



Fast Retailing Sustainability Report 2019

FAST RETAILING WAY

Changing clothes.
Changing conventional wisdom.
Change the world.

Group Mission

To create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing such great clothes

To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society



About FAST RETAILING

Fast Retailing manages multiple brands worldwide, including UNIQLO, GU, and Theory.
 Our mission is to deliver clothing that enriches society and the lives of our customers.
 Through the business of clothing, we strive to create a better world and future.

Revenue
2.13 trillion yen

Number of stores
3,445

Number of employees
124,679

UNIQLO production offices
6 locations

Partner sewing factories
612 factories
subject to workplace monitoring

As of August 31, 2018



Based on the concept of "LifeWear"
 – making your life better through
 high-quality, innovative, casual
 essentials



Based on the concept
 "YOUR FREEDOM"
 – discovering new
 individual freedom



Theory

Elegant contemporary fashion



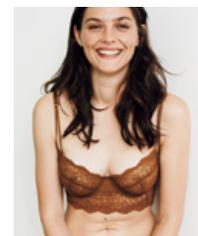
HELMUT LANG

Simple yet edgy everyday
 clothes made from select
 materials and designs



**COMPTOIR DES
 COTONNIERS**

Refined, timeless
 fashion with
 French esprit



PRINCESSE tam•tam
PARIS

Lingerie brand featuring
 original prints and
 bright colors



P L S T

Superior-quality casual brand
 with a distinguishing focus on
 fabric, texture, and style



J BRAND

Popular specialty
 denim brand based in
 Los Angeles



A social business
 based in Bangladesh



CEO Letter

Growth and building a better world for the children of today.

Tadashi Yanai
Chairman, President and CEO
Fast Retailing Co., Ltd.

A handwritten signature in black ink that reads "Tadashi Yanai". The signature is written in a cursive, flowing style.

What is our most important consideration right now? For me, it is to create new means for the children of today to live better, happier lives.

From climate change, natural resource depletion, poverty, refugees, racial discrimination, to terrorism and regional conflicts, we face a mounting number of severe issues today. The survival of the human race itself is at a stake. There is no future for us if we continue to live in the same way we did in the past. We must change the way we think... and fast.

As a leading global apparel company, it is our duty to proactively respond to society's needs and help resolve pressing social issues. At Fast Retailing, we always question what's truly right for our society and for all of our stakeholders, and execute what we believe is truly the right thing.

But that alone is not enough to fulfil our corporate mission. The most important thing is to grow and to constantly challenge new possibilities. We must help make the world a better place through our own operations by completely changing the way we do our business, without being caught in conventional wisdom of the past. We remain committed to that challenge.

Our LifeWear concept is a great illustration of that very commitment.

LifeWear is:

- Clothing Made for All, aiming to offer ultimate comfort that enriches one's life regardless of race, age, ethnicity, religion, disability, gender or sexual orientation.
- A "tool" that improves people's lives.

LifeWear was born from a vision that extends beyond pure fashion, seeking to help people to simplify and shape their lives. The LifeWear concept is based on an underlying commitment to make, distribute and sell only what is necessary. In short, to eliminate waste by using precious resources effectively and avoiding unnecessary tasks. With that in mind, we are striving to eradicate all unnecessary distribution and inventory, so that we can deliver the products that customers truly want, in a way that is most convenient and efficient for them. We still have some way to go, but I am confident we are on the right path.

"Unlocking The Power of Clothing."

Our sustainability statement is based on this LifeWear philosophy. Our sustainability activities focus on six clearly defined areas: Create new value through products and services; respect human rights in our supply chain; respect the environment; strengthen communities; support employee fulfillment, and; corporate governance. This sustainability report introduces the most important initiatives we are pursuing to achieve these goals.

"Changing clothes. Changing conventional wisdom. Change the world."

This is our Fast Retailing corporate statement. We must change ourselves first in order to be able to change the world. We promise to strive to help make the world a better place, beyond generations and borders, by providing joy, happiness and satisfaction through our clothes.

SUSTAINABILITY STATEMENT

UNLOCKING THE POWER OF CLOTHING

**We believe we can turn the power of clothing into a force for good.
By designing, making and selling good clothing,
we can make the world a better place.**

**Good clothing means simple clothing, high in quality, and built to last.
It's clothing that enriches the lives of people
who wear it by giving them comfort, protection and pleasure.
It is produced in a way that is harmonious with nature,
without excessive burden on the environment.**

**Good clothing is made by people of diverse backgrounds
working with energy and enthusiasm, under conditions
where their health, safety and human rights are respected and upheld.**

**And we will extend this same spirit to our customers and all our stakeholders,
working with them to aspire to a better society where we all thrive.**

This is our promise: to always work toward a better, more sustainable society.

Our work on human rights and the environment

Addressing issues common to all members of the international community, particularly human rights and the environment, is essential to ensure that Fast Retailing's activities are aligned with its Sustainability Statement. As a global manufacturer and retailer of apparel, we recognize the impact we have on people and the planet. We uphold and respect international laws and objectives such as the United Nations Global Compact and Sustainable Development Goals (SDGs), and will proactively work toward solutions to issues facing society through continual dialogue with all our stakeholders.

Human rights

We believe one of our greatest responsibilities as a corporation is to respect basic human rights and ensure health, safety and security for all who work in our company and supply chain or are impacted by our business.

In June 2018, we announced the Fast Retailing Group Human Rights Policy in accordance with the UN Guiding Principles on Business and Human Rights and other international standards. The policy identifies employees, the supply chain, and customers as areas where we have a significant impact, and describes our vision for addressing potential human rights violations, educating employees, and communicating with external stakeholders. In July 2018, we also established a Human Rights Committee to provide counsel and oversight for fulfilling our obligations and conducting business appropriately in accordance with our Human Rights Policy.

Environment

We recognize our business activities have an impact on the environment. Through making clothing and operating stores, we use resources such as raw materials and electricity and produce waste and emissions, including greenhouse gases. Reducing our environmental impact and pursuing fundamental solutions to environmental issues through innovation not only reduces costs, but also creates new markets and opens the door to business opportunities.

In June 2018, we announced a revised Environmental Policy. The new policy identifies five areas of action – climate change, energy efficiency, water stewardship, waste management and resource efficiency, and chemical management – and charts a course for reducing environmental impacts from our direct operations and supply chain to product use and disposal.

Materiality assessment as business strategy

The Fast Retailing Group has announced the goal of becoming the world's No.1 digital consumer retail company. Alongside our own growth, sustainable development of society and global environmental conservation are prerequisites for achieving this goal. As part of our business strategy, we have identified six issues that are material (important) to our sustainability efforts and announced a commitment and targets for each issue.

Materiality identification process

Material issues were identified by following the four steps below.

- 1 Identify the issues**
 Issues affecting the Fast Retailing Group's sustainable growth were identified by referring to the UN Sustainable Development Goals (SDGs), indicators used by ratings agencies for ESG investment, the GRI (Global Reporting Initiative) Guidelines, and other sources.
- 2 Prioritize and verify suitability**
 Issues were prioritized considering their importance to the Fast Retailing Group as well as stakeholder expectations and impacts. This process included input from outside experts and directors and relevant internal divisions.
- 3 Select material issues**
 Following deliberations by the Sustainability Committee, six material issues were identified. The Sustainability Committee is chaired by an executive officer in charge of sustainability and composed of outside advisors, external and internal directors, full-time members of the Audit and Supervisory Board and executive officers. It discusses the direction of and specific initiatives in the Fast Retailing Group's sustainability strategy.
- 4 Execute action plans**
 An action plan and multiple projects were established under the supervision of an executive director appointed for each material issue. Projects are being implemented with clear targets and deadlines.

Six issues material to our sustainability



Fast Retailing Sustainability Report 2019

CONTENTS

02	FAST RETAILING WAY
04	About FAST RETAILING
06	CEO Letter
08	SUSTAINABILITY STATEMENT
10	Materiality assessment as business strategy
12	Material Issue 1 Create New Value through Products and Services
16	TOPIC 1 Truly Great Jeans
18	Material Issue 2 Respect Human Rights in Our Supply Chain
22	TOPIC 2 Fulfillment for all workers
24	Material Issue 3 Respect the Environment
28	Material Issue 4 Strengthen Communities
32	Material Issue 5 Support Employee Fulfillment
36	Material Issue 6 Corporate Governance

About this report

Fast Retailing Sustainability Report 2019, published by Fast Retailing Co., Ltd., outlines the social and environmental responsibilities associated with the Fast Retailing Group's business, along with its corporate policies and efforts to fulfill those responsibilities. For more information, please visit the Fast Retailing website (www.fastretailing.com/eng/)

Scope of activities covered

This report primarily covers the sustainability-related activities of Fast Retailing Co., Ltd., and its subsidiaries worldwide (the Fast Retailing Group), and also includes information about other relevant initiatives outside the Group.

Time period covered

Unless otherwise stated, data disclosed in this report is based on Fast Retailing's fiscal year, from September 1, 2017 to August 31, 2018. Some particularly important content is based on the most recent information at the time of publication.

Publication

February, 2019
 The next English report is scheduled for publication in February 2020.

Disclaimer

This report provides factual information on Fast Retailing Co., Ltd., and its Group companies, as well as plans and items to be reviewed as of the date of publication. The report also includes forecasts based on management policies and strategies. These forecasts are based on assumptions or judgments made using information available at the time of publication. Actual results and future business activities may differ from these forecasts due to changes in business conditions and other factors.

1

Create New Value through Products and Services

Fast Retailing's mission is to enable people everywhere to experience the joy, happiness, and satisfaction of wearing truly great clothing. UNIQLO, our main brand, has created clothing with new and unique value, as exemplified by our HEATTECH line of functional innerwear. Aside from functionality and quality, however, we also need to help solve social and environmental issues in the years ahead. We are using our unique strengths in apparel to help make a more sustainable world.



UNIQLO Men's Regular Fit Jeans are produced with a new technology that reduces environmental impacts (see pages 16-17)

1 Create New Value through Products and Services

Sustainable clothing for a sustainable society: Raising the bar on quality and function

The challenge

Clothes require natural resources: cotton, wool and petroleum to make the fabric; water, electricity and fuel to turn fabric into clothing; and large amounts of water and energy to wash them during use.

As a global manufacturer and retailer of apparel, the Fast Retailing Group has a responsibility to use limited resources efficiently and to deliver products and services that consider the impacts on society and the environment at every stage – from raw materials procurement until after the clothes are no longer worn.

Our approach

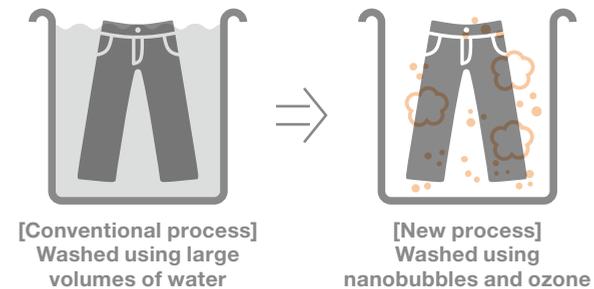
By procuring raw materials responsibly (with concern for animal welfare, the environment, and cotton farmers, for example), we strive to produce clothing our customers can wear with peace of

mind. Through strong partnerships with supplier factories, we adopt socially and environmentally conscious production processes at scale. Leveraging our global store network and strengths in product innovation, we work to eliminate environmental impacts from our products and services.

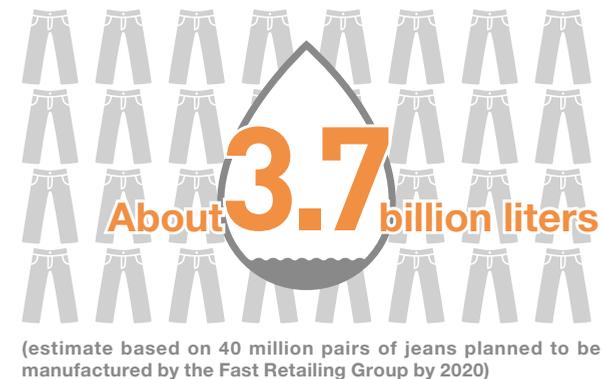
Key activities

- Adopting sustainable raw materials
- Developing sustainable products
- Improving products by incorporating customer feedback
- Comprehensive quality and safety management
- All-Product Recycling Initiative (see page 31)
- Promoting social business initiatives (see page 31)

▶ Washing process for a faded jeans look



▶ Water reduced by new processing technologies



▶ Target of sustainable cotton procured



Good Wool by Theory

Activities in fiscal 2018

Sustainable product development

Our Jeans Innovation Center, a denim research and development facility, has pioneered a technology that cuts water use in the jeans washing process by as much as 99% and more than 90% on average (based on comparison of UNIQLO 2017 and 2018 Men's Regular Fit Jeans). We also lightened the workload for employees at our partner factories by changing the manual jean distress process to one performed using lasers. These new technologies and changes in processing methods were introduced for a portion of the 2018 Fall/Winter season UNIQLO and J Brand jeans. We hope to reduce environmental impacts further by adopting the new technologies for all jeans produced by the Fast Retailing Group by 2020 (see pages 16-17).

Responsible procurement of raw materials

Fast Retailing practices ethical and responsible procurement of raw materials. We aim to procure all cotton from sustainable sources by the end of 2025. In January 2018, we joined the Better Cotton Initiative (BCI), which educates cotton farmers on the proper use of water and agricultural chemicals. We are also working to ensure the traceability of rayon and other cellulosic fibers which use plants and wood as raw material. As an animal welfare initiative, we have also banned the use of real fur across all Fast Retailing brands. The Good Wool by Theory collection, for example, is produced in consideration of both the ethical treatment of animals and the environment.



A new washing machine technology dramatically reduces water use in the jeans washing process

TOPIC 1

Truly Great Jeans

New value borne from jeans innovation



Masaaki Matsubara
Director, Jeans Innovation Center

In 2016, Fast Retailing founded the Jeans Innovation Center as a research and development facility dedicated to revolutionizing jeans production and design. We believe that the best jeans are not only comfortable and stylish but also produced in factories that consider the environment and protect the human rights of the people who make them. We believe that by pursuing truly great jeans, we're helping to make society more sustainable.

Innovating to eliminate, not just reduce

California, U.S., where the center is located, has been in drought since 2012. Water here is precious. That's why we looked at water resources first. After all, the process of making jeans requires enormous quantities of water. Every step – growing the cotton, dyeing the fabric, washing the jeans in the finishing process – uses water. The washing process is a particular concern, because

it intentionally uses large volumes of water to fade and give texture to what is essentially a finished product. We resolved to eliminate waste in this process. We set out to bring water use all the way to zero. A 10% or 20% reduction target doesn't encourage the type of innovation that can seriously address the issue. We knew we needed to gather our most advanced knowledge. The Jeans Innovation Center is where expertise and information come together, and it's our job to realize the innovations that they make possible. We developed an original washing method that incorporates new technologies into high-performance washing machines. These machines don't wash jeans in water. The core technology is a combination of nanobubble and waterless ozone cleaning. Each cleaning method is best suited for a specific application, so by combining them, we were able to bring water usage very close to zero. Following two years of research and development, we succeeded in reducing water use in the jeans washing process by as much as 99% and more than 90% on average (based on comparison of UNIQLO 2017 and 2018 Men's Regular Fit Jeans).

Protecting worker safety and the environment

Sustainable jeans production also requires care for factory

workers. The conventional process of making vintage jeans – spraying on chemicals, scraping, tearing holes – is done by hand, creates fiber waste, and is not good for the environment or workers. By introducing the latest laser technology into this process, we reduced impacts on the environment and people while also producing a product of consistent quality. In the stonewashing process used to



make vintage jeans, we also switched from natural pumice to artificial eco stones. Natural stones produce a powder residue and end up as waste after just two or three washes, when they must be replaced. Eco stones do the same job and

yet produce virtually no powder even after two years of use.

Fostering new sustainable values at a global scale

The work we do here assumes that any solutions we develop will be used in products across the Fast Retailing Group, so we take pride in the practical nature of our research. We can implement solutions at scale that few can match. We also have great support from partner factories since we're in constant close communication with them. They are very understanding and can talk specifically about future products with us. These are our unique strengths, which we realize also make our impact and responsibility to address social and environmental

issues all the more pressing. Our research is just getting started, but we're committed to continuing the development of great products that are truly valuable to our customers, to our production partners, and to the planet.



Vintage finishing process using a newly developed laser technology



Jeans research and development at the Jeans Innovation Center

2

Respect Human Rights in Our Supply Chain



Respecting human rights and ensuring safe and secure working conditions for all who work in our supply chain is among our highest priorities at Fast Retailing and inherent to our mission to enrich the lives of people through clothing. We value our relationships with partner factories and share with them a common vision to produce high-quality products with care for the human rights and work environment of the people who make them.

Workers at a partner factory in China that makes UNIQLO apparel

2 Respect Human Rights in Our Supply Chain

Strong partnerships in service of human rights, safety and security for workers

The challenge

The Fast Retailing Group makes clothing in several countries and regions worldwide, and our supply chain stretches to all corners of the globe. We believe respecting the human rights of workers at our partner factories and protecting their health, safety and security is of the utmost importance.

Our approach

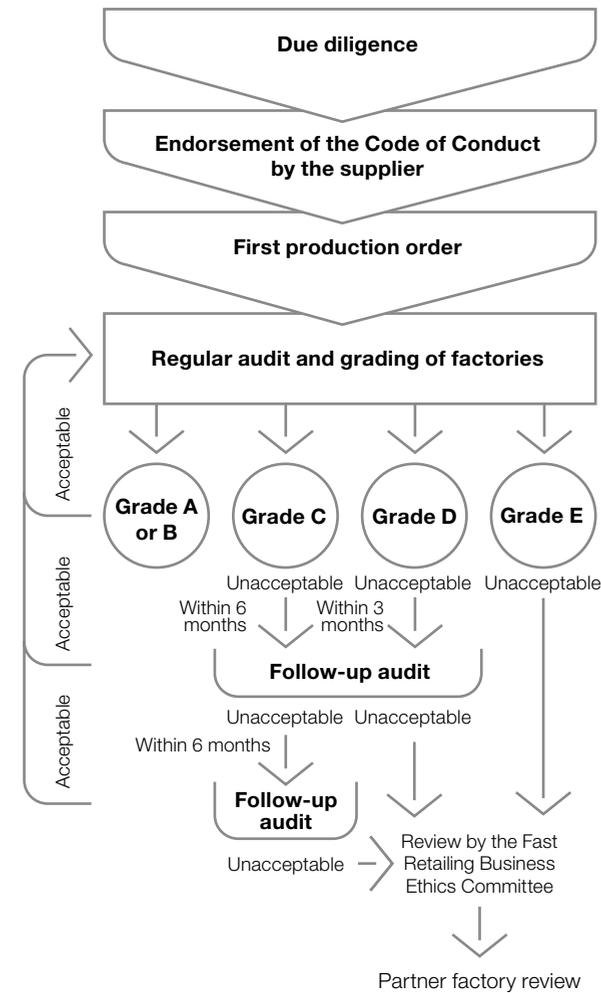
By forming strong partnerships with supplier factories, we work toward sustainable solutions together. To safeguard human rights and working conditions in our supply chain, we require all partner factories to comply with our Code of Conduct for Production Partners, which we confirm through workplace monitoring. Our Responsible Procurement Policy also requires production orders

to be made following procedures to avoid sudden increases in production volume that would result in excessive overtime hours at our partner factories. We communicate closely with non-government organizations and other stakeholders to further support these initiatives. We also aim for appropriate disclosure of information about our supply chain.

Key activities

- Ensuring compliance with the Code of Conduct for Production Partners
- Partnering with outside industry organizations
- Monitoring partner factory workplaces
- Introducing grievance systems
- Promoting responsible procurement
- Disclosing key partner factories
- Engaging NGOs and labor unions in dialogue

Workplace monitoring system



Workplace monitoring results

(Fast Retailing Group, fiscal 2018)



Activities in fiscal 2018

Workplace monitoring

Fast Retailing monitors its partner factories regarding their management of work hours, payment of wages and other labor conditions, and discloses the results. The inspections are performed regularly by third-party entities. When improvements are deemed necessary, Fast Retailing staff visit the factory to provide support. In fiscal 2018, workplace monitoring was conducted at 612 factories. Fast Retailing also conducts due diligence for new partner factories and commences a business relationship only with factories that pass an audit.

Establishment of a new hotline

Fast Retailing has created a direct hotline that allows factory workers to report their concerns to Fast Retailing so that human rights and labor issues can be identified and remedied at an early stage. The hotline has been introduced in Shanghai, Ho Chi Minh, Dhaka, Jakarta, Tokyo and other locations. For complaints made through the hotline, the first step is listening and understanding the situation. A team led by Fast Retailing's sustainability and production departments then submits a request to the partner factory for correction or improvement based on the Fast Retailing Code of Conduct for Production Partners, international standards and local labor laws. This system is helping to improve human rights and labor issues at factories (see pages 22-23).



Workers at a partner factory relaxing in an on-site park

TOPIC 2

Fulfillment for all workers

Listening to real concerns to respect human rights and ensure good working conditions



Veronique Rochet
Global Supply Chain Sustainability Director
Fast Retailing Co., Ltd.

Listening to support supply chain improvements

The UN Guiding Principles on Business and Human Rights defines the duty of states to protect human rights and the responsibility of business enterprises to respect human rights and remedy violations. Corporations thus have a responsibility to prevent and mitigate human rights violations not only in their own operations but also in their supply chain, and to operate a grievance system to aid potential victims of

abuse working in Fast Retailing partner factories. In its workplace monitoring activities, Fast Retailing had already been assessing whether its partner factories have a grievance system in place. However, some issues could not be picked up by such monitoring nor the factories' grievance systems. To identify such issues, in 2017 Fast Retailing created a direct hotline that allows workers to report their concerns by phone, email and other channels. The hotline was introduced at core sewing factories.

Respecting human rights and good working conditions strengthens partnerships

When a complaint is made, Fast Retailing staff carefully investigates the situation and considers solutions with the factory management in a manner that protects the worker's identity and confidentiality. Some complaints raised through the hotline were not previously identified through the factory monitoring program – a production supervisor treating workers unfairly or miscommunication with a supervisor who speaks a different language,

for example. Some also reveal a misunderstanding of factory rules regarding wages calculation and work duties. We ask the partner factory to make corrections or improvements, and to provide workers with opportunities for



dialogue and training. Going forward, we plan to review and improve our hotline and other existing systems to make it more accessible so we can identify potential risks

of labor law violations. Through the new hotline, we are working with partner factories to address workers' real concerns and problems. It certainly benefits factories, too, since learning what their workers really think and striving to improve working conditions strengthens their business. We also have a system for dealing with human rights violations not addressed by partner factories. Such cases are examined by Fast Retailing's Human Rights Committee chaired by a third-party human rights expert. Our Human Rights Policy is not simply words, with initiatives like the new hotline turning our commitment into real action.



VOICE Putting respect for human rights into practice

The garment industry is traditionally people-oriented. For decades, "caring for people" has been in Crystal's DNA and an embedded attribute in our company culture. "People" is also underlined as a key success factor for corporate sustainability by our top management.

To care for people, it is very important that we listen to our employees and identify issues on a timely basis. By participating in Fast Retailing's hotline program, I believe Crystal is supporting a meaningful human rights initiative that will make our factories more democratic and make respect for human rights a reality in the lives of our employees.

We expect that Fast Retailing will apply this collaborative grievance system consistently across its entire supply chain to prevent and mitigate any violation of human rights and set up a responsible procedure to provide appropriate remedies for such violations by working closely with our factories.

Dennis S. W. Wong
Group Executive Director and
President of Knits Division
Crystal International Group Limited

3 Respect the Environment

Fast Retailing is committed to reducing environmental impacts across all business processes from the procurement of raw materials and production to the sale and disposal of products. We partner with suppliers and other stakeholders to eliminate waste in our operations and supply chain. We also work to make sure the clothes our customers no longer need are reused or recycled.



Top photos, from left: Product design meeting at UNIQLO Ariake office; cotton bolls, the raw material used to make cotton fabric; chemical testing at a partner fabric mill; an LED-lit UNIQLO store sign

Bottom photos, from left: Water treatment facility for removing dyes from a fabric mill's wastewater; clothing collection box at a UNIQLO store; UNIQLO Germany partners with customers in a neighborhood cleanup

3 Respect the Environment

Eliminating waste to minimize our impact on the planet

The challenge

Businesses impact the environment in some form. Like other companies, the Fast Retailing Group uses energy to light its stores and to produce and distribute its products, emitting greenhouse gases in the process. We also use water and chemicals to grow materials such as cotton and to dye and process the fabric that goes into the clothes we make.

As a global manufacturer and retailer of apparel, we prioritize and work to address environmental issues such as climate change, resource use (e.g., energy, water), waste and chemical management.

Our approach

Through stakeholder collaboration and technological innovation, Fast Retailing is committed to eliminating waste in its operations and supply chain. We also

promote the effective use of resources and make efforts to reuse and recycle our products when our customers no longer wear them.

To provide solutions to environmental issues, we respect long-term targets set by the international community and will accelerate efforts to achieve them through partnership building and dialogue with various stakeholders and organizations.

Key activities

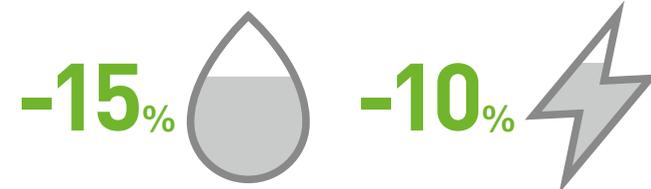
- Addressing climate change
- Improving energy efficiency
- Managing water resources
- Improving waste management and resource efficiency
- Managing chemical substances

Environmental targets

▶ Target for reducing greenhouse gas emissions at UNIQLO stores in Japan by end of fiscal 2020 (compared to fiscal 2013; per unit floor area)



▶ 2020 environmental program targets for fabric producers (reducing 15% in water use and 10% in energy from 2016 levels)



▶ Zero emissions of hazardous chemicals by 2020



Activities in fiscal 2018

Environmental initiatives across the product lifecycle

Fabric production (dyeing, processing) and sewing

- We began an environmental program at UNIQLO's core fabric mills to reduce energy and water use in fabric production.
- We are reducing water and chemical use in the jeans finishing process by adopting new technologies.
- We are making efforts to eliminate the discharge of hazardous chemicals.

Stores and offices

- At UNIQLO stores in Japan, we are working to reduce energy use and greenhouse gas emissions by switching to LED lighting. We reached an 18.6% reduction in greenhouse gas emissions (compared to fiscal 2013; per unit floor area), exceeding our 10% target for fiscal 2020.
- We are working to reduce the use of product packaging and shopping bags and switching to more environmentally sustainable materials.

Raw materials production

- We are working to procure all cotton from sustainable sources by year-end 2025.
- We joined the Better Cotton Initiative (BCI), which educates cotton farmers on the use of water and agricultural chemicals.

Transportation

- We are working to increase transportation efficiency by consolidating containers and trucks when shipping products from partner factories and to stores.
- We are increasing loading efficiency by using fewer types of corrugated board for shipping.
- We are significantly reducing new corrugated board purchased by warehouses by adopting collapsible containers.

Product use and disposal

- We continue to promote the All-Product Recycling Initiative, in which UNIQLO and GU stores collect clothing our customers no longer wear for reuse.

4 Strengthen Communities



As a global company, Fast Retailing relies on the patronage and support of communities all around the world, naturally making contributing to community development one of our important responsibilities. We aim to grow and prosper with communities, using our stores, people, products, and expertise to realize a more sustainable world.

Photo left: UNIQLO USA hosts a card-making event to deepen local children's understanding of refugee issues; cards made at the event were sent to displaced children
Photo right: A recycled clothing donation for refugees and displaced people is held in Columbia

4 Strengthen Communities

The power of clothing to create a better future for communities

The challenge

The world today faces many social challenges, including poverty, refugee issues, racial discrimination, terrorism, and regional conflicts. The Fast Retailing Group's business cannot thrive without stable economic and social conditions. We believe we have an important responsibility to support and develop communities and society at large.

Our approach

The Fast Retailing Group has announced the 2020 Community Engagement Goals as a set of objectives for addressing social issues. We support communities from three perspectives: communities where we operate our stores, communities surrounding our partner factories, and communities providing shelter to refugees and displaced persons. By partnering with UN agencies,

NPOs and NGOs, and various other organizations and individuals in ways that draw on our unique strengths as an apparel company, we do our utmost to support communities.

Key activities

- All-Product Recycling Initiative
- Supporting refugees
- Promoting social business initiatives
- Supporting future social impact leaders
- Employee volunteering
- Empowering partner factory workers
- Creating employment opportunities

▶ Clothes donated through the All-Product Recycling Initiative

(Fast Retailing Group, cumulative results through end of fiscal 2018)



Grameen UNIQLO, a social business



An employee visits an elementary school



A shopping experience program for children with disabilities

Activities in fiscal 2018

All-Product Recycling Initiative

We have been carrying out the All-Product Recycling Initiative to provide clothing to people in need since 2001. Second-hand clothing collected at UNIQLO and GU stores in 18 countries and regions is donated to refugees and other displaced people in partnership with the UN High Commissioner for Refugees (UNHCR) and local NGOs. In Japan, clothes not suitable for donation are recycled into refuse paper and plastic fuel (RPF). So far, some 30.29 million items of clothing have been donated to 65 countries and regions worldwide.

Supporting social business initiatives

Fast Retailing established Grameen UNIQLO as a social business dedicated to developing the garment industry and addressing social issues in Bangladesh, a key production country. Supported by Fast Retailing resources, the company performs all business-related processes, from production through sales, within Bangladesh. All profits from its 15 retail stores (as of August 31, 2018) are reinvested into the business. The company is also focused on improving its employee benefits and providing student internships.

Supporting children and youth

Each brand in the Fast Retailing Group supports future generations in ways that suit the region being served and draw on our unique resources. In the Power of Clothing Project, for example, employees visit schools to inform children about refugee issues and the role of donated clothing; the students then organize their own clothing drives. We also invite children to our stores to participate in shopping and work experience programs.

5 Support Employee Fulfillment

At Fast Retailing, people are the heart of our organization. We strive for work environments that respect and support individuals to foster both corporate and personal growth. We respect diversity and do not tolerate discrimination in any form, including discrimination based on race, age, nationality, religion, gender, or sexual orientation. And we strive to be fair in hiring and performance evaluations.



The Fast Retailing Group employs 124,679 people as of August 2018

5 Support Employee Fulfillment

Diverse workplaces that support collective growth

The challenge

People of diverse backgrounds work all over globe in the Fast Retailing Group. As a basic responsibility, we comply with local laws and regulations, respect human rights, and ensure safe and secure workplaces. We also have a responsibility to provide programs and a corporate culture where employees are given fair opportunities, training for personal and professional growth, and fair evaluations.

Our approach

Fast Retailing has established an Employee Engagement Policy to ensure that every employee can make the most of their abilities and grow with the company. This policy has three pillars: equal opportunity and diversity; education and development; and healthy, secure, and safe workplaces. We strive to empower women,

employ people with disabilities, and support work-life balance. We provide various training programs to develop employees into future global leaders. We also actively introduce programs and initiatives to prevent overwork and enhance employee satisfaction. By establishing wellness centers and employee hotlines, we also support employees in maintaining their physical and mental health and in quickly identifying and remedying workplace issues.

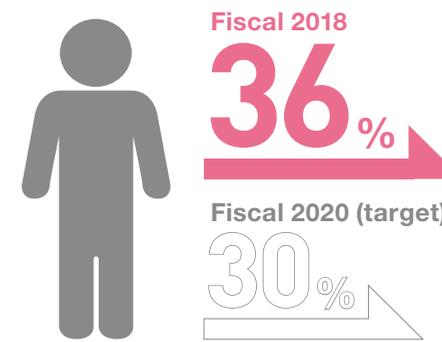
Key activities

- Respecting diversity
- Supporting work-life balance
- Employee education and development
- Occupational health and safety
- Fair performance evaluations and compensation
- Efforts to enhance employee satisfaction



A return-to-work information session for employees on childcare leave

▶ Ratio of women in management positions (Fast Retailing Group, fiscal 2018)



▶ Number of employees with disabilities (Fast Retailing Group, fiscal 2018)



▶ Employees using child care/nursing care work arrangements (Fast Retailing Group in Japan, fiscal 2018)

	Child-care program		Nursing-care program	
	Leave	Reduced work hours	Leave	Reduced work hours
Full-time	584	510	33	4
Other	473	31	5	0
Men	9	1	2	0
Women	1,048	540	36	4
Total	1,057	541	38	4

Activities in fiscal 2018

Empowering women in the workplace

In March 2015, Fast Retailing established the Diversity and Inclusion Office dedicated to reforming human resource systems and providing advice to women on how to better balance their career and family life. Its activities include hosting the Women's Direct Meeting, an interchange between female store managers, management, and outside experts; and organizing training programs for management candidates. In fiscal 2018, the percentage of women in management positions across the Fast Retailing Group reached 36%, exceeding our 30% target for fiscal 2020.

Hiring people with disabilities

Fast Retailing began hiring people with disabilities in 2001. Since fiscal 2012, we have nearly reached our goal of hiring at least one person with a disability in every UNIQLO store (excluding new stores) in Japan. A total of 1,540 individuals with disabilities in 16 countries and regions work within the Fast Retailing Group worldwide.

Supporting work-life balance

Fast Retailing offers various work arrangements to allow employees flexibility according to their job type and lifestyle and for balancing work with life events. These arrangements include child care and nursing care leave, reduced work hours, flextime, and working from home. In fiscal 2018, we set up a childcare center and introduced a babysitter subsidy program.

6 Corporate Governance

In addition to its goal to become the world's No.1 digital consumer retail company, Fast Retailing strives to manage its business with agility and transparency in response to the needs of customers, business partners, shareholders, employees, and other stakeholders.



Fast Retailing Co., Ltd. headquarters in Yamaguchi, Japan

Our approach

Fast Retailing strives to build an effective corporate governance system. Based on a corporate auditor governance model, with the majority of directors consisting of external directors, this system is designed to enhance the independence and supervisory functions of the board of directors. By adopting an executive officer system, we have split management decision-making and business-execution functions to ensure timely decisions and operations. We have also established various committees to support the functions of the board of directors, including a Human Resources Committee and Sustainability Committee. We work continually to ensure that all employees observe the Fast Retailing Group Code of Conduct and that our internal control systems are being operated properly.

Key activities

- Holding general shareholders meetings
- Operating the board of directors, board of auditors, and various committees
- Promoting risk management
- Ensuring employee compliance with the Code of Conduct

Activities in fiscal 2018

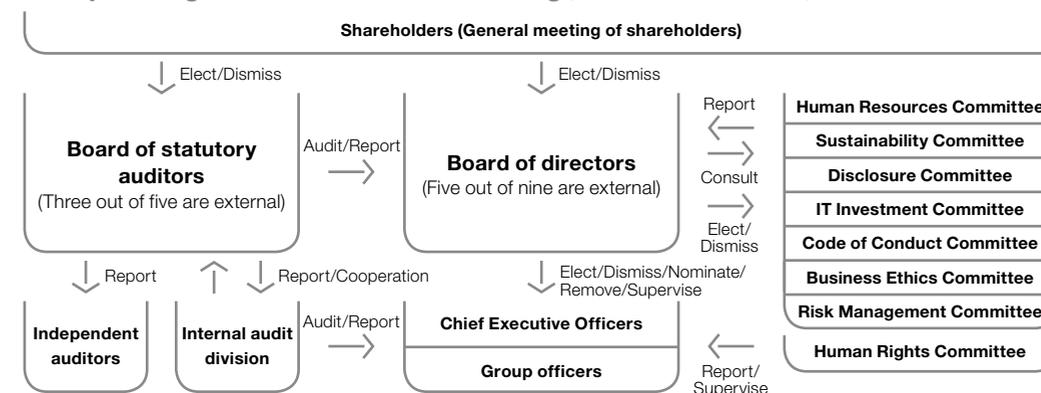
Establishment of a Human Rights Committee

The Human Rights Committee provides counsel and oversight to the Fast Retailing Group for fulfilling its obligations and conducting business appropriately in accordance with its Human Rights Policy. For example, the committee provides advice and recommendations on investigations and remedial action when a human rights violation is reported by a stakeholder through a hotline. It also provides advice and recommendations to various divisions regarding their education, awareness-raising, and human rights due diligence activities.

Promoting the Code of Conduct

The Fast Retailing Group has established the Fast Retailing Group Code of Conduct as a set of behavioral standards for employees. To ensure widespread adoption, employees are required to take a training course to understand the contents of the Code, and sign a document stating that they agree to observe it fully. In March 2018, the Code of Conduct was revised to make certain parts easier to understand and incorporate a more global perspective.

▶ Corporate governance at Fast Retailing (As of November 30, 2018)



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