

FAST RETAILING Greenpeace Detox Solution Commitment

In line with FAST RETAILING's long-term sustainability program FAST RETAILING recognizes the urgent need for eliminating industrial releases of all hazardous chemicals (1). According to its approach based on prevention (2) and the Precautionary Principle (3) FAST RETAILING is committed to zero discharges (4) of all hazardous chemicals from the whole lifecycle and all production procedures that are associated with the making and using of all products FAST RETAILING sells (5) by 01 January 2020.

We recognise that to achieve this goal, mechanisms for disclosure and transparency about the hazardous chemicals used in our global supply chains are important and necessary, in line with the 'Right to Know principle' (6). In line with this principle we will increase the public availability and transparency of our restricted substance list and audit process and will set up public disclosure of discharges of hazardous chemicals in our supply chain.

FAST RETAILING also commits to support systemic (i.e. wider societal and policy) change to achieve zero discharge of hazardous chemicals (associated with supply chains and the lifecycles of products) within one generation (7) or less. This commitment includes sustained investment in moving industry, government, science and technology to deliver on systemic change and to affect system change across the industry towards this goal.

The 2020 goal also demands the collective action of industry, as well as engagement of regulators and other stakeholders. To this end, FAST RETAILING will work with other companies in the apparel sector and other brands we sell, as well as material suppliers, the broader chemical industry, NGOs and other stakeholders to achieve this goal.

FAST RETAILING understands the scope of the commitment to be a long term vision – with short term practice to be defined by the following individual action plan:

Individual action plan

1. Supply-chain disclosure

In line with FAST RETAILING's commitment to the public's 'right to know' the chemical substances used within its global supply-chain and the products it produces and/or sells, FAST RETAILING will be taking the following actions:

1. publish its updated 'Restricted Substances List' and audit processes by the end of April 2013, and annually thereafter.
2. begin public disclosure of discharges of hazardous chemicals (beginning with, at least, the 11 priority chemical groups as per endnote 8) and detection limits as per endnote 4) in its supply chain via full facility transparency (i.e. location and individual data of each facility) of individual facility level disclosure of chemical-by-chemical use and discharges data, to be achieved via an incremental process, beginning with the following actions:
 - i) by no later than end of May 2013, at least 10 of our largest Chinese suppliers and all of their facilities, using an online platform (via the Institute for Public and Environmental Affairs (IPE) platform* and the data collection template agreed with same) and at least 10 of our largest "global south" suppliers (and all of their facilities), using a Regional Disclosure platform equivalent to the IPE platform and the data collection template agreed with same = 20 suppliers by end of June 2013;

- ii) by no later than December 2013, additional Chinese suppliers (and all of their facilities - in addition to the facilities in i) above), plus additional suppliers in other parts of the “global south” using national PRTR platforms or a Global Disclosure platform equivalent to the IPE platform and the data collection template agreed with same (and all of their facilities) - in addition to the facilities in i) above, i.e. at least 20 suppliers in total (and all of their facilities) as per the respective disclosure platforms, terms and conditions above (that equate to at least 80% of Fast Retailing’s total global production).

* we will publicise all data as per above timelines via our public webpage and add the other platforms as above, as soon as they are available

2. APEO elimination policy

We recognise the intrinsic hazardousness of all APEOs, and therefore acknowledge it is a priority to eliminate their use across our global supply chain. There are multiple supply-chain pathways for potential APEO contamination (including chemical formulations) and will enhance both training and auditing of our supply-chain in conjunction with other global brands, as well as ensure our suppliers have the latest information on APEOs, highlighting where there is a risk that APEOs may enter into the undocumented contamination of chemical supplier formulations.

In addition to these actions, FAST RETAILING will enforce its APEO ban with the following actions:

- Initiate an investigation into the current compliance to this requirement, reporting the findings to the public by the end of June 2013;
- Strengthening our supplier contract language to ensure only APEO-free chemical formulations are utilized by the end of June 2013; and
- Work with our supply chain and other global industry leaders, to ensure the most current technological limits of detection are reflected via the lowest detectable limits within our testing regimes.

3. Perfluorocarbon (PFC) elimination policy

Consistent with the precautionary principle and the potential intrinsic hazardousness of all PFCs, FAST RETAILING commits to eliminate all PFCs, for all products Fast Retailing produces and/or sells. The elimination of all PFC use will be supported by:

- i. eliminate all C7 and C8 PFC use by no later than 31 Dec 2013; and eliminate all remaining PFC use by no later than 01 July 2016
- ii. a rigorous system of control to ensure that no traces of PFCs find their way into our supply chain in line with the above.
- iii. work in partnership with our supply chain and other global industry leaders to accelerate the move to non-PFC technologies.

4. Targets for Other Hazardous Chemicals

- i). FAST RETAILING commits to regularly review the science of the chemicals used in the textiles/apparel industry and periodically update our chemical policy, at least annually, to further restrict or ban chemicals, as new evidence on their impact becomes available.
- ii). In this context, we recognize the need to not only report to the public the evidence of elimination of the 11 groups of hazardous chemicals identified as a priority but also set clear intermediate progress targets on the elimination of hazardous chemicals (beyond these 11 priority chemical groups) and the introduction of non-hazardous chemistry by 2015 on the road to elimination by 01 January 2020.
- iii). We will also support on an industry wide approach to ensure the use of chemicals in the products we sell is managed responsibly and in line with the above commitment and in particular the intrinsic hazards approach. In line with this, FAST RETAILING commits to reinforce the work of the sectoral chemical inventory and precautionary list of hazardous chemicals of concern for elimination (black list), aiming to establish this inventory, and the black list, based on an intrinsically hazardous screening methodology, by no later than December 2013.(9)
- iv). The individual actions covered above will be reassessed by FAST RETAILING at regular intervals – at least annually.

5. Within 8 weeks of this agreement, Fast Retailing will publish:

- the steps it will take to develop a number of substitution case studies (e.g. where in the past, or currently we have substituted any of the 11 groups of hazardous chemicals as per below (8), with more non-hazardous chemicals) via a credible format (e.g. the ‘Subsport system’).
- the steps outlining how we will take forward and lead on the development of the intrinsic hazards screening methodology (to be developed in close consultation with relevant NGO stakeholders, including Greenpeace based on an agreed set of framing criteria) .

In the first annual revision of this IAP Fast Retailing will provide its roadmap for extending its contractual obligations beyond its direct suppliers in line with footnote (5)

(1) All hazardous chemicals means all those that show intrinsically hazardous properties: persistent, bioaccumulative and toxic (PBT); very persistent and very bioaccumulative (vPvB); carcinogenic, mutagenic and toxic for reproduction (CMR); endocrine disruptors (ED), or other properties of equivalent concern, (not just those that have been regulated or restricted in other regions). This will require establishing – ideally with other industry actors – a corresponding list of the hazardous chemicals concerned that will be regularly reviewed.

(2) This means solutions are focused on elimination of use at source, not on end-of-pipe or risk management. This requires either substitution with non-hazardous chemicals or where necessary finding

non- chemical alternative solutions, such as re-evaluating product design or the functional need for chemicals.

(3) This means taking preventive action before waiting for conclusive scientific proof regarding cause and effect between the substance (or activity) and the damage. It is based on the assumption that some hazardous substances cannot be rendered harmless by the receiving environment (i.e. there are no 'environmentally acceptable'/'safe' use or discharge levels) and that prevention of potentially serious or irreversible damage is required, even in the absence of full scientific certainty. The process of applying the Precautionary Principle must involve an examination of the full range of alternatives, including, where necessary, substitution through the development of sustainable alternatives where they do not already exist. The Precautionary Principle is applied across all products sold by FAST RETAILING (and any entities directed by, or licenced by the FAST RETAILING "Group" of entities).

(4) Zero discharge means elimination of all releases, via all pathways of release, i.e. discharges, emissions and losses, from our supply chain and our products. "Elimination" or "zero" means 'not detectable, to the limits of current technology', and only naturally occurring background levels are acceptable.

(5) This means the commitment applies to the environmental practices of the entire company (group, and all entities it directs or licences) and for all products sold by FAST RETAILING or any of its subsidiaries (e.g. including Uniqlo and any other Fast retailing brands). This includes all of its suppliers or facilities horizontally across all owned brands and licensed companies as well as vertically down its supply chain.

(6) Right to Know is defined as practices that allow members of the public access to environmental information – in this case specifically about the uses and discharges of chemicals based on reported quantities of releases of hazardous chemicals to the environment, chemical-by-chemical, facility-by-facility, at least year-by-year.

(7) One generation is generally regarded as 20-25 years.

(8) the 11 priority hazardous chemical groups are : 1. Alkylphenols 2. Phthalates 3. Brominated and chlorinated flame retardants 4. Azo dyes 5. Organotin compounds 6. Perfluorinated chemicals 7. Chlorobenzenes 8. Chlorinated solvents 9. Chlorophenols 10. Short chain chlorinated paraffins 11. Heavy metals such as cadmium, lead, mercury and chromium (VI).

(9) The objective of the methodology is to ensure that the precautionary list of hazardous chemicals of concern (the blacklist) generated from the screening reflects the latest available scientific evidence (whether from published or industry sources) where that evidence indicates concern or the potential for concern on one or more of the intrinsic hazardous properties as per foot note (1) rather than waiting for government standards or legislation to identify these substances of concern or bans/restrictions.