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Fast Retailing Future Business Outlook

Tadashi Yanai
Chairman, President & CEO of Fast Retailing Co., Ltd.



Good afternoon. I am Tadashi Yanai.

You have just heard details regarding our business performance for FY2021, and the progress on our Ariake Project, so I would like to talk primarily about what Fast Retailing considers to be the most important issues right now and the thinking upon which we intend to base our management practices going forward.

A new era has begun

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The Tokyo Olympic and Paralympic Games are now over. COVID-19 is being brought under better control in various locations around the world as more and more people are vaccinated, and we are finally starting to see people working earnestly to kickstart economies as well.

At Fast Retailing we intend to double our efforts and continue proactively with the global development of our business, and are accelerating our expansion with the aim of becoming the world's No.1 brand.

**Realizing a management style that
further evolves LifeWear
“to meet customer needs and
create new customers”**

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The fundamental concept of LifeWear is to meet customers' needs and create new customers. To this aim, we must always be checking whether the products we sell and the services we provide are useful to the world and ensuring that our business activities are not increasing the burden on society.

It is our job to reduce environmental impact through our daily business activity itself and seek to achieve sustainable growth for society so we can make the world a better place through our business and products.

LifeWear represents the concrete expression of this approach in product form. We must encourage this approach globally, and not only at UNIQLO but at GU, Theory, PLST and other Fast Retailing Group brands too.

Further accelerating our global development

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Fast Retailing is a company with the mission: *Changing clothes. Changing conventional wisdom. Change the world.*

We intend to keep changing the world's conventional wisdom regarding clothes with LifeWear, our concept of clothing that is based on a Japanese aesthetic sense.

We aim to become a brand that has a deep understanding of the individual history, culture and customs of all the various countries and regions around the world, that contributes to the development of every society and everyday living, and is much loved and supported by their people.

We look to further accelerate our global development going forward in order to achieve these goals.



On September 16 we opened our UNIQLO RIVOLI Store, on the Rue de Rivoli in Paris, with a focus on bringing together apparel and art. Opening day was a huge success, with many fashion-conscious customers visiting the store. Rue de Rivoli, home to the Louvre Museum and the Hôtel de Ville City Hall, is one of the most impressive streets in Paris.

Back in January, we formed a four-year partnership with the Louvre in which we committed to release regular collaborative collections in our stores and sponsor various activities in the museum.

We are set to open a new joint UNIQLO and Theory store on London's Regent Street in spring 2022. The 1,900 square meter large-format store will be the first in Europe to house the UNIQLO and Theory brands side by side.



On October 8 we opened our newly refurbished UNIQLO TAIPEI Global Flagship Store in Taipei. Many people queued eagerly outside the store before the opening and then could enjoy shopping in a bigger, completely new global flagship store.

We are now poised to open our first global flagship store in Beijing in November.

Never tolerating human rights violations

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Fast Retailing has always pursued a very clear policy of never tolerating human rights violations and we have created frameworks to ensure that policy was put into practice.

First, in 2004 we established our Code of Conduct for Production Partners as the basic framework that partner factories were required to sign and uphold. This code is based on standards laid out by the International Labour Organization (ILO), the United Nations agency specializing in labor issues.

The actions we have taken to fulfill our responsibility to protect human rights have always complied with globally recognized human rights principles and declarations.

Monitoring working environments at partner factories

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In addition, we conduct regular monitoring of working environments by both Fast Retailing employees and independent organizations at all our partner factories and provide factories with feedback on the results.

We call on factories to make swift improvements if any issue is discovered, and we have always taken extremely tough action, including the cessation of orders, in the rare event of discovering serious human rights violations, such as the use of child labor or forced labor.

Visiting factory sites directly and providing guidance on potential improvements

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We assign employees to be based at our production offices in Shanghai, Ho Chi Minh City, Dhaka, Jakarta, and Bangalore, to manage the production quality and progress at our partner factories. Our major offices also have dedicated teams which specialize in monitoring working environments and guiding factory improvements.

Those specialist employees visit the factories they are responsible for once a week to gain a clear, direct grasp of what is happening on the factory floor with their own eyes, and then offer guidance on potential improvements for achieving fair and correct production processes.

Participating in international initiatives on human rights, environment, and other key issues

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We place great importance on our cooperative initiatives with various external organizations around the world.

In addition to our partnership with the ILO, we are members of various initiatives including the Better Work joint program run by the World Bank Group and the ILO, and the Fair Labor Association (FLA), the global NGO that seeks to improve working environments.

Since 2019, we have also been working to develop and progress career support programs for women working in textile factories through our partnership with UN Women.

These actions by Fast Retailing are highly valued by all of the relevant international organizations, and we are proud and confident that our efforts meet the highest possible standards, even by global comparisons.

Independent, self-respecting merchants

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As a company with global operations, our mission is to pursue fair business dealings that generate mutual benefits and enrich societies in the countries and regions where we operate.

As independent, self-respecting merchants inspired by this type of a clear philosophy, we must be brave to say “no, that’s not right” when the reality runs contrary to our beliefs.

Capitalizing on political positions for our own immediate gain is not the way to fulfill the expectations of our diverse global customer base and would signify the death of true commerce.

Viewed from a long-term perspective, such practices would not be good for companies, societies, or nations. This is something I feel very strongly about as a lifelong merchant.

The globalization trend will not change

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The spread of COVID-19 has forced national economies to look inward and become more like isolationists. Political confrontations between major powers are fueling drives to divide and fragment the global economy.

However, in reality, information is constantly crisscrossing the globe and business is also being conducted on a worldwide basis. Any attempt to drive a wedge between nations will never work.

Confrontations between two major powers do not only affect those two nations. They can yield a devastating blow to surrounding areas and neighboring countries. Companies, individuals, and nations must do everything we can to avoid such situations and create a world in which everyone can coexist.

Creating a better world through our business

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Personally, I have strong doubts about the recent tendency to force many companies who are striving to provide customers around the world with good products to make political choices.

That being said, I have no intention of taking an ambiguous stance on human rights myself.

As I explained earlier, we have always believed in creating a better world through business and, based on that conviction, we have always pursued initiatives that put us at the forefront of the industry, pioneering and promoting ways to monitor and improve these very issues.

From very early on, we made it extremely clear that we would not tolerate any form of human rights violations and we have built frameworks and taken concrete action to prevent such violations. We have persistently negotiated with factories and local authorities on the ground in all markets where we operate. If we find a problem that does not meet our standards, we demand improvement. It is clear that those actions are having an increasingly positive affect and change.

Ensuring an even higher level of traceability

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As I mentioned earlier, we use inhouse and third-party audits to confirm that there are no problems at our garment partner factories and fabric mills.

With regards to the manufacturing of clothing, materials are usually procured by trading companies or garment factories. However, at UNIQLO, our Procurement Team specifies the fabric and yarn to be used and checks which spinner those materials are produced in before procuring them. We are very specific and clear on the place of origin of our raw materials.

We intend to ensure an even higher level of traceability by confirming firsthand the situation right through to the raw materials procurement stage of our supply chain, including farmers in the areas that produce those materials.

We also intend to steadily ensure that each and every one of our processes is objective by using third-party certification frameworks.

To help achieve this, we have already set up a global project team of approximately 100 members and are embarking on initiatives to specify individual farmers in raw material producing areas.

Individuals and companies with aspirational visions can transcend national borders

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Recently, I witnessed something that made me very happy. The first group of students attending university on scholarships from the Yanai Tadashi Foundation graduated from universities in the United States and the United Kingdom this year. The Foundation has been funding approximately 30 Japanese students a year to study at top U.S. and U.K. universities since 2017.

Everyone in this first group of students graduated with top honors. One of them obtained dual degrees in biomedicine and comparative literature from Columbia University. This student now wants go on to do a postgraduate course in medicine at Oxford University and then get into a U.S. medical school to become a doctor and be able to work in research and healthcare around the world.

Japan is producing many such inspiring young people all the time. It is really promising and uplifting. Individuals and private companies with such aspirations will easily be able to transcend national borders. I would even go so far as to say that today's most talented young people are becoming less and less conscious of such borders as time goes by. I think countries and companies around the world should support this trend.

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closing its doors to others**

**No country has ever prospered by
remaining closed to others**

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No company has ever succeeded by closing its doors to others. No country has ever prospered by remaining closed to others.

In such an era as this, Japanese people and companies in particular must venture more readily into the world and join forces with aspiring individuals and companies worldwide to create the required frameworks for generating mutual benefits and sustainable growth.

This is vital to the future of the Japanese people and the nation of Japan, and every Japanese company and individual involved in global business, including ourselves, are working tirelessly to achieve these aims.

The approach undoubtedly brings a mountain of different problems, but there is no other way for Japan to survive.

I sincerely hope I can count on your understanding and support, and I thank you for listening to this address.

