



Fast Retailing
Sustainability Report 2020

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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 future.

Revenue ————— 2.29 trillion yen
Number of stores ————— 3,589 stores
Number of employees — 137,281 employees
Partner sewing factories ————— 585 factories
subject to workplace monitoring
As of August 31, 2019



On-trend fashion everyone can enjoy



Simple yet edgy everyday clothes made from select materials and designs



Refined metropolitan fashion with French esprit



Lingerie brand featuring high-quality materials and original designs



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



Luxurious materials and refined silhouettes



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



Premium denim brand famed for its perfect-fit feeling



A social business based in Bangladesh



We aim to collaborate
with individuals and
companies worldwide
to create a better society
through our daily business.

Does our work serve the world?

I feel a keen sense of crisis.

Our world is facing severe, mountainous problems in the form of climate change, resource depletion, human rights, refugee issues, and widening global income inequality. Despite that, national egos and political confrontation are hindering effective action, and the frequent occurrence of unprecedented natural disasters is calling the lasting prosperity of humanity into question.

In such an era, the most important thing for corporate players is a determination to improve society through their individual business operations. Earning profits, creating employment and paying appropriate taxes are wonderful social contributions, but companies simply have to do more.

We should always question whether the products we sell and the services we provide are of genuine use to the world, and we should insure our business activities are not exacerbating social burdens. If we do that then we might be able to reduce the environmental impact of our daily operations, and help realize sustainable growth for our society. Today's crisis situation necessitates such attitudes and concrete action.

Our customers: the origin of all we do

Our thinking is expressed in our LifeWear products.

LifeWear is the ultimate everyday wear: simple, high-quality and user-focused "components" designed to make your life better. LifeWear is Made for All, transcending distinctions of race, age, ethnicity, religion, gender or sexual orientation. It is clothing that enriches your life and provides comfort.

To us, the customer comes first. Everything is based on our commitment to customer satisfaction and building a new customer base. Our duty is to take a fully customer-centric approach in which we strive to eliminate any unnecessary steps in every process from production, distribution to sales in order to deliver the most desirable products at the best timing in the most efficient manner. We use our resources effectively and avoid excessive production and extra labor. We do our best to design timeless clothes that last beyond seasons.

To clarify our approach, we announced our sustainability statement "Unlocking the power of clothing," which seeks to create new value by resolving problems

for the People, Planet and Community that support our business. We determine concrete targets and commitments in each area that form our central business strategy, and strive to achieve them through our work.

I firmly believe we should respond proactively to environmental issues, especially climate change, and I see this as an opportunity to transform the way we act. We have committed to setting targets based on the Paris Agreement and are working to consistently reduce greenhouse gas emissions from our stores and entire supply chain. We are also seeking to realize a circular economy by starting to sell products made from polyester recycled from PET bottles, and from down extracted and recycled from items customers no longer use.

Join forces with global individuals and companies

A strong sense of purpose is most important in business. Why am I doing this job? Who will it serve? We should constantly consider these questions and work to improve our society. We should grow together with customers and society by always setting high targets and disciplining ourselves to achieve them. This attitude is essential.

To improve the critical situation facing today's world, we must transcend national frameworks and join with people and companies worldwide with determined action. We are fully committed to forming close links with individuals and companies with superior talent and leading technologies as we seek to create new clothing value through LifeWear in order to realize a sustainable society.

Changing clothes. Changing conventional wisdom. Change the world.

This is our corporate statement at Fast Retailing. We must change ourselves first 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.

Tadashi Yanai

**Chairman, President and CEO
FAST RETAILING CO., LTD.**

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 impact areas

These three areas underpin our business:

People, Planet, and Community.

We strive to solve issues and create new value in each area.

PEOPLE

We respect the health, safety, and human rights of people in the locations where we operate.

By promoting diversity, we aim to create an environment where everyone can thrive.



PLANET

We strive to realize a sustainable society by reducing the environmental impact through our business activities.

Through technology and innovation, we create products that deliver new value.



COMMUNITY

We seek to strengthen communities by engaging global and local stakeholders and partnering with customers looking to create a better world.



Six material issues

We have identified six issues that are material to our sustainability efforts. We have announced a commitment and targets for each issue and are implementing them as part of our business strategy.

*Initiatives in each of the six material issues are presented in detail on the Fast Retailing website (see page 32)

Create New Value
through Products
and Services

Respect Human
Rights in Our
Supply Chain

Respect the
Environment

Strengthen
Communities

Support
Employee
Fulfillment

Corporate
Governance



An employee of a partner factory in China that makes UNIQLO apparel

PEOPLE

Fast Retailing's business operates on the power of people.
By respecting the health, safety, and human rights of people and promoting diversity,
we strive to create an environment where everyone can thrive.



Empowering Women for the Future of the Apparel Industry



What we aim to achieve through our global partnership with UN Women

In the apparel industry, the majority of workers who design, produce, and sell clothes are women. By focusing on gender equality and women's economic empowerment and providing female workers with access to specialized training and capacity building, we are taking a critical step to galvanize change. This is essential for the sustainable growth of the apparel industry.

In June 2019, Fast Retailing announced a global partnership with UN Women (United Nations Entity for Gender Equality and the Empowerment

of Women) with the aim of empowering female employees at Fast Retailing and across our supply chain. UN Women promotes the empowerment of women and girls worldwide in partnerships with governments and civil society.

Many of Fast Retailing's partner factories are located in China, Vietnam, Bangladesh, and other parts of Asia. Garment manufacturing is one of the main industries in these markets, especially Bangladesh, where clothing accounts for about 80% of exports. Our partnership seeks to provide an enabling environment for female factory workers to realize their full potential by developing and expanding education programs at our partner factories in Asia.

Fast Retailing and UN Women visited Bangladesh to better understand the challenges female workers and factories face. We met with the management of two of Fast Retailing's partner factories and established pilot programs with them.



Empowering women to strengthen communities



In Bangladesh, our education program with UN Women provides basic training to selected female and male workers in each factory on communication and problem-solving skills, gender equality, occupational and female health, and workers' rights and responsibilities. Then, some female workers selected for their management potential receive advanced training on leadership and technical skills in a program designed to help them get promoted.

The two partner factories participating in this pilot program have expressed their strong will to improve the quality of workers' lives and surrounding communities. Both factories have already focused on capacity building and the career development of their employees through their employee education division and internal training facilities. They view women's empowerment as a strategic focus to enhance their competitiveness and boost community development. They expect their education and training program will be more effective with the support of experts provided by Fast Retailing and UN Women.

Through the women's empowerment program at these two factories, we hope to better understand the challenges women face, and uncover possible solutions to address them. In China and Vietnam, Fast Retailing and UN Women continue to discuss the possibility of developing a tailor-made training program that considers the challenges and priorities for female workers at the local level. We aim to create an enabling environment that empowers women at work, home and within their community.



Creating an environment for women's social advancement and self-reliance

Corporations have an enormous role to play in the area of gender equality and women's empowerment. As employers, they directly impact the economic independence of women. In Bangladesh, for example, economic opportunities for women tend to be limited to home-based and family-based work, which provide minimal independent income. In this context, the growing number of female workers in the apparel industry is gradually shifting perceptions of the role of women in the economy. Female factory workers are seen as role models who have already overcome socioeconomic and cultural barriers in their country. Supporting their career development is crucial. We look forward to seeing Fast Retailing create conditions for such sustained support. Combining its deep industry experience and our knowledge, this partnership promises to make this happen.



Shoko Ishikawa
Country Representative
UN Women Bangladesh

Respect for Human Rights

Human Rights Policy

The Fast Retailing Group believes one of our greatest responsibilities as a corporation is to respect basic human rights and ensure the health, safety and security for all who work in our company and supply chain or who are affected by our business.

We established 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, supply chain, and customers as areas where our business could have significant impact, and promotes initiatives to respect human rights, including remedial measures, educating employees, and communicating with external stakeholders.

Human Rights Committee

The Human Rights Committee provides counsel and oversight to support the Fast Retailing Group in fulfilling its obligations and conducting business appropriately in accordance with its Human Rights Policy.

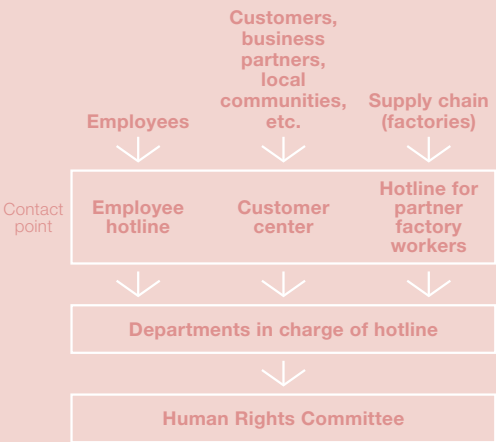
Human rights due diligence

To respect the human rights of those affected by our business and supply chain, we have developed and continually implement human rights due diligence, which includes identifying and assessing the scope of risks related to human rights violations in our corporate activities, conducting improvement measures, and developing educational systems. In fiscal 2019, we identified human rights risks in our operations. We are addressing risks by conducting internal training, modifying employee performance evaluations, and strengthening the organization and operation of our hotlines.

Human rights hotline and remediation

Fast Retailing has set up human rights grievance systems, including hotlines, for employees and other stakeholders.

When grievances are received, the division in charge of the hotline conducts an investigation and calls for the departments involved to take remedial actions. We also have a hotline for partner factory workers to contact us directly. We ask partner factories to address issues raised, using each case as an opportunity to improve on working conditions and to ensure human rights are respected. Serious cases are brought to the Human Rights Committee, which provides counsel and recommendations on possible measures.



Respecting Human Rights in Our Supply Chain

Monitoring partner factory workplaces

To safeguard human rights and working conditions in our supply chain, the Fast Retailing Group created the Code of Conduct for Production Partners as a requirement for all partner factories, and carries out workplace monitoring to confirm their compliance. We also have third-party entities inspect partner factories to monitor management of work hours, payment of wages and other labor conditions, and disclose the results. Based on the results of these inspections, Fast Retailing staff visit factories as necessary to provide support for improvement.

▶ Workplace monitoring results
(Fast Retailing Group, fiscal 2019)



Respect for Diversity

At Fast Retailing, the Diversity and Inclusion Team strives to foster workplace environments where diversity is respected, and everyone can realize their full potential.

Empowering women in the workplace

We update our human resource programs, provide training, and raise internal awareness to support employees in balancing childrearing with career development. In fiscal 2019, the percentage of women in management positions reached 38.4%.

Hiring people with disabilities

Fast Retailing began actively hiring people with disabilities through UNIQLO in Japan from 2001. In 2019, people with disabilities accounted for 5.02% of

Responsible recruitment

In September 2019, we began a new project in partnership with the International Organization for Migration (IOM) to better understand the recruitment and employment conditions of migrant workers and address challenges they face. The project will assess recruitment practices of partner factories in Japan, Thailand, and Malaysia that employ migrant workers, and based on its results, training and other specific measures will be implemented.

Supporting social protection improvement for workers

In September 2019, Fast Retailing started a partnership with the International Labour Organization (ILO) to improve social security and worker environments in Asia. We will support ILO research on labor markets and social security systems in seven Asian countries, and a project to promote employment insurance and worker-support mechanisms during periods of unemployment in Indonesia.

Group employees in Japan, far exceeding the statutory requirement (2.2%).

Hiring refugees

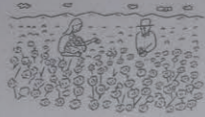
UNIQLO stores employed 105 refugees in seven countries as of April 2019. UNIQLO also conducts training for store managers and employees who act as trainers to deepen their understanding of refugees.

LGBT support initiatives

Fast Retailing strives to create a comfortable working environment for everyone, regardless of sexual orientation and gender identity, through internal training, a new "partnership registration system" that extends benefits to same-sex partners, and employees' voluntary networking activities.

2017	2018	2019	A sustainability display at <i>The Art and Science of LifeWear</i> , a UNIQLO exhibition held in London
February UNIQLO discloses its core partner factory list	October Fast Retailing develops innovative washing process for jeans to cut water usage Fast Retailing becomes UN Global Compact signatory	November UNIQLO discloses its core fabric mills list	May Fast Retailing and UN Women sign global partnership July Fast Retailing announces plans to reduce single-use plastic up to 85% by the end 2020

Cotton: Cotton production can be hard on the environment because it uses pesticides and large volumes of water. In response, we have partnered with the Better Cotton Initiative (BCI) since 2018. BCI is a non-government organization dedicated to the sustainable production of cotton. BCI promotes better cotton cultivation, educating farmers on the proper use of water, pesticides and other agricultural chemicals, and more. Farmers meeting standards set by BCI are certified as Better Cotton producers. In addition, we have committed to procuring all our cotton from sustainable sources by the end of 2023.



Responsible Down: We are committed to using materials that are sourced in sustainable, humane ways and to greater traceability of our down products. We do not source down or feathers from farms that practice live plucking or force feeding. We are currently working to ensure all our partner garment factories involved in the production of our down products will be RDS (Responsible Down Standard) certified by 2020.

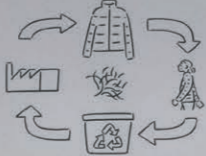


Wool: We refuse to use Merino wool that originates from producers who practice mulesing. Mulesing is the practice of cutting away a section of wool-bearing skin from the breech of the sheep to prevent parasitic infection in the deep folds of the Merino sheep skin.



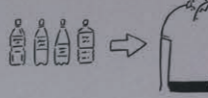
Recycled Down: conserving natural resources with Ultra Light Down.

In partnership with Toray, we developed new technology to incorporate recycled material, while maintaining our exceptional LifeWear quality standards. From autumn 2019, we will collect pre-loved Ultra Light Down products in Japan and send these to a special Toray facility. The down is extracted, cleaned and rejuvenated, then sent to partner factories into an as-new condition.



Dry-EX: transforming the world's plastic problem into a resource.

In partnership with Toray, we are transforming a serious world waste problem - the ubiquitous PET bottle - into a high-quality valuable resource for our popular Dry-EX range. Toray and partners have developed contaminant-filtering and spinning technologies to create pure white high-quality fibres. Toray's Recycling Identification System also enhances reliability by ensuring that fibres derived from plastic bottles are traceable. By reclaiming PET bottles and converting these into synthetic fabric, we preserve precious natural resources, and promote the re-use and recycling of waste. Our new Dry-EX fabric retains the same high-tech functions, lightness and moisture-wicking properties our customers love.



SUSTAINABLE MATERIALS

Sourcing and creating high-quality, sustainable materials.

We practise ethical and responsible procurement to create our high-quality LifeWear apparel in a sustainable way. We embrace our environment stewardship, labour-rights and animal welfare responsibilities, and have a number of exciting projects underway.





PLANET

Environmental problems such as climate change and resource depletion are escalating worldwide. Fast Retailing strives to realize a sustainable society by reducing the environmental impact through our business activities. Through technology and innovation, we create products that deliver new value.



Delivering New Value with High Quality and Function

The DRY-EX polo shirt born from recycled material

The Fast Retailing Group is committed to reducing our environmental impact and realizing a sustainable society through our business, in particular through product development. UNIQLO has undertaken a number of sustainability initiatives – selling jeans made with a technology that cuts water use dramatically during processing, and reducing the use of shopping bags and product packaging made of single-use plastic, for example.

Sustainability was a major theme when planning products for the 2020 spring and summer season. For UNIQLO, a clothing apparel company whose business relies on limited resources, maximizing the efficient use of resources and delivering environmentally-conscious products of a quality surpassing customer expectations is a high priority, and one of our main responsibilities. Based on this perspective, UNIQLO began sales of the DRY-EX polo shirt, which uses recycled polyester made from post-consumer PET bottles, for the 2020 spring and summer seasons.

Clothing made from recycled PET bottles has been commercially available for some time. However, such clothing did not meet our standards for quality,

functionality and production cost. To solve this problem, we teamed up with Toray Industries, Inc., one of the world’s top fiber and textile innovation companies, and our strategic partner in materials development.

Conventional recycling technologies make it difficult to produce fibers featuring special cross-sections and fine fibers, owing to contaminants in PET bottles. Another challenge to address has been that plastic bottles yellow as they age. In the production of the newly developed DRY-EX polo shirt, Toray’s contaminant filtering technology made it possible to manufacture a variety of fiber types, including those with special cross sections, just like virgin materials.

When production began, however, thread breakage and other quality issues caused by material impurities emerged. Through close collaboration with our partners – sewing factories, fabric mills, and Toray – we went back to the thread production stage and solved each issue one by one. This process enabled us to create an environmentally friendly product made from recycled polyester, without sacrificing quality and functionality, and without raising prices.

Advancing sustainability with products that reflect the customer voice

In the years ahead, when shopping for things such as clothing and food, consumers will increasingly choose products that are good for the body, the planet, and society.

The recycled polyester used in the DRY-EX polo shirt is just a small part of the polyester used

Shinya Komorida
Director
Value Creation & Planning Department
UNIQLO CO., LTD.

in UNIQLO clothing. Going forward, we must take on the challenge of using this material in a wider array of products, while maintaining quality, function, and price.

To sustain these efforts, it is important that we communicate the environmental significance of the DRY-EX polo shirt to customers, so they can appreciate its value. We will also provide even more sustainable products that reflect their voice. We see this as our mission – to contribute to a sustainable society through our products.

Using resources to the fullest

Converting post-consumer PET bottles into a valuable resource reduces oil use



DRY-EX series made from highly functional material

These high-tech clothes feature a special arched structure on the inside that wicks away moisture and dries quickly, preventing the steamy and sticky feeling caused by perspiration to keep the wearer feeling comfortable. These are available as activewear and everyday clothing.

Comfort and sustainability come together with DRY-EX recycled material

The DRY-EX polo shirt is not just comfortable to wear; it’s also made from eco-friendly material. It brings us joy to be able to offer, through everyday clothing, another simple change people can make for the future of our planet. It is the perfect example of a sustainable action for creating a sustainable society. The DRY-EX polo shirt, made from recycled PET bottles, is another milestone in Toray’s journey in technology development, and we look forward to continuing our partnership with UNIQLO to deliver more comfortable, sustainable LifeWear to its customers.



Genichi Ishikawa
General Manager
Global Operation Department
Toray Industries, Inc.

Reducing Our Environmental Impact

At Fast Retailing, we are pursuing a sustainable business by reducing our impact on the global environment and actively adopting innovative technologies. We strive to eliminate all forms of waste in our operations and across our supply chain, while maximizing the effective use of resources and realizing a circular economy. We have stepped up our response to climate change by committing to setting the Science-Based Targets (SBTs) - greenhouse gas emissions reduction targets that are in line with the Paris Agreement.

► Five core areas of our Environmental Policy

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



Reduction of single-use plastic

We are encouraging customers to use their own shopping bags to reduce resource usage and are switching to shopping bags made from eco-friendly materials. We are also phasing out single-use plastic in product packaging and replacing it with alternative materials.

Shifting to LED store lighting

UNIQLO stores in Japan are shifting to LED lighting. In fiscal 2019, we reached a 31.6% reduction in greenhouse gas emissions (compared with fiscal 2013, per unit of floor area). UNIQLO and GU stores worldwide are also switching to LEDs.



Product planning



Raw materials



Production



Logistics



Sales



Reuse and recycling

Responsible procurement of raw materials

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 that use plants and wood as raw material.

Use of recycled materials

We developed the DRY-EX polo shirt, made from recycled PET bottle material, to make the most of available resources.

Initiatives on microplastics

We participate in cross-industry initiatives to solve the problem of marine plastic pollution, including The Microfibre Consortium and the Japan Clean Ocean Material Alliance.

Reduction of water and energy use

We have conducted the UNIQLO Responsible Mill Program at core fabric mills to promote reductions in energy and water use.

Reduction of water use in product finishing

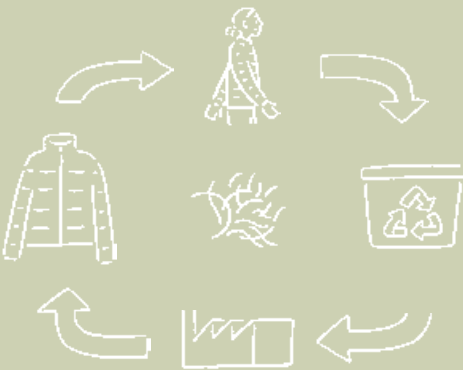
We are advancing initiatives to reduce water use in the jeans finishing process across all brands of the Fast Retailing Group.

Chemicals management

Through participation in industry initiatives such as the ZDHC Group, we are working to eliminate emissions of hazardous chemicals from products and production processes.

Improving logistics efficiency

We have significantly reduced new corrugated board for shipping products by using collapsible containers, and also improved loading efficiency by using fewer types of corrugated boxes. We aim to improve transport efficiency by consolidating containers and trucks for transport and shipping.



UNIQLO Kawagoe Store acquires LEED certification

UNIQLO Kawagoe Store has acquired Gold Level certification in the Building Operations & Maintenance category of LEED, an international environmental performance evaluation system for buildings and property use.

All-Product Recycling Initiative

We continue to collect clothes customers no longer wear at UNIQLO and GU stores around the world. We donate these to people in need, and recycle end-of-life items into refuse paper and plastic fuel (RPF).

Effective use of post-consumer down

To maximize resource efficiency, UNIQLO stores in Japan have begun collecting UNIQLO down items that customers no longer wear to extract and clean the down for use in new merchandise.

Refugee women participating in a self-reliance support program by the UN Refugee Agency (UNHCR) and UNIQLO

COMMUNITY

Fast Retailing seeks to strengthen communities by engaging global and local stakeholders and partnering with customers looking to create a better world.



Connecting Stores and Communities to Deliver Clothing to the World’s Refugees



Mikikita High School (Hyogo, Japan)

UNIQLO and GU’s Power of Clothing Project

The Fast Retailing Group is helping to address serious refugee issues under a global partnership with the United Nations Refugee Agency (UNHCR). The Power of Clothing Project, operated by UNIQLO and GU in Japan, takes active part in this effort. The project aims to raise awareness of the UNHCR’s mission among more people and deliver as many clothes as possible to refugees by partnering with schools in the All-Product Recycling Initiative, launched in 2006. The UNIQLO Miki Store has been participating in the project together with the Mikikita High School since 2016.

The project begins at each school with a lecture by our local employees on

the current situation of refugees and their clothing needs. Students then voluntarily gather children’s clothes from their classmates and community and send them to refugees via the UNHCR. The project has grown steadily since its inception in 2013, with around 40,000 students at 442 schools participating in 2019. These clothes are planned to be delivered to refugee camps in the Democratic Republic of the Congo and other countries.

Students who take the class then make their own appeal for clothing donations, for example, by appearing at international exchange events or on FM radio, performing original skits at nursery schools about the importance of clothing, or setting up handmade collection boxes in public spaces. These efforts have resulted in a continuous partnership between the school and the community, which in 2019 succeeded in gathering 77 boxes of clothing.

We believe this dedicated action of students stems from the passion of participating teachers to have their students gain experience in helping others.

Akira Miyagi

Store Manager
UNIQLO Miki Store
As of August 2019



Mikikita High School’s contributions were also applauded in the Power of Clothing Awards, which recognizes outstanding schools, earning them the

award for highest achievement in 2018. The entire community seems even more energized as a result.

Becoming and continuing to be a vital member of the community

To maintain this positive relationship between the store, school, and community, while ensuring a compelling project is available for the students every year, store staff have continuously engaged in teaching the class since the project’s second year. This is also a great opportunity for our staff to get a sense of the satisfaction of working at UNIQLO and the importance of connecting with the community.

We are proud of our relationship with the Mikikita High School and the contribution we have made together as a community towards solving this important social issue. By participating in a shared initiative, the store has become a more integral part of the community

and can continue to grow within this positive relationship. We are excited to continue participating in this project.



Hojo Elementary School (Chiba, Japan)



Karasuyamakita Elementary School (Tokyo, Japan)

All-Product Recycling Initiative



Secondhand clothing collected at UNIQLO and GU stores in 22 markets is donated to refugees and other people in need in partnership with the UN Refugee Agency (UNHCR) and local NGOs. In Japan, clothes not suitable for donation are recycled into refuse paper and plastic fuel (RPF).



36.57 million items **72** countries and regions
As of August 31, 2019

UNIQLO project cultivates new community ties

The UNIQLO Miki Store has become a familiar place for all our students, so using everyday clothing to talk about refugees and social issues, somewhat distant yet important topics, was a great approach. It is wonderful how collecting clothes served to create new ties between the students and other members of the community, and that students could learn about the importance of those relationships. The initiative has spread into the community, sparking all sorts of new connections, as evidenced by the number of calls the school receives from community members each year. I look forward to continuing this project with UNIQLO and the wider community, so the students can experience what it is like to make a difference on a social issue.



Izumi Kawai

Teacher
Hyogo Prefectural
Mikikita High School

Fostering Sustainability with Our Customers and Local Communities



A new challenge in a frontier country in sustainability: Denmark

In April 2019, UNIQLO opened its first store in Denmark, on the pedestrian street of Strøget. Ranking consistently among the happiest countries in the World Happiness Report, Denmark is also a global pioneer in sustainability, targeting a shift to achieve 100% independence from fossil fuels by the year 2050. Danish people’s lifestyles are full of care and creativity to enrich their lives while protecting the global environment. They recognize the importance of sustainable consumption and buying products from ethical companies. For us at

UNIQLO, we believe the starting point for doing business is understanding the lifestyles of people

Guillaume Theroux
General Manager
UNIQLO Copenhagen Strøget



living in the communities where our stores operate, learning their history and culture, and being part of the solution to challenges they face.

In Denmark, commuting to work and school by bicycle is encouraged for health and environmental reasons, and there is an extensive network of bike lanes and parking spaces to enable this. Out of respect for the values behind these practices and to promote sustainability together, we created in-store and window displays that combine popular bicycles with UNIQLO designs.

The environmental awareness of the Danish people is evident. For example, many customers bring in their own shopping bags, and the first release of UNIQLO eco-friendly reusable bags in September sold out in just three days. We are often asked, “Is this packaging made of sustainable materials?” And one of our most popular items is jeans that use an innovative water-saving process. It’s of great importance that we satisfy these customer expectations.



Tackling social issues with our customers and partners

Contributing to solving local issues is a critical part of maintaining a successful business. After all, our business can’t grow without a vibrant local community. Before launching our first store in Denmark, store staff and I surveyed the social situations of the surrounding community and held discussions with local government and organizations. We learned that, while Denmark ranks high on happiness, social challenges remain. People face hardship in some form, whether it’s homelessness or gender-based discrimination. UNIQLO has partnered with two organizations to help tackle these issues.

The first is Mændenes Hjem, an organization that supports the homeless and other socially-vulnerable people. We donate clothing brought in by customers through our All-Product Recycling Initiative. Because UNIQLO clothing is known for its functionality and simple design, the most appreciated items are weather-resistant jackets and shirts worn at job interviews. Another partner is Danner, which runs a shelter for the female victims of domestic violence. We support them through clothing donations and employee advocacy. In the shelter’s dressing room, Danner tries to create an experience similar to shopping in a UNIQLO store, arranging clothing so that women can enjoy picking out what they need. This contributes to their sense of well-being and helps them regain social independence.

Partnering with customers and local organizations is the first step in changing the world for the better. By providing sustainable products and services and using our UNIQLO store to engage customers and community members who seek positive social change, we hope to support a better future for the local community.



A bicycle often seen on the streets of Denmark, with a carrier for a child or cargo. The bike was co-created with a popular local bicycle brand and displayed in-store.



Top: Dressing room at Danner's shelter
Bottom: Jeans corner at UNIQLO Copenhagen Strøget



Lisbeth Jessen
Director
Danner

The power of clothing for women in need

Danner works to end violence against women and help female victims of domestic violence reclaim their place in society. Women come to our shelter empty handed and heartbroken. While clothing can’t end violence, choosing clothing from our dressing room, created with help from UNIQLO employees, gives these women cheerful moments and the sense of returning to a normal life. Because UNIQLO is connected to the wider public through their stores and social media, we also look forward to the partnership’s support in raising awareness and promoting the work we do.

Supporting ethnic minorities (China)
Miao Embroidery Project



In July 2019, UNIQLO China partnered with the China Soong Ching Ling Foundation in a campaign to familiarize customers with the traditional culture and exquisite embroidery of the Miao people. Customers who donated clothing to the All-Product Recycling Initiative were given an original badge made by Miao embroiderers, thereby creating job opportunities for Miao people and contributing to the revival of their cultural traditions.



Supporting children (Philippines)
UNIQLO Classroom



In February 2019, UNIQLO Philippines assisted the construction of UNIQLO Classroom for children living in impoverished communities with poor access to education. The AGAPP Foundation has been using the building as a kindergarten to provide a comfortable environment and support the growth of children.



Supporting refugees (Malaysia)
T-shirt Design Project



UNIQLO Malaysia held a t-shirt design workshop with the local social enterprise Fugeelah to create a special collection designed by refugee youth. In September 2018, six outstanding designs were made into t-shirts and sold through UNIQLO's online store. All proceeds were donated to the Fugee School, a school for refugee children, to continue supporting their mission to equip refugee youth with academic, creative and life skills.



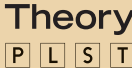
Supporting women (U.S.)
Be Heard



Be Heard is a women's empowerment program by the New York-based Theory. The program organizes talk sessions with female entrepreneurs in stores worldwide. Its goal is to awaken customers to their own potential through conversations with female role models who embody leadership and an entrepreneurial spirit. In fiscal 2019, Be Heard invited 17 women leaders to three talk sessions.



Supporting women (Japan)
Closet For Needs



Theory and PLST employees collect and donate their clothing to women who have been forced to live in shelters under constrained circumstances due to domestic violence. The concept behind this program is that Theory apparel, employee communications skills, and style suggestions combine to help women recover their self-esteem and regain the confidence to become socially independent. Since its start in 2015 to August 2019, about 9,000 items were donated to around 2,000 women.



Supporting homeless children (U.S.)
J Brand Gifting Handmade Stuffed Bear Toys



J Brand employees are making stuffed bear toys by hand and donating them to children through School on Wheels, an organization educating homeless children. The use of fabric scraps from the product development process results in a wide variety of designs from which the children can choose their favorite.



Social business (Bangladesh)
In Dhaka, 17 Stores Have Opened



Grameen UNIQLO is contributing to the garment industry and addressing social issues in Bangladesh. The processes from product planning through production and sales are carried out domestically, with all profits reinvested in the business. Sales of traditional clothing, popular for its intricate embroidery, provide job opportunities to local embroiderers. The business is also expanding production by providing support for workplace improvements at partner factories, while aiming to increase the ratio of female employees, while fostering an environment that enables women to pursue careers and become economically independent.



Corporate Governance

► Corporate Governance at Fast Retailing (as of November 29, 2019)



Fast Retailing strives for a responsive and transparent management system. To this end, we work on building an effective corporate governance system by enhancing the functions of the Board of Directors and internal control systems.

Strengthening Functions of the Board of Directors

The Board of Directors makes decisions on core policies and important matters related to the Fast Retailing Group's management and provides oversight to the execution of operations by the Group company president and officers.

Decision-making functions

Business globalization and the increasing complexity of the business landscape demands a timely response to a wide range of challenges. We established various committees (see left page "Corporate Governance at Fast Retailing") to augment the functions of the Board of Directors and enable prompt, open discussions and decision making.

- **Human Rights Committee**
The Human Rights Committee advises business administration sections to ensure all business is conducted appropriately in accordance with our Human Rights Policy and to provide various educational activities. In fiscal 2019, the Committee advised the marketing section to prevent discriminatory language in advertising, and guided responses to inquiries received from partner factory workers through Fast Retailing's direct hotline.
- **Nomination and Remuneration Advisory Committee**
The Nomination and Remuneration Advisory Committee was formed in August 2019 to discuss important items, such as the requirements and nomination policy regarding candidates for director and auditor positions, the policy for determining director remuneration, requirements relating to the company's chief executive officer, and smooth management succession planning.
- **Sustainability Committee**
The Sustainability Committee directs and determines policy for the company's operations from a sustainability perspective, including environmental conservation, respect for human rights, community support, compliance, and diversity. In fiscal 2019, the Committee discussed the Group's approach to various challenges, including environmental problems such as the issue of plastic pollution.

Supervisory function

We have increased the Board of Directors' independence and strengthened its supervisory role by appointing external directors to five of the nine director positions. Appointing external directors from various fields – some have demonstrated leadership as top executives of global companies, others are leading experts in M&A and finance – incorporates objectivity into key business decisions.

Strengthening Internal Control Systems

Compliance, as part of internal control, is foundational to healthy business operations. We have established the Fast Retailing Group Code of Conduct as a set of behavioral and ethical standards for employees and carry out education to verify that employees have read and understand it. Understanding and compliance with the Code is ensured through an e-learning course that all employees take each year.

Fast Retailing Governance

Detailed information about Fast Retailing's corporate governance and internal control, including a Corporate Governance Report, is available.

www.fastretailing.com/eng/about/governance/

Fast Retailing Sustainability Report 2020

About this report

Fast Retailing Sustainability Report 2020, published by Fast Retailing Co., Ltd., outlines the company's social and environmental initiatives, including its corporate policies and activities worldwide.

Report coverage

Unless otherwise stated, this report primarily covers the sustainability related activities of Fast Retailing Co., Ltd., and its subsidiaries worldwide (the Fast Retailing Group).

Reporting period

Unless otherwise stated, data disclosed in this report is based on Fast Retailing's fiscal year, from September 1, 2018 to August 31, 2019. Some particularly important content is based on the most recent information at the time of publication.

Publication

February 2020
The next English report is scheduled for publication in February 2021.

Information disclosure

We communicate with our various stakeholders through the Fast Retailing website, which includes detailed information on our sustainability initiatives, corporate profile, information for investors, and more.

Fast Retailing Sustainability

www.fastretailing.com/eng/sustainability/

Disclaimer

This report provides factual information on Fast Retailing Co., Ltd., and its Group companies, as well as plans and prospects 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.

