

Corporate Human Rights Benchmark 2018 Company Scoresheet



Company Name Fast Retailing
Industry Apparel (Supply Chain and Own Operations)
Overall Score (*) 28.0 out of 100

Theme Score	Out of	For Theme
2.8	10	A. Governance and Policies
4.9	25	B. Embedding Respect and Human Rights Due Diligence
0.8	15	C. Remedies and Grievance Mechanisms
3.3	20	D. Performance: Company Human Rights Practices
12.5	20	E. Performance: Responses to Serious Allegations
3.6	10	F. Transparency

(*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

A. Governance and Policies (10% of Total)

A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	2	The individual elements of the assessment are met or not as follows: Score 1 • Met: General HRs commitment: The Code of Conduct (CoC) states that 'Based on the Universal Declaration of Human Rights, International Covenants on Human Rights and other international human rights standards, we shall respect the human rights of each and every person' [Code of Conduct Guid, 03/2018] • Not met: International Bill of Rights: Human rights policy states that 'we respect human rights described in the "International Bill of Human Rights". [Human Rights Policy, 06/2018: fastretailing.com] Score 2 • Met: UNGPs: The Company indicates in its human rights policy that 'The Fast Retailing Group promotes activities that respect human rights following the "United Nations (UN) Guiding Principles on Business and Human Rights". [Human Rights Policy, 06/2018: fastretailing.com]
A.1.2	Commitment to respect the human rights of workers	1.5	The individual elements of the assessment are met or not as follows: Score 1 • Met: ILO Core: The Company has an explicit commitment to each ILO core element, including discrimination, forced labour, child labour, freedom of association and the right to collective bargaining. In addition, the Company states that 'we respect human rights described in the [...] International Labor Organization's (ILO) "Declaration on Fundamental Principles and Rights at Work" as minimum standards'. [Code of Conduct Guid, 03/2018 & Human Rights Policy, 06/2018: fastretailing.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: All four ILO for AP suppliers: The Code of Conduct for production partners contains requirements regarding each ILO core standard. Particularly on relation to worker participation it states: 'Production partners shall recognize and respect the right of workers to associate, organize, and bargain collectively' [Code of conduct for production partners] <p>Score 2</p> <ul style="list-style-type: none"> • Met: All four ILO Core: Explicit mention to each ILO core [Code of Conduct Guid, 03/2018] • Met: Respect H&S of workers: The CoC contains a specific commitment on maintaining a safe work environment [Code of Conduct Guid, 03/2018] • Met: H&S applies to AP suppliers: The Code for production partners contains requirements on health and safety [Code of conduct for production partners] • Not met: working hours for employees: No evidence found regarding public policy commitment on working hours for employees • Met: Working hours for AP suppliers: On this, the code for suppliers contains requirements on regular working hours, maximum and overtime hours, and time for rest. [Code of conduct for production partners]
A.1.3.AP	Commitment to respect human rights particularly relevant to the industry (AP)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Women's Rights: The Company states in its human rights policy that 'we respect children's and women's rights based on the "Children's Rights and Business Principles" and the 'Convention on the Elimination of all Forms of Discrimination Against Women"'. [Human Rights Policy, 06/2018: fastretailing.com] • Met: Children's Rights: See above, the Company is committed to respect children's rights. [Human Rights Policy, 06/2018: fastretailing.com] • Not met: Expecting suppliers to respect these rights: Although suppliers are encouraged to support the Human rights policy, relationships are managed by the principles established in the Code of Conduct for production partners which does not specifically commit to Children or women's rights. [Human Rights Policy, 06/2018: fastretailing.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: CEDAW/Women's Empowerment Principles: Commitment on women's rights is based on the Convention on the Elimination of all Forms of Discrimination Against Women. [Human Rights Policy, 06/2018: fastretailing.com] • Met: Child Rights Convention/Business principles: We respect children's rights based on the "Children's Rights and Business Principles". • Not met: Respecting the right to water • Not met: Expecting suppliers to respect these rights
A.1.4	Commitment to engage with stakeholders	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to stakeholder engagement: The response to KnowTheChain states that 'through strong partnerships with supplier factories, NGO's and MSI's Fast Retailing strives to create working environments where legal rights are protected, human rights are ensured, and employees can work in safe and healthy environments for the long term'. It also discloses that engaged with Responsible Sourcing Network to ban the use of Uzbekistan Cotton, that it is an affiliate of The Fair Labour Association, and states that by joining it 'we have publicly committed to ten Principles of Fair Labour and Responsible Sourcing (and/or Production) and agree to uphold the FLA Workplace Code of Conduct in their supply chain'. However no evidence found of a formal public policy statement committing to engage with affected stakeholders including workers, their families, local communities or other group of people impacted by the company. [Know the Chain 2016, 2016] • Not met: Regular stakeholder engagement <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to engage stakeholders in design • Not met: Regular stakeholder design engagement
A.1.5	Commitment to remedy	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to remedy: The Human Rights policy states that 'We never accept or ignore violations of human rights in any part of our business and supply chain, and take any statement that human rights are not appropriately respected very seriously. We will take appropriate and effective remedies should we discover a human rights issue'. [Human Rights Policy, 06/2018: fastretailing.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies • Not met: Collaborating with other remedy initiatives

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> Not met: Work with AP suppliers to remedy impacts: In addition to the commitment mentioned above, the policy also states that 'we also request and will insist our suppliers effectively remedy any human rights issue on their part'. However, no details found on whether it will collaborate with them in remedy and through which mechanisms. [Human Rights Policy, 06/2018: fastretailing.com]
A.1.6	Commitment to respect the rights of human rights defenders	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Zero tolerance attacks on HRs Defenders (HRDs) <p>Score 2</p> <ul style="list-style-type: none"> Not met: Expects AP suppliers to reflect company HRD commitments

A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: CEO or Board approves policy: The Code of Conduct is prefaced and signed by the CEO. The Fast Retailing Group Human Rights Policy is also signed by the CEO. [Code on website, 03/2018 & Human Rights Policy, 06/2018: fastretailing.com] Not met: Board level responsibility for HRs: The Company states on its website that governance committees support the decision-making duties of the Board of Directors. Separate governance committees oversee, corporate social responsibility, the Code of Conduct, and business ethics'. Among these governance committees, 'The Code of Conduct Committee considers how best to resolve any violations of the Fast Retailing Group Code of Conduct (CoC), The committee is chaired by the Legal Department, and includes auditors and legal advisors'. In addition, in the Know the Chain 2016 response it is indicated that there are other committees like the CSR Committee. However, these committees seem to be composed of senior managers and it is not clear whether the Board of directors is tasked with specific governance oversight over human rights aspects. The Company also reports having a new Human Rights committee made up of external auditors and directors along with the Company's auditors and executive officers from different departments. However, it is not clear if members of the board of directors are involved in this Committee. [Governance on website, 02/2018: fastretailing.com & Human rights on website, 08/2018: fastretailing.com] <p>Score 2</p> <ul style="list-style-type: none"> Not met: Speeches/letters by Board members or CEO
A.2.2	Board discussions	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Board/Committee review of salient HRs Not met: Examples or trends re HR discussion <p>Score 2</p> <ul style="list-style-type: none"> Not met: Both examples and process
A.2.3	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Not met: Incentives for at least one board member: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Not met: At least one key AP HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> Not met: Performance criteria made public

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Senior responsibility fo HR (inc ILO): The Company indicates in the Annual report that the Sustainability Committee 'discusses and determines Fast Retailing's overall sustainability strategy' including social responsibility activities, compliance and diversity. The Sustainability report reports on which are the four priority areas for sustainability which include supply chain and employees, each of which explicitly include human rights among its topics. The Head of the Sustainability department chairs the committee. [Annual report, 08/2017]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> • Met: Day-to-day responsibility: In the Know the chain response from 2016, it indicates that the CSR Department (sustainability department) 'is managed from the Global Headquarters and we have CSR managers and team members located in our other major regions, including China, Bangladesh, Vietnam and Indonesia. Our CSR team also participates in monthly meetings with production Department to verify their plans, and monitors Fast Retailing's order to ensure that proper working conditions are maintained'. [Know the Chain 2016, 2016] • Met: Day-to-day responsibility in supply chain: See above [Know the Chain 2016, 2016]
B.1.2	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Senior manager incentives for human rights • Not met: At least one key AP HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public
B.1.3	Integration with enterprise risk management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: HR part of enterprise risk system <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Audit Ctte or independent risk assessment
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Communicates its policy to all workers in own operations: In the Sustainability report the Company states that 'to ensure that the Code of Conduct is fully understood and put into practice group-wide, FR provides training programs to all employees of the Group. After receiving training, each employee is requested to sign a pledge declaring his or her intention to comply with the code'. No evidence found, however, on whether the Company communicates this in local languages where necessary. [Sustainability report 2018, 02/2018] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Communication of policy commitments to stakeholder • Not met: How policy commitments are made accessible to audience
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Steps to communicate policy commitments to BRs: the Company includes the code for partners in its contracts for suppliers [Sustainability report 2018, 02/2018] • Met: Including to AP suppliers: The code for partners states that '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'. [Code of conduct for production partners] <p>Score 2</p> <ul style="list-style-type: none"> • Met: How HR commitments made binding/contractual: The Sustainability report indicates that 'contracts between FR and partner factories include a provision requiring the factories to agree to and comply with this code'. [Know the Chain 2016, 2016] • Met: Including on AP suppliers: The code for partners also states that 'In the event that production partners will use any subcontractors [...] the consent of FAST RETAILING shall be obtained prior to engaging such third party. In the event that FAST RETAILING wishes to confirm that the business activities of subcontractors [...] 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. [Code of conduct for production partners]
B.1.5	Training on Human Rights	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Trains all workers on HR policy commitments: The Sustainability report states that 'covering compliance, respect for human rights and business ethics, [the Code] was established as a set of basic requirements and guidelines for all FR employees to follow. To ensure that [the code] is fully understood and put into practice world-wide, FR provides training programs to all employees of the Group. After receiving training, each employee is requested to sign a pledge declaring his or her intention is to comply with the code. It also states that 'at training sessions [on the code] we use examples to show how human rights, work safety and environmental initiatives are integral to employees' daily work'. [Sustainability report 2018, 02/2018]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Trains relevant managers including procurement: It also indicates that 'in order to carry out responsible procurement, all relevant departments must ensure proper procedures and operations. For that purpose, FR created these guidelines to clarify specific operational procedures for all relevant departments. Training programs based on the guidelines are also provided to these departments'. [Sustainability report 2018, 02/2018] Score 2 <ul style="list-style-type: none"> • Met: Both requirements under score 1 met: See above
B.1.6	Monitoring and corrective actions	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Monitoring implementation of HR policy commitments: The Company indicates that it monitors working conditions at its sewing and fabric partner factories: 'external specialized organizations periodically inspect labour conditions and environmental initiatives at partner factories, and FR relays the evaluation results to the factories.' The Company includes a chart showing the factory monitoring process. No evidence found, however, on how the company monitors human rights commitments on its own operations. [Sustainability report 2018, 02/2018] • Met: Monitoring AP suppliers: The Sustainability report states that 'external specialized organizations periodically inspect labour conditions and environmental initiatives at partner factories'. 'Since 2015, partner factory monitoring has been carried out in cooperation with Better Work'. [Sustainability report 2018, 02/2018] Score 2 <ul style="list-style-type: none"> • Not met: Describes corrective action process: After inspection, 'FR relays the evaluation results to the factories. If improvements are deemed necessary, FR employees visit the factory to help'. The Company discloses a chart explaining the process of follow up inspections, and periods within audits and follow-up. Although the Company discloses number factories that have each grade of compliance, no evidence found on the amount of breaches/incidents. [Sustainability report 2018, 02/2018] • Not met: Example of corrective action • Not met: Discloses % of supply chain monitored
B.1.7	Engaging business relationships	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: HR affects selection of suppliers: The Sustainability report states that 'contracts between FR and partner factories include a provision requiring the factories to agree to and comply with this code'. In addition, 'factories working with the Group for the first time are also inspected before any contract is signed, allowing for any needed improvements to labour conditions at the earliest stage possible' [Sustainability report 2018, 02/2018] • Met: HR affects on-going supplier relationships: The code for partners states that 'When violations are found, Fast Retailing and the production partner will agree on a corrective action plan that eliminates the problem within a reasonable timeframe. If it is found that a production partner is in violation of this code of conduct, Fast Retailing will take action, which may include immediate cancellation of orders and/or termination of business with the production partner'. [Code of conduct for production partners] Score 2 <ul style="list-style-type: none"> • Met: Both requirement under score 1 met • Not met: Working with suppliers to improve performance: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.
B.1.8	Approach to engagement with potentially affected stakeholders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Stakeholder process or systems • Not met: Frequency and triggers for engagement • Not met: workers in the SP engaged • Not met: communities in the SC engaged Score 2 <ul style="list-style-type: none"> • Not met: Analysis of stakeholder views and company's actions on them

B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Identifying risks in own operations: The Know the Chain response states that 'We risk assess workplaces in our partner factories worldwide to ensure high standards and have a zero tolerance policy for child and forced labour'. However, no evidence found on the formal processes the Company has to identify which are its human rights risks and impacts in specific locations for both its own operations and supply chain. [Know the Chain 2016, 2016] • Not met: Identifying risks in AP suppliers Score 2 <ul style="list-style-type: none"> • Not met: Ongoing global risk identification • Not met: In consultation with stakeholders • Not met: In consultation with HR experts • Not met: Triggered by new circumstances
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Salient risk assessment (and context): The Know the Chain response states that 'We risk assess workplaces in our partner factories worldwide to ensure high standards and have a zero tolerance policy for child and forced labour. We have strict controls to ensure fair wages and prevent excessive working hours. Fast Retailing implements pre-contract monitoring for new business partners. The pre-contract monitoring assessment has led to fewer violations and higher evaluation scores after production commences'. No evidence found, however, how factors such as geographical, social or others are taken into account in the risk assessments. [Know the Chain 2016, 2016] • Not met: Public disclosure of salient risks Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks: Although the Company provides an example, no evidence found of a Global system to take action to prevent, mitigate or remediate its salient issues [Know the Chain 2016, 2016] • Met: Example of Actions decided: In the Know the Chain response the Company states that 'we have focused our efforts where we know there is a high risk of forced labour, such as Uzbekistan. Concerns have been raised that the Government of the Republic of Uzbekistan is involved in the use of child and forced labour in harvesting cotton within its borders' and 'we are working in collaboration with NGOs and other apparel brands to mitigate the risk and to address the issue of child and forced labour in Uzbekistan'. [Know the Chain 2016, 2016] • Not met: Including in AP supply chain: Although the Company provides an example, no evidence found of a Global system to take action to prevent, mitigate or remediate its supply chain salient issues. Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: System to check if Actions are effective • Not met: Lessons learnt from checking effectiveness Score 2 <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Comms plan re identifying risks • Not met: Comms plan re assessing risks • Not met: Comms plan re action plans for risks • Not met: Comms plan re reviewing action plans • Not met: Including AP suppliers Score 2 <ul style="list-style-type: none"> • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications

C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Channel accessible to all workers: The Company states on its website that 'Fast Retailing has set up hotlines that enable employees to discuss workplace issues or report violations of the CoC via phone or email (operations outside Japan: email only). The hotline number and address are posted on the Company intranet and listed on posters in employee lounges to encourage our employees to speak out'. [Compliance on website] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Company discloses in its Sustainability report and on its website the number of hotline cases and its breakdown by kind. However it is not disclosed how many of them are about human rights issues. [Sustainability report 2018, 02/2018] • Not met: Channel is available in all appropriate languages: No evidence found in public sources about hotlines being operated in local language. • Not met: Expect AP supplier to have equivalent grievance systems: The code for partners states that 'all production partners shall implement grievance mechanisms to allow all workers confidentially communicate concerns to the production partner's management and the worker representative without the risk of retaliation and provide effective means remedy such grievances'. No evidence found, however, on requirements to convey the same expectation to their suppliers. [Code of conduct for production partners] • Not met: Opens own system to AP supplier workers: The Company indicates that it began a pilot of a whistleblower hotline in November 2017 to enable factory workers (supply chain) to directly report concerns to Fast Retailing. The Company 'rolled out the hotline to all core UNIQLO and GU production partners in June 2018. Fast retailing identifies human rights violations and takes appropriate remedies for issues through the hotline'. However, it is not clear that the hotline is available for all the supply chain; GU and UNIQLO represent together about 92% of sales, but the channel does not seem to be available to all their factories either (mentioned all core factories). [Sustainability report 2018, 02/2018 & Human rights and workplace conditions, 29/06/2018: fastretailing.com]
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Grievance mechanism for community: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Describes accessibility and local languages: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Expects AP supplier to have community grievance systems: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: AP supplier communities use global system: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages users to create or assess system • Not met: Description of how they do this <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Engages with users on system performance • Not met: Provides user engagement example on performance • Not met: AP suppliers consult users in creation or assessment
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Response timescales: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: How complainants will be informed <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Escalation to senior/independent level

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.5	Commitment to non-retaliation over complaints or concerns made	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Public statement prohibiting retaliation: The Code of conduct states that 'Fast Retailing Group companies shall fully ensure the protection of privacy of a consulting individual. Moreover, they shall absolutely prohibit any retaliation against a reporting or consulting individual and shall not allow any adverse treatment as a result'. However, no evidence found of the hotline being open to other stakeholders. [Code of Conduct Guid, 03/2018] • Not met: Practical measures to prevent retaliation: The Company indicates on its website that 'hotline personnel investigate each report while protecting the reporter's anonymity' [Compliance on website] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Has not retaliated in practice: CHRБ has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Expects AG suppliers to prohibit retaliation: The Code of Conduct for Production Partners states that 'production partners shall implement grievance mechanisms to allow all workers to confidentially communicate concerns to the production partner's management and the worker representative without the risk of retaliation'. No evidence found, however, on whether this requirement is extensive to other stakeholders. [Code of conduct for production partners]
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Won't impede state based mechanisms: CHRБ has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Complainants not asked to waive rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Will work with state based or non judicial mechanisms: CHRБ has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Example of issue resolved (if applicable)
C.7	Remedying adverse impacts and incorporating lessons learned	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided: CHRБ has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Says how it would remedy key sector risks <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition: CHRБ has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism

D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.1.a	Living wage (in own production or manufacturing operations)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Living wage target timeframe: CHRБ has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Describes how living wage determined <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Achieved payment of living wage • Not met: Regularly review definition of living wage with unions
D.2.1.b	Living wage (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Living wage in supplier code or contracts: However, the code for partners state that 'production partners shall recognize that each worker has a right to wages that meet the worker's basic needs and provide some discretionary income. Such wages shall be equal or better than the higher of minimum wage or the prevailing industry wage'. [Code of conduct for production partners] • Not met: Improving living wage practices of suppliers: CHRБ has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Not met: Provide analysis of trends in progress made
D.2.2	Aligning purchasing decisions with human rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Avoids business model pressure on HRs: In addition compliance monitoring, the Company indicates that ‘inspection teams from UNIQLO’s six regional production offices regularly visit partner factories to verify quality control systems, manufacturing conditions [...]. During the visits, the teams hold meetings to discuss solutions to various issues and work with local management to review the volume and schedule of production capacity to help ensure that specified working hours are maintained’. [Sustainability report 2018, 02/2018] • Not met: Positive incentives to respect human rights: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
D.2.3	Mapping and disclosing the supply chain	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifies suppliers back to product source (farm, ranch etc): The Company discloses lists of core partner factories for two brands. However, it is not clear whether these lists include direct and indirect suppliers. It is not clear whether it maps the rest of its supply chain. [Supply chain workplace monitoring on website] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Discloses significant parts of supply chain and why: The Company discloses a list of 'core partner factories' of UNIQLO and GU. UNIQLO and GU account for more than 90% of the Company's revenues. [Supply chain workplace monitoring on website]
D.2.4.a	Child labour: Age verification and corrective actions (in own production or manufacturing operations)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Does not use child labour: The Company’s code states that ‘under no circumstances shall we tolerate the labour of children under the minimum working age or forced labour against a person’s will’. [Code of Conduct Guid, 03/2018] • Not met: Age verification of applicants and workers: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remediation if children identified: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.
D.2.4.b	Child labour: Age verification and corrective actions (in the supply chain)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Child Labour rules in codes or contracts: The Code for partners states that ‘no person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher’. However, no further guidelines and requirements found. [Code of conduct for production partners] • Not met: How working with suppliers on child labour: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made
D.2.5.a	Forced labour: Debt bondage and other unacceptable financial costs (in own production or manufacturing operations)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Pays workers in full and on time • Not met: Payslips show any legitimate deductions <p>Score 2</p> <ul style="list-style-type: none"> • Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.5.b	Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Debt and fees rules in codes or contracts: The Code for partners, in its forced labour statement states that workers shall not be required to 'make deposits of any kind at any time during the recruitment and employment process'. [Code of conduct for production partners] Not met: How working with suppliers on debt & fees: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made
D.2.5.c	Forced labour: Restrictions on workers (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Does not retain documents or restrict movement Score 2 <ul style="list-style-type: none"> Not met: How sure about agencies or brokers
D.2.5.d	Forced labour: Restrictions on workers (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Free movement rules in codes or contracts: The Code of Conduct for Production Partners states that 'Workers shall not be required to submit original personal legal documents or make deposits of any kind at any time during the recruitment and employment process. Workers' freedom of movement shall not be restricted in either their workplace or living quarters'. [Code of conduct for production partners] Not met: How these practices are implemented and monitored for agencies, labour brokers or recruiters: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made
D.2.6.a	Freedom of association and collective bargaining (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Commits not to interfere with union rights and collective bargaining and prohibits intimidation and retaliation Not met: Discloses % covered by collective bargaining Score 2 <ul style="list-style-type: none"> Not met: Both requirement under score 1 met
D.2.6.b	Freedom of association and collective bargaining (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: FoA & CB rules in codes or contracts: The code for partners indicates that 'production partners shall recognize and respect the right of workers to associate, organize and bargain collectively'. However, no further guidelines found [Code of conduct for production partners] Not met: How working with suppliers on FoA and CB: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met Not met: Provide analysis of trends in progress made
D.2.7.a	Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Injury Rate disclosures: The Company only reports number of work-related accidents in Japan for the last three years [Sustainability report 2018, 02/2018] Not met: Lost days or near miss disclosure Not met: Fatalities disclosures Score 2 <ul style="list-style-type: none"> Not met: Set targets for H&S performance: CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator. Not met: Met targets or explains why not

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Sets out clear Health and Safety requirements: The code for partners states that they 'shall provide all workers with a safe and healthy environment, ensuring proper health and safety management; building and fire safety; safety of machinery and equipment; access to potable water and suitable sanitary facilities; and safe handling of chemicals. The same standards shall apply to housing for workers' [Code of conduct for production partners] • Not met: Injury rate disclosures: CHR B has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Lost days or near miss disclosures • Not met: Fatalities disclosures Score 2 <ul style="list-style-type: none"> • Not met: How working with suppliers on H&S: CHR B has not identified any documents in the public domain which provide all the information required to meet this indicator. • Not met: Provide analysis of trends in progress made
D.2.8.a	Women's rights (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Process to stop harassment and violence: The Company indicates in its human rights policy that it respects women's rights based on the Convention on the Elimination of all Forms of Discrimination Against Women. However, no further details found. [Human Rights Policy, 06/2018: fastretailing.com] • Not met: Working conditions take account of gender: See above • Not met: Equality of opportunity at all levels: The Company is actively working in advancing the careers of female employees and has the objective of having women in at least 30% of management positions group-wide. However, no specific evidence found on monitoring equal opportunity for women in the workforce throughout all levels of employment. [Sustainability report 2018, 02/2018] Score 2 <ul style="list-style-type: none"> • Not met: Meets all of the requirements under score 1
D.2.8.b	Women's rights (in the supply chain)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Women's rights in codes or contracts: The code for suppliers states that production partners shall employ workers on the basis of their ability to do the job and don't discriminate on the basis of race, gender, colour, etc. However, no further details found (like equal pay for equal work, eliminating safety concerns and measures to ensure equal opportunities). [Code of conduct for production partners] • Not met: How working with suppliers on women's rights Score 2 <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met • Not met: Provide analysis of trends in progress made
D.2.9.a	Working hours (in own production or manufacturing operations)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Respects max hours, min breaks and rest periods in its own operations Score 2 <ul style="list-style-type: none"> • Not met: How it implements and checks this
D.2.9.b	Working hours (in the supply chain)	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Working hours in codes or contracts: The code for partners states that these 'shall comply with working hour limits established by applicable laws, but under no circumstances shall regular weekly working hours exceed 48 hours per week. The sum of regular and overtime hours in a week shall not exceed 60 hours. Production partners shall also maintain accurate time-in/out records of each worker'. [Code of conduct for production partners] • Not met: How working with suppliers on working hours: CHR B has not identified any documents in the public domain which provide all the information required to meet this indicator. Score 2 <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met • Not met: Provide analysis of trends in progress made

E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> • Area: Excessive hours in the supply chain • Headline: Students & Scholars Against Corporate Misbehaviour (SACOM) alleged that workers at two of the Company's supplier factories in China were working excessive hours • Sources: SACOM, 09/01/2015 - sacom.hk "New York Times, 16/01/2015 Fast Retailing press release 11/01/2015 [link broken but referred to in Sacom press releases, 11/02/2015 and 21/08/2015 - sacom.hk and sacom.hk /] Company website: 'Supplier policy on working hours' fastretailing.com • Allegation: Students & Scholars Against Corporate Misbehaviour (SACOM) published a report in January 2015 alleging two factories that supply Fast Retailing had perpetrated labour abuses. The report, entitled '2015 Garment Campaign Investigative Report on the Working Conditions in UNIQLO's China Suppliers', investigated labour working conditions at Pacifica (Panyu) Textiles Ltd (Pacific) and Dongguan Leun Thai Garment Co. Ltd (Luenthai), both located in Guangdong province in China. These factories are the key suppliers of the Company. The NGO's Labour Action China (LAC) and Human Rights Now (HRN) coordinated with SACOM in the project. The investigation was carried out in 2014. The report alleged workers were subjected to excessive hours at both factories. At Pacific the average working hours were 11 hours a day, excluding an hour for lunch and dinner breaks. The workers took only one or two days off per month which resulted in 308 working hours in total a month. At Luenthai, the average working hours were also 11 hours a day and the total working hours per month was 286 hours. SACOM also alleged that some workers had to sign the 'voluntary application of overtime work'. Moreover, when overtime was more than 100 hours and when employees worked overtime on Sundays, SACOM claimed that these hours were recorded manually instead of by the computer system. This was allegedly done to avoid being flagged by auditors.
E(1).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The Company has responded publicly to the allegations. In its response the Company's executive officer in charge of corporate social responsibility, Yukihiko Nitta, stated that: 'Respecting human rights and ensuring appropriate working conditions for the workers of our production partners are top priorities for Fast Retailing, and in this we are completely aligned with SACOM.' The Company added that: 'Fast Retailing would step up monitoring at the factories, including those that supply textiles to its direct suppliers.' The Company also announced an 'Action Plan' that describes the steps to improve the working conditions in the two factories. <p>On the Company's website, it announced that: 'Fast Retailing instructed Tomwell Garment Co., Ltd. and Pacific (Pan Yu) Textiles Limited to take several steps (per the statement Fast Retailing issued on January 15) to improve working conditions'. For Luenthai, after reviewing production capacity and schedule, it reduced working hours of all factory workers. For Pacific, it increased holidays for workers to one mandatory day per week and from March 2015, existing workforce numbers were reviewed and a system for reducing working hours was created while keeping production volumes.</p>
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised • Met: Policies apply to the type of business relationships involved <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The Company has a supplier policy on working hours which states 'under no circumstances shall total weekly working hours exceed 60 hours per week. Production partners shall provide workers with at least one day off in seven. Production partners shall also maintain accurate time-in/out records of each worker. Overtime must be voluntary and compensated at a premium rate.'
E(1).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages with affected stakeholders • Not met: Encourages linked business to engage affected stakeholders • Not met: Provides remedies to affected stakeholders • Met: Has improved systems and engaged affected stakeholders:

Indicator Code	Indicator name	Score (out of 2)	Explanation
			The Company states that from January 2015, it began 'enhancing its workplace monitoring further, including the monitoring of working hours together with the Production department.' It also publishes the progress made with regards to the allegations raised by SACOM. Score 2 <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims • Met: Has improved systems and engaged affected stakeholders

F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	1.58 out of 4	Out of a total of 48 indicators assessed under sections A-D of the benchmark, Fast Retailing made data public that met one or more elements of the methodology in 19 cases, leading to a disclosure score of 1.58 out of 4 points.
F.2	Recognised Reporting Initiatives	2 out of 2	The individual elements of the assessment are met or not as follows: Score 2 <ul style="list-style-type: none"> • Met: Company reports on GRI: On its website the Company discloses a GRI index [GRI Table, 25/04/2018: fastretailing.com]
F.3	Key, High Quality Disclosures	0 out of 4	Fast Retailing met 0 of the 10 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator. Specificity and use of concrete examples <ul style="list-style-type: none"> • Not met: Score 2 for A.2.2 : Board discussions • Not met: Score 2 for B.1.6 : Monitoring and corrective actions • Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers • Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) Discussing challenges openly <ul style="list-style-type: none"> • Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts • Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned Demonstrating a forward focus <ul style="list-style-type: none"> • Not met: Score 2 for A.2.3 : Incentives and performance management • Not met: Score 2 for B.1.2 : Incentives and performance management • Not met: Score 1 for D.2.1.a : Living wage (in own production or manufacturing operations) • Not met: Score 2 for D.2.7.a : Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations)

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

The Benchmark is made available on the express understanding that it will be used solely for general information purposes. The material contained in the Benchmark should not be construed as relating to accounting, legal, regulatory, tax, research or investment advice and it is not intended to take into account any specific or general investment objectives. The material contained in the Benchmark does not constitute a recommendation to take any action or to buy or sell or otherwise deal with anything or anyone identified or contemplated in the Benchmark. Before acting on anything contained in this material, you should consider whether it is suitable to your particular circumstances and, if necessary, seek professional advice. The material in the Benchmark has been put together solely according to the CHRB methodology and not any other assessment models in operation within any of the project partners or EIRIS Foundation as provider of the analyst team.

No representation or warranty is given that the material in the Benchmark is accurate, complete or up-to-date. The material in the Benchmark is based on information that we consider correct and any statements, opinions, conclusions or recommendations contained therein are honestly and reasonably held or made at the time of publication. Any opinions expressed are our current opinions as of the date of the publication of the Benchmark only and may change without notice. Any views expressed in the Benchmark only represent the views of CHRB Ltd, unless otherwise expressly noted.

While the material contained in the Benchmark has been prepared in good faith, neither CHRB Ltd nor any of its agents, representatives, advisers, affiliates, directors, officers or employees accept any responsibility for or make any representation or warranty (either express or implied) as to the truth, accuracy, reliability or completeness of the information contained in this Benchmark or any other information made available in connection with the Benchmark. Neither CHRB Ltd nor any of its agents, representatives, advisers, affiliates, directors, officers and

employees undertake any obligation to provide the users of the Benchmark with additional information or to update the information contained therein or to correct any inaccuracies which may become apparent (save as to the extent set out in CHRB Ltd's appeals procedure). To the maximum extent permitted by law any responsibility or liability for the Benchmark or any related material is expressly disclaimed provided that nothing in this disclaimer shall exclude any liability for, or any remedy in respect of, fraud or fraudulent misrepresentation. Any disputes, claims or proceedings this in connection with or arising in relation to this Benchmark will be governed by and construed in accordance with English law and submitted to the exclusive jurisdiction of the courts of England and Wales.

As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.