



Miki Shoko Co., Ltd. Modern Slavery Statement Fiscal Year 2021

1. Introduction

The following Statement was issued by Miki Shoko Co., Ltd. (hereinafter, “Miki Shoko”) based on the U.K. Modern Slavery Act 2015 and the Australian Modern Slavery Act (hereinafter, both slavery acts collectively referred to as “Modern Slavery Acts”). This Statement provides a summary of the activities conducted by Miki Shoko and all group companies described below (hereinafter, “Miki House Group”) in order to comply with laws and regulations and prevent modern slavery and human trafficking in the group’s business activities and supply chain.

This Statement provides a report of the activities conducted until February 2022, based on the risks of modern slavery and human trafficking that were identified in human rights due diligence conducted in August 2019.

2. Organization Structure and Business Overview

Trade name	Miki Shoko Co., Ltd. (Miki House Group)
Founded	April 1971
Established	September 1978
Capital	2,030 million yen
Description of business	Planning, manufacture, and sale of family-related products, mainly children’s clothes and other products for children; cultural activities such as publishing, education, and support for child rearing, etc.
Offices	Offices Headquarters/Osaka Tokyo Office Foreign corporations: France, the United States, England, China
Major group companies	MIKI HOUSE, MIKIHOUSE FRANCE, MIKIHOUSE Americas, MIKIHOUSE U.K., MIKI (Chengdu) Trading Co., Ltd., MIKI HOUSE Child-rearing Research Institute Co., Ltd., MIKI HOUSE & Shogakukan Production Co., Ltd., MIKI HOUSE Trade Co., Ltd.
Sales	Sales: 16,654 million yen (fiscal year ended February 2021)
Staff	569 (current as of February 2021)

*The information and data used in this Statement are based on those acquired as of the end of February 2022.



3. Supply Chain

Many of the factories involved with the products of the Miki House Group are located in Japan, China, and Vietnam, with 230 factories involved in the manufacturing of products as of the end of February 2022.

We started ascertaining and surveying our supply chain in 2017. In FY2021, we did partial surveys on our secondary suppliers and material procurement sources as well as on our product production factories (primary supplier factories).

The number of factories identified via SAQ conducted as human rights due diligence in August 2019 was 151 (number of factories for approx. 90% of our gross purchases at the time), with the number of workers being 23,624. The confirmed numbers of workers were 3,860 in Japan. Outside Japan, there were 10,881 in China, 8,324 in Vietnam, 900 in Myanmar, and 352 in Thailand.

4. Policies Concerning Modern Slavery and Human Trafficking

Since 2018, Miki Shoko has been publishing the following documents, updated as needed to incorporate the opinions of outside stakeholders, and these documents also serve to support the compliance program of the company. They have been approved by the President and CEO as group-wide policies in the Miki House Group.

- https://www.mikihouse.com/assets/docs/miki_shoko_policy_on_human_rights_for_suppliers.pdf
- https://www.mikihouse.com/assets/docs/miki_shoko_code_of_conduct_for_suppliers.pdf
- https://www.mikihouse.com/assets/docs/miki_shoko_csr_procurement_policy.pdf
- https://www.mikihouse.com/assets/docs/miki_shoko_policy_on_migrant_worker_for_suppliers.pdf

In order to ensure that our suppliers comply with the applicable laws and Modern Slavery Acts, we revised the above “Policy on Human Rights for Suppliers” and “Code of Conduct for Suppliers” and enacted the above “Policy on Migrant Worker for Suppliers” in January 2020.

Our goal was to require our suppliers, as business partners, to have an understanding of the concepts in the Modern Slavery Acts and work to identify, prevent, and minimize the risks of human rights violations.

5. Human Rights Due Diligence Concerning Modern Slavery, and Risk Management

In response to the above modern slavery risks identified in our Statement in FY2019, we took the following actions in FY2020 and FY2021.

Collaborative Efforts with Relevant Organizations

Miki Shoko announced support for the “Tokyo Declaration 2020 on Responsible Acceptance of Foreign Workers” (April 2020), which was issued based on discussions in the Corporate Subcommittee of the Foreign Workers Roundtable that Miki Shoko had been participating in since FY2019. Miki Shoko will continue conducting activities in cooperation with other companies, governments, and NPOs/NGOs in order to realize the contents of the declaration.

Miki Shoko has been participating in the "Japan Platform for Migrant Workers towards Responsible and



Inclusive Society" (JP-MIRAI) hosted by the Japan International Cooperation Agency (JICA) since October 2020. The platform helps to deepen the understanding of problems faced by migrant workers at factories inside and outside Japan, particularly with regards to the modern slavery system that arises from the problem where some workers are required to pay fees in order to work. The platform also conducts activities to improve the working and living environments of migrant workers and contribute to realizing a multicultural society inside Japan.

Efforts Concerning the Technical Intern Program at Supplier Factories in Japan

Due to the COVID-19 pandemic restricting our activities, we had to reluctantly cancel the on-site field studies that we had been conducting. Therefore, in FY2021, we took the following efforts when the spread of COVID-19 had declined.

Twenty-five domestic supplier factory companies where we had conducted field studies were primary supplier factories responsible for sewing products. However, in consideration of the importance to conduct these field studies throughout the entire supply chain, we conducted our first field studies for secondary suppliers from August to September 2021, at two companies with dyeing factories inside Japan and who are responsible for dyeing materials. Going forward, we plan to continue conducting field studies and audits of secondary supplier factories that employ technical intern and work to make improvements to working environments.

Also, in February 2022, we conducted follow-up surveys following our previous field studies of two primary supplier factories, both of which confirmed progress in improving matters indicated in the previous field studies.

6. Response to the COVID-19 Pandemic

FY2021 was another year in which the COVID-19 pandemic had a major impact on international society. In particular, the lockdowns in Vietnam and China slowed down the production functions and logistic functions of both countries, which had a major impact on the production plans and sales plans of Miki Shoko. However, under global circumstances in which the future is unclear, we have placed importance on conducting business while considering how we can contribute to society.

With regards to the effects on supply chains, the Japanese government has implemented strict travel controls, on both inbound and outbound immigration, in order to prevent the spread of COVID-19, and it is undeniable that these controls have had a major impact on the employment of technical intern. For example, factories who were to employ these interns were unable to employ the personnel they needed according to their employment plans, and they were unable to maintain sufficient personnel. Following the conclusion of the training plan, interns were forced into circumstances in which they were unable to return to their home countries. There have been reports of tragic cases of interns being terminated, having no way to return to their home countries, and then getting involved in crime. With cases like this, it was clear that the environment surrounding migrant workers is now in grave circumstances.



The supplier factories of Miki Shoko have also faced unavoidable and harsh circumstances with regards to maintaining personnel, and the grievances regarding maintaining employment of migrant workers have been taken into consideration. In order to check these circumstances, we conducted our “Questionnaire Concerning Confirmation of Status of Technical Interns” in May 2021 and received responses from 15 factories. The summary of the survey results indicated that, while these factories made efforts for measures to bring in new interns and to help those facing difficulties returning to their home countries, we were able to get an idea of how factories were handling the maintenance of personnel and maintaining productivity while using exceptional measure systems such as extending worker visas or changing the visa status. In response to these efforts, continuously assuring and maintaining the product order volumes from the perspective of Miki Shoko, the buyer, we worked with our suppliers to conduct measures to overcome this predicament.

Also, in conjunction with the rising number of coronavirus vaccine injections throughout Japan, we conducted our “Questionnaire Concerning Injection of Coronavirus Vaccines” in September 2021 in order to confirm that there were no migrant workers who are deemed difficult to obtain information from the government, that they are being provided correct information concerning vaccination, and that vaccinations are being widely encouraged at factories, and we received responses from 14 factories. The survey results confirm that workers at all factories were provided appropriate information concerning vaccines and that the vaccination status of technical intern and the vaccination procedures for those who had yet to receive the vaccine were conducted without delay.

The company’s approach is to continue to ascertain the status at supplier factories with Miki Shoko cooperating as much as possible where necessary. Another approach is to continue maintaining production orders to contribute to maintaining employment at supplier factories, which will require even more efforts throughout the entire Miki House Group as a whole in order to continue our business activities.

7. Grievance Handling Mechanism (Hotline)

Since 2020, Miki Shoko has used a multi-language hotline, “ASSC Workers Voice” (AWV), operated by ASSC, as a grievance handling mechanism for the purpose of providing consulting services and relief for workers. This mechanism has been introduced at 172 supplier factories inside and outside Japan, and it is operated in cooperation with ASSC.

AWV is a mechanism for promoting support to workers and approaches for fixing issues at suppliers by promoting cooperation with Miki Shoko in incoming consultations, such as by assuming the role of a consulting service for workers and providing information related to problems at the workplace.

Explanations are given to workers at supply chain factories through representatives at each factory, and they are also provided through posters and distributed worker handbooks.

8. Training and Education

In 2020, executive officers and responsible department manager-level staff participated in the “Corporate Subcommittee of the Foreign Workers Roundtable” organized by an external NGO, where they focused on gathering information, including that related to trends at other companies, and exchanging opinions on modern slavery. In 2021, we promoted understanding of the risks of human rights violations in supply chains, as part of our efforts to promote sustainability in the Miki House Group to management and employees, through in-house and online training. Miki Shoko will continue to appropriately check the status of coronavirus infections, and investigate online training about CSR and human rights, through web tools and other methods, together with our foreign suppliers.

9. Roadmap for Mitigating Risks of Modern Slavery

Miki Shoko has identified the following items as priorities to address from FY2022.

- (1) To continuously conduct surveys of primary and secondary supplier factories and make improvements against any nonconforming items and promote dialog and engagement.
- (2) Training on Modern Slavery Acts for employees in the Miki House Group
Provision of opportunities for training at supplier factories
- (3) Appropriate disclosure of surveys concerning human rights and Modern Slavery Acts

The objectivity of this Modern Slavery Statement is assured by the Global Alliance for Sustainable Supply Chain, a third-party, non-governmental organization.

This Modern Slavery Statement was approved by Miki Shoko’s Board of Directors on August 29, 2022.

Executive Director/General Manager of President’s Office
Akio Mitsukawa

