

LifeWear = A New Industry

Briefing Session

2024/11/13

Koji Yanai

**Director, Group Senior Executive Officer
Fast Retailing Co., Ltd.**

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Hello everyone. My name is Koji Yanai, and I am a Director and Group Senior Executive Officer at Fast Retailing Co., Ltd.

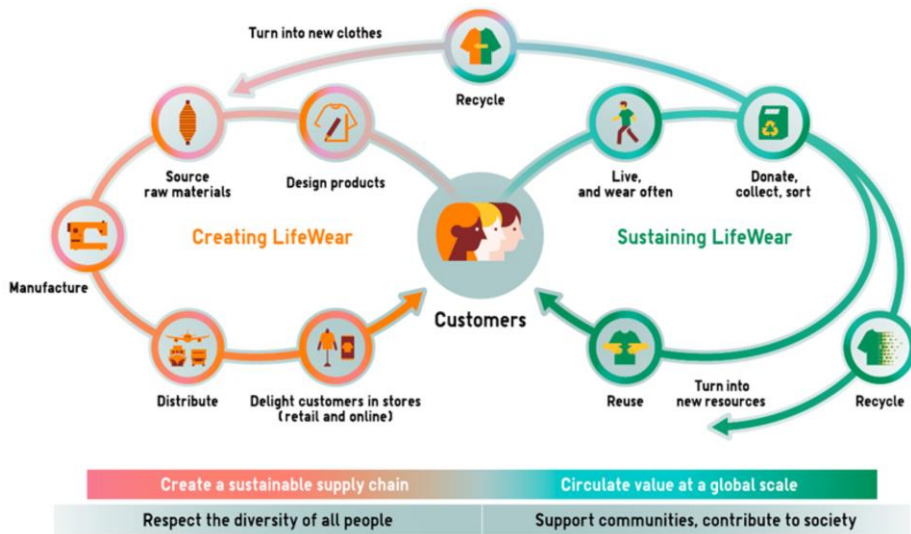
I would like to thank you all for coming today.

We hosted our first Sustainability Briefing in 2021, and this year marks the fourth annual event.

The first half of the briefing will consist of updates from myself and others on our sustainability activities, the progress we have made, and some specific topics that we want to share with you. The second half will be dedicated to hearing your questions and ideas.

So, once again, thank you, and let's begin.

LifeWear = A New Industry



We have explained this diagram before, but I would like to take a moment to remind you about the business model that we aspire to achieve.

Our two key aims are to make clothes that adhere to our prized LifeWear concept and to help create a sustainable society through our business.

When creating LifeWear, we are always mindful of only creating, transporting, and selling the exact garments and items that our customers truly desire. We are also making steady progress on building a supply chain that is sensitive to the environment and human rights so that our customers can feel comfortable and confident when purchasing and wearing our products.

We are also accelerating our shift towards a circular business model in terms of reducing, reusing, and recycling clothes and resources to facilitate the continuous utilization of LifeWear over long periods of time.

Today, we would like to focus on this broad theme of “creating LifeWear” as we introduce various individual topics and initiatives.

Our Sustainability Record



We started getting involved in sustainability activities in 2001. Even in the early days, our efforts were not limited to providing clothing aid and other social contribution projects. We also launched early initiatives with a focus on improving the environment and human rights, and we have continued to evolve and expand those activities over the years.

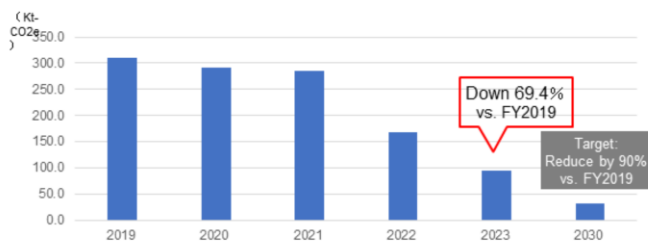
More recently, we have focused on initiatives to promote clothing reuse, starting in October 2023 with trial sales of pre-owned clothes.

Furthermore, we are tackling the challenge of clothing-to-clothing recycling by collecting pre-owned polyester clothes from our customers and using them to make the official uniforms for the Swedish national team attending the Paris Games in summer 2024. This was a first for UNIQLO.

Own Operations: Greenhouse Gas (GHG) Emissions (Scope 1 & 2), Proportion of Electricity Sourced from Renewable Energy

GHG emissions (Scope 1 & 2)

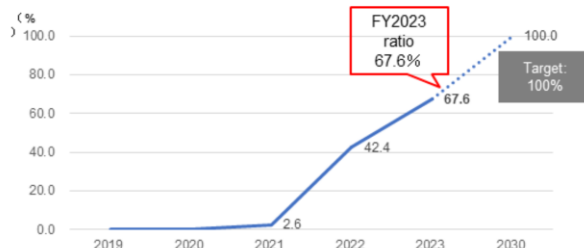
Target: Reduce GHG emissions by 90% by FY2030 (vs. FY2019)



*Scope 2 emissions are aggregated on a market basis

FY2023: Reduced greenhouse GHG emissions by 69.4% compared to the FY2019 base year

Proportion of electricity sourced for own operations from renewable energy



FY2023: Achieved renewable electricity ratio of 67.6%

- Some countries in Europe, along with Canada and Singapore achieved 100% renewable electricity.
- We are moving forward with various initiatives to install solar power generation facilities, purchase renewable electricity provided by electric power companies, and purchase renewable energy certificates.

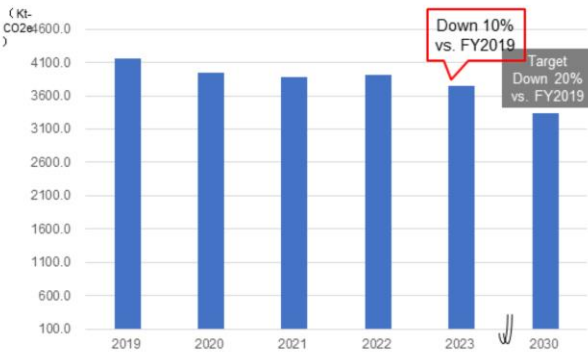
I will now tell you about our major initiatives and how they are tracking vis-à-vis our fiscal 2030 targets.

Regarding the reduction of greenhouse gas (GHG) emissions, we managed to reduce Scope 1 & 2 emissions from our own operations by 69% in fiscal 2023 compared to the fiscal 2019 base year, so we are making steady progress toward achieving our target of a 90% reduction by fiscal 2030.

One of the key initiatives for reducing GHG emissions from our own operations is to boost the proportion of electricity supplied from renewable energy sources for those operations. Individual markets have made steady progress on initiatives for procuring renewable energy as we work toward our target of achieving 100% renewable energy by fiscal 2030. In fiscal 2023, that ratio had risen to 67.6% compared to the fiscal 2019 base year.

Supply Chain: GHG Emissions (Scope 3, Category 1)

Target: Reduce GHG emissions by 20% by FY2030 vs. FY2019



*Emissions stemming from raw materials production, materials production, and sewing associated with UNIQLO and GU products by FY2030

FY2023: Reduced GHG emissions by 10.0% compared to the FY2019 base year

Factory measures:

- Formulated GHG emission reduction plans for main plants accounting for approximately 90% of UNIQLO and GU production.
- Holding quarterly dialogues with factory management to discuss factory-specific, national, and regional issues and find solutions.
- Problem-solving includes advice on introduction of renewable energy to suit individual factory needs, then helping factories source funds required to implement those plans.

Raw material initiatives:

- Promoting the use of raw materials with lower GHG emissions at the product planning and raw material selection phases.
- Targeting for roughly 50% of all materials used to be recycled materials or low GHG emissions materials by FY2030.
- Recycled materials to total materials reached 8.5% across 2023 products, and is expected to rise to 18.2% in 2024.

We are also targeting a 20% reduction in GHG emissions from our supply chain by fiscal 2030 compared to fiscal 2019.

We achieved a 10.0% reduction in fiscal 2023.

We check in with major UNIQLO and GU partner factories every three months to confirm progress and review plans if necessary.

We provide concrete support to help solve issues surrounding various initiatives such as the replacement of coal-fired boilers in factories, and the procurement of renewable energy in Bangladesh, where renewable energy options are scarce.

We are also making progress on boosting the use of recycled materials and other raw materials with low GHG emissions. We achieved a ratio of recycled materials to total materials used of 8.5% for 2023 products overall, which rose to 18.2% for 2024 products.

Promoting Diversity

Women in management positions globally

	FY2030 target	FY2024 results
Management* across Group (incl. individual intl. operations)	50%	46.1%
(Executive officers, global)	30%	9.4%

Non-Japanese individuals in management positions

	FY2030 target	FY2024 results
Management* across Group (incl. individual intl. operations)	80%	55.5%
HQ function Management*	50%	32.8%
(Executive officers, global)	40%	18.9%

*Management positions refer to block leaders, area managers and branch managers above a certain grade in the Sales Department, and executive officers, general managers leaders at headquarters

- We actively hire women and international employees with the potential to become Group executives. We select spirited people who bring new ideas to key positions, irrespective of nationality or experience. We ensure appropriate employee evaluation systems and support mechanisms.
- We pursue initiatives to ensure our diverse, global team is comfortable, secure and motivated at work.



We are working to boost the global ratio of women in management positions to 50% by fiscal 2030. That number rose by 1.4 percentage points in fiscal 2024 to 46.1%, so we are making steady progress in this area.

Meanwhile, the representation of non-Japanese individuals in management positions across the Fast Retailing Group rose to 55.5% in fiscal 2024. That number stood at 32.8% for GHQ function managers.

An Overview of Our Social Contribution Activities

Combined record from the Fast Retailing Group, Fast Retailing Foundation, Yanai Tadashi Foundation and the Yanai family

	FY2022	FY2023	FY2024	FY2025 targets
Beneficiaries	7.49 million people	1.82 million people	2.34 million people	Support 10 million people a year through aid to refugees and socially vulnerable people, and through activities in culture, arts, and sport that nurture the next generation
Clothing aid	11.20 million items	5.30 million items	4.77 million items	Provide 10 million garments a year worldwide
Value of social contribution activities	8.8 billion yen	5.4 billion yen	8.2 billion yen	The Fast Retailing Group, FR Foundation, Yanai Tadashi Foundation, and individual members of the Yanai family will engage in social contribution activities to the level of 10 billion yen a year

Let me now move on to talk about our social contribution activities.

In fiscal 2024, we provided support to 2.34 million people and donated 4.77 million items of clothing aid.

The value of our social contribution activities rose to 8.2 billion yen. These activities included overseas scholarship programs provided by the Yanai Tadashi Foundation, Mr. Yanai’s personal donations to Kyoto University for research on iPS cells and cancer immunity, and UNIQLO’s PEACE FOR ALL charity T-shirt project that I will explain in more detail later.

The beneficiaries, clothing aid, and social contribution activities in fiscal 2024 were slightly different to the targets declared for fiscal 2025. However, we do not focus simply on pursuing numerical targets, but instead strive to join forces with partners such as the Office of the United Nations High Commissioner for Refugees (UNHCR) to deliver the support to the people who really need it.

PEACE FOR ALL



(As of end September 2024)

Number of message-
contributing participants

42

T-shirt sales (items)

5,560,125

Profits from T-shirt sales (yen)

1,668,037,500

(As of end August 2024)



UNHCR
The UN Refugee Agency



Save the Children

We did explain this in some detail last year, but UNIQLO's PEACE FOR ALL charity T-shirt project is one of our social contribution activities.

The project, which aspires to promote peace, involves the worldwide sale of T-shirts voluntarily designed by well-known people who sympathize with UNIQLO's aims. All the profits from the project are donated to three partnership organizations.

Forty-two well-known people have participated in the project to date, generating profits of over 1.6 billion yen from the sale of 5.5 million T-shirts as of the end of August 2024.

PEACE FOR ALL

Joint project with renowned international photographers' cooperative, Magnum Photos



GLOBAL PHOTO EXHIBITION - PEACE FOR ALL in London



In September 2024, we started selling a new collection of PEACE FOR ALL T-shirts born out of our joint project with the world-renowned photographers' collective, Magnum Photos.

The project focused on showing just where the donations from people buying and wearing PEACE FOR ALL T-shirts were being used, the kind of difference they were making, and who was benefitting.

We held GLOBAL PHOTO EXHIBITION – PEACE FOR ALL events in more than 10 cities around the world featuring images of UNIQLO activities taken by leading Magnum Photo photographers to spread the PEACE FOR ALL word to as many people as possible.

What Makes Life Better?



Over the past 40 years, UNIQLO has always thought carefully about what a company that makes clothes based on LifeWear concepts is best positioned to do to help make the world a better place.

In fall 2024, we launched a global campaign asking people around the world the simple question, “*What Makes Life Better?*” for you as an individual. Having posed that question, UNIQLO must now take concrete action, not only to improve the lives of individual people, but also society at large through LifeWear.

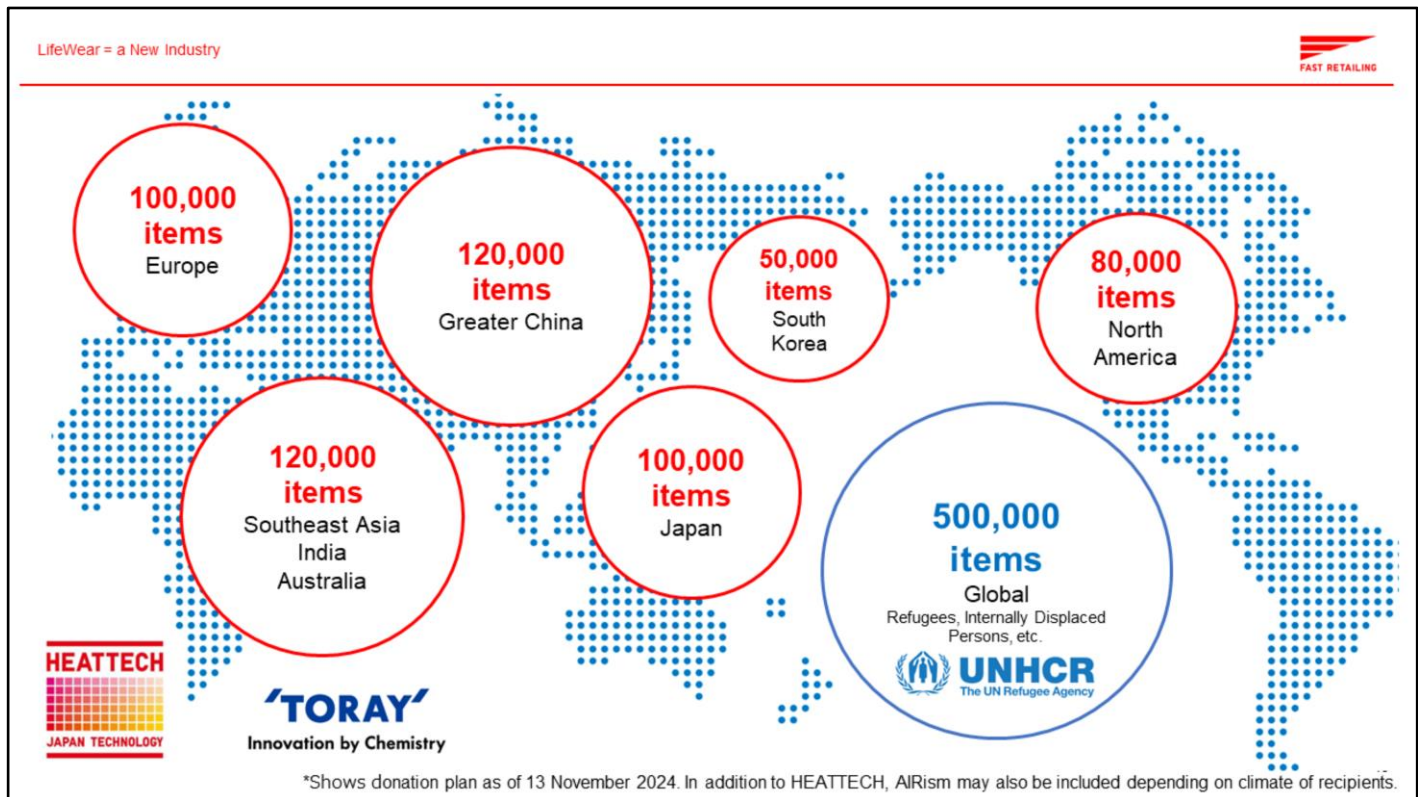
The Heart of LifeWear



Donating 1 million HEATTECH items to refugees and communities around the world that most need them

One concrete example of this action is the launch of our “Heart of LifeWear” campaign.

The campaign pledges to donate one million HEATTECH items to refugees, children, victims of disaster, essential workers, and other people in need worldwide who have been forced to lead extremely difficult lives.



Heart of LifeWear initiatives have been developed by UNIQLO operations in 26 countries and regions, together with our strategic partner and HEATTECH manufacturer Toray Industries, international organizations, and support groups around the world.

Of the total one million items, 500,000 items will be donated to refugees and internally displaced people through UNHCR, the UN Refugee Agency, including a planned donation of 400,000 items to Jordan this winter. We are also planning to send HEATTECH items to communities in need in the southern hemisphere in winter, and to areas in the Middle East that are hard to reach right now.

An additional 500,000 HEATTECH items will be distributed to individual UNIQLO operations to enable them to conduct their own support initiatives that best meet local needs. For example, 100,000 items of the quota for Japan will be donated to victims of the earthquake and torrential rains in the Noto Peninsula, and we are currently confirming specific needs for clothing donations at children's homes across the country.

In addition to winter HEATTECH items, we also donate AIRism summer items depending on the climate in the recipient location.

The Heart of LifeWear

In October 2024, HEATTECH items were donated to Ukrainian refugees in the Republic of Moldova



We have already begun donations through the Heart of LifeWear campaign. In October this year, UNIQLO employees in the European region delivered HEATTECH items to Ukrainian refugees fleeing to the Republic of Moldova. As of May 2024, an estimated 10 million Ukrainians are thought to have been displaced both inside and outside Ukraine, with many refugees being forced to live in difficult circumstances in neighboring Moldova. We delivered the emergency HEATTECH items before the onset of harsh winter weather, along with some clothing donated by customers to our RE.UNIQLO reuse and recycling service.

Going forward, we will continue to ask managers of individual UNIQLO operations around the world to form their own project teams and deliver clothing aid directly to ensure fast and firm delivery to the intended locations.

The Toray Group, and UNIQLO global brand ambassadors Roger Federer, Kei Nishikori, and Shingo Kunieda have also expressed their support for this initiative, and will be cooperating with UNIQLO's donation activities.

Dai Tanaka

**Group Executive Officer
Fast Retailing Co., Ltd.**

Hello everyone.

My name is Dai Tanaka, and I am a Group Executive Officer at Fast Retailing Co., Ltd.

The tandem pursuit of business growth and sustainability

Today, I would like to introduce our Ariake Project, which is the quintessential driver of our groupwide transformation designed to achieve the integrated pursuit of business growth and sustainability aims.

Earlier, you heard from Koji Yanai about our initiatives and the progress we have made in terms of reducing our environmental impact through the process of creating LifeWear.

The most important fundamental premise upon which we develop our initiatives to reduce environmental impact is to build systems that help ensure we “make what customers want” or, conversely, we avoid making, transporting, or selling unnecessary items.

I would like to talk to you about some of those initiatives here today.

What is LifeWear?

LifeWear is clothing designed to make everyone's life better.

It is simple, high-quality, everyday clothing with a practical sense of beauty.

It is ingenious in its detail, designed with life's needs in mind, and always evolving.



LifeWear

First, we greatly prize our LifeWear concept and strive to uphold that concept throughout the clothes-making process. We see LifeWear as ultimate everyday clothing that helps enrich customers' lives.

LifeWear is basic, everyday clothing that doesn't chase the latest trend, but is designed with life's needs in mind. LifeWear is high-quality, timeless clothing that can be worn for a long time.

We have very little stock left at the end of the season and we have been able to declare a policy of not disposing of clothes precisely because they are LifeWear. In addition, LifeWear can now be worn for a long time by different generations, thanks to our repair, reuse, and recycling services.

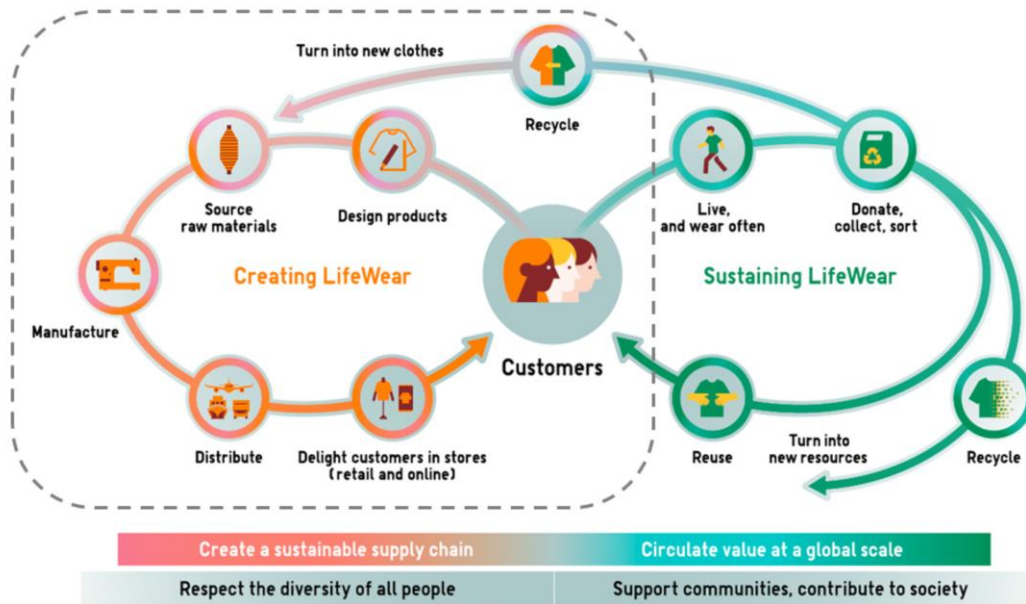
The Ariake Project was designed to ensure the consistent creation of true LifeWear

**Making and delivering only the products that
customers really want enables us to:**

- ⇒ expand our business globally**
- ⇒ eliminate waste in the supply chain, thereby reducing our environmental impact**

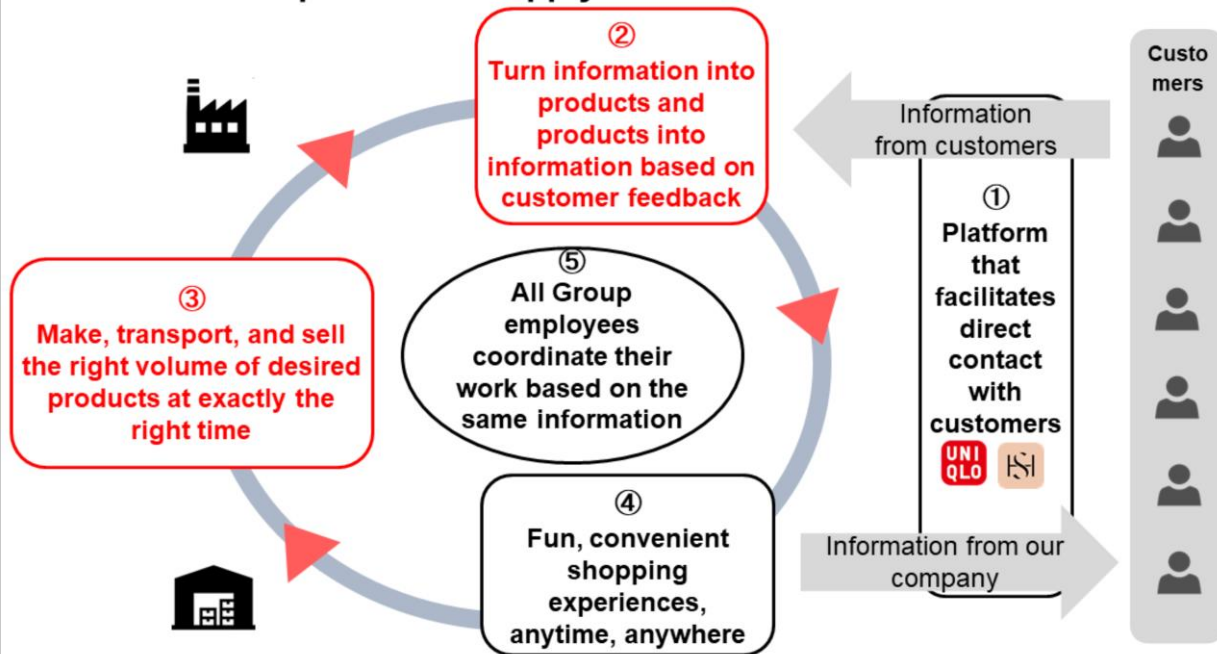
The digital consumer retailing company we aspire to create through our Ariake Project involves establishing a customer-centric and customer-driven business model that enables us to continue to create true LifeWear and continue to evolve our corporate approach and systems.

We aim to expand our business globally by delivering only the products that our customers truly desire, and we want to eliminate any excess or unnecessary processes in our supply chain to reduce any negative impact on the environment.



First, I would like to explain the Ariake Project initiatives that we are pursuing to create the very best LifeWear.

Product development and supply chain evolution



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The Ariake Project strives to link the company directly with its customers, to understand exactly what our customers want in their daily lives, and to develop new product products and improve existing products based on that precious feedback.

We aim to eliminate waste in the supply chain by creating more accurate sales plans based on demand forecasting generated through digital technology that can accurately analyze constantly changing information from customers. It also requires better coordination between production and inventory and an entirely new way of producing and distributing our products using End to End frameworks. Furthermore, we strive to ensure our customers will always want to buy the products that we make and are able to buy them in more convenient ways by integrating our physical store and e-commerce operations and revolutionizing the way we retail our products.

Today, I would like to talk mainly about point 2 in this slide, "Turn information into products and products into information based on customer feedback," and point 3, "Make, transport, and sell exactly the right volume of products at exactly the right time."

Aim to promote business growth, while only making, transporting and selling the necessary items in the necessary volumes

- UNIQLO FY2024 sales expanded roughly 70%, operating profit margin improved 5.5p vs. FY2017.
- Over 50 mainstay products helped support our business in FY2024, more than three times the number in FY2017.
- Inventory turnover ratio improved from 2.5 to 3.1 and discounting rates also improved significantly over the same period.



▲AIRism Cotton Oversized T-shirt



▲AIRism UV Protection Mesh Hoodie



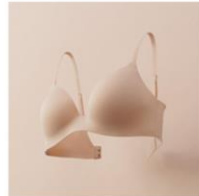
▲Pleated wide pants



▲Seamless down parka



▲Bra Top



▲Wireless bra



▲Ultra light down jacket



▲HEATTECH innerwear

Since launching the Ariake Project in fiscal 2017, UNIQLO sales have expanded by roughly 70%, and the operating profit margin has improved by 5.5 points.

The number of pillar products supporting our business on a global basis stood at over 50 product items in fiscal 2024, more than three times the number registered in fiscal 2017. Expanding the number of mainstay products is enabling us to reduce unnecessary product items and focus on selling the products that customers need.

In addition, our efforts to create more accurate numerical plans, tighten lead times in supply chain management, and facilitate more efficient distribution and store operations have greatly reduced the number of left-over items at the end of a season and made the seasonal changeover process a much smoother one. As a result, the inventory turnover ratio improved from 2.5 to 3.1 and discounting rates also improved significantly over the same period.

We have been able to generate sales growth of roughly 70% off a modest expansion in the number of items productions of less than 20% by reducing unnecessary inventory. In other words, we are able to grow our business while also controlling the expansion of production scale by only making items that are needed.

While we still have some way to go to achieve this goal to the desired level, I think we are seeing steady results from our efforts to grow a global business by only making the products that our customers truly desire and establishing a business model that does not make, transport, or sell things that people do not need.

Turning information into products based on customer feedback

Fully utilize global customer feedback

- We received approximately 31.4 million items of customer feedback in FY2024. We have systems in place that cast a wide net, collecting and correlating not only inquiries to our customer centers, but also online product reviews, chatbots, and opinions from our in-store salespeople.
- Thanks to the global expansion of our business, we now collect a much larger volume of customer feedback from the Mainland China market, the United States, Europe, and other international markets.
- We analyze customer feedback in great detail, both by product and national operation. We introduced our Management Cockpit platform in 2023 that visualizes customer feedback in real time, and enables us to incorporate that feedback faster into fresh product development.
- On average, our customer product reviews scored a high 4.5 out of 5 points in FY2024.
- Efforts to collect and analyze feedback on store services have also helped reduce customer complaints.

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From here on, I would like to introduce some of our more concrete initiatives. First, let us focus on initiatives designed to turn information into products and products into information based on customer feedback.

We collect and analyze feedback from our customers and store staff and use that information to improve our products and develop new products that stay abreast of changes in customer lifestyles.

We received approximately 31.4 million items of feedback from customers and store personnel in fiscal 2024. We are now able to incorporate many more opinions into product development by creating a wide-reaching information collection system that correlates not only inquiries submitted to our customer centers, but also online product reviews, chatbot statements (where customers can feel more comfortable giving their honest opinion), and impressions from in-store personnel. We used to receive a large amount of feedback from customers in Japan but, thanks to our ongoing global expansion, we now receive a much larger volume of feedback from the Mainland China market, the United States, Europe, and other international customers.

We analyze all these categories of customer feedback. We have made great progress on developing frameworks that visualize this feedback in real time across the company. Specialist teams analyze customer feedback in minute detail, both by product and national operation. We introduced a groupwide platform called the Management Cockpit in 2023, which is fast becoming our go-to place for confirming various management-related figures. The Management Cockpit enables us to visualize global customer feedback in real time and reflect that feedback faster in fresh product and business development.

Thanks to our efforts to use customer feedback to develop new products, improve existing products, and generally create the products that customers truly desire, customer product reviews for fiscal 2024 Spring Summer and Fall Winter product ranges scored an impressive 4.5 points or higher on average out of a total 5 points. This, in turn, is helping to fuel business growth across the globe.

Going forward, we plan to start analyzing market opinion and using generative AI as we work to build frameworks that capture every issue and business opportunity.

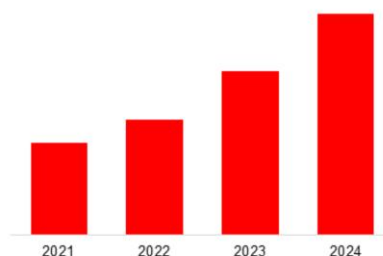
Improving products by reflecting customer feedback

Bra Tops

- Customers appreciate our Bra Tops more and more thanks to annual efforts to improve their fit and comfort based on customer feedback.
- The Ribbed Cropped Sleeveless Bra Top and the Halter Neck Sleeveless Bra Top, launched in response to feedback from customers in North America, are becoming hit products around the world.



Number of Customer Reviews in the Women's Innerwear Category



Let me now tell you about some of the changes that we have introduced based on customer feedback.

Our Bra Top range is a good example. Customers appreciate our Bra Top range much more thanks to our annual commitment to use customer feedback to improve the fit and comfort of each product item.

Bra Tops have been propelled into the global spotlight and become a big hit this year after the launch of the American Sleeve Bra Tank Top and the Halter Neck Bra Tank Top based on North American customer feedback transformed Bra Tops into items that could be worn as innerwear or as single items of clothing.

Developing new materials that reflect customer needs

Souffle yarn knitwear

- Developed in response to customer requests for a sweater that doesn't itch
- Becoming one of our pillar Fall Winter products.



UNIQLO's souffle yarn knitwear was developed to satisfy customer demands for sweaters that did not itch.

By brushing the yarn itself, we have been able to develop a voluminous thread that is smooth and contains plenty of air. We also developed a new knitting method that adjusts the speed and density of the knit to produce a soft but springy feel.

Souffle yarn knitwear has been well received by our customers and is fast becoming one of our pillar Fall Winter products.

Developing products that capture changes in customer lifestyles

- **Washable Knit Ribbed Pants**

Based on customer and staff feedback.

Joined the ranks of top-selling global items right after launch.

Further expanding the product lineup to include ribbed cardigans, camisoles, and polo sweaters.



- **PUFFTECH**

Uses highly functional padding made from chemical fibers.

Keeps you as warm as down, and can be washed by hand at home.

From a sustainability standpoint, we want to grow PUFFTECH into a large product range.



Our Washable Knit Ribbed Pants, launched in 2023, were developed based on feedback from customers and staff.

The pants are popular because they capture changing lifestyles and offer a comfortable option that can be worn both inside and outside. The pants ranked among the top-selling global items almost as soon as they hit the stores.

We expanded Knit Ribbed items beyond pants in our 2024 Fall Winter product range by developing cardigans, camisoles and polo sweaters in the same fabric.

PUFFTECH is another good example of a product designed to capture changes in customer lifestyles.

PUFFTECH uses highly functional padding made from chemical fibers which offers the same degree of warmth as down products while being easier to wash by hand at home. Moreover, the PUFFTECH items released in for the 2024 Fall Winter season use an updated padding structure that enables us to offer the warmest and lightest outerwear to date.

We want to grow PUFFTECH into a large product range from a sustainability standpoint in anticipation of a future in which feathers are no longer used.

Expanding year-round staple items

- Develop as a business that provides products throughout the year that customers need most.
- We frequently order and produce the necessary stock keeping units (SKU) for year-round staple products. This enables us to satisfy customer needs without holding unnecessary inventory. This results in less offloading of excess inventory and lower inventory levels.



▲AIRism Cotton Crew Neck T-shirt



▲Sweat Pullover Hoodie



▲Wide straight jeans



▲Oxford shirts



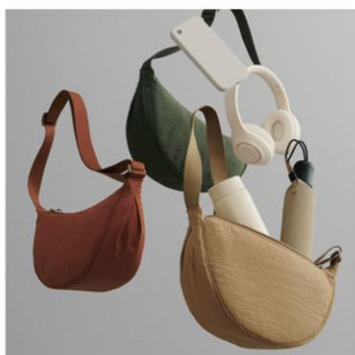
Another element to consider is how customer needs are changing as climate change results in longer summers and warmer winters. To satisfy these changing needs, we are evolving our conventional, season-driven Spring Summer and Fall Winter business approach and seeking to develop a business that offers customers the products they need all year round.

For instance, in Japan, we submit production orders to ensure a constant stock of T-shirts, sweatshirts, and jeans all year round. In Europe, we offer the same year-round products along with cashmere and merino sweaters and other items.

We satisfy customer needs without holding unnecessary inventory by frequently ordering and producing just the right amount of stock keeping units (SKU) of year-round staple products to meet demand. Expanding the number of year-round staple items also helps reduce inventory rundowns and inventory levels.

Turning products into information

Round Mini Shoulder Bag



A social media post from a single influencer turned this item into a highly popular hit product around the globe.

Disclosing information on product manufacturing, materials, etc.



UNIQLO discloses information on the country in which each product is sewn on individual online product pages in Europe, Japan, and South Korea.

We aim to inspire two-way communication by producing the products that reflect customer needs and turning those products into far-reaching information.

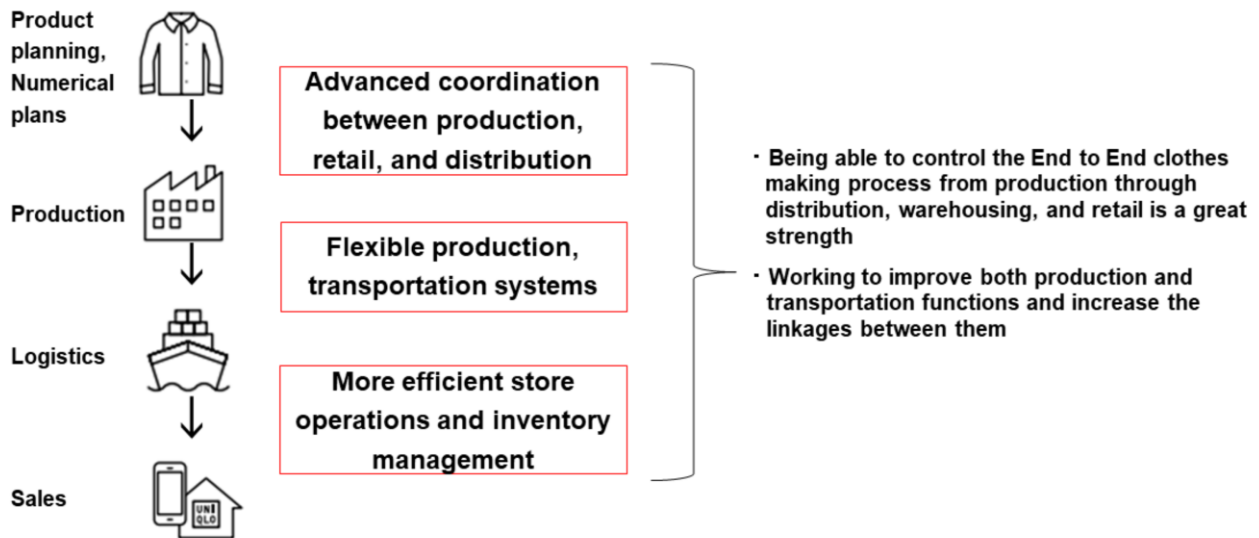
When developing our Round Mini Shoulder Bag, we focused on customer requests for a small bag that held multiple necessary items but was light and easy to carry around. Social media posts from a single influencer sparked great interest. The Round Mini Shoulder Bag became an explosive global hit product, prompting the UK's Guardian newspaper to report that the bag "has been dubbed the 'millennial Birkin' by fashion insiders."

This year, Bra Tops have gone viral on social media and are becoming a global hit.

Customers are increasingly aware of this effective two-way communication and UNIQLO receptiveness as a company to incorporating customer feedback into its products, which, in turn, is enabling us to collect feedback from even more customers.

We also disclose information about product manufacturing and materials on product pages for our online stores so that customers feel comfortable and confident when picking up our products. At this point in time, we disclose information about the country in which each product is sewn on our online product pages in Europe, Japan, and South Korea.

Going forward, we will swiftly address relevant laws and regulations. We are preparing to gradually expand the countries and regions offering greater product disclosure, and the type of information that we disclose, all the time keeping a close eye on exactly what information our customers really need.

Make, transport, and sell exactly the right volume of desired products at exactly the right time

Next, I would like to explain the initiatives we are taking across our supply chain to, again, only make, transport, and sell the things that people want, in the right volume, and at the right time.

We excel at controlling, in-house, the End to End making of clothes based on sales plans, from production through distribution, warehousing, retail stores, and e-commerce. We have focused on improving each of those functions in their own right, and improving comprehensive coordination across all those functions.

Specifically, we have focused on initiatives fueled by the three elements outlined in red on this slide, and we are seeing positive results.

Make, transport, and sell exactly the right volume of desired products at exactly the right time

Advanced coordination between production, retail, and distribution

- Using algorithms to improve the accuracy of sales plans on an SKU basis.
- We are increasingly able to adjust production of necessary items on a weekly basis through consistent coordination of sales and production plans.

Flexible production, transportation systems

More efficient store operations and inventory management

First, in terms of evolving how we coordinate production, sales and distribution, we employ algorithm-generated demand forecasts to improve the accuracy of our sales plans right down to the last SKU unit. We also adjust production of each individual product item on a weekly basis by continuously coordinating our sales plans and production plans. Ultimately, this helps to avoid creating unnecessary products and inventory and only make necessary items.

Make, transport, and sell exactly the right volume of desired products at exactly the right time

Advanced coordination between production, retail, and distribution

- Using algorithms to improve the accuracy of sales plans on an SKU basis.
- We are increasingly able to adjust production of necessary items on a weekly basis through consistent coordination of sales and production plans.

Flexible production, transportation systems

- Facilitating efficient and effective stockpiling of materials and securing production capacity by sharing production plans and progress reports with partner factories.
- Working together with transportation partners to reduce lead times at product shipment and arrival points. Shortening lead times across production and distribution by using direct transport routes, high-speed vessels, and other options.

More efficient store operations and inventory management

Secondly, by sharing future production plans and progress reports with partner factories, we are able to facilitate the efficient and effective stockpiling of materials and securing of production capacity, which is helping to shorten production lead times. We are also looking to build a more agile production and transportation system for the transfer of goods from the point of manufacture to other countries.

This involves working together with transportation partners to reduce lead times at product shipment and arrival points and shortening the combined production and distribution lead time by using direct transport routes, high-speed vessels, and other options.

Make, transport, and sell exactly the right volume of desired products at exactly the right time

Still aiming to achieve this to a very high degree. We will pursue even more sophisticated solutions, implementing each initiative on an individual store and SKU basis.

Advanced coordination between production, retail, and distribution

- Using algorithms to improve the accuracy of sales plans on an SKU basis.
- We are increasingly able to adjust production of necessary items on a weekly basis through consistent coordination of sales and production plans.

Flexible production, transportation systems

- Facilitating efficient and effective stockpiling of materials and securing production capacity by sharing production plans and progress reports with partner factories.
- Working together with transportation partners to reduce lead times at product shipment and arrival points. Shortening lead times across production and distribution by using direct transport routes, high-speed vessels, and other options.

More efficient store operations and inventory management

- Establishing efficient warehouse operations managed by a select staff, by using automated warehouses to pick out and deliver the exact SKU in the right volume to satisfy individual store needs.
- Promoting packaging facilities at our warehouses so that even high-turnover products can be released immediately. Recently, we can deliver products to stores the morning after they were ordered, resulting in fewer shortages.

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Meanwhile, we are establishing more efficient store operations and optimizing store inventory by building warehouse operations that can be managed by a select staff and by promoting the wider use of automated warehouses that can pick out and deliver the exact SKU in the right volume to satisfy individual store needs.

We are setting up packaging facilities at our warehouses so that even high-turnover products can be released immediately. Recently, we have been able to deliver products to stores the morning after they were ordered, resulting in fewer shortages.

Increasingly, we are able to successfully maximize our business by avoiding the accumulation of unnecessary stock and eliminating product shortages across the Group. This is possible precisely because Fast Retailing pursues detailed End to End management of every single process in order to further optimize its inventory and supply chain management.

Having said that, we have set the bar extremely high. So, we are looking to create a successful business model that makes, transports, and sells the products that customers really need exactly when they need them by implementing each initiative to a high degree, right down to the individual store and individual SKU.

Aiming for zero waste

Making progress on reducing waste materials when delivering products to customers

- Reducing the use of plastic bags as packaging materials during transportation.
Reducing the number of plastic bags used by putting multiple products in one package rather than packaging them individually, but only if this is judged to have no impact on product quality.
- Using a single material for plastic bags. Also started working on recycling.
- Switching to product packaging made from paper.
- Starting these initiatives in a small number of countries and regions. Planning to expand initiatives for reducing and reusing materials, and the markets to which they are applied.

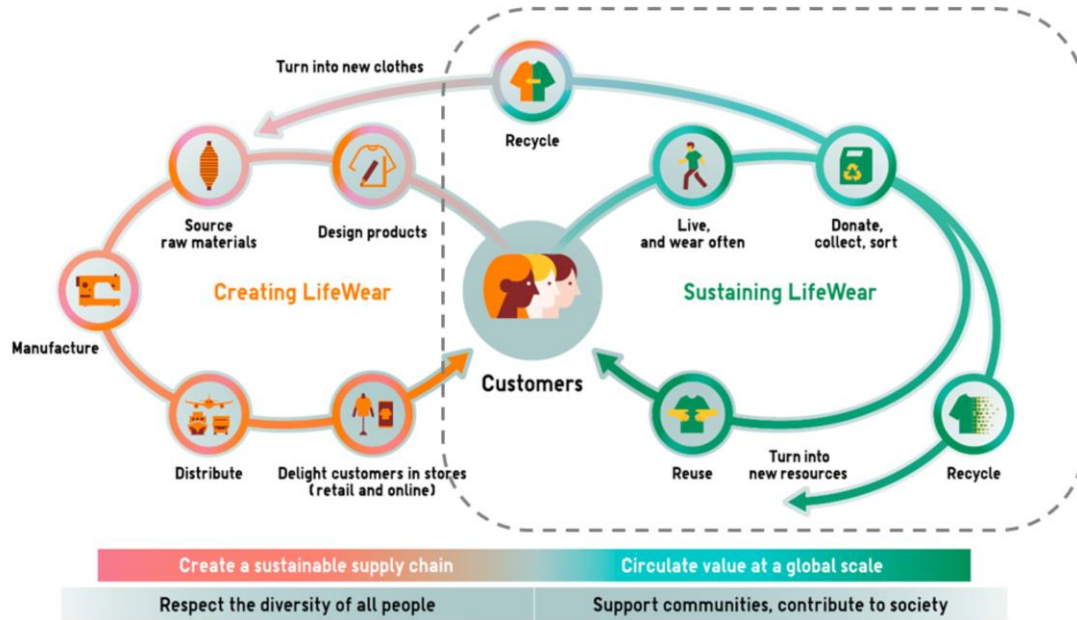
To eradicate various types of unnecessary elements from our supply chain, we are working to reduce material waste, such as product packaging and plastic bags used in products delivery to customers.

First, we are reducing the plastic bags used as packaging materials during transportation. Traditionally, we deliver products in individually wrapped packages and plastic bags to ensure quality. However, we are reducing plastic bag usage by packing multiple products together when product quality would not be adversely impacted.

We are also working on promoting plastic bag recycling by getting nearly all of our production partners to use plastic bags made from a single plastic material. For example, we are gradually expanding efforts to prevent the wasting of resources by recycling plastic bags into plastic chairs, garden equipment, and paving materials.

Meanwhile, we have switched to paper packaging for our HEATTECH and AIRism garments to reduce the amount of plastic used in product packaging.

We have already started these initiatives in some countries and regions. Our ultimate aim is to achieve zero waste, so we will continue to expand these initiatives in other markets after considering customer needs and convenience.



Finally, Ariake Project initiatives are keenly focused not only on creating LifeWear, but also on sustaining LifeWear.

Accelerating progress toward a business that advances and leverages the true benefits of LifeWear

- Expanded our RE.UNIQLO STUDIO clothing repair and remake service to 51 stores in 22 countries and regions by October 2024, and 60 stores globally by December 2024.
- We have trialed our UNIQLO Pre-owned Clothing Project at five stores in Japan so far, and are continuing to experiment with trial sales of pre-owned clothes.

Markets with RE. UNIQLO STUDIO booths



Pre-owned clothes project



▲ Pop-up store in UNIQLO Setagaya Chitosedai store



▲ Used clothing items for sale (Dyeing process)

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We believe that encouraging customers to wear their clothes for longer and with loving care will lead to greater sustainability. We also believe that we are perfectly positioned to make that happen precisely because we offer high quality LifeWear.

We started our RE.UNIQLO STUDIO clothing repair and remake service as part of that aim to encourage customers to enjoy wearing their favorite clothes for longer. As of October 2024, we had opened 51 RE.UNIQLO STUDIO in-store booths in 22 countries and regions, and we plan to expand that number to 60 stores by the end of December.

Meanwhile, we first trialed the UNIQLO Pre-owned Clothes Project in October 2023 at our Harajuku store in Tokyo. This initiative has now been trialed in five stores in Japan, sparking a positive reception from many customers. In response to popular demand, we started trial sales of pre-owned clothes at the UNIQLO Maebashi Minami Inter store in October 2024. Our Tenjin and Setagaya Chitosedai stores, included in the original experiment, are still conducting trial sales of pre-owned clothing.

We are moving forward with these initiatives, but there are many hurdles to overcome, not least the issue of securing stable supply. We still have some way to go on our journey toward establishing a circular business.

Going forward, we intend to accelerate our challenge to develop a business that facilitates the sustaining of LifeWear. We will do that by first selling LifeWear and then taking responsibility for customers' lovingly worn LifeWear items through reuse, recycling, upcycling, and other activities.

**Expanding a business =
Making a meaningful contribution to a sustainable society**

Today, I have talked about the success we are starting to see in our quest to expand our business and achieve sustainability in tandem.

However, we are still far from satisfied because our ultimate aim is to become a company that pursues business expansion and contributes to a sustainable society in equal measure.

I want all our employees to get behind our integrated drive for business growth and sustainability in several ways: by further expanding the Ariake project and improving customer satisfaction to help expand global operations, by reducing environmental impact through our commitment to avoid making, transporting, and selling unnecessary items, and by promoting a circular economy that makes the very most of every LifeWear item.

We hope we can count on your continued support.
Thank you.

Yukihiro Nitta

**Group Executive Officer
Fast Retailing Co., Ltd.**

Sustainable Raw Materials Procurement and Traceability

Hello everyone. My name is Yukihiro Nitta, and I am the Group Executive Officer in Charge of Sustainability at Fast Retailing.

I would like to talk to you today about the progress we have made on procuring sustainable raw materials and traceability initiatives.

Building a Supply Chain That Can Support Sustainable Growth

A supply chain that can achieve both business growth and sustainability

- **Extend our strong partnerships with garment factories and fabric mills to upstream processes.**
- **Apply our own standards regarding product quality, production systems, environmental and human rights measures to all processes.**
- **Directly manage the entire supply chain in-house.**

At last year's Sustainability Briefing, we heard from Group Executive Officer in Charge of Production, Masahiro Yubisui, about the supply chain reform required to realize sustainable growth.

We are moving forward with the building of a supply chain that can ensure the stable and flexible ongoing manufacturing of products, while achieving business growth and sustainability over the medium to long term.

To recap, that approach involves: aiming to extend our strong partnerships with garment factories and fabric manufacturers built over many years to the most upstream processes in the supply chain; applying our own standards regarding the management of quality and production and the addressing of environmental and human rights considerations across all processes; and managing our entire supply chain in-house.

The procurement of raw materials is an important area when building this kind of a supply chain.

The Ideal Approach to Raw Materials Procurement

Achieve a high standard of stable, **sustainable sourcing by managing procurement in-house from the raw materials stage, securing the highest quality materials at optimal cost and volumes.**



Define the ideal raw materials procurement framework from various perspectives, including **climate change, biodiversity, water resources, chemical substances, human rights, and animal welfare.**

Responsible Raw Materials
Procurement Policy

Fast Retailing Raw Materials
Procurement Guideline

Our ideal approach to raw materials procurement involves procuring a stable and sustainable supply of raw materials that fulfills our own established conditions in terms of quality, cost, and volume by managing the whole process from the upstream portions of the supply chain.

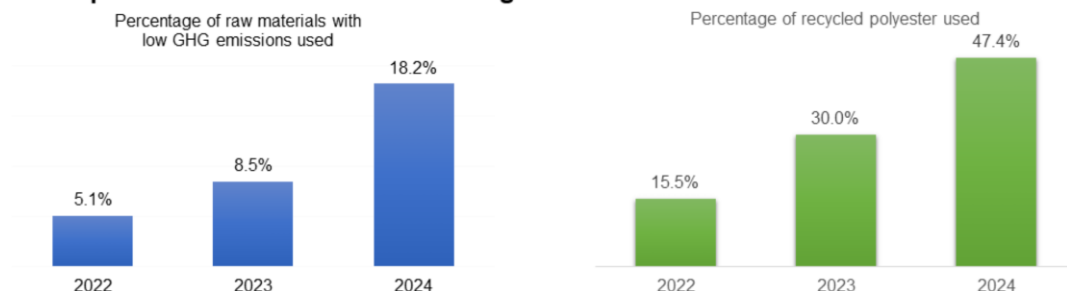
Raw materials have a significant impact not only on product quality, but also on environmental and other impacts across the whole supply chain, so we must fulfill these strict conditions and achieve a high degree of sustainability at the same time.

We have established our Responsible Raw Materials Procurement Policy and our Raw Material Procurement Guidelines in stages to clarify the ideal stance on raw materials procurement from various sustainability perspectives including climate change, biodiversity, water resources, chemical substances and human rights.

Sustainable Raw Materials Procurement: Progress and Challenges

Expanding use of raw materials with low environmental impact to achieve FY2030 GHG emissions targets

- Create a more concrete definition and basis for the type of sustainable materials we should procure.
- Expand our range of options, currently centered around recycled polyester.
- Ensure objectives for specific materials, such as reducing human rights and animal welfare risks, are compatible with FY2030 emissions targets.



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Mr. Koji Yanai explained the progress made on initiatives designed to help achieve fiscal 2030 targets in key sustainability areas. Particularly important here is the need to expand the use of raw materials and other materials with low environmental impact to ensure we can achieve our targets for reducing greenhouse gas (GHG) emissions in the supply chain.

As you can see in the graphs at the bottom of the slide, the percentage of raw materials with low GHG emissions, such as recycled materials, has been steadily increasing, reaching 18.2% for 2024 products. One component, the percentage of recycled polyester, reached 47.4% for 2024 products. However, there is still a considerable way to go to achieve our target of ensuring 50% of all materials used are materials with low GHG emissions by fiscal 2030.

We face various challenges regarding the expanded use of such materials. Our policies and guidelines formulated to date have focused on the concept of sustainable raw materials procurement but have not yet clarified the specific raw materials that should be procured and the basis for determining what constitutes a sustainable raw material. The whole industry is grappling with a similar problem because there is no global uniform industry standard regarding the specific content of raw materials with low environmental impact.

We have made most progress on the use of recycled polyester in products because that recycled polyester has been proven to reduce GHG emissions more than virgin polyester materials. The limited availability of other options is a significant hurdle in the expanded use of other materials with low GHG emissions.

There is also a lack of consistency between the overall fiscal 2030 targets and targets for individual materials designed to reduce human rights, animal welfare, and other specific risks.

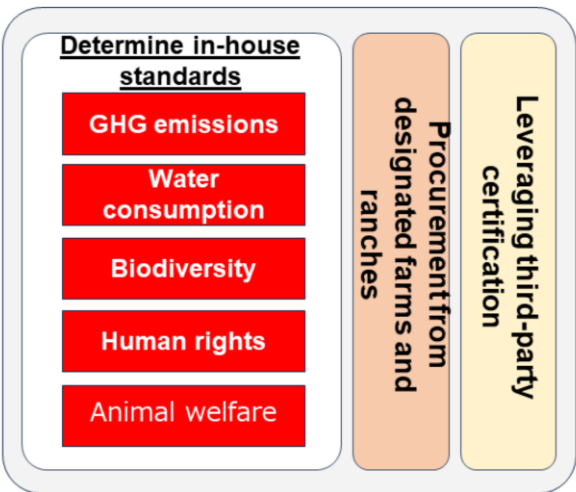
Redefining What Constitutes a “Sustainable Material”

Conventional raw material procurement standards

- GHG emissions indicators referenced in industry databases.
- Individual targets set for important materials, but no quantitative criteria for environmental indicators.



Framework of new definition



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In light of these issues, we have been working since fiscal 2024 to redefine the elements that constitute a “sustainable material” as determined by Fast Retailing.

Part of the new definition framework we are currently developing involves first setting our own standards for the quantitative and qualitative measurement of the impact of raw material production processes on GHG emissions, water consumption, biodiversity, human rights, and animal welfare. We will then judge whether raw materials procured through fabric mills and spinning mills fall into the category of sustainable materials defined by our company in accordance with these standards. Regarding GHG emission standards, we will evaluate the life cycle assessment (LCA) data of each individual raw material, regardless of whether they have been listed in industry databases referred to in the past or not, and we will expand to scope of “sustainable materials” to include materials that can be reasonably explained as having a low environmental impact. This will enable us to expand the selection of materials and fuel a wider introduction of sustainable materials.

Materials procured from designated farms and ranches that meet these conditions will also be defined as sustainable materials, and quantitatively evaluated using unified standards.

The quality of natural materials can be greatly affected by factors such as climatic conditions and therefore vary from year to year. For that reason, we intend to also utilize third-party certification as a means of ensuring a stable supply of high-quality raw materials. We will evaluate any third-party certifications based on our own company standards and select certifications that could be considered as Fast Retailing sustainable materials and incorporate them into the appropriate framework. Whenever we use third-party certification, we will communicate closely with the relevant organization, and work to further enhance the effectiveness of that certification in terms of determining accurate environmental impact and facilitating greater traceability.

Redefining What Constitutes a “Sustainable Material”

- **Pioneering the formulation of new cotton standards**
 - Working to clarify the items to be considered, starting with GHG emissions, and to set qualitative and quantitative standards that must be fulfilled.
 - Incorporating life cycle assessment data of individual material as reference for verifying environmental impact.
 - Included regenerative cotton in the new sustainable materials list.
 - Formulate the full standards by end FY2025 and start applying the standards from FY2026.
- **Other materials**
 - Working on the formulation of quantitative standards, and will determine Fast Retailing sustainable material standards at earliest possible timing.

We are taking the lead on creating a framework for cotton in fiscal 2025.

We have clarified the elements that need to be considered, including GHG emissions, when formulating cotton procurement standards, and are working to set the qualitative and quantitative standards that need to be achieved. Life cycle assessment (LCA) data is also used as reference in environmental impact verification. In the meantime, we have designated regenerative cotton that meets these standards as a sustainable material and added it to the new sustainable materials list. We plan to set quantitative standards for sustainable cotton defined by our company in fiscal 2025 and reflect these standards in our production plans from fiscal 2026 onward.

We will gradually formulate quantitative standards for other materials as well so we can complete our definition of what constitutes a sustainable material as soon as possible.

Enhanced Traceability

- **Expanding our efforts from cotton to wool, cashmere, and other materials**
 - We are expanding our efforts to identify and approach factories with which we want to build long-term partnerships. We started with cotton and are now in the process of extending this approach to all materials.
 - Expanding our audits of spinning mills from the initial cotton focus, to now incorporate cashmere and wool.
 - Gain a better understanding of factories and farms involved in the production of 100% cashmere products.
 - Introduced periodic traceability audits of cashmere fiber-cleaning plants and spinning mills (starting with 24Fall/Winter products).
 - Developing a similar framework for wool.

Alongside our efforts to define and expand the use of sustainable materials, we are also moving forward with our initiatives to enhance traceability.

We are focusing on raw materials that are considered to have a high environmental impact as a priority. At last year's briefing, we explained that we had completed the process of identifying specific spinning mills that are in the supply chain of our cotton products and consolidating our transactions with mills with which we felt we could form a long-term partnership and introduce periodic audits.

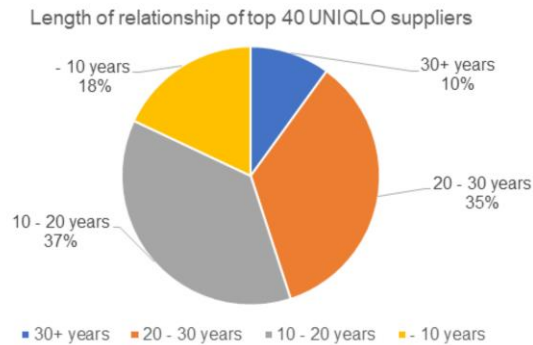
In fiscal 2024, we have been expanding these initiatives to other materials such as wool and cashmere. We are now extending these initiatives of identifying factories upstream from the spinning mills and directly approaching those with which we want to build long-term partnerships to all materials.

For cashmere producers, we started identifying factories and farms involved in the production of our 100% cashmere products further upstream from the fabric manufacturers from the Fall Winter 2024 season and introduced periodic traceability audits of cashmere fiber-cleaning factories and spinning mills. There is a risk with cashmere production that raw fibers from other production areas that adhere to different standards could be mixed with the designated raw material when it is washed and then spun into yarn, so we have introduced our own audit program to ensure that the cashmere used in our products complies with the conditions specified in advance.

We are also working to create a similar traceability framework for sheep's wool.

Long-term Partnerships: The Bedrock of Sustainable Growth

- Formed strong partnerships with a select number of production partners.
- 45% of UNIQLO top 40 suppliers operating garment factories have done business with Fast Retailing for 20 years or longer.
- Long-term partnerships based on shared values form a solid bedrock for high-level manufacturing and sustainability activities.



Here, I would like to share some recently conducted survey data concerning our relationships with our production partners, which is the key foundation for promoting these initiatives.

We have mentioned from time to time that we have built strong partnerships with a select number of partner factories over many years. We surveyed the top 40 suppliers of UNIQLO that operate our contracted garment factories about the length of time they have been doing business with Fast Retailing. The survey showed that 45% of those suppliers had been doing business with the company for 20 years or more, with 10% of that total having been working with us for over 30 years. In other words, we have been doing business with some partner factories ever since the UNIQLO brand was first created.

We have built relationships of trust with these partner factories based on common values and our joint experience of global growth over many years, working together to perfect our manufacturing processes and constantly improve product quality. These partnerships are the bedrock that facilitates our quality and sustainability initiatives.

We will continue to steadily progress initiatives together with partner factories based on these strong partnerships.

Supply Chain Due Diligence and Information Disclosure

Key relevant laws and regulations being formulated in Europe and Japan

- **Corporate Sustainability Due Diligence Directive (CSDDD)**
 - Mandatory implementation and disclosure of human rights and environmental due diligence across the value chain.
 - The directive to apply to Fast Retailing from FY2029.
- **Corporate Sustainability Reporting Directive (CSRD)**
 - Mandatory disclosure of sustainability-related information across a corporate value chain.
 - The directive to apply to Fast Retailing from FY2026 in France and FY2029 in Japan.
- **ISSB, IFRS Sustainability Disclosure Standards**
 - In Japan, SSBJ is considering mandatory disclosure standards and the Financial Services Agency is considering mandatory disclosure and assurance content in securities reports.
 - Expected to be applied from FY2027.
- **Ecodesign for Sustainable Products Regulation (ESP)/Digital Product Passport (DPP)**
 - A sustainability requirements framework for almost all products distributed in the EU (durability, reliability, reparability, ratio of recycled materials used, etc.)
 - Requires companies to provide information to consumers through digital product passports.
 - Includes provisions prohibiting the disposal of unsold consumer goods.
 - Application schedule expected to be fixed by April 2025.

● **Compliance**

Continuously collect, analyze, and respond to pertinent information.

● **Turning into business opportunities**

Create new opportunities by clarifying and communicating our business model and unique product features.

● **Strengthening risk management**

Detect and reduce risks through enhanced due diligence and proactive stakeholder dialogue.

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Finally, I would like to explain some of our initiatives on supply chain due diligence and information disclosure.

You will be aware of the growing movement in Europe and other parts of the world in recent years to require companies to conduct supply chain due diligence. We see this as a global trend that applies not only to the apparel industry, and which requires companies to manage and take greater responsibility for their entire supply chain.

The items listed on the left-hand side of the slide are some of the sustainability-related laws and regulations that have been compiled in Europe and Japan in recent years and that are relevant to our business.

Fast Retailing also implements supply chain due diligence and information disclosure based on the three motivations listed on the right-hand side of the slide. In many instances, the specific requirements that companies must fulfil have yet to be determined, but we remain in constant contact with our European operations and external experts and are always gathering information and implementing necessary measures.

At the same time, we do not simply view these directives as laws and regulations, but as moves that support our vision for the tandem pursuit of business growth and sustainability, and as potential opportunities. As we have explained in the past and elsewhere in this briefing, we promote initiatives that help us better understand and manage our entire supply chain in-house and apply the environmental and human rights measures required to meet global standards at the most upstream points of our supply chain. Why do we do this? Because we are committed to the task of making our LifeWear-focused operations sustainable in themselves.

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For instance, the Ecodesign for Sustainable Products Regulation requires any products distributed in the European Union to be durable and reliable, and to use recycled materials. You could say that serves as a tailwind for our company because we are already tackling the challenge of making clothes and developing a circular business based on our LifeWear concept. The regulation includes a provision prohibiting the disposal of unsold inventory. Fast Retailing has already implemented a “no-disposal policy” as explained earlier, so we do not believe this will significantly impact us as a business. We are able to pursue a policy of never throwing things away because we have always pursued a business model that differs from the so-called fashion business, and focused on products that are not affected by short-term seasonal trends.

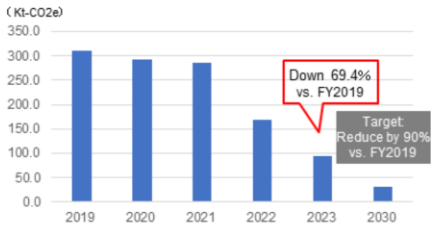
We believe that responding appropriately to legislative movements in individual markets in this way, while further refining and communicating the unique features of our business model and products cultivated over many years, is the best and the right way to enable more customers to handle and wear our products with peace of mind for many years to come.

We remain committed to promoting initiatives that earn the trust of our customers and other global stakeholders.

Thank you.

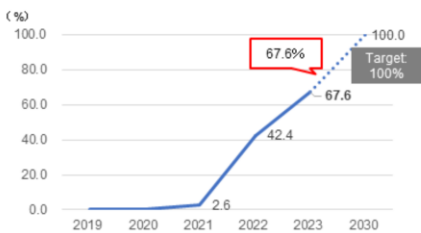
Sustainability Data Highlights

GHG emissions (Scope 1 & 2)

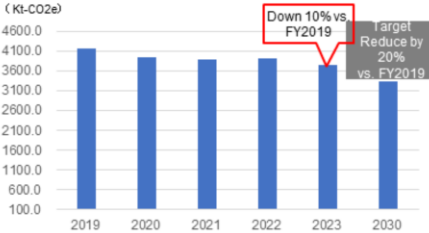


*Scope 2 emissions are aggregated on a market basis

Contribution of renewable electricity source for our own operations



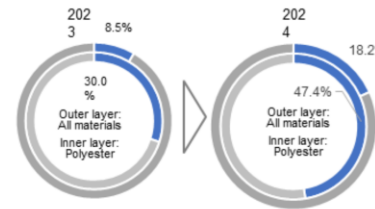
GHG emissions (Scope 3, Category 1)



*Emissions stemming from raw materials production, materials production, and sewing associated with UNIQLO and GU products by FY2030

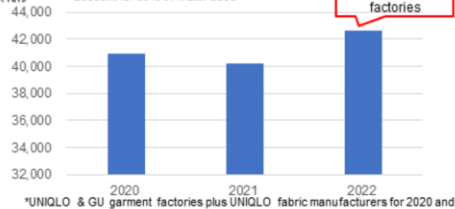
Use of recycled materials etc

Target: Switch to recycled materials and other materials with low GHG emissions for approx. 50% of all materials used by FY2030



Water consumption in supply chain

Target: Reduce water consumption by 10% by end 2025 (vs. 2020 level) at garment and fabric factories that account for 80% of water used



*UNIQLO & GU garment factories plus UNIQLO fabric manufacturers for 2020 and 2021 and UNIQLO & GU fabric manufacturers for 2022

Percentage of managers who are women

