regulations on Labour Standards for Minors); restrictions on minors' work (Articles 8 of the Regulations on Labour Standards for Minors); and prohibition of child labour (Articles 9 of the Regulations on Labour Standards for Minors).

**⑥ Relevant international standards and guidelines**

Social protection of children (Article 25.2 of the Universal Declaration of Human Rights); Prohibition of employment of children and young persons and protection from economic and social exploitation (Article 10.3 of the International Covenant on Economic, Social and Cultural Rights); ILO Minimum Age Convention (No. 138) and Recommendation (No. 146); ILO Worst Forms of Child Labour Convention (No. 182) and Recommendation (No. 190); Convention on the Rights of the Child; ILO Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy, paragraph 27; OECD Guidelines for Multinational Enterprises, Chapter V, 1. c); OECD Due Diligence Guidance for Responsible Corporate Behavior, Section II, 1; and [ILO-IOE Child Labour Guidance Tool for Business - How to do business with respect for children's right to be free from child labour.](#)

## (5) Harassment

### ① Code of conduct

A business enterprise shall respect the individual dignity and personal rights of workers and shall not tolerate any form of violence and harassment.

Commentary: Violence and harassment in the workplace jeopardises workers' motivation and physical and psychological health, diminishes their sense of belonging to the workplace and threatens equal opportunities and decent work. It also has an impact on productivity and increased turnover, and it is directly linked to reputational risks for the enterprise itself. On the flip side, a workplace free of harassment would create a comfortable working environment and also increase the productivity of the enterprise.

Harassment remains one of the major challenges in workplaces in Japan, with 32.4% of respondents (approximately one in three) to a 2021 survey conducted by the Japanese Trade Union Confederation saying they had experienced some form of harassment in the workplace.<sup>13</sup>

Women, accounting for more than half of the workforce in the global textile industry supply chain, are more vulnerable to violence and harassment than men. In the textile industry, women are concentrated in lower positions subject to lower wages, whereas a high percentage of management positions are occupied by men. The power gap between men and women makes an environment where harassment could occur easily. Among them, low-wage workers, migrants and workers in the informal economy [see Part III. 2. Column X] are at an even higher risk of being subjected to harassment due to a combination with other vulnerabilities.

Prevention of harassment is of particular importance because once it occurs, it needs extraordinary efforts to resolve for both victims and the enterprise (it takes time to restore trust between the rights holder and the enterprise) and has an adverse impact not only on the rights holder but also on the atmosphere of the entire workplace.

ILO Violence and Harassment Convention (No. 190) has a wide range scope of harassment, bearing in mind the situations where harassment occurs more frequently in practice, as follows:

- People are protected under the Convention include not only employees but a wide range of persons in the world of work, such as trainees, interns, apprentices, workers whose employment has been terminated, volunteers, jobseekers and job applicants, and individuals exercising the authority, duties or responsibilities of an employer.

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13 Japanese Trade Union Confederation 'Survey on Harassment in the World of Work 2021' < <https://www.jtuc-rengo.or.jp/info/chousa/data/20210625.pdf?34>>

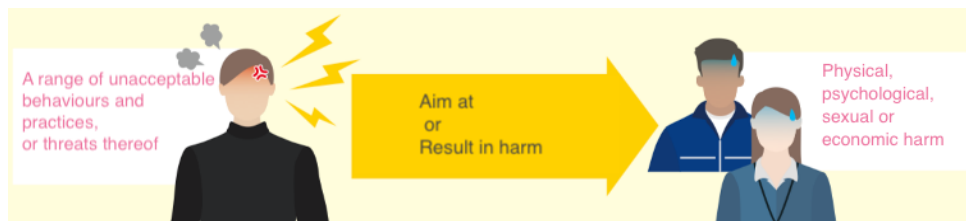
- Places where the Convention applies to include a wide range of work-related situations, not only in the workplace, but also where the worker takes a rest break or meal, or uses sanitary, washing and changing facilities, during work-related trips or travel, training, events or social activities, through work-related communications, including emails and internal social networking sites (SNS), in employer-provided accommodation, and when commuting to and from work.

Regarding time, it is necessary to address not only harassment during scheduled working hours, but also harassment that takes place during business trips, after-work gatherings and other extensions of work duties.

## ② Key definition

'**Violence and harassment**' refers to a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment (ILO Violence and Harassment Convention (No. 190), Article 1).

'**Gender-based harassment**' means violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment (ILO Convention 190, Article 1).



## <Examples of harassment>

There are many different forms of harassment. Causing mental harm and verbal abuse or insults can constitute harassment. The followings are examples of situations that may constitute harassment.

- “Power harassment”  
e.g. Insulting by email, including other staff as addressees; scolding repeatedly and persistently for longer than necessary.
- Gender-based harassment  
e.g. Mentioning such as 'Women should prioritise family and childcare,' 'You are a man and the head of the family, so you deserve to work overtime' etc.; expressing opinions about a person's appearance; asking women for tea-serving; asking a person about plans to get married, etc.

- SOGI harassment - Harassment related to SOGI, an acronym for sexual orientation and gender identity
  - e.g. Insulting language or behaviour targeting "LGBT" (an acronym for lesbian, gay, bisexual, and transgender); disclosing SOGI status without consent (outing); jokes based on speculation of LGBT status (This is a form of harassment that can target all people), etc.
  
- Sexual harassment
  - e.g. Persistently inviting female colleagues to dining and/or not giving them instructions or co-operation necessary for work because they refused to go; forcing to listen to sexual talk in conversations among men; forcing student job-seekers to have sexual relations outside the workplace in return for giving them advice, etc.
  
- Racial harassment - harassment or ill-treatment based on race, ethnicity, nationality or other differences.
  - e.g. Insulting physical features based on race (e.g. saying 'you look like a foreigner/not a foreigner' etc.); paying lower salary because he/she is a foreigner despite having the same job description as a Japanese
  
- Maternity harassment related to pregnancy and childbirth, etc., childcare/caregiver harassment
  - e.g. Mentioning, "It's nice and easy" to women who apply for shorter working hours due to pregnancy and childcare, etc., ; illegitimately refusing a male worker's offer to take childcare leave, or mentioning that he will have to quit job if he takes leave that he cannot be promised the same position upon his return, or that his childcare leave will disturb other colleagues
  
- Customer harassment - harassment by verbal or physical abuse conducted by customers, consumers, or other third parties
  - e.g. prolonged detention in customers' meeting rooms or continuous and persistent verbal or behavioural aggression; attacks or demands to an individual; unreasonable demands for apologies; stalking or indecent behaviour against a particular employee etc.

**③ Potential factors that increase risks**

- a multiple and intersecting forms of discrimination → see Part II 2. (3) 'Discrimination']
- b Discrimination based on grounds unrelated to the nature of the job, such as gender, sexual orientation, gender identity, race or skin colour, can also be a major cause of harassment. Gender-based harassment (such as gender harassment, sexual harassment and maternity harassment) may constitute harassment and discrimination.

- c Vulnerability of workers: workers who are generally in a vulnerable position, such as women, sexual minorities, migrant workers, workers on short-term contracts or in precarious employment, and young workers are in the position to be easily targeted of violence and harassment
- d Prejudice related to gender, stereotypes against minorities and vulnerable groups such as women, migrant foreigners and young people, power disparities in workplace and unequal relationships due to limited promotional opportunities.
- e Insufficient awareness of harassment.
- f Job that involve working at night, isolated working environments and frequent interaction with third parties, such as customers and the general public
- g Workplaces with high turnover (weak connections with colleagues, making it difficult to work collectively to improve the existing system)
- h Female workers using an employer-provided accommodation subject to the monitoring by male managers are in the position to be easily targeted at sexual harassment (the same apply to a sexual harassment in changing rooms).

#### ④ Potential challenges in supply chains

Harassment could be a problem throughout supply chains (upstream, midstream and downstream) regardless of business type and country.

For workers employed in piece-rate work factories, it is a common practice to improve workers' productivity by bonus for achieving a target number of pieces. But cautions are required so that the target number of pieces is not an excessive quota, and not to lead a high pressure and stresses to workers in the workplace that may cause harassment.

#### ⑤ Relevant Japanese laws, regulations and guidelines

Measures to be taken by employers in connection with problems arising as a result of behavior that constitutes bullying in the workplace (Labor Measures Comprehensive Promotion Act Article 30.2 (applicable to small and medium-sized enterprises from April 2022)); guidance on measures employers should take in employment management with regard to problems arising from language in the workplace based on superiority relationships (power harassment guidance);

Employment management measures concerning problems caused by sexual harassment in the workplace and responsibilities of employers (Article 11 and 11.2 of the Equal Employment Opportunity Act); guidance on measures employers should take in employment management with regard to problems arising from sexual language in the workplace (sexual harassment guidance).

Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, etc.

See also the Ministry of Health, Labour and Welfare's Customer Harassment Prevention Manual.

**⑥ Relevant international standards and guidelines**

Right to life, liberty and security of person (Universal Declaration of Human Rights Article 3); Right to honour and reputation (Universal Declaration of Human Rights Article 12); Right to just and favourable conditions of work (Universal Declaration of Human Rights Article 23); Right to safe and healthy working condition (International Covenant on Economic, Social and Cultural Rights, Article 7); ILO Violence and Harassment Convention (No. 190) and Recommendation (No. 206).

## (6) Migrant workers

### ① Code of conduct

- A business enterprise shall, taking due consideration of the vulnerability of “**migrant workers**” (including technical internship trainees in Japan), respect their internationally recognised human and labour rights. This includes the following measures:
- A business enterprise shall ensure that all terms and conditions of employment offered to migrant workers in the country of origin are consistent with the actual terms and conditions in destination, and set out in writing in a language the worker understands, in accordance with applicable laws and regulations.
- A business enterprise shall not keep or confiscate the identity documents of migrant workers and shall respect the freedom of migrant workers to leave or change their jobs and return to the country of origin, as well as their freedom of private life.
- Since recruitment fees and related costs shall not be charged to workers or jobseekers (ILO "General principles and operational guidelines for fair recruitment"), a business enterprise should conduct due diligence on whether labour recruiters (i.e., recruitment agencies, supervisory bodies, registered support organizations, etc.) charge migrant workers recruitment fees or related costs. A business enterprise should not engage workers through agencies and other labour recruiters known to charge recruitment fees or related costs to workers.

(Note) In Japan, the violation of the rights of technical intern trainees has been especially pointed out by the US government and others, as explained in the commentary below. It has become a risk in the supply chains from an international perspective.

Commentary: Migrant workers, sometimes referred to as 'foreign workers' in Japan, are often socially vulnerable.

Vulnerability may be found in the situation where they owe excessive debts to cover the costs associated with obtaining job references and working in the destination country, may not communicate well due to language differences, and may not fit into the local community due to cultural or social system differences, etc. Special considerations are required due to these various vulnerabilities.

In Japan, there have been a series of cases of human rights violations and breaches of labour-related laws with regard to foreign technical intern trainees in the circumstances where business enterprises need to rely on workforce of foreign technical intern trainees due to the lack of workforce in Japan.

This has been seen as problematic from the international community. For example, it has long been pointed out in the annual reports issued by the US Department of State Office to Monitor and Combat Trafficking in Persons.

In response, the Government of Japan has been working to assure the proper implementation of the law by enacting the Act on Proper Technical Intern Training and Protection of Technical Intern Trainees and establishing the Organization for Technical Intern Training (OTIT). But there still remains illegitimate cases, such as excessive recruitment fees and depositions collected by sending organisations that cause pre-entry debts and failure to pay legitimate wages.

In the textile industry, violation of laws relating to foreign technical intern trainee have be found as non-payment of overtime premium, illegal overtime work, and non-payment of wages, often in the sewing process.<sup>14</sup>

Human rights violations against migrant workers are unacceptable. I Not only that, it should be reminded the risk of fines and a suspension of receiving trainees for violations of the law, as well as that the issue can jeopardise the trust from international community towards the Japanese textile industry as a whole that is needed to survive in the global supply chain in the future. Migrant workers often work at the overseas business partners and their manufacturing contractors, and they are similarly vulnerable to human rights violations.

## ② Key definition

'**Migrant workers**' refer to 'a person who migrates from one country to another with a view to being employed otherwise than on his or her own account'. (Migration for Employment Convention (Revised) (No. 97), Article 11, ILO General principles and operational guidelines for fair recruitment, and International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.).

Under these international standards, people who move across national borders to work are referred to as "migrant workers" and theoretically include foreign workers in Japan and their families. This Guideline requires business enterprises to act in accordance with international standards regarding migrant workers.

## ③ Potential factors that increase risks

- a Lack of transparency in the recruitment process due to the involvement of intermediaries and other recruitment agencies

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<sup>14</sup> Textile Industry Business Council for Technical Intern Training Program, "Efforts for the proper implementation, etc. of foreign Technical Intern Training in the textile industry" (19 June 2008), [https://www.meti.go.jp/policy/mono\\_info\\_service/mono/fiber/ginoujishshukyougikai/torimatome/kettei2gou.pdf](https://www.meti.go.jp/policy/mono_info_service/mono/fiber/ginoujishshukyougikai/torimatome/kettei2gou.pdf)



- b Illegal charge of recruitment fees and related costs from workers, coupled with inadequate law enforcement systems in a country of origin that cannot control the illegal charge of these fees
- c Discrimination against migrant workers, lack of understanding of different cultures and different values
- d Language barriers
- e Laws and regulations in destination countries restricting job change
- f Difficulty in joining trade unions (there have been reported cases where sending agencies order migrant workers not to join trade unions prior to their departure to the destination countries, or union fees discourage from joining the unions)
- g In cases where migrant workers are housed in dormitories, the living environment may become extremely poor or it is easy to lead to long working hours [→For the relationship between long working hours and forced labor, see the column " Overtime work and forced labour" in Part II, 2. Column V] etc.

#### ④ Potential challenges in supply chains

Issues related to migrant workers may involve all types of labour issues covered by international standards, and a lack of understanding of international standards are found throughout the entire supply chain (upstream, midstream, and downstream). In addition, particular attention should be paid to the following points:

- Midstream: Inappropriate treatment of technical intern trainees, as well as of foreign workers at the enterprise's overseas factories or subcontractors. It should be noted that compared to downstream, many enterprises in midstream have a smaller ratio of technical intern trainees to their total workforce, so in general, the possibility of discrimination, harassment, or non-recognition of rights due to lack of information is higher and may pose a risk.
  - Downstream: Inappropriate treatment of technical intern trainees, as well as of foreign workers at the enterprise's overseas factories or .
- ※ Upstream: raw materials, yarn and spinning / Midstream: yarn twisting, weaving, knitting, dyeing and finishing / Downstream: sewing

#### ⑤ Relevant Japanese laws, regulations and guidelines

Act on Proper Technical Intern Training and Protection of Technical Intern Trainees; the Labour Standards Act; Immigration Control and Refugee Recognition Act, The Act on Promotion of Japanese Language Education etc.

For other relevant domestic laws and regulations, see the respective points in Part II, 2., since Japanese labour laws and regulations apply to migrant workers.

See also Japan International Trainee & Skilled Worker Cooperation Organization (JITCO) 'For a better understanding of various laws and regulations pertaining to the labour management of technical interns'

## ⑥ Relevant international standards and guidelines

Right to freedom of movement (Universal Declaration of Human Rights Article 13); Right to life, liberty and security of person (Universal Declaration of Human Rights Article 3); Right to work, to free choice of employment, to just and favourable conditions of work (Universal Declaration of Human Rights Article 23); Right to safe and healthy working condition (International Covenant on Economic, Social and Cultural Rights, Article 7); Migration for Employment Convention (Revised) (No. 97); Migrant Workers (Supplementary Provisions) Convention (No. 143); Private Employment Agencies Convention (No. 181); International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families; Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention against Transnational Organized Crime; Forced Labour Convention (No. 29); ILO Guideline, 'General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs'

[→See Annex 2: Good Practices (2) Improvement of the Working Environment for Foreign Technical Intern Trainees]

[→See Annex 2: Good Practices (3) Communication with Foreign Technical Intern Trainees]

## (7) Occupational safety and health

### ① Code of conduct

- A business enterprise shall maintain adequate standards of workers' safety and health in the workplace, in accordance with the laws and regulations.
- A business enterprise is required to establish a systematic and continuous management approach (occupational safety and health (OSH) management system), in cooperation with their workers, including developing an OSH policy, investigating hazards, designing and implementing goals and plans to achieve safety and health, and evaluating and improving the overall process.

Commentary: Globally, 400 million occupational accidents occur each year, with approximately 1,000 people lose their lives every day from work-related accidents and 6,500 people from work-related illnesses. The textile and garment industry is also associated with a number of OSH risks, which vary from noise in factories, chemicals in dyeing process to textile machinery hazards such as looms and sewing machines. The Covid-19 pandemic has also increased the adverse impact on mental health throughout the supply chains due to increased anxiety about unemployment and the blurring of the boundaries between duty and personal life caused by teleworking.

The cost and economic burden of occupational accidents is enormous and is estimated to be equivalent to 4% of global gross domestic product every year.<sup>15</sup> Workers' health is a key factor of productivity for business enterprise, while workers' illness or ill-condition directly leads to a reduction in the workforce or lower productivity. Similarly, safety and health at business partners must be paid attention, as OSH is an important factor in ensuring the resilience of supply chains. OSH measures should be put in place to protect and promote the health of workers who conduct day-to-day work on the factory front line, and it requires an understanding of what workers perceive as hazards and what efforts should be made to prevent them. Therefore, engagement with workers is particularly important in various processes in OSH management system, including investigation, response and monitoring [→ For more information on engagement, see Part I, 4. (2) and Part II, 1. (2) ].

Where necessary, the ILO Guidelines on Occupational Safety and Health Management Systems (ILO-OSHMS-2001) and the Guidelines on Occupational Safety and Health Management Systems (Ministry of Health, Labour and Welfare) in accordance with the ILO Guideline is recommended.

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<sup>15</sup> ILO "Safety and Health at the heart of the Future of Work: Building on 100 years of experience (2019) : [https://www.ilo.org/safework/events/safeday/WCMS\\_686645/lang--en/index.htm](https://www.ilo.org/safework/events/safeday/WCMS_686645/lang--en/index.htm)

## ② Potential factors that increase risks

- a Absence of national legislation which sufficiently regulate business enterprises in relation with OSH measures
- b Weak government law enforcement systems for investigation and enforcement of the OSH legislation.
- c Insufficient awareness of employers on the importance of OSH, which causes low awareness among workers
- d Lack of fair trade measures, resulting in suppliers' budget scarcity for taking measures, or inducement of high-risk behaviors by setting short delivery time
- e Insufficient safety measures (e.g., safe machinery operation, assignment of specialized departments and appropriate personnel in charge of OSH measures) due to lack of human resources, especially in small and medium-sized enterprises

## ③ Potential challenges in supply chains

- Upstream: accident involving rotators (machines that rotate by power) in the spinning process; respiratory illness due to textile waste dust; and heat stroke and other health risks due to poor working environment (e.g. work in the high temperature room)
  - Midstream: accident involving rotators in the weaving and knitting process; noise-induced hearing loss and tinnitus due to noise and vibration in the weaving process; accident involving rotators in the dyeing process; respiratory and skin diseases when handling dyes and reagents; respiratory diseases due to textile waste dust; and heat stroke and other health risks due to poor working environment (e.g. work in the high temperature room)
  - Downstream: noise-induced hearing loss and tinnitus due to ventilation and textile waste compressors in the sewing process; respiratory illness due to dust from textile waste; accident involving machineries such as presses, irons and cutting machines; respiratory disease and cancer risk due to sandblasting, which is mainly used to apply damage; and heat stroke and other health risks due to poor working environment (e.g. work in the high temperature room)
- ※ Upstream: raw materials, yarn and spinning / Midstream: yarn twisting, weaving, knitting, dyeing and finishing / Downstream: sewing

## ④ Relevant Japanese laws, regulations and guidelines

Articles 20-28 and 55-57 of the Industrial Safety and Health Act;

Relevant occupational health and safety regulations;

Ministry of Health, Labour and Welfare, 'Guidelines on Occupational Health and Safety Management Systems'.

⑤ **Relevant international standards and guidelines**

The right to life and security (Article 3 of the Universal Declaration of Human Rights); the right to social protection (Article 23 of the Universal Declaration of Human Rights); safe and healthy working condition (Article 7 of the International Covenant on Economic, Social and Cultural Rights); ILO Occupational Safety and Health Convention (No.155) and its Protocol (2002); ILO Promotional Framework for Occupational Safety and Health Convention (No.187); ILO Chemicals Convention (No.170); ILO Guidelines on Occupational Safety and Health Management Systems (ILO-OSHMS-2001); ILO Code of Practice ‘Safety and health in textiles, clothing, leather and footwear’; ILO Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy, paragraph 44-46; OECD Guidelines for Multinational Enterprises, Chapter V, 4.c); and OECD Due Diligence Guidance for Responsible Corporate Behavior, Section II, 5.

## (8) Wages

### ① Code of conduct

- A business enterprise shall comply with applicable laws and regulations regarding wages (including '**minimum wages**', overtime pay, and legally mandated allowances and payroll deductions)
- In determining the amount of wages to be paid, a business enterprise shall take into account the living needs of workers and their families ('**living wages**'), as well as economic factors including levels of productivity. Wages should be not less favorable to the workers than those offered by comparable employers in the host country where the business enterprises operate. Where comparable employers do not exist, they should provide the best possible wages.

(Note) For more information on the principle of equal pay for the work of equal value, see Part II.

2. (3) 'Discrimination'.

Commentary: Wages are an important determinant of the quality of work and a major part of household income. It is one of the most important working conditions and also one of the main subjects of collective bargaining.

Minimum wages must take into account various factors, such as the needs of workers and their families and the economic situation in each country and must also be adjusted frequently to assure appropriate levels (ILO Minimum Wage Fixing Convention (No. 131)). Minimum wages also have the function of redressing gender pay inequalities.

Meanwhile, more than 300 million people, or 19% of the global workforce, are paid less than minimum wage<sup>16</sup> and there is a risk that low wages are paid in labour-intensive sectors, including the textile and clothing industry supply chains.

### ② Key definitions

'**Minimum wage**' refers to 'the minimum sum payable to a worker for work performed, which may not be reduced by either individual or collective agreement'. The amount of the minimum wage is determined by the national laws .

The '**living needs**' to be considered under '**living wage**' include housing, food, childcare, education, transport, healthcare and taxes. Receiving living wage is an important right for workers, as stated in the preamble of the ILO Constitution as 'the provision of an adequate living wage'. Considering the reality that the minimum wage is not always sufficient to meet the living wage, business enterprises should actively work to ensure a living wage as well as to raise productivity.

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<sup>16</sup> ILO [Global Wage Report 2020-21: Wages and minimum wages in the time of COVID-19](#)

Although there are no currently agreed international norms on calculation of a living wage, it is recommended to work with stakeholders – workers, trade unions and worker representatives, etc. – to understand the wages which workers and their families can meet their living needs. Inadequate living wage may not only be caused by a particular business partner, but also by the wage system in a particular country not being in line with international standards.

### ③ Potential factors that increase risks

- a Piece-rate wage and home-based workers: when wages are determined on a piece-rate rather than on the basis of working hours, it might be difficult to secure legitimate wages<sup>17</sup>
- b Language barriers or insufficient literacy: where a worker does not speak Japanese or is having difficulty in reading or writing; he or she may lack in knowledge of national laws and regulations regarding to wages or may have difficulty in accessing remedy systems. Migrant workers may be subject to discrimination with regard to wages (it would be discriminatory if they are not paid the equal pay for the work of equal value regardless of their nationality [→ see Part II, 2. (3) ‘Discrimination’]).
- c Informal economy [→For more information on the informal economy, see Part III, 2.].
- d Dormitory for workers: it would be problematic if an employer sets or changes dormitory fees or deducts them from wages without the worker’s consent.
- e Payment in cash: where wages are not paid by electronic money transfer or other recordable means, but in cash without a payslip.
- f Exemption from minimum wage regulations (living wage): Migrants, workers in the informal economy [→ see Part III, 2, column X], and piece-rate workers may not be subject to minimum wage regulations, which further increases the risk of losing a living wage.

### ④ Potential challenges in supply chains

Throughout the supply chain, many business enterprises find it difficult to increase wages due to their low profit structures, partly caused by a lack of fair trade including processing fees.

Long working hours are also a serious problem, especially in sewing processes abroad (long working hours are often caused by low wages).

Attention should be paid to cases where a large number of migrant workers (including technical intern trainees) are employed.

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<sup>17</sup> For factory workers employed in piece-rate, it is a common practice to improve workers’ productivity by bonus for achieving a target number of pieces. But this can lead to high pressure and stresses to the workers and may lead to harassment, etc. This can also lead to long working hours to earn sufficiently. [→For more information, see Part II, 2.(5) ‘Harassment’ and Part II, 2. (9) ‘Working hours’].

**⑤ Relevant Japanese laws, regulations and guidelines**

Effect of minimum wages (Article 4.2 of the Minimum Wages Act); payment of wages (Articles 24 of the Labour Standards Act); guaranteed payment at piece rate (Articles 27 of the Labour Standards Act) ; premium wages for off-hours work, work on day off, and night work(Articles 37 of the Labour Standards Act) ; Cabinet Order establishing the minimum rate for premium wages for overtime and holidays (Cabinet Order No. 5 of 1994); annual paid leave (Article 39 of the Labour Standards Act) etc.

**⑥ Relevant international standards and guidelines**

The right to just and favourable remuneration (Article 23 of the Universal Declaration of Human Rights); the right to fair wages and equal remuneration (Article 7 of the International Covenant on Economic, Social and Cultural Rights); ILO Minimum Wage Fixing Convention (No. 131) and Recommendation (No.135); ILO Protection of Wages Convention (No. 95) and Recommendation (No. 85); ILO Declaration on Social Justice for Fair Globalisation; ILO Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy, paragraphs 41 and 42; OECD Guidelines for Multinational Enterprises, Chapter V.4 a) b), and the OECD Due Diligence Guidance for Responsible Corporate Behavior, Section II, 7.



## **(9) Working hours**

### **① Code of conduct**

- A business enterprise shall not let workers work beyond the limits permitted by applicable laws and regulations, and shall properly manage their working hours, with ensuring sufficient holidays and rest period not at the disposal of the employer, taking into account relevant international standards

Commentary: Working hours constitute an important working condition alongside wages. The length of working time and how it is spent determines not only the quality of professional life, but also the overall quality of personal life. Working hours have a significant impact on many factors of worker's well-being, including worker's health, the safety of work, the leisure time free to spend, worker's family and social life (long working hours have been reported to increase the risk of heart disease)<sup>18</sup>. Long working hours are often induced by low wages. Workers tend to work longer hours to fulfill the basic needs of them and their families. Furthermore, long working hours exhaust workers, which reduces productivity and leads to further pay cut. Such a vicious circle is difficult to overcome once it has been created. Long working hours are a particularly prominent issue in the sewing process in the textile industry abroad.

### **② Key definitions**

'Proper management' means the following:

- The number of scheduled working days per year does not exceed the legal limit
- Working hours including overtime do not exceed the legal limit (excluding in the event of disasters and other unavoidable emergency)
- Provide rest breaks and holidays as required by law
- Provide the rights of annual paid leave, maternity leave, parental leave, etc. as required by law
- Provide physical and mental health examinations to protect the health of workers

### **③ Potential factors that increase risks**

- Low wages: it may induce long working hours to earn for the basic needs of the workers and their families
- The need for remittance: there are frequently migrant workers sending money back home for their families. Migrant workers are exposed to the risk of being discriminated in terms of wages and are often found to be underpaid (as noted above, low wages induce long working hours)
- Failure to assure fair trade (e.g. changing specified design of products at last minute, ordering

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<sup>18</sup> ILO webpage: [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_792131/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_792131/lang--en/index.htm)

additional quantities, short delivery requirement, etc.)

- Low productivity and acceptance of orders in excess of production capacity
- Lack of the right to organise and collective bargaining, which inhibits workers from voicing to eliminate illegal long working hours [→ For more information, see Part II. 2. (2) ‘Freedom of association, right to organise and collective bargaining’]

#### ④ Potential challenges in supply chains

Long working hours can be a problem throughout the entire supply chains (upstream, midstream, and downstream), regardless of business type or country. Short delivery requirement or unnoticed additional orders can trigger long working hours. In addition, long working hours in sewing processes are often found especially abroad.

#### ⑤ Relevant Japanese laws, regulations and guidelines

Working hours (Articles 32 of the Labour Standards Act); off-hours work and work on days off in cases of temporary need due to a disaster or other event (Articles 33 of the Labour Standards Act); breaks (Articles 34 of the Labour Standards Act); days off (Articles 35 of the Labour Standards Act); off-hours work and work on days off (Articles 36 of the Labour Standards Act); premium wages for off-hours work, work on days off, and night work (Articles 37 of the Labour Standards Act); calculation of hours worked (Articles 38 of the Labour Standards Act); annual paid leave (Articles 39 of the Labour Standards Act); special provisions on working hours and breaks (Articles 40 of the Labour Standards Act); workers exempt from the application of provision on working hours, break, and days off (Articles 41 of the Labour Standards Act); obligation to assess the working hours of workers (Article 66.8.3 of the Industrial Safety and Health Act); prohibition of disadvantageous treatment by reason of marriage, pregnancy, childbirth, etc. (Article 9 of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment); employment management measures etc. concerning problems caused by language related to marriage, pregnancy and childbirth etc. in the workplace and responsibilities of employers (Article 11.3 and 11.4 of the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment); and the government maternity harassment guidelines etc.

Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members; the government guidelines on measures to be taken by employers to ensure that workers who are raising children or caring for family members can balance their work and family life (Iku-hara and Care-hara guidelines), etc.

#### ⑥ Relevant international standards and guidelines

The right to life, liberty and security (Article 23 of the Universal Declaration of Human Rights); protection and assistance to the family (Article 10 of International Covenant on Economic, Social and Cultural Rights); ILO Weekly Rest (Industry) Convention (No. 14); ILO Weekly Rest (Commerce and

Establishments) Convention (No. 106); ILO Reduction of Hours of Work Recommendation (No. 116); ILO Night Work Convention (No. 171) and Recommendation (No. 178); ILO Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy, paragraphs 41 and 42; OECD Guidelines for Multinational Enterprises, Chapter V 4. a) b); and the OECD Due Diligence Guidance for Responsible Corporate Behavior, Section II, 4.



The image is from Miki Shoko Co.

## **Part III Process and perspectives of engagement with business partners**

### **1. Perspectives when engaging with business partners**

The issues described in this guideline need to be addressed within the company as well as with the business partners in the company's supply chain. In Part III, the term 'business partners' in the company's supply chain includes both 'direct business partners' and 'indirect business partners.' Direct business partners are those with whom the company has a direct business relationship, such as the direct recipient of orders or suppliers of raw materials (including so-called trading companies). Indirect business partners refers to the direct partners of the company's direct business partners and others further down the supply chain that do not have any direct business relationships with the company but are still present in the value chain. Regarding the corporate responsibility to respect human rights, the Guiding Principles suggest that companies are responsible for handling any human rights violations that occur in their companies as well as others, such as business partners, whether or not they have a direct business relationship (Guiding Principle 13). Part III explains three key points to keep in mind when addressing human rights risks that may arise in business partners: (1) sharing awareness of respect for human rights with business partners, (2) understanding how the company is associated with adverse human rights impacts arising in business partners (if 'contributing' or 'directly linked') and (3) extending the company's own remedy schemes to business partners.

#### **(1) Share awareness of respect for human rights with business partners**

Business partners often differ from the company itself not only in terms of size but also their work environment, management structure and understanding of their responsibility to respect human rights. Thus, the first important step is to share awareness for respecting human rights. Examples of introductory initiatives are as follows:

- Share this Guideline and the company's human rights policy (a document which describes companies' commitments to respect human rights. See Part I, 4. (1) and Part IV, 1) with the business partners.
- Have top management understand the Guideline and the human rights policy, and initiate a collaborative dialogue (engagement) to achieve respect for human rights together [see Part I]. It is important to go beyond the traditional distinction between client and supplier, and to approach this engagement with the mindset of being an important partner in improving the sustainability of the industry as a whole.

- Promote an understanding of respect for human rights among personnel particularly in charge of labor, legal affairs, procurement, sustainability, etc. in client companies, and conduct joint awareness-raising trainings where necessary.
- Request confirmations within the client companies with regard to human rights issues described in Part II.
- Promote adequate and sufficient dialogue between labor and management through the overall process of human rights due diligence in the client companies. In some cases, encouraging the trade union or worker representatives of business partners to obtain confirmation may also be appropriate.
- Simultaneously encourage suppliers to promote occasional labor-management dialogue within the client company when discussing business terms and conditions. In addition, if it can be confirmed that human rights due diligence is being properly conducted, the creation of an incentive such as increasing the volume of orders placed, etc. for such efforts in business transactions may be suggested to the company.

[→See ‘Appendix 2: Good practice case ④ Improvement of trust relations with business partners through monitoring CSR factories’]

## **(2) Understand how your company is associated with adverse human rights impacts arising in business partners (if 'contributing' or 'directly linked')**

In the Guiding Principles, there are two main cases of adverse human rights impact that occur at business partners and how the company is associated with them—either the company is (1) ‘contributing’, or (2) ‘directly linked’ to the negative impacts on human rights. Both require responses that are appropriate for each type of involvement [See Part IV].

The first case is where the company's own trading activities themselves ‘contribute’ to adverse human rights impact occurring at direct partners, or indirect partners further down the supply chain, due to terms and conditions of orders such as order prices and expected delivery date (See ① below for further details). The second case is when the company’s business, goods, services, etc. have some connection through its commercial relations to any adverse human rights impacts that occur directly or indirectly at its business partners, which the Guiding Principles define as ‘directly linked’ (See the below ② for further details). [→see Part IV: **Understanding the supply chain and identifying human rights risks (Step 2)** and ILO [International Labour Standards and Sustainable Sourcing Handbook](#)]

from p. 37, for information on how to investigate risks at business partners].

This Guideline mainly explains the following points for companies to take actions in response to involvements in adverse human rights impacts:

- ① If the company's activities 'contribute' to the effects, prevent or mitigate the adverse human rights impacts, and use the influence of the company to alleviate any remaining adverse impacts
- ② Where a company's business, products or services are 'directly linked' to adverse impacts on human rights by its business partners, exercise the influence of the company to prevent or mitigate the business partners' adverse human rights impacts
- ③ Consider suspension of transactions as the last resort
- ④ Make use of the characteristics of small and medium-sized enterprises to devise solutions
- ⑤ Investigate ways to reach out to indirect business partners

**① If the company's activities 'contribute' to the effects, prevent or mitigate the adverse human rights impacts, and use your influence to alleviate any remaining adverse impacts**

Where a company's activities are, or could be, 'contributing' to adverse human rights impacts by other companies, the Guiding Principles require the companies to use their influence to prevent or mitigate such 'contributing' behavior and alleviate any remaining adverse impacts (see Commentary to Guiding Principle 19).

It should be noted that 'contribute' in this context refers to cases where a company's own actions substantially cause, promote or motivate adverse impacts on human rights in other companies. It also includes situations where the company's activities together with those of other companies trigger the adverse effects. 'Influence' refers to the ability to ameliorate the inappropriate actions of those involved, which are causing or contributing to the negative human rights impacts [→see table in Section 2 below for specifics].

The 'contribution' is closely related to the conditions of transaction. When determining the terms and conditions of transaction, it is important that both parties, the client and the supplier, hold discussions on the terms and conditions on an equal footing. If both parties do not proceed on equal terms, this may lead to excessive and forced overtime work and low wages on the supplier side when dealing with, for example, orders with short-term deadlines, abrupt additional orders, orders below the minimum production lot set by the client, or production during busy periods. [→See Part II, 2 (1) for how

excessive overtime can constitute 'forced labor']. Delays in payment should also be taken into account, as they can put pressure on the cash flow of the suppliers, resulting in delays in the payment of wages to their workers. In addition, where the client accounts for almost all of the volume of transactions held by a particular supplier, a sudden reduction in orders can lead to illegal hiring and underpayment for workers on the supplier's side.

Therefore, in particular, companies should always bear in mind that their own trading activities may be contributing to adverse impacts on human rights in their business partners, and should properly manage their own trading practices in relation to their supply chains to avoid such contribution. Specifically, the following initiatives may be considered:

- Engage in a coordinated dialogue with business partners to ensure that the terms and conditions of orders do not generate any adverse human rights impacts on the work environment of the partners.
- Keep and maintain records on order placements that may cause adverse impacts on workers' human rights, such as orders with short-term deadlines, abrupt additional orders, and changes in details after the initial order has been placed.
- Where a contribution to adverse impacts on human rights is found, identify the causes and consider remedial measures to mitigate the negative effects.
- In setting the prices and the volumes of orders, strive to maintain a level at which suppliers are able to pay living wages to their workers [→see Part II, 2 (8) ● for living wage] and to secure funds to ensure decent work.
- Make a procurement plan, setting out details such as delivery date, price, quality, etc., in consultation with suppliers. Share the plan with the suppliers once determined.
- In the case of placing an order for less than the minimum lot size or for shorter delivery time than specified by the supplier, discuss the terms and conditions and reach an agreement with the supplier in advance.

## Column VII: Background to trade optimization in Japan

In the Japanese textile industry, the Fashion Industry SCM Promotion Association has been continuing industry-wide efforts to promote proper trade for the past 20 years. In 2004, the Association established the 'Trade Guideline for Fabric Trade,' followed by the publication of the 'Third Edition of the Trade Guideline' in 2019. The Trade Guideline is based on the basic agreement between sellers and buyers, including the sharing of operational plans (e.g. specific information such as lot numbers of goods to be traded, expected dates of order and delivery, etc.), the agreement of work conditions (clear transaction terms and conditions), and the issuance of purchase orders. The Trade Guideline contains a prohibition on so-called 'discount transactions,' which have been prevalent as a business practice in the Japanese textile industry. This is intended to strengthen the business structure by building a relationship of trust between the parties involved in the transaction. By thoroughly implementing this approach, it is also expected that adverse impacts on the human rights of workers on the supplier side can be avoided by setting appropriate purchasing terms and conditions.

### **② Where a company's business, products or services are 'directly linked' to adverse impacts on human rights by its business partners, exercise the influence of the company to prevent or mitigate the business partners' adverse human rights impacts**

The Guiding Principles require companies to 'exercise influence' to prevent or mitigate adverse human rights impacts by their business partners where a business relationship, such as a procurement of materials and order placement for consignment production, is directly linked to the adverse impacts of businesses, products and services on human rights, even if the company's activities do not necessarily 'contribute' to the adverse human rights impacts (Guiding Principle 19). This is the case where there are companies in the supply chain that cause adverse impacts on the human rights of their workers (For instance, as mentioned in ① above regarding 'contribution,' even if there are no circumstances where the company has created adverse impacts on the human rights of its business partners in the transaction structure, there may be a case where harassment, etc. is prevalent at business partners).

If the company has 'influence' over business partners, it is necessary to exercise it. If the company does not, strengthening the 'influence' is critical. [→ also see Part IV, 3 "Actions to prevent or mitigate identified risks (Step 3)". Specific methods of exercising 'influence' include the following:



Incorporation of expectations into a code of conduct and business contracts	Establish a code of conduct that reflects specific issues related to workers' rights (see Part II, 2), incorporating expectations for business partners regarding responsible business conduct and human rights due diligence.  E.g. specify in the contract that suppliers are expected to cooperate when adverse impacts on human rights are identified (*)
Providing incentives for transactions	Provide incentives, such as increased order volumes and higher trading priorities, for business partners who comply with a code of conduct that reflects specific issues regarding workers' human rights (see Part II, 2).
Joint training with business partners	Awareness-raising and commentary on individual issues regarding workers' human rights (see Part II, 2).
Cooperation with business organizations, industrial unions, international organizations, government agencies, and civil society organizations	Consultations and collaborations with stakeholders and experts from various sectors, including business organizations, industrial unions, international organizations, government agencies, and civil society organizations, particularly with regard to structural human rights risks that are difficult for individual companies to resolve.

**Where 'influence' is lacking, efforts should be made to strengthen it.** This can be done, for instance, by multiple companies making approaches toward the same suppliers, or by collaborating at the industry level. This Guideline has been developed as a part of industry-level cooperation, and it is recommended that the Guideline is used to strengthen the influence to mitigate negative impacts on human rights.

(Note) Although the Guideline has emphasized the importance of the 'exercise of influence,' it should be noted that contract provisions should avoid including phrases such as 'guarantee that there will be no human rights violations (or violations of the code of conduct).'

Such phrases are often less effective in terms of 'influence' to prevent or mitigate adverse human rights impacts, and can instead be counterproductive. This is because it is difficult to guarantee the total absence of human rights

violations due to the nature of business, and thus the effectiveness of the provision itself will be limited (e.g. guaranteeing the absence of any discrimination in the workplace would, strictly speaking, result in a discrepancy from reality, and such a guarantee would be considered to contain deficiencies from the outset). In addition, it is possible that business partners who cannot immediately bear the costs of addressing human rights risks (many of which are assumed to be small and medium-sized companies) may instead try to conceal the risks in order to avoid contract termination or complaints for damages from their customers. This would increase the possibility of not being able to detect the most serious risks. While providing a certain level of enforceability, such as the right to terminate a contract if serious adverse human rights impacts are not resolved, the agreement should focus on the right to investigate, as well as the obligation to report on the conducted investigation in order to cooperatively prevent or reduce adverse human rights impacts without the use of coercion. In the process of negotiations leading to such an agreement, it is also important to gain understanding through cooperative dialogue with the business partner, and to maintain and improve the relationship of trust which will lead to an enhanced 'influence' in preventing and mitigating adverse impacts on human rights.

**③ Consider suspension of transactions as a last resort**

If a company's business, products or services are directly linked to adverse impacts on human rights within the company or supply chain through the procurement of materials, outsource manufacturing, etc., there may be cases where, despite attempts to exert 'influence,' adverse human rights impacts cannot be prevented or mitigated. Only in such cases can a suspension of business transactions be considered as a last resort. However, it is necessary to ensure that the suspension of business transactions will not contribute to violations of human rights, especially on labor rights and working conditions at the suppliers. In addition, it is also necessary to keep in mind that adverse effects on human rights may be concealed by the suppliers to avoid the suspension of transaction. It is therefore thought critical to maintain a dialogue with business partners to encourage them to make improvements [→See [OECD Due Diligence Guidance for Responsible Business Conduct](#), p. 30-31].

Column VIII: Assessment of new transaction companies
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It is recommended that new business partners be screened before concluding a contract to ensure that the degree of human rights risk is low and that no serious risks currently exist in order to confirm that the company will be able to carry out business appropriately with the new business partner. This may include cases where, even if some human rights risks are discovered in suppliers at the time, the situation can be expected to improve through engagement in a cooperative dialogue with the company, or through the company's support for awareness-raising on the part of the supplier. The company may also provide a set period of time for the supplier to improve the current situation, and
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then sign a contract only if progress can be confirmed. In this manner, it is possible to exercise 'influence' on new business partners to reduce human rights risks.

#### ④ Make use of the characteristics of small and medium-sized enterprises to devise solutions

Small and medium-sized enterprises (SMEs) may find it challenging to exercise the aforementioned 'influence' over their suppliers, due to their lack of workforce and financial constraints. However, SMEs tend to have a relatively small number of business partners compared to larger companies, and many of them, especially in the textile industry, have long-term contracts. Taking these factors as an advantage, SMEs may hold a series of collaborative dialogues for making improvements, thereby exercising 'influence' over their business partners. The SMEs could also collaborate with other companies that share common suppliers to promote the initiatives.

#### ⑤ Investigate ways to reach out to indirect business partners

As already mentioned, the exercise of each company's 'influence' over business partners is critical in order to avoid and prevent negative impacts on human rights. Business partners, however, are not limited to those with direct relationships, but also include indirect partners (the direct business partners of the company's direct partners, and others even further down the supply chain). It is important to note that the 'response in accordance with the degree of risk' explained in Part II, 1. ③ includes not only direct but also indirect business partners. In other words, **there must be a process to identify, address and monitor adverse impacts on human rights in indirect partners if they are considered to have higher risk** in comparison to direct partners. The following initiatives are examples of addressing human rights risks occurring at indirect business partners:

- Discuss the importance of respect for human rights and human rights due diligence with direct business partners. Then ask them for information about their own partners, including the names and locations of the companies, their size, the employment situation of their workers and their working conditions, and the details and scale of transactions.
- Investigate the indirect partners, either in collaboration with the direct partners or on your own, or ask the direct partners to conduct the investigation (depending on the case, the company would bear the cost) [→see Part IV, 2. 'Understanding the supply chain and identifying human rights risks (Step 2)' for specific methods of investigation]. If the direct partners (e.g. a trading company) primarily carry out the investigation of indirect partners, it is important to ensure that the investigation is conducted in an appropriate manner in accordance with the steps of human rights due diligence explained in Part IV. It is also crucial not to rely entirely on the reports of the direct partners.

- Build relations of trust based on long-term business partnerships to ensure that direct and indirect business partners disclose necessary information when needed. (Also see [OECD Due Diligence Guidance for Responsible Business Conduct](#), Q28, for additional guidance on how to approach indirect business partners.)

Column IX: Risks at contract manufacturers

Attention should be paid to cases where a company that has been contracted to manufacture products subcontracts with a partner factory or domestic workers (in-house workers) to perform a part of the production process. According to the Guiding Principles, the client is obligated to be aware of the negative impacts on human rights not only at the direct contract manufacturers but also at the subcontractors. Thus, the company needs to identify, address and monitor the risks of adverse human rights impacts arising in the subcontractors, based on the degree of anticipated risks. Particular attention should be paid to fluctuations in lot numbers or sudden changes in order conditions, since the contract term and the impact on workers at the subcontractors are uncertain and there is a possibility that risks related to human rights and labor issues may increase.

It is first necessary to confirm with the direct contractors whether or not they have or are planning to use subcontractors for the production. In the case that they do, it is critical to have them disclose their information, as well as the criteria being used to select the partners, and their method of identifying and addressing any adverse human rights impacts that may arise at the subcontractors. It is also recommended that, where possible, the client company itself periodically monitors conditions at the subcontractors.

One possible measure that could be taken is to allow the contract manufacturers to subcontract only if the subcontractors have been assessed by the client to have low negative impacts on human rights, or if the impacts can be expected to ameliorate with assistance.

**(3) Extend the company’s remedy system to the business partners**

In terms of the remedy system mentioned in Part II, 1 (4), if possible, requesting the business partners to establish a remedy hotline on their own would be ideal (ILO Declaration on Multinational Enterprises, paragraph 65). In addition, it is also important to have the company’s own remedy system accept complaints from workers at business partners [→see Part IV, 6 ‘Remedy for affected persons and systems for the remedy’ for details]. If an industry-wide remedy system is established, such a system is expected to be utilized.

## 2. Labor rights awareness-raising at overseas business partners

**There tends to be higher risks of human rights violations in countries with weak legal systems, since their national legislations often fail to meet international standards for human rights.**

Failure to meet international standards refers to cases where (1) international conventions have not been ratified in the country; (2) conventions have been ratified but the content of national legislation is not in line with the international standards; and (3) national legislation is in line with international standards, but the actual supervision and enforcement systems are insufficient. No matter where businesses are operated, companies have a responsibility to understand and respect human rights in accordance with international standards (Guiding Principle 12) [for the content of international standards, see Part II, 2 'Individual issues']. If there are inconsistencies between domestic law and international human rights standards, companies should seek to reflect, as far as possible, the international human rights standards, and should publicly demonstrate the efforts (Guiding Principle 23(b)). It is thus important to keep records in order to make them available for disclosure as necessary.

A typical example of a national legal system not meeting international standards is when foreign workers are not included as the subjects of freedom of association (a violation of the codes of conduct mentioned in Part II, 2 (2) 'Freedom of association,' (3) 'Discrimination,' and (6) 'Foreign workers'). There could also be cases, such as with child labor, where human rights violations are widespread due to poverty and the inadequacy of the legal enforcement systems, even when national laws correspond with international standards.

These countries typically have a large proportion of what is referred to as the informal economy, and the textile industry is no exception.

Furthermore, a lack of understanding of the culture, religion or history of foreign countries (the individual workers' countries of origin) may result in discrimination.

With the given issues regarding foreign countries, companies are obligated to not only avoid negative impacts on human rights, but also to actively contribute to a resolution of existing issues. Even if a country lacks sufficient legislation, developing business practices with business partners that comply with international standards, would build trust in the local society, improve the livelihoods of local people, and promote the enhancement of their working conditions. In addition, companies are expected to contribute to the social development of the country where they operate their businesses by conducting business in harmony with policy objectives, development priorities, and social goals of the country (ILO Declaration on Multinational Enterprises, paragraph 11).

Thus, companies operating their businesses with foreign partners are required to respond to risks and develop their businesses with different considerations from those when working with domestic partners (it is important to keep in mind, however, that even in Japan, there can be serious human rights violations, especially with regard to technical interns, as discussed in Part II, 2 (6): 'Foreign workers.' It is also important to be aware of issues related to (3) 'discrimination' and (5) 'harassment,' which are prevalent in Japan).

Column X: Informal economy
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The informal economy refers to all economic activities that are not subject to formal regulations, or not sufficiently covered or regulated by the official framework <sup>19</sup> . Workers in the informal economy include unregistered and unincorporated micro-enterprises and their workers, as well as workers in registered enterprises who lack stable employment contracts and are not covered by benefits or social security. In the textile industry, home-based micro-enterprises, known as cottage industries, are seen as more likely to be associated with the informal economy. The working conditions of these vulnerable workers, combined with the lack of state control and the enforcement of the law, has resulted in a higher risk of human rights violations, including forced labor. In many cases, it is known that the further down in the supply chain, the more likely there is to be an association with a work environment involving such workers. Companies are required to make efforts to promote human rights due diligence, including with their indirect business partners.
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<sup>19</sup> [https://www.ilo.org/tokyo/information/pr/WCMS\\_387759/lang--ja/index.htm](https://www.ilo.org/tokyo/information/pr/WCMS_387759/lang--ja/index.htm)

## **Part IV: Overall picture of human rights due diligence**

Human rights due diligence is an ongoing process that companies undertake to identify and address risks to human rights in order to fulfil their responsibility to respect human rights. Part IV focuses on the procedural aspects and explains how to implement human rights due diligence in order to better integrate the initiatives explained in Parts II and III into corporate management.

(Adapted From OECD DUE DILIGENCE GUIDANCE FOR RESPONSIBLE BUSINESS CONDUCT 21p.)

The practice of human rights due diligence requires engagement with stakeholders throughout the process [→see Part I, 4 (2) Column I “What is ‘engagement’” for the definition of engagement]. The most important stakeholders are the workers of the company and its business partners, as well as labor unions and worker representatives. Trade unions and worker representatives are able to advocate the interests of workers, and are knowledgeable and experienced in the mechanisms of occurrence of and solutions to rights violations specific to the industry and individual company. They are also capable of building sustainable relationships with companies and improving the overall workplace environment in the long term and can therefore be optimal partners in due diligence in order to prevent, mitigate and remediate labor rights risks. NGOs and human rights defenders are also important partners to engage with.

Furthermore, if the human rights or labor issues are complicated and difficult to resolve by a company on its own, collaboration with other companies and industry associations, as well as engagement with government agencies and international organizations, may also be effective. If necessary, a company is also able to consult with lawyers, labor and social security attorneys, and other experts who are well versed in human rights issues related to human rights both within and outside the company.

### **1 .Formulating and declaring a policy of respect for human rights and incorporating it into the management system (Step 1)**

In order for a company to manage respect for human rights, it is necessary for the top management to formulate a policy regarding respect for human rights, publicly declare it, and incorporate it into the management system (commitment) (Guiding Principle 16). The content of this declaration includes the company's own commitment to respect all human rights, as well as the expectation that business partners directly linked to its operations, products or services will also do the same. This will allow the company to share the awareness of its responsibility to respect human rights within its own company and with business partners. It also makes it possible to convey the company's policy externally.

- ✓ The declaration must be declared by the top management, with approval by the highest decision-making body (e.g. the board of directors, etc.).
- ✓ It is recommended that the declaration be made public in a written form. Most importantly, the declared policy should be adequately communicated to those who may be subject to human rights risks, as well as the company's own workers and business partners. If the announcement is made on the company's website, the publication must be appropriately communicated and explained to the relevant persons. If the company does not have a website, the declaration may be posted in a conspicuous, highly visible location within the office.
- ✓ The human rights standards to be included in the policy should be in line with international standards. It is also crucial to include specific details, such as how your company will accomplish the policy, and to identify prioritized issues that are most relevant to the current business environment.
- ✓ In determining the content of the declaration, holding consultations with stakeholders involved in human rights risks is important in order to understand and respond to their concerns and the challenges that exist. Particularly, it is critical to communicate with workers who may be negatively affected by human rights and with labor unions, worker representatives, and NGOs that are in a position to represent their interests. Furthermore, obtaining insights from internal and external experts is also necessary.

The declaration should not end just as a declaration; it is crucial to ensure that the policy is appropriately incorporated into the company's entire business and that it permeates throughout the company. For this purpose, it is also important to review relevant internal rules and regulations, and revise or formulate them as necessary.

## **2. Understanding the supply chain and identifying human rights risks (Step 2)**

Based on the established policy regarding respect for human rights, it is necessary to confirm, investigate and identify potential or actual human rights risks (or adverse impacts on human rights). The first step is to identify the companies and workers, as well as the countries in which they are located, involved in all processes related to the company's products, including raw material procurement, spinning, twisting, weaving, knitting, dyeing, and sewing (identifying the supply chain). In the process of identifying the supply chain, it is necessary to persistently seek cooperation from the suppliers [→ see Part III, 1 (2) ⑤ Investigate ways to reach out to indirect business partners. It is also important to try to obtain information on indirect business partners through direct business partners, as well as to identify risks from information that is publicly available].

The Guiding Principles identify three cases in which a company may be involved in negative impacts on human rights: ① Where the company's own business activities are the cause of negative impacts;



② Where the company is contributing to adverse impacts; and ③ Where the company’s business, products, services or other activities are somehow related to negative human rights impacts in its direct or indirect supply chains through business relations [→for details on the case-specific considerations for ② and ③, see Part III, Section 1, (2) ①, ②]. Examples of each case are given below. The appropriate response will depend on which of these cases applies to the company and the extent of the company's influence (Guiding Principles 13 and 19).

For this reason, it is necessary to regularly investigate and verify which possible relationships may exist between the company and the business partners. In doing so, please refer to [Individual labor issues related to worker’s human rights] explained in Part II, 2 of the Guideline.

Involvement	Description	Concrete examples
① Where the company's own business activities are the cause of negative impacts ( <b>Cause</b> )	Where its own corporate activities (without involving third parties) give rise to adverse human rights impacts.	<ul style="list-style-type: none"> <li>• Not guaranteeing equal employment opportunities for foreign workers and women in its own hiring procedures.</li> <li>• Allowing its own workers to work in hazardous working conditions without providing protective equipment required for occupational health and safety</li> <li>• Workers are put to work without the education and training necessary for the performance of their duties, including those related to occupational safety and health.</li> </ul>
② Where the company is contributing to adverse impacts ( <b>Contribute</b> )	Where its own corporate activity (a) causes an impact together with the corporate activity of other companies; or (b) substantially causes, promotes or motivates others to cause adverse impacts on human rights.	Causing extremely long working hours throughout the supply chain that could be considered as forced labor as a result of setting delivery dates for suppliers with very short lead times, knowing that such delivery timeframes were not feasible based on past business experience.

<p>③ (Not applicable to ① and ② above, but) where the company's business, products, services or other activities are somehow related to negative human rights impacts in its direct or indirect supply chains through business relationships <b>(Directly linked)</b></p>	<p>“Business relationships” are <b><u>not limited to direct business partners</u></b>, but are broadly defined to include business partners in the company's value chain that are related to the company's business, products or services, as well as government organizations or private companies.</p>	<p>• In violation of the terms of the agreement, the company's own suppliers subcontracted some work to children.</p>
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- ✓ It is also helpful to review existing procedures in order to identify any negative impacts on human rights. For example, systems related to occupational health and safety, recruitment procedures, procurement management procedures, etc. could be reviewed to ensure that they do not have adverse impacts on human rights.
- ✓ It is helpful from the perspective of early detection and prevention, before a serious problem develops, to have a grievance mechanism in the company to make it easier for people who may be negatively affected by human rights to report their situation, and to create a system to collect information on human rights risks as needed (the establishment of a grievance mechanism requires a system that ensures no reprisals are taken against those who use the mechanism).
- ✓ In order to accurately identify risks according to the background and individual circumstances of each situation, it is important to conduct stakeholder engagements. Having occasional opportunities to hold dialogues with people who may be subject to adverse impacts on human rights, as well as with trade unions, worker representatives, and NGOs that are in a position to represent the voices of those people, is critical in order to understand and investigate possible factors that may be causing adverse impacts on human rights. [→For a definition of “engagement”, see Part I, 4 (2) Column I “What is engagement?”].
- ✓ With regard to the investigation of possible risks that may arise at direct or indirect suppliers, a technique can also be used whereby the client goes directly to the site to interview and audit the supplier’s workers. In this case, it is recommended that the direct or indirect supplier be asked to agree in advance to an audit visit by the client. In addition to an audit with prior notice, it is recommended that it is made possible for unannounced spot audits to be conducted to increase the effectiveness of the audit. However, it is also necessary to ensure that the supplier is not

experiencing audit fatigue, and that measures are being taken to avoid such fatigue.

- ✓ Since an audit is only a method whereby an external party conducts a temporary investigation, stakeholder engagement, as mentioned previously, is required even when an audit is conducted.
- ✓ It is necessary to acknowledge that implementing only checklist-style questionnaires (surveys) to the suppliers may have significant limitations on the information that can be obtained. This is because the respondents themselves may not be aware of all negative impacts on human rights.
- ✓ In order to be able to respond according to the degree of risk, as explained in Part II Section 1. (3), it is useful to seek advice from external experts regarding the determination of the level of risk according to the country-specific context and characteristics of the business, appropriate methods of investigation, and the existence of risks based on information obtained through investigations.
- ✓ For situations in specific regions that may pose additional risks to human rights, a company may request the government or other organizations to provide information or alternative cooperation.

### 3. Actions to prevent or mitigate identified risks (step 3)

Once adverse human rights impacts have been identified, they need to be addressed. Specifically, the following actions are to be taken according to the three typologies explained in section 2 above (Guiding Principle 19). Note that in many SMEs, the actual actions may involve attempting to change the corporate philosophy or culture itself [→For examples of actions to take when a risk is discovered, see "Examples of Good Practice" in the Appendix]. In addressing negative impacts on human rights, it is important to engage with workers who may be negatively affected, and with trade unions, worker representatives or NGOs that stand to represent their voices.

Involvement	Response
① Where the company's own business activities are the cause of negative impacts <u>(Cause)</u>	<ul style="list-style-type: none"> <li>• Cease or prevent the adverse impacts</li> <li>• Provide remedies to those actually negatively affected [→ see 4 below]</li> </ul>

<p>② Where the company is contributing to adverse impacts <b>(Contribute)</b></p>	<ul style="list-style-type: none"> <li>• Cease or prevent acts that promote the adverse impacts</li> <li>• 'Exercise influence' to maximize the mitigation of any remaining adverse impacts</li> <li>• Provide remedies to those actually negatively affected [→ see 6 below]</li> </ul>
<p>③ (Not applicable to ① and ② above, but) where the company's business, products, services or other activities are somehow related to negative human rights impacts in its direct or indirect supply chains through business relationships <b>(Directly linked)</b></p>	<ul style="list-style-type: none"> <li>• 'Exercise influence' on third parties who are the cause of the adverse impacts to mitigate such impacts</li> <li>• If the company has no influence, or if it cannot be strengthened, termination of the business relationship with the third party concerned should be considered, taking into account the importance of the business relationship, the seriousness of the degree of human rights violations, and whether terminating the business relationship itself would have adverse impacts on human rights</li> <li>• It is also possible to provide remedies to those who have actually been negatively affected [→ see 4 below]</li> </ul>

The company's "influence" is a prominent tool to be used to prevent and mitigate risks at business partners and other parties that are the cause of negative human rights impacts. For specific methods, please refer to Part III, Section I (2) ①, ②.

- ✓ In the case that a business partner is an SME with limited resources, it is strongly recommended that resources be shared. This includes sharing knowledge gained from participating in training programs in order to implement the content of this Guideline, or from external experts, as well as sharing reflections and good practices gained when investigating the existence of human rights issues within the company.
- ✓ Business incentives may be offered, such as a commitment to increase the volumes of orders or the priorities of transactions if it is confirmed that a business management respecting human rights is being conducted.
- ✓ Developing a remedy system (see 6 below) is important in order to hear, as far as possible, the voices of the workers subject to the rights violations, and to offer prevention and mitigation measures in the form desired by the workers.

- ✓ Since suspending transactions with business partners may in itself generate adverse human rights impacts, it is necessary to provide as much support as possible to mitigate or improve adverse impacts when they are detected. Business suspension should be a last resort.
- ✓ If the size of the business partner is larger than one's own company, it may be difficult to influence the partner company directly. In that case, there is also the alternative method of reaching out to them through industry associations or collaboration with other companies.
- ✓ If it is difficult to address all negative impacts on human rights in the company and supply chain all at once, it is important to set priorities based on the severity of the risks to begin taking actions [→ See Part II, Section 1 (3) for criteria to determine the "severity"].

#### **4. Effectiveness Monitoring (Step 4)**

Once actions to mitigate or prevent risks are implemented, it is critical to continue to monitor and record their persistent effectiveness (Guiding Principle 20). Establishing relevant indicators will make it easier to measure the effectiveness of such actions. Specifically, it is advisable to combine qualitative and quantitative indicators of negative impacts on human rights. Examples of qualitative indicators include the results of interviews with trade unions and worker representatives who represent affected workers and their interests, or the results of surveys on suppliers. Quantitative indicators may include the working hours of workers in the company and its business partners with respect to long working hours, or the number of workers who have filed complaints or have asked to resign from the company due to harassment or discrimination. It is also important to share records of the effectiveness of monitoring with labor unions and worker representatives, including the indicators given above, and verify the impact through social dialogue between labor and management.

Appropriate monitoring of the effectiveness of efforts will enable external stakeholders to evaluate the company's efforts [→See Part I, Section 1 (2) for the importance of stakeholder evaluation].

#### **5. External reporting and publication of a series of initiatives (Step 5)**

Reporting and publicizing your company's efforts externally while carrying out the above series of initiatives is also an important part of human rights due diligence efforts that must not be forgotten (Guiding Principle 21). There is no need necessarily to wait for Steps 1 through 4 to be completed; it is still necessary to report and disclose information from time to time. The purpose of reporting is to explain how the company identified will address (or has addressed) negative human rights impacts. This provides an opportunity to obtain feedback from stakeholders on the company's efforts to respect

human rights, and helps the company to engage in more effective dialogues and collaborations, as well as to set priorities for initiatives in line with social expectations for the company.

In particular, it is necessary to proactively disclose this information to those who are subject to adverse human rights impacts (with due consideration given to personal information related to privacy, etc.). In addition, when concerns are raised by trade unions, worker representatives, NGOs, or others who are in a position to represent the voices of those negatively affected by human rights, or when potential or actual negative human rights impacts are identified and need to be brought to their attention to ensure the safety of those affected, it is necessary to report directly to the relevant stakeholders as needed.

Particularly in Japan, there is a tendency to downplay the importance of making public announcements, for example, because of the virtue of “not saying but doing.” However, internationally, it is not an exaggeration to say that only by making an external public announcement is it considered that the action has been carried out. When appropriate action has been taken, it is extremely important to ensure that it is properly publicized.

- ✓ It is necessary to bear in mind that human rights risks cannot be reduced to zero as long as companies are involved with society. From the perspective of increasing stakeholder confidence, it is better to disclose how the company has addressed the risks found (with due consideration given to personal information related to privacy), and with whom dialogue has been held, rather than showing how the risks found have nothing to do with the company.
- ✓ There is no set format for reporting; regular meetings with trade unions, worker representatives or suppliers who are able to represent workers and their interests may be used as one of the methods for reporting.
- ✓ Documents may be prepared and published externally on the company's website or SNS (nonetheless, public announcements are expected if there are severe risks of human rights violations [→ see Part II, Section 1 (3) for criteria for determining "seriousness"]).
- ✓ Reporting can be done at any stage of the human rights due diligence process. Reporting on a timely basis, rather than waiting until the end of Step 4, will help to gain the trust of stakeholders.
- ✓ To enhance the quality of disclosure, it is recommended that companies use this Guideline to clearly state which provisions of international instruments your company's efforts are consistent with, such as the Guiding Principles, the OECD “Guideline for Multinational Enterprises” or the International Labour Organization “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.”

- ✓ From the perspective of early detection of risks and gaining the trust of stakeholders through supply chain transparency, there are good examples of major apparel brands, especially those with supply chains overseas, which disclose a list of their suppliers.

## 6. Relief and remedies for affected persons and systems for remedies (Step 6)

If your company causes or contributes to human rights risks (in the case of ① or ② in the table in Part IV, Sections 2 and 3), it is necessary to correct, or remedy, the negative impacts that have taken place (Guiding Principle 22). The remedy can take many forms, such as an apology, monetary or non-monetary compensation, or restoration of the original condition, just to name a few. Taking into consideration the views of those affected as to what constitutes an appropriate remedy is critical.

Companies need to ensure that people affected have access to appropriate remedies. Companies must not prevent those who were negatively affected from accessing state judicial remedies, such as trials and labor tribunals, or non-judicial remedies, such as mediation or other alternative dispute resolution tools.

Additionally, filing their own grievances without any prejudice and to have them reviewed under legitimate procedures is a right of workers which must be respected (Declaration of Multinational Enterprises, paragraph 66).

In providing remedies, consulting with the workers concerned, or the labor unions or worker representatives who represent their voices, is crucial in order to understand and consider effective remedies from the perspectives of those who have suffered negative human rights impacts. It is also necessary to introduce preventive measures to ensure that similar violations of rights do not recur.

- ✓ Opportunities for genuine dialogue with those whose human rights have been negatively affected are essential to ensure effective remedies.
- ✓ Dialogue with trade unions and worker representatives or industrial unions in the country/region is useful for the implementation of remedies. In addition, business partners could be encouraged to engage in similar dialogues [→ see Part II, Section 1 (2)].

In order to achieve effective remedies, the establishment of remedy systems in each company, including their detailed structure, should be based on engagements with stakeholders (workers of the company and its business partners, as well as labor unions and worker representatives). Nevertheless, it is important to be aware that company-level remedy systems cannot be a substitute for collective bargaining and must not be used to undermine the legitimate role of trade unions or workers' representatives (Guiding Principle 29).

The requirements for remedy systems necessitated under the Guiding Principles are as follows (Guiding Principle 31):

- ✓ Legitimacy: The system must ensure a fair process that is trusted by the stakeholders who are the users of the system
- ✓ Accessibility: The system must be recognized and practically accessible by users (the stakeholders) (in addition to language, literacy, cost and physical location; this also includes fear of reprisals).
- ✓ Predictability: Clear procedures must be set and communicated, including the time required, when a problem is declared.
- ✓ Fairness: Fairness must be ensured so that stakeholders, who are the users, can file complaints with the necessary knowledge and information.
- ✓ Transparency: Information on the process after filing complaints and the review status must be transparent to the users (the stakeholders).
- ✓ The results and remedies for complaints must be in line with international human rights standards.
- ✓ The contents of the complaints must be used to establish and improve the future systems of respect for human rights.
- ✓ The structure of the system and the implementation of the procedures must be based on engagement with the users (the stakeholders, such as workers and trade unions of the company or of its business partners).

To enable effective remedies, it is critical to have a system in place that allows persons whose human rights have been negatively affected and third parties to provide information and file complaints about concerns regarding human rights risks on a regular basis. Such a system, when it functions correctly, will serve as a powerful tool for collecting information when identifying human rights risks (Step 2) and monitoring the situation after addressing the risks (Step 4).

[→See Attachment 2: Examples of Good Practice [⑤](#) for an example of a response using a grievance hotline.]

One example of a system for receiving information and filing petitions is the establishment of a grievance mechanism. More specifically, this includes the introduction and strengthening of internal



systems, such as the establishment of suggestion boxes addressed to the chief or the management of the company, or of internal hotlines for workers via e-mail or SNS. It is also important to set up a window that can accept complaints not only from the company's own workers, but also from workers of its business partners, in order to detect and deal with negative human rights impacts arising at client companies at an early stage, as explained in Part III of this Guideline. In addition to establishing a grievance hotline in in one's own company, it is also possible to introduce a similar system in cooperation with other companies or public organizations. In such cases, it is effective to publicize and introduce the existence of the grievance mechanisms to the workers.

The Japan Textile Federation (JTF), in cooperation with its association members and their member companies, as well as the government, will continue to investigate remedy mechanisms that will benefit the whole industry.

## Annex 1: International Human Rights in Major International Human Rights Treaties and International Labour Conventions

The following is a summary of the content of international of human rights instruments (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights (the Freedom Covenant), and International Covenant on Economic, Social and Cultural Rights (the Social Rights Covenant)) and the ten ILO Core Labour Standards Conventions. (See footnote 2, p.14 for more information on the International Labour Standards and Core Labour Standards). The table below provides examples of reports of human rights violations related to business, as well as specific cases corresponding to these human rights violations, and related cases that companies should be particularly aware of.

### (1) International Human Rights Documents (Universal Declaration of Human Rights and International Covenants on Human Rights)<sup>21</sup>

Rights	Examples of related cases that companies should be particularly aware of
Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment	Serious harassment or unsafe working conditions
Rights to liberty and security of person	Serious harassment
Right to freedom of movement	Withholding of identification documents, restrictions on movement
Right to privacy	Privacy rights, online slander
Rights to freedom of thought, conscience and religion	Denial of reasonable accommodation for religious belief
Right to freedom of opinion and expression	Complicity in censorship
Rights to freedom from war propaganda, and freedom from incitement to racial, religious or national hatred	Hate speech
Rights of protection of the family and the right to marry	Lack of work-life balance

Right to equality before the law, equal protection of the law, and rights of non-discrimination	Gender discrimination
Rights of minorities	Negative impact on community residents
Right to work	Arbitrary dismissals, limited access to social security, lack of job training
Right to enjoy just and favorable working conditions	Failure to provide a minimum wage or equal pay for work of equal value
Right to social security, including social insurance	Denial of social insurance coverage or workers' compensation
Right to a family life	Failure to provide maternity leave, overwork, lack of work-life balance
Right to an adequate standard of living	Violation of community livelihoods due to land development, etc.
Right to health	Lack of occupational health and safety, overwork, lack of manufacturer's liability

## (2) Core Labour Standards

Core Labour Standards	Reference section in this guideline
1) The elimination of forced labor	Part II, 2 (1) (6)
2) Freedom of association and the right to collective bargaining	Part II, 2 (2)
3) The elimination of discrimination in employment and occupation	Part II, 2 (3) (5)
4) The abolition of child labor	Part II, 2 (4)
5) Safe and healthy work environment	Part II, 2 (7)

21. From OHCHR "Human Rights Translated 2.0: A Business Reference Guide"

[https://www.ohchr.org/Documents/Publications/HRT\\_2\\_0\\_EN.pdf](https://www.ohchr.org/Documents/Publications/HRT_2_0_EN.pdf)

A Japanese version can be seen at: [https://www.icclc.or.jp/human\\_rights/doc/interpretation2\\_att2.pdf](https://www.icclc.or.jp/human_rights/doc/interpretation2_att2.pdf)

## Annex 2: Examples of Good Practice

Case (1)	Example of Human Rights Due Diligence Practices Including Stakeholder Engagement [ →See Page 8 Part I ,4.basis for initiatives under these Guidelines]
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(Cue for the action)

Company A, a company engaged in the planning, manufacture, and sale of children's clothing, received allegations from an external human rights organization regarding the work environment of employees at a group company's partner factory in Myanmar. The contents of the allegations included long working hours in violation of local labor laws, low wages, inadequate occupational safety environment, inadequate protection system for female workers, and an inadequate remedy system.

Company A took the human rights group's comments seriously, recognizing that it must place emphasis not only on its own operations but also on its supply chain and launched a full-fledged CSR procurement program.

At that time, as it was difficult for Company A to deepen its efforts on its own, it requested an external NGO working on human rights issues and worker protection to provide expert advice.

(Understanding the supply chain)

As a preliminary issue, it was difficult to grasp the relationship between Company A and the partner factory concerning which the allegations had been made. The relationship was complex in that the factory in question was a Myanmar factory owned by a Korean capital company, which had been selected as a production consignee by a Japanese textile trading company with whom a company in Company A's group had placed an order. The group company was not aware of the factory in question as a supplier.

Company A thus asked the trading company that had placed the order to gather information on the supply chain to get a better grasp of the relationship with the partner factory.

(Conducting due diligence, including stakeholder engagement)

Company A was thus able to understand the relationship with the partner factory that was the subject of the allegations, but due to the complex supply chain, as mentioned above, it was difficult to request

improvements directly to the factory in Myanmar, so the company approached the factory owner through the textile trading company, the owner then communicating the request to the person in charge at the factory. Although it took some time, the power of the trading company, which controls the distribution of business, was used as leverage to place effective pressure on the factory, which made improvements in areas such as appropriate working hours, wages, work safety, and environment equipment (specifically, the installation of sprinklers and air conditioning units in the ceilings). Another step toward improvement was to explain to and obtain the understanding of the trading company, the factory owner, and the person in charge of the factory that the joint manufacturing of Company A's products is conducted with pride and that the relationship between the companies is one in which everyone suffers if labor problems are pointed out.

In the local investigation, not only was a hearing conducted with the management, all kinds of account forms related to working conditions checked, and the work area in the factory inspected, it was also possible to interview workers and hear the wishes of the workers involved for improvements. Company A did not take these measures only through its own in-company process but also worked to ensure transparency and accountability by, for example, establishing a third-party committee in cooperation with the above-mentioned external NGO and disclosing the actions taken on its website.

(Initiatives to promote CSR procurement throughout the supply chain)

In order to further expand CSR procurement activities, Company A established CSR procurement guidelines to serve as a guideline for the entire group and held briefing sessions with its suppliers to raise awareness of human rights risks. After providing adequate explanations and awareness-raising, the suppliers were requested to comply with the CSR procurement guideline and submit a letter of consent.

(Addressing Labor Issues in Japan)

In the course of conducting human rights due diligence with the cooperation of the NGO, as mentioned above, Company A, which emphasizes Japanese-made manufacturing, came to the realization that grasping the actual situation and issues of foreign technical intern trainees in domestic sewing factories was a top priority. From 2018 to 2019, together with the NGO, Company A visited all 25 sewing factories employing foreign technical interns. Having conducted a fact-finding survey, Company A then requested improvements on issues identified, including appropriate working hours, wages, the daily-life environment, and occupational health and safety at the workplaces. Later, as factory visits became difficult due to the spread of the new coronavirus, from 2021 onward, factfinding surveys were conducted with two dyeing factories and two new sewing factories in Japan. In addition, once the factories have been surveyed, the situation in the factories is continuously monitored through questionnaires and other means.

Furthermore, to ensure access to relief and remedies, mainly for foreign workers, a grievance hotline was established in 2020. The hotline is available in eight languages via a smartphone application and consultations can be made anonymously. The application has been introduced by 170 suppliers in Japan and abroad (as of March 2022) and is now being considered for use as a follow-up tool to ascertain the situation in workplaces.

(Key points in the process)

One of the most important points in Company A's approach to its supply chain is that, in addition to being obligated to address negative impacts on human rights by stipulating this duty in its contracts, Company A also encourages suppliers to work on human rights issues through incentives as a partner engaging in joint manufacturing. As a manufacturer of products that are in direct contact with children's skin, for suppliers who share the value in working together to produce safe, high-quality products and who have made progress in their human rights efforts, Company A strives to promote positive initiatives such as to secure and maintain planned volumes of orders and to continue mutually sound business relationships in the long term. In this way, a stance of sharing problems as mutual issues and working together to solve them has been created. It is thought that this makes it easier for the people in the workplaces to voice their opinions, which in turn leads to improved product quality in a better work environment.

Case (2)	<p><b>Communication with Foreign Technical Intern Trainees. Improvements in the Work Environment for Foreign Technical Trainees .</b>  [→See Page 46,Part II (6) Migrant Workers].</p>
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Focusing on the following initiatives, Company B is working to improve the work environment for foreign technical intern trainees,

**Providing work instructions to technical intern trainees**

A list of translations of words frequently used in the job for each native language (e.g., 本縫い - hon-nui - native language - native language katakana reading) was prepared and is updated as needed. The list has led to improved understanding of work instructions.

**Prevention of discrimination against migrant workers**

Since accepting technical intern trainees from multiple countries has resulted in employees of many different nationalities working together, the president of the company personally called for the prevention of discrimination during the morning meeting. Being an official company instruction, this has helped raise employee awareness.

### **Initiatives for COVID-19 vaccination of technical intern trainees and regular hospital visits**

In cooperation with the sending organization, interpreters were requested and rules for hospital visits were created and implemented, irregular cases being handled individually. As a result, the number of inquiries from hospitals that the trainees visited decreased. The vaccination process from the time of arrival at the hospital to the inoculation also proceeded smoothly. Before the rules were established, trainees made requests to visit hospitals at any time, causing difficulties in responding to each request. With the creation of the rules, however, it became possible to visit hospitals having made advance preparations such as arranging interpreters, preparing medical questionnaires in the trainees' native languages, and making appointments for medical examinations. This reduced both the anxiety of the trainees themselves and the burden on the support staff.

<b>Case (3)</b>	<b>Communication with Foreign Technical Intern Trainees</b> [→See Page 36, Part II, 2 (6) Migrant workers].
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Many of the technical intern trainees come to Japan with concerns about their daily-life environment. The management of companies that accept technical intern trainees, including Company C, are therefore making efforts to ensure that the trainees do not become isolated, not only within the company but also within the local community.

In the initiative within Company C, the management firstly talks to the trainees on a daily basis. Other activities include having lunch together with trainees, pounding rice to make rice cakes, visiting shrines on the first day of the New Year, enjoying the beauty of cherry blossoms and autumn leaves, and other activities in which they can experience Japanese culture together. This helps to promote communication, which leads to a closer relationship with the trainees and has led to the creation of an environment in which management and trainees feel comfortable discussing their problems with each other.

In addition, from the viewpoint that coexistence with the local community is also important, Company C participates in festivals, summer *bon* dances, and other events to promote interaction with local residents. Some local governments also support exchanges between trainees and local residents.

As a result of these efforts to promote communication, new trainees have been recruited from the same area through introductions by trainees who have returned to their home countries, with beneficial effects such as two generations, a parent and child, coming to Japan as trainees.

Case (4)	<b>Improving Relations of Trust with Suppliers through the Implementation of CSR Factory Audits.</b> [ → See Page 44, Part III, 1. Perspectives when engaging with business partners ]
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For Japanese apparel and trading companies that have shifted their focus to overseas production in search of cheaper labor costs since the 1990s, it can be said that how to maintain superior factories with good technological capabilities is an issue not only for individual companies but for the industry as a whole.

From this perspective, Company D, in response to requests mainly from apparel and fashion companies, has been conducting full-scale CSR audits of sewing factories since FY2016, and has thus far conducted a total of about 450 factory audits. In the actual audits, to gain the factory management's understanding regarding the audits, the auditing side strives to deepen the understanding of the audited factory by explaining what the apparel company expects from the audit and the resulting benefits to both the party conducting the audit and the party undergoing the audit.

The audits have not only resulted in the correction of the required audit items but also in the improvement of the factory employees' working conditions and work environment. By gaining insights into the actual situation in the factory that cannot be uncovered by a simple factory "inspection," audits can clarify whether or not the factory needs to prioritize efforts related to negative human rights impacts. Further, deeper relations of trust can be constructed by sharing "corrective measures" and "corrective actions" with the factory management in tandem with the audit. Improvements can also result from employee interviews, when it may be possible to hear requests that cannot usually be expressed directly to management.

As production sites have now become more distant from each other, the importance of creating forums where the side providing orders and the side receiving the orders can share issues and communicate around the same table was also reaffirmed.



Case (5)	<b>Examples of Responses to the Grievance Hotline</b> [→See Page 60, Part IV, Section 6: Relief and remedies for affected persons and systems for remedies].
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Since FY2020, Company E has focused on relief and remedies for foreign workers and has adopted a smartphone application to establish a grievance hotline. This is a reporting system to a third party that ensures transparency and anonymity and is available in eight languages (Japanese, English, Chinese, Thai, Vietnamese, Khmer, Myanmarese, and Tagalog).

This is an example of a response to an inquiry about overtime pay to the hotline by a factory employee. At the time of the inquiry, the employer and a third-party organization worked together to understand the situation and conduct an investigation. As a result, it was found that there was a difference of awareness between the employer and the employees. To resolve the issue, based on the fact that there were points regarding which the sharing of understanding and penetration of awareness between labor and management had been insufficient, the company sought the understanding of the employees by clarifying the thinking about overtime and reflecting this in the work regulations. This led to a company-wide improvement in compensation.

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