

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 2021 to 31 August 2022 (**Fiscal Year 2022**) 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 third modern slavery statement. In this statement, we show the actions we have taken since our second statement and demonstrate the continued evolution of our efforts to eliminate the risk of 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.

- Fast Retailing has completed transformation of its monitoring program in UNIQLO to encourage factories to independently strengthen their management system of the working environment with their own initiatives. This has involved transforming from conventional unannounced audits performed by third-party organizations to a process that enables factories to have ownership to assess and address risks and challenges in the working environment. This is achieved by using the assessment tool of the Social and Labor Convergence Program (**SLCP**), an industry-wide Converged Assessment Framework.
- Increasing transparency of the factories it partners with, by changing publication of factory lists from annually to every six months with additional factory profile information, including the ratio of female workers, was added in March 2022.

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 137 people in our Melbourne headquarters and we have 31 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.



LifeWear

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**). This is 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 seeks to comply with Australia's framework of legislation, including the *Fair Work Act 2009* (Cth), that govern its workplaces and UNIQLO Australia undertakes periodic compliance reviews. 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 human rights risks.

Fast Retailing endorsed the International Labour Organization's (**ILO**) Call to Action, a coalition of more than 125 brands who have come together to mitigate the negative impacts of the COVID-19 pandemic and to establish sustainable systems of social

protection in the garment industry.

UNIQLO Australia recognises that these human rights risks can also be 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 continue to review its suppliers. Areas UNIQLO Australia may focus on, due to those areas having higher modern slavery risk factors, are likely to include security services, information and communications technology 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. Fast Retailing is committed to traceability and ensuring 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 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 ILO's 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 2022, under the policy, the Fast Retailing Human Rights Committee delivered outcomes that included the following.

- Advising business departments on implementing measures such as alerts and

training, based on results of a human rights surveys.

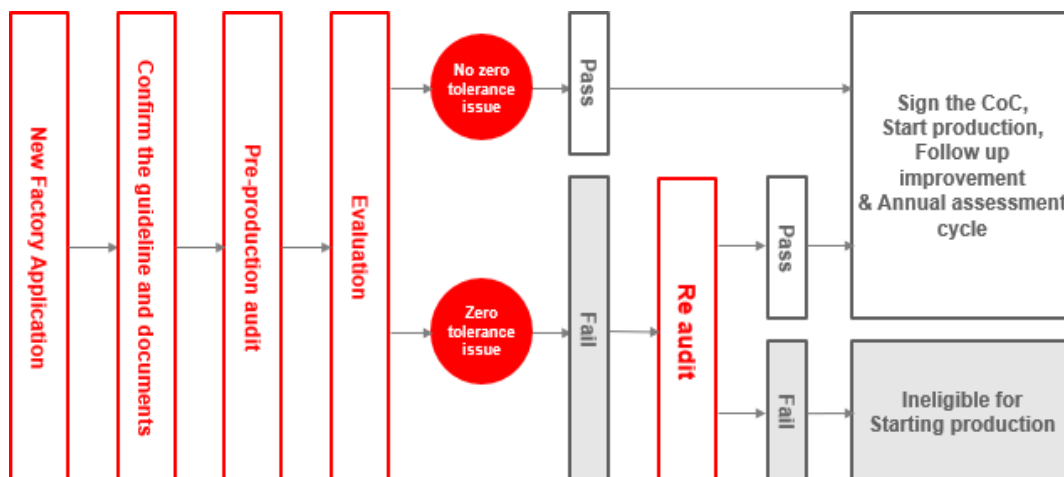
- Advising business departments to improve the effectiveness of grievance mechanisms, through the use of Fast Retailing Hotline, based on investigating actual situations that arose for each country and region.
- Advising business departments to establish systems and training to prevent human rights risks in product design, marketing and advertising.

Supply Chain Policy, Code of Conduct for Production Partners and Standards and Guidelines on Responsible Recruitment of Migrant Workers 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 2022, Fast Retailing initiated business relationships with 91.2 percent of potential partners.

During the Fiscal Year 2022, Fast Retailing conducted training for a total of 465 factories across 19 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.

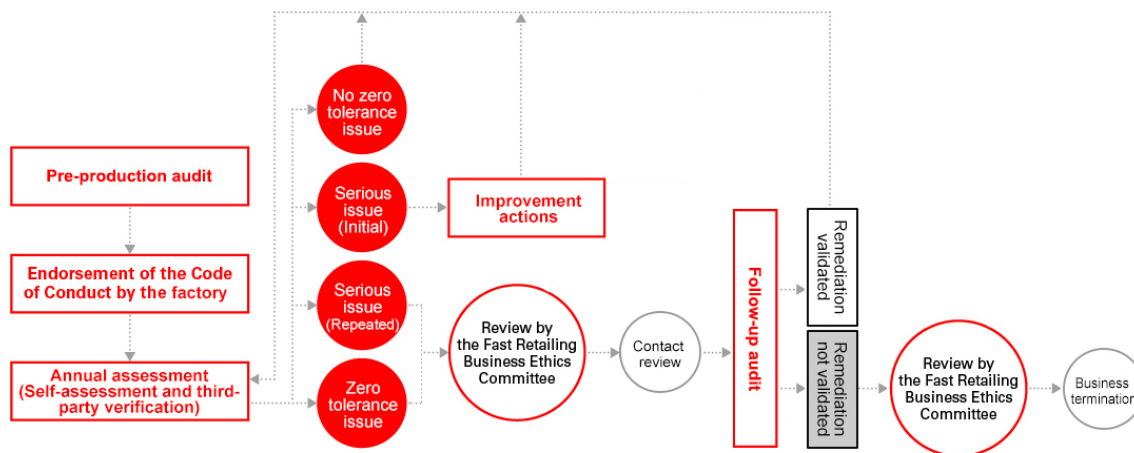
Fast Retailing requires partner signatories to our Code of Conduct for Production Partners to cascade its rules upstream to any of its own suppliers involved in a process within our supply chain.

Fast Retailing also has in place Standards and Guidelines on Responsible Recruitment of Migrant Workers for Production Partners (**Guidelines**), that establish benchmarks for Production Partners when engaging migrant workers, and provide methodology to assess compliance with the Guidelines.

Monitoring and Evaluation of Production Partners

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

Overview of the Fast Retailing workplace monitoring system



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

Sustainability teams in local production offices lead a workplace monitoring program and other supply chain social initiatives across all Fast Retailing brands.

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.

Fast Retailing has been working to transition to a monitoring program to assist 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 SLCP. SLCP has developed an industry-wide tool, the Converged Assessment Framework, to measure working conditions. Fast Retailing has completed its implementation of SLCP in all UNIQLO casual wear garment factories and key fabric mills.

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.

An assessment using the SLCP framework is conducted annually in principle. Factories perform self-assessment and third-party verification is undertaken 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.

FISCAL YEAR 2022

WORKPLACE MONITORING RESULTS AND CHANGES

In Fiscal Year 2022, a total of 546 garment factories were graded on a scale of G1 to G5 based on the results of Fast Retailing's workplace monitoring program. The grading results were as follows.

Grade	Description	No. of garment factories graded
G1	No violations identified	22
G2	Relatively low-risk violations (e.g. improper use of personal protective equipment such as masks and gloves, lack of occupational safety training for all employees)	90
G3	Potential violations of human rights (e.g. obstacles on the evacuation route, lack of regular evacuation drills, inadequate recording of time-in and time-out)	347
G4	Major violations of human rights and the Code of Conduct for Production Partners (e.g. no statutory leave provided, excessive working hours, underpayment or insufficient payment of retirement benefits, no or incomplete employment contracts)	78
G5	Major violations of the Code of Conduct for Production Partners including child labour, forced labour, non-payment of minimum wages, lack of emergency preparedness (e.g. locked emergency exit)	9

The most frequent violations during Fiscal Year 2022 were in the areas of health and safety and working hours, comprising 56.5% of violations. Fast Retailing has required factories with issues in those areas to establish management systems to prevent recurrence.

Zero-tolerance issues found in factories graded as G5 included insufficient number of emergency exits, no fire alarms installed, and discriminatory conditions in hiring employees. Fast Retailing agreed on improvement plans and preventive measures with all of the nine factories graded as G5 and has been monitoring the progress of their improvements.

Issues found in factories graded as G4 included no statutory leave provided to employees, excessive working hours, underpayment or insufficient severance payment, and insufficient or no employment contracts. Fast Retailing agreed on improvement plans with these factories, and Fast Retailing employees visit the factories to check the progress of improvements.

Grievance Mechanisms

Fast Retailing requires Production Partners to establish their own mechanisms 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.

The Fast Retailing Hotline 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 the 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

Reduction in reported grievances

Among grievances raised to the Fast Retailing Hotline in Fiscal Year 2022, 33 cases were assessed as violations of ILO core conventions, local labour laws or the Code of Conduct for Production Partners.

Of these 33 cases, 28 were closed during Fiscal Year 2022. 87.9% of grievances were about wages and benefits or allegations of coercion and harassment.

If a factory had many grievances, Fast Retailing provided training to strengthen the processing of grievances operated by the factory and supported them to establish procedures to plan and execute improvement actions. As a result, the number of grievances reduced.

Managing grievances: Vietnam

In 2022, Fast Retailing received a grievance from a worker in a factory in Vietnam who had tendered her resignation, but was told she had to continue working for a few more months by her supervisor.

Fast Retailing conducted an onsite investigation and found that the factory was facing labour shortages due to the COVID-19 pandemic. As a countermeasure, the production line leaders did not allow workers to freely resign.

Fast Retailing engaged with the factory, requiring it not to violate the legal rights of its employees and to rectify its practices that restricted resignation. In the end, the worker resigned from the factory and stopped working at her desired time. The factory management and the human resources department reviewed their practices and updated internal procedures to process resignations and introduced this to their employees through training.

Transparency

To increase the transparency of our entire supply chain and improve labour conditions, human rights and environmental protection, Fast Retailing has been publishing a list of our core garment factories since 2017 and a list of UNIQLO core fabric mills since 2018. The list has now expanded to include certain processing factories to which garment factories outsource some processes (e.g. washing and printing). The lists include all garment factories with whom we have continuous business relationships and fabric mills that have been continuously producing materials for our products. In Fiscal Year 2022, the lists increased in publication frequency from once per year to every six months. The next edition of the lists will be published on 1 March 2023.

Responsible Recruitment of Migrant Workers

In January 2022, we launched workplace monitoring focused on foreign migrant workers' recruitment and employment in line with the Guidelines. Fast Retailing

identified several issues in violation of the basic principles under the Guidelines, such as migrant workers being required to pay recruitment fees (e.g. travel costs, passport renewal fees) and not fully understanding the terms and conditions of their contracts before they leave their home countries to the country of work. With these factories, Fast Retailing agreed on improvement plans and to monitor progress until the planned improvements are completed.

In 2022, in partnership with the International Organization for Migration (**IOM**), training was conducted to enable Production Partners to effectively implement the Guidelines. Fast Retailing has also started contacting recruitment agencies in the countries of origin of migrant workers.

CASE STUDIES: SUPPORTING MIGRANT WORKERS IN COUNTRIES OF ORIGIN AND WORK

In August 2022, Fast Retailing conducted training with the support of IOM on how to implement the guidelines for production partners in Japan. The training helped factories better understand how to identify human rights risks of migrant workers in the recruitment process and how to assess internal recruiters' practices for compliance.

In August to September 2022, IOM provided basic training of responsible recruitment to recruitment agencies in Sri Lanka and Nepal, countries where many migrant workers come from. Through the training, it was confirmed that the recruitment agencies understood and complied with Fast Retailing's standards and guidelines of responsible recruitment.

Towards the end of 2022, Fast Retailing worked with IOM to engage in dialogues with civil society and community-based organizations in Nepal and Vietnam to better understand the situation of migrant workers.

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 comfortable 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; and
- 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.

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). For example, Fast Retailing continues provides training to factories in Myanmar on the processes and best practices to prevent child labour, and on deploying child labour prevention policies to subcontracted factories.
- **Responsible Purchasing 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 ILO 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.
- **Social Protection:** Fast Retailing has partnered with the ILO to support research on labour markets and social security systems in Asian countries, as garment-manufacturing workers are at high risk of job displacement due to the rapidly-shifting employment needs of the region's evolving economies.

CASE STUDY: IMPROVING SOCIAL PROTECTION IN ASIA

Fast Retailing partnered with the ILO since 2019 to improve social security systems and worker environments in Asia. From September 2019, Fast Retailing provided US\$1.8 million in funding over a three-year period. The funds were invested in ILO research on labour markets and social security systems in Asian countries, as well as promoting employment insurance in Indonesia and strengthening worker support mechanisms during periods of unemployment.

The ILO helped create momentum for this change, supporting government action toward the establishment of the scheme, and contributing in several ways. As a result, the Omnibus Law on Job Creation was issued in Indonesia, and an employment insurance scheme, which secures an employee's income during periods of unemployment, was added to the country's social security system. The Indonesian government began implementing unemployment benefits in February

2022.

Also in 2022, an initiative was launched in Bangladesh to establish a scheme that provides income protection and medical care for workers from loss of income arising from employment-related injuries.

ANY OTHER INFORMATION THAT THE REPORTING ENTITY CONSIDERS RELEVANT

Responsible Purchasing Policy

Fast Retailing maintains its Responsible Purchasing Policy, which 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 2022, UNIQLO received results in Baptist World Aid Australia's (**BWAA**) annual Ethical Fashion Report, including high rankings within the highest range in certain categories. In 2022, UNIQLO's results were higher than in 2021.

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 continues to recognise the ongoing humanitarian and economic threats posed by the COVID-19 pandemic and provide specific support for manufacturing partners and workers across the supply chain during the COVID-19 pandemic. For example, Fast Retailing endorsed the ILO Call to Action coalition of more than 125 brands to mitigate the negative impacts of the pandemic.

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 5 April 2023.

諏訪 賢介

Kensuke Suwa
Director, UNIQLO Australia Pty Ltd on 5 April 2023.