

Yukihiro Nitta

Group Executive Officer, Fast Retailing Co., Ltd.

I am Yukihiro Nitta, Group Executive Officer of Fast Retailing responsible for sustainability.

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

I would like to talk here about our Promise No. 1: To further perfect our finished LifeWear products by reviewing our entire supply chain.

Aiming to be Carbon Neutral by 2050

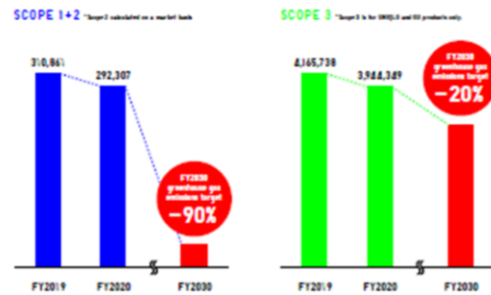
Reduce greenhouse gas emissions and promote renewable energy use



Approved Targets

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

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



About the Science Based Targets Initiative / The SBTi Initiative (SBTi) is an international partnership between CDP, the International non-profit organization that provides a platform for only 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 reduction targets and monitor and verify corporate targets from an independent standpoint.

To achieve the third important point of creating a zero-impact product-creation system, we have committed to adhering to targets for reducing greenhouse gas emissions by 2050, as stipulated in the Paris Agreement. We have set our own specific targets and are now actively pursuing activities designed to achieve those targets.

By fiscal 2030, our aim is to reduce Scope 1 & 2 emissions relating to our own company's operations by 90% compared to fiscal 2019 levels.

We also aim to reduce Scope 3 emissions relating to broader product manufacturing processes by 20% compared to fiscal 2019 levels.

And finally, we intend to procure 100% of the energy used in our company activities from renewable energy sources by fiscal 2030.

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

On emissions, let me first explain our efforts to reduce Scope 1 & 2 emissions from our own company activities, a large proportion of which are generated by our stores.

We are already working in stores to reduce the actual levels of energy used. We are targeting an approximate 40% reduction in energy use at roadside stores and an approximate 20% reduction in stores located within shopping malls. To achieve that, we plan to introduce new stores that are highly energy efficient right from the design stage, and we want to introduce new prototype stores in 2023.

For instance, we have started designing highly energy efficient new stores by reviewing store layouts to facilitate a reduction in the number of lighting fixtures, introducing more effective natural light, and improving the efficiency of air-conditioning installations

We are also working steadily toward our goal of procuring all the electricity used to power our company activities from 100% renewable energy sources. Already, we have completed the switchover to renewable energy in all 64 of UNIQLO stores located in nine markets across Europe. We expect North America and some markets in Southeast Asia will also be able to achieve 100% renewable energy use by the end of August 2022.

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

Next, I would like to explain our initiatives to reduce Scope 3 greenhouse gas emissions in the supply chain.

Our targets to reduce greenhouse gas emissions in the supply chain cannot be achieved without the cooperation of partner factories.

For years, Fast Retailing has considered it our job to stand alongside partner factories and help solve any problems they are facing together, and we have always pursued growth together with our partner factories. As a result of this strategy, we have been able to develop solid, long-term partnerships, which has proved to be one of our key strengths.

We have shared our goals with our partner factories by conducting repeated briefings to explain the background and importance of addressing climate change, the targeted reductions we are aiming to achieve, and what we want our partner factories to do.

After that, we held multiple dialogues with individual factories to make sure we had a clear understanding of each factory's individual circumstances and issues. Then, we got together with the partner factories that account for 90% of our production volume to formulate plans for reducing greenhouse gas emissions that include measures on energy saving, coal elimination, and the introduction of renewable energy. We intend to follow up on these plans to ensure factories are creating and implementing concrete measures under the planned frameworks.

Furthermore, since these initiatives are likely to require considerable investment by the factories themselves as well, we are ready to consider extending financial support to promote progress in this area.

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

In order to achieve our Scope 3 target, we will need to switch to materials with even lower greenhouse gas emissions in the raw materials area as well.

Our goal is to shift approximately 50% of the materials used in our products to recycled and other materials that have extremely low greenhouse gas emissions by 2030.

We are making some headway with our polyester initiatives, about 15% of polyester used in our products are derived from recycled PET bottles.

Some of our fluffy fleece full zip jackets and Dry-EX polo shirts are made from recycled polyester.

We are also producing some waist bags using recycled nylon that is made from the yarn waste generated during factory manufacturing processes.

Given the fact that recycling technology for chemical fibers is comparatively advanced, we plan to start by first substituting artificial fibers such as rayon and nylon.

We are also working on research and development with our partners to develop new materials that could serve as alternatives to cotton, wool, and other natural fibers and that achieve the same level of quality and comfort as our existing products.

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



Delivering products to customers requires a variety of materials, from product packaging to cardboard boxes and plastic bags used during transportation, and hangers, etc. In order to reduce our environmental impact, we have declared our goal to reduce waste to zero during delivery by reducing, reusing, and recycling those materials.

Already in July 2019, we determined a groupwide policy to eliminate, in principle, all unnecessary single-use plastic across our entire supply chain, and to switch to more environment-conscious materials when their use could not be avoided.

As part of this initiative, we intend to identify all our single-use materials and implement a 4R four-pronged action plan.

The first “R” stands for REDUCE and relates to reducing our use of the actual materials themselves. For instance, we have been gradually changing the shopping bags that we give to customers to carry their purchases from plastic bags to paper bags since 2019. Then, from September 2020, we started to charge for the bags in Japan. Customers came on board with the idea and 70% of customers are now declining the offer of a shopping bag.

The second “R” stands for REPLACE and involves substituting plastic and paper with more environment-conscious materials. We are pressing ahead with plans to switch to a single type of product packaging material that can be more easily recycled.

The third “R” stands for REUSE. For instance, GU is already promoting the reuse of hangers by collecting them at the check out and returning them to the factory.

The fourth “R” stands for RECYCLE. More specifically, we have started demonstration experiments in some areas of in-store sorting, collection, and recycling processes designed to promote the recycling of packaging materials.

Successfully reducing waste in this area to zero is no simple task, but we are keen to attempt it so that our customers can buy our products comfortable in the knowledge that every effort is being made to reduce environmental impact.

Addressing Other Major Environmental Issues

Biodiversity

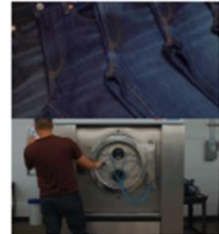
- Starting risk mapping as part of effort to reduce damage to biodiversity caused by business activities as we aim to help create world that can exist in harmony with nature
- Planning to finalize our Fast Retailing Biodiversity Policy by end FY2022

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



In addition to reducing greenhouse gas emissions and cutting waste to zero, we believe it is important to address the other major environmental issues of biodiversity, water resources and microfibers, so we are working on these as well.

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	60 (2%)	92 (27%)	66 (20%)
B	Relatively low-risk violations	236 (143%)	267 (162%)	210 (137%)
C	Potential violations of human rights or local occupational health and safety laws (e.g. health, hygiene, or other protective equipment not provided to workers as needed)	209 (100%)	237 (86%)	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%)	66 (12%)
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 (UNWILD partners in brackets)		695 (286)	613 (266)	582 (291)

We want our customers to buy our products safe in the knowledge that we always strive to realize a supply chain that upholds human rights across all processes, from production through to customer delivery. For that reason, Fast Retailing has always made it clear that we never tolerate human rights violations under any circumstances. Furthermore, we have created frameworks and taken concrete action to protect human rights.

First, we required all our partner factories to uphold and sign our Code of Conduct for Production Partners that we formulated in 2004 as a basic framework. The code is based on International Labour Organization (ILO) standards.

We commission third-party organizations to conduct regular audits related to human rights issues and working environments based on our Code of Conduct. If any issues or violations are discovered as a result of the audit, we demand factory management to make improvements and help the factories implement those improvements. We deal very strictly with any discovery of serious violations, such as child labor or forced labor, including the potential suspension or termination of business with the offending factory.

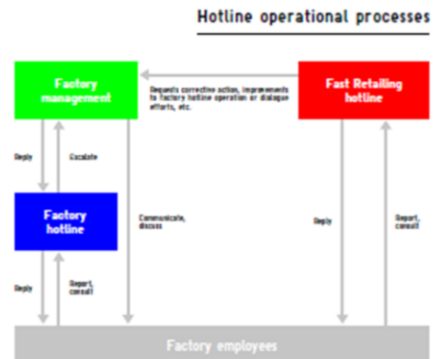
We station employees from our Production Department who are responsible for quality and production progress management at our production offices in Shanghai, Ho Chi Minh, Dhaka, Jakarta, and Bangalore. We have also established dedicated teams in our main offices who conduct specialist monitoring of working environments and guide factories on potential improvements, etc. We can continuously check with our own eyes to see if there are any problems in our supply chain and encourage improvements precisely because we have built up such close partnerships with our production partners.

As you can see in this table, in fiscal 2021, we had zero E-grade factories which were judged to have committed serious violations in terms of significant human rights abuses or significant violations of occupational health and safety.

We also seek to provide greater transparency by publishing annual lists of our core sewing factories and fabric mills and the results of any factory inspections on our website.

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)



In addition to our third-party audits, Fast Retailing has also established hotlines as another way of identifying any issues relating to working environments or human rights. The hotline enables not just our own company employees, but also people working in one of our partner factories or any other stakeholder to report an issue to the company directly. Factory employees can use the hotline anonymously and in their local language.

If circumstances require, we also provide support to help protect the daily living environment of people working in the factories. We have provided thorough guidance on COVID-19 countermeasures, when factories are operational, in order to protect the safety and security of factory employees. We also helped factory employees access appropriate systems and compensation by setting up an advice line to field inquiries regarding wage compensation and employment-related issues caused by the temporary closure of factories in the wake of COVID-19.

We also value our partnerships with various international organizations and other external groups. Through our partnership with the ILO, we helped establish a public employment insurance system in Indonesia, and are also working to expand a skills retraining program for unemployed workers, and enhanced public employment services.

As a result of these efforts, in November 2020, the Indonesian government enacted a law which included a newly established employment insurance system with unemployment benefits. The first unemployment benefits from this new system are scheduled to be implemented in February 2022.

We also formed a partnership with UN Women in 2019 and have since been working to develop and operate a career-building support program for women working in textile factories.

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



As I said before, these initiatives enable us to use inhouse or third-party audits to check if there are any problems in our garment manufacturing partner factories and fabric mills.

When we procure raw materials as well, we establish individual policies for plant-based and animal-based materials and ensure materials are procured through ethical and responsible methods.

We implement human rights due diligence and strive to gain an early grasp of any human rights risks across our entire supply chain, right through to the very early processes of cotton and other materials procurement. To that aim, we intend to pursue an even higher level of traceability going forward by sending company employees to visit raw material procurement locations at the very end of the supply chain, commissioning third-party inspections, and confirming working environments through third-party certification.

We have also already started initiatives in our own company by setting up a 100-strong global project team.

Investigating practices right through to the raw materials stage is not an easy thing to do, but we are determined to tackle this challenge so that our customers can trust us as an intrinsically safe and secure brand.

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



The Fast Retailing Group Human Rights Policy forms the basis of our human rights initiatives.

We issued that policy and established our Human Rights Committee in 2018. The committee provides advice and recommendations on investigating and remedying any human rights violations reported via our hotlines. We also help create human rights awareness building activities for each business segment and offer advice and proposals on implementing human rights due diligence.

In the area of human rights due diligence, we identified and evaluated human rights risks in our own company operations in 2019 and across our supply chain in 2020. If a human rights violation occurs, we take steps to strengthen our monitoring of working environments and our hotline frameworks in the face of especially high-risk human rights issues. We also work with specialist organizations to prevent such violations occurring or to determine how to resolve them if they do occur.

Dealing with human rights issue is one of our most important priorities as a company and we are always looking to continuously strengthen our activities in the area.

Eiko Sherba

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

Hello everyone. My name is Eiko Sherba of the Social Communications Team within the Fast Retailing Corporate Communications Department.

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

One of the key elements of our LifeWear concept involves creating “clothing for all.” We believe that respecting the individuality and diversity of our employees, creating working environments that enable our employees to display their talents to the full, and promoting career development all contribute to the continued creation of truly great clothes.

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+)

In June 2019, we established our Diversity Promotion Team in the CEO Office and have been pursuing diversity-related initiatives in four pillar areas: promoting gender equality and female participation and advancement in the workplace; promoting diversity of race, ethnicity, and nationality; promoting the inclusion of people with disabilities; and promoting understanding of diverse sexual orientations, such as LGBTQ+.

I would like to focus on the initiatives that we have been pursuing particularly earnestly in Japan, namely gender equality, promoting female participation and advancement, and the inclusion of people with disabilities.

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



First, I would like to explain our efforts to promote gender equality and the active participation and advancement of women in the workplace.

We have implemented various reforms of our human resources systems and introduced various measures to enable all employees, irrespective of gender, to select a working style that suits their immediate life stage, build their career, and demonstrate their respective individual traits and talents.

Our systems for childcare leave and nursing care, reduced working hours, and flexible working are available to all male and female employees alike to help support diverse work styles.

Thanks to the expansion of these systems, we have seen our ratio of female managers increase from 19% in fiscal 2014 to approximately 39.2% in fiscal 2020. Going forward, we aim to increase the percentage of female managers across our global operations to 50% by 2030.

In terms of concrete measures, we make a point of selecting a wide range of employees with management potential and help them realize a solid career development by assigning them to new operations and transferring them to different departments.

We also introduce diverse female leadership models by holding 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

Next, I would like to talk about our efforts to promote the inclusion of people with disabilities.

UNIQLO's diversity and inclusion initiatives, which began with UNIQLO stores in the 1990s, originated with the employment of people with disabilities.

As of the end of June 2021, people with disabilities accounted for 4.6% of all Fast Retailing Group employees in Japan, well above the 2.3% statutory requirement.

We then extended that employment policy from Japan to ASEAN countries, the EU, and other global areas, and we currently have approximately 1,500 people with disabilities working for us around the world.

We are not only focusing on employing people with disabilities but also pursuing initiatives to support customers with disabilities when shopping in our stores. We are currently working on switching our standard store format to a universal design store format after listening to the opinions of customers with disabilities and verifying any moves with the departments who oversee our store design.

We are also striving to improve the level of services to help customers with disabilities in our stores. For example, our UNIQLO Ginza store has been providing a dedicated shopping attendant reservation service for customers with visual impairments since 2020. In addition, some of our stores give shoppers who might need some extra help or consideration, such as wheelchair users, the opportunity to shop outside regular opening hours.

Going forward, we will continue to expand our initiatives with the aim of providing the best shopping experience not only for customers with disabilities, but for all our customers, including elderly visitors and pregnant women.

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

I want to talk about our Promise No.3: To contribute to the stability and sustainable development of society on a global scale by further utilizing the unique power of LifeWear to improve the world – something we have believed in for over 20 years.

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



JFA UNIQLO Soccer Kids, outreach classes



Trash Collection Sports Events and more

Since our Social Contribution Office was established in 2001, we have been using our clothes and our stores to implement various socially minded initiatives with the cooperation of our customers and employees. For both individuals and companies to enjoy healthy growth, we believe it is necessary to ensure the peaceful, stable, and sustainable development of local societies.

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

• Clothing support : 5.4 million items

• Beneficiaries : 2.37 million people

• Activity expenses : 3.0 billion yen

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

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

Period : September 2019 – August 2020

I would like to run briefly through the numerical figures for our social contribution activities in fiscal.

We have appointed sustainability promoters in the 25 countries and regions in which we operate, and we are currently promoting social contribution activities with an equivalent value of approximately 2.7 billion yen. Those activities include support for refugees and other people living in difficult situations, such as poverty and in disaster-affected areas, as well as support to promote diversity and inclusion, environmental protection and conservation activities, next-generation human resources, and measures to combat global pandemics.

We provided approximately 5.4 million items of clothing aid primarily to refugees and victims of natural disasters in fiscal 2020.

The number of beneficiaries of our support currently stands at approximately 2.37 million people worldwide. 98% of that total constitutes support for refugees and people in difficult circumstances, emergency relief, and pandemic countermeasures. Our social contribution activities equivalent approximately 3 billion yen, more than half of that are spent on clothing donations.

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)

Next, I would like to touch on the social contribution activities of the Fast Retailing Foundation and the Yanai Tadashi Foundation.

The Fast Retailing Foundation provides scholarships to the Asian University for Women located in Bangladesh, and educational support for refugee children in Japan.

The Yanai Tadashi Foundation provides annual scholarships for Japanese students to study at leading universities in the United States and the United Kingdom.

Social Contribution from Tadashi Yanai Personally

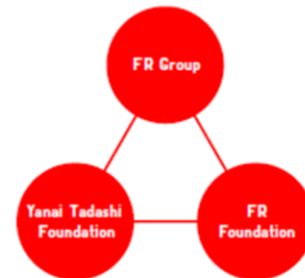
- Professors Shinya Yamanaka and Tasuku Honjo research on communicable diseases (1 billion yen / year × 10 years)
- The Waseda International House of Literature (1.2 billion yen)
- Waseda, UCLA Collaborative Japanese Humanities Studies Program (58 million yen / year)
- Asian University for Women scholarship 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

This slide shows social contribution activities that Tadashi Yanai participates in himself as an individual citizen.

While I won't go into the details here, Mr. Yanai, a Waseda alumnus, has recently donated 1.2 billion yen to the Waseda International House of Literature, otherwise known as The Haruki Murakami Library.

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

Going forward, Fast Retailing, the Fast Retailing Foundation, and the Yanai Tadashi Foundation will be working together to promote coordinated social contribution activities.

One of our focus areas will be responding to increasing severe humanitarian crises by strengthening collaborative support activities with the United Nations, non-governmental organizations, and like-minded partner companies.

In addition to that, we also intend to support the next-generation of young people who will be responsible for the future by capitalizing on our existing partnerships with art galleries, our brand ambassadors, and Mr. Yanai's personal contact network to promote culture, art, academic learning, and technological research and development.

We intend to strengthen our marketing activities to attract a wider range of support and broader participation in these activities, because we believe promoting initiatives that encourage individuals to change their patterns of behavior is a valuable social contribution activity in itself.

Our aim is to contribute to economic development through our clothing business. And to develop and implement activities that illustrate how the very pursuit of business activities can generate a richer society for the future.

Social Contribution 2025 targets

2020	2025
2.37 million people	▶ Support 10 million people (refugees and socially vulnerable individuals, next-generation leaders, culture & the arts, sports) each year
5.4 million items	▶ Donate 10 million items of clothing each year globally
3 billion yen	▶ 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
	▶ <u>Encourage all global stores</u> to participate in local community support

Finally, I would like to explain our social contribution activity targets for 2025.

We aim to support 10 million refugees, socially vulnerable people, next-generation leaders, and people in the fields culture, art, and sport.

We aim to donate 10 million clothing items to people who need clothes worldwide and encourage all our global stores to participate in community support activities.

In addition, by 2025, we intend to implement 10 billion yen's worth of social contribution activities worldwide through the Fast Retailing Group, the Fast Retailing Foundation, the Yanai Tadashi Foundation, and individual contributions.

We are determined to use these actions to improve people's wellbeing and help create an affluent society for the future.

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

Promise 4: To further increase the value of LifeWear by developing and providing new services and technologies that enable people to use it for 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



We are 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.

We are steadily increasing the accuracy of our estimated production quantities and optimizing our logistics.

This is the expansion of the Ariake project that I explained at the beginning of today's session.

We want to strengthen the initiatives that we have been pursuing so far to collect clothes that our customers no longer use. More specifically, we want to expand the number and variety of locations from which we can collect secondhand clothes. To date, we have collected secondhand UNIQLO and GU clothes primarily via collection boxes located in our stores. However, going forward, we would like to strengthen secondhand clothes collections at our outreach classes or Soccer Kids venues for example. Beyond that, we are ideating a program to collect secondhand clothes using reverse delivery routes (reverse logistics) for products delivered via our e-commerce operation.

We also intend to strengthen our clothes-to-clothes recycling initiatives and our efforts to build new frameworks for recycling used clothing into other materials as well.

We also want to explore the idea of a one-stop service that can clean, repair, store, resell, or donate clothing as necessary. However, we will need to be even more attentive than before to make sure these new initiatives do not increase the burden on the environment.

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



We don't think it would be possible to achieve these initiatives without the help of external partners. For instance, we plan to open a specialist R&D facility with strategic partner Toray Industries in 2022 to advance clothes-to-clothes recycling and new materials development

Helping create a circular economy is an issue that various industries, not just our apparel industry, are discussing right now. For that reason, we are starting to talk about potential cooperation with automakers, construction and materials manufacturers, and about potential joint initiatives with other players in the retailing industry.

We also intend to look for other partner companies who are keen to cooperate on devising and creating these kinds of future clothes-related services and technologies with us.

We also feel responsible for our clothes after they are sold. We want to create effective frameworks that enable our customers to feel comfortable in the knowledge that they will get the most out of our long-lasting LifeWear, right down to the last day.