FAST RETAILING Group
Code of Conduct for Production Partners

FAST RETAILING COMMITMENT

At FAST RETAILING, we are committed to creating truly great clothing and bringing joy of wearing clothes to customers all over the world. The concept of providing truly great clothing includes maintaining integrity, respecting human rights and caring for the environment in every aspect of our business activities.

We are also committed to supporting our production partners to meet the standards of the code of conduct by engaging in responsible purchasing practices. We believe in the importance of building strong and long-term partnership with our production partners, especially ones that demonstrated ownership in establishing robust management systems and implementing effective initiatives to ensure decent working environments and sustainability throughout the manufacturing process of our products.

Should any of FAST RETAILING purchasing practices prevent production partners from complying with the code of conduct, we shall immediately analyze the situation and carry out appropriate measures.

APPLICABILITY

This code of conduct sets out the principles of engagement with production partners, minimum standards, and expectations on management systems to be met by all manufacturers (including their subcontractors) involved in manufacturing FAST RETAILING Group companies’ products, accessories of our products and items related to our products, i.e. our production partners.

We must ensure that all people are treated fairly and with dignity, have freedom and equal opportunity and treatment, and aspirations in their working lives.

All persons involved in production or operations, who maintain any kind of employment relationship (regardless of the form, such as direct / indirect / contract / contingent / temporary / probationary etc.) with our production partners are covered by this code of conduct.

We also recognize the need to take particular care for socially vulnerable groups common in apparel supply chains, including female workers, foreign migrant workers, young workers, and any minority groups etc. This code of conduct also sets minimum standards for these specific vulnerable groups.

PRINCIPLES OF ENGAGEMENT WITH PRODUCTION PARTNERS

Legal Requirements

Production partners must comply with all applicable international, local laws and regulations, legal requirements, and applicable treaties in the country or countries in which they operate (hereinafter referred to as “Laws”). However, FAST RETAILING’s requirements may exceed those requirements set out in local laws in order to safeguard worker rights under applicable national and international labor and social security Laws. When differences or conflicts in standards arise, production partners are expected to apply the higher standard.
Transparency and Integrity

FAST RETAILING expects all business with our production partners to be carried out in an ethical and transparent manner. FAST RETAILING does not tolerate any forms of unethical behavior by anyone, whether our own employees\(^1\) or our production partners, including bribery, concealment or falsification of records, or influencing workers to mislead FAST RETAILING and its designated agents. Production partners must allow FAST RETAILING and its designated agents to access all workers, all facilities, including manufacturing and accommodations provided or arranged by production partners, and relevant documents to confirm compliance with the code of conduct, with or without notice provided in advance.

Support on Continuous Improvement and Remedy

FAST RETAILING never accepts or ignores violations of human rights and takes very seriously any allegation that human rights are not appropriately respected. When violations or risks are identified, FAST RETAILING and our production partner will take appropriate remedy promptly to resolve the issues effectively.

If need be, reasonable assistance to our production partner will be provided by FAST RETAILING, which may include training and capacity building, and strengthening management systems.

If it is found that any production partner is in violation of this code of conduct, or lacks the commitment to implement changes and remediation, FAST RETAILING will take actions, which may include immediate cancellation of orders and/or termination of business with the production partner.

MINIMUM STANDARDS

Child Labor

Production partners shall not employ persons under the age of 15 or under the age for completion of compulsory education, whichever is higher. In case of hiring workers under the age of 18, it is strictly required for production partners to comply with all relevant Laws including, but not limited to, regulations related to hiring, working conditions, types of work, hours of work, proof of age documentations, and overtime.

Forced Labor and Responsible Recruitment

Production partners shall not use any bonded, indentured, forced, or slave labor, labor conducted by prisoners, labor similar to slavery, or labor engaged through human trafficking.\(^2\) Forced labor may include the abuse of vulnerability, deception, restriction of movement, isolation, physical or sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and forced or excessive overtime\(^3\).

Consistent with the International Labour Organization (hereafter “ILO”)’s definition on Recruitment

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\(^1\) If production partners found any concerns in FAST RETAILING employees’ behaviour, please report the incident to FAST RETAILING immediately.

\(^2\) The Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery (1957) shall be referred for the definitions of “slavery” and practices “similar to slavery”, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children (2000) shall be referred for the definition of “human trafficking,” and International Labour Organization Convention No. 29 shall be referred for the definition of “forced labor.”

Fees and Related Costs, production partners are required to cover all fees and costs associated with recruitment, employment and return of foreign migrant workers, irrespective of whether labor recruiters are involved or a government hiring program is used. Foreign migrant workers are at no stage required to advance any recruitment fees and related costs that are otherwise to be paid by the production partner.

When foreign migrant workers have paid recruitment fees and related costs, these are reimbursed fully, if possible before departure, but at a minimum within 30 days of the start of the worker’s arrival and start of the employment with the employer.

Production partners, labor recruiters or other third parties shall under no circumstances withhold foreign migrant workers’ original personal documents, including identification card, passport, visas, work permit, payment cards, bank books, travel or residency permits, school certificates, police clearances or other personal documents. Production partners are required not to hold personal documents on behalf of foreign migrant workers for the purpose of safekeeping, even with consent from the workers. Foreign migrant workers are not required to lodge deposits to gain access to their documents.

Production partners shall ensure a full presentation and explanation on terms and conditions in a language the worker understands, prior to the selection of candidates and pre-departure to host country, including contents or items written in company rules and regulations of recruitment and employment.

**Coercion and Harassment**

Production partners must treat all workers with respect and dignity. Production partners shall not use corporal punishment or any forms of coercion. Production partners shall not engage in or permit any forms of abuse, including physical, verbal, or psychological abuse, or any forms of harassment, including sexual harassment⁴. Abuse and any form of harassment is not acceptable in the workplace or in any facilities related to the workplace, including transportation to or from work provided by production partners and accommodation.

All workers are protected from retaliation for complaining about harassment.

To appropriately address and prevent abuse and any form of harassment, production partners shall have a written system of progressive discipline, e.g. the application of escalating disciplinary action from verbal warnings to suspension and finally to termination.

**Discrimination**

Production partners shall employ workers on the basis of their ability to do the job. Production partners shall ensure all workers are protected against discrimination on the basis of race, gender, color, nationality, religion, age, maternity, marital status, social or ethnic origin, sexual orientation, political opinion, disability, affiliation, non-affiliation, or any other status.

All legally mandated requirements for the protection or management of special categories of workers, including migrant, young workers, contract/contingent/temporary, probationary workers, pregnant or disabled workers, are implemented.

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⁴ Sexual harassment, including unwelcome sexual advances, unwanted hugs and touches, suggestive or lewd remarks, requests for sexual favors, and the display of indecent, derogatory, or pornographic pictures, posters, drawings, or videos, is prohibited.
Health and Safety

Production partners 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 personal protection equipment, potable water and suitable sanitary facilities; and safe handling of chemicals. The same standards shall also apply to accommodation for workers.

Freedom of Association

Production partners shall recognize and respect the right of workers, irrespective of their sex, to associate, organize, and bargain collectively. When the right to freedom of association and collective bargaining is restricted under law, employers shall not obstruct legal alternative means for all workers to join or form associations.

Production partners shall not use any form of physical or psychological violence, threats, intimidation, retaliation, harassment, or abuse against union representatives and workers, irrespective of their sex, seeking to form or join an organization of their own choosing or on basis of their worker representative role or activities.

Wages and Benefits

Production partners shall furnish wages and benefits in full and on time to all workers for comparable work, make all legally mandated deductions for taxes, social insurance, or other benefits, and provide workers with employment contracts in compliance with all applicable law.

Production partners shall also maintain wage-related documentation.

No monetary deductions shall be permitted for disciplinary action.

Production partners shall recognize that each worker has a right to compensation for a regular workweek that meets the worker's basic needs (such as food, water, housing, healthcare, education, transport, and clothing) and provide some discretionary income for the workers and their families.

Such wages shall be equal or better than the higher of minimum wage or the prevailing industry wage. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with FAST RETAILING and other organizations to take appropriate actions that seek to progressively realize a level of compensation that does.

Working Hours

Production partners 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 provide workers with at 24 consecutive hours of rest in every seven day period. Production partners shall also maintain accurate time-in/out records of each worker. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate.

Environmental Protection

Apart from complying with all applicable environmental Laws, production partners shall strive to mitigate the negative impact production has on the environment and climate, including reductions of greenhouse gases emissions and pollutants, proper waste and chemical management, and water preservation. Production partners shall improve their environmental performance by meeting the
requirements embodied in Fast Retailing Group Environmental Commitment for Production Partners, which may go beyond national regulations and expectations.

**MANAGEMENT SYSTEMS**

Production partners are expected to 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 may include policies and procedures for risk assessments, training, performance measurement, accountability and documentation. When handling documents that contain personal information, production partners must obtain the prior consent of all workers involved before allowing access to relevant documents to FAST RETAILING and its designated agents.

**Grievance Mechanism**

Production partners shall implement anonymous 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 and provide effective means that remedy such grievances.

**Subcontracting and Procurement**

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. Unauthorized subcontracting is strictly prohibited. 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.

**Traceability**

Production partners shall work with FAST RETAILING to ensure the traceability of products manufactured in the supply chain. In the manufacturing of FAST RETAILING group products, production partners shall accurately declare and cooperate, if reasonably requested, to provide information of raw materials and traceability of production processes.
As a corporate representative of a production partner of FAST RETAILING,

- We have read and fully understood the terms and content in the code of conduct stated above, as well as the terms of the Guidebook for Production Partners and the accompanying explanation by FAST RETAILING or its designated agents.
- We understood the FAST RETAILING workplace monitoring program, and agree to cooperate with FAST RETAILING or its designated agents on audit and monitoring activities to verify our compliance with the code of conduct.
- We understand that failure to comply with the code of conduct may result in immediate cancellation of orders and/or termination of business with all FAST RETAILING group companies.
- In the event that violations are found, we pledge to actively cooperate with FAST RETAILING and contribute to any subsequent remedial activities.
- We agree to obtain third-party certification to prove transparency in the supply chain if reasonably requested by FAST RETAILING.
- We agree to participate and support, where applicable, industrywide initiatives and partnerships FAST RETAILING engages in, and actively contribute to resolving issues in the apparel industry.
- We hereby agree that this document shall take effect on the executed date below and shall remain in effect throughout the course of the transactions and business with all FAST RETAILING group companies. Additionally, this document shall be made available to factory workers in written form and relevant languages.

This FAST RETAILING Group Code of Conduct for Production Partners is made in English and translated into other languages. This English text is the original and texts in other languages are for reference purposes. If there is any conflict or inconsistency between texts, the English text shall prevail.