[APIL-Commnents-9 February 2023]

1. **The Background of the Inquiries to CJ Cheiljedang**

Forced labor in the Shinan region of South Korea—the country’s largest production site for sea salt where CJ Cheiljedang(“CJCJ”) has its supply chains—is a systemic issue that has persisted for decades. The inhumane practices and the industry’s high susceptibility to labor exploitation received significant media spotlight in 2014, leading to public outrage, a government probe, and subsequent criminal charges.[[1]](#footnote-1) The issue has also been noted by the U.S. State Department’s TIP Report year after year since then. Yet, little has been done to improve labor practices by salt production industries with their supply chains in the salt farms in question. As a result, the practice has lived on, leading to the emergence of new forced labor victims in 2021 and 2022.

CJCJ[[2]](#footnote-2)—Korea’s number one food company and its leading exporter of seasoning goods[[3]](#footnote-3)—is a key manufacturer and distributor in the sea salt market, along with significant operations in the U.S. According to the Ministry of Food and Drug Safety, the company ranked first in production amount and domestic sales and third in terms of export amount in 2021.[[4]](#footnote-4) In the first half of 2020, for instance, CJCJ held a 30.9% share of the domestic retail market for edible salt.[[5]](#footnote-5) In January 2010, CJCJ established Shinuido Sea Salt Co., Ltd., a subsidiary with 83 local salt farmers in the Shineui island of Shinan—individuals who would serve as both shareholders and suppliers. Based on 2020 figures, CJCJ was purchasing at least 16% of all sea salt produced in Shineui—the island housing the largest number and area of active salt farms in Shinan[[6]](#footnote-6)—and the capacity of CJCJ’s plant was able to cover about 7% of the sea salt produced nationally.[[7]](#footnote-7)

It is against this background that in August 2022, APIL initiated inquiries to CJCJ with regard to human rights due diligence in salt farms where the company has its supply chains.[[8]](#footnote-8)

1. **The Discrepancy between the Statements of CJ Cheiljedang remaining Unresolved**

In its response on 24 August 2022, CJCJ stated that “In March 2014, CJCJ suspended the purchase agreement with the four perpetrators that JTBC reported on”; on the contrary, from an email to APIL sent by CJCJ on 4 October 2022, we observed that Shinuido Sea Salt Co., Ltd., one of CJCJ’s subsidiaries, currently has 40 shareholders, of whom 39 are supplying salt to the company, and that there are three among current shareholders who were convicted perpetrators of forced labor reported by JTBC in 2014. As a result, it is reasonable to conclude that Shinuido Sea Salt Co., Ltd. is still procuring salt from at least two of the convicted perpetrators.

APIL, therefore, sent the rejoinder on 19 October 2022 to give the company an opportunity to account for the discrepancy between its statements: (Regarding the email you sent on October 4, 2022) “Shinuido Sea Salt Co., Ltd. has decreased from 83 shareholders (salt farm owners) at the time of its establishment to 44 now”, and “Shinuido Sea Salt Co., Ltd. of the total 43 salt farms, 8 salt farms are hiring, and there is no case of employing persons with intellectual disabilities.” Therefore, it is understandable that only one shareholder of Shinuido Sea Salt Co., Ltd. is not supplying salt to your company. However, regarding the four salt suppliers of your company who were perpetrators of forced labor reported by JTBC in 2014, you stated in the answer dated August 24, 2022, that “In March 2014, CJCJ suspended the purchase agreement with the four perpetrators that JTBC reported on” while, at the same time, saying that “those three people (three perpetrators) are currently the shareholders of Sinuido Solar Salt Corporation.” Yet, according to the email you sent on October 4, 2022, because at least two out of above three people punished as perpetrators are still providing salt supply to your company, your response saying, “In March 2014, CJCJ suspended the purchase agreement with the four perpetrators that JTBC reported on” and the relevant content regarding the e-mail appear to be inconsistent. Please explain in detail.

However, from the reply by CJCJ on 20 December 2022, as follows, it is evident that the company does not want to resolve the discrepancy by evading the question.

“As replied previously, in regard to doing business with shareholders associated with forced labor, CJ CheilJedang had no legal grounds to restrict the capacity of those shareholders.”

1. **The Comments to the responses of CJ Cheiljedang**

The reply by CJCJ prompted us to judge that it is not meaningful to continue the conversation with CJCJ, but is sufficient to leave comments on the company's replies as below.

1. Noting that even though human rights abuses in which the company was complicit in its supply chain of salt farms in 2014 are so serious as to constitute forced labor, the company has been procuring salt from the convicted perpetrator(s) without appropriate human rights impact assessment on salt production operations by its supplier, we express our concern that the company has not implemented strongly expected human rights due diligence to its supply chains of salt farms by neglecting the responsibility to respect human rights.
2. Moreover, observing the reply of the company on 24 August 2022 that “In March 2014, CJCJ suspended the purchase agreement with the four perpetrators that JTBC reported on” does not correspond to the facts, we are concerned that it became unreasonable to believe the answers hitherto provided by the company, in particular, including its statement: “CJCJ has terminated business transactions with Taepyung Salt as of December 31, 2018”, unless it is supported by suitable and reliable evidence.
3. And lastly, considering the absence of concreteness and irrelevancy of the answers by the company to questions in the rejoinder with regards to the human rights due diligence planned to be done to its supply chain of the salt farms, we are concerned that it is doubtful to rely on the company’s intention to implement the human rights due diligence plan set forth in the replies.

Since all the questions we raised on 19 October 2022 have yet to be answered by CJCJ in any sense, the conversation with CJCJ would be resumed on the condition that the rejoinder is taken seriously enough for the company to answer the questions.

1. English news article: <https://apnews.com/article/892b62b9c4284959a3e8b7a057427f0f> [↑](#footnote-ref-1)
2. Company website in English: <https://www.cj.co.kr/en/index> [↑](#footnote-ref-2)
3. <https://www.mfds.go.kr/brd/m_374/view.do?seq=30207> (p.52) [↑](#footnote-ref-3)
4. <https://www.mfds.go.kr/brd/m_374/view.do?seq=30207> (p.30) [↑](#footnote-ref-4)
5. <https://www.kamis.co.kr/customer/inform/commonsense/eat.do?action=detail&brdno=23&brdctsno=430680&pagenum=4&search_option=&search_keyword=&> [↑](#footnote-ref-5)
6. <https://www.shinan.go.kr/download/younbo/2021/06.pdf> (p.115) [↑](#footnote-ref-6)
7. <https://www.cj.net/cj_now/view.asp?bs_seq=7165&schBsTp=1>; https://www.yna.co.kr/view/AKR20220327016300054?input=1195m [↑](#footnote-ref-7)
8. https://www.business-humanrights.org/en/latest-news/south-korea-victim-exposes-chronic-forced-labour-issues-unaddressed-after-2014-expos%C3%A9-in-sinui-island-salt-farms/ [↑](#footnote-ref-8)