

SUSTAINABILITY SECTION

Enriching People's Lives,
Enriching Society

OUR SIX KEY AREAS OF FOCUS
(Material Areas)

- 1 Create New Value Through Products and Services
- 2 Respect Human Rights in Our Supply Chain
- 3 Respect the Environment
- 4 Strengthen Communities
- 5 Support Employee Fulfillment
- 6 Ensure Proper Corporate Governance



The photo shows our visit to the Bidibidi refugee camp in Uganda in June 2023. In partnership with the UNHCR, the UN Refugee Agency, Fast Retailing donates clothing collected through our product reuse and recycling activities to refugees and other displaced persons. These clothes can help people to stay healthy, and regain a sense of dignity, and even give children the confidence to go to school. Putting clothes that are no longer needed into UNIQLO and GU recycling boxes is an easy way to help refugees.

Create New Value Through Products and Services

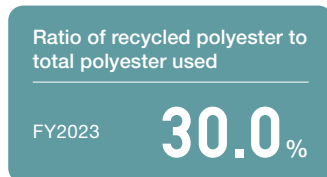
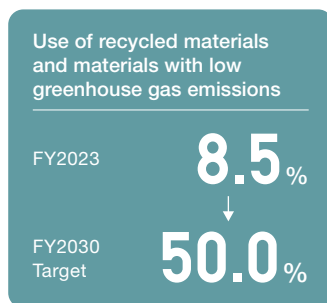
- ▶ Pursue timeless designs based on our LifeWear concept. Create simple, high-quality, highly functional clothing that can be lovingly worn for a long time.
- ▶ Work to reduce environmental impact by studying the use of recycled materials and other materials with low greenhouse gas emissions from the product planning stage.
- ▶ Encourage customers to wear their clothes for longer. We expanded the number of RE.UNIQLO STUDIO locations offering repair/refashion services to 35 stores in 16 markets worldwide (as of October 31, 2023).

Switching to Recycled Materials and Materials With Low Greenhouse Gas Emissions

By promoting ways of collecting and recycling products and utilizing recycled materials, we take responsibility for our products even after purchase. Fast Retailing aims to transition 50% of all materials we use to recycled materials and other low-GHG materials by FY2030. We consider the use of recycled materials and potential clothing-to-clothing recycling options from the product planning stage. We consider this equally important to improving product quality and functionality. We produce high-function, quick-drying DRY EX items made partly from recycled polyester. In Fall Winter 2022, we started selling our Fluffy Fleece Full-Zip Jacket, which uses 100% recycled polyester (made primarily from PET bottles) for the body fabric. From Fall Winter 2023, we have even been using recycled polyester in some HEATTECH items, such as the HEATTECH Crew Neck T-shirt. We are accelerating our efforts in the development of synthetic fibers due to the ease of recycling such fibers. As for natural fibers, we introduced recycled cotton in some UT graphic T-shirts for the first time in Spring Summer 2023. Our next goal is to use recycled cotton in denim products. These new clothes made by recycling limited resources are becoming increasingly visible in UNIQLO's product line-up.



Fluffy Fleece Full-Zip Jacket (left) and Boa Fleece Crewneck Cardigan (right) made using 100% recycled polyester fabric



Wearing LifeWear Longer

LifeWear emphasizes two forms of sustainability. It offers emotional sustainability via timeless designs that people can wear for a long time without growing bored. LifeWear also offers physical sustainability through the use of recycled materials as well as durability and comfort that encourages long-term wear. By improving and innovating clothing in these two ways, LifeWear aims to create masterpieces that will be lovingly worn for a long time.

To promote physical sustainability, we conduct multiple rounds of product sampling and verify performance at each stage. We conduct inspections based on the best global standards and conduct in-house testing. We seek to perfect our products in a comprehensive way, checking the comfort, design, sewing quality, resistance to damage, and long-lasting functionality. For instance, during the weaving process of our UNIQLO Oxford Shirt, we twist three threads into the horizontal weft for an even smoother surface texture that looks and feels the same after washing. This ensures durability.

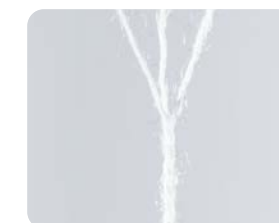
To further enhance emotional sustainability, we aim to refine designs by emphasizing product development. We are strengthening global systems through our R&D centers and working side by side with top designers in New York, Los Angeles, London, Paris, Shanghai, and Tokyo.

Oxford Shirt

Attentive focus on material creates a supple but durable texture

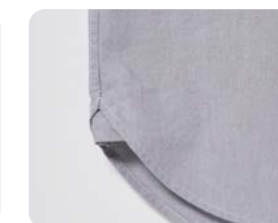


POINT 01



Made with triple-twist yarn

POINT 02



Gusset: reinforced hem on both sides for added strength

INTERVIEW



Fumitaka Mori
Toray Industries, Inc.
Manager of Global Operation Dept.

Technology to Create a Circular Society

Toray Industries and UNIQLO have had a strategic partnership since 2006. UNIQLO listens extremely carefully to customer opinions, reflects those views in its products, and makes each item with attentive care. When developing HEATTECH, we incorporated customer requests and repeatedly improved the special polyester material until we achieved the current soft and smooth finish. The Fall Winter 2023 HEATTECH items that used recycled polyester took a long time to develop, because we were determined to maintain the same renowned HEATTECH feel. It is very difficult to make the special polyester from recycled raw materials. This is because they are waste products that contain impurities, and the yarn is not always stable. By improving the process for removing foreign matter, and maximizing the purity of the raw material, we finally managed to produce a special recycled polyester that met our high standards.

RE.UNIQLO STUDIO

Enjoying LifeWear Longer:
An Idea That is Going Global

The RE.UNIQLO STUDIO idea stemmed from a clothing upcycling workshop held at a UNIQLO store in Berlin in August 2021. We launched the first repair space in our New York Soho store in January 2022, and by October 2023, RE.UNIQLO STUDIO was available in 16 markets worldwide.

RE.UNIQLO STUDIO helps customers wear LifeWear for longer by offering repair and remake services for a fee. With the service now in operation, we have realized that customers wear their favorite UNIQLO

FRANCE



clothes for longer than we thought. Naturally, we offer basic services such as repairing holes and replacing buttons. But we also breathe new life into beloved clothing using traditional Japanese *Sashiko* stitching techniques. This is attracting attention from a sustainability perspective. Customers love how we upcycle used clothing to create one-of-a-kind items. In 2024, we plan to expand these services from the current 35 stores to over 50 worldwide.



Stores with RE.UNIQLO STUDIO booths

35 stores in **16** markets
(As of October 31, 2023)

GERMANY



USA



UK



SPAIN



ITALY



JAPAN

REMAKE

Remake your UNIQLO favorites into fresh new items or customize them however you like.

SASHIKO



Add geometric *Sashiko* embroidery to repair and beautify clothes.

EMBROIDERY



Enjoy customized designs such as initials and needlepoint.

REPAIR

Repair damaged areas so your clothes can be worn and loved for even longer.

DOWN JACKET



Fix damage such as rips in down, holes in knitwear, and frayed crotches in jeans.

Respect Human Rights in Our Supply Chain

- ▶ Implement three-pronged supply chain reform to achieve sustainable growth (map supply chain and consolidate partners, diversify production bases, and deepen raw material procurement management). Establish systems to apply our own standards for product quality, production frameworks, and environmental and human rights measures for every process, from sewing back to the procurement of raw materials.
- ▶ Concluded a Production Partner Code of Conduct with spinning mills for UNIQLO cotton products in Spring 2023. Regular audits of major spinning mills were introduced to verify working environments and traceability.

Enhancing Monitoring to Improve Supply Chain Working Environments

To protect human rights and working environments in the supply chain, Fast Retailing requires garment factories and fabric mills to comply with our Code of Conduct for Production Partners and has monitored compliance since 2004. This includes third-party auditing of human rights violations, working environments, and environmental conservation in accordance with the Social and Labor Convergence Program (SLCP), a common assessment framework for the apparel and footwear industries. In the event of a problem, the factory is asked to instigate improvements and support is provided. For a zero-tolerance item, the Business Ethics Committee decides

whether to terminate or review the business relationship after investigating the factory's management and employment circumstances, exploring improvements with the factory, and confirming implementation. In 2023, we commenced monitoring at spinning mills.

In FY2023, we tightened standards regarding discriminatory treatment and migrant workers, who are often more vulnerable. We classify charging costs such as recruitment fees, travel expenses, and passport renewal to migrant workers as zero-tolerance items and require partner factories to follow strict standards when addressing any such burden. As a result, the number of zero-tolerance evaluations rose to 14 factories. We agreed on improvements with all offending factories and confirmed implementation at 10 factories.

Working Environment Monitoring Results at Garment Factories (Evaluation of Partner Factories)

Grade	Main description	FR Group (UNIQLO)	
		FY2022	FY2023
No important issues or zero-tolerance items	Important issues or zero-tolerance items were not observed	459 (246)	417 (234)
Important issues observed	Serious violations of the Code of Conduct (including insufficient provision of overtime pay, failure to grant statutory leave, failure to pay wages during paid leave, failure to pay social insurance premiums, long working hours, failure to provide breaks as stipulated in laws and regulations, failure to conclude employment contracts or provide adequate content)	78 (41)	85 (38)
Zero-tolerance items observed	Extremely serious violations of the Code of Conduct (including child labor, forced labor, oppression and harassment, discrimination, inadequate safety precautions in buildings, obstructing the formation of unions, unjustifiably dissolving strikes, taking retaliatory action against employees who file complaints, failure to pay wages, not meeting the minimum wage)	9 (4)	14 (5)

Note: From September 2020 we started gradually changing our monitoring methods to the Social & Labor Convergence Program (SLCP), the common assessment program for the apparel industry. By the end of August 2023, we had largely introduced the SLCP into all garment factories and major fabric mills, and we are now changing the disclosure of monitoring results to match the new monitoring framework.

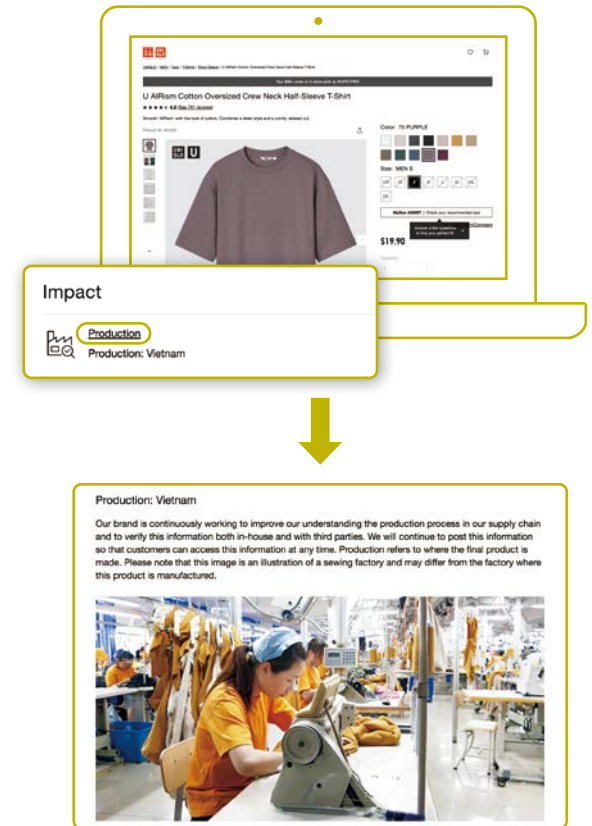
Deepening Supply Chains, Enhancing Traceability

Fast Retailing has always built strong partnerships with garment factories and fabric mills, and we have established systems for applying and managing our own standards regarding product quality, production frameworks, and environmental and human rights. We are expanding these partnerships so we can designate and manage all processes in-house, back to raw materials procurement. That means establishing traceability by understanding the commercial flow from raw material to garment factory, while consolidating transactions among business partners that share our values and standards. We began tracing the commercial flow of all UNIQLO products from Spring Summer 2023. For cotton products, we consolidated business to a select group of spinning mills. We specified the origin and quality of cotton from the product planning stage and built systems to trace it. We will promote similar initiatives for all materials going forward.

We are also improving information disclosure on production processes to customers. In August 2023, we began displaying the country of production on UNIQLO and GU online product pages in certain markets. We will gradually expand the number of target markets and information provided.

Disclosure of Production Partners List

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



In August 2023, started posting information about country of production on UNIQLO and GU online stores.

Visualizing and Consolidating Supply Chain

Stabilizing quality and cost, and enhancing environmental and human rights standards



Management to date



Future aim

Fast Retailing will evaluate the situation, designate suppliers, and manage all processes

Respect the Environment

- ▶ Steadily reduce greenhouse gas (GHG) emissions in all areas—materials development, supply chains, stores, and offices—to achieve our FY2030 targets.
- ▶ Announced Fast Retailing Group Policy on Biodiversity, seeking net positive impact on biodiversity across our value chain.
- ▶ Conducted a biodiversity impact assessment of our business and identified significant impacts from land used for the production of wool, cashmere, and cotton raw materials. We will conduct more on-site surveys to identify and implement appropriate actions.

Steadily Reducing GHG Emissions

Our aim is to achieve net zero GHG emissions by 2050. We are currently on track to reduce emissions at our stores and main offices by 90%, and emissions from the manufacturing of raw materials, fabric, and garments for UNIQLO and GU products by 20% by FY2030 (compared with FY2019 levels). These targets have been certified under the Science Based Targets (SBT) framework.

SCOPE 1, 2

Easing Environmental Impact Through Innovative Stores

When developing our UNIQLO Maebashi Minami IC store, which opened in April 2023, we considered energy-efficient features from the design stage onward and created a store that incorporated various ideas for alleviating environmental impacts.

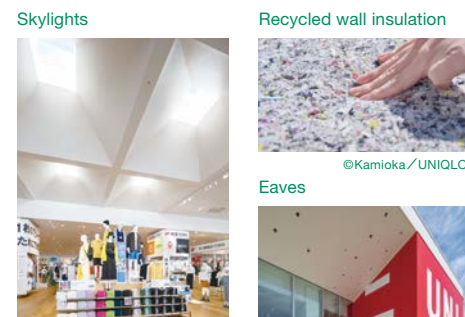
The majority of our energy consumption is electricity for lighting and air conditioning, so we reduced in-store power consumption in numerous ways: eaves to block out strong sunlight, skylights to maximize natural light, and solar panels on the roof.

FOCUS

Maebashi Minami IC store initiatives



Measures to Reduce Power Consumption



Addressing Water Resource Issues

We address water issues across raw materials procurement, production, retail, and product use. We monitor water volumes in areas of high water-supply risk and at targeted factories, and work together on conservation. By end 2025, our aim is to reduce per-unit water usage by 10% (vs. 2020 levels) at each of the major garment factories and fabric mills that together account for 80% of the water used for our products. In 2022, 49% of the factories were already meeting those targets. We also aim for zero discharge of harmful chemicals (ZDHC) from our products and production processes, and achieved 99.7% compliance with ZDHC wastewater standards in 2023.



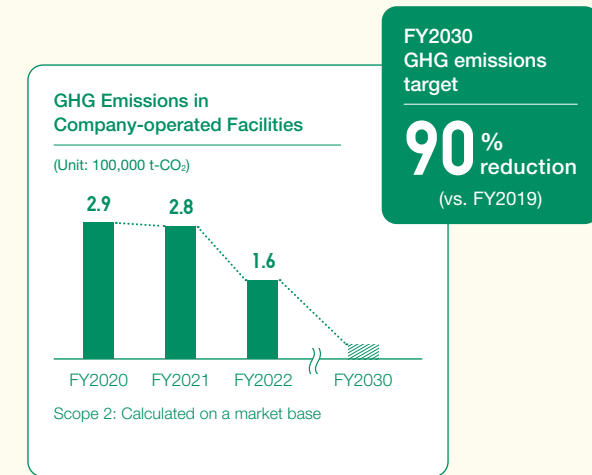
Environmental nonprofit CDP certified Fast Retailing as an "A-list company" in recognition of its proactive efforts and transparency on climate change and water security.



The store is projected to consume 40% less power than conventional UNIQLO roadside stores.* Furthermore, our internal research estimates the generated solar power will cover 15% of the store's total needs. Other initiatives include using recycled UNIQLO clothing for wall insulation and installing air curtains that effectively control inflows of outside air and outflows of temperature-controlled indoor air when the doors are open. Going forward, we plan to open more stores with similar features.

We aim to use 100% renewable electricity at our stores and main offices by FY2030. In FY2022 that figure stood at 42.4% for the Fast Retailing Group as a whole.

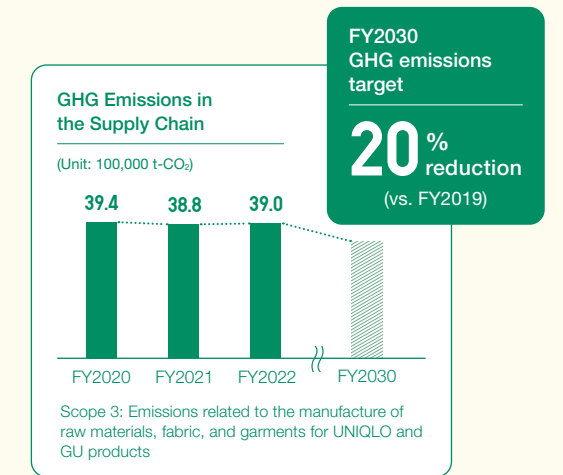
*Based on a comparison with the UNIQLO Tomioka store, also in Gunma Prefecture, adjusted to the same floor area as the UNIQLO Maebashi Minami IC store.



SCOPE 3

Lowering Emissions in Our Supply Chain

Major partner factories account for 90% of UNIQLO and GU production volume. We support these targeted factories in phasing out coal and using renewable energy. After preparing a GHG emissions reduction plan, we monitor progress and conduct a review every three months. While GHG emissions increased marginally in FY2022 due to an increase in production, we expect to see a decline once factories replace unsuitable equipment. Many supply chain initiatives of this nature take time to complete due to capital investment and other factors.



Strengthen Communities

- ▶ Support people affected by poverty, discrimination, violence, conflict, and war by donating all proceeds from our PEACE FOR ALL charity T-shirt project to international humanitarian organizations.
- ▶ Offer clothes and self-reliance initiatives to refugees and other people in need around the world. In September 2022, we started a self-reliance program for female Rohingya refugees in Bangladesh.
- ▶ Empower children and young leaders of tomorrow through educational support and social engagement programs.

Promoting Refugee Employment in Our Stores

One way we can help refugees who have fled their home countries lead a stable life in their new environment is to offer employment. Since 2011, UNIQLO Japan has worked with the Refugee Assistance Headquarters (RHQ) at the Foundation for the Welfare and Education of the Asian People (FWEAP) to provide employment for refugees and their families who have been granted refugee status and domicile in Japan. With the scheme now being extended to group companies including GU Japan, we are employing more and more refugees each year. At the end of April 2023, 53 refugees were working for us in Japan. After joining the company, they undertake practical in-store training, visit our headquarters for other training sessions, and attend Japanese language classes. As part of our effort to create a comfortable working environment, we offer educational programs on refugee issues to store managers and employees who serve as trainers. We also employ refugees in UNIQLO stores in the USA and Europe, where we provide region-specific support. Having refugees as members of the Fast Retailing Group is part of our philosophy of encouraging diversity within the company.



Refugees employed in UNIQLO Japan stores

Refugees working in Japan for Fast Retailing Group (As of April 30, 2023)

53



Expanding Refugee Support Through Next-generation Training

Fast Retailing has been providing clothing aid to refugees and other displaced persons worldwide since 2006 in partnership with UNHCR, the UN Refugee Agency. In 2011, we signed a global partnership with UNHCR, hoping to find more comprehensive solutions for refugees. From 2006 to end August 2023, we donated approximately 54.63 million items* of used clothing through our product reuse and recycling activities. We also provide emergency aid, run self-reliance programs for refugees, employ refugees, raise awareness of associated issues, and dispatch employees to UNHCR.

Since 2013, we have been working with UNHCR on the Power of Clothing Project, a participatory learning program for elementary, junior high, and high school students. After attending classes given by our employees, students organize the collection of used kids clothing for donation to people under 18, who constitute roughly half of all refugees. In FY2023, roughly 82,000 students from 744 schools in Japan collected approximately 720,000 items of clothing through the program. In July 2023, we launched the Kids in Action project at an elementary school in Singapore. This two-week initiative was our first used-clothing drive outside Japan, and approximately 1,200 children took part.

Number of used clothing items donated (2006 to end August 2023)

Approx. **54.63** million

*Includes non-refugee beneficiaries



Children we met at a refugee settlement, June 2023



Power of Clothing lesson taught by a UNIQLO employee

Power of Clothing Project participants (Japan, FY2023)

744 schools
Approx. **82,000** people

INTERVIEW

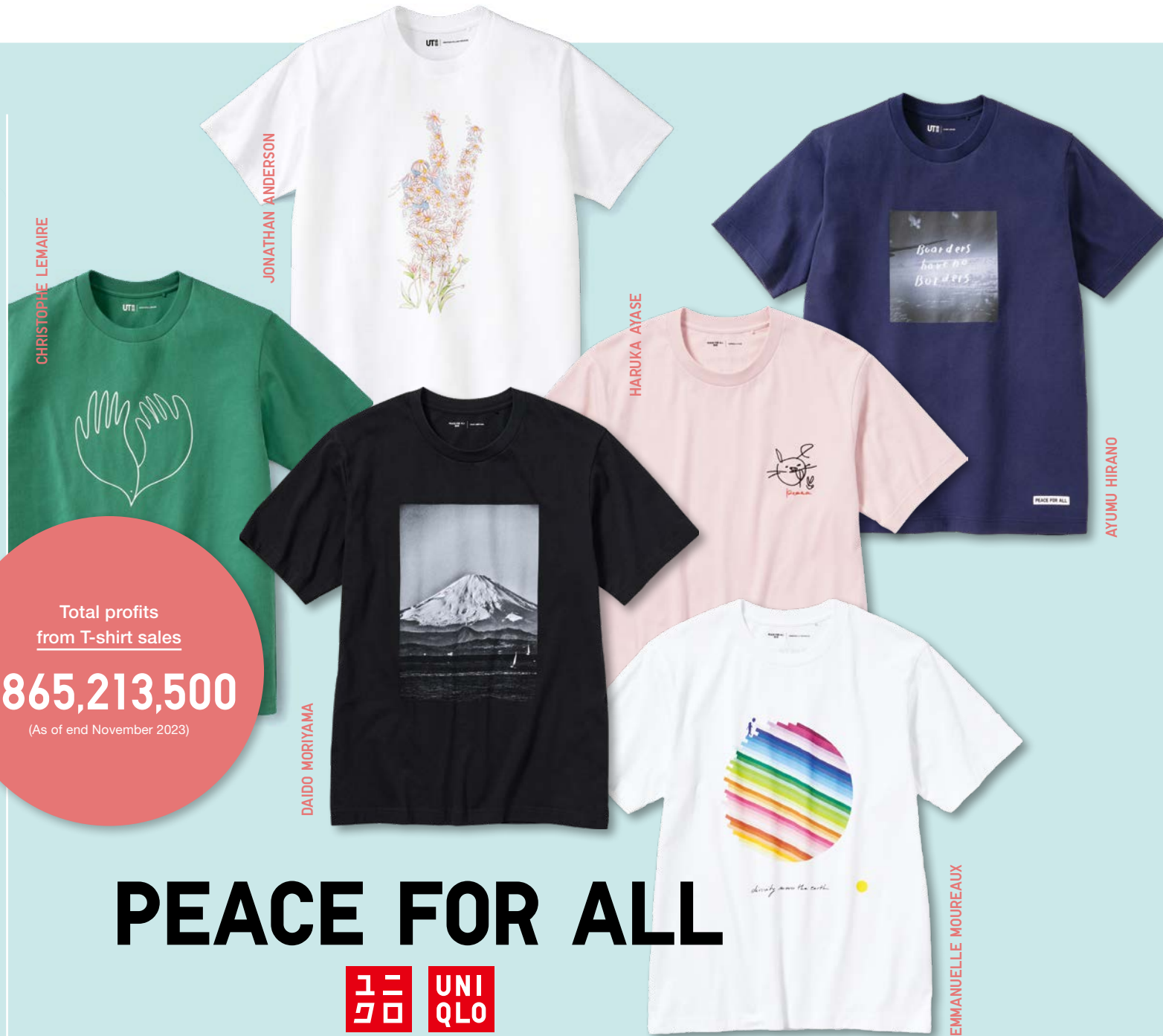


Ayaki Ito

Representative of the United Nations High Commissioner for Refugees (UNHCR) Representation in Japan

Expanding Support for Refugees Around the World

In 2008, I was in Lebanon when I was first approached about donating clothes to refugees. I feel that Fast Retailing and UNHCR have built a holistic relationship through clothes. Fast Retailing doesn't just donate clothes, it also employs refugees and conducts multiple activities to help refugees regain their independence and rebuild their lives. For instance, the MADE51 initiative (led by UNHCR and launched in 2018) sells handicrafts made by refugees using traditional techniques through its UNIQLO stores. Fast Retailing is unique in that it doesn't just deliver clothes to refugee camps; its employees visit the camps personally. I hope they share what they learn—about how the donated clothes help refugees and about how they live—with businesses and individuals worldwide.



Total profits from T-shirt sales
¥865,213,500
 (As of end November 2023)

PEACE FOR ALL



A Charity T-shirt Project to Promote Peace

The PEACE FOR ALL project embodies UNIQLO's sincere hopes and actions for world peace. Since June 2022, we have been selling T-shirts emblazoned with peace-related messages designed voluntarily by various celebrities who share UNIQLO's vision. As of end December 2023, 33 contributors have participated, including Tadao Ando, Haruki Murakami, Wim Wenders, and KAWS, and we continue to sell these designs. All profits from the T-shirt sales (20% of the retail price) are donated equally to three organizations through their Japan offices: UNHCR, Save the Children, and Plan International. By the end of November 2023, we had donated over ¥800 million for emergency humanitarian assistance and other international activities.

More information is available here.



MESSAGE FROM OUR PARTNERS

Message from Save the Children



Akiko Takai
 Save the Children
 Executive Director cum
 Secretary General,
 Save the Children Japan



Every time I came across people wearing PEACE FOR ALL T-shirts, I was overjoyed to see someone taking action for world peace. By wearing a PEACE FOR ALL T-shirt, your support is having a positive impact for the millions of children and their families living in countries affected by conflict or natural disasters. With your help, we were able to support children around the world—including in Ukraine, Afghanistan, Lebanon, Bangladesh, and Mozambique—with cash assistance, food supplies, learning spaces, and psychosocial support. I hope we can continue to work together to support these children by wearing these T-shirts.



MESSAGE FROM OUR PARTNERS

Message from Roger Federer



For over 25 years, I considered myself very fortunate to explore the world while competing in a sport I love. Tennis and peace both start with "Love" and I hope this simple design also can remind everyone how important it is to respect each other.



ROGER FEDERER

Professional Tennis Player

Tennis legend Roger Federer is a 20-time Grand Slam winner with 8 Wimbledon titles and holds the record of being ranked No. 1 in the world for 237 consecutive weeks. He is one of the most beloved and influential players of all time.



Support Employee Fulfillment

- ▶ Promote diversity and inclusion focusing on gender equality, ethnicity and nationality, participation of staff with disabilities, and LGBTQ+ awareness.
- ▶ Provide skills development programs and growth opportunities. Develop employees with the ability to play an active role on the global stage. In November 2023, we released our human development policy, which helps secure diverse human resources and determine policies for enhancing our internal work environment.
- ▶ Create working environments supporting our aim to become the world's safest and healthiest company.

Engagement survey scores
(for 2023)

The composite index* **74.3%**

*The percentage of employees who responded positively to engagement-related questions



Percentage of women in management positions* in the Fast Retailing Group (as of end August 2023)

FY2023 **44.7%**
↓
FY2030 **50.0%**

Percentage of non-Japanese people in management positions* (as of end August 2023)

FY2023 **56.4%**
↓
FY2030 **80.0%**

*Management positions refer to block leaders and area managers in the sales department; store managers of a certain grade and above; and HQ executive officers, directors, and managers.

More information is available here.



Hiring and Training Talented People

Based on Global One and ZEN-IN KEIEI management principles, Fast Retailing provides growth opportunities for all employees. We seek to build an environment where anyone can play a leading role and demonstrate their abilities. We consider global employees who can think and act autonomously as the driver of corporate growth. We strive to nurture those who adhere to high standards and value "truth, goodness, and beauty." They share our customer-centered ethos.

We strive to hire and develop people in three key areas. First, store salespeople who think and act autonomously to provide locally tailored customer service. Second, store managers and global management personnel who generate concrete results and contribute to society by demonstrating global leadership that transcends barriers. Third, highly specialized personnel with world-class expertise in digital, IT, creative, and global supply chain management who can build functions and systems for a global future that is unfettered by convention.

Our Internal Training Organization

The Fast Retailing Management and Innovation Center (FR-MIC) is the in-house human resource training organization created by president and chairman Tadashi Yanai. Under his direct jurisdiction, FR-MIC works with senior management and human resources to promote Global One and ZEN-IN KEIEI principles and nurture managers who can play an active global role. FR-MIC offers diverse educational programs and provides necessary training in a timely and appropriate manner. The content includes training based on Notes on Becoming a Business Leader, FR: In Spirit and Action, and What FR Has Changed, all written by founder Tadashi Yanai; dialogue sessions with Mr. Yanai, national CEOs and other executive officers, and store managers; roundtable discussions on management issues with national managers; and sales training. To deepen understanding of management policies and issues, we hold an FR Convention twice a year, bringing together global store managers, head office employees, and highly talented store salespeople.

We also provide proactive employee growth opportunities through internships, unique training programs, and other similar initiatives.



Sharing Fast Retailing's management philosophy and vision with all our employees is essential for our corporate growth. We hold FR conventions twice a year. Including online participants, these events are attended by roughly 8,000 store managers and head office employees from around the world.

INTERVIEW

Contributing to Society is Good for the Company

I joined FR in 2001 to promote our internal training programs. Immediately after that, the Social Contribution Office was launched in earnest, so I got involved there early on. In 2004, the CSR Department was established, and I suggested to Mr. Yanai that we expand our fleece recycling to all UNIQLO products. He told me to get all employees on board, so I made the announcement at our all-employee FR Convention, and then followed through. Whether supporting refugees or providing clothing aid after the 2011 Japan earthquake, sustainability initiatives require widespread cooperation. This company is a great place for motivated employees—people who want to inspire others and make a difference in society—achieve their dreams and goals. You can implement great initiatives that extend beyond your specific job's responsibilities. My work here is extremely fulfilling.



Eiko Sherba
Global Marketing Director
(Sustainability Marketing)

Ensure Proper Corporate Governance

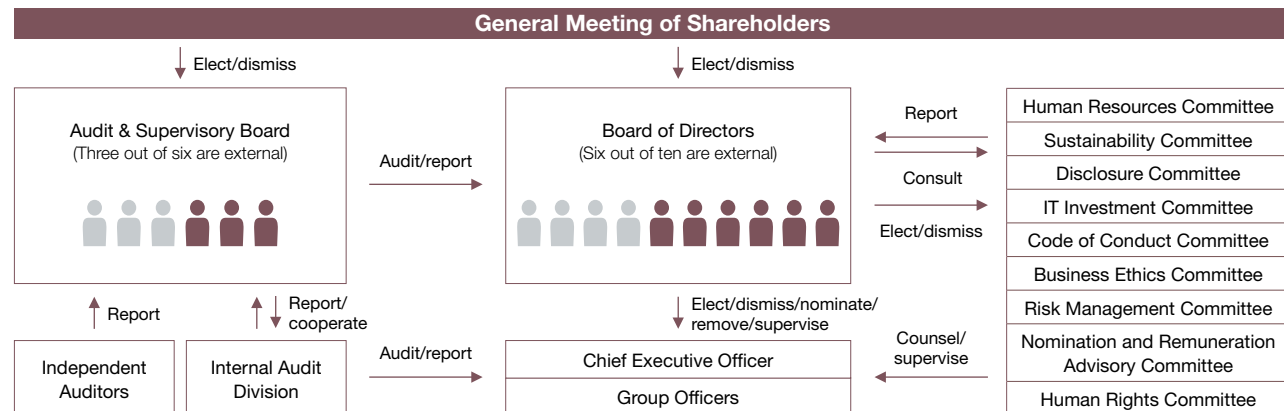
- ▶ Appoint a majority of external directors to the Board of Directors to strengthen its independence and surveillance capabilities.
- ▶ Promote swift, open debate and decision-making in individual committees that support the Board.
- ▶ Discussion of important governance matters in the Nomination and Remuneration Advisory Committee (appointing directors and Audit & Supervisory Board members and providing long-term incentives for officers).

Outline of Corporate Governance (Year Ended November 30, 2023)

Form of Organization	Company with Audit & Supervisory Board	
Chairman of the Board	Tadashi Yanai	
Number of Directors & Audit & Supervisory Board Members	Directors:10, including 6 external directors/Audit & Supervisory Board Members: 6, including 3 external Audit & Supervisory Board Members	
Details of Board of Directors Meetings in FY2023	Number of Meetings/Attendance	Number of meetings: 13/director attendance*1: 97.2%/Audit & Supervisory Board Member attendance*2: 97.4%
	Sample Agenda	Approval of the annual budget and corporate results, officer appointments, operational and new-store planning for our Global Brands segment, and our policy on financial planning and fund management, etc.
Details of Audit & Supervisory Board in FY2023	Number of Meetings/Attendance	Number of meetings: 13/Audit & Supervisory Board Member attendance*2: 94.8%
	Sample Agenda	Auditing policy, auditing planning, discussion with the Board of Directors, the current situation and issues at UNIQLO Japan, the current situation and issues in the production area, and the current situation and issues in the Sustainability Department, etc.
Main Meetings Requiring Audit & Supervisory Board Member Attendance	Board of Directors Meetings, Human Resources Committee, Sustainability Committee, Disclosure Committee, IT Investment Committee, Code of Conduct Committee, Business Ethics Committee, Risk Management Committee, Nomination and Remuneration Advisory Committee, Human Rights Committee	
Election of Independent Directors	6 external directors and 3 external Audit & Supervisory Board Members elected	
Determination of Individual Director Remuneration	Internal director remuneration consists of basic fixed remuneration and variable performance-related remuneration (both short and long-term) based on each director's performance, etc. The basic portion of internal director remuneration is calculated using a table of fixed compensation for individual internal directors according to his/her stipulated grade, which is based on an individual's job description, level of responsibility, past achievements, and degree of contribution to the company. Each director's grade is determined by the Board of Directors following discussion in the Nomination and Remuneration Advisory Committee. Performance-related remuneration (both short and long-term) is based on an evaluation of each director's performance during a specified period and calculated within the upper limit approved at the general shareholders' meeting. The Board delegates the function of determining director evaluations to company president and representative director Tadashi Yanai following discussion in the Nomination and Remuneration Advisory Committee. External director remuneration is determined by Board of Directors within the total amount for external director remuneration approved at the general shareholders' meeting. FY2023 compensation to the 11 directors totaled ¥819 million, including ¥87 million to external directors.	
Determination of Individual Audit & Supervisory Board Member Remuneration	Overall limit determined at the general shareholders meeting. Individual compensation decided through mutual consultation between Audit & Supervisory Board Members. FY2023 compensation to the 5 Audit & Supervisory Board Members totaled ¥76 million, including ¥42 million to external Audit & Supervisory Board Members.	
Independent Auditor	Deloitte Touche Tohmatsu LLC	

*1. Average attendance of each director. *2. Average attendance of each Audit & Supervisory Board Member.

Corporate Governance at Fast Retailing (As of November 30, 2023)



Our Approach to Corporate Governance

Fast Retailing's corporate statement is "Changing clothes. Changing conventional wisdom. Change the world." As part of our goal to become a global No.1 brand that is essential to daily living and trusted by all customers around the world, we are determined to pursue business expansion and sustainability initiatives as one.

To help us achieve those aims, we have established an effective corporate governance structure. Fast Retailing is a company with an Audit & Supervisory Board. To enhance the Board of Directors' independence and strengthen its surveillance ability, the majority of the Board's members are external directors. Our corporate

officer system is designed to split management decision-making and business-execution functions, facilitating efficient management and business implementation. We have also established a variety of committees to complement the effective functioning of the Board, including the Human Resources, Sustainability, Disclosure, IT Investment, Code of Conduct, Business Ethics, Risk Management, Nomination and Remuneration Advisory, and Human Rights committees. Each committee encourages effective, open debate and decision-making that fulfills its designated purpose and responsibilities.

Board of Directors

Having a majority of external directors on the Board of Directors strengthens supervision of decision-making by the CEO and other executive officers. As former senior managers of global companies and leading specialists in fields such as M&A, financial management, diversity, and ESG, our external directors offer diverse, high-level expertise. They offer objective opinions that are reflected in important decisions. In FY2023, the Board discussed various topics including the approval of the fiscal year budget and financial results, trends and issues at UNIQLO International and Global Brands, and e-commerce strategy.

Fast Retailing conducts an annual survey of all directors and Audit & Supervisory Board members regarding the effectiveness of the Board. The survey results are shared with all members in a Board meeting held to consider improvements with regard to highlighted issues. In FY2023, this survey pinpointed ongoing issues with the way information is provided to external directors and with the diversity of Board membership, and praised improvements in Board effectiveness through the holding of topic-specific monthly discussions as well as store and warehouse tours for newly appointed directors.

Internal Control

With our operations continuing to expand globally, we are focusing on establishing internal control systems wherever we operate by promoting full compliance, strengthening risk management frameworks, protecting confidential information, and pursuing thorough internal

auditing. We seek to nurture a deep understanding of, and respect for, our Fast Retailing Group Code of Conduct by requiring all employees to take an annual online refresher course. We have also set up internal hotlines so that anyone can anonymously report or discuss potential compliance violations or concerns.

Audit & Supervisory Board

Fast Retailing's Audit & Supervisory Board consists of six members, including three external members. Chaired by a Standing Audit & Supervisory Board Member, the Audit & Supervisory Board balances strong independence with strong information-gathering. External Audit & Supervisory Board members are fully independent and boast backgrounds in law and public accounting. Each member contributes professional and objective opinions. Audit & Supervisory Board members fulfill their supervisory obligations by monitoring and verifying the Board of Directors' decisions and by attending Board of Directors meetings. Members also audit the directors' execution of their duties by holding regular hearings with directors, executive officers, employees, and Audit & Supervisory Board Members of subsidiary companies. The Audit & Supervisory Board meets at least once a month to formulate audit policies and plans, and to discuss quarterly explanations and reports from the accounting auditor. The Audit & Supervisory Board met 13 times in FY2023 with 94.8% attendance. Items discussed included the current status and issues relating to the Sustainability Department, Finance Department, FR-MIC internal training organization, and the Human Rights Committee annual activity report.

Human Rights Committee

The committee advises and supervises the company to ensure compliance with the Fast Retailing Group human rights policy and the appropriate conducting of all business. It investigates human rights violations reported by stakeholders through our hotlines, and provides advice and recommendations on remedial measures. It also provides advice and recommendations to individual business divisions on education and awareness-building activities and the implementation of human rights due diligence. In FY2023, the committee discussed the report outlining the results of and recommendations for workplace monitoring at spinning mills, as well as frameworks for human rights due diligence at logistics suppliers.

Risk Management Committee

This committee regularly identifies significant risks, strengthens risk management systems, and manages company-wide risks. It prioritizes areas of highest potential risk in discussions of pre-emptive and responsive actions. It also reports material risks to the Board of Directors and helps relevant departments respond. The committee is chaired by the Group CFO, and members include external directors and executive officers. In FY2023, the committee discussed information security and other risks and strengthened risk management in operations.

Sustainability Committee

The Sustainability Committee discusses sustainability policies and measures, offers advice and recommendations to departments, and supervises progress. Its discussions include corporate activity and policy relating to environmental protection, respect for human rights, social responsibility, compliance, and diversity. Content is shared with all relevant departments. In FY2023, the committee discussed climate change, biodiversity, circular economies, and efforts to engage customers and employees in sustainability.

Nomination and Remuneration Advisory Committee

The discretionary Nomination and Remuneration Advisory Committee discusses items relating to corporate governance (requirements and nomination policy for director and Audit & Supervisory Board member candidates, director remuneration policy, CEO requirements, smooth succession planning, etc.) and advises the Board of Directors. The committee is chaired by an external director and includes all independent external directors and some independent Audit & Supervisory Board members. Passing on the Fast Retailing corporate philosophy and spirit is key to growth, so President and CEO Tadashi Yanai also serves on the committee. In FY2023, the committee discussed director and Audit & Supervisory Board member appointments and long-term incentives for officers.

Composition of Committees (January 1, 2024)

●=Committee Member

	Human Resources Committee	Sustainability Committee	Disclosure Committee	IT Investment Committee	Code of Conduct Committee	Business Ethics Committee	Risk Management Committee	Nomination and Remuneration Advisory Committee	Human Rights Committee	
Executive Director	Tadashi Yanai	Chairperson	●	●	Chairperson			●		
	Takeshi Okazaki	Observer	●	Chairperson	●		Chairperson		●	
	Kazumi Yanai		●							
	Koji Yanai		Chairperson							
Non-Executive Director	Nobumichi Hattori						●	●		
	Masaaki Shintaku	●			Observer			Chairperson		
	Naotake Ono							●		
	Kathy Mitsuko Koll		●					●	●	
	Joji Kurumado							●		
Standing Audit & Supervisory Board Member	Yutaka Kyoya	●						●		
	Masaaki Shinjo	●		Observer	Observer	●				
	Masumi Mizusawa		●	Observer		●	Observer		●	
External Audit & Supervisory Board Member	Tomohiro Tanaka		●	Observer	Observer		Observer			
	Kejiko Kaneko	●				●			●	
	Takao Kashitani							●		
	Masakatsu Mori						Observer			
Number of Group Officers, External Specialties, etc.		3	7	3	4	5	9	8	0	8

Note: The Business Ethics Committee is chaired by the Officer in Charge of the Sustainability Department, the Code of Conduct Committee is chaired by the Officer in Charge of the Legal Affairs Department, and the Human Rights Committee is chaired by an outside expert. External directors and Audit & Supervisory Board Members offer opinions based on their respective knowledge.

INTERVIEW

External Director Interview

Passion to Develop Local Communities

Joji Kurumado

External Director



Becoming the Best Team

Since being appointed external director, I have been struck by how motivated and keen Fast Retailing employees are to achieve challenging goals in all areas where the company operates. This trait is not only apparent in domains that are visible to customers, such as stores and products, but across the supply chain and in other domains as well.

However big a company becomes, human resources will always be important. Fast Retailing holds its Fast Retailing Convention twice a year, and store managers from around the world and employees from the company's global headquarters gather for enthusiastic discussions. I think this is a fantastic way to boost employee motivation. In my capacity as executive officer at Takenaka Corporation, I witnessed a vast difference in outcomes depending on how motivated employees were. We are always talking about staffing, training, and succession planning in Board meetings. I think Fast Retailing's key strength lies in its ability to respect each employee's capabilities and experience, and its determination to create working environments that encourage people to take on challenges and expand their horizons.

Building Stores That Invigorate Local Communities

Determining store locations is an active process. UNIQLO can sometimes change an entire town or community by opening a store there. For example, the UNIQLO Maebashi Minami IC store, which opened in April 2023, has developed an iconic presence in the area. I feel UNIQLO has successfully refreshed the image of the roadside store and changed the nature of urban planning. Opening stores that local communities welcome and support is socially significant. UNIQLO store openings can help local communities and businesses by alleviating the negative impact of depopulation and encouraging other stores to open nearby. In the big picture, the opening of a store may kickstart community development. I am eager to provide support and advice on this issue from an external director's perspective.

Appointed November 2022. In January 1982, received Japanese First-class Architect certification. At Takenaka Corporation, served as Executive Officer in Charge of Design, Managing Executive Officer, and Advisor. Currently, a part-time lecturer at Waseda University.

JOJI KURUMADO

Messages from Our Directors



Tadashi Yanai

Fulfilling Our Social Responsibility as a Global Company, Pursuing Continuous Improvement

Our mission is to make the world a better place through the clothing business based on our corporate philosophy: Changing clothes. Changing conventional wisdom. Change the world. There are no national borders in economics, and global companies are expected to fulfill significant social responsibilities. We will continue to grow, improve, and deliver clothing happiness and joy to people worldwide through LifeWear.

Appointed President and CEO in September 1984, and his current position of Chairman, President & CEO in September 2005. Main concurrent positions: Chairman & CEO of UNIQLO CO., LTD.; Director & Chairman of G.U. CO., LTD.; Director of LINK THEORY JAPAN CO., LTD.; External Director at Nippon Venture Capital Co., Ltd.



Naotake Ono

Providing Valuable Frontline Information to Improve Management

During my career as senior manager, I believed that a company's frontline operations were paramount, and I still do. I make casual visits to stores and listen to customer opinions. I also propose management improvements gleaned from my experiences as an individual consumer. Our Board is well-balanced and boasts members with diverse business backgrounds. Everyone exchanges lively opinions and Mr. Yanai is always open to ideas.

Appointed November 2018. Formerly Director, Senior Managing Executive Officer, Executive Vice President, President & COO, and Special Advisor to Daiwa House Industry Co., Ltd. Currently, Part-time Director of Nomura School of Advanced Management and Special Advisor at Asai Ken Architectural Research Institute and Patience Capital Group Pte Ltd.



Nobumichi Hattori

External Director

Independent Director

Firmly Managing Global Risks, Finding Best Ways to Increase Corporate Value

I believe the best way to increase shareholder value is to prize capital market perspectives and objectively judge how these markets perceive Fast Retailing's corporate value. I intend to ensure solid global risk management and offer advice from a broad range of perspectives to ensure Fast Retailing continues to fulfill market expectations as a highly respected company that is expected to grow strongly in the future.

Appointed November 2005. Formerly worked at Goldman Sachs. Currently a research specialist in M&A and corporate value evaluation. Also serves as Visiting Professor at Waseda Graduate School of Business and Finance, and at Keio University Graduate School of Business Administration; External Director at Hakuholdo DY Holdings Inc.



Kathy Matsui (Kathy Mitsuko Koll)

External Director

Independent Director

As Diversity Drives Growth, We Need Diverse Perspectives

As Fast Retailing's first female external director and the first director who is not a Japanese national, I strive to make proposals from diverse perspectives. Mr. Yanai, who is well versed in ESG matters, shares my belief that diversity is the driver of growth. I want to help create the organizational frameworks to achieve this. Nurturing role models to promote "womenomics" is part of that effort.

Appointed November 2021. Worked as a partner and then Vice Chairperson at Goldman Sachs Japan Co., Ltd. Currently serves as Councilor of the Fast Retailing Foundation and General Partner of MPower Partners Fund L.P.



Masaaki Shintaku

External Director

Independent Director

Promoting Digital Consumer Retailing, Building Frameworks for the Next Phase

Fast Retailing is proceeding with its transformation into a digital consumer retailing company and accelerating its efforts to analyze data and acquire knowledge. Fast Retailing made efficient investments in updated IT systems, which are now supporting operations and earning a strong reputation. Fast Retailing is also attracting exceptionally talented employees and building frameworks for the next stage of growth. The Board should support this progress.

Appointed November 2009. Previously Executive Vice President of Oracle Corp. (US) and Chairman of Oracle Corp. (Japan). Currently External Director of NTT DOCOMO, INC., NTT Communications Corporation and Member of External Audit Committee, Juntendo University School of Medicine Juntendo Clinic.



Joji Kurumado

External Director

Independent Director

With an Eye on the Future, Suggesting the Best Steps Now

I intend to use my experience and expertise in construction to offer even better proposals and advice on how to build sustainable next-generation stores that will meet future standards. That means determinedly balancing profit and sustainability and pursuing necessary steps based on future scenarios. As a director, I want to support this kind of innovation at Fast Retailing.

Appointed November 2022. In January 1982, received Japanese First-class Architect certification. Served as General Design Manager, Executive Officer in Charge of Design, Managing Executive Officer, and Advisor at Takenaka Corporation. Currently, Part-time Lecturer in the Department of Architecture, School of Creative Science and Engineering, Waseda University.



Yutaka Kyoya

External Director
Independent Director

Maximizing Growth Potential by Stressing Medium- and Long-term Perspectives

I have worked for many years in the food industry, so the idea of LifeWear as a daily necessity resonates with me. I have experience in the United States, Europe, and Asia in global and executive management, and I apply that knowledge to my responsibilities as an external director by helping improve medium- to long-term corporate value at Fast Retailing, which has great growth potential.

Appointed November 2022. Formerly Director at Lawson, Inc., and COO of Foods (Commodity) Division and Executive Vice President & Group CEO of the Mitsubishi Corporation Consumer Industry Group. Currently Representative Director, President, CEO, CSO and CHO of Mitsubishi Shokuhin Co., Ltd.



Takeshi Okazaki

Fast Retailing's corporate value and growth stems from increasing the value of LifeWear, earning trust as an essential company, and continuing to fulfill customer expectations worldwide. I avidly promote operational reform by investing in people, branding, digitalization and other operational infrastructure. I also prize the fundamental customer-centric, frontline-driven nature of our retail industry, and build the necessary structures to make us No. 1 in terms of customer satisfaction.

Appointed November 2018. Worked at the Long-Term Credit Bank of Japan and as a partner at McKinsey & Company. Joined Fast Retailing in August 2011. Main current positions: Director, UNIQLO CO., LTD, G.U. CO. LTD.; Group Senior Executive Officer & CFO, Fast Retailing Co., Ltd. and Representative Director, PLST CO., LTD.



Kazumi Yanai

Fast Retailing really does want to make the world a better place through business. That means being sensitive to social change, valuing "truth, goodness, and beauty" in all business activities, and pursuing global best practice to grow our business. Our growth should also contribute to a better future, so I work as a member of the founding family and as a director to help that happen.

Appointed November 2018. Joined Fast Retailing in September 2009 after working at Goldman Sachs Group, Inc. and Theory LLC. Main positions: Chairman, Theory LLC and UNIQLO USA LLC, Chairman, President and CEO, LINK THEORY JAPAN CO., LTD. and Group Senior Executive Officer, Fast Retailing Co., Ltd.



Koji Yanai

Consumer behavior is returning to previous patterns now that COVID-19 is a less immediate threat. As a company involved in global commerce, this provides us with the opportunity to boost satisfaction among existing customers and earn the trust of new ones. I respond to increasingly discerning observations and demands from customers and help create a brand that exudes a sense of kindness and security.

Appointed in November 2018. Joined Fast Retailing in September 2012 after working at Mitsubishi Corporation's food subsidiary Princes Limited, UK. Currently Group Senior Executive Officer, Fast Retailing Co., Ltd.

Audit & Supervisory Board Members



Keiko Kaneko

External Audit & Supervisory Board Member
Independent Director

It is important that the external Audit & Supervisory Board members of a swift, effective company such as Fast Retailing support the company's growth opportunities while also offering risk-mitigating advice from multiple perspectives. I always do my utmost to conduct vigilant reviews and strengthen corporate structure.

Appointed November 2012. Partner at Anderson Mori & Tomotsune LPC; Statutory Auditor at UNIQLO CO., LTD.; External Statutory Auditor at The Asahi Shimbun Company and External Director at Daifuku Co., Ltd.



Takao Kashitani

External Audit & Supervisory Board Member
Independent Director

The stronger the opinion, the more attentively Mr. Yanai listens, so auditors and directors can always conduct open-minded discussions. With over 30 years' experience as a corporate restructuring consultant, accountant, and tax expert, I can advise on these matters and also offer suggestions on various issues that go beyond my external auditor remit.

Appointed November 2018. Director of Brain Group (Kashitani Accounting Office); President of Brain Core Co., Ltd. and of FP Brain Co., Ltd.; External Director at Japan Freight Railway Company.



Masakatsu Mori

External Audit & Supervisory Board Member
Independent Director

Fast Retailing's mission is to grow in harmony with society. Is the decision-making process appropriate? Is the company's economic and social value consistently increasing? What risks hinder the realization of the company's business plans? It is my job to look into these matters and strengthen global governance.

Appointed November 2020. Currently serves as Special Advisor to the International University of Japan, and External Director at Stanley Electric Co., Ltd. and Kirin Holdings Company.



Masaaki Shinjo

Standing Audit & Supervisory Board Member

Appointed November 2012. Joined Fast Retailing in February 1994 (served as General Manager of Group Auditing, Statutory Auditor at G.U. CO., LTD., General Manager of Sales Support Management Division at UNIQLO CO., LTD.), Auditor at FAST RETAILING (CHINA) TRADING CO., LTD. and at four subsidiary companies.



Masumi Mizusawa

Standing Audit & Supervisory Board Member

Appointed November 2019. Joined Fast Retailing in October 2001 (served as General Manager of Investor Relations, Global Corporate Management and Control). Audit & Supervisory Board Member at LINK THEORY JAPAN CO., LTD.



Tomohiro Tanaka

Standing Audit & Supervisory Board Member

Appointed November 2023. Joined the company in July 2018. Worked as Consolidated Team Leader of Global Planning Management and CFO of UNIQLO Taiwan.