
「LifeWear = Sustainability」 Second Annual Sustainability Briefing

2022/11/16

Koji Yanai

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

Hello everyone. My name is Koji Yanai.

Let me first thank you all for coming here today.

We held our first briefing on Fast Retailing's sustainability activities in December 2021.

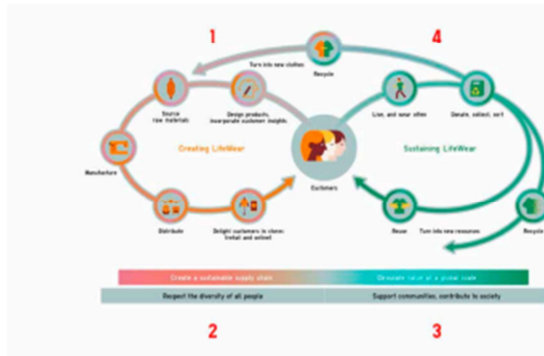
Today, we are holding our second briefing to report on the progress made this year and the topics we are focusing on.

We will explain our activities in the first half of the briefing, but we have reserved a large proportion of the second half of the briefing for Q&A sessions, during which we would like to pursue a deeper dialogue with you all.

So, let me thank you in advance for your cooperation.

Our four promises for making LifeWear a new industry.

(Announced at the first sustainability briefing held in December 2021)



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. Contribute to the stability and sustainable development of society on a global scale by further utilizing the unique power of **LifeWear** to make the world a better place that we have believed in for over 20 years
4. Develop and provide new services and technologies that allow **LifeWear** to be worn for even longer

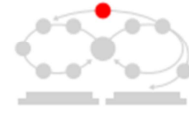
LifeWear is simple, functional, and long-lasting clothing that is inspired by customers' daily needs.

Our ultimate goal is to pursue business activities that enrich lives and societies around the world by delivering more LifeWear products to local customers.

To that aim, we presented the outline of a new business model last December and made four specific promises.

Today, I would like to introduce each of the initiatives we are taking in turn.

The evolution of fleece Fluffy Yarn Fleece Full-zip Jacket



Fleece jackets are one of UNIQLO's core products. Launched in 1994, our fleece products sparked a boom in 1998 from our UNIQLO Harajuku store, which was located on Meiji Dori at the time.

We have always introduced improvements with each year's new release. However, in 2022, UNIQLO fleece reached a major turning point that could almost be seen as a complete product renewal.

We achieved a major milestone by successfully using 100% recycled polyester derived primarily from PET bottles as the raw material for the fleece jacket.

Ensuring traceability in the production process of recycled fleece has proved to be a challenge.

However, the production process at our partner factory Cyclone in Fujian Province, China provides an extremely high degree of transparency because every stage of the process from the collection of PET bottles to the creation of pellets and the spinning of recycled polyester thread is comprehensively handled using proprietary equipment.

Also, the largest supplier of raw materials for the project is the Shenghong Group, which boasts advanced equipment and a clear production backdrop. Finding these reliable partner factories has made the realization of this project possible.



We have created a video to show how Cyclone crushes the collected PET bottles and turns them into yarn.

Please take a look.

(VIDEO)

Examples of products made from recycled materials inspired by customer feedback



Fluffy Yarn Fleece Full-zip Jacket
Made from 100% recycled polyester



DRY-EX Polo Shirt
Includes recycled polyester



Recycled Down Jacket
Made from 100% recycled down and feathers.



Jeans
Uses less water during processing



AIRism 3D Mask
Developed during COVID-19 pandemic after receiving many requests from customers



AIRism Absorbent Sanitary Shorts
Developed high-functioning products based on customer feedback



Cotton Front-opening Innerwear
Inspired by customer feedback. Well received by people involved in hospital care



PEACE FOR ALL T-shirts
Contributing to society through clothes

We have brought some products here today. First, this fleece product. Having processed PET bottles into recycled polyester thread, we have to create a fabric texture that is as close to virgin polyester as possible. After increasing the number of stitches and verifying the texture multiple times, we were finally able to achieve a satisfactory texture.

This Fluffy Fleece Full-zip Jacket is the Doraemon version of fleece specially produced as part of our JOIN: THE POWER OF CLOTHING range that went on sale from July. We believe that exposing customers to information on environmental issues, such as marine garbage and products made with recycled materials, will help promote activities that seek to make the world a better place. As part of this project, US\$1 will be donated to help reduce marine garbage for every 100% recycled polyester fleece product purchased.

This DRY-EX Polo Shirt uses recycled polyester made from recycled PET bottles for 40% to 80% of the main fabric. The product also has some open mesh holes created by changing the knit fabric and adjusting the fabric's breathability in areas where heat accumulates or areas that readily sweat based on ergonomics. The product offers improvements not only from a recycling perspective but in terms of functionality as well.

Examples of products made from recycled materials inspired by customer feedback



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Made from 100% recycled polyester



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PEACE FOR ALL T-shirts
Contributing to society through clothes

This Recycled Down Jacket is made from 100% recycled down and feathers extracted from collected down. This product represents our shift to a circular business model.

Blue Cycle Jeans are produced using up to 99% less water during the finishing process compared to conventional jeans. UNIQLO uses this technology for all jeans that require finishing processes.

We are also working to clean and reuse wastewater generated in our production processes and reduce the amount of wastewater that we generate.

With all of these products, we use using recycled materials and production methods that reduce the burden on the environment, but, at the same time, we maintain the strict level of quality that UNIQLO products demand. That means we are still able to deliver products to customers that offer the superior durability, texture, and design that enables them to be worn for a long time.

Progress report on the use of recycled materials and other materials with ultra-low GHG emissions



- In 2022, recycled materials and other materials with ultra-low greenhouse gas emissions constituted roughly **5%** of all materials used at Fast Retailing. This progress is in line with our plan, and we are working to raise that rate to 50% by FY2030.
- The proportion of recycled polyester used in polyester products stood at approximately **16%** in 2022.

In 2022, recycled materials and other materials that emit extremely small amounts of greenhouse gases accounted for roughly 5% of all materials used in the production of UNIQLO clothing. That represents an increase of approximately four percentage points over the past year. This progress is in line with our plan, and we will continue to accelerate our efforts to ensure we achieve the 50% target we set for FY2030.

With specific reference to polyester, recycled polyester accounted for approximately 16% of total polyester used in 2022.

Launched RE.UNIQLO STUDIO

A new service to encourage people to lovingly wear their clothes for longer



Hemming pants, sewing on buttons, repairing holes and rips in T-shirts, knitwear, and jeans, etc., customizing clothes with traditional Japanese *sashiko* sewing techniques



RE.UNIQLO STUDIO
(UNIQLO Regent Street store)



Repairers in action



UNIQLO Setagaya Chitosedai store

Our idea of a sustainable product is based initially on the premise that it can be worn for a long time.

People stop wearing clothes for two main reasons: physical damage, such as holes or stains, and psychological factors, such as tiring of the clothes themselves. To encourage customers to wear their clothes for longer, we started offering quick repairs such as repairing holes or sewing on buttons as well as ways to remake or customize clothes using traditional Japanese *sashiko* sewing techniques.

We opened a RE.UNIQLO STUDIO in our UNIQLO Regent Street store in London, England on September 8. We set up a repair, remake, reuse, and recycle corner to welcome customers. On September 23, we opened another RE.UNIQLO STUDIO in our UNIQLO Orchard Central store in Singapore. We then opened a limited-period studio at our UNIQLO Setagaya Chitosedai store in Japan from October 22 as a trial. Going forward, we intend to develop trial repair services worldwide.

Our efforts to spread the word about the existence of RE.UNIQLO STUDIO broadly among our customers is another part of our quest to foster the mindset that encourages people to wear their favorite pieces of clothing for a long time.

Regarding upcycling, we are also considering resale initiatives for circulating clothes that can still be worn and we are currently exploring the best way to pursue that for our customers.

We do listen to your opinions about what you expect Fast Retailing to do in terms of making the most of clothes and providing various services. We are keen to put those ideas into practice through trial and error, so please look forward to possible future announcements on that front in subsequent briefings.

Building an organizational structure for a global brand



- Expanding the headquarter functions of our New York office to help make swift and dynamic proposals while respecting diversity as a global brand.
- Encouraging greater movement of human resources in Japan and worldwide.



Next, we would like to introduce some of our initiatives relating to the human resources that support the creation of LifeWear.

Enriching the lives of all people through clothing has been our clear driving mission from the beginning. And that's not just for some people, but for everyone.

We are currently expanding the headquarter functions of our New York office because we respect diversity as a global brand and want to make speedy, dynamic proposals and offer customers exciting experiences.

Based on that concept, we are encouraging more active transfers of human resources in Japan and overseas. By swiftly adopting the best global proposals and methods and developing them on a global scale, we will achieve both diversity and speedy management and take solid steps forward as a leading global apparel brand.

Today, we are delighted to welcome Serena Peck, Fast Retailing Group Executive Officer and USA Chief Administrative Officer. She will talk to us about our human resource training and D&I initiatives in the United States. Serena, I will now pass the stage over to you.

Please use the earphones provided to listen to the simultaneous interpretation if required.

Serena Peck

Group Executive Officer, Fast Retailing Co., Ltd.
Chief Administrative Officer, General Counsel
Fast Retailing USA

Realizing a Global and Diversified Organization

Good afternoon, everyone. My name is Serena Peck. I am a Group Executive Officer of Fast Retailing and Chief Administrative Officer and General Counsel of Fast Retailing US. I am responsible for several functions at Fast Retailing US, including HR, diversity & inclusion and legal.

Just to give you some quick background, I joined Fast Retailing in 2010 as the first (and only) in-house lawyer at the company in the US. From there, I built the legal function from scratch. As I grew my career within Fast Retailing, I eventually took on broader responsibilities including HR and worked on enhancing our culture and strengthening our talent development and learning opportunities. I am personally very passionate about supporting the next generation of women leaders in our company and leading Diversity and Inclusion initiatives in the US.

Today, I would like to share some of our key initiatives around talent development as well as diversity and inclusion at Fast Retailing in the US which have the goal of realizing a truly global and diversified organization where our employees are proud to work.

Diversity & Inclusion at Fast Retailing

- Cornerstone for becoming the global #1 apparel company
- Dedicated D&I team established under CEO Office
- Focus areas: Gender, Global One, PWD and LGBTQ+



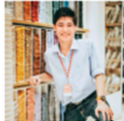
Gender



Global One



PWD



LGBTQ+



First, I would like to emphasize that Diversity and Inclusion is the cornerstone for Fast Retailing's goal of becoming the global #1 apparel company.

Realizing a truly global and diverse organization is critical to attracting talent from all over the world. Our objective is to create an environment where employees from diverse backgrounds and experiences can come together to deliver the best products and services for our customers on a global scale. And our commitment to promoting Diversity and Inclusion in society as a whole is also crucial for us to be a trusted company that is dedicated to making the world a better place.

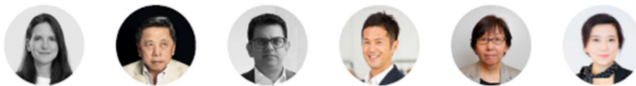
To help us achieve this, Fast Retailing established a dedicated Diversity and Inclusion team at the Global Headquarters in Tokyo in 2019 directly under the CEO Office.

This team along with their global counterparts is focusing currently on four priority areas: Gender, Global One, People with Disabilities and LGBTQ+.

Driving Diversity & Inclusion at the Global Level

Global Diversity Leadership Team

- 6 Group Officers and 30 directors representing relevant departments and key markets
- Share local insights and needs to help form global directions



Female Leaders Career Sessions

- Key initiative for FY2030 target of 50% women in managerial positions – Currently 43.7%
- Empower women to take on leadership positions by presenting different role models



Let me provide some additional details on key global initiatives that I am directly involved in.

Fast Retailing established the Global Diversity Leadership Team in 2020 to drive our efforts globally.

It started with six group officers including myself and expanded to engage about 30 director-level employees across the organization. They represent key regions and markets such as North America, Europe, Japan, China and Southeast Asia.

The team meets several times per year to share insights based on local experiences to help form global directions.

I mentioned at the outset that I am personally very passionate about empowering women and supporting them to advance to the next generation leaders.

One example of our efforts in this area is our female leaders career session organized at Tokyo GHQ.

This is part of our ongoing commitment to increasing the ratio of female managers to 50% across the Fast Retailing Group globally by the end of fiscal 2030 at the latest.

In the career sessions we invite female group officers and directors as speakers with the aim of presenting various different role models of women in leadership positions and we encourage female employees to engage in dialogue with these leaders to directly learn from their experiences and to help form future career visions for themselves.

Thanks to initiatives such as these, as of the end of August 2022, the ratio of women in managerial positions at Fast Retailing has increased to 43.7% from 19% in 2014.

Guiding Principles for People and Organizational Development

- Support professional dreams of employees and realize Fast Retailing's core value: *"Respect and support individuals to foster both corporate and personal growth"*
- Invest in people and provide all employees with opportunities for growth
- Listen to the voices of employees across different positions and functions to reflect diverse values in our business and organization

Now I would like to shift our discussion to talk about our people initiatives in the US - specifically, some of the actions we are taking in the US and North America that we believe make us a unique employer. North America is a key focus for growth for the Fast Retailing Group and we must grow our team with great talent to support our expansion plans. We are also seeking to strengthen our US organization as part of our efforts to diversify our global headquarters activities, including having headquarters team members based in the US.

To this end, here are three guiding principles that form the basis of much of what we do both in the US as well as on a global basis.

1. The Fast Retailing Group emphasizes personal growth of each employee. This is part of our key value of "Respect and support individuals to foster both corporate and personal growth". Guided by two of our fundamental concepts - Global One and ZEN-IN KEIEI - each employee cultivates the mindset of a business leader and learns to implement global best practices through their work. By giving everyone the opportunity to act and think as a business owner, we truly empower our team members to realize their professional dreams. Through this principle, we are telling our employees that no matter what your position is - anything is possible for you. Your destiny is yours to create and the possibilities really can be limitless.
2. We are an organization that invests in its people. And we do this by being very intentional about the opportunities we provide for our team members to grow into new areas, learn new skills or work in overseas markets.
3. Last, but not least, we listen to the voices of our team members and we use those voices to guide our actions. We listen to the voices of all employees, regardless of title or position, and promote the creation of better businesses, policies and organizations that reflect diverse values.

4 Pillars of People Strategy

North America Organization

- Create ONE North America team
- Leveraging best practices, shared experience and expertise

Diversity & Inclusion

- Invest in and grow our D&I function
- Imbed D&I within our entire organization by increasing our D&I activities in all areas: Organization-wide learning, networking opportunities, recruiting/hiring, policies & benefits, and cultural activities & community engagement

Local Talent Development & Recruitment

- Grow our existing talent into the next generation of leadership- Stores & SSC
- Recruit best-in-class people, making them key players on our path to global #1

Learning and Training

- Create a comprehensive learning journey for all stages of our employees' careers
- Invest in our L&D function to provide trainings in Fast Retailing principles, operations, core competencies, & leadership

To dive into more details around our people strategy for North America for this year (focusing on UNIQLO), I would like to touch on four key areas of focus.

First, we are seeking to unite the Uniqlo US and Canada teams under one North America organization, to leverage best practice, shared experiences and expertise.

Second, diversity and inclusion. We are investing in our D&I function and will add a dedicated D&I manager in January in the US. We are increasing our activities in key areas such as learning and training, networking, recruiting and hiring, policies and benefits, cultural activities and community engagement.

Third, in order to become #1 in North America we must have the best talent. We need to grow our existing talent into the next generation of leadership in stores and our corporate office. And we must recruit best in class talent and make them key players on our path to global #1. One main driver of our recruiting and development efforts is our UMC program (Uniqlo Manager Candidate). This is a 9 month training program to train both new hires and internal candidates to become store managers. We are aiming to hire 90 new UMC's in North America for 2023.

Finally, learning and training. We are seeking to create a comprehensive learning journey for all stages of our employee's careers. And we will invest in our Learning and Development function (FRMIC) to provide trainings on Fast Retailing principles, store operations, core competencies and leadership.

Sharing Corporate Philosophy and Values

- Sharing with local employees the philosophy and values that form the foundation of our unique corporate culture
- Biannual company-wide US conventions and educational programs focused on the philosophy and values for all employees
- UNIQLO Global CEO and other members of the management team directly lead the training of local employees



FR USA Convention

From here, let me share some of our key initiatives.

Sharing corporate philosophy and values with local employees is the important basis of employee education.

We have The Fast Retailing Management and Innovation Center (FR-MIC), the group's internal training function, in the US working closely with their counterpart in Japan. In the US, FRMIC offers a variety of educational programs in line with global direction to help all employees grow and flourish at work.

One example is the US Fast Retailing Convention. The Global Fast Retailing Convention is held twice a year in Japan with the attendance of the top management as well as thousands of store managers and headquarter employees from around the world. It aims to inspire employees and foster pride in working with us. Right after the Global Fast Retailing Convention, we hold a US version of the convention where the global messages are broken down into local examples and context.

We also have other educational programs for all US employees focusing on the company principles and philosophy. The entire management team at Fast Retailing in the US, including Dai Tsukagoshi, Global CEO of UNIQLO are committed to employee education and directly taking the lead in these sessions.

Diversity and Inclusion - Key Initiatives

- D&I training
 - Mandatory D&I training for all FRUSA employees
 - Quarterly listening / learning sessions on specific topics such as race and gender identity
- D&I committee
 - Established in September 2020 by Theory and Helmut Lang employees
- First dedicated D&I manager in FRUSA to be in place in January

As I mentioned previously, Diversity and Inclusion is a key focus area for us in North America. In terms of key activities:

We have mandatory annual D&I training for all employees in the US. We are also hosting quarterly listening and learning sessions on specific topics such as race and gender identity where we hear directly from our employees' voices about their lived experiences and learn directly from them.

We have created a D&I committee at Theory and Helmut Lang in 2020, and Theory's CEO serves as the executive sponsor of this committee.

From a recruiting point of view, we have made specific efforts to recruit more diverse candidates by expanding the recruiting sources we use for our candidate pool. For example, we have partnered with Historically Black Colleges and Universities for UMC recruiting and we recently participated in a career fair with an LGBTQ+ advocacy group to interview candidates from their community.

We have also hired our first dedicated D&I manager in the US who will start in January. She is currently a store manager and has dreamed of pursuing a career in D&I.

Diversity and Inclusion - Key Initiatives

- Childcare stipend
 - Introduced up to \$1,000 monthly child care stipend for full-time employees in 2021
 - Implemented in direct response to hearing from mothers working at the company while caring for young children during the pandemic
 - Providing financial relief for members as their families grow
- Women's groups at UNIQLO and Theory
 - Platform for listening to employee needs and networking

As part of our diversity efforts we are very focused on empowering women in North America.

In 2021, in response to hearing directly from our team members about the challenges they were facing in securing childcare in the wake of the COVID pandemic, we introduced a childcare stipend for our employees where we reimburse up to \$1,000 per month per employee for their childcare expenses. Over 70 employees enrolled in the program within this past year alone. We have been recognized publicly for this benefit as we recently joined the National Coalition for Childcare in the US.

We also have formed women's networking groups at both UNIQLO and Theory, which are a critical platform for us to hear the voices of our female employees as well as to provide them with a forum to network and grow their connections and sense of community within the organization through shared experiences.



Earlier, I talked about supporting professional dreams of employees. I would like to conclude my presentation by sharing a great example of one of our employees who has been able to pursue and realize her dreams.

UNIQLO recently opened a pop-up store in Warsaw, Poland, as our first step into Eastern Europe. The general manager of the store, Agata, is Polish and she originally joined UNIQLO in the UK as a sales associate over 10 years ago. She later took on greater responsibilities as the general manager of one of UNIQLO's Global Flagship Stores in London.

Over the years, she expressed her desire to open UNIQLO in her home country Poland and once talked about the dream on stage at a Fast Retailing Global Convention in front of the top management and thousands of employees from around the world.

She left the company several years ago to go back to Poland for family reasons. When the plan to open our first store in Poland emerged, our UNIQLO Europe CEO decided to contact her and he offered her the general manager position.

On October 17 when the store opened, there was a long queue of people waiting for UNIQLO's arrival. We have seen a very positive reaction from the customers of Poland, a place where the general manager was always convinced held great potential for UNIQLO.

The reality is, there are other stories like Agata's within Fast Retailing. -We have many other examples of people realizing their professional dreams here.

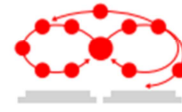
Fast Retailing is a company that provides truly meaningful opportunities to employees who want to achieve their dreams.

We welcome these passionate people to join us from around the world to make our company mission a reality. Thank you.

Yukihiro Nitta

Group Executive Officer, Fast Retailing Co., Ltd.

Initiatives for reducing CO2 emissions



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>

Hello. My name is Yukihiro Nitta. I plan to talk to you today about our achievements in terms of reducing CO2 emissions and the progress we have made on traceability activities.

Fast Retailing aims to reduce greenhouse gas (GHG) emissions to net zero by 2050. As part of that process, we are currently promoting initiatives to reduce emissions from our stores and key offices by 90% by fiscal 2030 compared to fiscal 2019 levels and to reduce emissions from the UNIQLO and GU supply chain by 20% over the same period.

Initiatives for reducing CO₂ emissions



● SCOPE 1+2

- We have already achieved 100% renewable energy use in Europe, North America, Vietnam, Indonesia, and Thailand.

● SCOPE 3

- We hold quarterly meetings with managers at partner factories to check whether CO₂ reduction initiatives are progressing as planned. Fast Retailing's Production Department works to solve any problems.
- We work together with each factory to address local supply-chain issues.

CO₂Emissions (Unit: t-CO₂) (target value)



We aim to switch to 100% renewable energy that doesn't emit GHGs at our stores and key offices by fiscal 2030. We have already achieved 100% renewable energy in Europe, North America, Vietnam, Indonesia, and Thailand.

Within our supply chain, we encourage our main partner factories, which account for roughly 90% of UNIQLO and GU production, to pursue energy-saving measures and decarbonization and introduce renewable energy based on the strong partnerships that we have built over many years.

We hold quarterly meetings with managers at partner factories to attentively check whether CO₂ reduction initiatives are progressing as planned. When any new issues are discovered, we don't just leave it up to the factory to sort them out. Instead, Fast Retailing's Production Department also investigates the issues and helps find a solution together.

Currently, we work together with each factory to address specific local supply-chain issues in individual regions.

Pursuing traceability



The ultimate goal

- We want to deliver truly good products that our customers can feel comfortable buying by only associating with good partners that we really can trust all the way back to the very start of supply chain.
- Our customers can access traceability-related information at any time.

Progress (1)

- We create plans for individual products at each stage of the supply chain from the product planning stage onward and which factory will produce those products. We have also created systems to ensure we maintain a firm grasp on whether products are actually being produced in line with those plans.
- We have created frameworks for systematically managing those plans together with partner factories and programs to facilitate third-party traceability verification. We are starting to operations based on the verification program.

Next, let me explain about our efforts and methods for pursuing stronger traceability.

In December last year, we announced our intention to check working environments right back to the beginning of the supply chain through Fast Retailing employee visits, third-party audits, and third-party certification. Today, I would like to reiterate our aims and talk about the progress that we are making towards those goals.

We are conducting these initiatives across the Group, but, initially, we are focusing on the UNIQLO business due to the large volumes involved.

We want to deliver truly good products that our customers can feel comfortable buying by only associating with good partners that we really can trust all the way back to the very start of supply chain. A reliable partner is one that not only produces products of high quality, but also employs the right processes when manufacturing those products from both a human rights and an environmental perspective. To that end, we are working to gain a full grasp of the processes right back to the very start of the supply chain and promoting initiatives that will allow us to verify those processes ourselves and through third-party audits. We also aim to enable customers to access this information at any time.

Pursuing traceability



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- We have created frameworks for systematically managing those plans together with partner factories and programs to facilitate third-party traceability verification. We are starting to operations based on the verification program.

To achieve our aims, it is important to create an advance plan that covers the kind of commercial distribution to be used to create that product rather than conduct supply chain checks after a product is produced. Roughly one year has passed since our announcement in December 2021. One of the major advances that we have made over that year involves the formulation of a system that enables us to create plans for individual products at each stage of the supply chain from the product planning stage onward and determining which factory will produce those products. We have also created systems to ensure we maintain a firm grasp on whether products are really being produced in line with those plans.

We have successfully created frameworks for systematically managing those plans together with partner factories and programs to facilitate third-party traceability verification. We are starting operations based on this verification program.

Pursuing traceability



Progress (2)

- We have solicited the cooperation of garment and materials factories and completed identifications for each product right back to the spinning mills that makes the yarn before it is turned into fabric.
- Currently, we are confirming working environments through onsite visits to spinning mills and we are promoting initiatives to help third party organizations and Fast Retailing confirm the accuracy of the upstream traceability information managed by spinning mills.
- We aim to conclude a Code of Conduct agreement with spinning mills by spring 2023. We plan to conduct regular checks on working environments and traceability information.
- Going forward, we would like to expand this practice to all products and all Group brands.
- We already publish a list of partner factories on our website to help increase transparency. However, from March 2022, we expanded the scope of disclosure to include all garment factories with which we conduct consistent business, materials factories that consistently produce the materials for Fast Retailing products, and factories to which any part of the production processes is outsourced by garment factories. We are exploring the disclosure of further information, including spinning mills.

We have solicited the cooperation of garment and materials factories and completed identifications for each product right back to the spinning mills that make the yarn before it is turned into fabric. We also know the country of origin for all our cotton products.

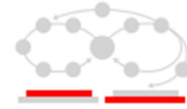
Currently, we are confirming working environments through onsite visits to spinning mills and we are promoting initiatives to help third party organizations and Fast Retailing confirm the accuracy of the upstream traceability information managed by spinning mills.

Going forward, we intend to conclude a Code of Conduct agreement with spinning mills by spring 2023 and are planning to conduct regular checks on working environments and traceability information.

We are currently starting this process with some UNIQLO products, but we would like to expand this practice to all products and all Group brands in future. There are still many issues to address with regards to the pursuit of traceability, but we intend to keep pressing ahead one step at a time.

We already publish a list of partner factories on our website to help increase transparency. From March 2022, we expanded the scope of disclosure to include all garment factories with which we conduct consistent business. We also disclosed information on materials factories that consistently produce the materials for Fast Retailing products and factories to which any part of the production process is outsourced by garment factories. Going forward, we intend to explore the disclosure of further information, including spinning mills.

Transforming the way we monitor working environments



Grade	Description	FR Group (UNIQLO)	
		FY2021	FY2022
G1	Zero notable violations	46 (25)	22 (6)
G2	Comparatively low-risk issues were observed (e.g. masks, gloves, and other protective equipment are not being properly used, occupational safety training is not being given to all employees)	210 (137)	90 (40)
G3	Issues that could potential infringe human rights were observed (e.g. obstruction of evaluation routes, failure to conduct regular evacuation drills, inadequate recording of employee arrival and departure times)	261 (101)	347 (200)
G4	Human rights infringements and significant Code of Conduct violations were observed (e.g. insufficient overtime pay, long working hours, inadequate employment contracts)	65 (28)	78 (41)
G5	Extremely serious violations of the Code of Conduct were observed, such as child labor, forced labor, payment below the minimum wage, and other serious human rights violations, as well as inadequate fire and other emergency procedures such as the locking of emergency exits	0 (0)	9 (4)
Number of factories monitored (UNIQLO)		582 (291)	546 (291)

*The FY2021 evaluation results are based on former methods and standards that differ slightly from the current standards. We have not reevaluated the results based on the new criteria.

Next, I would like to explain the results of our monitoring of working environments at partner factories for the year ended August 31, 2022.

We have been adjusting our monitoring methods since September 2022 by gradually introducing the Social and Labour Convergence Program (SLCP), a common evaluation framework for the apparel industry. Adopting this common evaluation system relieves any excessive burden on factories by eliminating independent audits by multiple companies. This enables factories to focus on making improvements.

Fast Retailing has adopted a zero-tolerance policy that helps us deal strictly with any issues that represent a serious violation of human rights.

The zero-tolerance evaluation applies to the G5 rating category. Nine partner factories received a G5 rating in fiscal 2022, which was higher than in fiscal 2021. However, this was due primarily to the introduction of stricter zero-tolerance standards that now include insufficient numbers of emergency exits, lack of fire alarms, and discriminatory conditions when recruiting employees. All nine factories have agreed to make improvements and prevent a reoccurrence. We were able to confirm that those improvements had been made at three factories during fiscal 2022.

Improving factory working environments



**Our partners factories are also constantly evolving.
They are employing technology and machinery to help
realize clean and comfortable working environments.**

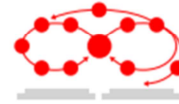
Our partner factories are also constantly evolving. They are using state-of-the-art technology and machinery to create clean and comfortable working environments.

To get a better idea of that progress, let's first watch this video about how we create recycled down products.



—show video—

Video messages from our partner factories



Ma Jian Rong
Chairman Of The Board
SHENZHOU INTERNATIONAL GROUP HOLDINGS LIMITED
中洲國際集團控股有限公司
董事局主席
馬建榮



Jiahao Yin
President
CHENFENG GROUP CO., LTD.
晨風集團股份有限公司
董事長
尹家豪



Syed Mohammed Tanvir
Managing Director
Universal Jeans Ltd.

As we have mentioned previously, we couldn't achieve our sustainability initiatives without the cooperation of our partner factories.

We asked the managers of some of our partner factories to share their perspectives on Fast Retailing initiatives. Here's what they have to say.

Video messages from our partner factories



—show video—

The interviews you have just seen are from three factories with which we have developed a long-term business relationship. We have grown together with these factories based on strong partnerships.

Going forward, we would like to share Fast Retailing's sustainability goals and visions so we can continue to grow together with all the factories in our supply chain.

Roadmap for conveying information to customers



- Strengthen IT investment to further boost supply chain transparency.
- 2023 targets: Start disclosing some product information on EC website during 2023. First, we will ensure consumers can identify the country where a garment was sewn, and then we will prepare to disclose the country where the material was produced.
- 2025 targets: Build stronger partnerships and disclose the information that would enable our customers to make a considered selection for nearly all our products.
- 2030 targets: Reduce any impact on society and the environment and help realize a better society.
- We intend to work with specialists in each field to steadily build and verify mechanisms that help ensure compliance with laws and regulations, avoid customer misunderstandings, and ensure correct disclosure.

We intend to strengthen IT investment designed to further improve transparency in our supply chain so our customers can feel safe and comfortable when buying our products.

Specifically, in 2023, we will begin disclosing some additional product information on our e-commerce website. We will start by ensuring each product page contains the information consumers need to identify the country where a garment was sewn. Then, we will prepare to disclose the country where the material was produced.

Our goals for 2025 include building stronger partnerships and disclosing the information that would enable our customers to make a considered selection for nearly all our products.

Then, by 2030, our aim is to reduce the impact of our products on society and the environment and help realize a better society.

We are working with specialists in each field to steadily build and verify mechanisms to help ensure compliance with laws and regulations, avoid customer misunderstandings, and ensure correct disclosure.

That completes my presentation for today. Thank you for listening.

Koji Yanai

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

Social contribution activities: Actual data



Results from the Fast Retailing Group, Fast Retailing Foundation, Yanai Tadashi Foundation, and the Yanai family

	2020	2021	2022	2025
• Beneficiaries:	2.37 million people	7.50 million people	7.49 million people	• Support 10 million people (refugees and socially vulnerable individuals, next-generation leaders, culture & the arts, sports) each year
• Clothing support:	5.40 million items	3.03 million items	6.98 million items	• Donate 10 million items of clothing each year globally
• Activity expenses:	5.0 billion yen	5.9 billion yen	8.8 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 individual members of the Yanai family

Hello. This is Koji Yanai.

Our final topic covers the various types of social contribution activities we have been pursuing.

We have been engaged in social contribution activities for over 20 years. As you can see from the actual results on this slide, we are steadily expanding those initiatives in order to attain our FY2025 goals.

The number of items donated as clothing aid decreased in 2021. This is a temporary decline caused primarily by the spread of COVID-19.

Social contribution activities: PEACE FOR ALL

A charitable T-shirt project aimed toward peace.



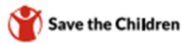
We launched our PEACE FOR ALL charity T-shirt program in June 2022.

The program seeks the voluntary cooperation of well-known persons who sympathize with the project’s aim to “sincerely desire world peace and take action” and creates T-shirts emblazoned with individual peace messages that we then sell.

Main recipient organizations of PEACE FOR ALL donations



Protects people forced to flee their homes because of conflict and persecution



Develops initiatives to help create a world in which rights of children are recognized



Supports girls who missed out on educational opportunities as a result of violence or discrimination



Donation presentation ceremony

All profits from the project, which is equivalent to 20% of the retail price of each T-shirt, is donated to primarily three organizations that provide humanitarian support to people affected by poverty, discrimination, violence, conflict, war and other factors: the United Nations High Commissioner for Refugees (UNHCR), Save the Children, and Plan International.

By the end of August 2022, the project had garnered huge support and proceeds from PEACE FOR ALL T-shirt sales had risen to a total of ¥145 million.

We intend to continue this initiative going forward.

Social contribution activities: Supporting refugees



- We actively employ refugees and displaced persons from Ukraine in Germany, the Netherlands, and other countries.
- We opened the first pop-up stores in Poland. We employ refugees from Ukraine in some stores, and provide language training and other support to help people rebuild their lives.
- We started a self-reliance program for refugees in Bangladesh. We have started offering training in sewing techniques to female Rohingya refugees and aim to complete training for 1,000 people by 2025.



This year, we donated US\$10 million and provided 100,000 items of clothing to Ukraine, which is currently in crisis, through the Office of the United Nations High Commissioner for Refugees.

UNIQLO currently employs over 100 refugees and displaced persons, and we have been actively hiring refugees from Ukraine in Germany, the Netherlands, and other countries.

We opened the first pop-up stores in Poland in October 2022.

We employ Ukrainian refugees who evacuated to Poland as store personnel in some of those stores. We also offer Polish language training so the refugees can learn the skills required for customer service and the retail industry, and help people rebuild their lives.

In Bangladesh, we launched a self-reliance program for refugees. We have started offering training in sewing techniques to female Rohingya refugees and aim to complete training for 1,000 people by 2025.

Our business is a peaceful industry, and it would be impossible for us to grow as a global company if we cannot realise a peaceful world. We intend to continue to take action, based on our belief that we must use our own capabilities and strengths to create a better future in collaboration with all kinds of people around the world.

Social contribution activities: Nurturing the next generation (1)



Promoting events to nurture junior talent together with accomplished athletes and UNIQLO global ambassadors.



LifeWear Day 2021
Tennis and Sustainability
with Kei Nishikori



UNIQLO
Adam Scott Junior Championship



Wheelchair Tennis Next Gen Development Program

Another pillar of our social contribution activities is next gen development.

We conduct events to actively foster junior talent together with celebrated athletes who also serve as UNIQLO brand ambassadors.

Some recent initiatives include:

December 2021: LifeWear Day 2021 Tennis and Sustainability with Kei Nishikori

February 2022: UNIQLO Adam Scott Junior Championship

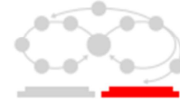
July 2022: Wheelchair Tennis Next Gen Development Program with Shingo Kunieda and Gordon Reid

August 2022: Japan Junior Tennis Championship

(These activities are conducted in conjunction with the Fast Retailing Foundation)

October 2022: Junior Golf Seminar with Adam Scott

Social contribution activities: Nurturing the next generation (2)



Promoting events to nurture junior talent together with accomplished athletes and UNIQLO global ambassadors.



UNIQLO LifeWear Day Tokyo 2022

The recently retired professional male tennis legend Roger Federer is set to visit Japan for the first time on November 19, when we will host the “UNIQLO LifeWear Day Tokyo 2022 with Roger Federer” event.

UNIQLO global brand ambassadors Shingo Kunieda, Kei Nishikori, and Gordon Reid will also participate in the event. We will hold a talk with the four players and conduct a junior tennis session for elementary school students from first through fourth grade and a special tennis session.

Social contribution activities: Foundation activities



- Supporting the Asian University for Women
Provides scholarships to the Asian University for Women to nurture female Asian leaders who can play an active role on the world stage and encourage them to go out into society.
Results: 30 scholarships per year totaling US\$450,000
(each by the Fast Retailing Foundation and Tadashi Yanai as an individual)
- Started greening and afforestation activities in the Philippines together with the local organization SM Foundation, inc.



Finally, I would like to talk about the activities of the Fast Retailing Foundation.

The Foundation is involved in various activities including donations and next gen development. Today, I would like to highlight two such initiatives.

The first relates to the support the Foundation extends to the international Asian University for Women in Bangladesh. The AUW is a university that seeks to provide women with higher education opportunities and to nurture female leaders. Graduates sometimes find employment in international organizations such as the United Nations Children's Fund (UNICEF) or work in various fields to support less fortunate people in their home countries.

The Foundation would like to see many women who want to learn enjoy study opportunity regardless of their economic or cultural background, so it provides scholarships worth a total of \$450,000 to 30 women each year. Tadashi Yanai also mirrors that donation by offering scholarships for the same university for 30 women worth \$450,000.

The other initiative I want to highlight today is our greening and afforestation activities in the Philippines. The SM Group is one of the UNIQLO's business partners in the Philippines, so we started this initiative from September 2022 together with the SM Foundation, which is part of the SM Group.

We plan to plant a total of approximately 200,000 trees across three sites. The activity aims not only to plant trees, but also to grow forests and help develop local communities.

Going forward, we intend to continue strengthening multiple partnerships and promoting sustainability activities.



We intend to continue promoting sustainability activities going forward.

This year, we have decided to set aside much more time for Q&A sessions because we want to deepen the dialogue with you all. I hope you will enjoy participating in those discussions.