

Survey on Human Rights in the Fashion and Beauty Industry 2024

(Questionnaire survey and analysis on salespeople)

September 2024

**Sustainability Committee,
Human Rights Subcommittee,
World Mode Holdings Co., Ltd**

Introduction

WORLD MODE HOLDINGS' objective is to realize a future where people who support the fashion industry and the people who enjoy it create an exciting future through fashion.

This report is intended to help those in the fashion and beauty industry understand the human rights situation in the industry, the challenges the sales people face, and influence how we can improve the situation.

Survey objectives

For this report, we conducted a questionnaire survey to those registered on "MyBRANDS," the direct recruiting site of iDA Inc., a member of the WORLD MODE HOLDINGS Group, and received valuable responses from 259 individuals with experience in the fashion and beauty industry. The majority of those who responded currently work in retail sales and customer service. The aim of this survey is to highlight and help improve the working environment of retail sales, on compensation, harassment, discrimination, and other issues in the fashion and beauty industry.

Survey Details

Method:

Survey was conducted on registered users of "MyBRANDS," a direct recruiting site operated by iDA Inc.

Subject:

Respondents with experience working in the fashion and beauty industry, focusing on sales and customer service nationwide:

Valid responses: 259

Survey Period: December 2023 - January 2024

Summary of Results, Point for Consideration and Propositions

① Overtime work

Question: What is your monthly overtime work?

Response Results:



A total of approximately 80% of the respondents, including 16.6% who answered, 'no overtime' and 67.2% who answered, 'less than 20 hours', answered that they work less than 20 hours of overtime work monthly. On the other hand, about 2% of respondents answered that they work more than 80 hours of overtime hours a month, which is the "overwork death line," a standard that is associated with overwork death due to workload.

Considerations:

According to the "Monthly Survey of Workers' Welfare Statistics, March 2024," published by the Ministry of Health, Labor and Welfare, the average overtime work hours per month of ordinary workers is 14.2 hours.

In that survey, the average overtime hours for "wholesale and retail trade" were 11.9 hours, which equates to the respondents to this survey as sales positions.

In this survey, as well, total overtime hours were estimated to be low compared to the average of all industries, probably because sales workers generally work in fixed shifts (early and late). On the other hand, those who answered that they work more than 80 hours a month were designers and pattern makers

working in the head office and some shop-floor sales staff. Manpower in the fashion industry, where the number of employees shortage is becoming more severe, it often leads to more cases in which employees are forced to work long hours to cover for the lack of staff in store operations during busy periods such as sales promotion periods, seasonal inventories, and when employees are unable to fill positions due to lack of staff.

Proposal:

Considering the fulfillment of work-life balance and physical and mental health, it is desirable to minimize overtime work. After accurately quantifying the actual status of overtime work and working hours, we need to continue efforts to reduce overtime hours on site by strengthening the follow-up system among staff at stores, organizing work to complete necessary tasks during business hours, and improving work efficiency through the introduction of systems. In addition, to solve the fundamental problem of lack of human resources, the head office is required to make management decisions to promote complex measures to secure human resources under the leadership of the head office, such as responding to systems for diversification of work styles, strengthening recruitment of new employees, and measures to strengthen the retention of existing employees.

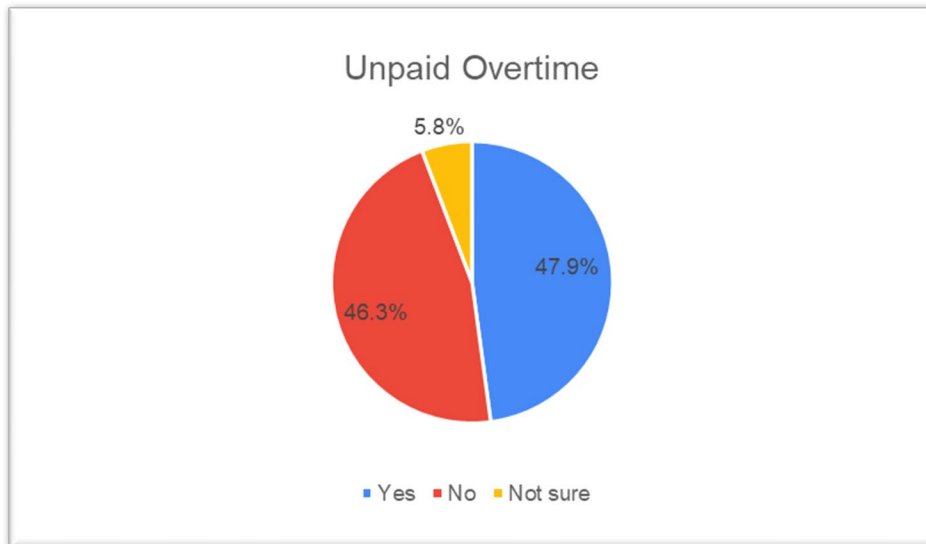
Reference URL: Ministry of Health, Labor and Welfare "Survey of Labor Statistic Monthly Report of March 2024"

<https://www.mhlw.go.jp/toukei/itiran/roudou/monthly/r06/2403r/dl/pdf2403r.pdf>

② Unpaid Overtime

Question: Is there unpaid overtime?

Response Results:



Nearly half of the respondents, 47.9%, reported working "unpaid overtime".

Considerations:

So-called "unpaid overtime" in which a company does not pay overtime wages even though overtime work that would normally be paid is performed is considered a violation of the Labor Standards Law.

Reasons why this occur: there is no environment to properly record and manage working hours with timecards or attendance management systems, but in other cases, even if there is a management system, there may be a discrepancy between the managed working hours and actual working hours for some reason. In particular, sales staff in the fashion industry tend to concentrate on customer service during store hours and need to perform many other tasks outside of business hours, which tends to create service overtime work before and after the original start and end of work hours. In addition, with the need to manage human resource costs and improve operational efficiency, it is a cause for employees to continue working after clocking out or taking home work.

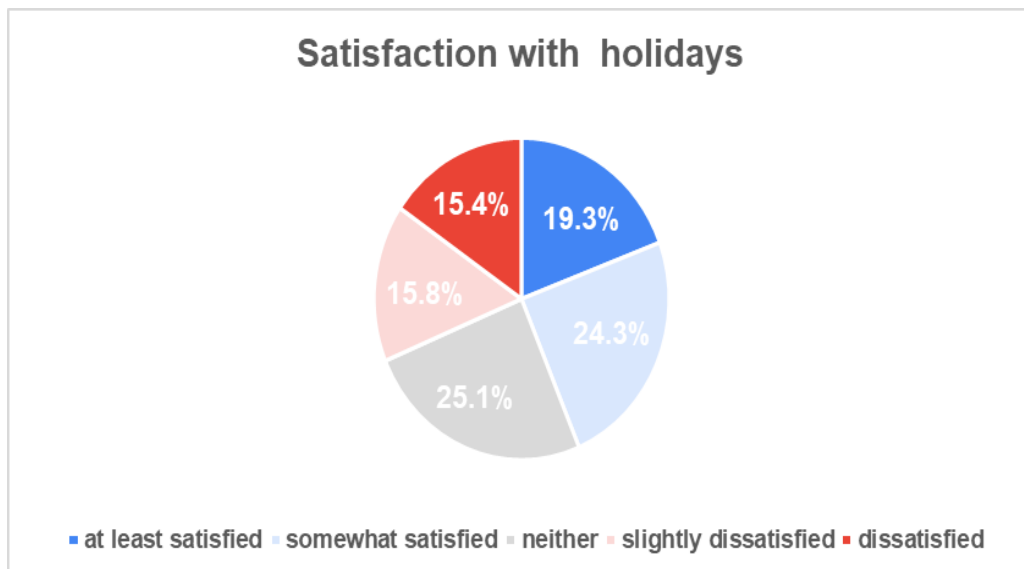
Proposal:

It is effective not only in optimizing the rules and practices of time and attendance management throughout the company, but also in fostering awareness of legal compliance through labor training for management level. It is also effective for the employees to acquire correct labor regulations and rights and to be choosing better places to work at.

③ About the holidays

Question: Do you feel satisfied with your annual holidays and paid days off ?

Response Results:



At 43.6%, about half of the respondents were at "at least satisfied" or "somewhat satisfied". At 31.2%, the total of "dissatisfied" and "slightly dissatisfied" was 31.2%, indicating that there is a certain amount of people who are dissatisfied with their annual holidays and paid days off.

Considerations:

According to the "Monthly Survey of Workers' Welfare Statistics, March 2024," the number of days worked for general workers, wholesalers and traders was 19.3 days, almost the same as the average of 19.2 days for all industries. This indicates that workers are able to take 10 to 12 days off a month. However, in the fashion industry, sales workers often take one-off days off during weekdays to avoid the peak season on weekends and national holidays, while the head office employees are generally off on weekends and national holidays. In addition, due to the shift system, it is not always possible to take a day off even if the employee requests a particular day off. The dissatisfaction with the number of days off is not so much about the number of days off, but more about the degree of freedom in taking days off, such as weekends and holidays and the difficulty in taking long vacations.

Proposal:

Under the mandatory system for taking annual paid vacations under the Act on the Reform of Working Conditions, all workers who are entitled to 10 or more days of paid days off are required to take 5 days of paid days off each year, at specific seasons.

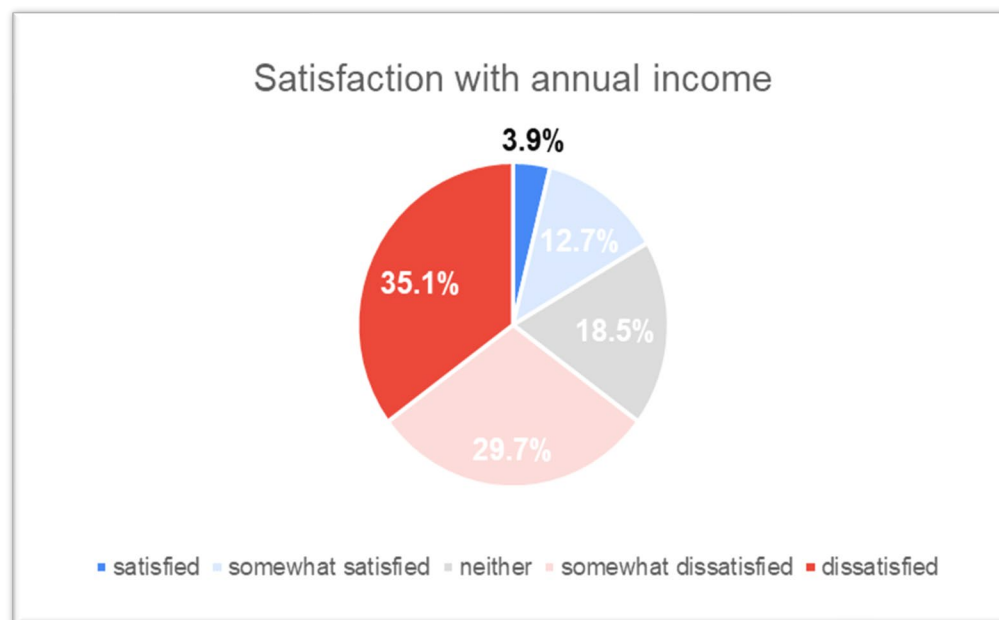
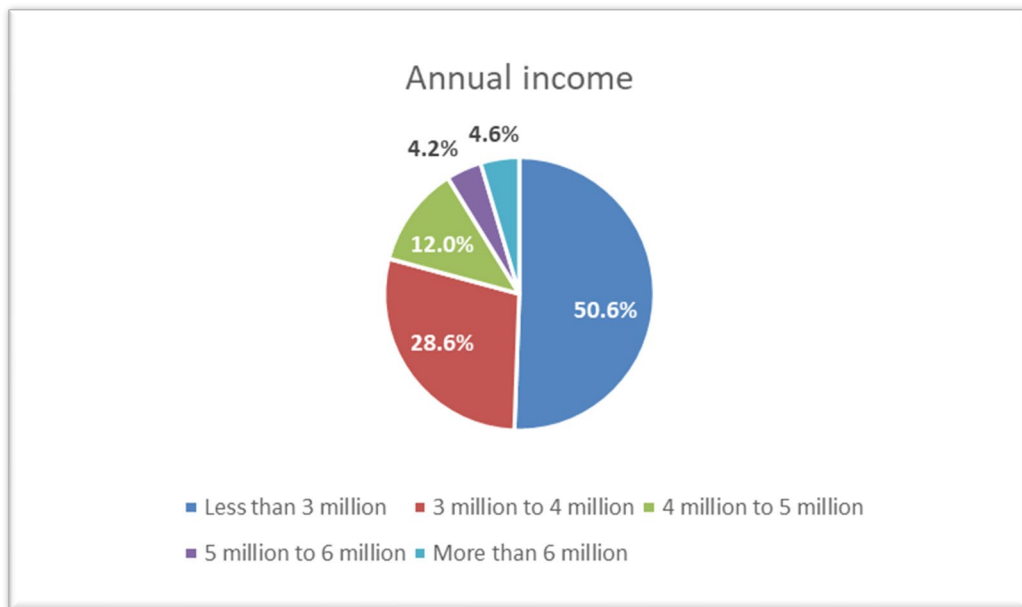
In order to allow workers to take consecutive holidays days off as possible utilizing the paid days off system and seasonal days off, companies are required to improve the working environment by allocating sufficient manpower, establishing follow-up systems, and improving the efficiency of non-core workload and operations.

④ Compensation and Treatment

Q: What is your current annual income?

Are you satisfied financially with your current income?

Response Results:



About half of the respondents (50.6%) answered that their current annual income is "Less than 3 million.

28.6% responded 3 million to 4 million, 12.0% 4-5 million, 4.2% 5-6 million and a small percentage of 4.6 said more than 6 million.

For the satisfaction levels, only 16.6% of the respondents were "satisfied" or "somewhat satisfied" financially, the total of "dissatisfied" and "somewhat dissatisfied" exceeded 60% of the total responses.

Considerations:

According to the National Tax Agency's "Survey of Salaries and Compensation in Japan 2022," the average annual salary of salaried workers in Japan is 4.58 million yen, and the average annual salary of the "wholesale and retail industry," to which fashion industry salespeople belong, is 3.84 million yen. With this data in mind, for the respondents of this survey, 50.6% of the reported an annual salary of less than 3 million yen, indicating that many of them are not earning the average annual salary of the "wholesale and retail" industry. This indicates that many of the respondents are not satisfied with their annual income while working hard every day at the forefront of the fashion industry.

Proposal:

While salaries vary by brands and type of jobs, the survey responses show that those working in the fashion industry do not have a high level of satisfaction with their annual salary. Sales professionals in particular often earn lower salaries than most other jobs. Therefore, employees are encouraged to seize opportunities to increase their income, such as earning more through incentive bonuses, being promoted to store manager or assistant manager, or shifting careers to a higher-paying position at the head office, such as PR, buyer, or designer careers. It is recommended that employers make efforts to seize opportunities that will lead to higher annual incomes for the sales people.

Lack of human resources is an important management issue in the fashion industry. In order to prevent talented salespeople with experience in customer service from leaving for other industries, companies urgently need to create an environment where they can continue to work for a long time with confidence and improve their engagement, such as improving the evaluation and compensation system for salespeople and expanding training opportunities to improve their skills.

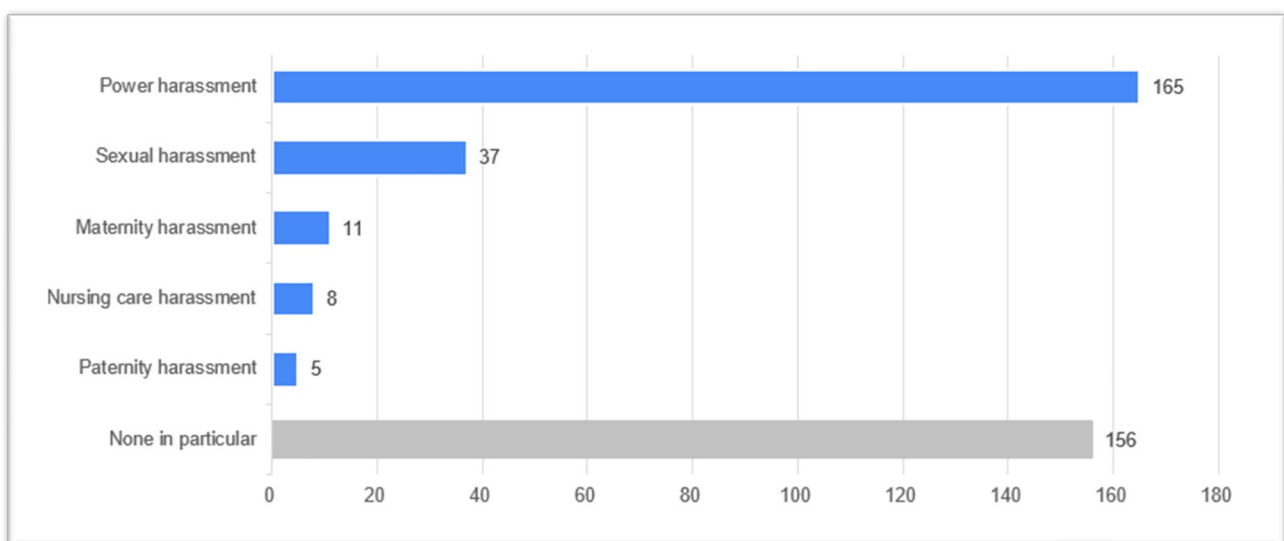
Reference URL: National Tax Agency, "2022 Survey of Salaries and Wages in Japan"

<https://www.nta.go.jp/publication/statistics/kokuzeicho/minkan2022/pdf/002.pdf>

⑤ Harassment

Q: Is there any harassment in the workplace that you are concerned about?

Response Results (multiple responses):



In this survey, there were 165 responses for "Power harassment," 37 for "Sexual harassment," 11 for "Maternity harassment," 8 for "Nursing care harassment," and 5 for "Paternity harassment" in the workplace. Among the many responses, there was a high number of responses for "Power harassment."

What do you think is necessary to prevent harassment? (multiple answers)



Considerations:

In responses to the questionnaire regarding harassment at work, the number of power harassments was the highest, and it can be assumed that relatively many cases of pressure and unfair treatment from superiors are felt in the working environment of the fashion industry. This may be due to a lack of understanding of harassment among those in higher positions or a lack of communication due to busy schedules. In the same survey, sexual harassment was the second most frequent response after power harassment. In the fashion industry, it is also believed that sexual harassment, such as inappropriate remarks and conduct regarding an employee's appearance, is likely to occur, and appropriate measures are needed.

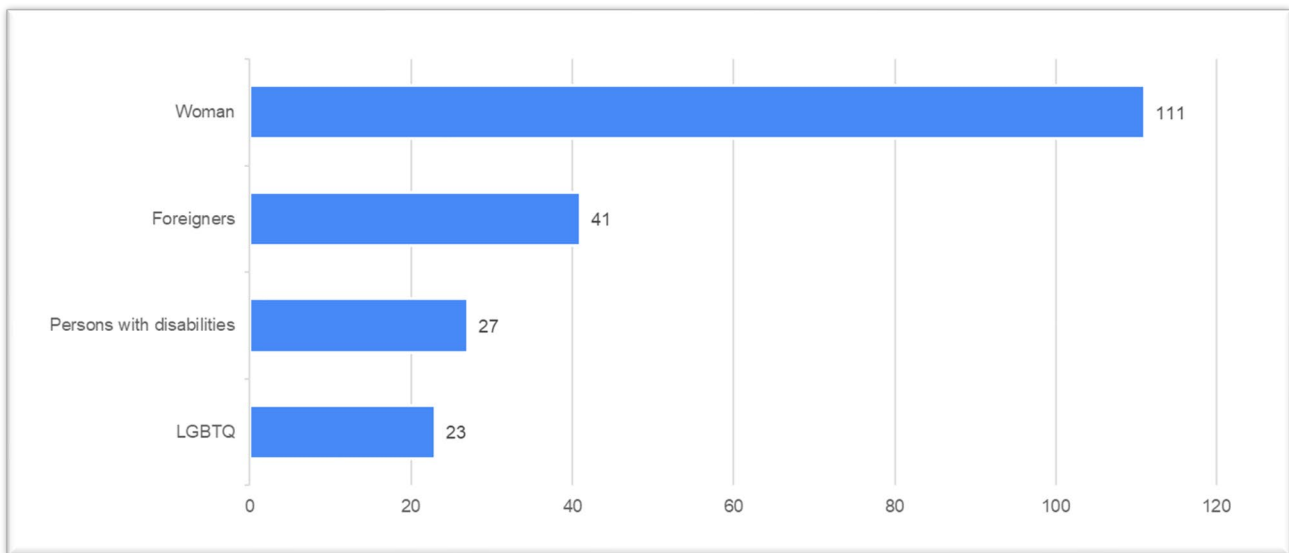
Proposal:

In responses to the questionnaire regarding necessary measures to prevent harassment, the top response was to conduct awareness-raising training for management and supervisors. It is important for management to show a strong commitment to the issue of harassment and to improve the corporate culture. The establishment of a consultation/complaint office came in second. An internal reporting system should be established to protect whistleblowers while providing a mechanism for reporting harassment, and a system for prompt response should be in place. It would also be effective to conduct regular training and workshops to strengthen harassment-prevention education for all employees and to create opportunities for regular communication such as one on one meetings. In addition, establishing a mental health support system for victims of harassment and stressed employees will also help solve the problem.

⑥ Discrimination

Question: What discrimination and human rights issues concern you at your workplace?

Response Results (multiple answers)



Discrimination against women was the most common, with 111 cases. Discrimination against foreigners was next with 41 cases, followed by discrimination against persons with disabilities with 27 cases, and LGBTQ discrimination with 23 cases.

Considerations:

In the "Gender Gap Index" published annually by the World Economic Forum, Japan ranks 118th out of 146 countries in 2024, the lowest among the seven major countries (G7). Unfortunately, the results of this survey clearly show the existence of discrimination among women. The major causes is said to be the male dominant culture and decision-making process in the work place. To counter act on this situation, there needs to be a promotion of gender equality in the workplace and development and support for career paths to improve this. As for discrimination against foreigners, there are misunderstandings and prejudices due to differences in languages and cultures, and it appears that support and inclusion for foreign employees is lacking.

It is necessary to establish a workplace culture that respects and include various cultural backgrounds and perspectives and to establish means of communication that transcend language barriers.

Proposal:

Conducting diversity training for all employees and training them on diversity and inclusiveness is one effective way to improve. It is necessary to clarify the policy to promote gender equality and to encourage the promotion of female employees to managerial positions. It will also be important to establish a system to actively incorporate foreign employees' opinions and to facilitate communication by making full use of interpretation tools.

While we aim to eliminate assumptions and prejudices as individuals, in order to do so, at first, we need to view things objectively and correctly, to try to understand the position and feelings of others and to think deeply, not on a superficial level. We also need to be aware of the existence of discrimination near us

and to be aware of our own behaviors and communication as well as those of others.

Reference URL:

Asahi Weekly SDGs Action

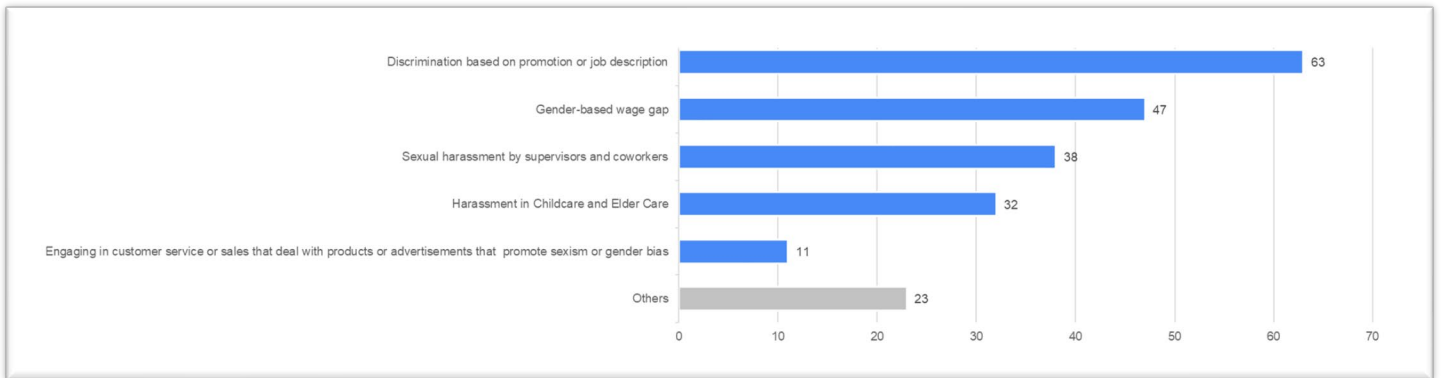
<https://www.asahi.com/sdgs/article/14563183>

<https://www.asahi.com/sdgs/article/15301822>

⑦ Discrimination against women

Question: What concerns do you about discrimination for women's rights?

Response Results (multiple answers)

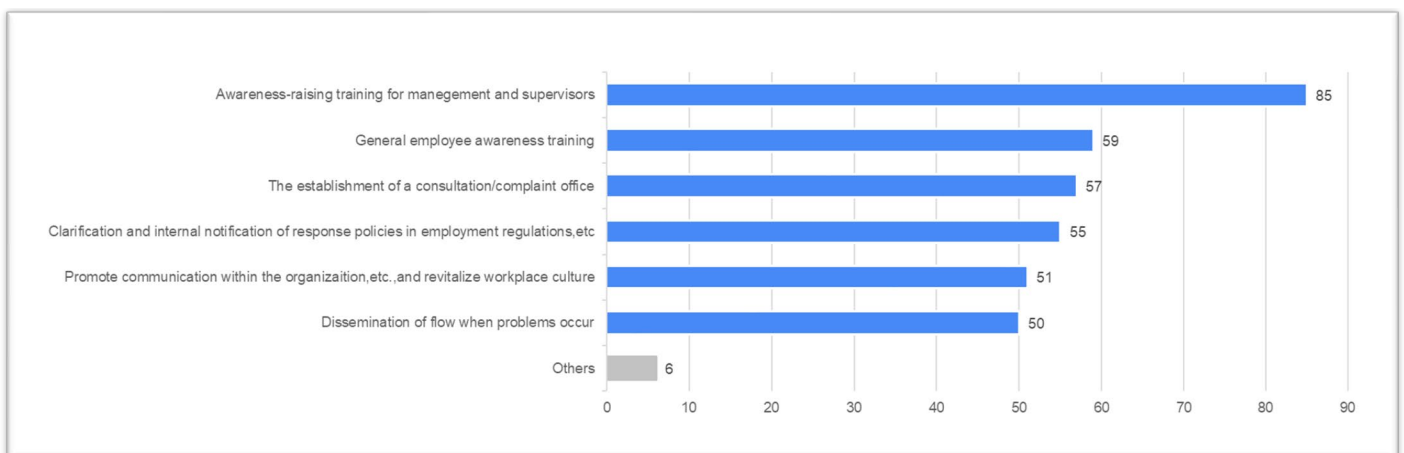


“Discrimination based on promotion or job description” and “Gender-based wage gap” received 63 and 47 responses, respectively.

Many respondents feel discriminated against in their work and their remuneration

“Sexual harassment by supervisors and coworkers” came next with 38 responses, followed by “Harassment in childcare and nursing care” with 32 responses.

What do you think is necessary to prevent discrimination on women?
(multiple answers)



Considerations:

The wage and salary gap is contributed by the length of service and the rate of promotion to managerial positions. Despite calls for equality between men and women in society for many years, many companies still have mainly men in leadership roles. The average length of service tend to be shorter for females than for males due to the higher percentage of females who take leave or resign due to changes in life stages such as marriage and childbirth.

This is contributing to the difference in average wages between males and females. Another factor is the lack of role models for women, as many retire before reaching management positions.

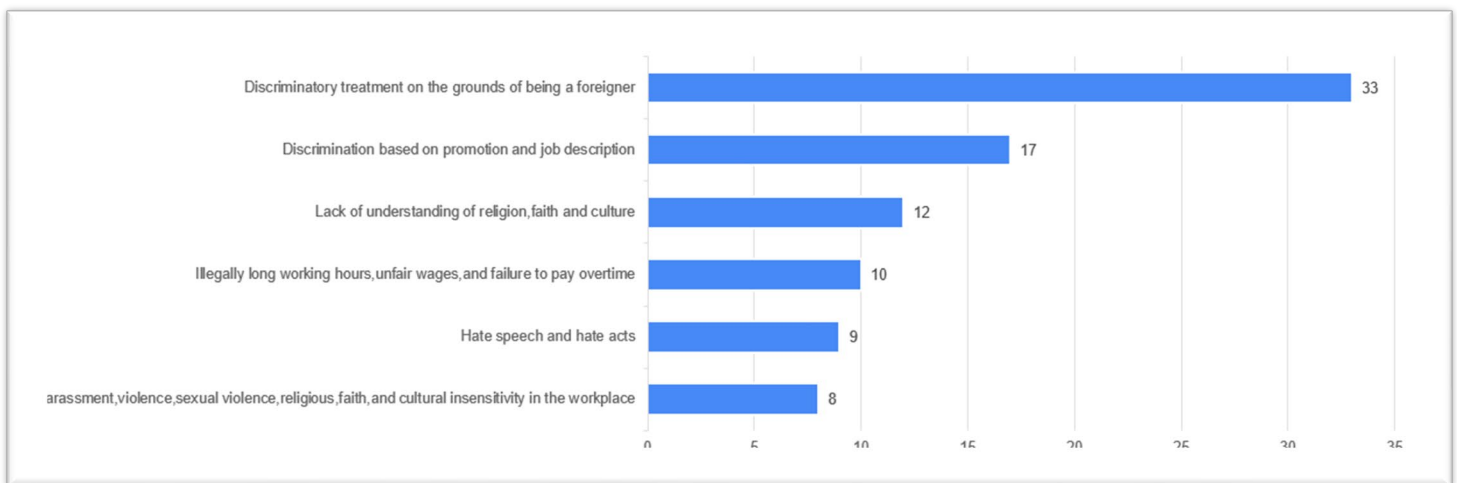
Proposal:

It is crucial that companies create a working environment that encourages women to continue employment. To make this possible, for instance, companies can utilize management and supervisor awareness trainings to deepen their understanding for women's life stage changes, like marriage and child birth so that female employees are given choices in the various ways of working and feel less strained to continue working.

⑧ Discrimination against foreigners

Q: What are your concerns about the issue of discrimination against foreigners?

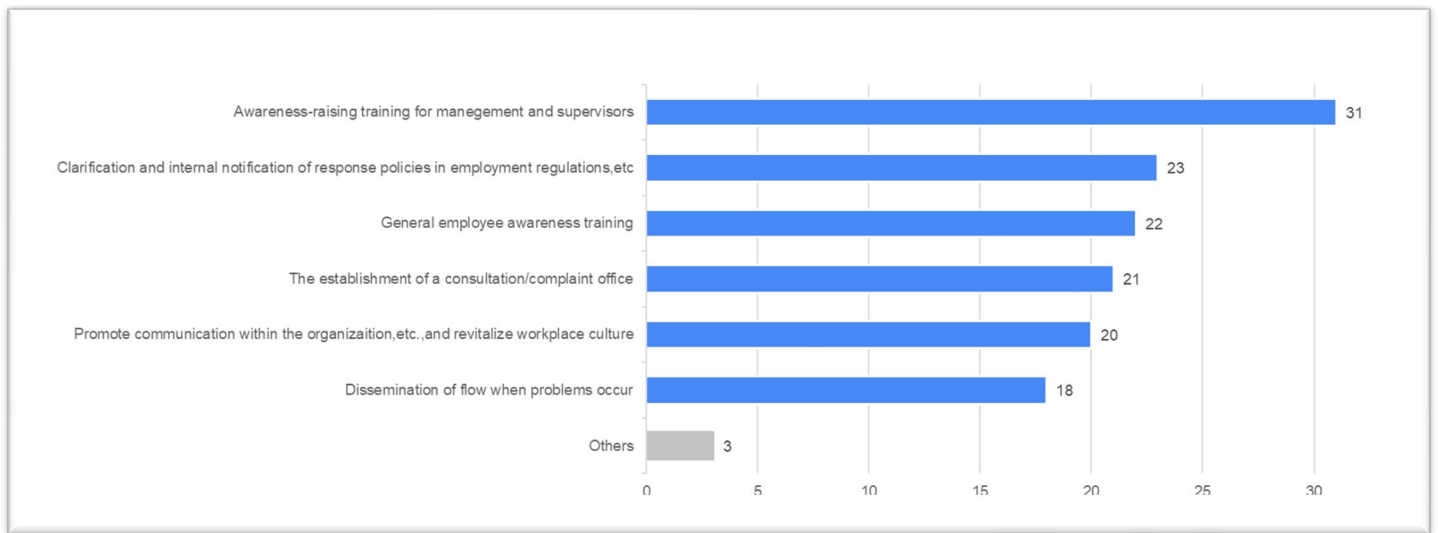
Response Results (multiple responses)



"Discriminatory treatment on the grounds of being a foreigner" was comparatively high at 33, followed by "Discrimination based on promotion and job description" at 17 and "Lack of understanding of religion, faith and culture" at 12.

Illegally long working hours, unfair wages, and failure to pay overtime" were cited in 10 cases, followed by "hate speech and hate acts" in 9 responses.

What do you think is necessary to prevent discrimination against foreigners? (multiple answers)



Considerations:

Japan is still a country without many foreigners, with more than 96% of its residents being Japanese nationals. It is said that social pressure is strong to conform and that differences in living habits, rules, cultures and languages tend to prevent understanding. There are also real cases of people refusing to serve foreigners because of prejudices against them.

Proposed Propositions (Response to Issues)

In many other countries, English is widely used in addition to the mother tongue, but in Japan, Japanese is the language used exclusively and there are not many people who can speak foreign languages including English fluently, which may lead to discrimination because they cannot understand each other due to language communication problems. It is important to first strive for mutual understanding, and therefore, it is better communication by conducting multi-cultural training and education programs, and use of translation tools to overcome language barriers.

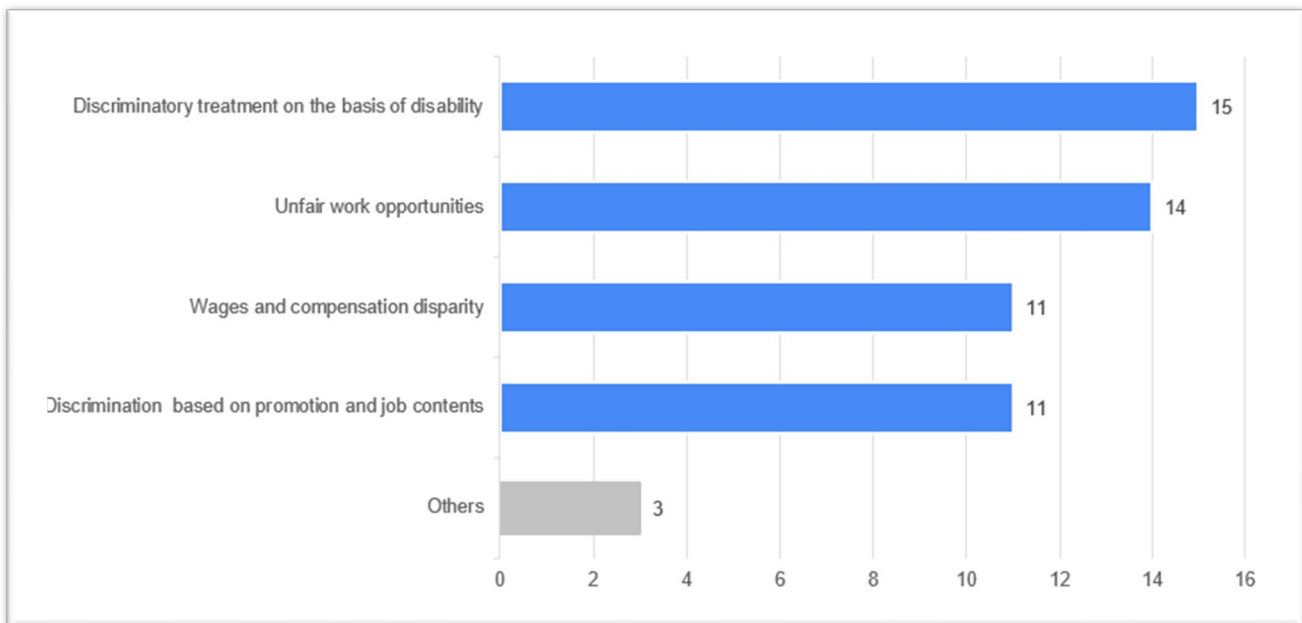
Reference URL: Spaceship Earth "What is racism? The current situation in the world and Japan, and what we can do to eliminate it"

<https://spaceshipearth.jp/racism/>

⑨ Discrimination against persons with disabilities

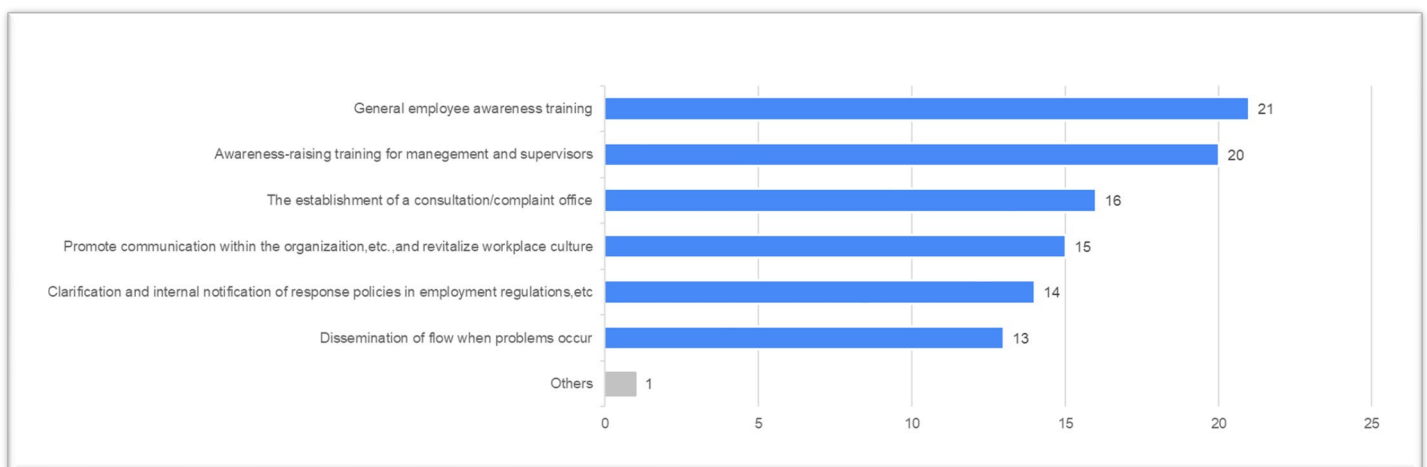
Q: What disability discrimination issues are of concern in your workplace?

Response Results (multiple responses)



There were 15 cases of “Discriminatory treatment on the basis of disability” and 14 cases of “Unfair work opportunities” which were relatively high. This was followed by 11 cases of “Wages and compensation disparity” and 11 cases of “Discrimination based on promotion and job contents.”

What do you think is necessary to prevent discrimination against persons with disabilities (multiple answers)



Considerations:

The Ministry of Health, Labor and Welfare (MHLW) states that the principle of "normalization" is to aim for a society where people with and without disabilities support each other and can live a full, happy and prosperous life in the community. However, in reality, due to a lack of understanding and recognition of people with disabilities, there is discrimination in employment. On the other hand, when a company tries to hire people with disabilities, there are cases where they are not ready to accept them because of practical obstacles such as a lack of barrier-free office space.

Proposal:

There are various barriers for people with disabilities to work in companies, such as barriers due to facilities and equipment, barriers due to rules and conditions, barriers due to unstated

traditions and information provision, and barriers due to lack of understanding of disabilities. Therefore, for a company to create a comfortable working environment for people with disabilities, it is essential to first understand what barriers exist in the company and then take action to eliminate them. In addition, when companies hire people with disabilities, it is important to confirm the characteristics and symptoms of their disabilities and their ability to make use of them in the workplace before they enter the company and to provide opportunities for them to deepen their understanding of the company through company tours, etc., so that both parties have a concrete image of what they will do upon hire.

This will help reduce mismatches for both sides.

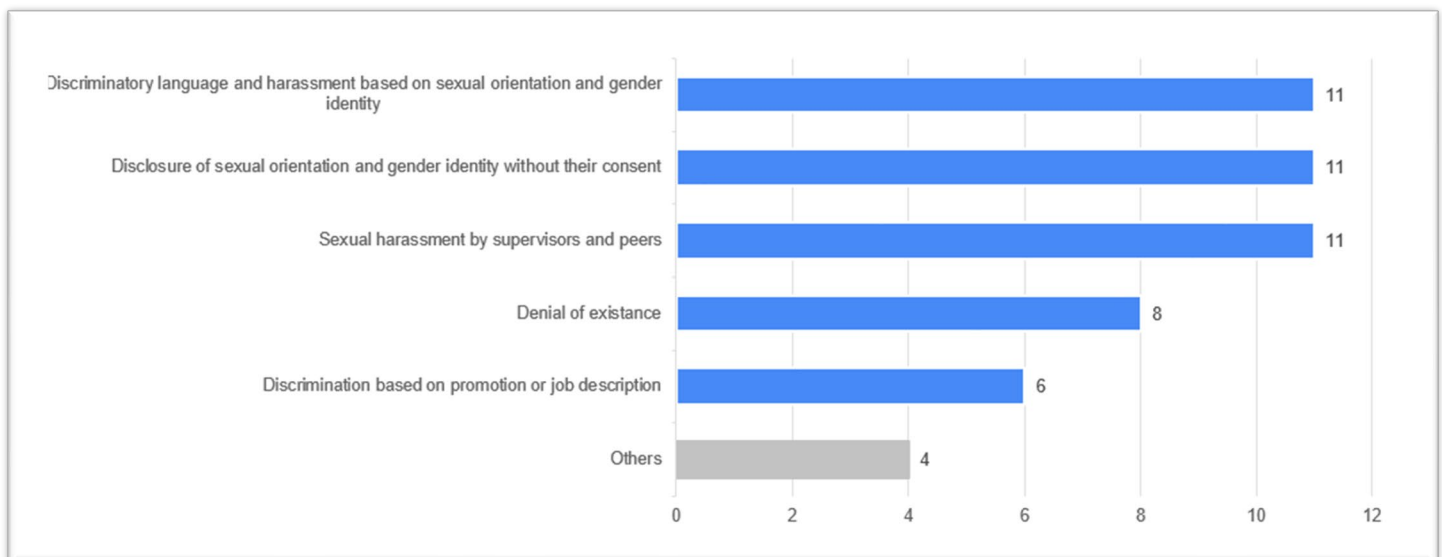
Reference URL: Japan Care-Fit Co-operative Education Organization "Reasonable Consideration of the Law for the Elimination of Discrimination against Persons with Disabilities: Measures for Companies and Businesses" (Japanese only)

https://www.carefit.org/social_model/gouriteki_hairyo/case

⑩ LGBTQ discrimination issues

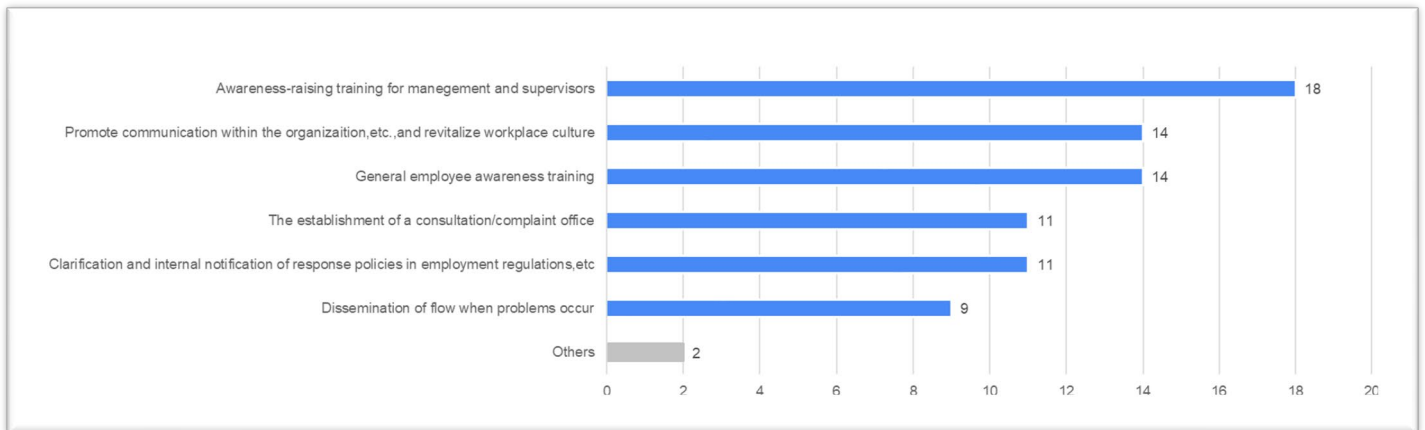
Q: What LGBTQ discrimination issues concern you in your workplace?

Response Results (multiple responses)



“Discriminatory language and harassment based on sexual orientation and gender identity,” “Disclosure of sexual orientation and gender identity without their consent,” and “Sexual harassment by supervisors and peers” were tied at 11. The others were “Denial of existence” at 8, and “Discrimination based on promotion or job description” at 6.

What do you think is necessary to prevent LGBTQ discrimination (multiple answers)



Considerations:

The results of the survey indicate that there exists unkind behaviors and communication due to a lack of understanding about LGBTQ. Although there has been an increase in understanding of LGBTQ issues in recent years, for instance in school curriculum, there is still a lack of understanding and prejudice which leads to inconsiderate language used against them. On the other hand, there are still cases where people are exposed without their knowledge, and they are ousted from the community. This is not only a problem in Japan, but many sexual minorities in the world are subjected to prejudice and discrimination.

Proposal:

To create a society where people of sexual minorities are not subject to prejudice and discrimination, we should first understand that there are various forms and variety of sexual orientation. Becoming an "Ally" (someone who understands and supports) and displaying our way of thinking, we can realize a society without discrimination. It is also important for companies to make efforts to establish systems such as consultation offices, and to consider restrooms and changing rooms while listening to the opinions of the people concerned.

Reference URL: Nippon Foundation Journal "Issues Surrounding LGBTQ and Other Sexual Minorities. What can we do?"

https://www.nippon-foundation.or.jp/journal/2022/80401/diversity_and_inclusion

Summary

As mentioned above, the results of this survey confirm that there are various issues regarding human rights in the working environment of the fashion and beauty industry.

We believe that harassment, discrimination and other human rights violations are unacceptable and hope that this report will serve as a starting point to raise awareness of human rights throughout the industry and generate concrete measures for improvement. We hope that this report will serve as a guideline for all those involved in the fashion industry to make steady progress toward the realization of a safe and fair working environment.

Finally, we would like to thank all those who cooperated in this survey.

Your voice, coming from the people in the industry is the power to make the future of the industry even better.

Let's build the future of the fashion industry together.

**September 2024
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