

## KnowTheChain Apparel & Footwear Benchmark - Additional Disclosure 2020/2021

**Company Name: Fast Retailing Co., Ltd.**

**Date: February 26, 2021**

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website. Please see the 'comment text' and 'source' cells in the Excel document for the information we have already reviewed.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to (extensive additional disclosure documents that include a comprehensive list of links already reviewed will not be considered).

### THEME 1: COMMITMENT AND GOVERNANCE

#### 1.1 Commitment

The company:

- (1) publicly demonstrates its commitment to addressing forced labor and human trafficking.

#### 1.2 Supplier Code of Conduct

The company's supplier code of conduct:

- (1) requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor;
- (2) is easily accessible from the company's website;
- (3) is updated regularly, following internal review and input from external stakeholders;
- (4) is communicated to the company's suppliers; and
- (5) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain policies addressing forced labor and human trafficking.

We state: "Our core sewing factories are required to audit subcontractors to which they have outsourced a part of their production processes and receive approval from Fast Retailing. Subcontractors undergo the same audit as partner factories every year. If a major violation against the Code of Conduct for Production Partners is found in the audit, the subcontractor must remediate the issue within three months and pass the follow-up audit. (Subcontracted Factories Audits)"

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#02>

#### 1.3 Management and Accountability

The company:

- (1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and
- (2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

At Fast Retailing, the company president and CEO, as the executive officer with overall responsibility for sustainability, appoints directors and an executive officer in charge of sustainability. We have also set up a [Sustainability Committee](#) which consists of executive directors, statutory auditors, an external expert, and executive officers. The committee is tasked with promoting sustainability activities based on pertinent judgement and ensuring sustainability efforts are closely integrated with overall management strategy and direction. The Sustainability Committee debates all manner of sustainability-related policies and measures, and advises, counsels, and supervises the departments that execute sustainability measures. Committee members determine the direction of corporate activities and corporate policy from a variety of sustainability-related perspectives, including environmental protection, respecting human rights, contributing to society, compliance, and diversity. Sustainability Committee decisions are then integrated into our sales, marketing, production, purchasing, human resources and other relevant departments. In fiscal 2020, the Sustainability Committee managed a variety of initiatives, including our climate change strategy, product circularity, the protection of human rights across our supply chain, and social contribution activities.

Source: <https://www.fastretailing.com/eng/sustainability/vision/organization.html>

In July 2018, Fast Retailing established a Human Rights Committee to promote initiatives aimed at respecting human rights. We appointed an outside expert, who has experience working as the head of the Human Rights Bureau in the Ministry of Justice in Japan, to head the committee, and the committee members are made up of outside directors of the board and auditors, along with Fast Retailing full-time auditors and executive officers in charge of the Legal and Compliance Department, Human Resources Department, Production Sales Department, and Sustainability Department. See Composition of Committees for more about committee membership and roles.

Composition of Committees:

<https://www.fastretailing.com/eng/about/governance/corp-governance.html#05>

The role of the committee is to provide recommendations and supervision to ensure that we fulfill our obligations to respect human rights based on the Human Rights Policy, and that business operations are conducted appropriately. For example, the committee provides advice and recommendations on investigations and remedial action when a human rights violation is reported by any stakeholder. Additionally, the committee provides advice and recommendations on the education and awareness-raising activities regarding the protection of human rights and on human rights due diligence activities.

The main outcomes of the committee in fiscal 2020 include:

- Checked the outcome of human rights due diligence conducted on partner factories and advised the Sustainability department on current programs including the factory workplace monitoring and response to the identified human rights risks.

Source: <https://www.fastretailing.com/eng/about/frway/humanrights.html>

## 1.4 Training

The company:

- (1) trains all relevant decision-makers within the company on risks and policies that address forced labor and human trafficking;
- (2) trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained; and
- (3) engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.

In the “Subcontracting and Procurement” section of our Code of Conduct for Production Partners states: When production partners subcontract production orders submitted by any FAST RETAILING group company to subcontractors, production partners shall ensure that all business activities by such subcontractors are in compliance with this code of conduct. Additionally, when production partners procure raw materials or indirect materials necessary for the manufacture of our products from third parties, production partners shall not conduct business with suppliers whose business activities violate this code of conduct. In the event that production partners will use any subcontractors and/or procure any raw materials or indirect materials necessary for the manufacture of our products from third parties, the consent of FAST RETAILING shall be obtained prior to engaging such third party. In the event FAST RETAILING wishes to confirm that the business activities of the subcontractors and/or suppliers of a production partner are in compliance with this code of conduct, the production partner shall address such requests in good faith and cooperate as required by FAST RETAILING.

Source: [https://www.fastretailing.com/eng/sustainability/labor/pdf/coc\\_en.pdf](https://www.fastretailing.com/eng/sustainability/labor/pdf/coc_en.pdf)

In addition, we state: “Our core sewing factories are required to audit subcontractors to which they have outsourced a part of their production processes and receive approval from Fast Retailing. Subcontractors undergo the same audit as partner factories every year. If a major violation against the Code of Conduct for Production Partners is found in the audit, the subcontractor must remediate the issue within three months and pass the follow-up audit. (Subcontracted Factories Audits)”

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#02>

## 1.5 Stakeholder Engagement

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to suppliers. Furthermore, as forced labor risks tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

In the last three years, the company has engaged relevant stakeholders by:

- (1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; and
- (2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

In February 2019, Fast Retailing signed the commitment to Responsible Recruitment as defined by the Fair Labor Association (FLA) and the American Apparel & Footwear Association (AAFA) in October 2018. This is the industry's commitment to mitigate potential forced labor risks for migrant workers in the global supply chain. We will work with our global partner factories to create conditions so that:

- No workers pay for their jobs,
- Workers retain control of their travel documents and have full freedom of movement,
- All workers are informed of the basic terms of their employment before leaving home.

Driven by its participation in the above commitment to Responsible Recruitment, in September 2019 Fast Retailing launched a new partnership project with the International Organization for Migration (IOM) to study the recruitment and employment conditions of migrant workers in the company's supply chains. The IOM is the leading inter-governmental organization in the field of migration. The partnership project aims to increase visibility into the company's supply chains, as well as to develop our capacity to respond to identified challenges related to the human and labor rights of migrant workers. The collaboration includes an assessment of recruitment practices carried out by our suppliers that employ migrant workers in Japan, Thailand and Malaysia. The project also includes training for Fast Retailing management, sourcing teams, and country officers to embed principles and measures protecting migrant workers in company policies and guidelines. In addition, since October 2019, Fast Retailing has partnered with the Global Alliance for Sustainable Supply Chain (ASSC), a Non-Governmental Organization (NGO) in Japan that promotes initiatives on business-related human rights and working environment issues, including those of migrant workers.

In February 2020, the IOM provided the Sustainability Department with training in supplier mapping. The purpose of the training was to strengthen the capacity of Fast Retailing to enhance labor supply chain integrity and build foundational technical skills and knowledge on ethical recruitment and on the vulnerabilities of foreign migrant workers. The training helped prepare the Fast Retailing Sustainability Department for engagement with suppliers in Thailand, Japan and Malaysia, and to identify and address key risks of exploitative recruitment practices and labor conditions.

The IOM also welcomed representatives of ASSC and the Fair Labor Association (FLA) to this training, seeking to strengthen collaboration and develop joint action towards promoting human and labor rights of migrant workers.

After the training, participants had a better understanding of specific vulnerabilities of foreign migrant workers and forced labor risks in supply chains. We identified actions to address these risks through closer supplier engagement and improving international recruitment practices in line with Fast Retailing's commitment to Responsible Recruitment as defined by FLA and AAFA.

In 2020, with the support of the IOM, FLA and ASSC, we established the Fast Retailing Standards and Guidelines on Responsible Recruitment of Migrant Workers for Production Partners (the Guidelines) and the methodology to assess compliance with the Guidelines by partner factories, and started the assessment of the partner factories on their compliance with the Guidelines.

Source:

<https://www.fastretailing.com/eng/sustainability/labor/partner.html#HumanRightsIssues>

## THEME 2: TRACEABILITY AND RISK ASSESSMENT

### 2.1 Traceability and Supply Chain Transparency

The company discloses:

- (1) the names and addresses of its first-tier suppliers;
- (2) the countries of its below-first-tier suppliers (this does not include raw material suppliers);
- (3) the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and
- (4) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

### 2.2 Risk Assessment

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and
- (2) details on forced labor risks identified in different tiers of its supply chains.

## THEME 3: PURCHASING PRACTICES

### 3.1 Purchasing Practices

Purchasing practices and pricing may both positively impact labor standards in the company's supply chains and increase risks of forced labor and human trafficking.

The company:

- (1) is taking steps toward responsible raw materials sourcing;
- (2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting;

- (3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts); and
- (4) discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

### 3.2 Supplier Selection

The company:

- (1) assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process; and
- (2) addresses risks of forced labor related to sub-contracting and discloses details on the outcomes of this process.

Subcontractors undergo the same audit as partner factories every year.. If a major violation against the Code of Conduct for Production Partners is found in the audit, the subcontractor must remediate the issue within three months and pass the follow-up audit.

We also check if a partner factory uses only authorized subcontractors as part of the annual audit process.

Fast Retailing, "Monitoring and Evaluation of Production Partner Factories" > Workplace monitoring > Subcontracted Factories Audits

<https://www.fastretailing.com/eng/sustainability/labor/partner.html>

### 3.3 Integration into Supplier Contracts

The company:

- (1) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts;
- (2) discloses the percentage of suppliers whose contracts include such standards; and
- (3) requires its suppliers to integrate such standards into contracts with their own suppliers.

## THEME 4: RECRUITMENT

### 4.1 Recruitment Approach

The company:

- (1) has a policy that requires direct employment in its supply chains;
- (2) requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and
- (3) discloses information on the recruitment agencies used by its suppliers.

### 4.2 Recruitment Fees

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

- (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and

In 2020, with the support of the IOM, FLA and ASSC, we established the Fast Retailing Standards and Guidelines on Responsible Recruitment of Migrant Workers for Production Partners (the Guidelines) and the methodology to assess compliance with the Guidelines by partner factories. The Guidelines stipulate the following principles:

- No workers pay for their jobs
- Workers are informed of the basic terms of their employment before signing employment contracts
- Workers retain control of their identity, travel and any other documents

The Guidelines also stipulate the requirements of partner factories and provide detailed guidance on how to comply.

In 2020, we held explanatory sessions for partner factories with foreign migrant workers located in Japan, Thailand and Malaysia to announce and promote their understanding of the Guidelines. Subsequently, we started the assessment of the partner factories on their compliance with the Guidelines. In the assessment, our Sustainability Department members conducted document reviews and interviews with factory management and workers. We will continue to require and help our partner factories to develop and execute corrective action plans in response to findings.

Please find more details at “Responsible Recruitment” on the below website:

<https://www.fastretailing.com/eng/sustainability/labor/partner.html#HumanRightsIssues>

- (2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

#### 4.3 Monitoring and Responsible Recruitment

The company:

- (1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking; and

In 2020, with the support of the IOM, FLA and ASSC, we established the Fast Retailing Standards and Guidelines on Responsible Recruitment of Migrant Workers for Production Partners (the Guidelines) and the methodology to assess compliance with the Guidelines by partner factories. The Guidelines stipulate the following principles:

- No workers pay for their jobs
- Workers are informed of the basic terms of their employment before signing employment contracts
- Workers retain control of their identity, travel and any other documents

The Guidelines also stipulate the requirements of partner factories and provide detailed guidance on how to comply. The requirements include due diligence on labor recruiters (employment/recruitment agencies).

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Please find more details at “Responsible Recruitment” on the below website:  
<https://www.fastretailing.com/eng/sustainability/labor/partner.html#HumanRightsIssues>

- (2) provides details of how it supports responsible recruitment in its supply chains (e.g., by collaborating with stakeholders to engage policy makers to strengthen recruitment standards).

#### 4.4 Rights of Workers in Vulnerable Conditions

Migrant workers and other workers in vulnerable conditions are at a higher risk of being in forced labor, and additional steps are needed to ensure their rights are respected. Conditions which render workers vulnerable may include characteristics such as gender or age and external factors, including workers' legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers).

The company:

- (1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;

In 2020, with the support of the IOM, FLA and ASSC, we established the Fast Retailing Standards and Guidelines on Responsible Recruitment of Migrant Workers for Production Partners (the Guidelines) and the methodology to assess compliance with the Guidelines by partner factories. The Guidelines stipulate the following principles:

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- (2) takes steps to ensure its suppliers refrain from restricting workers’ movement, including through the retention of passports or other personal documents against workers’ will; and

Fast Retailing maps and monitors all sewing factories as well as key fabric mills for human rights abuses, poor labor conditions, environmental preservation practices, and more as per our Code of Conduct for Production Partners. We do this 12 months after the notification date of the previous audit result. We disclose the results of our audits to the public. We contract with third-party entities to perform regular audits which are mainly unannounced. When improvements are required, at times we send Fast Retailing personnel to visit the site in person, helping our partners to implement measures for improvement.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#02>

- (3) discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

1) We established the Fast Retailing Hotline that provides a channel for employees and organizations representing a group of individuals at core sewing factories and fabric manufacturers to contact us directly and anonymously in their local languages. ... We evaluated the functionality of our hotline against the eight criteria defined in the UN Guiding Principles on functional grievance mechanism, using the assessment tool we developed in fall 2019. Results will be further verified by conducting worker interviews in 2020.

Assessment results showed lower scores in "Accessible" and "Equitable" compared to other criteria, and we have implemented initiatives to improve the functionality of our hotline in these areas. To improve accessibility, we have invested in an IT platform with translation services so workers can send us SMS messages in their native language. We also provide multi-language posters so migrant workers can obtain information on how to access our hotline in their native language.

The evaluation also revealed that we need to facilitate access to local expertise or counsel for workers who have raised concerns to us. With the support of International Organization for Migration (IOM), we are mapping and screening local NGOs which can support foreign migrant workers while employed at our partner factories, or when they return to their home countries, in cases where a concern is raised via our anonymous hotline that requires specialist expertise.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#hotline>

2) In 2020, with the support of the IOM, FLA and ASSC, we established the Fast Retailing Standards and Guidelines on Responsible Recruitment of Migrant Workers for Production

Partners (the Guidelines) and the methodology to assess compliance with the Guidelines by partner factories. The Guidelines stipulate the following principles:

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## THEME 5: WORKER VOICE

### 5.1 Worker Engagement

The company:

- (1) takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains;

1) In the “Documentation and Communication” section of our code of conduct stipulates that production partners shall establish and maintain management systems and internal rules that ensure compliance with all the requirements in this code of conduct. Such rules shall be communicated to all management and workers. The management systems include policies and procedures for risk assessments, training, performance measurement, accountability and documentation. Fast Retailing maps and monitors all sewing factories as well as key fabric mills for human rights abuses, poor labor conditions, environmental preservation practices, and more as per our Code of Conduct for Production Partners. We do this 12 months after the notification date of the previous audit result. We contract with third-party entities to perform regular audits which are mainly unannounced. When improvements are required, at times we send Fast Retailing personnel to visit the site in person, helping our partners to implement measures for improvement.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#02>

2) We established the Fast Retailing Hotline that provides a channel for employees and organizations representing a group of individuals at core sewing factories and fabric manufacturers to contact us directly and anonymously in their local languages.

We evaluated the functionality of our hotline against the eight criteria defined in the UN Guiding Principles on functional grievance mechanism, using the assessment tool we developed in fall 2019. Results will be further verified by conducting worker interviews in 2020.

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The evaluation also revealed that we need to facilitate access to local expertise or counsel for workers who have raised concerns to us. With the support of International Organization for Migration (IOM), we are mapping and screening local NGOs which can support foreign migrant workers while employed at our partner factories, or when they return to their home countries, in cases where a concern is raised via our anonymous hotline that requires specialist expertise.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#hotline>

- (2) takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;
- (3) provides evidence of the positive impact of worker engagement in its supply chains; and
- (4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

## 5.2 Freedom of Association

The company:

- (1) works with independent local or global trade unions to support freedom of association in its supply chains;
- (2) discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations;
- (3) takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and
- (4) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

In 2019, a worker representative organization contacted us regarding potential breach of freedom of association in one of our partner factories. We facilitated a dialogue among worker representatives and factory management with the support of an external mediator so both parties could reach an agreement. Another negotiation was set up by the Provincial Department of Labour and Vocational Training. Since no agreement could be reached, this

case was sent to the Arbitration Council. We communicated clearly that Fast Retailing would support the Arbitration Council decision and would expect factory management to follow it. The factory agreed to comply with the Arbitration Council decision.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#hotline>

### 5.3 Grievance Mechanism

The company:

- (1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives;
- (2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;
- (3) takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism;

To improve our hotline from 2020, we sought the views of factory workers, consisting mainly of employee representatives such as union members. So far, we have received feedback that regular explanations by factory management and posters are effective ways to ensure more workers recognize the Fast Retailing hotline. We will continue to raise worker awareness of our hotline by requesting that factories plan explanation sessions and will reconfirm that posters are placed on-site.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#hotline>

- (4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and
- (5) provides evidence that the mechanism is available and used by workers below the first tier in its supply chains.

We established the Fast Retailing Hotline that provides a channel for employees and organizations representing a group of individuals at core sewing factories and fabric manufacturers to contact us directly and anonymously in their local languages.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#hotline>

## THEME 6: MONITORING

### 6.1 Monitoring Process

To improve implementation of its supply chain policies, conditions at supplier level can be monitored in different ways. This could include specialized audits to detect forced labor at higher-risk suppliers or worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities).

The company has a supplier monitoring process that includes:

- (1) non-scheduled visits;
- (2) a review of relevant documents;
- (3) off-site interviews with workers;
- (4) visits to associated production facilities and related worker housing; and
- (5) steps to ensure that suppliers below the first tier are monitored.

## 6.2 Monitoring Disclosure

The company discloses:

- (1) the percentage of suppliers monitored annually;
- (2) the percentage of unannounced monitoring visits;
- (3) the number or percentage of workers interviewed; and
- (4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities); and
- (5) a summary of findings, including details regarding any violations revealed.

## THEME 7: REMEDY

### 7.1 Corrective Action Plans

The company discloses:

- (1) a corrective action process for its suppliers and potential actions taken in cases of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;
- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, or spot-checks;
- (3) potential consequences if corrective actions are not taken; and

In fiscal 2020, for the sole factory evaluated as E, we agreed with factory management on improvements and gave a strict warning that we will reduce or terminate business if violations remain unresolved.

Source:

<https://www.fastretailing.com/eng/sustainability/labor/partner.html#WorkplaceMonitoringResults>

- (4) a summary or an example of its corrective action process in practice.

## 7.2 Remedy Programs / Response to Allegations

### A. The company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and
- (2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers; and

The grievance cases are disclosed on the website:

#### China

In 2020, a worker contacted us with questions on how wages and social insurance deductions were calculated. Fast Retailing heard the details from the worker and confirmed the correct calculation methods based on local legislation. After that, with the consent of the worker, we asked the factory to confirm the payment to the worker as well as to other workers. The factory admitted an error in calculation and paid the difference to the worker who raised the grievance. No errors were found in the payment to other workers. Fast Retailing confirmed with the worker that the payment was completed. We also requested the factory strengthen its verification process.

#### Vietnam

In 2020, a worker brought us a grievance on a manager's behavior that could be regarded as harassment. Fast Retailing visited the factory to confirm whether harassment had occurred. After that, we requested that factory address the issue to halt the manager's harassment and provide managers and workers with training on appropriate communication. We also requested the factory to strengthen their grievance mechanisms. Through confirmation with the worker who reported the harassment and interviews with other workers, we confirmed that the factory took the actions requested and that the manager's behavior had improved.

Source: <https://www.fastretailing.com/eng/sustainability/labor/partner.html#hotline>

- (3) a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

B.1. If one or more additional allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s);
- (3) outcomes of the remedy process in the case of the allegation(s); and
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) a description of what actions it would take to prevent and remediate the alleged impacts;  
and
- (3) that it engages in a dialogue with the stakeholders reportedly affected in the allegation or requires its supplier(s) to do so.

## NON-SCORED DISCLOSURE

### Target Setting

The company discloses measurable and time-bound targets to address forced labor in its supply chains.

*Yes/No. Please provide details.*

The company reports on progress towards achieving previous targets on an annual basis.

*Yes/No. Please provide details.*

### Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

*Yes/No. Please provide link to a publicly available statement.*

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

*Yes/No. Please provide link to a publicly available statement.*

### Due Diligence on Third-Party Products

Where a company—in addition to own branded products—sells third-party food and beverage products, the company discloses how it assesses and addresses forced labor risks related to third-party food and beverage products.

*Yes/No. Please provide details.*

### High Risk Sourcing<sup>1</sup>

*Please provide a full list of raw materials present in your supply chains, or alternatively indicate for each of the commodities below whether it is present in your supply chains. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.*

#### Raw Materials

- Bamboo
- Cashmere\*

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<sup>1</sup> Data according to US Department of Labor's list of Goods Produced by Forced Labor website as of September 2020. Accessed October 2020.

\* = Risk factors identified based on publicly available sources and discussions with expert organizations.

- Cotton
- Rubber (natural)
- Silk
- Viscose\*
- Wool\*

Sourcing Countries for Apparel & Footwear Supply Chains (garments, textiles, etc)

- Argentina
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea
- Thailand
- Vietnam

Presence of Migrant Workers in Supply Chains

*Yes/No. Please provide details.*