Grievance Mechanisms

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Fast Retailing has set up a hotline for people working in our supply chain, addressing their grievances in cooperation with various partners.

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Grievance Mechanisms in Partner Factories

Fast Retailing asks partner factories to establish their own grievance mechanisms to address employees' grievances as part of respecting human rights and providing access to remedy in line with the Fair Labor Association (FLA) standards and international frameworks.

The United Nations Guiding Principles on Business and Human Rights (UNGP) defines eight criteria for an effective grievance mechanism. They are; "Legitimate", "Accessible", "Predictable", "Equitable", "Transparent", "Rights compatible", "Source of continuous learning" and "Based on engagement and dialogue." Fast Retailing requires partner factories to establish grievance mechanisms that meet the UNGP criteria, and these requirements are also stipulated in Fast Retailing's Supplier Guidebook and include:

- The factory shall establish written procedures and clear processes for grievance handling, including an organizational structure, responsible persons, guidelines on how to handle grievances, and anti-retaliation policies.
- The factory shall ensure that the grievance mechanisms include at least one confidential channel.
- The factory shall conduct and record orientation and refresher training on grievance mechanisms for managers and supervisors, as well as all general workforces. Surveys, feedback sessions, interviews and/or dialogues shall be conducted for verifying knowledge gained upon completion of the training, and the training records shall be kept.
- The factory shall have a means to document and track grievances to ensure there is a timely response back to complainants.
- The factory shall ensure that all grievance policies and procedures are updated according to local legislative changes and internal/external audit results.

Compliance with the above requirements is confirmed through our workplace monitoring system.

Fast Retailing Hotline for Factory Employees

We established the Fast Retailing Hotline to provide an additional channel for employees and other eligible stakeholders at core garment factories and fabric mills to raise grievances and get support. The Hotline is available in Vietnam, Bangladesh, Indonesia, India, Japan, China and other key sourcing countries.

Access to Hotlines

Information on the Fast Retailing hotline is provided in local languages. Upon our request, Fast Retailing partner factories display Fast Retailing Hotline posters that are provided by us, in a location visible to workers inside their factories. To enhance both awareness and accessibility of the hotline, we provide multilingual posters so that migrant workers can easily obtain information on how to use the system in languages they can understand. We request that factories explain to workers how to access to the Fast Retailing Hotline service so that they are aware of the Fast Retailing Hotline to voice their concerns, without fear of retaliation and prejudicial treatment should they raise a grievance. Workers are provided the contact details to access the Fast Retailing Hotline in their local languages and contact cards are given to workers who are interviewed during audits conducted by third party auditors or site visits by our Sustainability Department.

Hotline Operational Process

Once we receive a concern through the Fast Retailing Hotline, we aim to respond to each complainant within 24 hours. The

communication can be via SMS, email, phone or other tools, depending on the technology situation in the region. Fast Retailing investigates the grievance to identify the underlying issue and takes appropriate remedial action.

When we identify a human rights violation, our Sustainability and Production departments ask factories to make improvements and corrections in line with International Labor Organization Fundamental Conventions, local labor laws and our Code of Conduct for Production Partners. After investigation and agreement with the factory, we inform the complainants of the action and agreement with the factory on how to address the issue raised. We also ask the complainants to inform us if the actions are not implemented or if the issues reoccur.

In addition, Fast Retailing verifies through third-party audits or through site visits by our Sustainability Department that agreed actions are implemented by the factory. If our Sustainability Department confirms that the improvements are insufficient, they escalate to the Business Ethics Committee, which determines whether to terminate or review our business relationship. Even in the case of reviewing our business relationship, we take initiatives to remedy the complaint by reaching out to factories and implementing measures to deal with the situation.

Grievances vary in both scale and complexity, and the time required to resolve them therefore also varies. We strive to address all cases as promptly as possible by working closely with our business partners, giving priority to matters involving critical or high-risk issues. In some cases, resolution may take longer, such as when arbitration by third-party organizations is required or when business partners are required to establish or strengthen factory-level systems to prevent recurrence.

Confidentiality

Fast Retailing will ensure that reports are dealt with confidentially. The Hotline is handled by Fast Retailing employees and all employees are required to strictly follow the Fast Retailing Group Code of Conduct which covers the handling of confidential information and data. We protect the privacy of people who raise concerns and strictly prohibit retaliation and disadvantageous treatment against them, including requiring individuals to waive their legal right to file a complaint through judicial or non-judicial processes. We commit to engage with any affected people and reply to them in a prompt and consistent manner. We regularly confirm that our hotline is functioning effectively. For example, Sustainability Department members confirm that Fast Retailing contacts all complainants promptly once they raise a concern and that grievances are closed within an acceptable time frame for them.

Improving Hotline Operations

Grievances and response actions are also reported to the Human Rights Committee at least once a year, and the Human Rights Committee will give suggestions on the improvements for our hotline operational process. For cases involving critical issues, the Human Rights Committee will give advice on the actions or preventive measures. In response, our Sustainability Department will also review our hotline operational processes. Risk areas and emerging trends are reviewed on an annual basis, and the insights gained from this analysis are reflected in our overall risk assessment.

We evaluated the functionality of our hotline against the eight criteria defined in the UN Guiding Principles on operational-level grievance mechanism. Assessment results showed challenges in "Accessible" and "Equitable" compared to other criteria. To make the hotline more recognizable and accessible, we provide multi-language posters so migrant workers can obtain information on how to use the system in their native language.

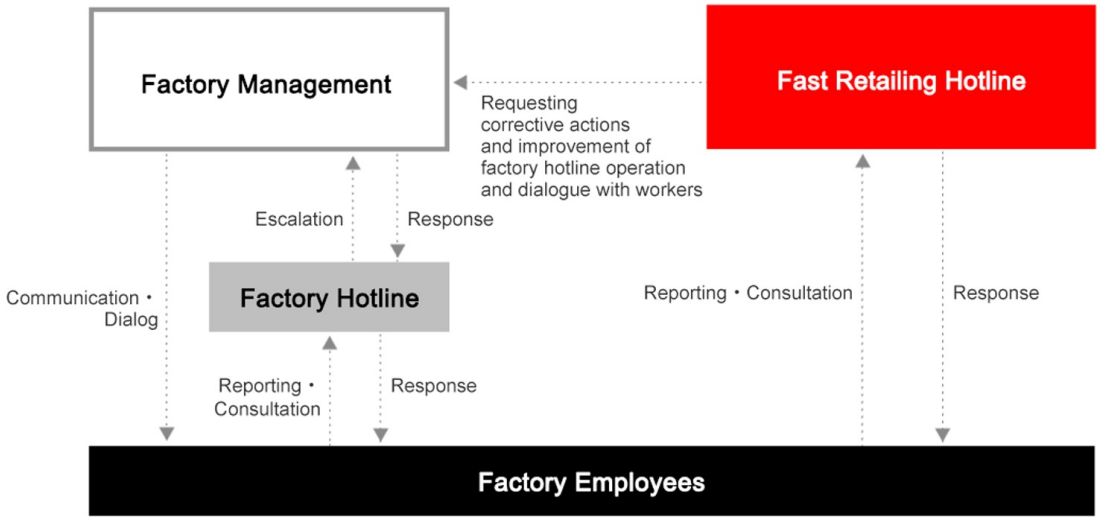
To improve our hotline from 2020, we sought the views of factory workers, consisting mainly of employee representatives such as union members. So far, we have received feedback that regular explanations by factory management and posters are effective ways to ensure more workers recognize the Fast Retailing hotline. We will continue to raise worker awareness of our hotline by requesting that factories plan explanation sessions and will reconfirm that posters are placed on-site.

In FY2025, we revised the Fast Retailing Hotline Standard Operating Procedure (SOP) to strengthen our grievance intake and resolution processes. We also updated our communication materials, including the Hotline posters, cards and supplier briefings, to support more effective implementation of the Fast Retailing Hotline. The SOP was reviewed by our industry partners, Better Work and FLA, to align with international standards. We have also established monthly internal meetings to review the implementation of the SOP and support continuous improvement of our Hotline procedure.

To help improve worker awareness of, and trust in, the Fast Retailing Hotline, we conducted worker surveys at selected production partner facilities. The insights gained through these surveys enable us to identify opportunities to enhance workers' access to grievance channels through tailored support measures, including redesigning supplier communication and briefing

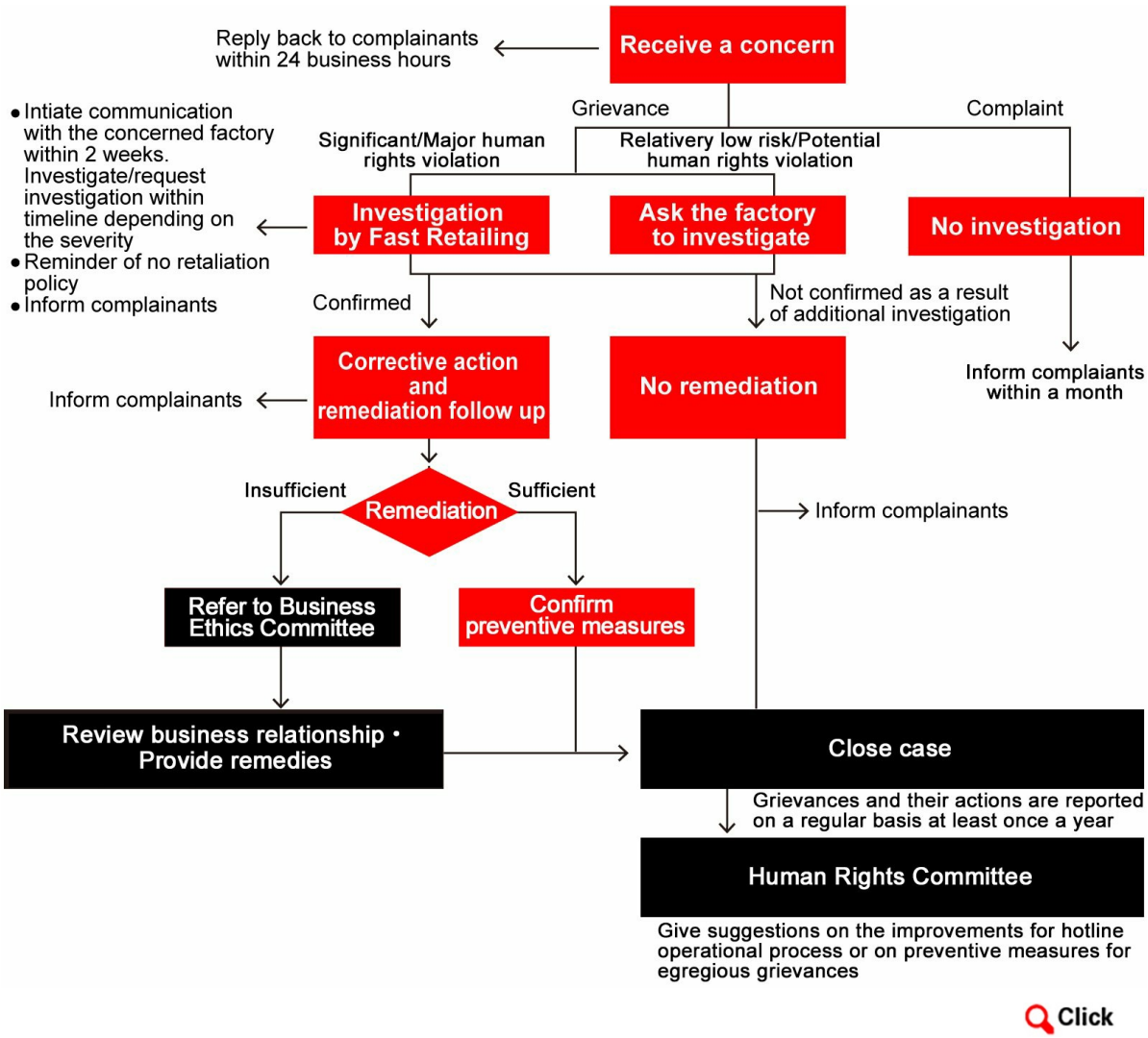
materials, updating the Fast Retailing Hotline forms, and conducting refresher trainings for factories that participated in the survey. In addition, factories that received low survey scores are requested to conduct quarterly awareness sessions on grievance mechanisms for their workers, and we continue to monitor the level of awareness of grievance mechanisms at these factories.

Factory Hotline Operational Process



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Fast Retailing Hotline Communication Flow



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Grievances Related to Human Rights Violations

Among grievances raised to the Fast Retailing Hotline in fiscal 2025, 166 cases were assessed as violations of ILO core conventions, local labor laws or the Code of Conduct for Production Partners. Most of these cases were addressed by our business partners quickly while some cases require longer term interventions such as trainings and capacity building.

Fast Retailing has also analyzed grievances received to put in place preventive measures. For example, we 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, we urged factories to explain these to employees in more detail.

For factories which had many grievances, we provided training to strengthen the processing system of grievances operated by the factory and supported them to establish procedures to plan and execute improvement actions.

Fast Retailing joined FLA in 2015 and has been a Fair Labor Accredited company since 2019. FLA's Third Party Complaint procedure allows any person, group, or organization to file a complaint alleging serious violations of FLA labor standards in facilities used by any FLA member or affiliate.

Breakdown of Grievances* Received During Fiscal 2025

*Cases reported as violations of ILO core conventions, local labor laws or the Code of Conduct for Production Partners

Grievance Remediation Cases

- Case 1 (Cambodia)
  In 2021, when a partner factory registered a part of its facilities as a new company, worker representatives raised concerns that workers working at the facilities would be dismissed. Fast Retailing coordinated with the assistance of an arbitral body, a dialogue between the trade union, worker representatives and factory management. The factory management explained that the workers would not be dismissed and that the new company would still uphold the rights of workers as before, and the workers understood the situation. Since then, the factory management has held weekly meetings with the trade union to discuss working conditions and other matters.

- Case 2 (Vietnam)
  In 2022, Fast Retailing received a grievance from a worker who was told to continue working for a few more months by the supervisor when the worker tendered her resignation. Fast Retailing conducted an onsite investigation and found that the factory was facing labor shortage due to the COVID-19 pandemic, and as a countermeasure, the production line leaders did not allow workers to freely resign. We requested the factory 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 at the desired time. The worker left the factory at the desired time eventually. The factory management and the human resource department reviewed their practices and updated internal procedures to process resignation, and introduced it to their employees through training.

- Case 3 (Bangladesh)
  In 2022, a worker raised a grievance to Fast Retailing, reporting that a production line leader verbally abuses and touches female workers inappropriately when giving them instructions in the department. Fast Retailing verified this case during an onsite investigation, and requested the factory to set up an investigation committee and submit an investigation report. After confirming the facts, the investigation committee had the line leader submit a detailed report and pledged to make improvements. We informed the worker of the factory's actions and received a response that the result was satisfactory. The committee will keep monitoring the leader's behavior closely.

- Case 4 (Indonesia)
  Fast Retailing received a report from a worker who was transferred to a position in another department. The worker claimed the transfer was related to his activities in a labor union, while the factory management claimed the transfer was decided based on his performance assessment. Fast Retailing collaborated with Better Work, and also engaged the labor union to understand the nature and background of the grievance and to explore possible solutions. A meeting attended by the worker, the factory management, and trade union representatives was organized. The factory management agreed to undertake refresher training on worker rights to Freedom of Association, while the worker agreed to continue working in the new position.

- Case 5 (Bangladesh)
  In 2023, a grievance was filed by a worker, reporting that he submitted his resignation letter to the factory, respecting the relevant law and company policy, but the factory did not pay him on the due date. Fast Retailing contacted the factory and discussed the issue of non-payment to the resigned worker. The factory paid the worker and shared evidence of payment with

Fast Retailing.

- Case 6 (Bangladesh)
  In 2024, Fast Retailing received a call from a worker, who had been working every weekend for the previous two months including night shifts, contrary to working conditions described by the factory at the time of hiring. Fast Retailing interviewed factory management, workers from different sections and the Participatory Committee (Bi-Partite Committee). Working with the Committee, we found an issue of departments working in shifts. Fast Retailing engaged the factory in a dialogue, which agreed to review the working conditions and reflect them in the contract, to communicate with workers and Committee representatives when planning or considering urgent work on holidays, and to ensure weekly rests for all workers. Fast Retailing also confirmed with the worker who had filed the grievance that these improvements had been made. The factory reports monthly to Fast Retailing to prevent a recurrence.

- Case 7 (Vietnam)
  In 2025, a worker contacted Fast Retailing Hotline to report an incident involving physical harm after a workplace disagreement with a colleague. The worker claimed that despite following the company procedures by reporting the incident, they were subsequently dismissed. The trade union also disagreed with the factory's decision. Fast Retailing shared the case with the factory which led to a joint review meeting with factory management. The review included incident details, documentation of how the grievance was handled, factory disciplinary rules, and confirmation that the trade union's disagreements were properly recorded. Following Fast Retailing's request, the factory re-examined its decision in line with legal requirements. As a result, the worker was invited to return to work. Although the worker had already secured employment elsewhere, the review helped the factory gain deeper understanding of its documentation gaps and processes.

- Case 8 (China)
  In 2025, a worker contacted Fast Retailing Hotline to report that despite requesting to be enrolled in social insurance, the factory had not taken action to support the enrollment process. Fast Retailing contacted the worker to confirm the details of their issue and checked with factory management whether they had received such request. Fast Retailing identified a communication breakdown between management and the workers at the factory which caused the delay. Fast Retailing facilitated a dialogue between workers and management, and the issue was resolved once both sides had a clear and aligned understanding of the requirements.

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