

LifeWear = Sustainability?

Koji Yanai

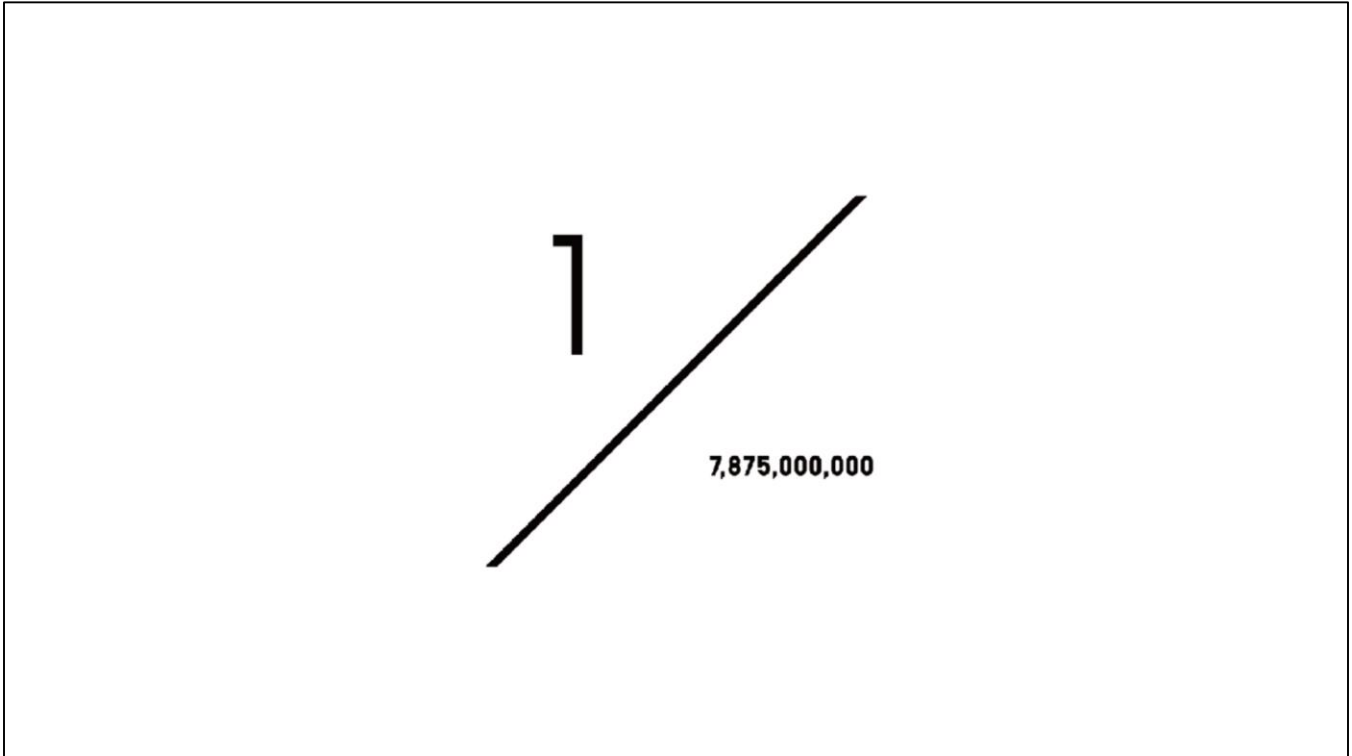
**Director of the Board and Group Senior Executive Officer
Fast Retailing Co., Ltd.**

First, let me thank everyone for coming here today even though you must be very busy.

We would like to proceed slightly differently today from our usual briefing style delivered from the podium so that you can all understand the concept as soon as you enter the venue.

A space where everyone's perspective is equally valuable

The concept of this conference is to create a space where everyone's perspective is equally valuable



Why are we adopting this new style? The things we are talking about today, namely the environment, sustainability, human rights, and diverse values, all relate equally to every one of the 7.8 people living on this planet. If you look at the chairs you are all sitting in, you will see a sign saying: “One of 7.8 billion”. In other words, each of you here today is also the main star of the show.



The COVID-19 pandemic has made us all keenly aware of how interconnected the world is on so many levels. I think the pandemic has also clearly shown us that one single country cannot enjoy an affluent life and economy in isolation.

We have also seen an increase in the number of global and humanitarian issues that threaten our societies and our lives. Climate change caused by CO2 emissions, marine pollution, working environments that jeopardize human rights and diverse values. Problems relating to poverty and inequalities. A whole variety of issues are coming to the fore at the same time.



Against this backdrop, Fast Retailing is a company that offers clothing, one of life's basic essentials alongside food and shelter. We are also a global company from Japan conducting business activities around the world. Yes, Fast Retailing is a clothes making company. But we don't stop at just making and selling clothes. We are also a company that strives to use our business activities to help solve these problems and issues that are currently emerging across the globe.

LifeWear

Everything we do is driven by our LifeWear approach. We have always strived to conduct business activities that enrich all people's lives, accompany all people during their long lives, and value and prize the lives of all people.

As you can see on the video loop, we have pursued sustainability activities for over 20 years based on our corporate philosophy: Changing clothes. Changing conventional wisdom. Change the world, and our firm belief that we can steer the world in a better direction by making and selling truly great clothes.

So what exactly are truly great clothes?

Some people might consider great clothes to be long-lasting, high-quality clothes. Others might favor reasonably priced clothes. Some might say clothes that use materials and processes that don't adversely impact the planet. And others might opt for clothes that protect workers' human rights. In other words, there are likely to be as many definitions of truly great clothes as there are people on the planet. We believe it is the mission of LifeWear to satisfy all those definitions.

LifeWear = 「 」

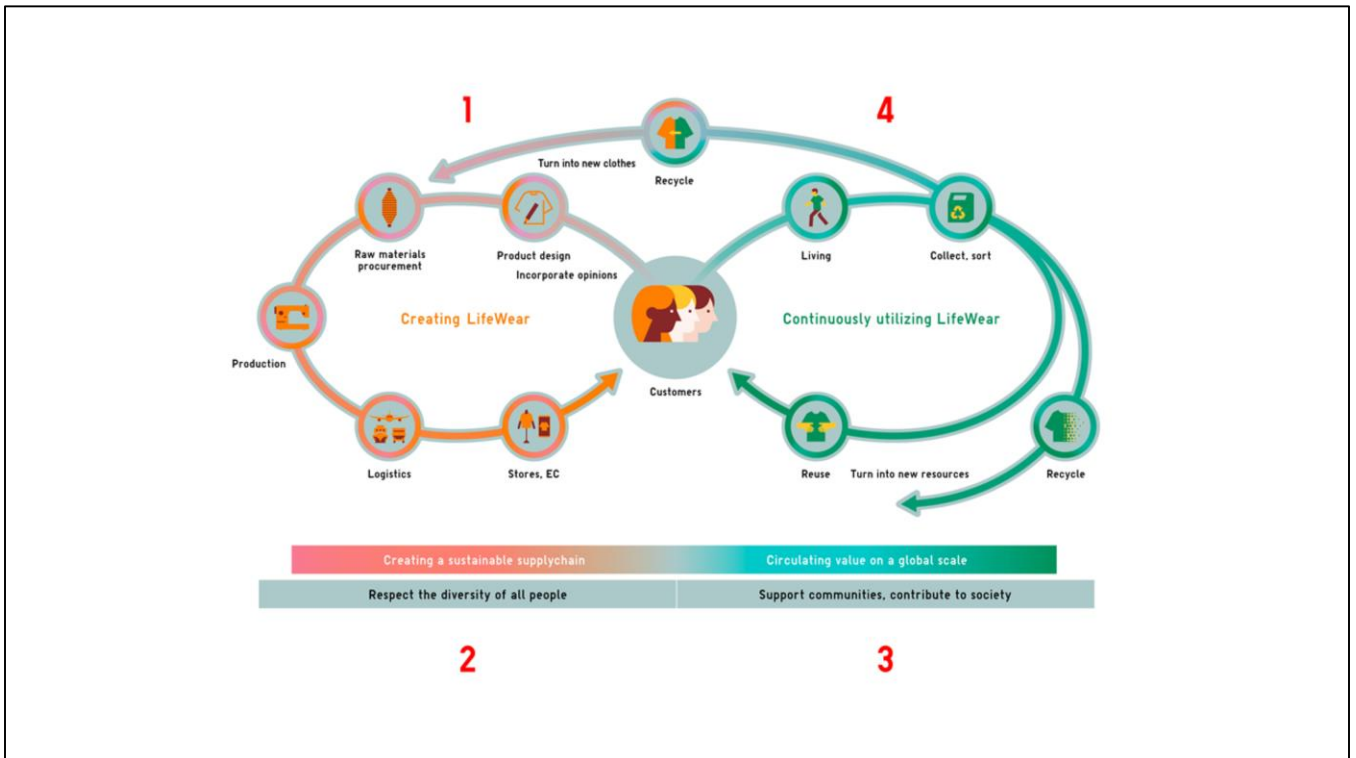
At the beginning, we introduced LifeWear = Sustainability? We included a question mark on purpose because, for us, the LifeWear concept actually envelops the idea of sustainability.

LifeWear = “ New Industry ”

In other words, we see LifeWear as a “new type of industry.”

Just as Sports Wear created new markets and fresh employment as a new industry, LifeWear can demonstrate an entirely new type of fashion business to the world, helping realize a sustainable society as a new industry. In fact, we are determined that LifeWear can become the most significant revolution in the history of one of life’s basic necessities, namely clothing.

We are the only global daily-living and social infrastructure company in the field of clothing, and, as such, there are things that we must do and can do from now on to secure our future. The more LifeWear clothing we can deliver into the hands of customers, the more we can enrich people’s lives and societies around the world. That is the kind of business activities we are aiming to achieve.



This slide illustrates our overall business model. We believe first and foremost that everything we do must revolve around our customers.

The left-hand loop is all about creating LifeWear. It illustrates our own company's supply chain from production through retail. The right-hand loop is all about continuing to utilize LifeWear. Our initial priority is to create clothes that our customers will love and use for a long time. However, this diagram illustrates how those clothes are collected once our customers no longer wear them, and how they are reused or recycled in a circular economy.

Regarding individual issues, first we talk about creating a sustainable supply chain on the left-hand side of the screen. This diagram illustrates how we attentively develop products based on customer needs, acquire raw materials with guaranteed traceability, and produce and distribute products using the best method that does not exert any excessive impact on the environment to ensure optimum delivery to our customers. Our stores also implement various initiatives to reduce resource use and greenhouse gas emissions.

Our second focus is to respect the diversity of all people. We strive to uphold the diversity of all our stakeholders by supporting our customers and our employees, and by helping build strong working environments at our partner factories.

Our third focus is to support communities and contribute to society. We have been earnestly involved in a various social activities for over 20 years, but we are always keen to expand and proactively participate in new activities going forward.

Our fourth focus is about circulating value on a global scale. We have thought carefully about how we can be of use to our customers when they have finished wearing a particular item of our clothing. We don't feel that our responsibility ends with the making, transporting, and selling of clothes. To date, we have collected the clothes that our customers have lovingly and carefully worn and donated them to refugees and internally displaced people. Going forward, we want to create more ways of promoting clothes-to-clothes recycling, as we have done with our recycled down jackets, or turning secondhand clothes into different resources.

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

Today, I want to talk about our four specific promises for realizing those LifeWear-driven business activities.

The first promise, to completely overhaul our supply chain to further increase the value of LifeWear, will involve a further deepening of our transformative Ariake Project that the Fast Retailing Group has been comprehensively pursuing since 2017. The Ariake Project has consistently pursued workstyle and supply chain reforms designed to ensure we make, transport, and sell the exact amount of the products that our customers truly desire at exactly the right moment. We now intend to accelerate the building of business operations that are even more conscious of human rights, working environments, and the environment across all supply-chain processes.

Our second and third promises to continue to respect individuality and diversity and to use LifeWear to make the world a better place respectively are important activities that underpin our business.

The fourth promise is to develop and provide new services and technologies that allow LifeWear to be worn for even longer.