

Cultivating Talent that Can Change the World

Yasuyuki Terashi
FAST RETAILING CO, LTD.
Group Executive Officer

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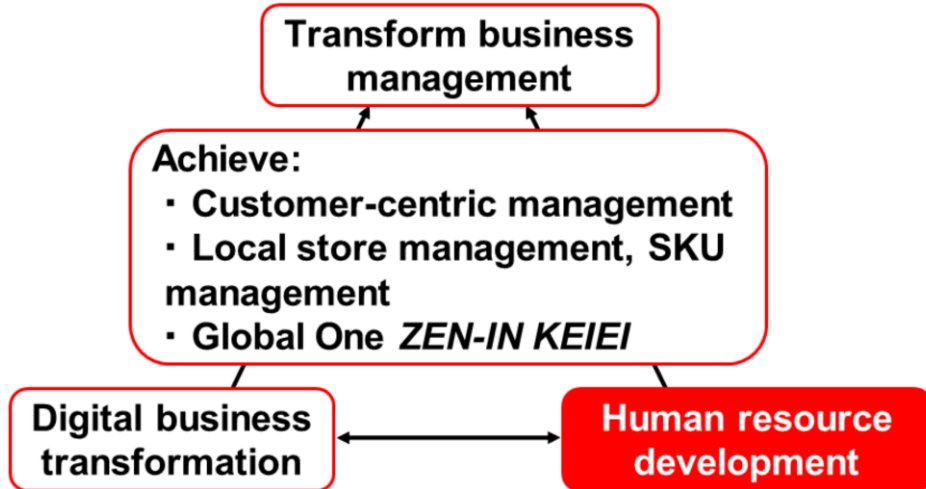
My name is Yasuyuki Terashi and I am a Group Executive Officer at FAST RETAILING.

I joined FAST RETAILING in 2014 and am currently responsible for Group human resources.

I am going to talk to you today about FAST RETAILING's approach to human resources.

True Customer-centric Management

Nurturing human resources who can tackle global challenges and contribute to society



As Mr. Wakabayashi mentioned earlier, one of the key elements of business transformation is human resource development.

Naturally, we want to ensure that the pursuit of the three goals that we have mentioned here—namely customer-centric management; local store management and SKU management; and Global One ZEN-IN *KEIEI*—contributes to the growth of our company, but we are also aiming to contribute to society through the effective development of human resources.

People who can drive future growth for FAST RETAILING

**People who can think for themselves and take
decisive action.**

**People who share FAST RETAILING's common
values of customer-centric business and a
commitment to truth, goodness and beauty.**

People with solid ethics and integrity.

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So, what kind of people are FAST RETAILING look for? Let's consider that first.

We are looking for people who can think for themselves and take decisive action based on FR shared values of customer-centric business and a commitment to truth, goodness and beauty. You can't achieve outstanding results by simply doing what other people tell you to do, and you won't grow if you are not highly motivated or suitably rewarded. Also, if you can think but don't act on those thoughts, you won't make any meaningful contribution to customers or society at large, so the two elements must go together.

We are looking for is those with solid ethics and integrity. In the retail business, where many people work together, you won't be able to get people around you to cooperate or achieve your goals if you don't have integrity, however skilled or capable you might be.

These are basic requirements, but we are looking for people that display both these extremely important attributes. Why? Because we believe that discovering, developing, and assigning this type of talent is essential if we are going to make a meaningful contribution to society and promote growth as a result.

Personal Growth Shapes a Company's Future

Corporate growth and personal growth are inextricably linked

- All employees are management candidates regardless of their previous experience and position when they join the company. Even part-time or temporary employees who pursue Global One best global practice and *ZEN-IN KEIEI* principles of adopting a managerial mindset will be compensated accordingly.
- The aim of the March 2025 salary revisions is not to increase average remuneration, but to reward these human resources and future FAST RETAILING employees.

I have talked so far about FAST RETAILING growth, but it is important not just to promote strong growth for our company but also to promote the growth of individual employees. In fact, I would say that corporate growth and personal growth are inextricably linked.

All employees are management candidates when they join the company, regardless of their previous experience and position. Even part-time or temporary employees who pursue Global One best global practice and *ZEN-IN KEIEI* principles of adopting a managerial mindset in their work will be compensated accordingly.

The aim of the March 2025 salary revisions is not to increase average remuneration, but to reward employees who exhibit these capabilities or aspire to achieve them, as well as future FAST RETAILING employees.

Personal Growth Shapes a Company's Future

All employees are management candidates with infinite potential. Many highly talented people are already playing an active role on the global stage

In the truest sense, every one of our employees has management potential, and our company is supporting them to realize that potential



Thanks to these clear requirements and current training systems, many of our employees are already taking on challenge after challenge, enjoying significant personal growth and playing an active role around the world.

To give you just a few examples of the many different career paths here at FAST RETAILING, one employee joined UNIQLO as a new graduate and became a COO of international operations at the age of 32. One employee with a background in finance who joined the company mid career is currently managing a national operation. Another employee started off as a part-time store employee and worked their way up to become a general manager at our global headquarters. Another employee has developed a career in store management and is now managing a global flagship store.

Here at FAST RETAILING, everyone gets the opportunity to become a manager in the true sense of the word, and we are here to support them and help make their desired career path a reality.

Developing Global Winners

“Challenge⇔Evaluate→Promote” on constant repeat

Encourage significant personal growth by assigning positions of responsibility and difficult tasks, and correctly evaluating performance, including failures associated with tackling challenges

- 1. Challenge with a diverse career path**
- 2. Evaluate based on complete meritocracy**
- 3. Select through repeated promotion, demotion**
- 4. Current managers to nurture future managers**

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While I have given examples of employees who are playing an active role, to ensure even greater growth, we need to work harder to develop talent that can compete, and win, on a global scale.

There is no set formal training for this, because it doesn't exist. Instead, we constantly repeat the cycle of challenging, evaluating, and promoting employees in their daily work, entrusting them with positions of responsibility and difficult tasks, and correctly evaluating their performance, including any failures associated with bold challenges.

We want our talent to grow from this process and become managers themselves.

I will explain each of the following four points in the subsequent slides

1. Challenge with a diverse career path
2. Evaluate based on complete meritocracy
3. Select through repeated promotion, demotion
4. Current managers to nurture future managers

1. Challenge with a diverse career path

All employees have opportunities to grow, and big tasks are entrusted to strong performers

- **Ensure employees experience a variety of missions and tasks outside the confines of their specific department or position.**
- **You cannot succeed in a job unless you try it. Employees should be bold and take on challenging tasks rather than consider them impossible from the outset. We will entrust such tasks to employees and let them test their limits.**
- **Failure is not the be all and end all. You can always try again. We are creating a corporate culture that encourages employees to challenge themselves on a daily basis and consider it normal to try again if they fail.**
- **Encourage young and veteran employees alike to conduct business at a global level. Appoint promising individuals regardless of their nationality, gender, age, identity, educational or professional background.**

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The first point involves challenging our employees.

Here we ensure that all employees get the opportunity to grow and those who have performed well are entrusted with bigger tasks.

To that end, we make sure employees experience a variety of missions and careers rather than confine their career path to a particular department, position, or location. I have already mentioned this but, even part-time salespeople who display potential, insight, and ability can become a store manager or a manager of a division either in Japan or elsewhere, or take charge of a particular business function. These kinds of life options and career paths are indeed possible.

On a related point, you cannot succeed in a job unless you try. We encourage employees to be bold and take on challenging tasks rather than consider them impossible from the outset. Even if they fail in a particular challenge, we always give employees the chance to learn from their mistakes and try again. We are convinced that constantly repeating this process and instilling the same message is the way to create a corporate culture in which employees consider it normal to try again if they fail.

Furthermore, we encourage young and veteran employees alike to conduct business at a global level, and we appoint promising individuals regardless of their nationality, gender, age, identity, educational or professional background.

2. Evaluate based on complete meritocracy

Proper evaluation is the foundation of all good training and a message to individual employees

- **Good evaluations are the most important component, but accurate evaluation cannot rely on the view of one senior colleague. So we ask senior colleagues, peers and subordinates, as well as other departments.**
- **Recognize employees who are willing to challenge new things and risk initiating change. This will encourage employees to tackle challenges and create a corporate culture that highlights the significance of reaching for new horizons and the satisfaction it brings.**
- **Do not form judgements based on short-term results, but discuss any shortcomings and failures with employees to help them overcome any issues and grow.**

The second point is about evaluation methods and procedures.

In talent development, proper evaluation is the foundation of all good training and a message to individual employees. Accurate evaluation cannot rely on the view of one senior colleague. So we ask various senior colleagues, peers and subordinates, as well as other departments to take part.

We also highly value employees who are willing to challenge new things and risk initiating change. I believe this helps instill the importance and significance of taking on challenges, and drives momentum within the company to take on challenges and tackle new things.

When evaluating particular outcomes, rather than simply forming judgements based on short-term results, it is important to have one-on-one meetings with individual employees to discuss any shortcomings and explore any failures so they can overcome any issues and grow. That is an important element of talent development.

3. Select: Repeated promotion, demotion

A corporate culture where anyone can communicate with management on equal footing is the basis of selection and promotion at FAST RETAILING

- Through promotion, and sometimes demotion, we encourage employees to learn from their failures and grow as managers. Even if they are young, motivated and talented people can be promoted immediately as if they are “skipping a grade.”
- We encourage talented people to take on the challenge of working overseas or in operations at headquarters while they are young, to gain experience on the ground with difficult and diverse situations and develop as managerial talent.
- We optimise human resource allocations and create opportunities to demonstrate new capabilities by, for example, purposely assigning mid-career hires to different specialized fields based on their essential skills and aptitudes.

The third point relates to employee selection.

Our approach involves developing talent through promotion, and sometimes demotion, rather than appointing employees according to predetermined routes.

Even young employees may suddenly be selected and asked to participate in a big challenge, or, conversely, they may be demoted.

We encourage talented people to take on the challenge of working overseas or in operations at headquarters while they are young, to gain experience on the ground and develop as managerial talent. Mid-career hires may be asked to take on tasks in different specialized fields based on their intrinsic skills and aptitudes, rather than their previous experience.

This approach is similar to that used in high-level sports teams. You wouldn't take the decision to not play someone in a game just because they only joined the team yesterday or joined from somewhere else. By the same token, you wouldn't include a player in the lineup just because they are a veteran and have been around for a long time. You would always take an overall view of short-term and long-term needs and prospects, select the best arrangement, and promote the best people to secure victory as a team.

We can do this at FAST RETAILING because anyone, regardless of their position in the company, can communicate with management on an equal footing, and we all understand that. It is this kind of FAST RETAILING culture that makes these types of assignment possible.

4. Current managers nurture future managers

Managers with rich local and practical experience foster even stronger future managers

- **Share the knowledge and expertise they have acquired themselves with future management candidates. Guide them to avoid making the same mistakes and stumbling over the same issues. Put Global One and ZEN-IN KEIEI into practice as management, to encourage and support employees in boldly taking on new challenges.**
- **2,000 sessions a year globally to facilitate direct discussion with management. Everyone, whether they are salespeople or executives, gets the opportunity to communicate with senior management in a flat environment, increasing the speed and accuracy of solving daily concerns and issues.**
- **Results are not something achieved solely by special individuals, but as a team. We believe in achieving ambitious goals as a team.**

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The fourth point relates to encouraging current managers to guide and develop formidable future managers.

One important mission is to ensure that current managers share the knowledge and expertise they have acquired themselves through diverse experience to help train even stronger future management candidates.

This means sharing the lessons they learned with the next generation of management candidates and guiding them so they don't make the same mistakes or stumble over the same issues. At the same time, their role as supervisor also involves encouraging employees to take on unprecedented challenges, monitoring progress, and providing backup support.

To do this well, you have to know a fair amount about each other, so we hold 2,000 sessions a year globally to facilitate direct discussion with management. Everyone, whether they are salespeople or executives, gets the opportunity to communicate with senior management in a flat environment, leading to greater mutual understanding and speedier solutions to daily concerns and issues.

Another element of utmost importance is ensuring store managers for all our global brands practice Global One and *ZEN-IN KEIEI* principles and set an example for others working in the store. We are encouraging store managers to develop strong capabilities as educators, which they should practice at all times.

Our ultimate aim is to attract these kinds of people and encourage them to operate as a team, not as individuals. Results are not something achieved solely by special individuals, but as a team. We believe in achieving ambitious goals as a team.

**Changing clothes.
Changing conventional wisdom.
Change the world.**

The principles and ideas I have talked about today are how we will train talent around the world who can change clothes, change conventional wisdom and change the world.

Let me close by saying that, as part of our talent development, we ensure that the people who work for us can acquire the professional expertise, insight, and connections they require to play an active role in society.

That concludes my presentation. Thank you very much.