

# Fast Retailing Co. Ltd.

**TICKER:**  
TYO:9983

**MARKET CAPITALIZATION:**  
US\$ 43 billion

**HEADQUARTERS:**  
Japan

**15 OUT OF 20**  
Company's Overall Ranking

**38 OUT OF 100**  
Company's Overall Score

Fast Retailing Co. Ltd. (Fast Retailing), the retail holding company of brands including Uniqlo, J Brand, and Theory, ranks 15<sup>th</sup> on the benchmark, with a below average score of 38 out of 100. The company's score is driven by its disclosure on the themes of commitment and governance, purchasing practices, and monitoring. As the fourth-largest company by market capitalization of the 20 companies benchmarked, Fast Retailing has the opportunity to improve across all areas, and in particular on the themes of traceability and risk assessment, recruitment, and worker voice.

## THEME LEVEL SCORE

Commitment and Governance	67 out of 100
Traceability and Risk Assessment	13 out of 100
Purchasing Practices	63 out of 100
Recruitment	0 out of 100
Worker Voice	19 out of 100
Monitoring	58 out of 100
Remedy	50 out of 100

## LEADING PRACTICES

None.

## NOTABLE FINDINGS

### Stakeholder engagement

Fast Retailing discloses that it has engaged with the Responsible Sourcing Network on the issue of forced labor in the Uzbek cotton industry. The company commits to not knowingly source Uzbek cotton for the manufacturing of its products until the government of Uzbekistan ends the practice of forced child and adult labor in its cotton sector. Fast Retailing is also a member of the Fair Labor Association, thus committing to improving working conditions in its supply chain.

### Supplier selection and cascading standards

Fast Retailing discloses that it implements pre-contract monitoring for all new business partners, which includes an assessment of forced labor and human trafficking risks. The outcome of its pre-



contract monitoring determines whether a factory is eligible to do business with Fast Retailing. In addition, the company discloses that its Uniqlo brand shares production plans in advance with suppliers and negotiates production allocations with them.

Fast Retailing discloses its suppliers have to ensure all business activities conducted by subcontractors such as homeworkers are undertaken in compliance with the company's code of conduct. The company also discloses it ensures that its suppliers have their own policies and standards and that those are aligned with the company's code of conduct.

### **Corrective action plans**

Fast Retailing discloses that, when serious violations are identified in its supply chains, the company "sends the CSR sourcing team on fact-finding missions and reviews the partnership contract [...]. After implementing the review, Fast Retailing works with the factory to prevent the recurrence of the violations." The company provides an improvement period depending on the gravity of the violation and verifies the implementation of the corrective actions through a follow-up audit. Where a supplier fails to implement corrective actions, the company will terminate the business relationship.

## **OPPORTUNITIES FOR IMPROVEMENT**

*Note: Depending on the structure and control of the company, the following recommendations may be applicable to the company itself and/or it may be the role of the company to require and ensure its brands implement those recommendations.*

### **Traceability and risk assessment**

While Fast Retailing discloses that it has 100% visibility of its first-tier suppliers of all its brands, the company is encouraged to develop and disclose a process to trace the supply chains of its brands down to commodity level. Further the company is encouraged to disclose the names and locations of the first-tier suppliers of its brands and to disclose at least some information on their suppliers beyond the first tier (e.g., sourcing countries).

While Fast Retailing discloses its focuses its auditing efforts on countries such as Uzbekistan, where it knows there is a high risk of forced labor, the company is encouraged to conduct forced labor risk assessments focused on specific commodities, regions, and/or groups and to disclose the forced labor risks identified throughout its supply chain.

### **Recruitment**

While Fast Retailing discloses that it audits its brands' suppliers on the use of recruitment agencies, the company is encouraged to promote direct hiring of supply chain workers, and—where this is not possible—perform robust due diligence of third-party recruitment agencies. Further, Fast Retailing is encouraged to develop and disclose a policy that requires recruitment agencies in its supply chains to uphold workers' rights, and to require brands and their suppliers to disclose to the company the recruiters that they use.

While Fast Retailing requires that supply chain workers shall not be required to hand over personal legal documents or make deposits of any kind during the recruitment process, Fast Retailing is encouraged to require that no fees be charged during any recruitment processes conducted throughout its supply chains, and, in the event that it discovers that fees have been paid, ensure that such fees are reimbursed.

### Worker voice

While Fast Retailing discloses that it makes its supplier code of conduct available in Japanese, English, and Chinese and communicates its human trafficking and forced labor policies to workers in its supply chain, the company is encouraged to disclose further details on how it communicates its policies to supply chain workers (e.g., through training). Further, the company discloses that it has developed several projects to engage with workers outside the working place (e.g., its Uniqlo brand has introduced a factory worker empowerment project to train female workers on hygiene and household management), the company may consider across its brands to engage supply chain workers outside of the workplace to help them assert their voices. Where there are regulatory constraints on freedom of association, the company may consider encouraging its brands' suppliers to ensure workplace environments in which workers are able to pursue alternative forms of organizing.

Further, while the company requires its brands to implement grievance mechanisms to allow workers to communicate concerns confidentially and without the risk of retaliation, Fast Retailing is encouraged to put in place a grievance mechanism for supply chain workers of its brands and make the mechanism accessible as well as proactively communicate it to suppliers' workers.

### COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)