



FY2021

Survey on Business Conditions of Japanese Companies  
Operating Overseas | Asia and Oceania

# A Comparison among 6 ASEAN countries and the Trend in Malaysia

*– Post-COVID-19 Economic Recovery in Figures –*

Japan External Trade Organization (JETRO)

Kuala Lumpur Office

March 2022



# Key points from the survey results (1)

## **Nearly 60% forecast a surplus in their operating profit**

- The percentage of Japanese companies in ASEAN whose operating profit forecast for 2021 is in surplus stood at 57.1%. The percentage was relatively lower for Japanese companies based in Malaysia and Vietnam due to low operating rate amid lockdowns in 2021.
- For Malaysia, the percentage of companies in surplus has increased by nearly 10% from 50.0% last year to 59.7%. A remarkable difference could be seen between large corporations (surplus at 67.7%) and SMEs (surplus at 41.1%). (Refer to slide 5, 6)
- All 6 ASEAN countries saw a huge decline in “Loss” for their operating profit forecast for 2022. Malaysia in particular, has seen a huge leap to 58.7% for “Profit” while the percentage for “Loss” has dropped from 30.1% to 4.9%. (slide 7)

## **43.2% of companies have plans to expand and to diversify their business functions**

- The percentage of companies that would be expanding their businesses over the next 1-2 years has increased by about 10% in the 6 ASEAN countries. In Malaysia, the percentage for “Expansion” has increased from 36.1% to 43.2%. For Japanese companies operating in Malaysia, general machinery, transportation equipment, iron/non-ferrous metal/metal industries in the manufacturing sector, as well as information communication, sales company, trading/wholesale industries in the non-manufacturing sector have each recorded a higher percentage in “Expansion” compared to their respective sectors in total. (slides 9, 10)
- Among companies which plan to expand their businesses, the most cited function to expand was the “sales function”. In Malaysia, “sales function” was also the highest at 51.2%, but we could see some diversification here as the percentages for “production function (high value-added products)” at 37.8% and “production function (general-purpose products)” at 36.6% were higher compared to other countries. (Slide 11)

## **“Salary increment” continues to be the top management issue**

- “Salary increment of employees” is the biggest issue across all 6 ASEAN countries. There are also more companies in each country such as Indonesia and Malaysia selecting “Emergence of competitors (cost-wise)” compared to last year. In Malaysia, a high percentage of companies are particularly concerned about “Quality of employees” and “Emergence of competitors”. (slides 13, 14)
- The local procurement rate of Japanese companies operating in Malaysia stood at 35.5%. The procurement rate within ASEAN region was particularly high in Singapore (15.7%) and Malaysia (13.7%). (slide 15)

# Key points from the survey results (2)

## **Japanese companies in Malaysia are raising awareness on going carbon-neutral**

- About 60-70% of Japanese companies in the 6 ASEAN countries are either making efforts to go carbon neutral (reduce greenhouse gas emissions) or have plans to do so in the future. Particularly in Malaysia, companies “already making efforts” stood high at 37.1%. (slide 20)
- “Instructions/recommendations from the headquarters (parent company)” is the most cited reason for companies in these countries to go carbon neutral, with the percentage in Malaysia particularly high at 74.8%. “Energy-saving/resource-saving” is the most cited specific initiative taken, with other initiatives lagging far behind among all countries. (slides 21, 22)

## **More than 60% of the companies are adopting or planning to adopt digital technologies, and securing talents is an issue to them**

- Covid-19 has further accelerated the adoption of digital technologies, with 60-70% of companies in the 6 ASEAN countries either adopting or planning to adopt them, with the rate of adoption in Malaysia standing at 66.1%. In Malaysia, the percentage of those which have “adopted” digital technologies is particularly high in the E&E equipment parts industry under the manufacturing sector, as well as sales company, finance/insurance industries under the non-manufacturing sector. (slide 23)
- The advantages of adopting digital technology include having “stable and improved quality and products”, being “able to cope with salary increment and labour shortages”, and “improve marketing strategy/expand sales destinations”. The Japanese companies based in Malaysia have shown relatively higher percentages in each category. (slide 24)
- Some challenges such as “insufficient human resources such as engineers who could handle digital technology”, “high implementation and operation cost” have been highly cited by each country as challenges they face in adopting digital technology. (slide 25)

## **70% of Japanese companies in Malaysia recognize human rights in the supply chain as a management issue**

- Among the 6 ASEAN countries, Malaysia has the highest percentage (66.7%) in recognizing human rights issues (such as appropriate labour practices, ensuring occupational safety) as a management issue. In the manufacturing sector, the response rate is high in the E&E equipment parts and chemical/pharmaceutical industries, while in the non-manufacturing sector, it is high in the transportation industry, sales companies and construction industry. (slide 26)
- Regarding the reasons for recognizing human rights issues as a management issue, common answers among all 6 ASEAN countries are that it is a policy under the headquarters in Japan/group policy, as well as it being a request from their clients (especially from Europe and US). (slide 27)

# Overview of the survey

## Survey Purpose

- To understand the current business activities of Japanese companies in Asia and Oceania and to disseminate these findings.

## Surveyed Countries/Regions

- Japanese companies in 20 countries / regions (5 in Northeast Asia, 9 in ASEAN, 4 in Southwest Asia, 2 in Oceania, with a direct/indirect investment of 10% or greater and with branches / representative offices)

## Survey Period

- 25<sup>th</sup> August to 24<sup>th</sup> September 2021

## Responses

- We received valid responses from 4,635 companies out of the 14,175 surveys sent out. The breakdown by country /region is provided in the table to the right. (Valid response rate: 32.7%)

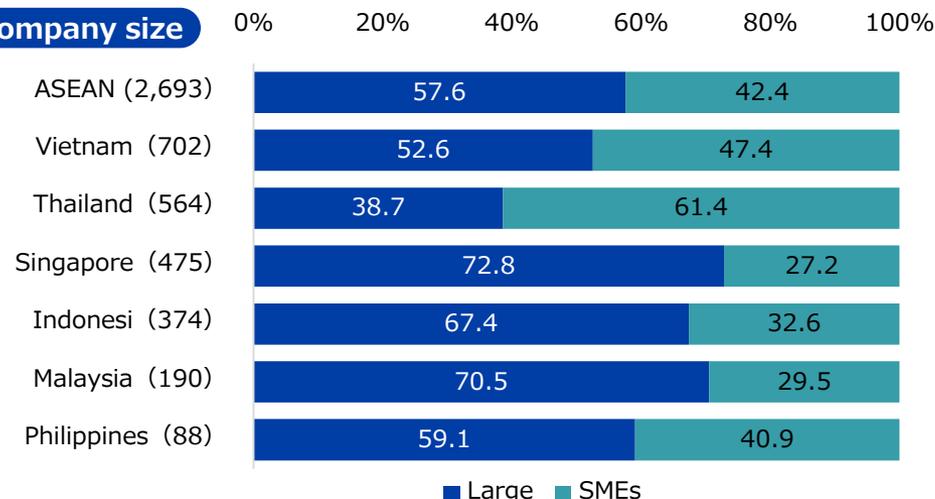
## Remarks

- This marks the 35th survey, since 1987.
- Non-manufacturing sector has been included in this survey since 2007.
- Numbers in brackets indicate the number of companies with valid responses.
- Numbers may not add up due to rounding.

(Company, %)

	Companies surveyed	Companies responded		Breakdown		Valid Response Rate
		Valid Responses	%	Manufacturing	Non-manufacturing	
ASEAN	9,651	2,693	58.1	1,209	1,484	27.9
Vietnam	1,883	702	15.1	348	354	37.3
Thailand	2,678	564	12.2	314	250	21.1
Singapore	1,063	475	10.2	111	364	44.7
Indonesia	1,740	374	8.1	207	167	21.5
Malaysia	941	190	4.1	105	85	20.2
Philippines	490	88	1.9	46	42	18.0

## Company size



■ Large ■ SMEs

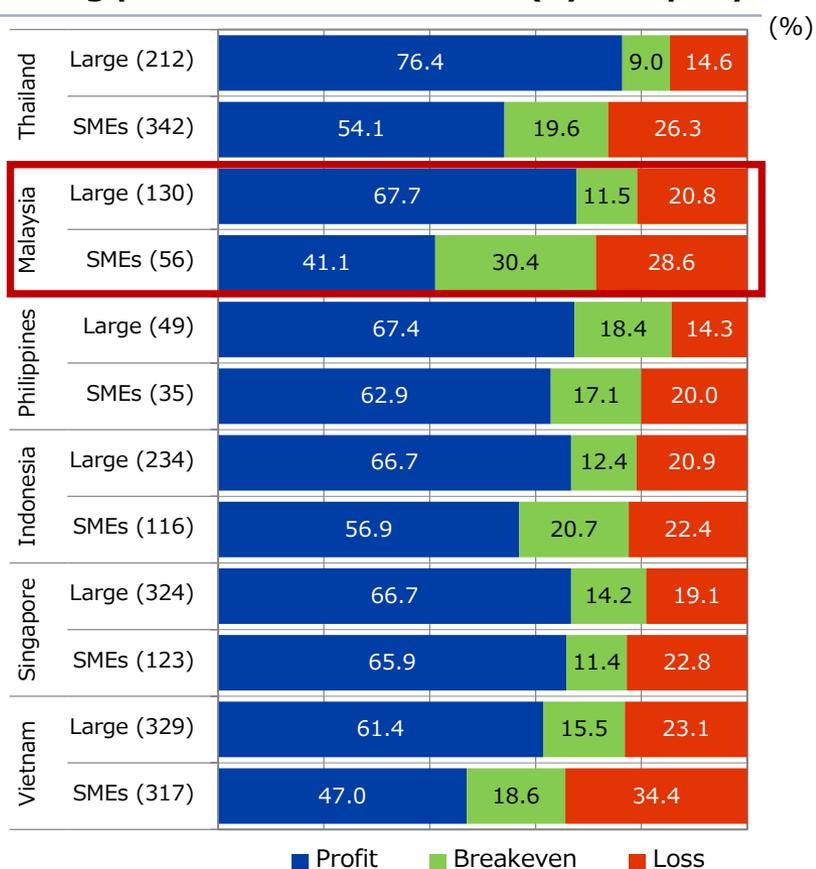
# 1-1 | Operating profit forecast for 2021: Nearly 60% of all companies are in surplus

- The percentage of Japanese companies in ASEAN whose operating profit forecast for 2021 is in surplus stood at 57.1%. The percentage was relatively lower for Japanese companies based in Malaysia and Vietnam due to low operating rate amid lockdowns in 2021.
- Meanwhile, the percentage of companies in surplus in Malaysia has increased by nearly 10% from 50.0% last year to 59.7%.
- A remarkable difference could be seen between large corporations (surplus at 67.7%) and SMEs (surplus at 41.1%).

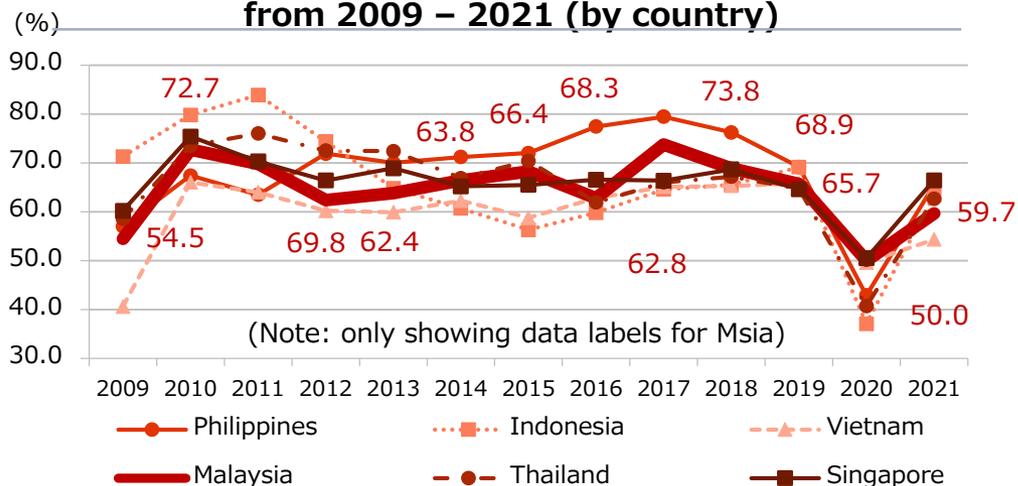
Operating profit forecast for 2021 (by country) (%)



Operating profit forecast for 2021 (by company size) (%)



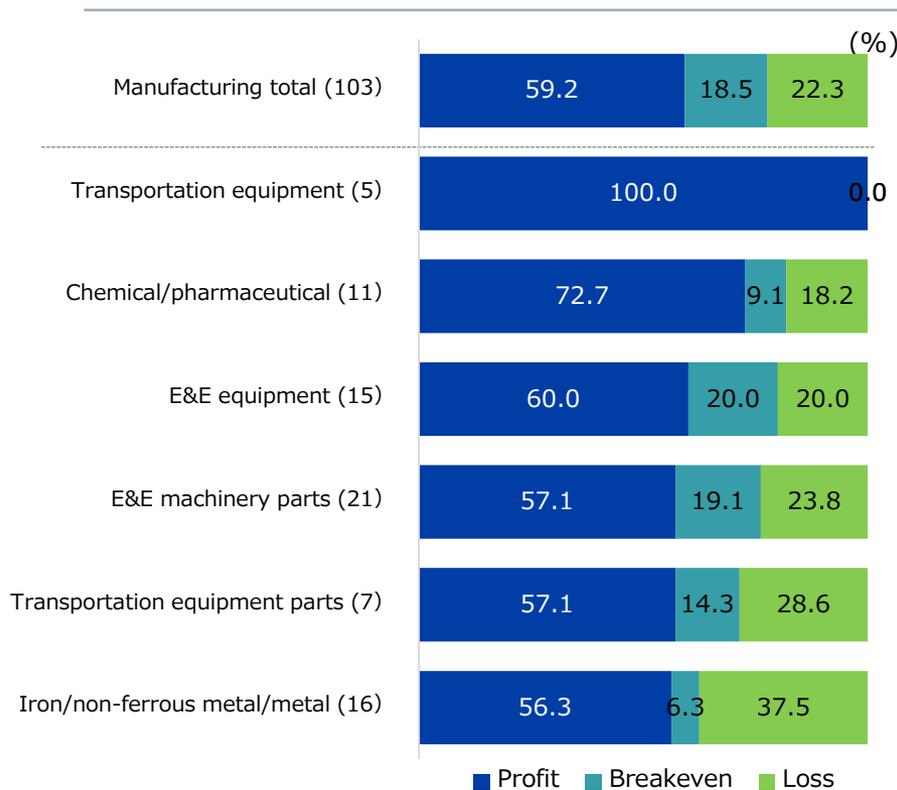
Time series on percentages of companies in surplus from 2009 – 2021 (by country)



# 1-2 | Operating profit forecast for 2021 (Malaysia)

- Looking at the operating profit forecast in Malaysia by industry, the percentage of companies in surplus in the manufacturing sector stood at 59.2%, similar to the non-manufacturing sector at 60.2%.
- In the manufacturing sector, transportation equipment, chemical/pharmaceutical and E&E equipment industries recorded higher percentages than the manufacturing total; while in the non-manufacturing sector, finance/insurance, transportation, trading/wholesale, and sales company recorded higher percentages than the non-manufacturing total.
- By industry and company size, the surplus percentage for large corporations is remarkably high, particularly in the manufacturing sector.

**Operating profit forecast for 2021 (Manufacturing sector)**



**Operating profit forecast for 2021 (Non-manufacturing sector)**



**Operating profit forecast for 2021 (by company size & industry)**

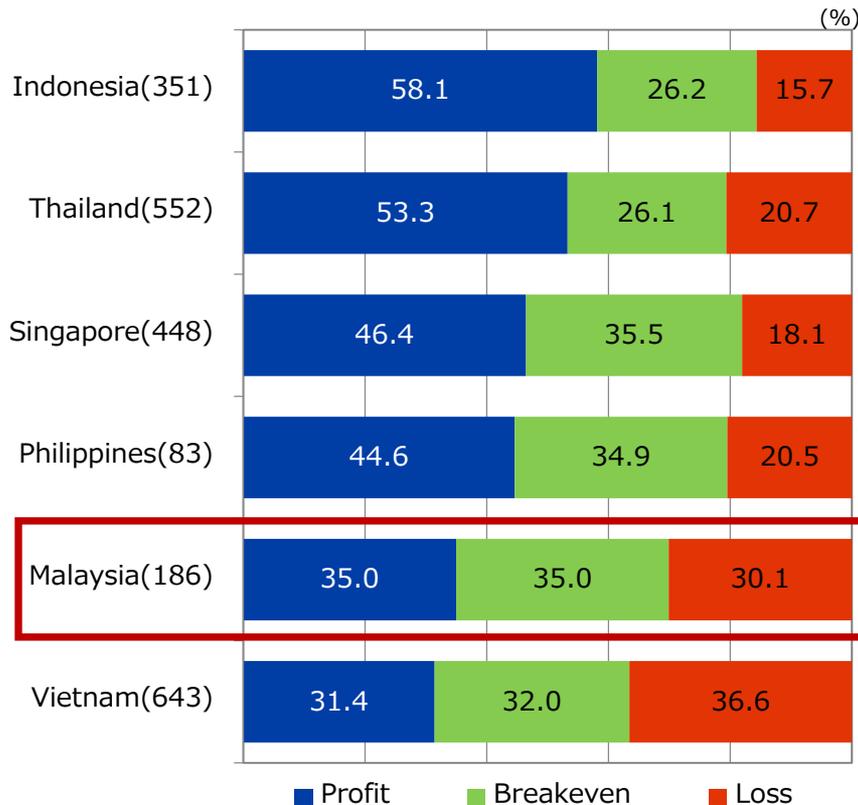


Note: Only showing industries with more than 5 valid responses.

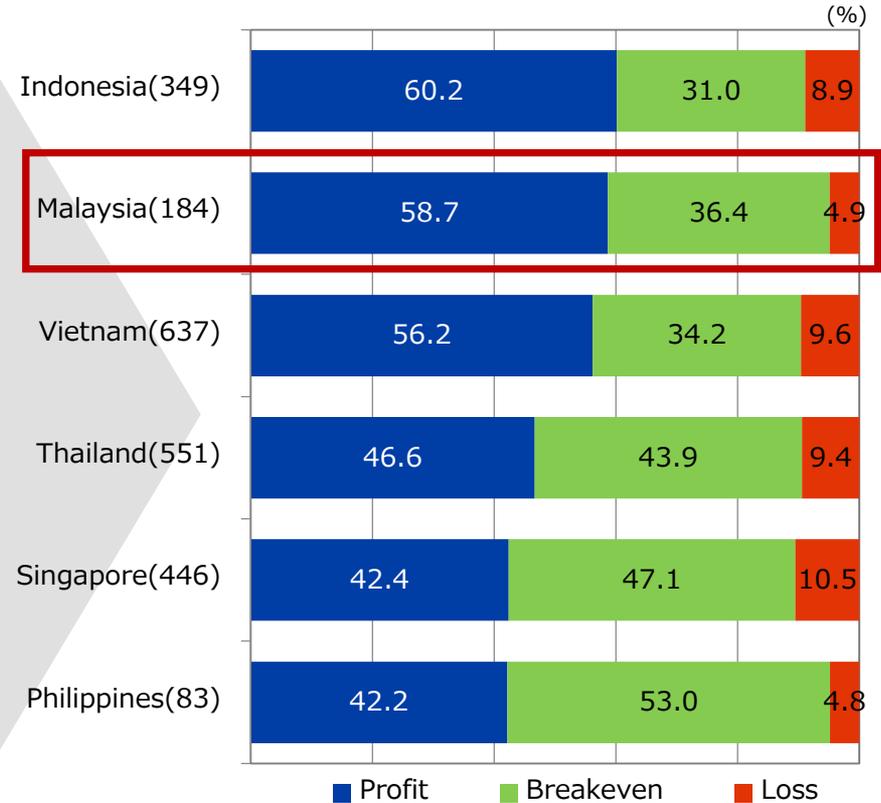
# 1-3 | Operating profit forecast (by country vs previous year)

- Compared to 2020, the operating profit forecast for 2021 in “Profit” for ASEAN as a whole stood at 41.6%. Among the 6 ASEAN countries, only Malaysia and Vietnam fell below this percentage. This was largely due to the operating restrictions imposed in 2021.
- Meanwhile, for the operating profit forecast for 2022, the percentages for “Loss” have declined significantly across all 6 ASEAN countries. Malaysia in particular has seen a leap in “Profit” to 58.7% while the percentage for “Loss” has declined from 30.1% to 4.9%. There is significant improvement in terms of operating profit forecast.

**Operating profit forecast for 2021  
(by country/region, vs 2020)**



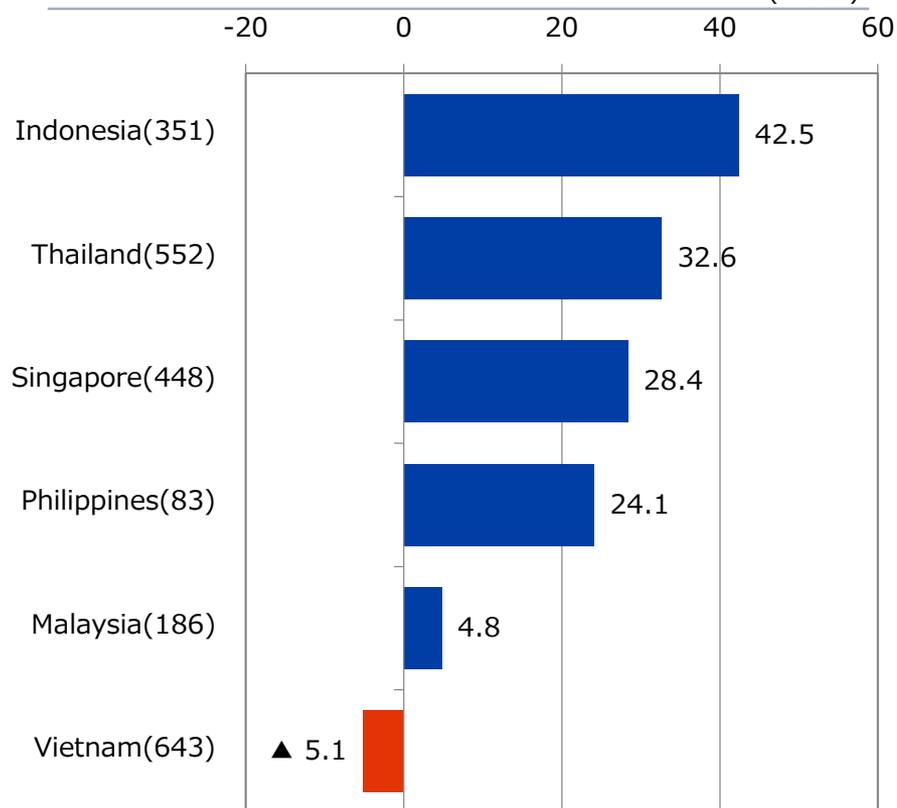
**Operating profit forecast for 2022  
(by country/region, vs 2021)**



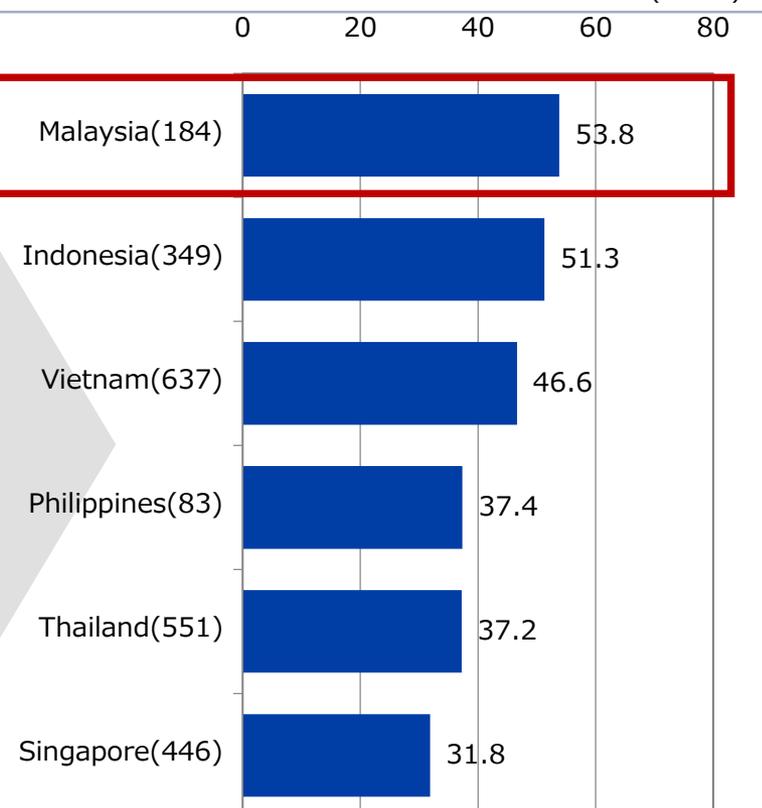
# 1-4 | Business sentiment improved and turned positive

- The DI (see note below) indicating business sentiments in 2021 for ASEAN stood at 14.0 points, a huge increment from  $\Delta 46.7$  points last year, which was the lowest in history. While many of the countries surveyed recorded positive turnaround, Vietnam was the only country with a negative DI at  $\Delta 5.1$  points. Malaysia performed relatively low as well at 4.8 points. It is believed that low operating rate due to worsening operating environment affected the operating profit forecast.
- The DI for ASEAN in 2022 stood at 40.3 points. By country/region, the DI was higher for Malaysia (53.8), Indonesia (51.3) and Vietnam (46.6).

### DI for 2021 (by country/region) (Points)



### DI for 2022 (by country/region) (Points)

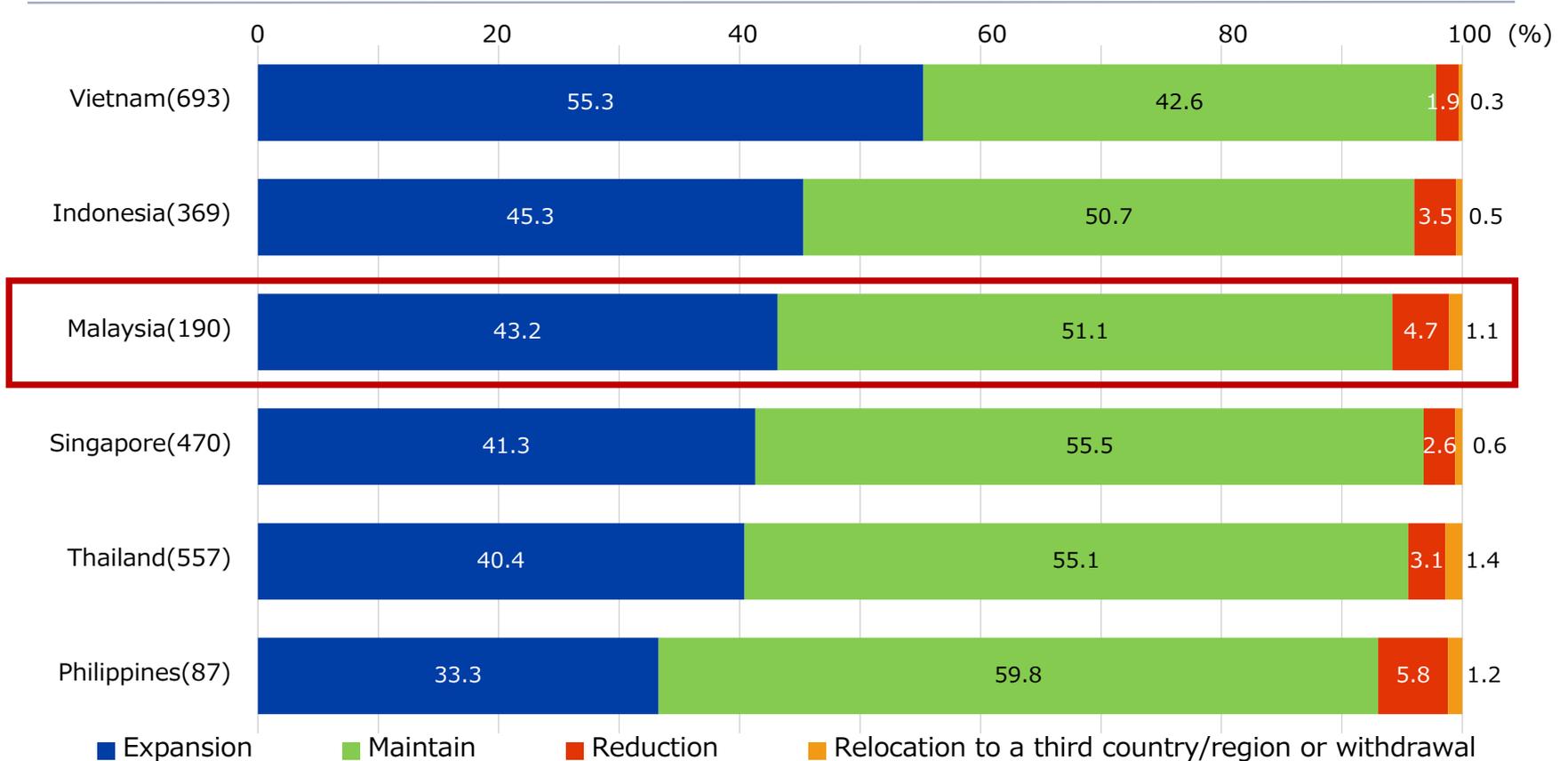


Note: DI is an abbreviation for Diffusion Index, a value obtained by subtracting the percentage of companies that answered "Loss" from the percentage of companies that answered "Profit". It is an index to indicate how business sentiments change numerically.

# 2-1 | For business development over the next 1-2 years, “Expansion” has resumed to exceed 40%

- Among the 6 ASEAN countries, Vietnam has the highest percentage of companies at 55.3% that selected “Expansion” for their business development direction over the next 1 to 2 years. This is followed by Indonesia (45.3%) and Malaysia (43.2%).
- For Malaysia, the percentage for “Expansion” has increased from 36.1% last year to 43.2%, while percentages for “Maintain”, “Reduction” and “Relocation to a third country/region or withdrawal” have all declined.

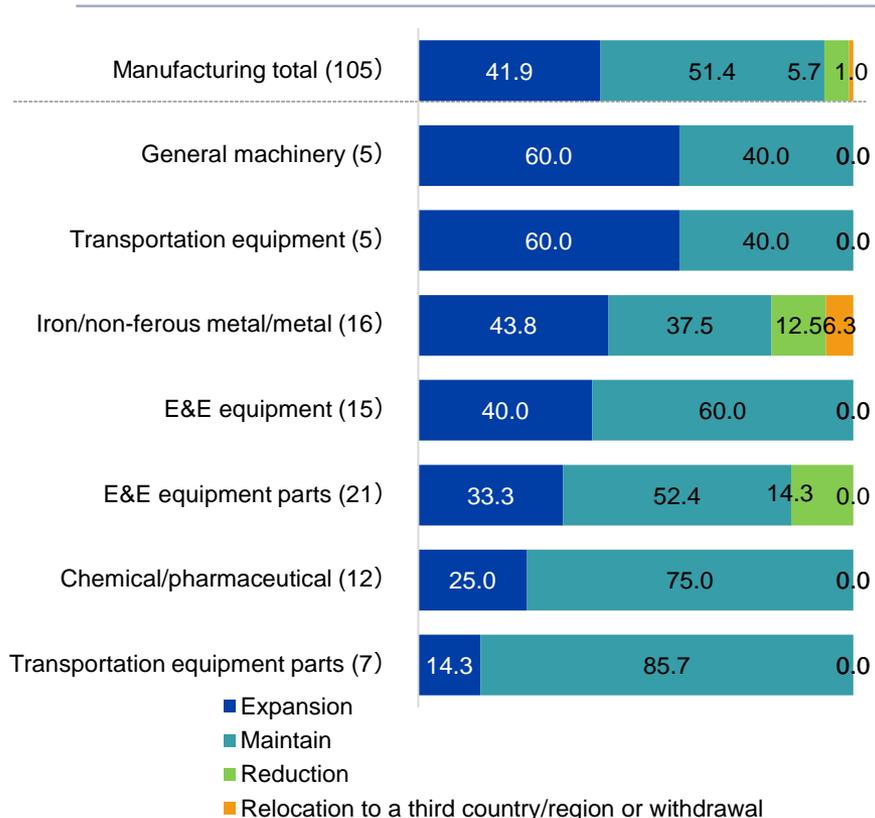
**Business development direction for the next 1-2 years (by country/region)**



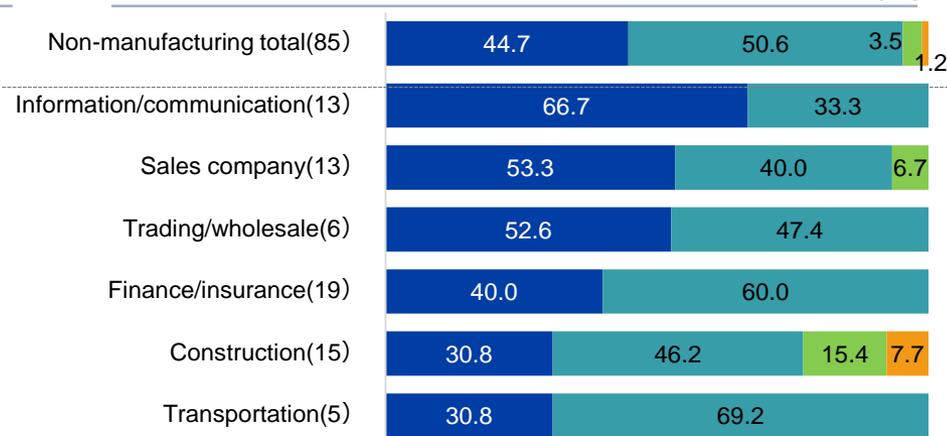
# 2-2 | Business development direction over the next 1-2 years (Malaysia)

- For business development direction over the next 1-2 years by industry of Japanese companies operating in Malaysia, general machinery, transportation equipment, iron/non-ferrous metal/metal industries in the manufacturing sector, as well as information communication, sales company, trading/wholesale industries in the non-manufacturing sector, have each recorded a higher percentage in “Expansion” compared to their respective sectors in total.
- In terms of company size, there was not much difference in the non-manufacturing sector but the percentage for “Expansion” under large corporations was significantly higher than the SMEs.

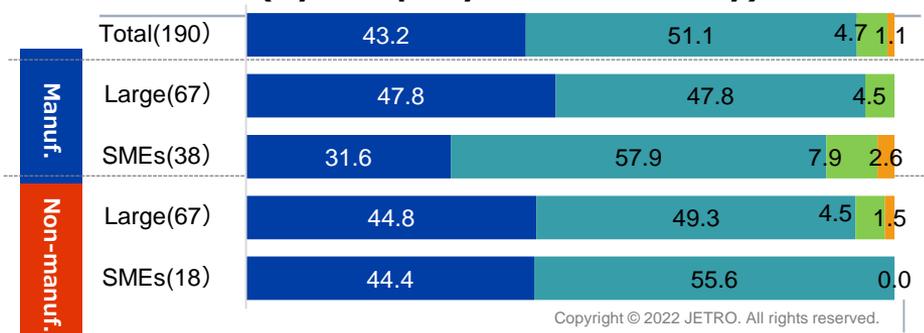
**Business development direction in 2021 (Manufacturing sector) (%)**



**Business development direction in 2021 (Non-manufacturing sector) (%)**



**Business development direction in 2021 (by company size & industry) (%)**

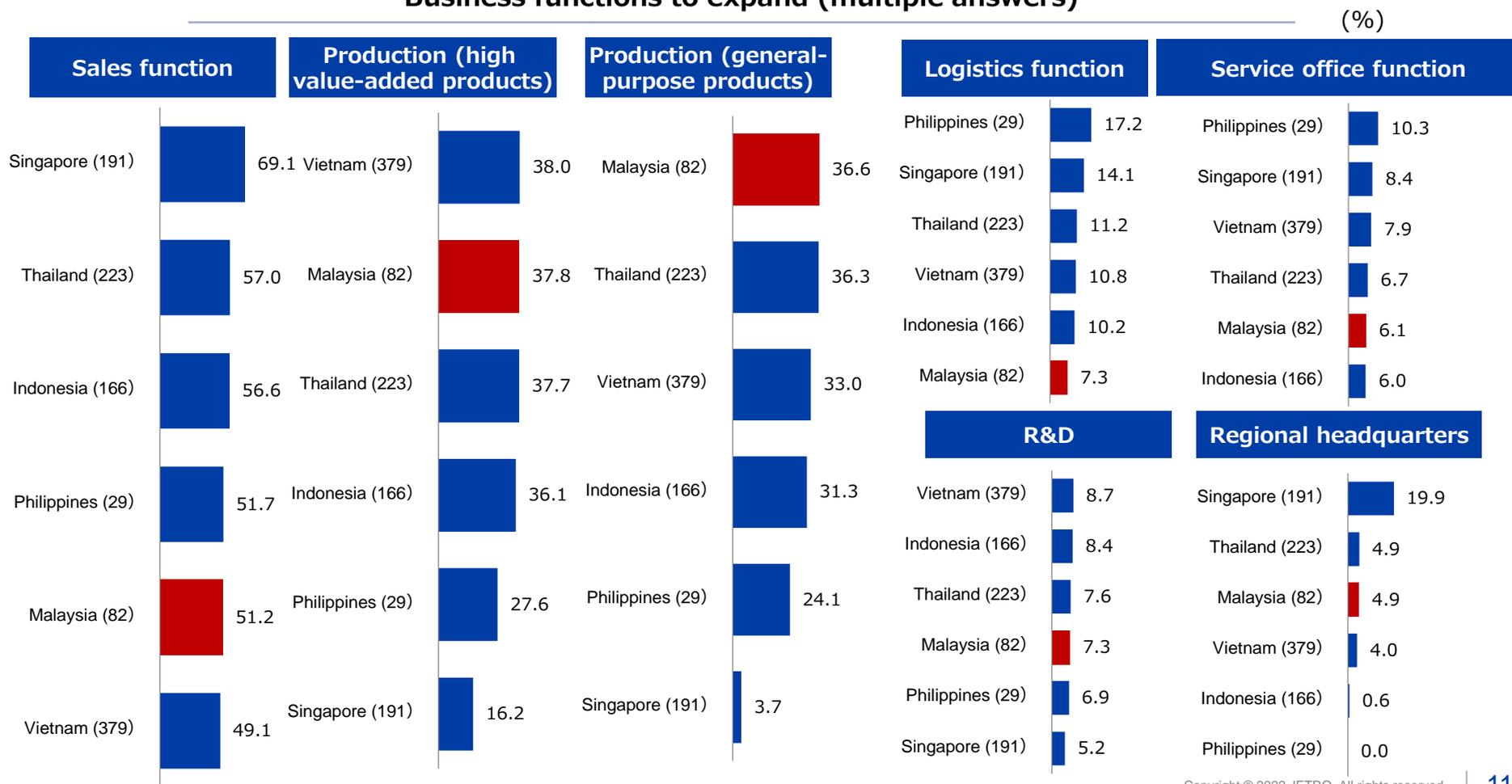


Note: Only showing industries with more than 5 valid responses.

# 2-3 | For business development over the next 1-2 years, nearly 60% would be expanding its sales function

- Among companies which selected "Expansion" as their business development direction, "Sales function" was the most cited function.
- In Malaysia, "Sales function" was also the most cited function at 51.2%, while other functions such as "Production function (high value-added products)" at 37.8%, and "Production function (general-purpose products)" at 36.6%, were higher than other countries as well, implying there is some diversification going on in terms of functions to expand.

**Business functions to expand (multiple answers)**



# 3 | 40-50% said "no impact" on business performance due to changes in trade environment

- Regarding the impact on business performance in 2021 due to changes (see note) in trade environment, "No impact" was the main answer across all 6 ASEAN countries. This is probably due to the way companies responded to the changes in the business environment by changing their procurement and sales destination amidst the prolonged US-China trade war. Nonetheless, the percentage for "There are some negative impact overall" was relatively higher in Philippines and Malaysia.
- Looking at the impact on business performance over the next 2-3 years, "Not sure" was the most popular answer for most countries, indicating that the future prospect remains bleak.

Note: Impact of policies such as additional tariffs due to the US-China trade war, strengthening of export control, and tightening of foreign investment regulations.

**Impact on business performance in 2021 due to changes in trade environment**



**Impact on business performance over the next 2-3 years due to changes in trade environment**



- There are some negative impact overall
- There are some positive impact overall
- Not sure
- There are both equal negative and positive impact
- No impact
- Others

# 4-1 | Management issues (by country)

- “Salary increment” is the biggest issue across all 6 ASEAN countries. Compared to last year, there are now more companies in each country selecting “Emergence of competitors (cost-wise)” as an issue as well.

## Top 5 issues in each country/region (multiple answers)

(%)

Singapore				Indonesia			
		2021	2020			2021	2020
1	Salary increment(245)	54.1	46.1	1	Salary increment(282)	79.2	77.4
2	Difficulty in attracting new clients(195)	45.0	48.9	2	Tax burden (corporate tax, transfer pricing tax)(216)	60.7	51.3
3	Emergence of competitors (cost-wise)(172)	39.7	28.8	3	Quality of employees(187)	52.5	51.6
4	Restrictions in visa issuance for expatriates(158)	34.9	27.8	4	Volatility of local currency's exchange rate against USD(166)	46.6	50.7
5	Quality of employees(141)	31.1	29.4	5	Emergence of competitors (cost-wise)(156)	46.6	28.6
Malaysia				Vietnam			
		2021	2020			2021	2020
1	Salary increment(111)	64.2	59.2	1	Salary increment(497)	73.4	65.8
2	Quality of employees(105)	60.7	51.8	2	Complicated customs clearance procedures(304)	45.9	39.8
3	Emergence of competitors (cost-wise)(83)	48.5	30.9	3	Emergence of competitors (cost-wise)(280)	44.9	31.6
4	Difficulty in attracting new clients(82)	48.0	41.2	4	Difficulty in attracting new clients(274)	43.9	40.9
5	Employee retention rate(66)	38.2	25.3	5	Tax burden (corporate tax, transfer pricing tax)((273)	40.9	31.2
Thailand				Philippines			
		2021	2020			2021	2020
1	Salary increment(296)	55.2	51.7	1	Salary increment(41)	48.2	34.4
2	Quality of employees(262)	48.9	46.7	1	Quality of employees(41)	48.2	48.1
3	Difficulty in attracting new clients(258)	48.4	45.2	3	Tax burden (corporate tax, transfer pricing tax)(40)	47.1	38.9
4	Emergence of competitors (cost-wise)(257)	48.2	36.5	4	Time-consuming customs clearance(38)	44.7	42.9
5	Decreased orders from clients(212)	39.8	62.4	5	Difficulty in attracting new clients(32)	39.0	36.3

Note 1: Top 5 issues based on responses excluding “No issues”. Items highlighted in pink are items not in the Top 10 issues in the 2021 survey report for Asia and Oceania.

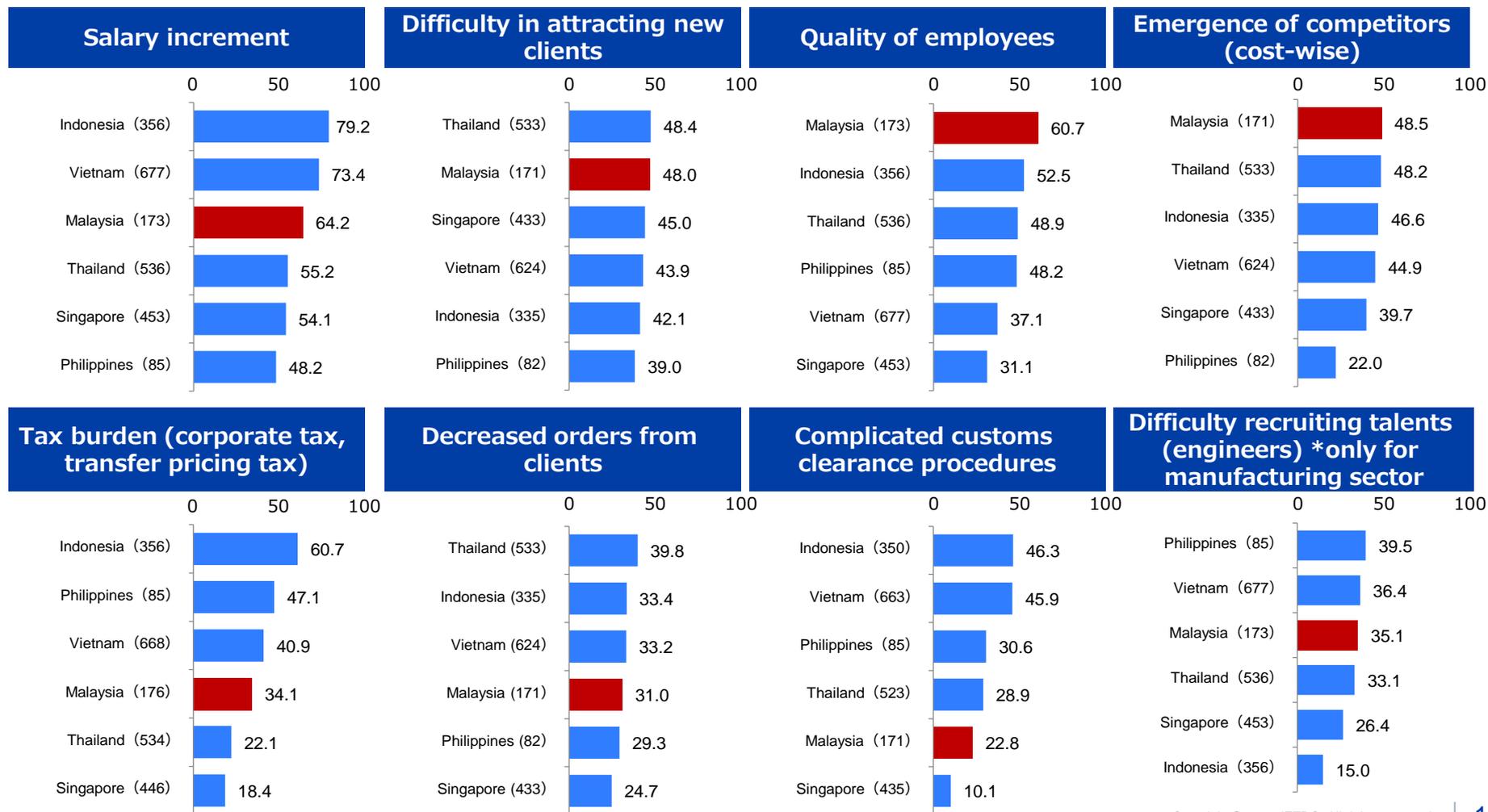
Note 2: Numbers in brackets indicate the number of companies with valid responses.

# 4-2 | Management issues (by topic)

- Top common issues among ASEAN countries include “salary increment”, “difficulty attracting new clients” and “quality of employees”.
- In Malaysia, a high percentage of companies are particularly concerned about “quality of employees” and the “emergence of competitors (cost-wise)”.

## Management issues (multiple answers)

(%)

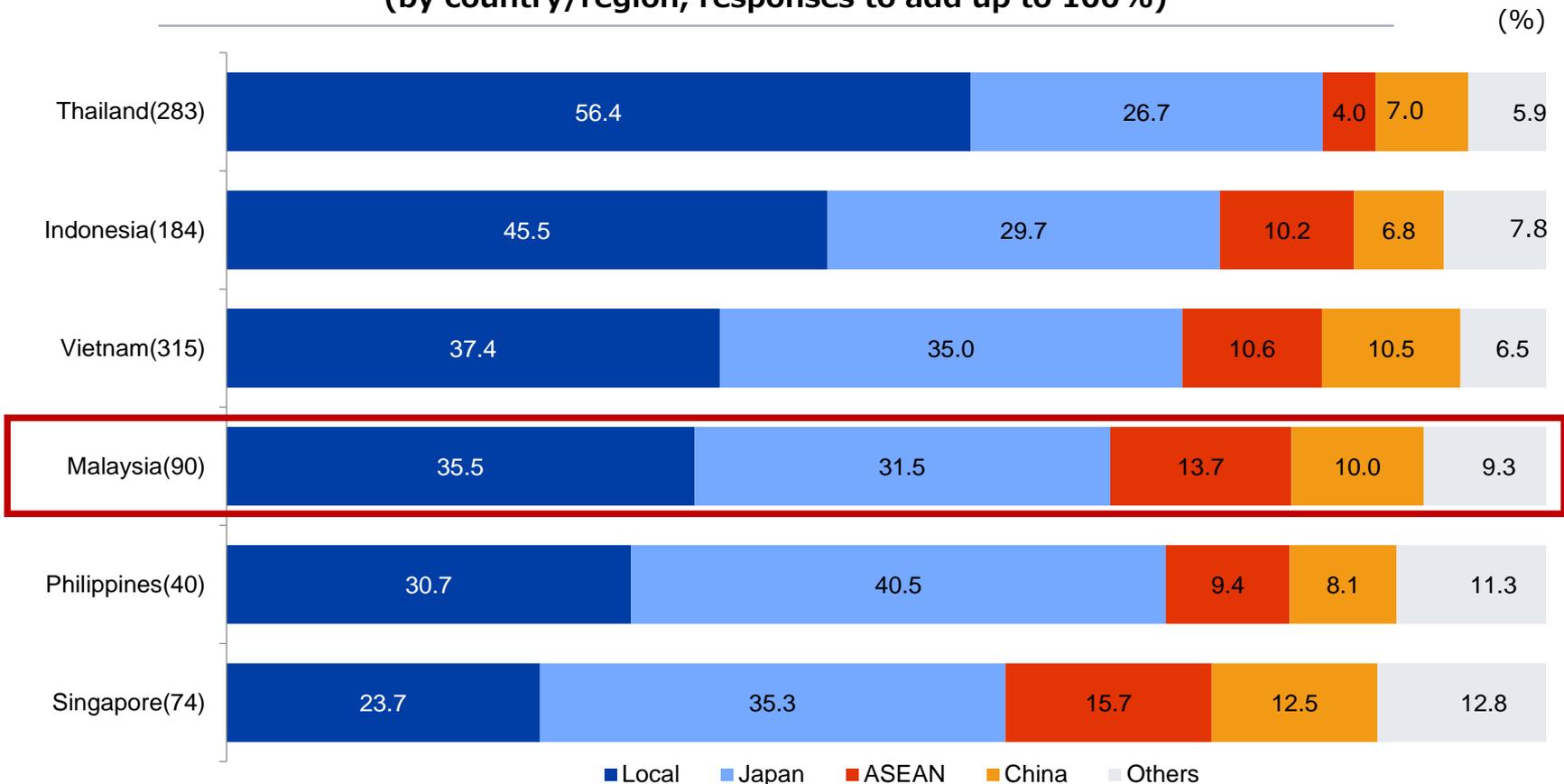


# 5-1 | Local procurement rate in the manufacturing sector varies among ASEAN countries

Manufacturing sector only

- The local procurement rates of Japanese companies operating in Thailand (56.4%) and Indonesia (45.5%) was high, and low in Philippines (30.7%) and Singapore (23.7%). This trend remains unchanged from the previous survey.
- Meanwhile, the procurement rate within ASEAN region tends to be higher for Singapore (15.7%) and Malaysia (13.7%).

Breakdown of the sources of procurement for raw materials/parts  
(by country/region, responses to add up to 100%)

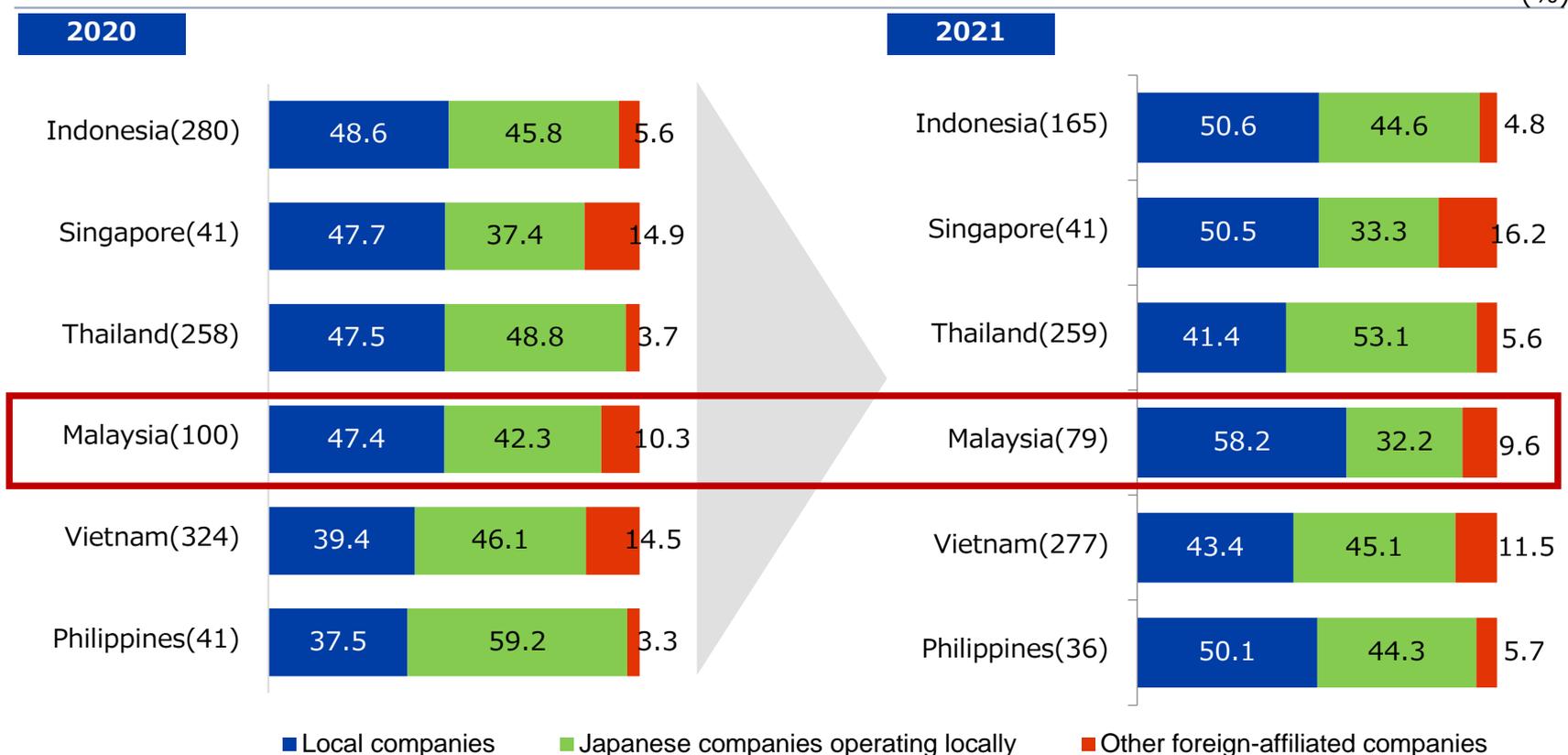


# 5-2 | Local companies cover nearly 60% of the sources for local procurement

**Manufacturing sector only**

- As a breakdown of the sources for local procurement, the majority of local procurement was made from local companies in Indonesia, Singapore, Malaysia and the Philippines. In Malaysia, the percentage of procurement from local companies has reached 58.2%.
- Of the 6 ASEAN countries, Thailand (53.1%) procured the most from Japanese companies operating locally. This might be a temporary shift towards procurement from Japanese companies as a countermeasure during COVID-19.

**A breakdown of the sources of local procurement  
(from local, Japanese companies operating locally, or other foreign-affiliated companies)  
(by country/region, responses to add up to 100%)**

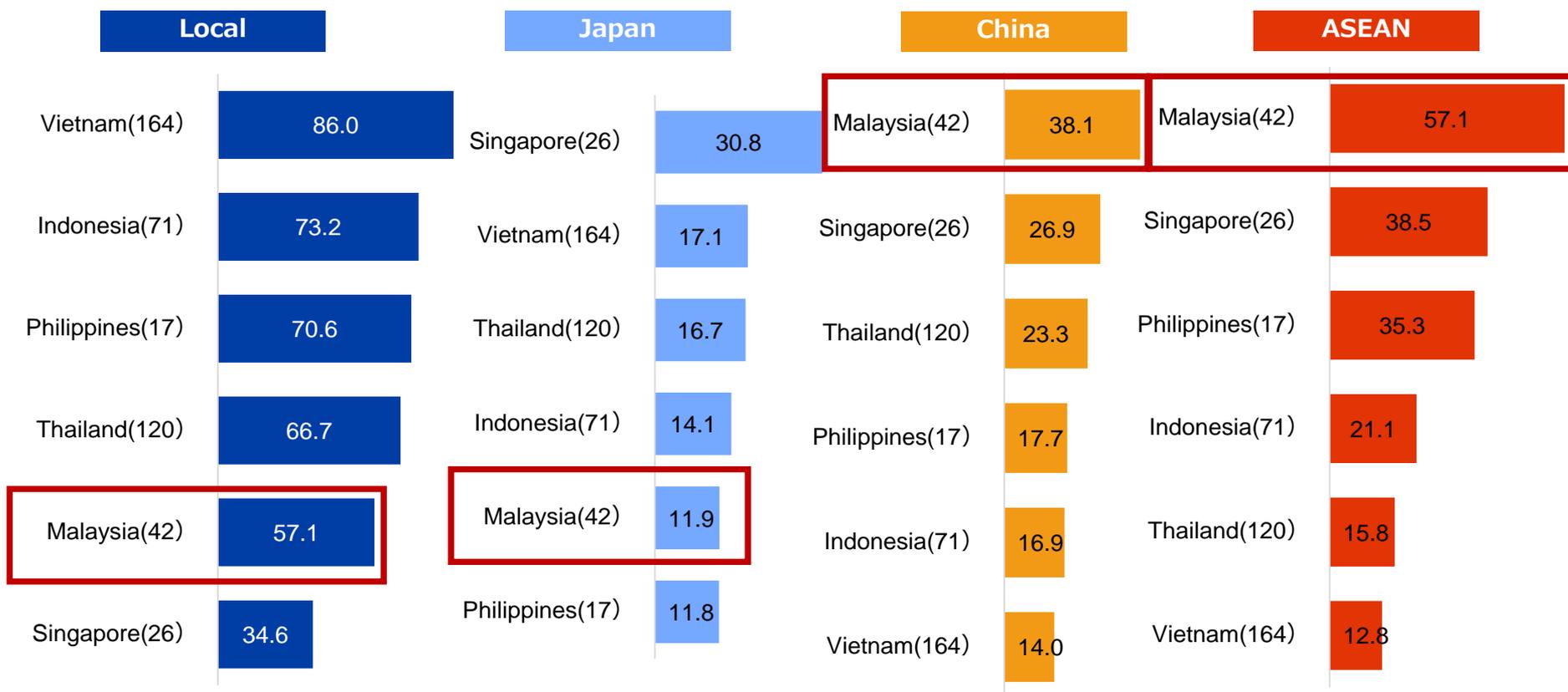


# 5-3 | Expansion of local procurement

Manufacturing sector only

- Among companies which have plans to expand their procurement over the next 1-3 years, the percentages of companies planning to expand their local procurement rate are particularly high in Vietnam, Indonesia and Philippines, with all exceeding 70%.
- For Japanese companies based in Malaysia, the percentage of companies wishing to expand their local procurement rate is low among the 6 ASEAN countries, as it is apparent that the policy of these Japanese companies is to expand their import procurement from China and ASEAN instead.

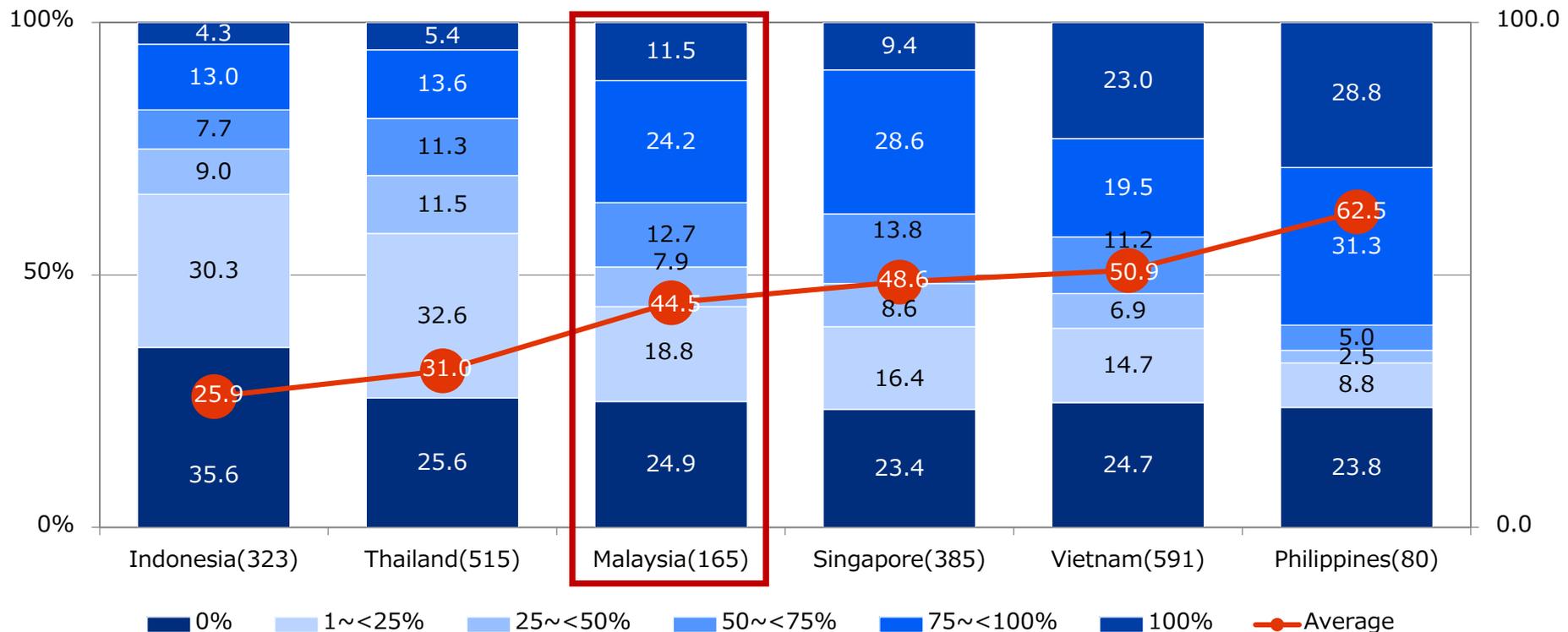
Planning to expand procurement over the next 1-3 years (by country, multiple answers) (%)



# 6-1 | Export structures: “Export-oriented” and “Domestic sales-oriented”

- Among the 6 ASEAN countries, Philippines and Vietnam are classified as “export-oriented” while Indonesia, Thailand, Malaysia and Singapore are “domestic sales-oriented”. Particularly in Philippines (62.5%) and Vietnam (50.9%), 20-30% of the companies which responded to this survey are fully exporting their products.
- In Malaysia, only about 10% are fully exporting their products, similar to the export structure in Singapore.

Proportion of export sales to total sales (by country/region, responses from 0-100%)



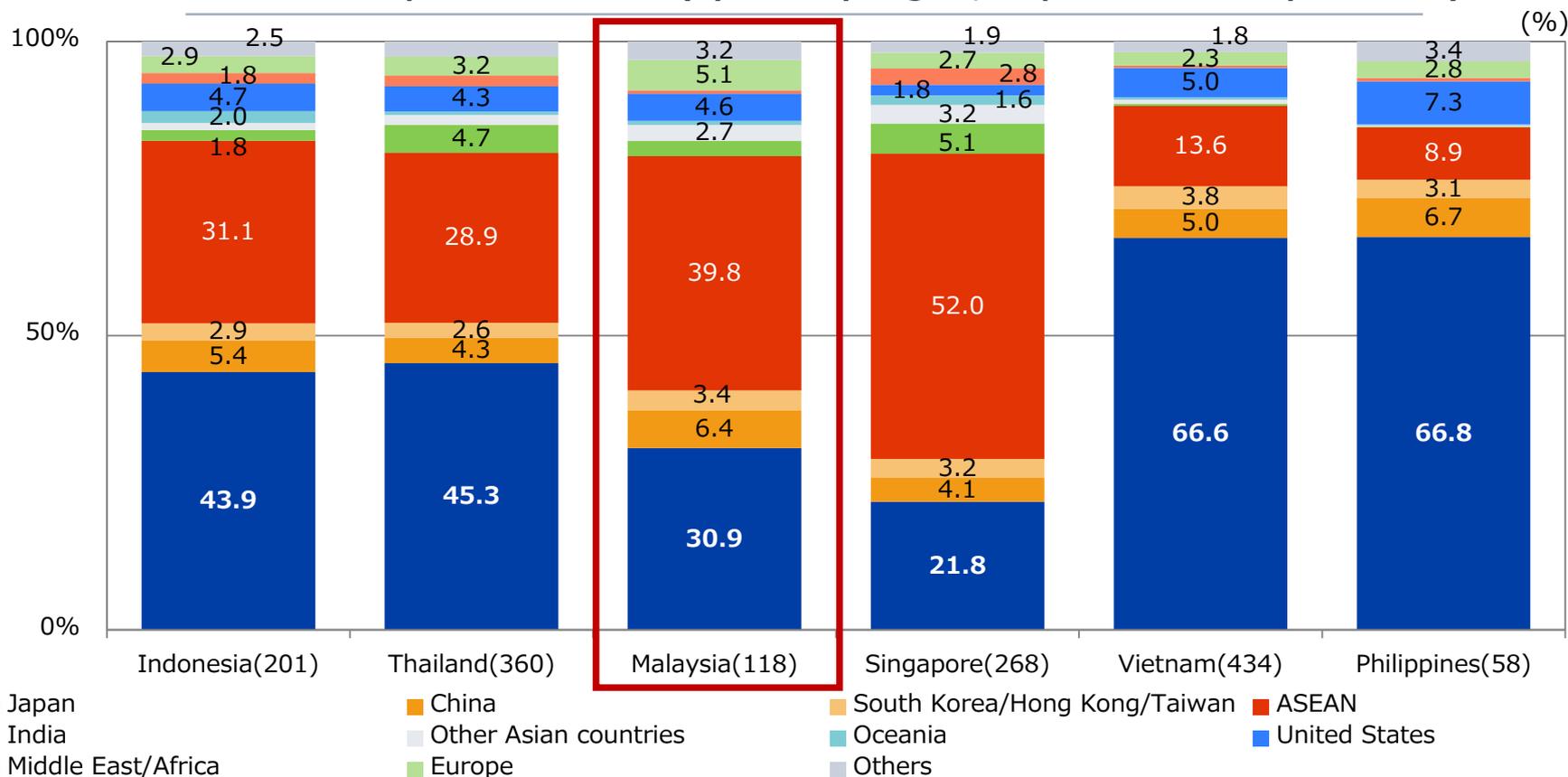
Domestic sales-oriented (export ratio less than 50%)

Export-oriented (50% and above)

# 6-2 | Malaysia and Singapore export all around the region

- Among “domestic sales-oriented” countries in ASEAN, Indonesia and Thailand export more than 40% to Japan, while Malaysia and Singapore export the most to other ASEAN countries, at 39.8% and 52.0% respectively.
- As for export-oriented Vietnam and Philippines, Japan is their main export destination at nearly 70% respectively.
- Exports from the 6 ASEAN countries to China and United States remain unchanged from the previous survey.

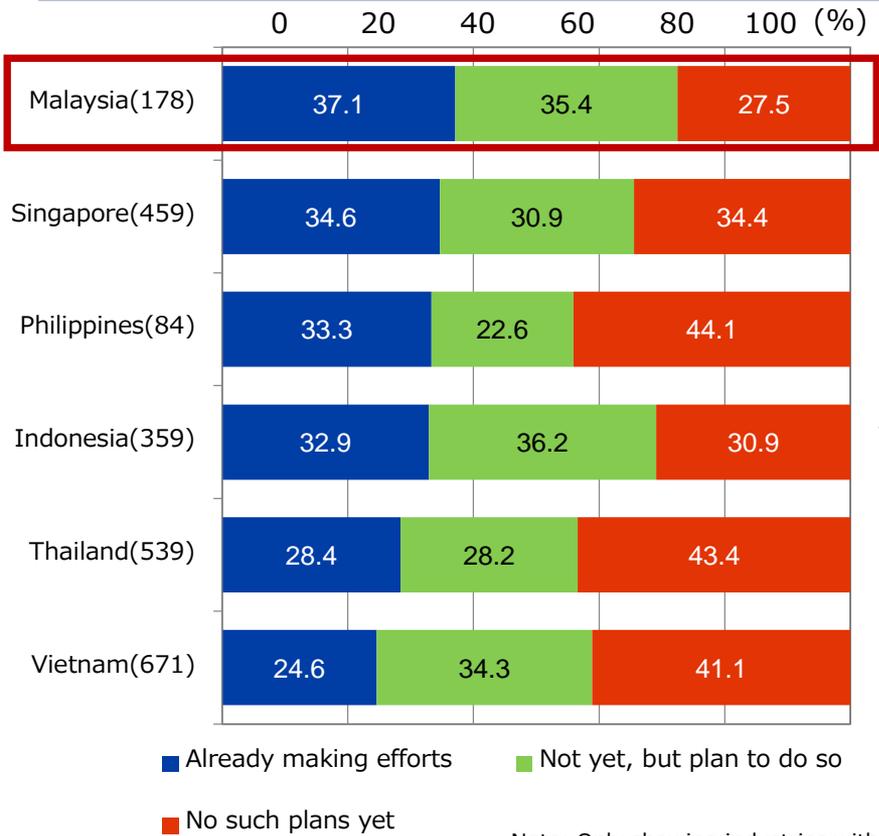
**Breakdown of export destinations (by country/region, responses to add up to 100%)**



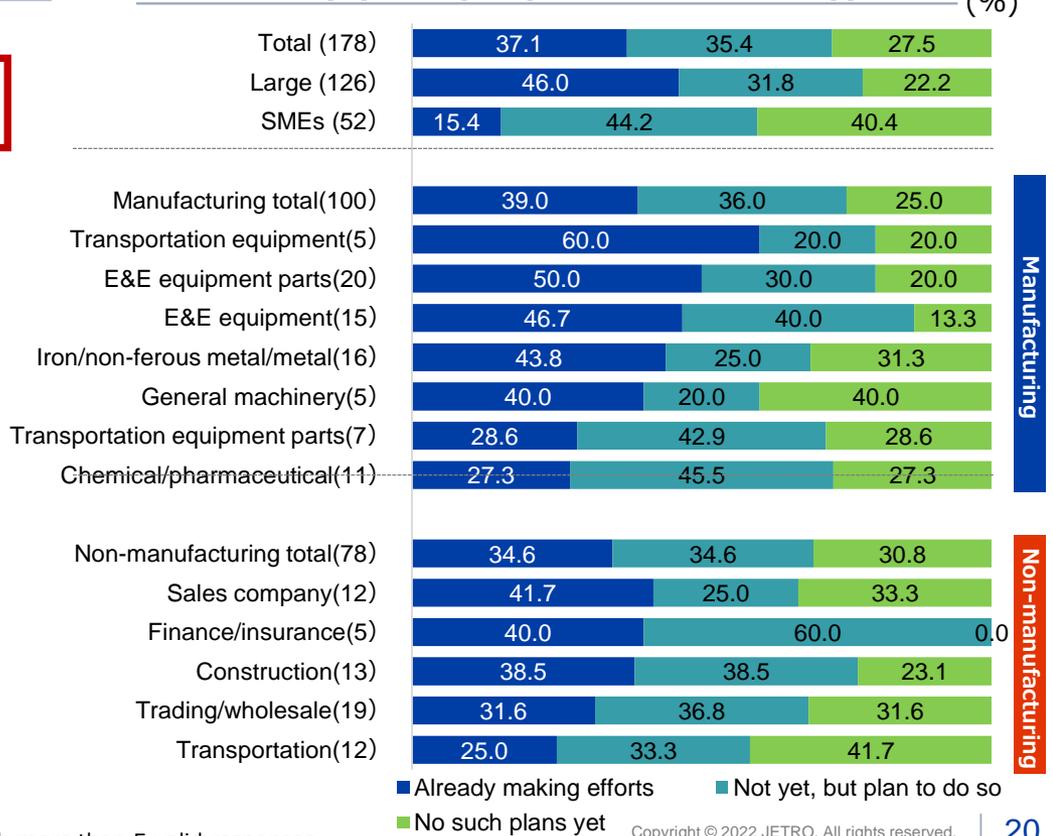
# 7-1 | 60-70% are making efforts to go carbon neutral

- About 60-70% of Japanese companies in the 6 ASEAN countries are either making efforts to go carbon neutral (reduce greenhouse gas emissions) or have plans to do so in the future. Particularly in Malaysia, companies “already making efforts” stood high at 37.1%, while Malaysia is the only country among the 6 ASEAN country with less than 30% of the companies having “no such plans”.
- By company size, about half of the large Japanese corporations in Malaysia are already implementing some sort of initiatives. By industry, such ongoing efforts are high in the transportation equipment, E&E equipment parts, and E&E equipment industries in the manufacturing sector, as well as sales company, finance/insurance and construction industry in the non-manufacturing sector.

**Efforts to go carbon neutral (reduction of greenhouse gas emissions)**



**Efforts to go carbon neutral in Malaysia (by company size and industry)**

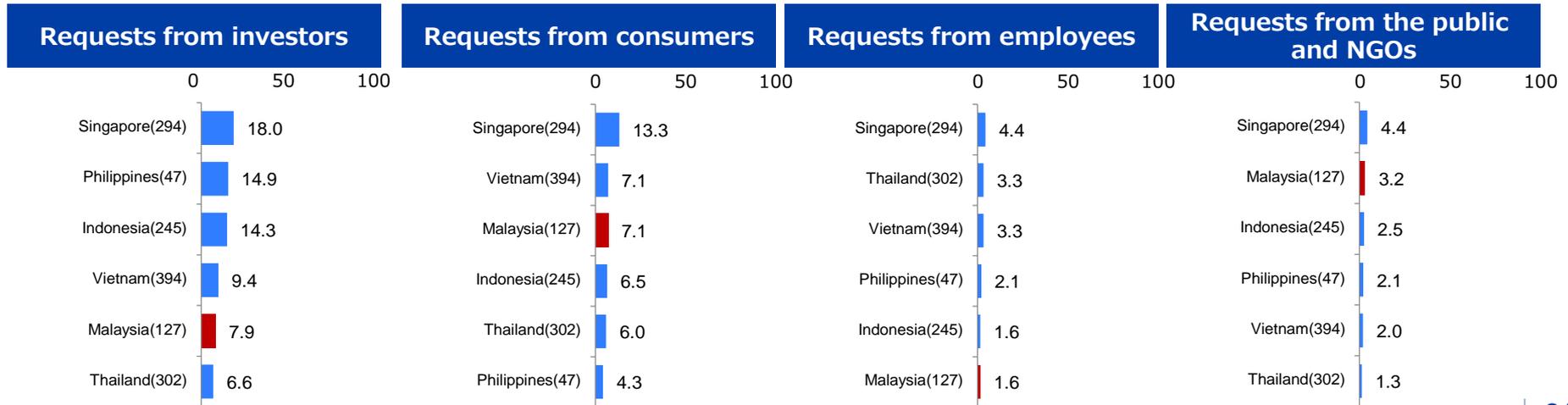
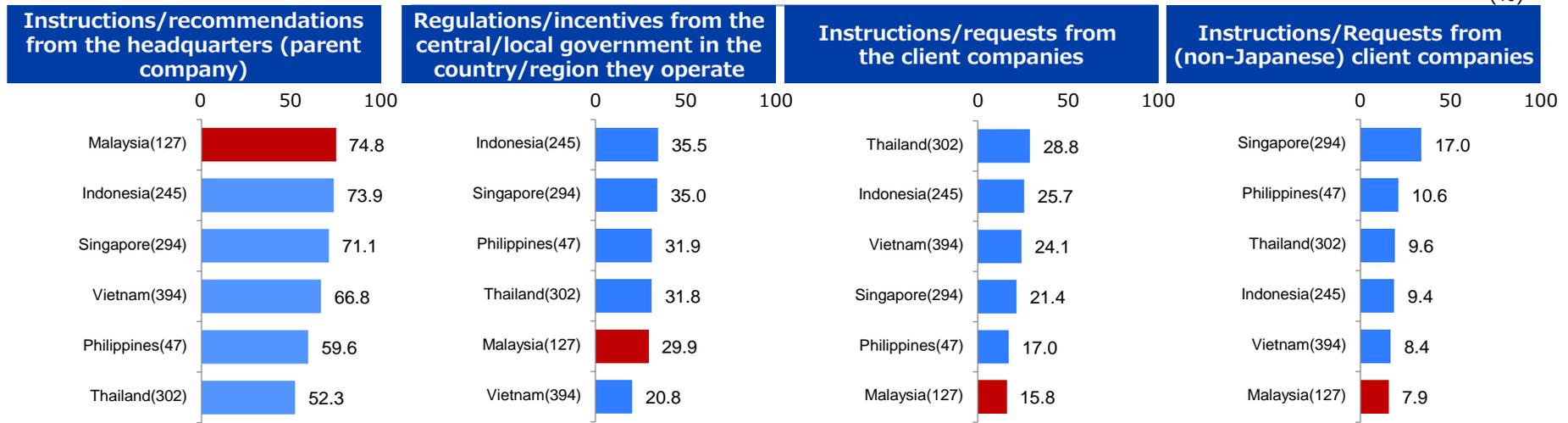


Note: Only showing industries with more than 5 valid responses.

# 7-2 | Efforts to go carbon neutral are mostly instructions from the headquarters

- “Instructions/recommendations from the headquarters (parent company)” appears to be the most commonly cited reason for these companies to go carbon neutral, with the percentage in Malaysia at 74.8%.

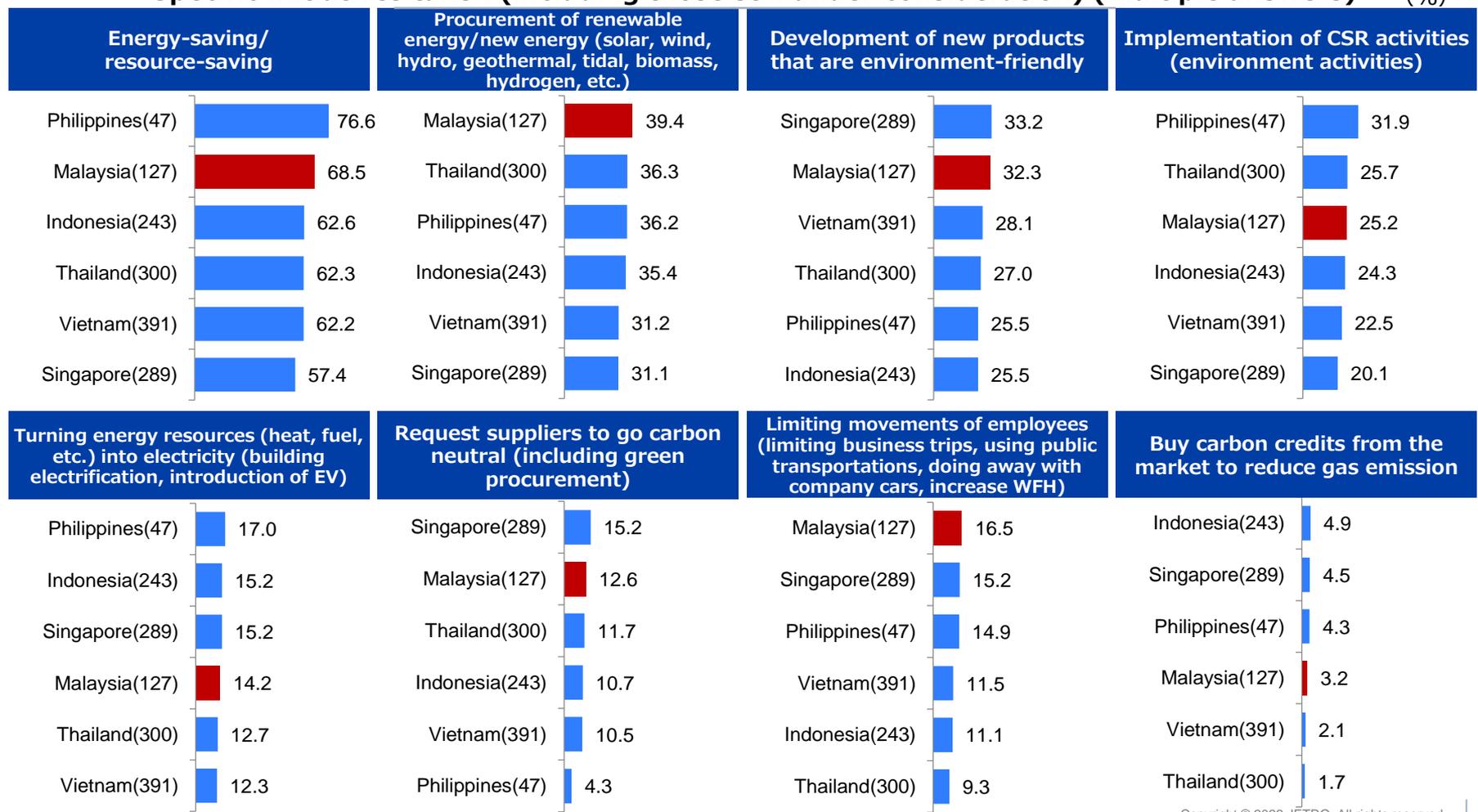
Reasons for your company to go carbon neutral (multiple answers)



# 7-3 | Efforts focused on “Energy-saving/resource-saving”

- “Energy-saving/resource-saving” turned out to be the most common specific initiative taken, with other initiatives lagging far behind for all countries. Japanese companies based in Malaysia indicated a relatively higher percentage for each initiative.
- Meanwhile, some of the issues hindering these efforts include cost-effectiveness, lack of awareness among employees, and such initiatives not permeating the entire organization.

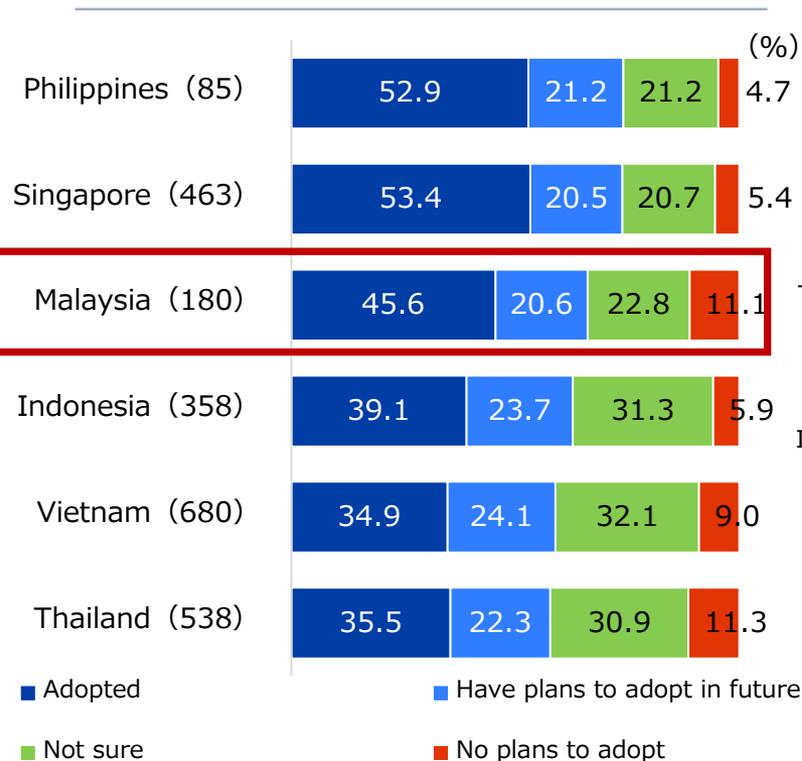
**Specific initiatives taken (including those still under consideration) (multiple answers) (%)**



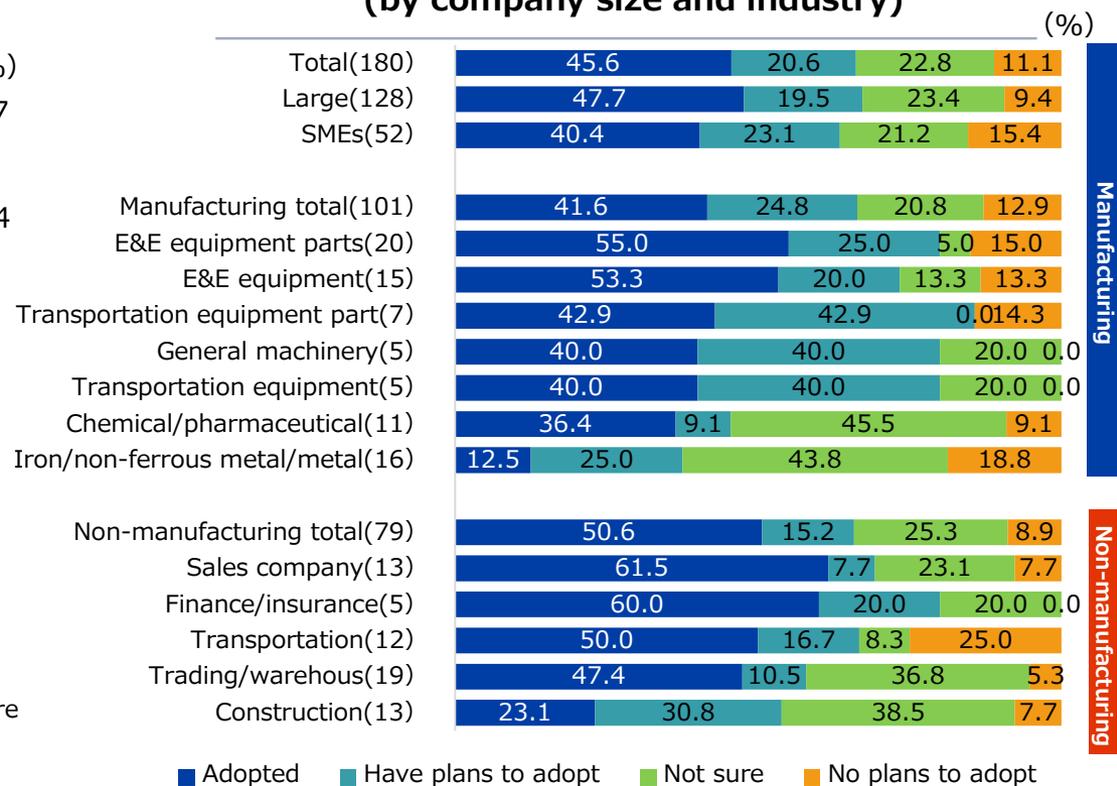
# 8-1 | More than 60% of companies are adopting or planning to adopt digital technologies

- The rate of digital technology adoption (including those planning to do so) is about 60-70% across the 6 ASEAN countries. In Malaysia, the rate of adoption stood at 66.1%.
- In Malaysia by industry, the percentage of those which have “adopted” digital technologies is high in the E&E equipment and parts industry in the manufacturing sector, as well as sales company, finance/insurance industries in the non-manufacturing sector.
- Of the 79 responses received from companies in Malaysia which are already adopting digital technologies, the highest percentages are from E-commerce (55.7%), cloud computing (53.2%), digital marketing (30.4%), and robotics (24.1%).

Status of digital technology adoption



Status of digital technology adoption in Malaysia (by company size and industry)



Note: New digital technologies (EC, AI, RPA, etc.) and business methods that use these technologies to change the way existing businesses are.

Note: only displaying industries with more than 5 valid responses.

# 8-2 | Digital technology has a certain effect on improving quality, expanding sales, and responding to labour shortage issues

- The advantages of adopting digital technology include having “stable and improved quality and products”, being “able to cope with salary increment and labour shortages”, “improve marketing strategy/expand sales destinations”. Japanese companies in Malaysia showed a relatively high percentage in each category.
- With working from home and e-commerce sales becoming more common, it is apparent that digital technology has a certain effect on the business development.

**Advantages of adopting digital technology (multiple answers, by country)**

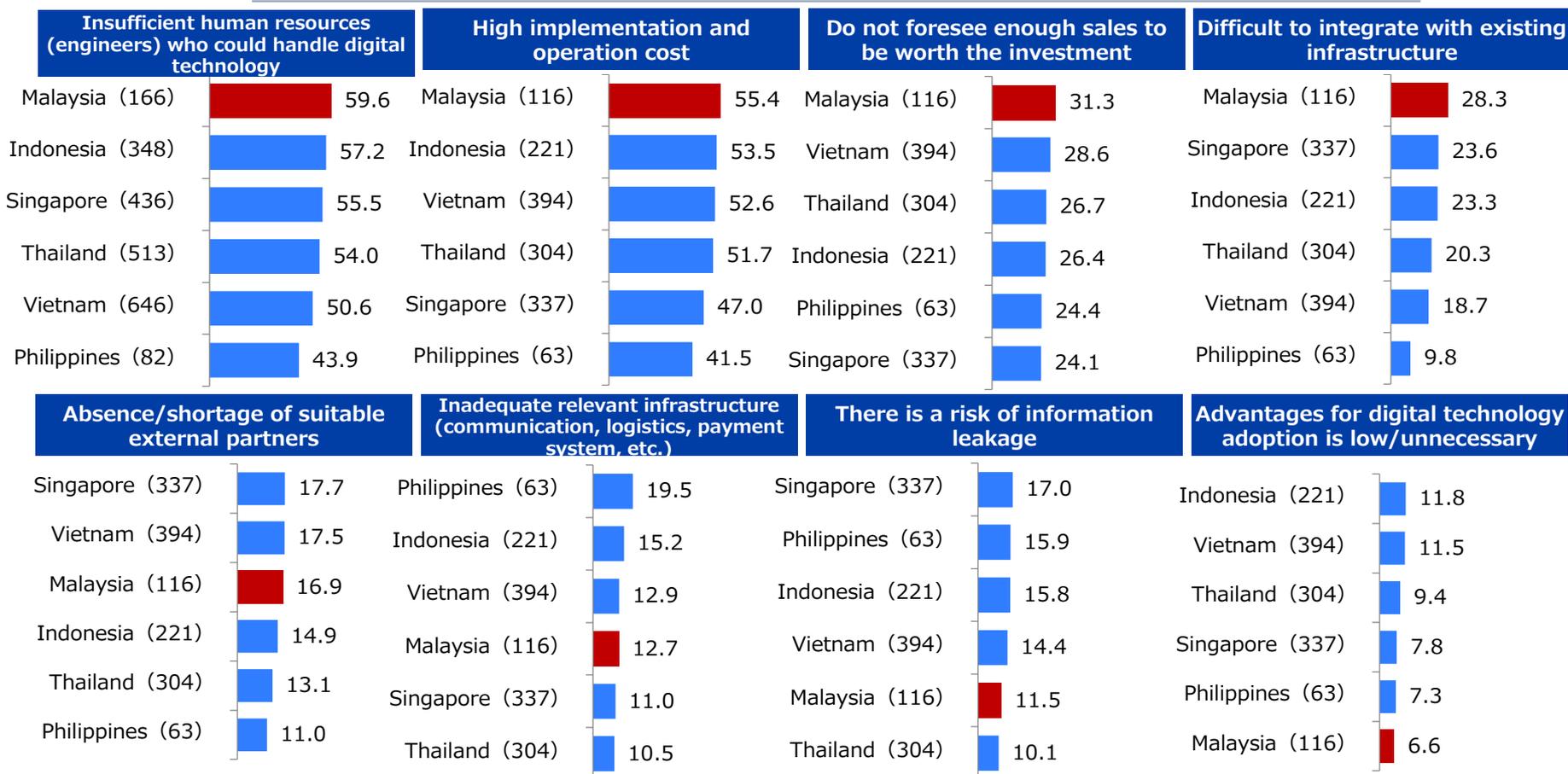
(%)



# 8-3 | Challenges in digital technology adoption include shortage of engineers and high-cost

- Some challenges such as “insufficient human resources (engineers) who could handle digital technology”, “high implementation and operation cost” have been highly cited by each country as challenges they face in adopting digital technology.
- Including the challenges mentioned above, Malaysia recorded the highest percentage for 4 challenges among the 6 ASEAN countries.

**Challenges when adopting digital technology (multiple answers, top 8 challenges, by country) (%)**



(Notes: The remaining challenges in descending order are “there is no institution for consultation on digital technology adoption”, “unable to obtain understanding from the company for adoption”, “unsure about which technology to adopt” and “there are restrictions on the regulations (such as data regulation)/unclear about the operation”.

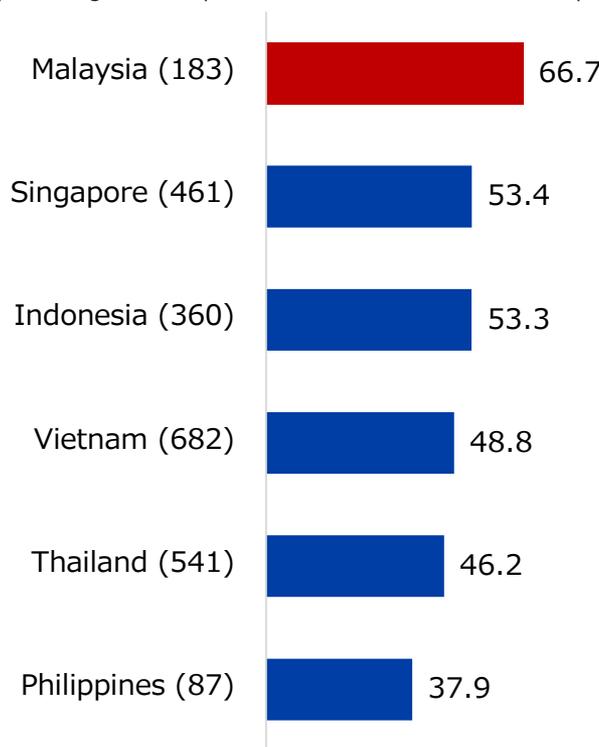
# 9-1 | Recognizing human rights issues as a management issue

- Among the 6 ASEAN countries, Malaysia has the highest percentage at 66.7% in recognizing human rights issues (such as appropriate labour practices, ensuring occupational safety) as a management issue. In the manufacturing sector, the response rate is high in the E&E equipment parts and chemical/pharmaceutical industries, while in the non-manufacturing sector, it is high in the transportation industry and sales company.
- Regarding human rights policy in the supply chain and compliance with the suppliers, 28.7% of companies in Malaysia responded that they are “seeking compliance with their suppliers”, while 26.5% said they are not. 44.8% of companies “have no policy”.

## Do you recognize human rights issues in the supply chain as a management issue? (by country)

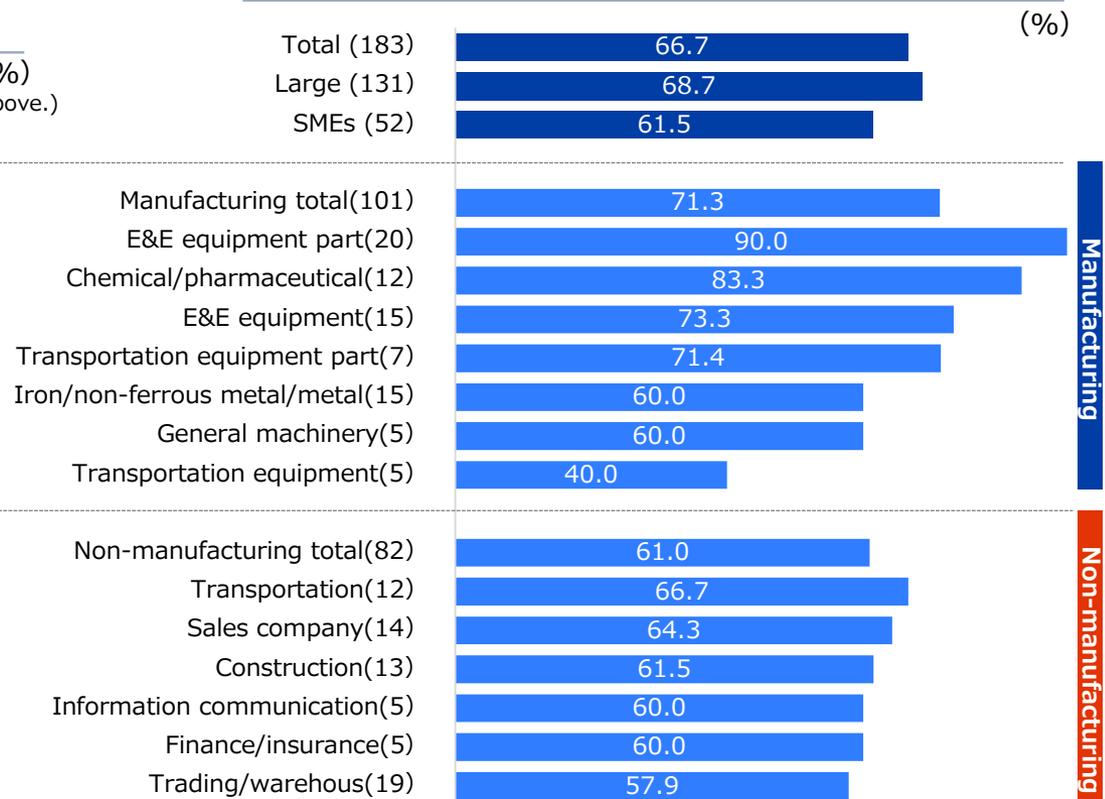
(%)

(Note: percentages of companies that answered “Yes” to the question above.)



## Recognition of human rights issues in the supply chain in Malaysia (by company size and industry)

(%)



(Note: only displaying industries with more than 5 valid responses.)

## 9-2 | Background in recognizing human rights issues and its specific countermeasures

- Regarding the reasons for recognizing human rights issues as a management issue, the common answer among all 6 ASEAN countries is that it is a policy under the headquarters in Japan/group policy, as well as a request from their clients (especially from Europe and US).
- While many have become increasing aware about human rights issues with topics such as SDGs, and the Guiding Principles on Business and Human Rights by the United Nations, some are asking how much should be subjected to audits in reality as their supply chains expand further.

### Recognition on supply chain and human rights issues (comments)

	Reasons for recognizing	Reasons for not recognizing
Human rights issues in the supply chain as a management issue:	<ul style="list-style-type: none"> <li>• Under the UK's Modern Slavery Act or regarding trade friction between certain countries, the manifestation of human rights issues in the supply chain can directly lead to various management issues such as penalties and damages in reputation. (Singapore)</li> <li>• <b>Since the industry is supported by foreign labour force, illegal employment issues are frequently brought up. Also, various research requests on illegal employment have been received. (Malaysia)</b></li> <li>• Request on Responsible Business Alliance (RBA, formerly known as EICC) from our end customer. (Thailand)</li> <li>• There might be damages to the management if we do not take child labour issues in the palm field seriously. (Indonesia)</li> <li>• We are being audited annually as it is mandatory for our US customers and their supply chains to undergo the SMETA (Sedex Members Ethical Trade Audit). (Philippines)</li> <li>• Because of restrictions due to preventive measures for Covid-19, it is considered an issue to have workers stay and work in the factory for a prolonged period of time, although we are doing it to maintain the supply chain. (Vietnam)</li> </ul>	<ul style="list-style-type: none"> <li>• It is not that I do not care about it but I do not see it as a management issue. (Thailand)</li> <li>• There is no information from the global procurement department in Japan. (Vietnam)</li> </ul>
	Concerns	Precautionary Measures
Specific cases on human rights risks and its precautionary measures	<ul style="list-style-type: none"> <li>• Sudden changes and ambiguity in the interpretation of the relevant laws and regulations. (Vietnam)</li> <li>• Child labour by our contractor. (Indonesia)</li> <li>• Unable to replace shipping crews due to travel restrictions during Covid-19, in fact their period onboard is longer than their contract period. (Singapore)</li> <li>• Suspension of business transactions from US customers. (Philippines)</li> </ul>	<ul style="list-style-type: none"> <li>• Obtained international certification (SA8000) for working environment evaluation, also educating employees continuously. (Vietnam)</li> <li>• Refrain from hiring foreign workers. (Thailand)</li> <li>• Obtained and using ISO45001 certification (Occupational Health and Safety management system). (Indonesia)</li> <li>• Do some research to avoid using conflict materials. (Singapore)</li> <li>• <b>Switch to purchasing palm oil from internationally certified companies such as RSPO (Roundtable on Sustainable Palm Oil). (Malaysia)</b></li> </ul>

(Note: Excerpts taken are related to the 6 ASEAN countries.)

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