Fast Retailing
Sustainability Report 2020

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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
https://www.fastretailing.com/eng/sustainability/

Sustainability Data Book 2019
GRI Table

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

As of August 31, 2019

On-trend fashion everyone can enjoy
 aspiration

Luxurious materials and refined silhouettes

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

Premium denim brand famed for its perfect-fit feeling

Simple yet edgy everyday clothes

A social business based in Bangladesh

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


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.
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.

Sustainability Statement

UNLOCKING THE POWER OF CLOTHING

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)
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.
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.

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.

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.
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.

Fast Retailing Group Human Rights Policy

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

(A: 40 factories, B: 243 factories, C: 239 factories, D: 71 factories, E: 585 factories monitored)

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

Employing People with Disabilities – Singapore

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.

Employment 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.
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. 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.
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.

**Reducing Our Environmental Impact**

- **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

**Reducing 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 ZELIG 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.

**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.

**Improving waste management and resource efficiency**

**Managing chemical substances**

UNIQLO stores in Japan and UNIQLO and GU stores worldwide are also switching to LED store lighting. 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.

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

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.

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

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).

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.

Karasuyamakita Elementary School (Tokyo, Japan)

Hoj Elementary School (Chiba, Japan)
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. 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 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.

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.
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.

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.

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.

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.

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.

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.
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 “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.

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

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.