

Japan Display Inc.

In this connection, we have received information that your company may be involved through its supply chain in alleged forced labour, arbitrary detention, and trafficking in persons of Uyghur and other minority workers within and outside the Xinjiang Uyghur Autonomous Region (Xinjiang), as well as the related lack of accountability and access to effective remedy for victims. We have also received information regarding multinational corporations sourcing items from factories in China, including in Xinjiang, not being allowed to freely access these factories in order to exercise adequate oversight and human rights due diligence across their supply chains.

According to the information received:

The Chinese Government has allegedly undertaken the forcible transfer of tens of thousands of Uyghurs and other minorities to work in factories in Xinjiang and across the country. These workers, predominantly employed in low skilled, labor-intensive industries, such as agribusiness, textile and garment, automotive and technological sectors, both in Xinjiang and other Chinese provinces, are allegedly subject to exploitative working and sub-standard living conditions that may fall under the definition of forced labour, trafficking in persons for labour exploitation and arbitrary detention. Some factories are reportedly operating as part of the supply chains of companies, including well known global brands. Between 2017 and 2019 more than 80,000 Uyghur and other minority workers have allegedly been transferred out of Xinjiang under the “industrial Xinjiang Aid” policy, aimed at finding low-skilled employment opportunities for “re-educated” Uyghurs and other minorities previously interned in centers. These centers have been described by the Government of China as “vocational education and training centers”, created in the name of poverty alleviation, and of fighting against terrorism and combatting violent extremism.<sup>1</sup> Such centers allegedly operate in a prison-like or internment manner without freedom of movement, as part of fulfilling political re education goals. We have also received information that minority workers from Xinjiang may be forced to work under the “industrial Xinjiang Aid” policy in factories inside and outside of Xinjiang province under threat of detention and/or the intimidation of family members. Information received indicates that workers’ contact with relatives is forbidden or strictly controlled.

The workers are reportedly required to work in fenced-in factories, inside and outside Xinjiang, and are placed in closed and surveilled working environments, away from their original residences and families and in a position of dependency and vulnerability to human rights abuses. The workers and their family members are allegedly exposed to intimidation, coercion, threats, and

restriction on their freedom of movement, and are subjected to surveillance by security personnel and through digital tools. All aspects of the daily lives of Uyghur workers are allegedly controlled by governmental authorities. In certain factories, Uyghur and other minority workers from Xinjiang are allegedly subjected to excessive overtime work, and it is unclear whether these workers receive salaries. It is unclear if workers are given any indication of a specific timeframe for when the cycle of their alleged forced enrolment in “vocational education and training centers” and related forcible transfer to factories in Xinjiang and across the country would end, allowing workers to return freely to their homes and families. Information received raises concerns that there may be cases in which the alleged forced detention and labour of members of the Uyghur minority and their living conditions, may amount to torture or other degrading, cruel or inhuman treatment.

Moreover, Uyghur and other minority workers are allegedly required to attend State controlled trainings in the workplace, including organized mandarin language classes and patriotic education and undue limitations are placed on their right to manifest and practice their religion both in the workplace and outside work hours.

According to information obtained, both the sending institution and the receiving company are paid per head compensation by the Xinjiang Government for supplying/receiving workers. Information suggests that this is promoted by official websites allegedly indicating that Uyghurs are available for work as part of their re-education process. The rate paid varies depending on whether the rural “surplus laborer”, a term used to identify former minority detainees, is transferred within Xinjiang or to other provinces in mainland China. When “surplus laborers” are transferred outside Xinjiang, the per-head compensation is allegedly higher.

We have been informed of recent online advertisements in the media, for example, claiming to have capacity to “supply” 1,000 government sponsored Uyghurs aged 16 to 18 within 15 days of signing a one-year contract. Managers are allegedly offered the possibility to request that police officers be stationed at factories 24 hours per day. Reportedly, every 50 minority workers are assigned a government minder and are monitored by dedicated security personnel.

While we do not wish to prejudge the accuracy of these allegations, we express our grave concern that the rights of minority workers from the Xinjiang Uyghur Autonomous Region, especially Uyghur, are not upheld in line with international human rights and labour rights standards. We are concerned that these workers who are allegedly forcefully relocated across the country, are subjected to forced labour as part of what the Government describes as

development and poverty alleviation policy, and with the stated objective of combatting terrorism and violent extremism. We are further concerned about allegations that multinational companies sourcing from factories in China are not allowed to access these factories in order to exercise appropriate oversight and human rights due diligence across their supply chains.

In connection with the above alleged facts and concerns, please refer to the Annex on Reference to international human rights law attached to this letter which cites international human rights instruments and standards relevant to these allegations.

As it is our responsibility, under the mandates provided to us by the Human Rights Council, to seek to clarify all cases brought to our attention, we would be grateful for your observations on the following matters:

1. Please provide any additional information and/or comment(s) you may have on the above-mentioned allegations.

〈Answer〉

Japan Display Inc. (“JDI”) received information in April 2020 that a survey report issued in March 2020 by the Australian Strategic Policy Institute listed several companies, including JDI, as procuring parts allegedly made by forced labor. We also noted that some 2nd-tier and 3rd-tier suppliers of our business partners were listed in the report. As a result, we immediately conducted a fact-finding investigation, which did not find evidence that our supply chain was involved in Uyghur forced labor. Although we found no direct linkage to forced labor, we received a report from a 1st-tier supplier that they stopped business with a 2nd-tier supplier in August 2020 and a 3rd-tier supplier in October 2020, and completed the transition to other suppliers. We have confirmed this transition of suppliers and will continue to monitor their labor practices on an ongoing basis.

2. Please provide information as to whether your company has undertaken human rights due diligence steps, as set out in the United Nations Guiding Principles on Business and Human Rights, to identify, prevent, mitigate, and account for human rights abuses caused by or contributed to through your own activities, or directly linked to your operations, products or services by your business relationships. This includes the exercise of adequate oversight and human rights due diligence across your supply chains in order to prevent and mitigate impact on the enjoyment of human rights of Uyghur and other minority workers, including their right to freedom of movement and protection from forced labour, trafficking in persons and other contemporary forms of slavery.

〈Answer〉

We conducted an investigation of our suppliers and sub-suppliers, as noted in question 1, and found no evidence that our supply chain was involved in Uyghur forced labor. Although we found no direct linkage to forced labor, we received a report from a 1st-tier supplier that they stopped business with a 2nd-tier supplier in August 2020 and a 3rd-tier supplier in October 2020, and completed the transition to other suppliers. We have confirmed this transition of suppliers and will continue to monitor their labor practices on an ongoing basis.

3. Please explain what monitoring and evaluation systems your company has in place to ensure the effectiveness of human rights due diligence steps taken to mitigate and prevent human rights abuses, including forced labour, trafficking in persons other contemporary forms of slavery as described in this letter and other related human rights violations, throughout your business operations. In particular, please provide information on whether your company has put in place “cascading” requirements that reach down to your suppliers, such as human rights risk assessments that would cover all tiers of suppliers as recommended in the 2018 report of the Working Group to the General Assembly.

<Answer>

We require compliance from all suppliers to the [JDI Supply Chain CSR Deployment Guidebook](#), and require all suppliers to audit and report their CSR compliance via the [JDI Suppliers CSR Self-Audit Checklist](#).

4. Please explain what measures have been adopted to ensure that staff of your company as well as your business partners have adequate awareness, knowledge and tools to identify and report human rights abuses, including those alleged in the present letter, throughout your operations.

<Answer>

In our educational activities promoting JDI’s Code of Ethics, using tools such as e-learning we educate our employees on an ongoing basis with [respect to respect for human rights and prevention of human rights violations](#). In addition, we distribute the [JDI Supply Chain CSR Promotion Guidebook](#) to all our suppliers and work to promote their understanding of this Guidebook.

5. Please explain what concrete steps have been taken by your company to exercise leverage, in line with the UN Guiding Principles, in your business relationships to prevent and mitigate human rights abuses committed by businesses employing workers belonging to Uyghur and other minorities.

〈Answer〉

In the JDI standard procurement contract, we prohibit all suppliers from using forced labor and also require the entire supply chain, including the 2nd-tier suppliers and contractors to the suppliers, to comply with JDI's CSR principles and confirm the status of this compliance.

6. Please provide information on whether your company has reported any such alleged human rights abuses in the present letter to relevant authorities, including in countries where your company is incorporated or domiciled. Moreover, what steps has your company taken, or is considering to take, to avoid potential complicity in such alleged business related human rights abuses?

〈Answer〉

In order to prevent human rights violations, we prohibit all suppliers from using forced labor and also require the entire supply chain, including the 2nd-tier suppliers and contractors to the suppliers, to comply with JDI's CSR principles and confirm the status of this compliance.

7. Please advise how your company provides for, or cooperates in the remediation of adverse impact on human rights of Uyghur and other minority workers through legitimate processes if it has caused or contributed to such impact. This may include establishing or participating in effective operational-level grievance mechanisms.

Please provide specific information about any procedures in place to ensure participation of workers and their representatives in the establishment and operationalization of such mechanisms.

<Answer>

If we confirm that human rights violations have been committed in the manufacturing process of products we procure, we demand that the supplier stop the act immediately and if the demand is not complied with, we stop procurement from the supplier.

8. Please provide information, if any, on cooperation your company may have had with local civil society actors and/or relevant state authorities to ensure that your company's grievance mechanism are aligned with the national mechanism to address such business related human rights violations.

<Answer>

We would work with local civil society actors and/or relevant local governments, but there are currently no cases in which such activity is required.