

Four promises to make 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. Take the idea that **LifeWear** has the power to make the world a better place, which we have espoused for over 20 years, and expand its scope to globally contributing to the stable and sustainable development of society
4. Develop and provide new services and technologies that allow **LifeWear** to be worn for even longer

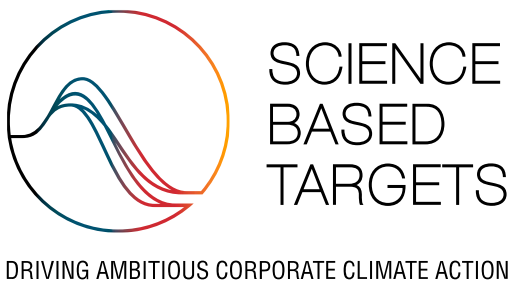
Yukihiro Nitta

Group Executive Officer, Fast Retailing Co., Ltd.

**Completely overhaul the supply chain
to further increase the value of LifeWear**

Aiming to be Carbon Neutral by 2050

Reduce greenhouse gas emissions and promote renewable energy use

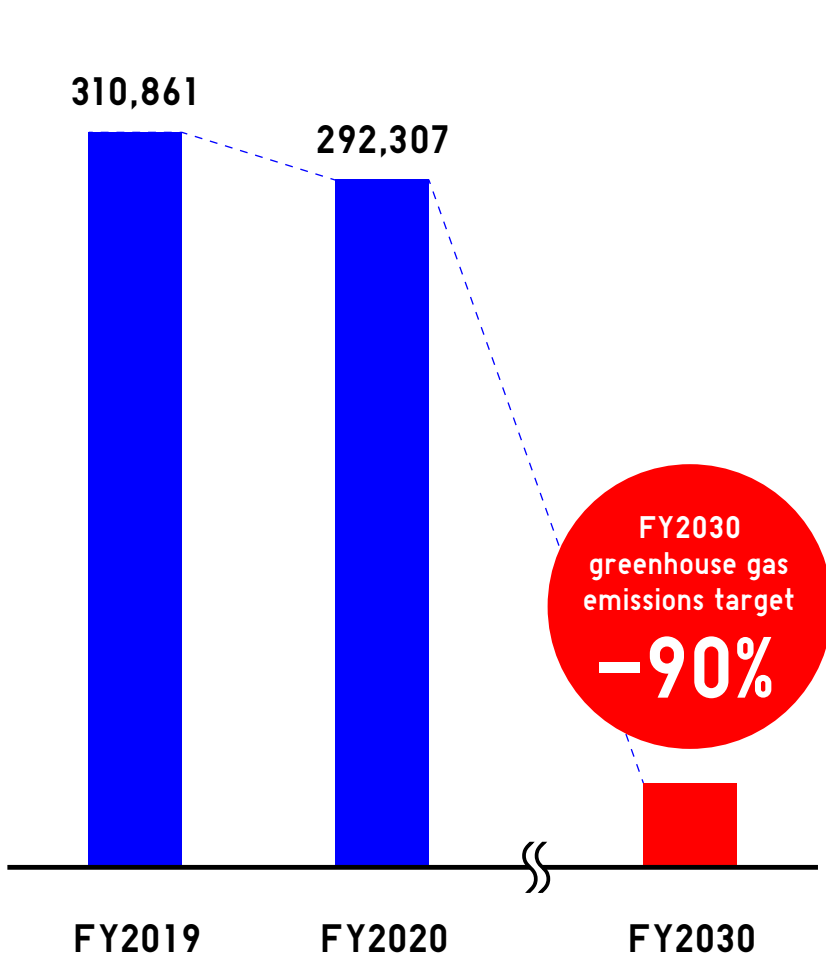


Approved Targets

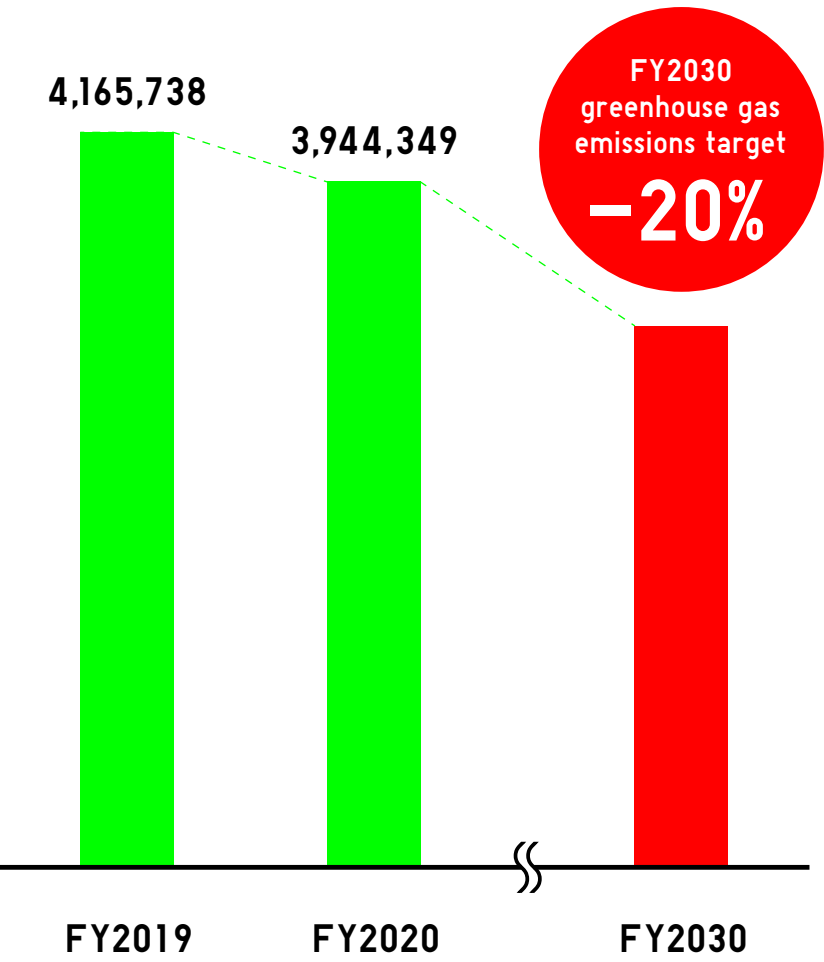
● SCOPE 1+2 (Emissions from our own operations, such as stores and key offices, etc.)	Reduce greenhouse gas emissions by 90% of FY2019 levels by FY2030
● SCOPE 3 (Emissions from production of raw materials for products, fabric production, and garment manufacturing*)	Reduce greenhouse gas emissions by 20% of FY2019 levels by FY2030
● The proportion of electric power used in company operations that is sourced from renewable energy	Achieve by 100% by FY2030

CO2 Emissions (Unit: t-CO2) (target value)

SCOPE 1+2 *Scope 2 calculated on a market basis



SCOPE 3 *Scope 3 is for UNIQLO and GU products only.



About the Science Based Targets Initiative / The SBT Initiative (SBTi) is an international partnership between CDP (an international non-profit organization that provides a platform to help companies and cities disclose their environmental impact), the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). The initiative encourages companies to set scientifically based greenhouse gas emission reduction targets and examines and certifies corporate targets from an independent standpoint.

Promoting Energy Savings within Fast Retailing – Towards 100% Renewable Energy Use

- Working to conserve energy with aim to reduce electric power use by approx. 40% at roadside stores and approx. 20% at stores in malls
- Aiming to launch prototype store in 2023 that demonstrates drive to introduce new stores that are highly energy efficient from store design stage onward
- Targeting to achieve 100% renewable energy use at all stores and main offices worldwide by 2030



Yokohama Bayside Park Store

Acquired LEED Gold® certification in the field of Operations and Maintenance (O+M) of existing buildings under the Leadership in Energy & Environmental Design (LEED ®) international system for evaluating the environmental performance of building and site use

Reducing Supply Chain Emissions through Strong Relationships with Business Partners

- Solid partnerships cultivated over many years with partner factories is a key strength
- Conducting repeated briefings with partners to align goals
- For factories that account for 90% of production volume, we set plans for reducing greenhouse gas emissions that incorporate energy saving, eliminating fossil fuel use, and adopting renewable energy
- Creating more tangible content for these plans going forward and ensure thorough implementation
- Consider providing financial support where necessary

Lower Greenhouse Gas Emissions by Increasing Proportion of Recycled Materials Used to at Least Approx. 50% by 2030

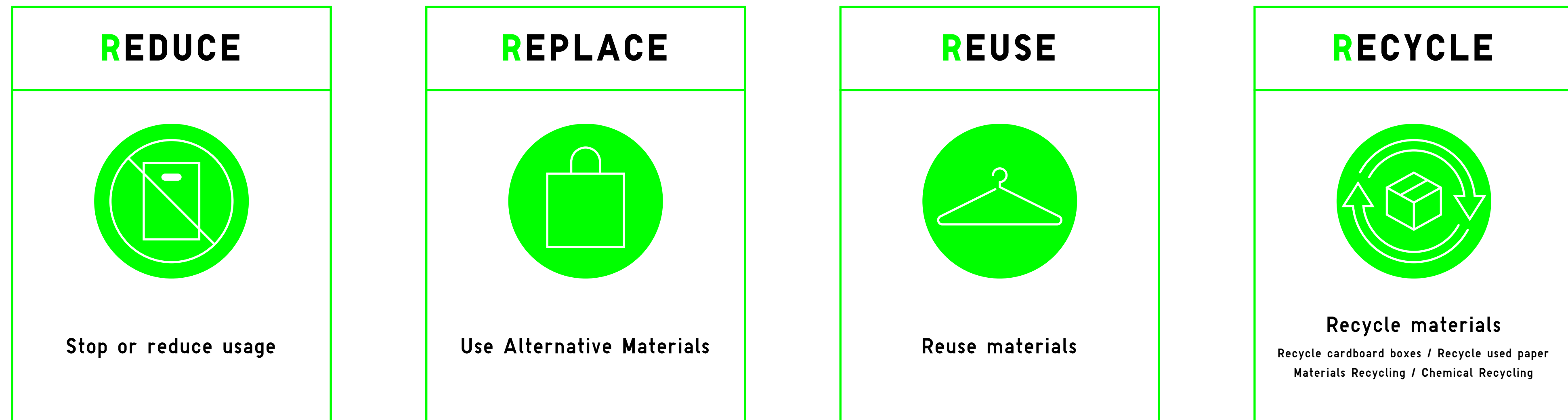
- Polyester: already using polyester that comprises approx. **15%** material made from recycled PET bottles
- Recycling technology for chemical fibers is comparatively advanced, so will start with rayon and nylon fibers
- Promoting R&D on recycling of natural materials with business partners
- Capitalizing on global store network to promote reuse and recycle of products customers have lovingly used



Fluffy yarn fleece made from part recycled polyester

Ensuring Zero Waste in Delivery of Products to Customers

- Implementing 4R Action Plan to cut landfill waste to zero through reduce, replace, reuse, and recycle initiatives



Addressing Other Major Environmental Issues

Biodiversity

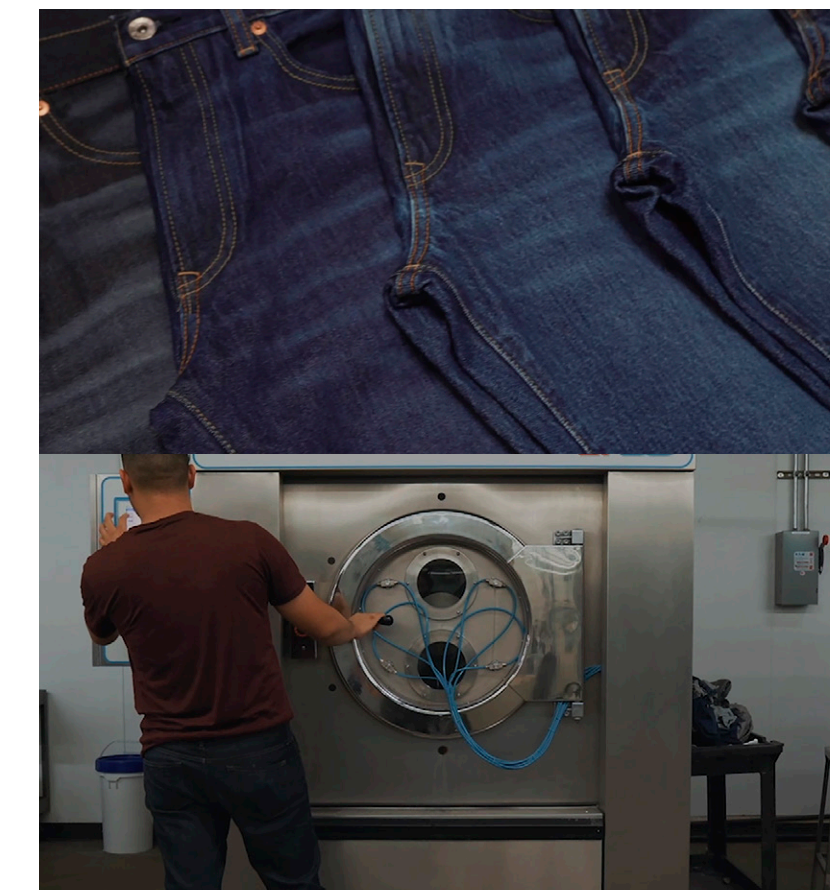
- Starting risk mapping as part of effort to reduce damage to biodiversity caused by business activities as we aim to help create world that can exist in harmony with nature
- Planning to finalize our Fast Retailing Biodiversity Policy by end FY2022

Reducing Use of Water Resources

- Introducing Higg FEM at major partner factories to fully understand and reduce water usage and manage appropriate wastewater treatment
- Included on the CDP Water Security A List
- Introduced BlueCycle technology across all Group brands

Microfibers

- Signed Microfibre 2030 Commitment



Manufacturing Clothes that Ensure Human Rights are Respected in All Processes of Supply Chain

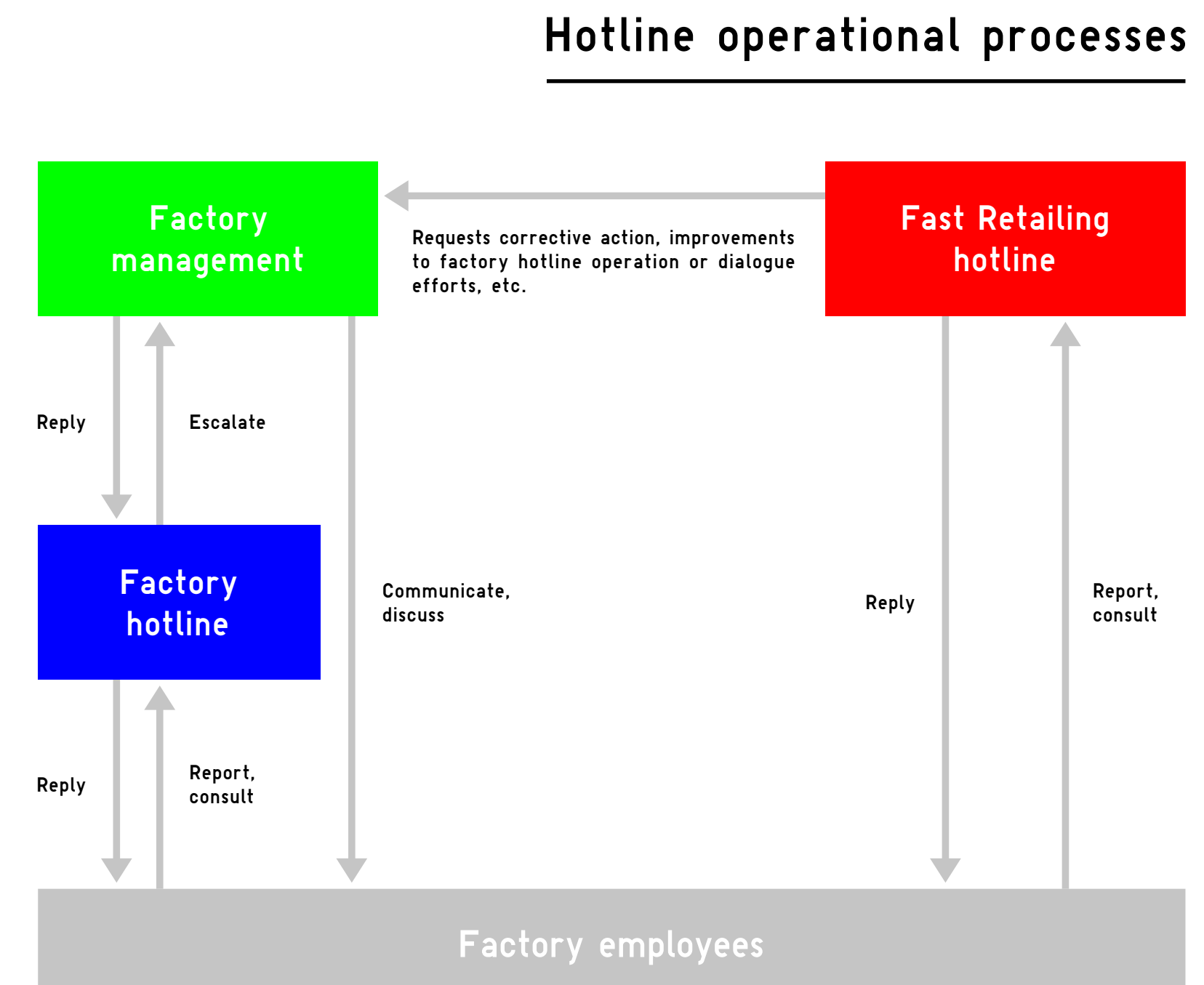
- Requiring factories to uphold our Code of Conduct for Production Partners
- Conducting regular audits by third-party organizations to identify any human rights violations, workplace issues, environmental issues, and more
- Providing greater transparency by publishing lists of core sewing factories and fabric mills as well as results of factory audits on Fast Retailing website annually

Results of workplace monitoring (evaluation of partner factories)

Grade	Description	Number of factories undergoing monitoring		
		FY2019	FY2020	FY2021
A	Zero notable violations	40 (21)	52 (27)	46 (25)
B	Relatively low-risk violations	234 (143)	257 (162)	210 (137)
C	Potential violations of human rights or local occupational health and safety laws (e.g. masks, gloves, or other protective equipment not provided to workers as needed)	239 (103)	237 (84)	261 (101)
D	Major violations of human rights, occupational health and safety, or wage and benefit matters (e.g. locked emergency exits, errors in wage calculations)	71 (18)	66 (12)	65 (28)
E	Major and extremely serious violations that spur us to review business with the offending factory	1 (1)	1 (1)	0 (0)
Number of factories undergoing monitoring (UNIQLO partners in brackets)		585 (286)	613 (286)	582 (291)

Manufacturing Clothes that Ensure Human Rights are Respected in All Processes of Supply Chain

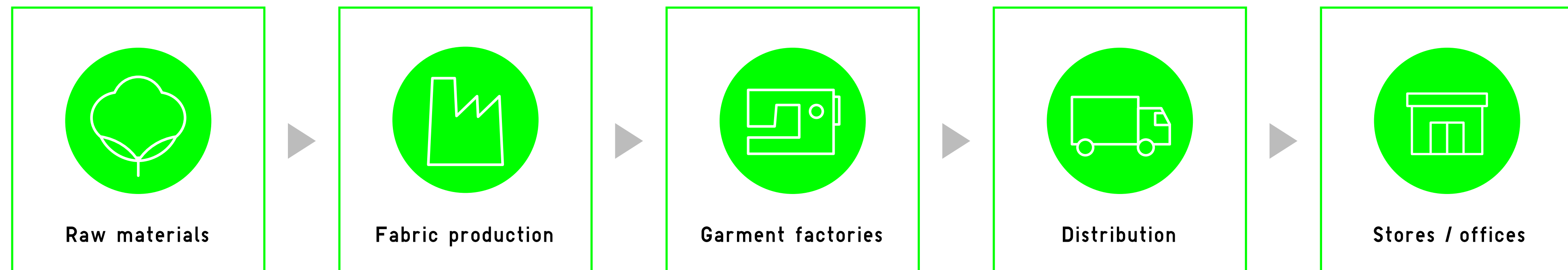
- Established hotlines to enable various stakeholders to convey concerns anonymously and directly to Fast Retailing
- Created point of contact for guidance on measures to protect workers from COVID-19, and field queries about compensation during temporary factory closures, unemployment, etc.
- Actively engaging with international organizations and other external groups
- Seeking to achieve a living wage consulting with the Fair Labor Association (FLA)



Procuring Raw Materials Ethically and Responsibly

- Establishing separate policies for plant-based and animal-based materials, and ensuring materials are procured through ethical and responsible methods
- Pursuing even higher level of traceability going forward by sending in-house team to visit raw material procurement locations, commissioning third-party audits, and through third-party certification

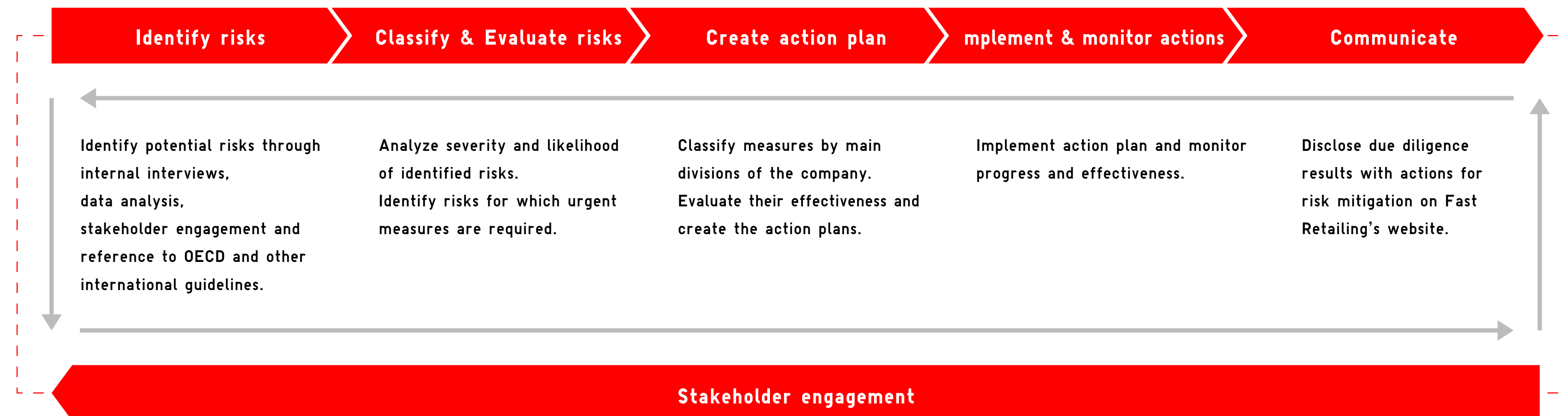
Supply chain processes



Continue Strengthening Human Rights Initiatives as a Priority

- Enacted the Fast Retailing Group Human Rights Policy and established Human Rights Committee in 2018
- Conducted human rights due diligence in company operations in 2019 and across supply chain in 2020

Human rights due diligence process



Dialogue with key stakeholders to reach mutual understanding and accelerate changes in the industry

Eiko Sherba

**Manager, Social Communications Team,
Fast Retailing Co., Ltd.**

LifeWear must continue to respect the individuality
and diversity of all people around the world

Promoting Diversity & Inclusion Globally

- Established Diversity Promotion Team in 2019
- Launched Global Diversity Leadership Team across Fast Retailing Group in 2020
- Conducting repeated briefings with partners to share
- Four priority areas:
 - Gender Equality, to increase female participation and advancement
 - Global One Team, for greater inclusion of diversity in race, ethnicity and nationality
 - Greater inclusion of people with disabilities
 - Enhancing understanding of diverse sexual orientations and gender identities (LGBTQ+)

Gender Equality, Increasing Female Participation in Workplace

- Implemented reforms of human resources systems and introduced measures to enable all employees, irrespective of gender, to select working style that suits immediate life stage, build a career, and demonstrate individual traits and talents
- Thanks to expansion of systems designed to support better work-life balance, ratio of female managers increased from 19% in fiscal 2014 to 39.2% in fiscal 2020
- Aiming to achieve global percentage of female managers of 50% by 2030
- Selecting wide range of employees with management potential and help them realize solid career development by assigning them to new operations and transferring them to different departments
- Introducing diverse female leadership models through group meetings with female executives and career-building sessions



Actively Include People With Disabilities

- In 2001 UNIQLO Japan started employing people with disabilities, setting a target to hire at least one person with disabilities in every store
 - target subsequently expanded to GU and other Fast Retailing Group brands
- People with disabilities currently constitute **4.6%** of our workforce in Japan and we employ **approximately 1,500 people** with disabilities in over 10 markets worldwide
- In 2021 joined The Valuable 500 global movement to promote active participation of people with disabilities
- Are also pursuing initiatives designed to create inclusive stores and services for customers with disabilities
 - Implementing universal design for store creation
 - Offering attendant service and hosting events for customers with disabilities

Take the idea that **LifeWear** has the power to make the world a better place, which we have espoused for over 20 years, and expand its scope to globally contributing to the stable and sustainable development of society

Up to this Time

Investigated and identified countries, regions, people and groups that require support, identified needs and extended support through products, workforce, and stores



Refugee support together with UNHCR, emergency relief for disaster victims



Grameen UNIQLO



Setouchi Olive Foundation



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JFA UNIQLO Soccer Kids, outreach classes



Trash Collection Sports Events and more

FY2020 Social Contribution via Fast Retailing Group, Fast Retailing Foundation and Yanai Tadashi Foundation

• **Clothing support : 5.4 million items**

• **Activity expenses : 3.0 billion yen**

details Clothing donations : 1.8 billion yen
Community activity : 900 million yen
Monetary donations : 300 million yen

• **Beneficiaries : 2.37 million people**

details Refugees, socially vulnerable people : 1.10 million
Emergency relief, COVID-19 pandemic : 1.20 million
Next-generation training, culture & arts, : 0.07 million
people with disabilities

Period : September 2019 – August 2020

Fast Retailing Foundation and Yanai Tadashi Foundation

Fast Retailing Foundation

- Asian University for Women scholarships
(USD 450,000 / year plus financial support for construction of new school buildings : USD 5.0 million)
- Refugee support (child education, Japanese language training, employment support) : 27 million yen / year
- Harvard Business School Scholarship (USD 200,000/year)

Yanai Tadashi Foundation

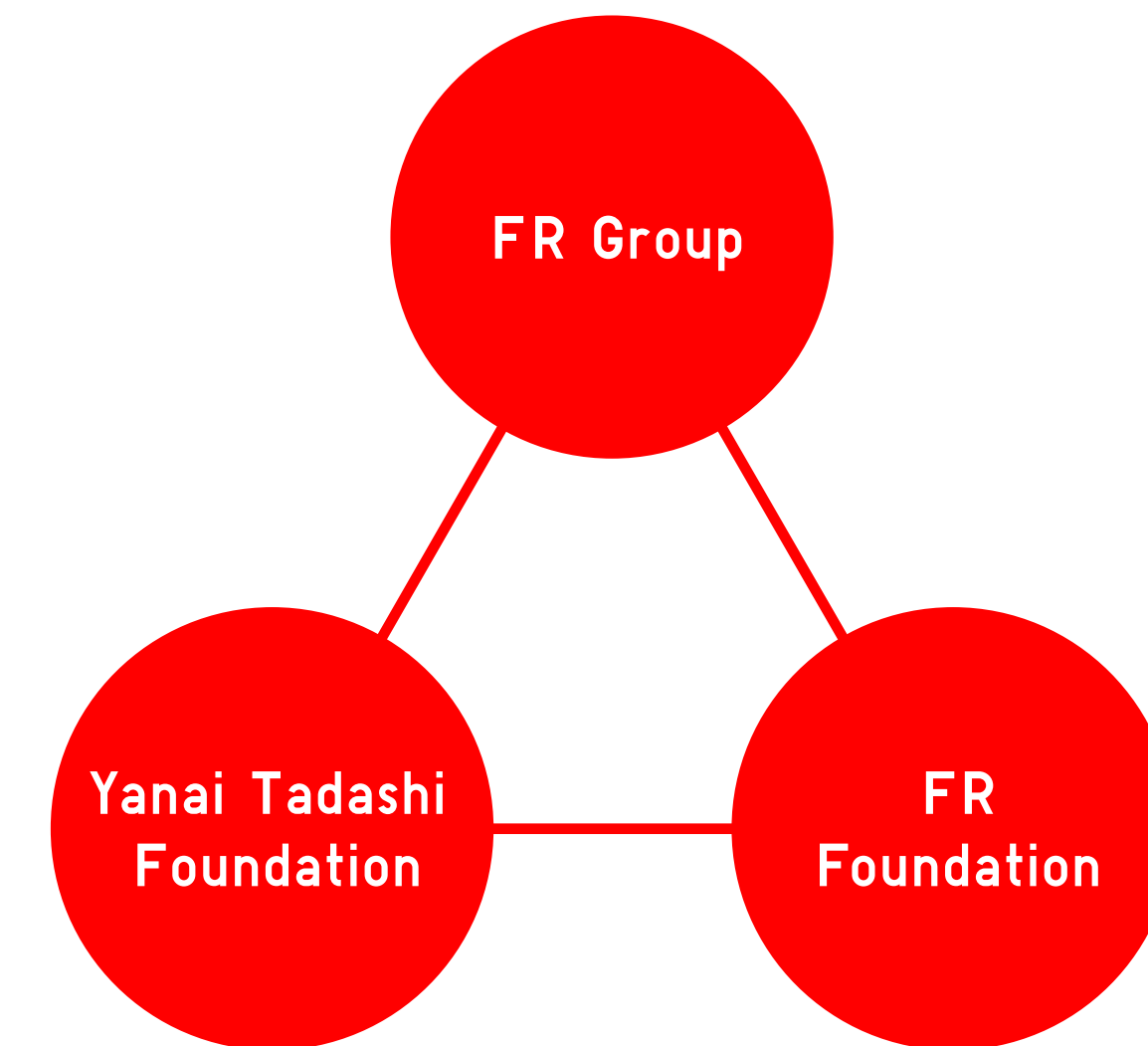
- University scholarship program for US and UK universities (annual support : 1 billion yen)

Social Contribution from Tadashi Yanai Personally

- Professors Shinya Yamanaka and Tasuku Honjo research on communicable diseases
(1 billion yen / year × 10 years)
- The Waseda International House of Literature (1.2 billion yen)
- Waseda, UCLA Collaborative Japanese Humanities Studies Program (58 million yen / year)
- Asian University for Women scholarship fund
(targeting factory workers : USD 15,000/year × 30 students, total : USD 450,000 / year)
- Harvard Design School scholarship (USD 100,000 / year × 2 students, total : USD 200,000 / year)
- UNHCR (Rohingya refugee support) : USD 5 million

FR Group, Fast Retailing Foundation, Yanai Tadashi Foundation Joint Initiatives

- Strengthen support activities with UN, NGOs, and like-minded partners in response to growing humanitarian crises
- Focus on R&D for next-generation systems, the environment, culture & arts, sports, academia, and technology worldwide
- Strengthen marketing to encourage more people to come on board, participate, and change their behavior



Develop and conduct initiatives to enable pursuit of business activities that realize better society for the future

Social Contribution 2025 targets

2020

2.37 million people

5.4 million items

3 billion yen

2025

- ▶ Support **10 million people** (refugees and socially vulnerable individuals, next – generation leaders, culture & the arts, sports) each year
- ▶ Donate **10 million items** of clothing each year globally
- ▶ Implement **10 billion yen's** worth of activities each year through Fast Retailing Group, FR Foundation, Yanai Tadashi Foundation, and social contributions from Tadashi Yanai as an individual
- Encourage all global stores to participate in local community support

Develop and provide new services and technologies
that allow **LifeWear** to be worn for even longer

Increasing the Value of LifeWear

- Creating clothes based on the evolving needs of our customers.
We are committed to not destroying or discarding unsold products,
instead clearing stock through markdowns or carrying products over to the next season.
- Steadily increasing the accuracy of our estimated production quantities
and optimizing our logistics. (expansion of the Ariake project)
- Strengthening efforts to collect clothes our customers no longer need
 - Collection at outreach classes and JFA (Japan Football Association) UNIQLO Soccer Kids venues
 - In future also wish to collect clothing by using return delivery routes
(reverse logistics) for items delivered by EC
- Increasing clothes-to-clothes recycling initiatives to build new frameworks that can recycle collected clothes into different materials
- Our aim is to establish a one-stop service that can clean, repair, store, resell, or
donate clothing as necessary



Pursuing various activities to increasing the Value of LifeWear

- External partner cooperation needed to promote initiatives
 - We plan to open a specialist R&D facility with strategic partner Toray Industries to advance clothes-to-clothes recycling and new materials development
- Circular economy : Starting to talk with automakers, construction and materials manufacturers, and other retailers about possible joint measures
- We will also look for partner companies who are keen to cooperate on devising and creating such future clothes-related services and technologies
- We also feel responsible for our clothes after they are sold. We want to see our customers feeling comfortable and getting the most out of our long-lasting LifeWear right down to the last day

