

# **LifeWear = a New Industry**

## **Briefing Session**

**2023/11/07**

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Fast Retailing Co., Ltd.**

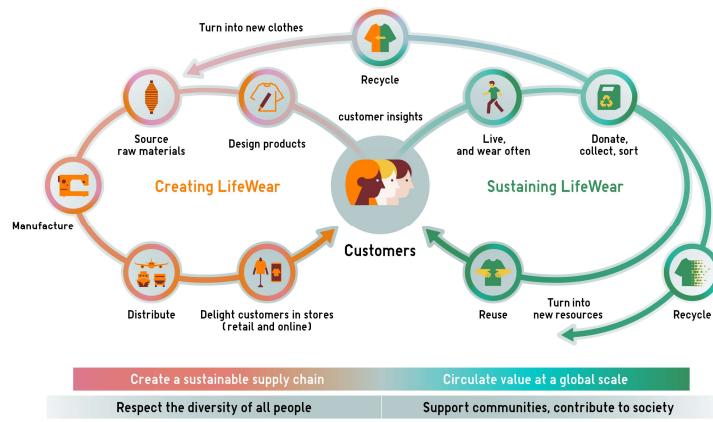
Hello everyone. My name is Koji Yanai.

Let me first thank you all for coming here today and I look forward to engaging with you.

## LifeWear = a New Industry

Our four promises for making LifeWear a new industry:

1. Completely overhaul the supply chain to further increase the value of LifeWear
2. LifeWear must continue to respect the individuality and diversity of all people around the world.
3. Contribute to the stability and sustainable development of society on a global scale by further utilizing the unique power of LifeWear to make the world a better place that we have believed in for over 20 years.
4. Develop and provide new services and technologies that allow LifeWear to be worn for even longer.



You might already be familiar with this chart, which depicts the overall functioning of our ideal business model.

In the process of creating LifeWear, we are making steady progress toward a supply chain that is sensitive to the environment and human rights so customers can feel comfortable and confident when buying our clothes. At the same time, we intend to accelerate our pursuit of a more circular business model that sustains LifeWear in a safe and effective way for a longer time.

Today, I would like to share details of our tandem goals of business growth and of contributing to a sustainable society, which I will explain from the perspective of when we create LifeWear and also through our initiatives to sustain LifeWear longer. I hope that by the end of today's session, you will have a deeper understanding of Fast Retailing's efforts to create a new kind industry that comes from LifeWear.

## Our Sustainability Record



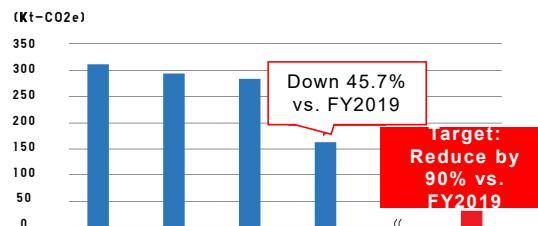
Our sustainability initiatives date back to 2001 when we first established our Social Contribution Office. At that time, we started collecting used fleece items, which became the precursor of our All-Product Recycling Initiative.

To this day, we have continued to evolve and expand the nature and scope of our initiatives. This includes clothing donations to refugee camps and disaster-stricken areas around the world, UNIQLO Soccer Kids, the Next Generation Development program, as well as our workplace monitoring program at partner factories, and our efforts to recruit refugees as employees. Furthermore, many of these initiatives have now been operating for ten years or more.

We believe we can benefit our society through our business activities. That's why we have put so much effort into sustainability initiatives over many years.

## Reducing GHG Emissions (Scope 1 & 2)

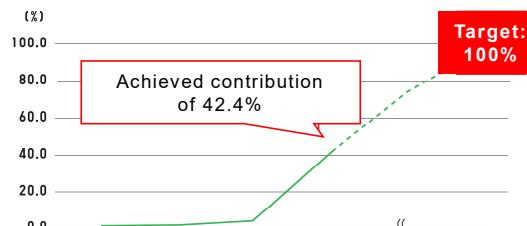
### GHG emissions (Scope 1 & 2)



FY2022: Reduced greenhouse gas (GHG) emissions (Scope 1 & 2) by 45.7% (vs. FY2019 levels)

E.g. The UNIQLO Maebashi Minami IC store is a new, proof-of-concept store using energy-saving design and technology innovations to reduce power consumption and improve energy efficiency.

### Contribution of renewable energy sources for our own operations



Achieved renewable energy contribution of 42.4% (at end FY2022)

In FY2022, our operations in Europe (with the exception of a few countries), North America and Vietnam all achieved 100% renewable energy.

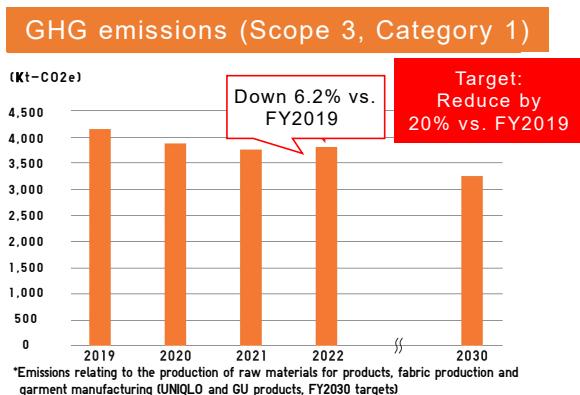
Let me start with progress we have made toward achieving our declared fiscal 2030 targets.

First, we are making steady progress on reducing greenhouse gas (GHG) emissions in our stores and main offices, achieving a 45.7% decrease in fiscal 2022 compared to fiscal 2019 levels.

An interesting development is the UNIQLO Maebashi Minami IC store in Japan, which opened in April this year. It is a new proof-of-concept store using energy-saving design and technology innovations to reduce power consumption and improve energy efficiency, through which we expect to be able to reduce power consumption at the store by approximately 40% compared to conventional UNIQLO roadside stores. The Maebashi Minami IC store is featured in the Power of Clothing magazine that you have been given today, so please take a look.

We are also seeking to shift to 100% renewable energy by 2030. As an indicator of our progress on that front, we had increased the proportion of electricity sourced for our own operations from renewable energy to 42.4% in fiscal 2022.

## Reducing GHG Emissions (Scope 3)



Reduced GHG emissions (Scope 3, Category 1) by 6.2% in FY2022 compared to FY2019 base year

- A slight increase on FY2021 level due to increased production volumes but expect to see an immediate reduction impact once replacement of factory equipment is completed.
- Check progress of factory emission-reduction plans every three months and revise plans. Help solve issues discovered at each factory or in each region.
- Work closely with partner factories. Making steady progress toward achieving our targets.

We were able to reduce GHG emissions across our supply chain by 6.2% in fiscal 2022 compared to fiscal 2019 levels. That figure was slightly higher than the figure we achieved in fiscal 2021 because we increased production volumes. However, we do expect to see an immediate reduction of GHG emissions once a scheduled replacement of factory equipment is completed.

Once every three months, we consult closely with our partners and their factories on how their plans to reduce emissions are progressing, working together to review the plans if necessary. We also offer support to help them solve any issues that arise at individual factories or in individual regions.

For instance, it can be hard to procure energy derived from renewable sources, either directly or indirectly, in Bangladesh. So Fast Retailing extended support, which enabled the factories to procure certificates for the amount of renewable energy that they wanted.

Until now, we have not reduced these GHG emissions by a large amount. But we are working very closely with partner factories and are making steady progress toward achieving our target.

## Biodiversity

Aiming for a net positive long-term position across supply chain

- We conduct biodiversity impact assessments of our business and identify any significant land-use impact from the production of raw materials such as wool, cashmere and cotton.
- In the case of cashmere, we are cooperating with a team of leading biodiversity experts from the University of the Ryukyus to analyze satellite data collected from all farms, and also visit cashmere farms in person to check the status of species and vegetation. Based on results of our inspections, we make improvement plans where required.
- We plan to apply this same model of management to our wool production, and are investigating regenerative farming practices for our cotton production.
- We have also formulated the Fast Retailing Group Biodiversity Conservation Policy, which we plan to release today.

On the biodiversity front, we are accelerating efforts to achieve our net positive impact target on biodiversity over the long term, including our supply chain operations.

We conduct regular qualitative and quantitative evaluations of our impact on biodiversity in the value chain as well as our biodiversity dependencies risk. One area we have identified is significant land-use impact caused by the production of wool, cashmere and cotton.

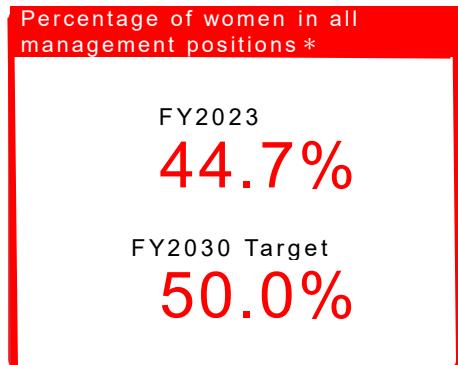
In the case of cashmere, we are cooperating with a team of leading biodiversity experts from the University of the Ryukyus and using satellite data to analyze the conditions of plants on all the farms from which we source cashmere. Fast Retailing employees also visit the farms to check the actual conditions for themselves. We plan to compile action plans to encourage improvements based on the results of this analysis.

For wool, we plan to implement the same evaluation and improvement initiatives as we already do with cashmere. For cotton, we will explore the possible application of regenerative farming principles, and will explore converting to sustainable cotton production.

We have formulated the Fast Retailing Group Biodiversity Conservation Policy outlining these policies, which we have now published on our company website.

## Promoting Diversity

Global percentage of female managers (as at end August 2023)



\* Managers include block leaders, area managers, store managers of a certain grade and above, corporate officers, general managers, and group leaders.

- We actively hire women and international employees with potential to become Group executives. We select spirited people who bring new ideas to key positions, irrespective of nationality or experience. We ensure appropriate employee evaluation systems and support mechanisms.
- We pursue initiatives to ensure our diverse, global team is comfortable, secure and motivated at work.



We are making steady progress on initiatives designed to achieve our target of raising the percentage of women in management positions to 50% by 2030. In 2023, that figure increased one percentage point to 44.7%.

Furthermore, Fast Retailing's efforts on diversity & inclusion have been recognized externally, with the company being awarded the highest rating at the D&I Awards and being included in ESG indices for institutional investors.

## Overview of Social Contributions

Combined record from the Fast Retailing Group, Fast Retailing Foundation, Yanai Tadashi Foundation and the Yanai family

	FY2021	FY2022	FY2023	FY2025
• Beneficiaries :	7.5 million people	7.49 million people	1.82 million people	<ul style="list-style-type: none"> <li>We will support 10 million people a year through aid to refugees and socially vulnerable people, and through activities in culture, arts, and sport that nurture the next-generation.</li> </ul>
• Clothing aid :	3.03 million items	6.98 million items	1.13 million items	<ul style="list-style-type: none"> <li>We will provide 10 million garments a year worldwide</li> </ul>
• Value of social contribution activities :	5.9 billion yen	8.8 billion yen	5.4 billion yen	<ul style="list-style-type: none"> <li>The Fast Retailing Group, FR Foundation, Yanai Tadashi Foundation, and individual members of the Yanai family will engage in social contribution activities to the tune of 10 billion yen a year</li> </ul>

Next, I would like to tell you about our social contribution activities.

As you can see in the slide, these organizations provided support to 1.82 million people and donated 1.13 million items in clothing aid in fiscal 2023.

The figures on the slide are displayed in accordance with the Business for Societal Impact (B4SI) global standard for measuring and managing social impact. The number of beneficiaries is decreasing but that is because we were providing AIRism masks to people around the world in FY2022.

In addition, the B4SI standard does not include the donation of used clothing. If we include those 4.16 million donated items, the FY2023 figure for clothing donations would total approximately 5.30 million items.

# PEACE FOR ALL



Profits from  
T-shirt sales

Total 697,281,900  
yen



UNHCR  
The UN Refugee Agency



To give you some specific examples, we are continuing to promote our PEACE FOR ALL charity program that we launched in June 2022.

The project, which aspires to promote peace, involves the selling of T-shirts voluntarily designed by well-known people who sympathize with UNIQLO's aims. All profits from the project, which equate to 20% of the retail price, are donated to three partnership organizations.

Twenty-nine celebrities have participated in the project to date, generating profits of just under 700 million yen as of the end of August 2023.

These funds have been donated to the United Nations High Commissioner for Refugees (UNHCR), Save the Children and Plan International and have been used to fund emergency humanitarian assistance for refugees, a project to encourage self-reliance among refugee women, plus education and awareness projects to prevent child marriages.

## Supporting Refugees

### Helping refugees in Bangladesh gain independence

- In September 2022, we launched a self-reliance project for 1,000 Rohingya women in one of the world's largest refugee camps - Cox's Bazar, Bangladesh, in cooperation with the United Nations High Commissioner for Refugees (UNHCR).
- By August 2023, approximately 350 women had completed a sewing course, sewing approximately 2 million reusable cloth sanitary napkins and 430,000 underwear, distributed throughout the camp for feminine hygiene



### Supporting disaster-stricken areas

- We donated 1 million euros (roughly 140 million yen) in the wake of the 2023 Turkey-Syria earthquake, along with UNIQLO HEATTECH and other items of clothing aid.

We continue to focus on projects to support refugees.

In September 2022, we launched a project to help refugees in Bangladesh gain independence.

In addition, at the request of UNHCR, we donated 1 million euros (roughly 140 million yen) following the Turkey-Syria earthquake in February 2023 and provided UNIQLO HEATTECH and other items of clothing aid.

## Supporting Future Generations

Nurturing future generations with UNIQLO Global Brand Ambassadors and other sporting champions



ITF UNIQLO Wheelchair Clinic with Shingo Kunieda and Gordon Reid



Around the World with Roger Federer in NYC

Another key pillar of our social contribution is the UNIQLO Next Generation Development programs. We work together our UNIQLO Global Brand Ambassadors - who are champions in their sports - to actively nurture future generations.

The picture on the left is of an event held on April 23 to support future wheelchair tennis players, conducted with Shingo Kunieda and Gordon Reid. The pair coached 14 junior players between 9 and 17 years of age from all over Japan. They talked openly about how to practice and prepare for matches and extended generous advice to the young players.

The photo on the right shows the New York launch of our Around the World with Roger Federer global event series, which brings together the themes of art, tennis and culture in major cities to encourage children to play an active role in the world. At the New York launch event you see here, Roger Federer taught tennis basics to children on a court adorned with KAWS art. We plan to conduct similar events in other countries and regions going forward.

## FR Foundation Initiatives

### Joined the Philanthropy Asia Alliance

The Alliance gathers organizations with a solid global impact record, leveraging funds, networks and expertise of each to help solve issues in Asia relating to natural environment, education and public health.

### Launched scholarship for international students from Vietnam

The scholarship program helps aspiring and passionate Vietnamese students acquire knowledge required to study at university in Japan. It promotes understanding of Japanese culture and encourages young people to connect intellectually, while using their respective talents to help each other grow. The first students entered Japanese universities in fall 2023.

Scholarship places: Up to 10 students per year

Scholarship amount: Up to 4 million yen per year



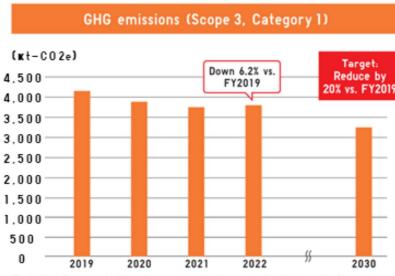
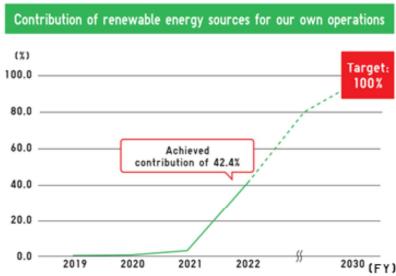
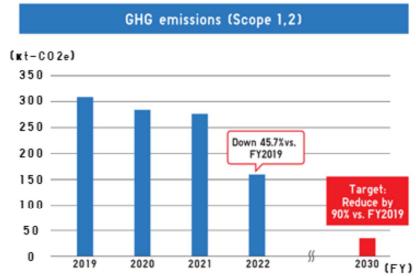
Finally, I will talk about activities pursued by the Fast Retailing Foundation.

The foundation generally focuses on donations and educating future generations and I would like to introduce two new initiatives here today.

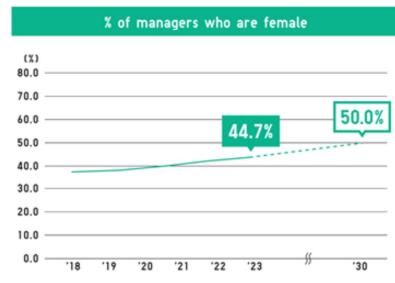
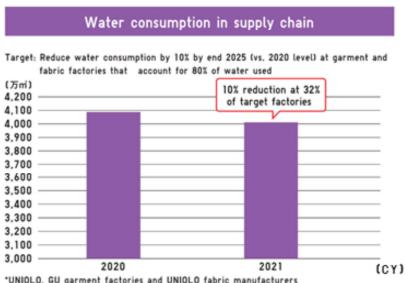
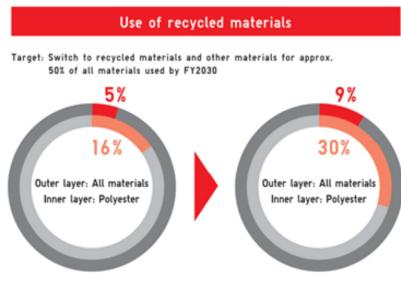
First, the Fast Retailing Foundation joined the Philanthropy Asia Alliance (PAA) launched in September 2023. The Philanthropy Asia Alliance brings together organizations with an established track record of global impact and organizations conducting philanthropic activities in Asia. PAA aims to utilize these organizations' funds, networks and knowledge to catalyze solutions to challenges surrounding the natural environment, education and public health in Asia. As of September 2023, the alliance had over 80 members, with collective pledges of roughly 800 million US dollars (equivalent to 110 billion yen), and the Fast Retailing Foundation also decided to contribute 25 million US dollars (roughly 3.74 billion yen) over a ten-year period.

The other initiative is a new scholarship exchange program for Vietnamese students. The scholarship program helps aspiring and passionate Vietnamese students acquire the knowledge they need to study in Japan at Japanese universities. It also aims to boost understanding of Japanese culture and encourage young people to connect intellectually and use their respective talents to help each other grow. Six students entered Japanese universities in fall 2023 in the first phases of the program.

## Sustainability Data Highlights



\*Emissions from production of raw materials for products, fabric production and garment manufacturing (UNIQLO and GU products, FY2030 targets)



This is our sustainability data highlights.

- 1 . LifeWear: Making clothes that can be lovingly worn - often and for a long time
- 2 . Aggressively and consistently pursuing a more circular model of business
- 3 . Transforming our supply chain to achieve sustainable growth

At today's sustainability briefing, we intend to talk about three broad topics.

I hope that you will learn that our very business activities are inextricably linked to our sustainability efforts, and that our pursuit of business growth necessitates greater levels of sustainability.

Our aim is to become the world's most beloved global No.1 brand based on the results of these efforts.

So, without further ado, let me pass you on to Group Senior Executive Officer Mr. Yukihiro Katsuta, who will talk about the first topic, "LifeWear: Making clothes that can be lovingly worn - often and for a long time."

**Yukihiro Katsuta  
Group Senior Executive Officer  
Fast Retailing Co., Ltd.**

My name is Yukihiro Katsuta and I am the Group Senior Executive Officer at Fast Retailing responsible for product development and R&D.

I am very pleased to have the opportunity to talk to you today.

# LifeWear

Making clothes that can be lovingly worn - often and for a long time

I will talk to you about our LifeWear concept and our clothes-creation approach that enables customers to lovingly wear an item of clothing - often and for a long time.

## What is LifeWear?

- 1 . Inspired by life's needs
- 2 . Ingenious in detail
- 3 . Simple and adaptable to everyone's style
- 4 . Looking ahead to constantly evolve
- 5 . The highest quality made available to everyone

**MADE FOR ALL**  
**Clothes for everyone**

I am sure many of you know this already, but LifeWear clothes are designed to make everyone's life better. LifeWear is the ultimate everyday clothing with a practical sense of beauty, ingenious in detail, inspired by life's needs, and always evolving.

That concept is founded upon our MADE FOR ALL approach. Anyone can access LifeWear. It serves as clothing parts that enable the wearer to express their individuality by combining different items.

That is what our LifeWear clothes-creation philosophy is all about.

## Loving LifeWear for Longer

### Physical sustainability

Durable, long-lasting comfort  
Environment conscious



Oxford Shirt

### Emotional sustainability

Wear for a long time without getting bored  
Never goes out of style



Extra Fine Merino Crew Neck Sweater

I think you will understand this next point having just heard my explanation of our LifeWear concept. Instead of following trends, we have always sought to develop individual products that people can lovingly wear for a long time by working repeatedly to improve the quality and design aspects of each clothing item.

With that aim in mind, we value the physical sustainability that is achieved by offering the durability and comfort that encourages long-term wear and using environment-conscious recycled materials. We also value the emotional sustainability that is achieved by offering designs that people will wear for a long time without tiring of them and that never go out of style.

## Physical Sustainability

- The quest to perfect products from a comprehensive perspective
- Follow optimal standards that can be applied globally, pursue quality management based on a combination of unique inspections
- Achieve high level of quality through long-standing partnerships with a limited number of factories
- Final quality checks are carried out by Production Department staff who verify quality in person



Made with triple-twist yarn

Gusset: Reinforced hem on both sides for added strength



Oxford Shirt

In our pursuit of physical sustainability, we strive to perfect our products from a comprehensive perspective. This means verifying the degree of comfort of an item of clothing both in terms of materials and product design, the quality of sewing, any physical damage such as wear, fraying or fading, and durability and functionality.

At Fast Retailing, we conduct multiple rounds of product sampling and inspect the performance of products at each stage of the sample production process.

We set optimal standards and conduct inspections that can be applied globally as our business continues to expand worldwide. We also conduct our own tests based on customer feedback to confirm the durability of our products. For instance, we use long-term deterioration testing to ascertain whether there might be a problem with storing unworn clothing for a long period. We also check the durability of the adhesive process on our seamless down and other seamless products and devise inspections to suit the different characteristics of each product.

We achieve high-quality sewing together with our production partners. We are able to achieve that high level of sewing quality thanks to the accumulation of past improvements made possible by our long-standing relationships with a limited number of partner factories.

In addition, Fast Retailing Production Department staff are either stationed at partner factories or visit them on a weekly basis. Products that have been inspected on the factory floor then undergo further inspections by Production Department managers, who get to check the final level of quality with their own eyes.

This photo on the slide shows a Oxford Shirt with an even smoother surface texture achieved by twisting three threads into the horizontal weft during the weaving process. This highly finished piece of clothing maintains the same look and feel even after washing, and is durable and long-lasting. We have also added gussets to the hem on both sides where the front and back parts of the shirt meet to reinforce the area and help improve the shirt's durability and design.

## Emotional Sustainability



Collaboration dress between UNIQLO and Alexander Wang released in 2008

Let me share my personal experience with you today in so far as it relates to emotional sustainability.

The first clothes that come to mind when thinking of wearing an item for a long time would probably be a basic design, but that is not necessarily the case.

I think that an innovative and highly finished design is one that does not age over time and can be enjoyed for a long time.

We are keen to develop more such products and create future masterpieces.

That requires a high degree of design prowess, which I will talk about more towards the end of my presentation.

## Creating and Evolving LifeWear

- Create masterpieces through repeated improvements
- Create future masterpieces that closely reflect changes in customers' lives
- Develop products based on recycled materials and product recycling perspectives

There are three core aspects to the LifeWear product planning process, inspired by the approach I have just explained.

Let me now explain each of those.

## Create Masterpieces Through Repeated Improvements

The proportion of regular staple items that are sold year-round has almost doubled



Sweat Pullover Hoodie



Souffle Yarn Sweater

We are very particular, not only about the fine, smooth surface of the sweat fabric, but also the inner side. The double-twisted yarn creates hardly any fluff, keeps the garment crisp and plump even after washing and maintains a beautiful shape and sheen for a long time.

This sweater was created based on feedback from customers saying they didn't like the itchy feel of knitwear. We used a specially brushed yarn to create a soft texture and a near no-scratch feel. Customers love the gentle comfort and warmth.

The first aspect concentrates on creating long-loved masterpieces, or ultimately finished clothing, through repeated improvements.

When creating UNIQLO products, we place great emphasis on the insights we receive directly from customers or via our in-store staff. We believe that by making and delivering only the necessary volume of products, and by precisely meeting real customer needs, we can help eliminate waste and reduce our environmental impact.

Customer feedback is shared with relevant departments 24/7/365 via our internal platforms and is used to improve and develop products. We are constantly evolving our staple items as well through repeated research and redesign.

This pursuit of repeated improvements has dramatically helped perfect our products and enabled us to produce more regular staple items that are sold throughout the year. As a result, the proportion of staple products to total products has almost doubled compared to 10 years ago.

## Create Future Masterpieces (1)

Customers love our AirSense (Ultra Light) jackets and pants because you can wear one garment for multiple occasions



AirSense (Ultra Light) Pants



AirSense (Ultra Light) Jacket

The second aspect focuses on creating masterpiece products by closely reflecting changes in customer's lives and unearthing latent customer needs.

The AirSense (Ultra Light) pants that you see in the photo were inspired by a request from professional golfer Adam Scott for bottoms that he could wear at tournaments. The pants are highly functional, boasting lightweight, stretchable and quick-drying features. We have also worked on creating a design and adapting the texture of the material so they can be worn in both business and daily life settings.

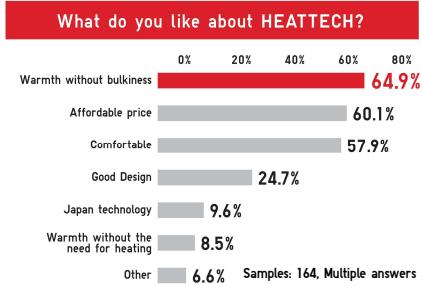
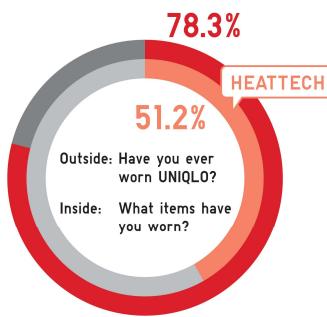
The boundary between sportswear and everyday wear is becoming increasingly blurred as we are starting to wear more casual clothing. Our AirSense (Ultra Light) range matches these customers' needs so it is becoming increasingly popular with men and women alike.

One garment can be worn for multiple occasions, which helps simplify and streamline a customer's closet and customers no longer need to prepare different outfits for each occasion.

## Create Future Masterpieces (2)

- HEATTECH boasts sales of approx. 1.5 billion items since its launch in 2003
- Thanks to the advent of HEATTECH and Ultra Light Down, the average number of tops people wear in winter decreased from five to three (vs. 1990)
- \*Interview survey: Customers rated HEATTECH highly because "it feels warm but not bulky." HEATTECH is becoming a product people the world over love wearing

\*Survey method: On-the-street and email interviews  
 Survey targets: People in their 20s through 60s visiting the 2023-24 Fall Winter Fashion Week in Paris, France as well as people involved in the fashion industry  
 Survey period: February 27 – March 22, 2023



HEATTECH Ultra light Turtleneck T

Some of you here today may use our HEATTECH products yourselves. HEATTECH has been winning the support of people around the world as a collection of thin but warm inner wear ever since it was launched in 2003, clocking up cumulative sales of approximately 1.5 billion items worldwide.

We have expanded our HEATTECH lineup to include garments that can be worn as inner wear, single items, or as part of a layered look. So the range is becoming much more versatile.

Thanks to the invention of HEATTECH and another UNIQLO clothing innovation - Ultra Light Down - the number of layers people wear each day on average to keep warm in today's world has been significantly reduced from five to three compared to 1990. The weight of our clothing has been reduced by roughly half, enabling people to lead more comfortable and active lives even in cold winter weather.

We conducted an interview survey regarding HEATTECH clothing during the Fashion Week held in Paris, France from February this year for the 2023 Fall Autumn season. The survey revealed that over half of the respondents who had worn UNIQLO clothing had also worn HEATTECH garments.

When we asked what people liked about HEATTECH, the most respondents chose "warm but not bulky" at 64.9%. HEATTECH is rapidly developing into a much-loved product among people in the global fashion industry and the world at large.

## Recycling - Materials and Design Perspectives (1)

- Approximately 50% of all materials used by FY2030 to be recycled materials or other materials that emit low levels of greenhouse gases (GHG)

• All teams work together from product planning stage to consider the use of recycled materials and the possibility of clothing-to-clothing recycling,

• Proportion of recycled materials: 8.5% (+3.4p YoY)

• Percentage of recycled polyester used:  
30.0% (+14.5p YoY)



The third aspect involves developing products using more recycled materials and approaching design with recycling as a consideration.

We have set a target to switch 50% of our materials to recycled materials and other materials with low greenhouse gas emissions by fiscal 2030. We are starting this process with our core products.

Our materials development team, R&D department and merchandisers all work together from the product planning stage to consider the use of recycled materials and the possibility of clothing-to-clothing recycling, and we focus as hard on these activities as we do on quality and functionality improvements.

In fiscal 2023, the percentage of recycled materials used rose to 8.5%.

First, we are progressing with the switch from chemical fibers to recycled materials that we have been working on from a technological standpoint. Currently, 30% of polyester used is recycled polyester. We also started using recycled polyester in our HEATTECH range from Fall Winter 2023.

We are progressing with the development of recycled materials for natural materials as well. In Spring Summer 2023, we introduced recycled cotton for the first time in some UT products. We are making steady progress on natural fibers, which are often considered difficult to tackle in terms of quality, price and production volume. We are also accelerating our efforts to develop denim products using recycled cotton going forward.

## Recycling - Materials and Design Perspectives (2)

Strategic development of new materials using synthetic fibers that surpass the capabilities of natural materials

Soft-texture filling that retains heat



PUFFTECH Parka (Warm Padded)  
(Filling: Recycled Polyester used 20%)



PUFFTECH Quilted Vest (Warm Padded)

We are working strategically to develop new materials using synthetic fibers with capabilities that go beyond those of natural materials.

The PUFFTECH outerwear range we developed together with Toray Industries uses functional padding made from chemical fibers to maintain the same degree of warmth as down, but the functionality has been enhanced by making it possible to wash at home, something that is difficult to do with down.

The PUFFTECH Parka (Warm Padded) that we released in the Fall Winter 2023 season uses 20% recycled polyester for the padding, so the range is also helping accelerate our switch to recycled materials.

## Global Strengthening of R&D Framework

- Express the cultures of the countries where UNIQLO operates to the world
- Build full product mixes and shorten product development lead times



Clare Waight Keller



J.W. Anderson



Christophe Lemaire

UNIQLO R&amp;D Centers



Our product development system boasts roughly 200 staff worldwide

Finally, I would like to talk about our efforts to strengthen our global R&D framework.

We are enhancing our R&D system globally by establishing R&D centers that are capable of full product planning and pattern creation at our six bases in New York, London, Paris, Los Angeles, Tokyo and Shanghai. We have changed our previous Tokyo-centric manufacturing processes and are transferring core members involved in R&D, merchandising, patterning and other product-related processes to various locations and placing more emphasis on local recruitment. We are immersing ourselves in local living styles to understand and anticipate global customer needs. We are working to create a system for planning and producing products based on the world's most advanced information.

By reflecting the cultural and clothing traditions of the countries in which we operate to the world through the lens of UNIQLO LifeWear, we intend to create masterpieces that will be loved by customers throughout the ages. We also intend to create fuller product ranges and to shorten product development lead times as a truly global brand.

Our collaborations with world-class designers such as Christophe Lemaire, J.W. Anderson and Clare Waight Keller at these R&D bases are already helping to dramatically improve our product development and design capabilities. We interviewed Clare to get her thoughts and insight on developing products together with UNIQLO, so please watch that.

# LifeWear

II

Clothing with  
ultimate sustainability elements

In conclusion, we believe that clothes emphasizing two sustainability fundamentals: Durability and Utility - are unaffected by the times or trends and lovingly worn by customers around the world, often and for a long time.

I want to continue to develop LifeWear that never compromises on quality, price, comfort or design, and that makes people's lives better.

That concludes my presentation. Thank you.

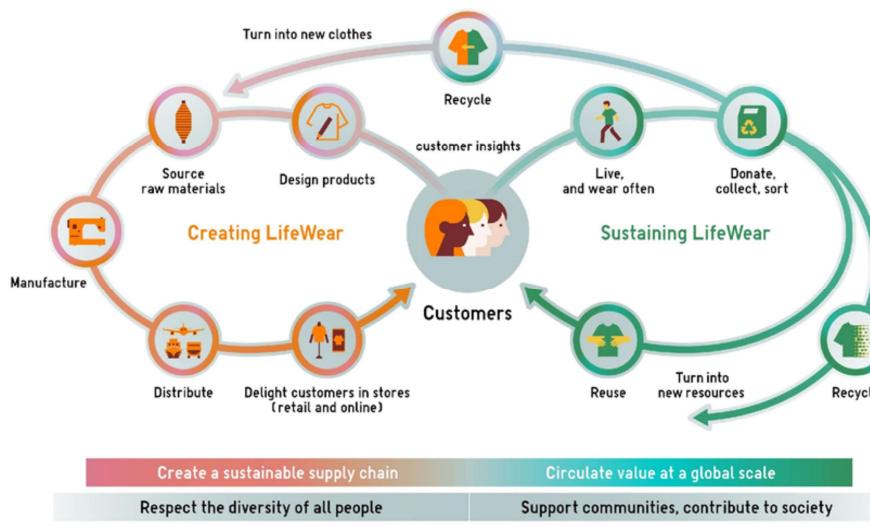
**Keiko Mayuzumi  
Director, Sustainability  
(Global Environmental Management)  
Fast Retailing Co., Ltd.**

## **Aggressively and continuously pursuing a more circular business model**

Hello. My main responsibility is global environmental management in the sustainability department of Fast Retailing.

Today, I would like to explain some our aggressive and continuous efforts to create a more circular model for our business.

## Sustaining LifeWear: Circulating value on a global scale



Fast Retailing believes it is an important part of our responsibility not only to produce and sell clothes that customers can wear often and for a long time, but also to strive to ensure clothes continue to have long-term utility beyond the time the customer uses them. The optimal value of clothing can only be realized when they are not thrown away.

Today, I would like to introduce some of our most recent activities to “Sustain LifeWear”, which are depicted on the right-hand side of this diagram showing the transformation of our business model.

## Releasing videos explaining how to care for your clothes

We have published videos for customers explaining how to wash knitwear or care for wool coats, so that people can wear their clothes for longer.



Our idea of sustainable products is based on the premise that customers who purchase our clothes will be able to wear them for a long time.

To encourage customers to wear their clothes for longer, we have released videos that show how to care for clothing when washing and ironing at home, including how to wash knitwear and how to care for wool coats.

We release these videos each year via social media and other channels seasonally, to coincide with the periods people are switching their wardrobes between seasons to use more knitwear and outerwear. The videos are proving very popular with customers.

Aim to create a society that doesn't throw away clothes  
 All collected items of clothing are reused or recycled



Fast Retailing is making good progress with the RE.UNIQLO program that involves recycling and reusing all products as part of our quest to create a more circular society.

RE.UNIQLO initiatives help ensure that clothes customers have used for many years can be given a new lease of life and fulfill a positive role in their next reincarnation.

Even before RE.UNIQLO, since 2006, Fast Retailing has been collecting used clothing that customers no longer need through our stores.

We sort, deliver and donate this clothing to people around the world in need of clothes - in the form of clothing aid to refugee camps, disaster-stricken areas, and other venues. As of the end of August 2022, we had donated a total of 50.50 million items to 80 countries and regions.

We have also achieved considerable success with our initiatives to reuse collected down in our clothing-to-clothing recycling projects, and with our efforts to turn items that cannot be reused or recycled as clothes into alternative fuel and soundproofing material. Thanks to these initiatives, we are able to either reuse or recycle all the secondhand clothing items that we collect.

In 2023, we expanded our RE.UNIQLO initiatives. I would like to introduce three specific new activities here today, including a new trial designed to increase customer awareness of clothing and its possibilities.

## 1. Expanding RE.UNIQLO STUDIO so customers can wear their clothes longer

- We launched RE.UNIQLO STUDIO repair and remake services to help customers wear clothes for longer
- We are evolving our services from repair to upcycling to meet demands of customers in different markets



First, I would like to update you on how we have expanded the RE.UNIQLO STUDIO initiative that we first introduced at last year's sustainability briefing.

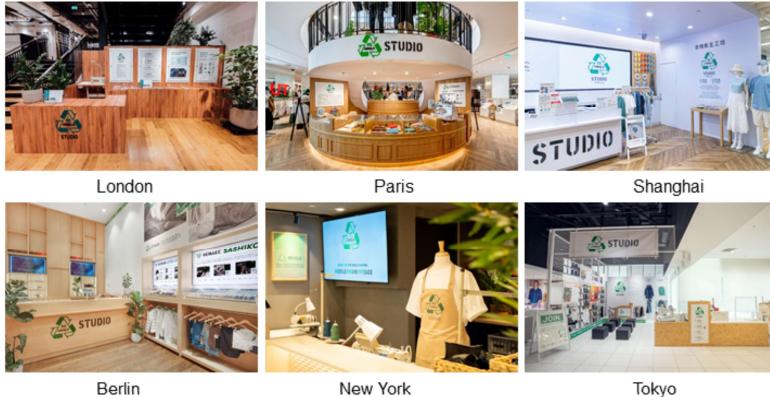
We started introducing clothing repair and remake services at RE.UNIQLO STUDIO in-store counters in 2022 as part of the overall RE.UNIQLO drive and a new way to encourage people to wear their clothes for longer.

We have received extremely positive feedback on the project, with customers coming to our stores who want to repair UNIQLO jeans that they bought over 10 years ago or to use our traditional Japanese SASHIKI KO embroidery techniques to upcycle their somewhat tired but much-loved UNIQLO clothes.

One year on from the launch of RE.UNIQLO STUDIO, we are realizing that many customers who do look after their UNIQLO clothes and wear them for a long time are wanting to take advantage of this service, and this has reinforced our convictions around just how important this initiative is.

## 1. Expanding RE.UNIQLO STUDIO so customers can wear their clothes longer

- As of the end of October 2023, we had established RE.UNIQLO STUDIO in 35 stores in 16 markets
- We plan to introduce RE.UNIQLO STUDIO services in over 50 stores globally in 2024



The RE.UNIQLO STUDIO idea was inspired by clothes upcycling workshops held by customers and staff in a store in Germany in 2021.

We subsequently expanded the concept to London, Paris, Shanghai, Tokyo and other cities and we now have 35 RE.UNIQLO STUDIO in 16 countries and regions. We have also expanded the number of RE.UNIQLO STUDIO in Japan to nine stores.

In 2024, we plan to introduce RE.UNIQLO STUDIO services in over 50 stores in countries and regions where UNIQLO operates around the world.

Each market has a different approach to repairing and remaking clothes, so we intend to develop the service going forward in such a way that promotes organic growth, reflects the specific needs of local customers, and encourages people to wear their favorite clothes with love and for a long time.

## 2. UNIQLO PRE-OWNED CLOTHES PROJECT

- We operated a trial pop-up store at the UNIQLO Harajuku store from October 11 to 22, 2023
- The pop-up store sold dyed and remade vintage clothes and freshly-washed reusable clothes



Pop-up store

Selling dyed, remade preowned clothes and reused clothes

Next, I would like to introduce our new preowned clothing initiative.

As part of the RE.UNIQLO drive, we launched a new UNIQLO Preowned Clothing Project that gave people the option to buy used or vintage items when shopping for clothes.

The first part of this trial project involved the opening of a pop-up store at the UNIQLO Harajuku store from October 11 to 22, selling clothes donated by customers that had been given a new lease of life and added value. The initiative was designed as an experiment for promoting our aim to sustain LifeWear, in which we took action and created a venue where we could listen directly to customer opinions and impressions.

The pop-up store sold two kinds of clothing:

- (1) Preowned UNIQLO clothes collected from customers that had been dyed, washed and processed to give them a vintage feel
- (2) Preowned UNIQLO clothes for reuse that have not been dyed but had instead been carefully checked and washed, giving people the opportunity to buy UNIQLO clothes of a certain era at affordable prices

A portion of the profits from this pop-up store will be donated to a social welfare organization that conducts various activities in the local community and will be used to fund activities that support children in the community.

Many customers visited the store during the twelve-day event, and we received a great deal of positive feedback. Customer comments included: "Even the preowned clothes are in good condition which makes me feel even more comfortable about the superior quality of UNIQLO products," and "the quality of the dyed products is high."

We will examine all such valuable insights and requests received from customers about the Preowned Clothing Project and RE.UNIQLO STUDIO as a matter of process. We want to work with customers who have affinity with our RE.UNIQLO initiatives to explore future initiatives, while also promoting co-prosperity in local communities and society.

### 3. Recycling donated clothes into new insulation material\*

\*Made from 30% recycled material

- UNIQLO Maebashi Minami IC store: A new store opened on April 21 that is literally clad in UNIQLO clothes
- The same insulation material was used at the UNIQLO Soyora Hamamatsu Nishiiba store (opened October 28, 2023)



The third set of initiatives I want to introduce here today highlight the efforts made to newly recycle and utilize collected used clothing in conjunction with the opening of the UNIQLO Maebashi Minami IC store in April 2023.

UNIQLO tackled multiple challenges to help support the environment from the early design stage when it created this store.

That included using insulation material for the store's exterior walls that includes 30% recycled materials made from finely shredded secondhand UNIQLO clothes that could no longer be worn. Every one of the store's exterior walls are covered in this insulation, making it a truly UNIQLO-clad store.

The recycled material provides the same degree of thermal insulation as the insulation used in other stores and helps reduce the energy required for air conditioning and heating.

The same insulation is also being used in a second trial in the UNIQLO Soyora Hamamatsu Nishiiba store, which was opened in October.

We want to continue implementing initiatives to recycle secondhand clothing items that cannot be reused into alternative fuel and materials, including the development of new materials.

## Working on new products for the second round of our clothing-to-clothing recycling

- We have been able to reduce CO<sub>2</sub> emissions from the production process of recycled down by approximately 20%\*
- We have started similar new product development initiatives using cashmere, wool and cotton

\*21 Fall Winter Recycled Down Jacket: Calculated life cycle assessment (LCA) value in the feather manufacturing process (Data collected by Toray Industries)



Finally, I would like to introduce a new initiative for future clothing-to-clothing recycling. Our clothing-to-clothing initiatives avoid using unnecessary amounts of resources, reduce the amount of waste generated, and help reduce environmental impact.

In 2020, UNIQLO began collecting UNIQLO down products that customers no longer wore and released our Recycled Down range made from recycled down and feathers. Recycling down and feathers enables us to reduce CO<sub>2</sub> emissions from the production process by approximately 20% compared to conventional down production. Following our success with recycled down, we are now preparing the second phase of our clothing-to-clothing recycling by developing new products that recycle the cashmere, wool and cotton contained in secondhand UNIQLO clothing.

Our customers are fully aware of our secondhand clothing collections that we have been conducting since 2006 and they bring in a large volume of used clothing to our stores. It is not only UNIQLO that collects secondhand clothes, but GU, Theory and PLST as well, so we hope people will bring their used clothes into our stores rather than throw them away.

That completes my presentation.

Thank you very much for listening.

**Masahiro Yubisui**

**Group Executive Officer**  
**Fast Retailing Co., Ltd.**

## **Transforming our supply chain to achieve sustainable growth**

My name is Masahiro Yubisui and I am in charge of UNIQLO production within the Production Department.

Today, I would like to talk about the supply chain reforms that we are working on in the production area.

**Provide exactly the right quantity of products customers need,  
when they need them,  
minimizing impact on people and environment in the process**

We are implementing our **Ariake Project** in transition to our new business model

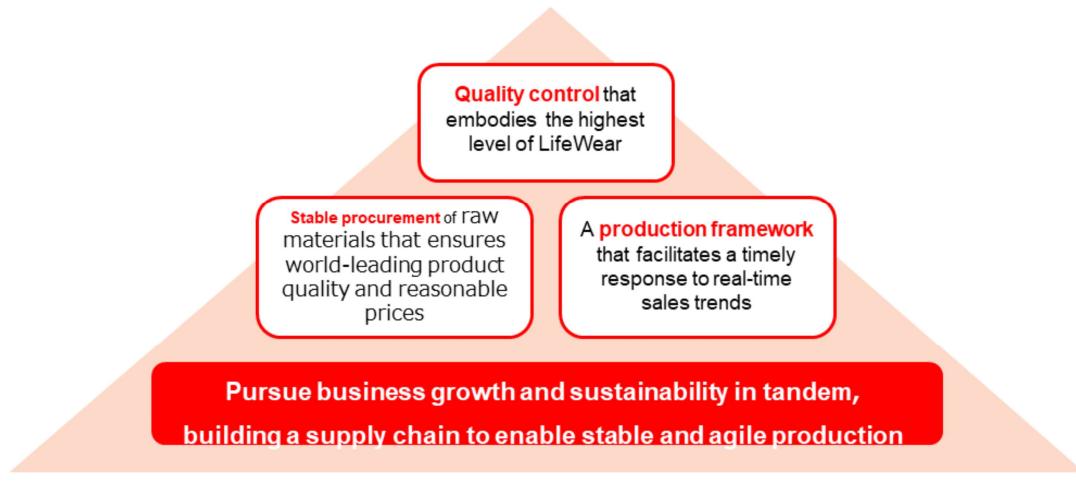
We aim to shift to a new business model in which sustainability and business are intricately linked based on our vision that LifeWear = a New Industry. Our ultimate aim is to achieve a business model that enables us to contribute more and more to a sustainable society as a byproduct of increased growth.

Today, I will outline the ideal production format that the Production Department is seeking to achieve our vision.

**Provide exactly the right quantity of products customers need,  
when they need them,  
minimizing impact on people and environment in the process**

To achieve this goal, we are implementing our transformative company-wide Ariake Project. Our Ariake Project enables our transition to a new business model at an accelerated rate.

## Priority areas for the production department



The Production Department has identified three priority areas to help make that happen.

- Quality control that embodies LifeWear at the highest level
- Stable procurement of raw materials that ensure world-leading product quality and reasonable prices
- A production framework that facilitates a timely response to real-time sales trends

These are all initiatives that we have been pursuing for some time but, as our business grows globally, it has become increasingly necessary to implement these initiatives at an even higher level.

Customer needs are becoming more and more diverse as the globalization of our business progresses.

In order to deliver the right volume of necessary products to stores around the world at exactly the right time, we need to ensure stable procurement of raw materials, strong product quality control and timely production all on a much bigger scale and with a higher degree of accuracy than ever before.

The supply chain reforms that I will talk about today will form the basis for this transformation.

We are looking to build a supply chain that facilitates stable and flexible production in accordance with the medium- to long-term growth of our business, while also guaranteeing sustainability.

## Our ideal supply chain

**A supply chain that promotes mutual prosperity and sustainability, built with a small number of strategic production partners**

- Extend our strong partnerships with garment factories and fabric manufacturers to cover upstream processes
- Apply our own standards to product quality, procurement, production systems and environmental and human rights considerations
- Manage the entire supply chain ourselves

These reforms will help us create a more sustainable supply chain designed to promote co-prosperity with a small number of strategic production partners. These are strong and stable partnerships characterized by trust and based on shared values.

We regard all factories and companies involved in the production of our clothing as production partners, regardless of whether they are directly or indirectly related to our business. To deliver better clothes to our customers, we will work with our partners to continuously improve product quality, cost, and lead times, while emphasizing the importance of following correct processes when manufacturing products at production sites.

To date, we have worked with partners who are prepared and able to implement the environments, human rights and workplace environmental measures we demand. Those partners are primarily garment factories that sew the final products and fabric manufacturers that produce the material used in our garments.

We plan to extend these partnerships right back to upstream processes and to build and manage our entire supply chain by ourselves in a sustainable manner.

## Supply chain reform initiatives

- 1 . Visualize and consolidate supply chain**
- 2 . Diversify our production bases**
- 3 . Deepen our management of raw materials procurement**

Our supply chain reform has three main pillars:

1. To visualise and consolidate supply chain
2. To diversity our production bases
3. To deepen the management of raw materials procurement

I will explain some specific initiatives in the following slides.

- 1 . Visualize and consolidate supply chain
- 2 . Diversify our production bases
- 3 . Deepen our management of raw materials procurement



#### [Management to date]



The first thing we have been working on is visualizing our entire supply chain.

As you can see in this schematic diagram, the manufacturing process for our products can be divided roughly into these four stages. It spans from the garment factories on the left, where the final products are sewn and inspected, and includes upstream supply-chain processes on the right.

In the past, we built strong relationships with our direct business partners, namely the garment factories, and major fabric mills, fostering direct connections at the management level.

Until now, we also worked to ensure the stable supply, and sustainability of, key raw materials such as cotton, wool, and cashmere, specifying materials that meet our requirements and managing this supply through third-party certifications and other tools.

1 . Visualize and consolidate supply chain

2 . Diversify our production bases

3 . Deepen our management of raw materials procurement

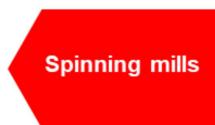
### **Stabilizing quality and cost, and enhancing environmental and human rights standards**



Tier 1



Tier 2



Tier 3



Tier 4

**[Future aim]**

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

Going forward, we intend to concentrate on production partners that share our values and standards for each process, from finished product back through to the raw-materials procurement level.

We will also build mutually visible relationships and aim to create a supply chain of partnerships and factories where we can specify and manage all raw and other materials according to our own standards.

Reducing our supply chain to a small number of trusted partners means we can stabilize quality and cost, also enhancing environmental and human rights standards.

Visualizing the supply chain in this way enables us to strengthen our raw materials-procurement practices, which I will explain in more detail later.

These initiatives will help us realize the traceability improvements we committed to in 2021, when we launched a special global project team of 100 people led by the Production and Sustainability Departments. This developed into a supply chain reform project designed to dramatically accelerate the creation of a traceability framework and to strengthen our production platforms in anticipation of a further expansion of our global business.

1 . Visualize and consolidate supply chain

2 . Diversify our production bases

3 . Deepen our management of raw materials procurement

- Mapped the commercial flow of all UNIQLO products back to the raw materials level from the Spring Summer 2023 season
- Consolidated spinning process suppliers for UNIQLO cotton products by end fiscal 2023
- Plan to assign all processes through Tier 3 to designated suppliers for all materials going forward

These initiatives to visualize our supply chain have helped UNIQLO gain a full understanding of the commercial flow of each UNIQLO product right back to the raw materials stage from the 2023 Spring Summer season.

This means we now have full understanding of all processes for all the products that UNIQLO sells, including what level of quality raw materials coming from which location, which factories make thread and in what way, which factories weave and knit fabrics, and how they are sewn.

We then consolidated spinning mill suppliers for our cotton products based on commercial-flow information obtained by August 2023, focusing on major suppliers with which we can conduct long-term transactions.

We intend to expand this initiative to cover materials other than cotton going forward. Indeed, within a few years, we plan to consolidate the spinning processes for all materials, which correspond to Tier 3 suppliers, within a group of designated suppliers.

1 . Visualize and consolidate supply chain

2 . Diversify our production bases

3 . Deepen our management of raw materials procurement

### **Optimize production systems for each product, shorten lead times, reduce environmental impact**

- **Pursue greater diversification of production bases as our global business grows**
  - Increasing production in SE Asia in addition to our main production bases in China
  - Driven by growth in combined manufacturing and retail markets such as Indonesia, Vietnam and India
  - Domestic production in Indonesia and Vietnam grew to over 50%
- **Further expand domestic production in the growing market of India going forward**



The second parallel measure we are taking in our supply chain reforms is to diversify our production bases to reflect global business growth.

As our UNIQLO International business grows and sales expand, we are reducing production lead times by diversifying production bases and building flexible production systems that ensure an optimal commercial flow for every product. Furthermore, producing close to the place of consumption helps to reduce environmental impact.

We have many partner factories that have continued to grow together with us for many years. In addition to our main production bases in China, we are now increasing the amount of production located in Southeast Asia. This diversification is being fueled by increasing production in markets such as Indonesia, Vietnam and India where we have integrated production bases and retail operations. Domestic production in Indonesia and Vietnam have grown to over 50%.

Going forward, we will also expand local production in the Indian market where we opened our first store in 2019 and have since expanded our network to the current 12 stores.

1 . Visualize and consolidate supply chain

2 . Diversify our production bases

3 . Deepen our management of raw materials procurement

**Directly manage everything from raw materials stage to ensure stable and sustainable procurement of optimal quality products at optimal cost**

- Establishing a system that enables us to specify the production area and quality of raw materials at the planning stage and trace those materials
- Working to procure materials from farms, ranches and factories that we designate ourselves
  - Already started with recycled polyester, specifying quality standards and manufacturers of flakes or chips to achieve strong traceability and quality control
  - Aim to get directly involved in procurement from designated farms and ranches for key natural materials of cotton, wool and cashmere
    - Stabilize quality, cost and procurement volumes and strengthen sustainability

The third pillar of our supply chain reform drive involves deepening our management of raw materials procurement.

We are looking to get directly involved and to directly manage the procurement of raw materials ourselves right back to the most upstream point of the supply chain.

If we manage raw materials that experience large fluctuations in supply volume and costs depending on climatic conditions and market prices from the production and procurement level, we will be able to procure a stable quality of the necessary amount of raw materials at stable cost.

This would help achieve more sustainable procurement and reduce the environmental impact of our production processes, and also enable us to detect human rights risks at an early stage.

In conjunction with efforts to visualize the supply chain I explained earlier, we are also building a system that enables us to specify the origin, quality and specifications of raw materials at the product planning stage, and if needed, to trace whether raw materials we specify are actually being used.

Going forward, we will also work with our production partners to procure cotton, wool and cashmere from farms, ranches or factories designated by Fast Retailing.

We are working together with spinning mills and fabric manufacturers to get directly involved, from the production stage, in the procurement of raw materials from production areas that meet Fast Retailing's standards in terms of production area, quality and cost.

In the case of recycled polyester, we have already set quality standards and designated and consolidated manufacturers of flakes and chips and we have secured stable quality and transparency of upstream procurement.

## Our strong partnerships make supply chain transformation possible

### High quality production and sustainability initiatives made possible through strong relationships with partner factories

- Long-term partnerships with a small number of factories
  - FR Group: 408 garment factories, 157 fabric manufacturers
  - UNIQLO has built up 20-year plus business relationships with major partner factories
- A manufacturing structure that is fully linked to our partner factories
  - Station staff from production department and technical artisans (*Takumi*) at major factories
  - Solve frontline production problems onsite. Promote new product development together with factories.
  - Get actively involved in formulating emission reduction plans, monitoring progress, and solving problems.
  - Monitor workplace environments in factories on a daily basis, to detect and resolve issues at the earliest possible stage

The main reason why we have been able to pursue the supply chain reform initiatives I have spoken about so far is because of the relationships we have built up over many years with a small number of strategic partners, which we could almost describe as one of our own affiliate companies.

Ever since we made the full-scale shift to a specialty retailer of private-label apparel (SPA) model in the late 1990s, which spans the entire clothes-making process, we have striven to build long-term relationships of trust with a relatively small number of factories. Indeed, UNIQLO has had business relationships with its major factories for over 20 years.

We have built relationships of trust with these partners based on shared values, and it is thanks to these partnerships that we have been able to quickly understand circumstances in the supply chain right back to the most upstream level.

It is also thanks to these partnerships that we can engage in the clothes-creation process together with factories, in a way that is fully linked to production sites. We station staff from the Production Department and technical artisans called *Takumi* at major factories to solve issues, however large or small, that occur on a daily basis at production sites, together with the factories themselves, and to promote the one-stop development of new products.

The Production Department staff also get involved in the setting and monitoring of plans to reduce greenhouse gas emissions at each factory and the resolution of any issues. They also follow up on a daily basis to ensure these plans are being properly implemented.

In addition, we regularly monitor factory workplace environments together with the Sustainability Department so we can detect and deal with any issues at an early stage.

## Connection with the Ariake Project

**Create a production system that makes exactly the right quantity of products customers need, when they need them**

- Make products as we sell them, ordering and producing clothes during actual selling period
  - Share production plans based on demand forecasts with factories
  - Conduct planned stockpiling of key materials at garment factories
  - Reserve production line on annual basis and gain a clear understanding of real-time production capacity
  - Revise and update plans to reflect real-time sales trends

We are also promoting initiatives based on these partnerships that link production with the Ariake Project I mentioned at the beginning.

Specifically, we are pursuing the following initiatives to help “make products as we sell them.” That means ordering and producing clothes during the actual sales period when they are needed by our customers.

- Share production plans based on demand forecasts with factories
- Conduct planned stockpiling of key materials at garment factories
- Reserve production line on annual basis and gain a clear understanding of real-time production capacity
- Revise and update plans to reflect real-time sales trends

All these initiatives are feasible because we make timeless and basic LifeWear products and have established a long-term production system and those strong partnerships with a small number of production partners that I mentioned earlier. We will continue to leverage these advantages to improve the accuracy of production, so we only make the products people need, at the exact time and in the exact quantities required.

## Respecting worker rights in our supply chain

### **Expand efforts to upstream process, initiating regular audit at spinning mills**

- Required spinning mills for UNIQLO cotton products to sign the Code of Conduct for Production Partners from spring 2023
  - Introduced regular audits at major factories by the end of August
  - Introduced our own traceability audits based on third party verification of raw materials' point of origin

One of the important benefits of increased traceability is an ability to protect worker and human rights.

From spring 2023, we have required Tier 3 spinning mills for UNIQLO cotton products to sign a code of conduct.

The Fast Retailing Code of Conduct for Production Partners is a code that was established by the company that production partners are required to comply with to ensure safe and appropriate working environments and protect human rights in the supply chain.

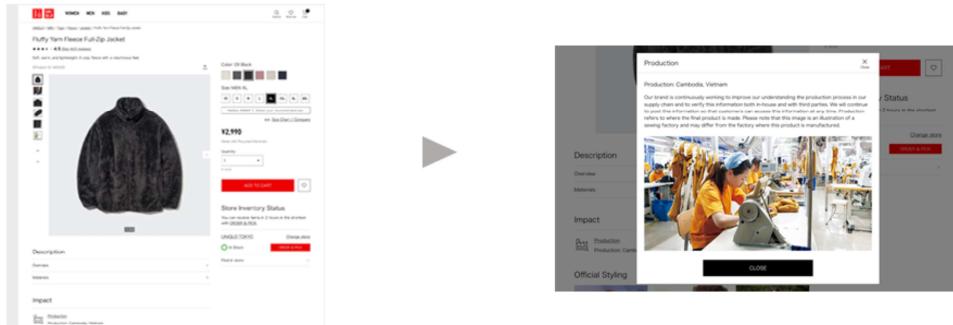
By the end of August 2023, we had introduced similar regular audits of major spinning mills to those that we conduct at garment factories and fabric manufacturers based on the code of conduct.

Given the fact that spinning mill processes deal directly with raw materials, we have also introduced our own traceability audits to check mill policies and management systems regarding traceability. Audits are carried out by our personnel and third-party visiting each mill.

## Disclosing information that gives customers peace of mind

Began displaying the country of production on individual product pages for our online stores in fiscal 2023

We will expand the type of information displayed going forward



As we work on initiatives designed to establish better traceability, we are also pressing ahead with efforts to disclose more information to our customers.

We will be providing information on where each product is manufactured and what kind of processes it undergoes to help customers feel comfortable and secure handling our products and using them for a long time.

From August 2023, UNIQLO and GU have created a new column on individual product pages for their online stores called “Impact on the planet and society.” Right now, this column displays information on where each product was produced. Going forward, we plan to expand this initiative to other markets and explore exactly what information our customers really need and gradually expand the information that we display.

## Nurturing next-generation human resources to drive sustainable growth

- Employees from around the world visit factory production lines and talk directly with managers
- Promote understanding of production processes, sustainability considerations at production sites, and partnerships with factories
- Understand buyer's responsibilities to help promote administrative improvements and Groupwide reforms



Finally, I would like to introduce our efforts to evolve into a sustainable business and nurture the next generation of human resources who will drive our quest to solve supply chain issues going forward.

We conduct training programs that include factory visits for employees who work in our global business. Approximately 100 employees from the United States, Europe and various Asian countries, as well as Japan, participated in the program conducted in July. Participants included store managers, merchandisers and staff from a wide range of departments including marketing, customer centers, logistics, IT and human resources.

The participants visited garment factories and fabric mills in China and Vietnam to observe product planning and production processes and how environmental and human rights considerations are handled at production sites. They also participated in discussions with factory managers to debate the importance of partnership-based manufacturing and what they could do to further improve manufacturing in the future.

Looking ahead, we intend to continue our efforts to send dozens of employees to visit production sites each year and to help them understand our supply chain and identify potential issues.

