

Fast Retailing Co. Ltd.

TICKER
 TKS:9983

MARKET CAPITALIZATION
 US\$48 billion

HEADQUARTERS
 Japan

DISCLOSURES
UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Yes

TARGETS

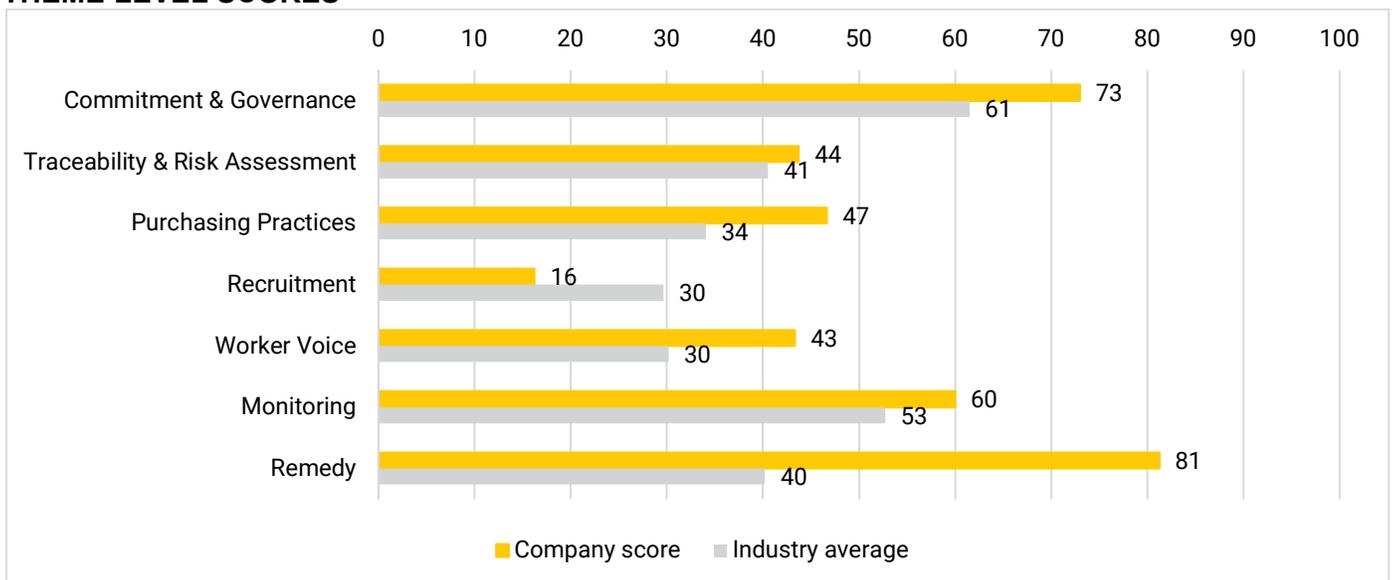
Yes

OVERALL RANKING
12 out of 37

(2018 Rank: 21 out of 43)

OVERALL SCORE
52 out of 100
SUMMARY

Fast Retailing Co. Ltd. (Fast Retailing), most well known for its subsidiary Uniqlo, is Asia's largest apparel retailer and the second largest globally.¹ It ranks 12th out of 37 companies, disclosing more information on its forced labor policies and practices than its peers on all themes except Recruitment. Compared to 2018, Fast Retailing improved its score by nine points. It began disclosing detail on training, engagements on migrant worker rights, improved supply chain transparency, details on its risk assessment and grievance mechanism, a process for responding to complaints, and examples of remedy outcomes for workers. Notably, it is among those achieving the highest scores on the theme of Remedy. The company is also the highest-scoring Asian company in the benchmark. Fast Retailing states that none of its Uniqlo products are manufactured in Xinjiang and that no Uniqlo supplier subcontracts to a fabric or spinning mill in the region. However, it does not disclose the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. Fast Retailing has an opportunity to improve on the themes of Traceability & Risk Assessment, Recruitment, and Worker Voice.

THEME-LEVEL SCORES


KEY DATA POINTS
SUPPLIER LIST

Yes

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

❌ No

HIGH-RISK RAW MATERIALS²

❌ Cashmere, cotton, silk, and others

DATA ON PURCHASING PRACTICES

Yes (One data point only)

REMEDY FOR SUPPLY CHAIN WORKERS

Yes

HIGH-RISK SOURCING COUNTRIES

❌ China, India, Malaysia, and others

LEADING PRACTICES

None.

NOTABLE FINDINGS

Stakeholder Engagement: Fast Retailing discloses working with the IOM to map and screen NGOs in sourcing countries to support migrant workers. It is an accredited member of the Fair Labor Association (FLA) and a member of Better Work. The FLA reports that the company has supported its engagement with the Cambodian government voicing concerns relating to workers' rights.

Grievance Mechanism: Fast Retailing states that it asks its suppliers to establish grievance mechanisms for workers and that it has a hotline available to workers and representatives of workers "at core sewing factories and fabric manufacturers" that is available in local languages. It states that it evaluated the functionality of its grievance mechanism against the UN Guiding Principles and that it was to be further verified through worker interviews in 2020. In response to this assessment, it states that it improved translation services to enable workers to send an SMS in their native language and provided multi-lingual posters. It states that it is mapping and screening local NGOs to support foreign migrant workers employed at partner factories in collaboration with the IOM. This support extends to workers returning to their home countries, where issues requiring "specialist expertise" have been raised through its hotline. It states that 63 of the grievances called into its hotline mechanism in 2019 concerned ILO core conventions, local labor laws, or its supplier code of conduct, and it provides a breakdown of grievances.

Remedy: Fast Retailing discloses a process for responding to complaints to its grievance hotline within 24 hours, including the departments responsible for dealing with complaints. It states that it engages with the complainants to inform them of the actions taken with the supplier, and it asks complainants to tell them if "remedies have not been implemented." The company further provides examples of remedy outcomes, including the reinstatement of workers who had been dismissed after going on strike and a payment on unpaid wages to a worker.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: While Fast Retailing discloses its "core sewing factory list," it may consider disclosing a full list of at least its first-tier suppliers, a complete list of countries of its below-first-tier suppliers, the countries from which it sources raw materials at high risk of forced labor, and additional data points on its suppliers' workforce. While it discloses carrying out a risk assessment, it is encouraged to disclose forced labor risks identified across its supply chains.

Recruitment: While Fast Retailing states that it has signed the Commitment to Responsible Recruitment of the FLA and the American Apparel & Footwear Association and that it has standards and guidelines for a no-fee policy, it is encouraged to publicly disclose this policy. It may further consider taking steps to ensure that such fees are reimbursed to workers and/or provide evidence of payment of recruitment-related fees by suppliers. It is encouraged to ensure that migrant workers understand both the terms and conditions of their recruitment and employment and their rights.

Worker Voice: To support collective worker empowerment, Fast Retailing is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, it may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. Further, it is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers.

ENGAGED WITH KNOWTHECHAIN³

Yes ([Provided Additional Disclosure](#)).

¹ The Japan Times (16 October 2020), "[Uniqlo owner Fast Retailing's profits up on China and Japan sales](#)," BizVibe (12 March 2020), "[Top Clothing Retailers in the World in 2020, Clothing Retail Industry Analysis Factsheet](#)."

² For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

³ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).