



MODERN SLAVERY STATEMENT OF UNIQLO AUSTRALIA

This statement is in accordance with the requirement that UNIQLO Australia Pty Ltd (**UNIQLO Australia**) report for the fiscal year from 1 September 2020 to 31 August 2021 (**Fiscal Year 2021**) under the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**). In this statement, UNIQLO Australia adopts the meaning of modern slavery as defined in the Modern Slavery Act.

As a member of the Fast Retailing Group (**Fast Retailing**), UNIQLO Australia's mission is to create apparel that not only emphasizes quality, design and price but also meets the definition of good clothing from the standpoint of the environment, people and society. We seek to nurture good relationships with local communities and all people with whom we are in contact. Through our business, we seek to contribute to the development of a prosperous society and to the realisation of a better world.

This is UNIQLO Australia's second modern slavery statement. In this statement, we show the actions we have taken since our first statement and demonstrate the continued evolution of our efforts to eliminate modern slavery from our supply chain and businesses, to uphold human rights and realise a better world. Significant developments since our previous statement include Fast Retailing developing the following initiatives.

- Continuing efforts to improve traceability and transparency throughout the entire supply chain, all the way from garment manufacturer to raw materials.
- The introduction of a new factory monitoring program, to establish a continuous cycle for factories to identify issues and make improvements through their own management systems.
- A commitment to realise a living wage for workers in the supply chain: not only a minimum wage for workers, but a living wage that gives workers a higher standard of living.

REPORTING ENTITY AND CORPORATE STRUCTURE OF REPORTING ENTITY

UNIQLO Australia is a wholly owned subsidiary of Fast Retailing Singapore, itself a wholly owned subsidiary of Fast Retailing Co., Ltd. (**Fast Retailing**), a company which is listed on the Tokyo Stock Exchange. UNIQLO Australia does not itself own or control other entities.

OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY

Operations: retail sale of UNIQLO casual wear

UNIQLO Australia is a retailer of UNIQLO branded men's, women's and children's fashion apparel, footwear, small gift items and related accessories (**UNIQLO casual wear**). We employ over 1,800 people across our Melbourne headquarters and 26 Australian retail stores.

Supply chains: UNIQLO casual wear

Fast Retailing is an apparel retail group with global operations, mainly conducted through its UNIQLO casual wear brand.



UNIQLO Australia does not manufacture UNIQLO casual wear.

UNIQLO Australia procures UNIQLO casual wear through our supplier agent, UNIQLO Co., Ltd., also a subsidiary of Fast Retailing. However, it is garment factories that are the ultimate suppliers of the product in the supply chain.

Fast Retailing engages with all levels of its UNIQLO casual wear supply chain which can either include an individual manufacturing entity such as the garment factory, the fabric mill and the raw material supplier, or a combination of those entities (in each case, a **Production Partner**), as detailed further in the workplace monitoring section of this statement below.

Supply chains: other goods and services

UNIQLO Australia procures a range of other goods and services from Australian and international suppliers. For example, information and communication technology services and products, marketing and media collateral and services, various professional services (including facilities and property management, financial, insurance and legal), and transport, storage, construction, security and maintenance services.

RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY

Operations

UNIQLO Australia has assessed its retail operations as being at low risk of modern slavery.

Our operations primarily involve our personnel delivering a retail experience in stores or carrying out various other business and operational functions in our Melbourne headquarters. UNIQLO Australia has human resources policies and procedures in place and is compliant with Australia's framework of legislation, including the *Fair Work Act 2009* (Cth), that govern its workplaces. This framework regulates and protects our workplace conditions and employee health and safety and operates to prevent modern slavery in Australian workplaces.

Supply chains: UNIQLO casual wear

Production of fabric for and manufacture of UNIQLO casual wear is conducted by garment factories and fabric mills in countries including China, Vietnam, Indonesia, Bangladesh, and India. Workers in fabric and garment manufacturing in some of these regions of the world are known to be at risk of modern slavery.

Fast Retailing recognises salient human rights risks that continue to exist in the UNIQLO casual wear supply chain. These can include child labour, illegal employment of young workers, forced labour, coercion and harassment, discrimination, serious health and safety violations, serious violation of freedom of association, insufficient wage payments, excessive working hours, transparency issues such as false records and unauthorised subcontracting.

The COVID-19 pandemic has caused large-scale disruption, placing increased pressure on global supply chains and contributing to risk.

UNIQLO Australia therefore recognises that these human rights risks are also indicators of a risk of modern slavery in our supply chain.



Supply chains: other goods and services

We procure goods and services from international and Australian providers and acknowledge that suppliers present different forms and degrees of modern slavery risks.

UNIQLO Australia undertook a review of all suppliers of other goods and services in the Fiscal Year 2020. Our review indicated there is not a high risk of modern slavery in this aspect of our supply chain. Most of the suppliers to UNIQLO Australia are service providers, whose personnel are providing services within Australia and therefore will be governed by a framework of Australian legislation.

However, we acknowledge that risks of modern slavery can be "hidden" further along a supply chain. For this reason, UNIQLO Australia will complete a further review of suppliers in future. Areas UNIQLO Australia may focus on, due to those areas having higher modern slavery risk factors, are likely to include security services, ICT and electronics procurement, and cleaning services.

ACTIONS TAKEN BY THE REPORTING ENTITY TO ASSESS AND ADDRESS RISKS OF MODERN SLAVERY IN ITS SUPPLY CHAIN, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES, AND HOW THE REPORTING ENTITY ASSESSES THE EFFECTIVENESS OF SUCH ACTIONS

This statement will focus on the aspect of UNIQLO Australia's operations and supply chain that we consider to be at the highest risk of modern slavery, which is the UNIQLO casual wear supply chain.

To safeguard human rights and protect against modern slavery risks in the supply chain, Fast Retailing has taken a range of initiatives, including establishing the policies and processes that are outlined in this statement. In a significant development for Fast Retailing, it is now working to strengthen traceability and to confirm good working environments are maintained throughout the entire supply chain, down to raw materials level, in accordance with international guidelines.

These policies and approaches also apply to UNIQLO Australia, as we are a Fast Retailing company.

Human Rights Policy, Responsible Procurement and Working Environments: establishing a supply chain that respects people's human rights

Fast Retailing has a [Human Rights Policy](#) that is in accordance with international standards including the United Nations Guiding Principles on Business and Human Rights (**UNGP**) and the International Labour Organization's (**ILO**) Declaration of Fundamental Principles and Rights at Work. Part of the policy's purpose is to promote respect for and safeguard human rights, and to avoid violation of human rights that can occur through, for example, child labour or forced labour.

This policy applies to all employees of Fast Retailing and all workers in Fast Retailing's supply chain. It sets Fast Retailing's minimum acceptable standards to protect human rights. In Fiscal Year 2021, under the policy, the Fast Retailing Human Rights Committee's actions included strengthening human rights due diligence in supply chains. Specifically, the committee advised on workplace monitoring, grievance mechanisms available to Production Partners, and initiatives to prevent the violation of migrant workers' rights.

Fast Retailing engages in ethical and responsible procurement to ensure our products are socially and environmentally sustainable. The following case study demonstrates how this is an important measure to address risks of modern slavery in the supply chain.

CASE STUDY: REFUSAL TO USE COTTON PRODUCED IN UZBEKISTAN

Concerns have been raised internationally that the Government of the Republic of Uzbekistan is involved in the use of forced labour in harvesting cotton within its borders.

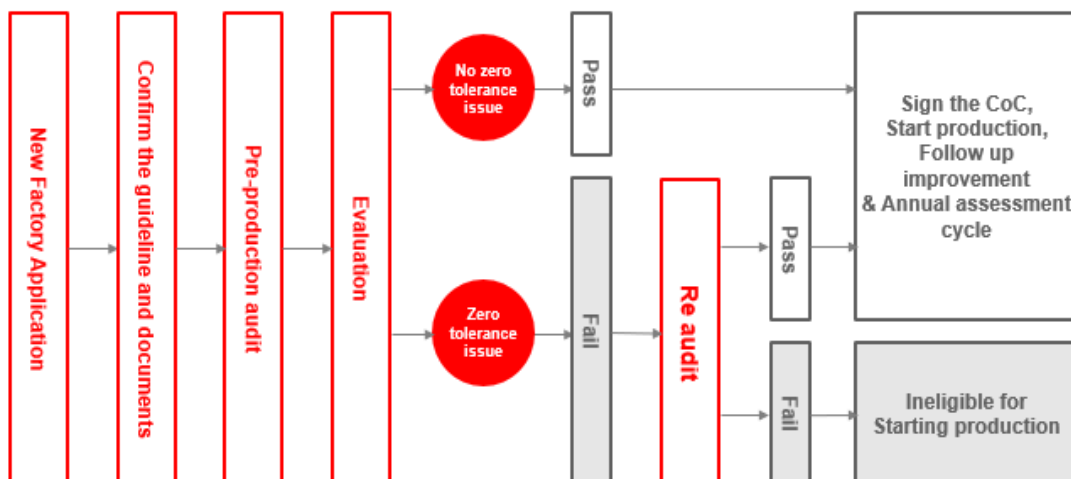
Fast Retailing ensures, through all of our supply chain partners, that it does not knowingly source Uzbek cotton for the manufacturing of any products, and pledges not to do so until inspections by reliable international agencies indicate that the issue has been satisfactorily resolved.

Supply Chain Policy and Code of Conduct for Production Partners: building stronger relationships with Production Partners

Fast Retailing aligns with the UNGP and other international human rights principles and declarations and is committed to resolving labour and any other workplace issues in the Fast Retailing supply chain. This involves building stronger relationships with Production Partners that produce UNIQLO casual wear garments, to foster workplaces that protect the health and safety of workers, and respecting human rights and other rights guaranteed by law for all people engaged by Production Partners.

For example, Fast Retailing has production offices in major production countries, responsible for oversight of relationships with Production Partners. Fast Retailing also maps and monitors all garment factories and key fabric mills for modern slavery risk factors, such as poor labour conditions.

A key initiative to address modern slavery in its supply chain is Fast Retailing's [Code of Conduct for Production Partners](#). The code is based on the core labour standards of the ILO and sets minimum standards including for legal compliance, child and forced labour, health and safety and working conditions. To ensure potential partners comply with the Code of Conduct for Production Partners, Fast Retailing conducts due diligence of any potential new partners prior to commencing business with them (see table below, and see explanation of 'zero tolerance issue' in workplace monitoring section below).





Fast Retailing only does business with those partners confirmed to meet standards for commencing new business relationships. During Fiscal Year 2021, Fast Retailing initiated business relationships with 92.3 percent of potential partners.

During the Fiscal Year 2021, Fast Retailing conducted training for a total of 503 factories across 24 different countries. Training is developed to ensure Production Partners understand the Code of Conduct for Production Partners, the latest labour standards and local legal requirements and apparel industry issues, such as fire prevention safety standards, correct pay calculations for overtime work and other matters.

Fast Retailing requires partner signatories to our Code of Conduct for Production Partners to cascade its rules upstream to any of its own suppliers involved in a process within our supply chain.

To strengthen human rights due diligence and mitigate risk in our supply chain, Fast Retailing is working to improve traceability and to objectively assess working environments across the entire supply chain, down to raw materials level, through site visits by Fast Retailing personnel, audits by third-party entities, and third-party certifications.

Monitoring and Evaluation of Production Partners

Workplace monitoring - zero tolerance policy

Fast Retailing has a zero tolerance policy in place for issues that seriously violate human rights, including modern slavery violations. In addition, matters resulting from inadequate management of working environments are categorised as serious issues.

- Major zero-tolerance issues:

Child labour, forced labour, coercion and harassment, discrimination, lack of building safety, serious violation of freedom of association, prevention of union formation, illegal or unjustified dismissal of workers on strike, retaliation against employees who raised grievances, non-payment of wages, non-payment of minimum wages, lack of emergency preparedness (especially fire safety), transparency issues such as false reports, bribery, wrong reporting of the audit scope of production areas, unauthorised subcontracting and use of homeworkers

- Major serious issues:

Insufficient payment for overtime, no legal leave provided, non-payment during work stoppage, non-payment of social insurance premiums, long working hours, no legal breaks provided, no employment contracts or incomplete contracts with employees

When any such violations are found, factories are required to remedy the matter immediately. If a zero-tolerance issue is found, or a serious issue is found again after a previous assessment, the matter is escalated to the Business Ethics Committee, which determines whether to terminate or modify the business relationship. This occurs in parallel with measures being discussed with the factory and close monitoring until improvement is completed.

Workplace monitoring system - local production offices

Fast Retailing has production offices in major production countries. The production offices



play a crucial role in their responsibility for oversight of relationships with Production Partners.

Workplace monitoring system - continuous improvement through SLCP

Fast Retailing maps and monitors all garment factories as well as key fabric mills for modern slavery risk factors, such as poor labour conditions.

Since September 2020, Fast Retailing has been working to transition to a monitoring program to encourage Production Partners to strengthen their own management processes of the working environment using their own initiatives. This has involved transitioning from conventional unannounced audits performed by third-party organisations, to a process that enables factories to have ownership to assess and address risks and challenges in the working environment.

This is achieved through the Social and Labor Convergence Program (**SLCP**). SLCP has developed an industry-wide tool, the Converged Assessment Framework, to measure working conditions. Fast Retailing will implement SLCP in all garment factories and key fabric mills by the end of fiscal 2023.

Through the SLCP, a factory conducts self-assessment using the SLCP assessment tool, receives verification by a third-party body, and proceeds to improvement process. The SLCP assessment tool contains many indicators which can be utilised to strengthen management systems such as policies, organisations, documents on internal processes, and the review and improvement of processes.

SLCP assessment and verification are carried out through the Higg platform using the Facility Social and Labor Module (**FSLM**). On the platform, the factory and brand can check factory assessment results and scores, using a scoring methodology that has been developed by the Sustainable Apparel Coalition (**SAC**). This helps Fast Retailing analyse results by comparison with industry averages and year-to-year data, and to identify issues and priorities more clearly to plan improvements.

An assessment using the SLCP framework is conducted annually in principle. Factories perform self-assessment and third-party verification in accordance with the SLCP protocol. Third party verification is conducted by a Verifier Body, being a person or organisation approved to conduct an SLCP verification. The verifier visits a factory, interviews workers, trade union members, worker representatives and factory management, reviews collective bargaining agreements and various records, and checks occupational health and safety through onsite inspections. Fast Retailing receives a verified assessment report and evaluates this in line with our Code of Conduct for Production Partners.

Traditionally, factories have been subjected to multiple audits, each performed as part of the discrete programs of several buyer brands, which impeded factories from making improvement effectively. The conventional monitoring program was audit-centric and tended to focus on corrective actions for issues found in audits. Now, under the SLCP, factories are expected to establish a cycle of identifying issues in the working environment, then executing improvement actions through their own systems. A factory can share their verified SLCP data with multiple buyers, therefore reducing the number of audits they must complete throughout the year.

In the Fiscal Year 2021, 75 garment factories in China conducted self-assessment and third-party onsite verification using the SLCP framework on the Higg FSLM platform as a pilot.

FISCAL YEAR 2021 WORKPLACE MONITORING RESULTS AND CHANGES

In Fiscal Year 2021, workplace monitoring was conducted mainly with the former program and third-party audits. Factories were graded on their audit results. In Fiscal Year 2021, Fast Retailing found that the ratio of factories evaluated under that audit system as 'C' increased and there was no factory evaluated as 'E', which had occurred in previous audit periods.

Grade	Description
A	Zero notable violations
B	Relatively low-risk violations
C	Potential violations of human rights or local occupational health and safety laws (e.g. masks, gloves, or other protective equipment not provided to workers as needed)
D	Major violations of human rights, occupational health and safety, or wage and benefit matters (e.g. locked emergency exits, errors in wage calculations)
E	Major violations, including child labour, forced labour, or other human rights violations; significant violations of occupational health and safety

The most frequent violations of the Code of Conduct for Production Partners found in audits during fiscal 2021 are categorised in the areas of health and safety and working hours, comprising 59.4% of violations. Issues in health and safety vary and include fire safety, occupational safety and chemical management. Fast Retailing requires factories not only to address individual issues, but also to establish preventive systems such as designated teams to manage occupational health and safety and to perform regular check-ups of fire safety and building safety. Fast Retailing has required factories which had issues in those areas to establish management systems to prevent recurrence.

From Fiscal Year 2021, Fast Retailing has begun to work on strengthening management systems at factories as a preventative measure, which is a shift from the previous focus on taking corrective action after audits.

As a result of stricter checks on prevention mechanisms such as occupational health and safety training, occupational disease inspection, and occupational accident management system, the ratio of factories with a 'C' grade increased.

While site visits to factories were sometimes restricted due to the COVID-19 pandemic, Fast Retailing remotely monitored the situation and the improvement status of issues at factories in such cases.

Grievance Mechanisms

Fast Retailing requires Production Partners to establish their own mechanism to address employees' grievances as part of proper business management. Fast Retailing



requires Production Partners to meet UNGP criteria for establishing an effective grievance mechanism, identified in a guideline that Fast Retailing distributes.

Production Partners' compliance with the standards and requirements for grievance mechanisms are confirmed through audits. In addition, the functionality and performance of grievance mechanisms is assessed using an assessment tool.

Fast Retailing also established the Fast Retailing Hotline which provides a direct and anonymous channel for employees and organisations representing a group of individuals at key garment factories and key fabric mills to make contact with Fast Retailing without fear of reprisal from their employer. When a human rights violation is identified, Fast Retailing requires the garment factory or the fabric mill to make improvements and corrections in line with ILO Fundamental Conventions, local labour laws and the Code of Conduct for Production Partners and follows up the corrective action until resolved.

CASE STUDY: GRIEVANCES AND OUTCOMES

Among grievances raised to the Fast Retailing Hotline in fiscal 2021, 95 cases were assessed as violations of ILO core conventions, local labour laws or the Code of Conduct for Production Partners. Of these 95 cases, 90 cases were closed during fiscal 2021. 77.9% of grievances were about wages and benefits or allegations of coercion and harassment.

Fast Retailing has analysed grievances received to put in place preventive measures. For example, Fast Retailing found that most grievances related to wages and benefits were brought up due to worker misunderstandings of wage systems, wage calculation methods, procedures to pay and receive severance pay. In response, factories were asked to explain these to employees in more detail.

Fast Retailing also found more grievances on harassment in Bangladesh. It sent warnings to factory management and encouraged factories to establish a Complaint Committee. As a result, the number of grievances on harassment drastically decreased at factories which had many grievances in the first half of fiscal 2021.

Transparency

To increase the transparency of our entire supply chain and improve labour conditions, human rights and environmental protection, Fast Retailing has been publishing and updating annually a list of our core garment factories since 2017 and a list of UNIQLO core fabric mills since 2018. Currently, the list includes all garment factories with whom we have continuous business relationships. The next edition of the list will be published on or around 1 March 2022.

Commitment to realise a living wage

Fast Retailing recognises a living wage as worker's right in its [Living Wage Approach](#). In our supply chain, Fast Retailing strives to ensure not only a minimum wage for workers, but also a living wage that gives workers a higher standard of living.

The Code of Conduct for Production Partners states that wages should be at a level which not only satisfies workers' basic needs for clothing, food and housing, but which also enables workers' decent lives. Such a wage should be earned during legally defined

normal working hours without overtime.

Fast Retailing uses the Global Living Wage Coalition's estimates, where available, and the Fair Labor Association's (FLA) Fair Compensation Dashboard and tools to measure living wage progress for workers in the supply chain.

Key actions that Fast Retailing has taken toward achieving a living wage are:

- ensuring legal compliance with wages and benefits, which is required to establish a relationship with a Production Partner and monitored through our workplace monitoring program;
- engaging in responsible purchasing practices to enable our Production Partners to operate in an efficient manner and promote decent working conditions including ensuring a living wage; and
- engaging with key Production Partners and other stakeholders to build sound industrial relations, improve performance and efficiency, and instituting social protection (e.g. in taking steps to combat the impact of COVID-19).

Contributing to global governance and regulation of supply chains

Fast Retailing engages with stakeholders to understand human rights issues in detail, plan and take countermeasures and to execute preventive measures. Collaborating with relevant experts, Fast Retailing takes concrete initiatives on some important human rights issues in global supply chains.

For example:

- **Prevention of Child Labour**: Fast Retailing is working to abolish and prevent child labour based on the international guidelines such as Children's Rights and Business Principles (developed by UNICEF, the UN Global Compact and Save the Children).

CASE STUDY: ADDRESSING RISKS OF CHILD LABOUR IN MYANMAR

Partner organisation: CCR CSR

In 2019, Fast Retailing and a social enterprise, CCR CSR, launched a program for the main factories used for Fast Retailing production located in Myanmar.

This program has continued. We launched a pre-production assessment of child labour risks for potential new sewing factories in Myanmar. We assess child labour risks and evaluate management systems of young workers using an assessment tool developed in collaboration with the CCR CSR. Factories assessed as having a high or medium level of risk are required to be trained based on the assessment results. The content of the training for factory management includes preventive processes against child labour, best practices of preventive measures, as well as methods to deploy child labour prevention policies to factories to which they subcontract production processes.

- **Responsible Ordering Through Consistent Purchasing Policy**

Compliance: Fast Retailing protects the labour conditions and human rights of workers at production partners by establishing purchasing policies and placing orders via proper procedures. For example, Fast Retailing takes due care to maintain appropriate order schedules and volumes to avoid sudden increases in production volume that would result in excessive overtime hours at Production Partners.

- **Improving Labour Conditions Through Collaboration with External Organisations:** Fast Retailing collaborates with external organisations, taking an active role in addressing human rights and environmental issues in the apparel industry. Fast Retailing is a member of the Better Work program, a labour environment improvement initiative managed jointly by the International Labour Organization and the International Finance Corporation. Through this program, Fast Retailing seeks to improve our monitoring of labour conditions at Production Partners and introducing more effective internal management processes. Fast Retailing is a signatory to the Commitment to Responsible Recruitment, developed by the FLA and the American Apparel & Footwear Association to address potential forced labour risks for migrant workers in the global supply chain.
- **Plans to Launch Guidelines on Responsible Recruitment of Migrant Workers:** In 2020, with the support of the International Organization for Migration (**IOM**), Global Alliance for Sustainable Supply Chain (**ASSC**), and the FLA, Fast Retailing adopted 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 Production Partners. Throughout 2020 and 2021, Fast Retailing continued improving our understanding of migrant worker vulnerabilities and risks they face during recruitment, employment and return, particularly in the context of the continued COVID-19 pandemic. To this end, four training programs were provided by the IOM to Fast Retailing to further strengthen our responsible recruitment efforts and these will continue into 2022. In January 2022, Fast Retailing launched workplace monitoring of foreign migrant workers recruitment and employment in line with the Guidelines. If zero-tolerance issues arise, the matter is escalated to the Business Ethics Committee. The Committee determines whether to terminate or modify the business relationship and makes recommendations. In parallel, Fast Retailing discusses measures with the factory and monitors them until improvement is complete.

ANY OTHER INFORMATION THAT THE REPORTING ENTITY CONSIDERS RELEVANT

Responsible Purchasing Policy

Fast Retailing maintains its [Responsible Purchasing Policy](#), which applies to responsible purchasing in its supply chain and will be relevant to UNIQLO Australia's next modern slavery reporting period. The policy now clearly identifies how initiating and processing orders appropriately (responsible purchasing) can help protect the rights of workers employed by suppliers.

Appropriate purchasing procedures are outlined to include the following examples.

- When placing an order, it is important to develop a purchase order plan based on the production equipment and capacity of the factory. It is important to place orders where quantity and delivery dates are clearly agreed in advance, with no changes to be made without the consent of the factory.



- There must be no abuse of dominant bargaining position in negotiations on prices and payment terms.
- When terminating a business relationship with a factory, it is required to set an appropriate exit time considering the financial impact and employment situation at the factory, and to monitor and confirm there are no potential worker or human rights violations that might occur as a result of the closing business relationship.

Independent review of steps taken to protect and support the workers in garment supply chains

In 2021, UNIQLO received convincing results in Baptist World Aid Australia's (**BWAA**) annual Ethical Fashion Report, including high rankings of A and A+ in certain categories.

Fast Retailing's UNIQLO actively participated and made submissions to BWAA for the purpose of the report.

Fast Retailing has taken measures to address the impact of the COVID-19 pandemic on operations and supply chains, including through recognition of increased modern slavery risks and by responding to those risks

Fast Retailing recognises the ongoing humanitarian and economic threats posed by the COVID-19 pandemic and has developed specific [support for manufacturing partners and workers across the supply chain during the COVID-19 pandemic](#). For example:

- Fast Retailing has advised factories to protect factory employees from the risk of infection, ensuring that hand washing, body-temperature measurements, and mask wearing is practiced.
- Fast Retailing conducted assessments of preventive measures against infection and health and safety control as well as worker interviews at factories in countries and regions including India and Bangladesh where the pandemic was more serious.
- Fast Retailing endorsed the [ILO Call to Action](#), a coalition of more than 125 brands who have come together to mitigate the negative impacts of the pandemic and to establish sustainable systems of social protection in the garment industry.

APPROVAL OF STATEMENT

In accordance with section 13 of the Modern Slavery Act, this statement was approved by the Board of UNIQLO Australia Pty Ltd on 30 March 2022.

諏訪 賢介

Kensuke Suwa

Director and Co-Chief Operating Officer, UNIQLO Australia Pty Ltd 30 March 2022