

Policy for Human Capital Development

Fast Retailing operates under the "One Globe: All Managers" policy where all employees, regardless of attributes such as race, nationality, religion, age, gender, affiliation, and period of employment are provided growth opportunities. We also contribute more broadly to society by realizing our corporate philosophy of "Changing clothes. Changing conventional wisdom. Change the world" through the creation of a work environment that allows a diverse array of personnel to shine and make full use of their capabilities.

Priority Areas for Securing and Developing Human Resources

Fast Retailing's growth is driven by employees who are active around the world. We believe that personnel who can think for themselves under high standards and ideals based on the common values of "trust, goodness, and beauty" and "customers first" are the people who will help us achieve our goal of becoming the most beloved brand among customers throughout the world by continuously challenging themselves, taking action, and realizing accomplishments. To this end, we will strengthen our efforts to acquire and develop human resources in the following three areas.

◇ In-store salespeople who meet the true needs of our customers

In-store salespersons who think for themselves and provide truly pleasant service that best fit the realities of the community and the true needs of customers

◇ Global management personnel

Global management personnel, including store managers, who exercise global leadership that transcends the boundaries of countries, communities, and business areas to achieve tangible results and contribute to society

◇ World-class, highly specialized human resources

Personnel who, in addition to possessing world-class expertise in the digital, IT, creative, and global supply chain areas, among others, are capable of developing new functions and mechanisms at a global standard meant to forge the future without being restricted by existing concepts

Initiatives to Secure Personnel

◇ Promotion of Diversity

■ To continue creating LifeWear that fits into the lifestyles of all people, we will promote the development of a diverse organization that unifies individuals with a rich array of unique characteristics and talents. We actively recruit women and non-Japanese people who can become executive members of the Group, appoint employees who seek challenges and bring new ideas into management and key roles regardless of their nationality or experience, and proactively support their growth through appropriate evaluations and helping them as necessary.

■ We are advancing various measures to ensure that diverse human resources can work with peace of mind.

-Held regular female personnel development meetings, and career sessions with female executives and officers as initiatives meant to help promote women in the workplace

-Implemented human resource systems and measures that will allow all employees to choose work styles and form careers that fit their stage in life, such as babysitter subsidy systems and childcare support systems

-Implemented mentoring systems and intimate roundtable discussions with executive officers to support the career development of foreign employees stationed at Tokyo Headquarters

-To better respect diversity in sexual orientation and gender identity, formed a partner registration system in 2019, formed the LGBTQ+ network organization "Symphony," and published an in-house magazine to promote understanding of LGBTQ+ issues

-Actively worked to hire employees with disabilities, resulting in an employment rate of people with disabilities at the Fast Retailing Group of 4.89% in Japan in 2023 (the ratio required by law in Japan is 2.3%). These employment efforts are currently expanding globally, including in Southeast Asia and Europe, and roughly 1,500 employees in the Group overall (as of August 2023) are people with disabilities

◇ **Advancement and Diversification of New Graduate Recruitment**

■ By changing our hiring system from systems that differed by brand or sales division to one that is uniform across the Group, we have secured the level of personnel demanded by Fast Retailing that transcend the boundaries of brands. We will also hire high-level professionals in digital, IT, creative, global supply chain management, and other positions from among new graduates, and train them regardless of nationality.

■ We promote the recruitment of talented personnel who are motivated to work at our stores on a global scale. We will deepen students' understanding of and identification with Fast Retailing's business model and the essence of our trade by providing internships and workshops in collaboration with universities around the world. Through these measures, we will identify talented personnel who can play an active role in the field and develop them as candidates for management.

◇ **Strengthening Mid-career Recruitment of Highly Skilled Professionals**

We will strengthen our recruitment of world-class, highly specialized human resources. We will hire administrative personnel from around the world who will lead the development of new functions and expansions of business in the digital, IT, creative, and global supply chain management areas, among others.

◇ **Securing Talented In-store Salespeople**

We will work to secure talented sales personnel who can embody the "digital customer retailing industry" on-site, meaning that they strive to connect with customers, convert their opinions into products, and deliver those products in an optimal manner. By raising compensation levels to draw in superior and driven personnel, and preparing diverse career paths that match their capabilities and growth, we intend to retain a staff of superior personnel.

Initiatives for Personnel Development and Fair Evaluation

◇ Providing Global Growth Opportunities, Optimizing Staffing, and Promoting Organizational Diversity

■ Global Job Rotation

Our goal is to enhance our management structures in each country and region by optimizing our allocation of administrative personnel at the global level. In addition, talented personnel in each country will be strategically provided with growth opportunities at a global scale that transcends the boundaries of their affiliated business operations and countries, and those who achieve results will be appointed to the administrative management of each country.

■ Global Internal Recruitment

The internal recruitment system, which was previously operating within each country, shall be expanded to the Group and global scale. We have established a global open recruitment system that clearly indicates the positions required at the Group and global scale in which employees can apply for positions regardless of the employee's brand, country, or department of affiliation. This system thus expands opportunities for employees to develop their careers at the global level.

■ Expanding Training Dispatches to Japan

Motivated and talented personnel overseas working at our stores throughout the world will be afforded opportunities to be dispatched to Japan for training after they are hired. This will help them gain a first-hand understanding of the standards of customer satisfaction achieved by Japanese store managers and salespeople, as well as the Fast Retailing philosophies and Japanese culture that underly those standards, thereby helping train them as management candidates for Fast Retailing at the global level.

◇ Dynamic and Fair Personnel Evaluations and Promotions

Fast Retailing has adopted a grading system that defines the skills and requirements sought for each position level, and conducts evaluations and promotions every six months based on individual abilities, regardless of personal attributes. We will help bolster the growth of our employees by giving them significant promotions that may involve skipping grades depending on their growth as employees. Furthermore, in order to ensure the fairness and transparency of evaluations, evaluations will not just be conducted by direct supervisors to the employee in question, and will instead be conducted at a department-based evaluation meeting that will also include HR personnel, while evaluations of employees of certain grades and above will be conducted at a global evaluation meeting that is comprised of all executive officers of the Group.

◇ Training Salespeople and Preparing Diverse Career Paths

Our salespeople are provided fair evaluations, and can take advantage of promotion systems and career paths that accommodate their capabilities. We also provide training essential to their growth as salespeople, such as "Fast Retailing Philosophy and Values Training" and "Training to Develop Product Proposal Capabilities that Fit the Needs of Customers and Go Beyond Knowledge of Existing Products," at appropriate times in order to make sure that our employees can work in environments that foster growth and long careers. Furthermore, if an employee is sufficiently motivated and capable, they can advance their career from salesperson to store manager, and even into becoming management-level personnel. This availability of diverse career paths has been a strength of Fast Retailing since our founding, and our policy is to expand on this even further.

Bolstering Our Internal Environment

◇ FR Management & Innovation Center

At the FR Management & Innovation Center, we promote the creation of an organization where diverse human resources understand Fast Retailing's management philosophy and business principles, and can demonstrate their abilities in day-to-day business activities based on these ideas. Specifically, Mr. Tadashi Yanai, Representative Director, Chairman, and President of the Company, conducted training sessions using "Notes for Becoming a Corporate Executive," "The Spirit and Execution of FR," and "What Has FR Changed?" In addition, we also offer opportunities for direct sessions with executive officers, such as the CEOs of each nation including Mr. Yanai himself, and various educational and training programs. In addition, we hold "FR Conventions" twice a year for all global store managers, head office employees, and talented store salespeople, in order to disseminate company-wide strategies and important management messages.

◇ Expanding Global Headquarters Functions

By expanding Global Headquarters functions outside of Japan and into the United States, etc., among other locations, we will establish a system where a diverse array of personnel can work in optimal locations while connected to Fast Retailing's core functions and the world.

◇ Implementing Employee Engagement Surveys

In order to promote the creation of an environment in which each and every employee can work enthusiastically and grow with urgency, we conduct an annual engagement survey of employees around the world. The survey results are analyzed by business and by department, and issues are identified to establish KPIs for improvement measures, and promote initiatives to improve the working environment. We also measure the progress and results of these efforts in order to connect them to further improvements.

◇ Creating Work Environments Where Each Employee Can Actively Contribute in a Healthy and Safe Manner

■ Fast Retailing Group Health and Safety Declaration

In order to become the world's safest and healthiest company for our employees, we have established eight basic health and safety policies and action guidelines (Fast Retailing Group Health and Safety Declaration)

■ Occupational health and safety management system

We have established the Fast Retailing Wellness Center, and are working with industrial physicians, public health nurses, industrial counselors and related departments to implement various safety and hygiene measures, provide mental healthcare, and otherwise support our employees. In addition to our efforts to expand these functions globally, we are also striving to develop appropriate operations and systems for these functions by managing and operating them in a manner separate from business management.

■ Reducing working hours

We keep comply with international standards and local laws and regulations regarding working hours, rest periods, and holidays, and advance work styles that presume there will be no overtime work. In addition to having managerial staff in each department oversee the monthly working hours of their employees, we are working to eliminate long working hours by enhancing cross-departmental management and

supervision of working hours through the human resource departments of each country and each business.

Metrics and Targets

The main indicators to measure our progress on the above policies (targets and results for fiscal 2030) are as follows

① Ratio of Women in Management Positions (as of the end of August 2023)

	Ratio of Women		Results Breakdown	
	Target	Results	Total Number of People in Management Positions	Of Which are Women
Management (Global)*	50%	44.7%	2,144	958
Of Which are Executive Officers (Global)	30%	9.6%	52	5

* Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers, general managers and leaders at headquarters

② Ratio of Non-Japanese Individuals in Management Positions (as of the end of August 2023)

	Ratio of Foreign Individuals		Results Breakdown	
	Targets	Results	Total Number of People in Management Positions	Of Which are Non-Japanese Individuals
Management (Global)*	80%	56.4%	2,144	1,210
Of Which are Executive Officers (Global)	40%	19.2%	52	10

* Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers, general managers and leaders at headquarters

③ FR Group Engagement Survey Scores (for 2023)

Looking at the fiscal 2023 survey results, the composite index was 74.3% (of 35,058 eligible potential respondents, 32,115 answered the survey, resulting in a 92% response rate). Based on these results, we are working to investigate issues and improve them from the perspective of engagement. We plan to continue issuing this survey in the future.

Number of Eligible Potential Respondents	35,058
Number of Respondents	32,115
Response Rate	92%
Composite Index*	74.3%

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