

**Subject:** Invitation to respond - Fast Retailing in our COVID-19 tracker

**In the 12-month period directly before the COVID-19 outbreak:**

*Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.*

1. What are the maximum number of days from invoice date within which you pay your suppliers (e.g. 30, 60, 90, 180 days)?

There are generally two types of contract: direct contract with supplier and contract with trading company. For direct contract with supplier, payment term is 90 days at maximum. We also offer so called "supplier finance scheme" where supplier can collect money from dedicated bank right after shipping based on credit of buyer. In this case supplier can get paid before receipt of goods. For contract with trading company, our company does not have direct contract with suppliers, while trading company is middle of our company and suppliers. Payment term is 180 days at maximum for trading company. Each trading company have own contract with supplier and in general suppliers receive payment earlier than above direct contract since trading company have such function and offer to suppliers.

2. When is payment for orders typically made (i.e. after shipping, upon receipt of goods, partial payment in advance of production, etc.)?

Upon receipt of goods.

3. In this period, have you asked suppliers for a discount after placing an order? **Y/N N**
  - a. If yes, what percentage of FOB was the discount (if varying, please list all percentages)?
4. Do your contracts have clauses for financial penalties:
  - a. For suppliers for contract non-compliance (e.g. for late delivery, wrong specs etc.)? **Y/N Y**
  - b. For you (the buyer) to be held financially liable (in the form of a payment premium or otherwise) for changes in orders after a PO has been raised (order volume, order specs, order deadline etc.)? **Y/N**

**N.** Our company has monitoring mechanism on our business practice including financial penalties or additional fees arises by non-compliance (late delivery, wrong specs etc.) by "Business Ethics Committee" and annual questionnaire for business partners to ensures we do not use an advantageous

position to exert undue pressure on business counterparts such as partner factories and suppliers. Our employees who work for supplier received related training.

<https://www.fastretailing.com/eng/sustainability/labor/procurement.html>

<https://www.fastretailing.com/eng/about/governance/corpgovernance.html>

**In the period since the COVID-19 outbreak:**

*Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.*

5. Have you committed to pay in full for:
  - a. All completed orders? **Y/N Y**
  - b. All in-production orders? **Y/N Y**
  
6. Have you extended your usual payment times?**Y/N N**
  - a. If yes, what are current payment terms (in days, e.g. 90, 180, 230 etc.)?
  - b. Are you supporting suppliers with access to local finance with a letter of credit or through other means?**Y/N**

**Y: We offer so called “supplier finance scheme” where supplier can collect money from dedicated bank right after shipping based on credit of buyer.**

7. Have you requested a discount for any orders? **Y/N N**
  - a. If yes what, percentage of FOB (if varying, please list all percentages)?
  
8. Have you taken any other steps (outside of order payment) to ensure workers in your supply chain have been paid wages for March and April, or will be paid wages or otherwise provided for during periods of lockdown? **Y/N**

**Y: we are monitoring payment situation through communications with suppliers and address any payment issues reported through worker direct hotline. you will find details on our actions towards COVID 19: <https://www.fastretailing.com/eng/sustainability/news/2004221500.html> and Factory and**

**Fast Retailing Hotlines at bottom of page at:**

<https://www.fastretailing.com/eng/sustainability/labor/partner.html>

9. Where production is ongoing, have you taken steps to ensure suppliers are implementing measures to protect garment workers from infection (i.e. social distancing, sanitising practices, providing adequate protective equipment)? **Y/N**

Y: we have instructed countermeasures for COVID 19 in factory and shared some guideline provided by reliable organization such as WHO, ILO Better Work program and national government. you will find details at: <https://www.fastretailing.com/eng/sustainability/news/2004221500.html>

10. Are you paying shareholder dividends? **Y/N or N/A for companies without public shareholders**

Y: you will find details at: <https://www.fastretailing.com/eng/ir/stockinfo/dividend.html>

11. Please add any additional comments (optional):

We also endorsed “Action in the Global Garment Industry” led by the International Labour Organization, the International Organisation of Employers (IOE), the International Trade Union Confederation including brands and manufactures for work on sustainable systems of social protection for a more just and resilient garment industry. You will find details at:

[https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS\\_742343/lang--en/index.htm](https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS_742343/lang--en/index.htm). You will

also find organizations who endorsed this initiative at:

[https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS\\_744285/lang--en/index.htm](https://www.ilo.org/global/topics/coronavirus/sectoral/WCMS_744285/lang--en/index.htm)