

# 「LifeWear = Sustainability」

## Second Annual Sustainability Briefing

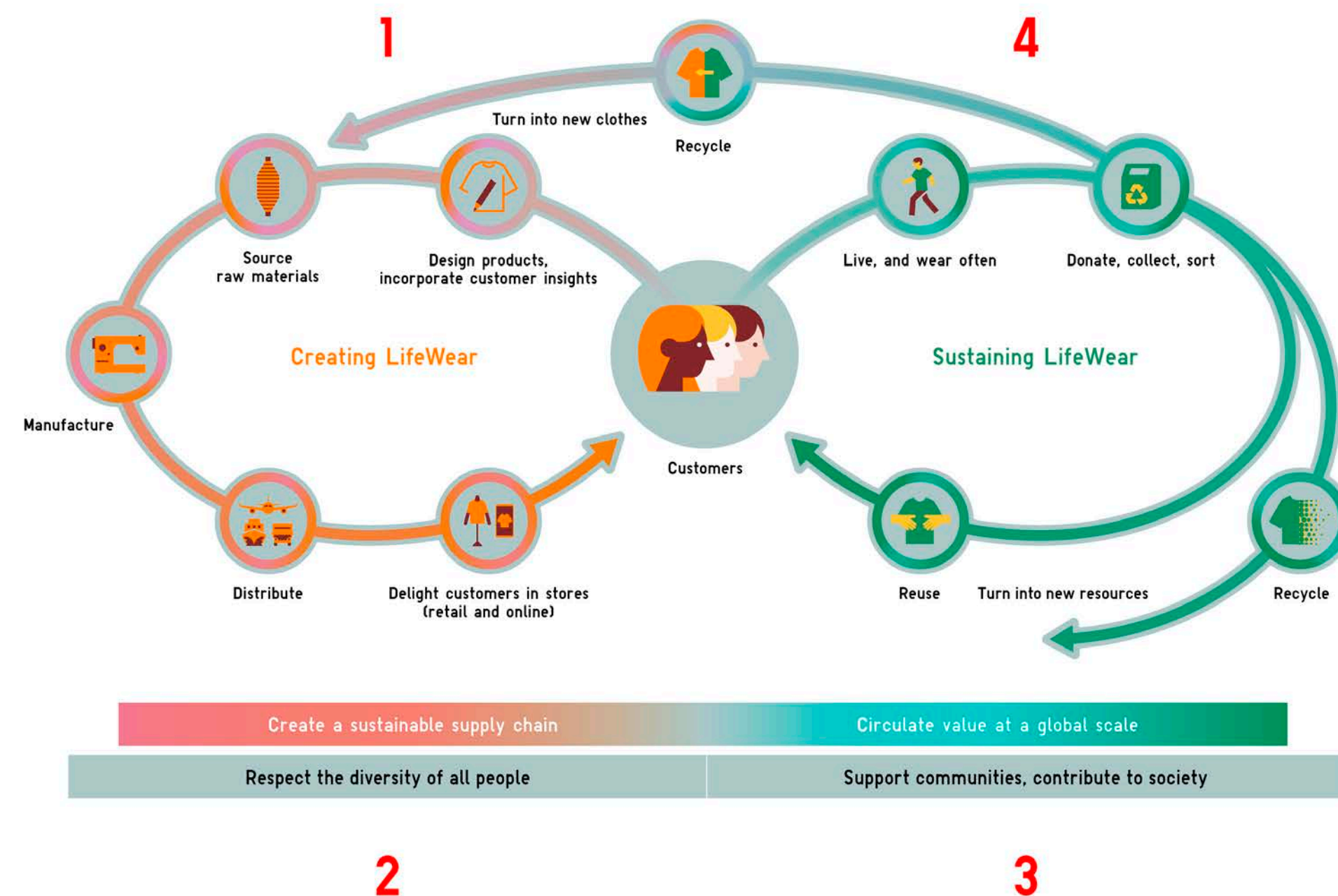
2022 / 11 / 16

**Koji Yanai**

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

# Our four promises for making LifeWear a new industry.

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

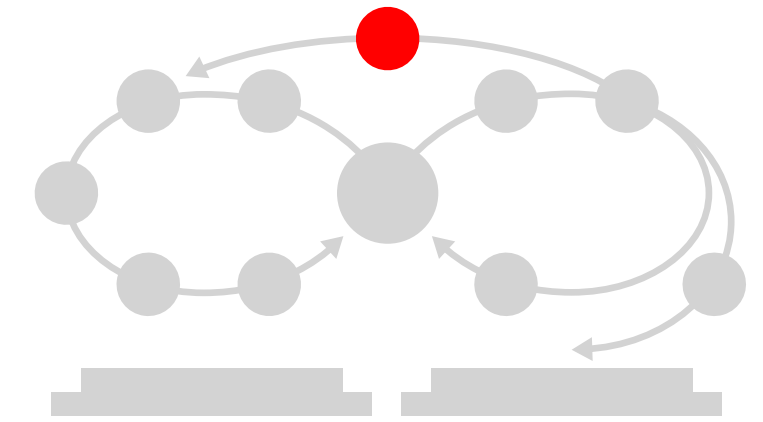


1. Completely overhaul the supply chain to further increase the value of **LifeWear**
2. **LifeWear** must continue to respect the individuality and diversity of all people around the world
3. Contribute to the stability and sustainable development of society on a global scale by further utilizing the unique power of **LifeWear** to make the world a better place that we have believed in for over 20 years
4. Develop and provide new services and technologies that allow **LifeWear** to be worn for even longer



# The evolution of fleece

## Fluffy Yarn Fleece Full-zip Jacket



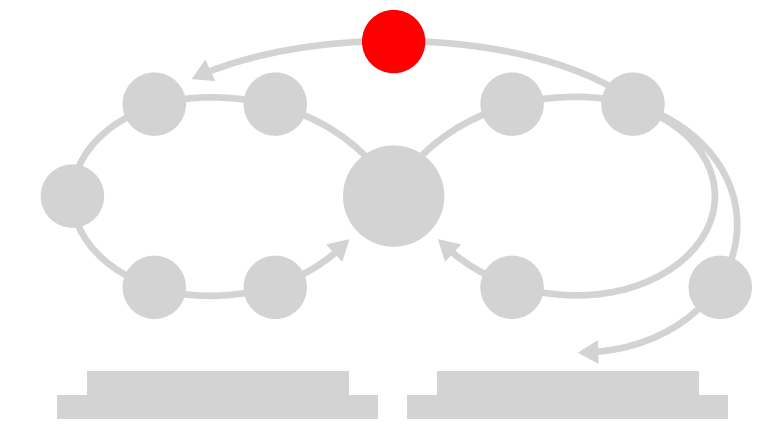




紡糸工程



# Examples of products made from recycled materials inspired by customer feedback



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



**DRY-EX Polo Shirt**  
Includes recycled polyester



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



**Jeans**  
Uses less water during processing



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



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

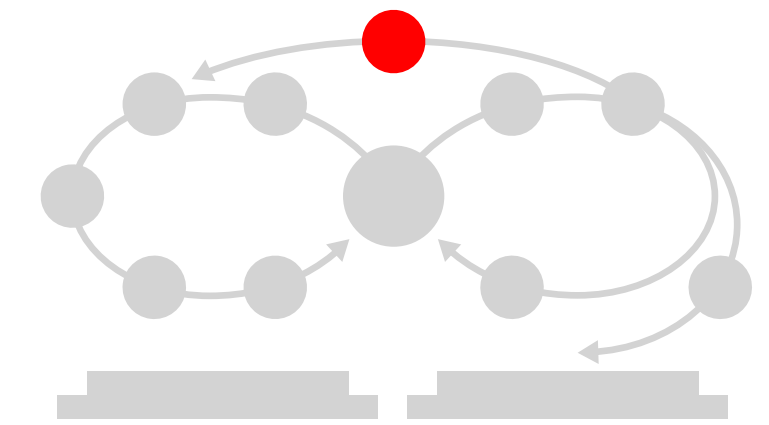


**Cotton Front-opening Innerwear**  
Inspired by customer feedback. Well received by people involved in hospital care



**PEACE FOR ALL T-shirts**  
Contributing to society through clothes

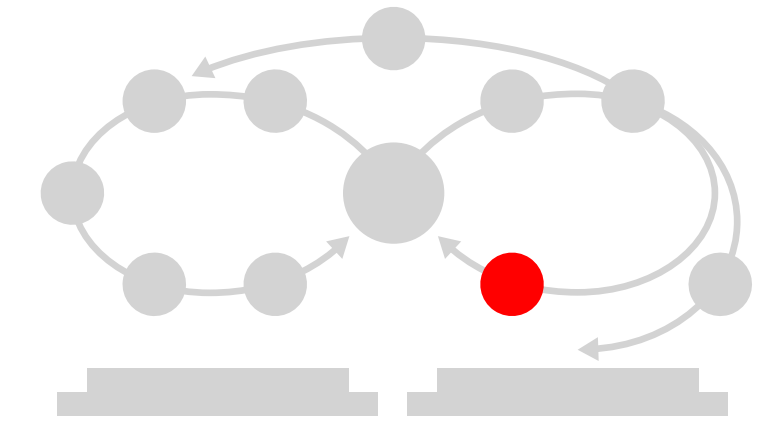
## Progress report on the use of recycled materials and other materials with ultra-low GHG emissions



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

# Launched RE.UNIQLO STUDIO

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



REPAIR / REMAKE / REUSE / RECYCLE

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



RE.UNIQLO STUDIO  
(UNIQLO Regent Street store)



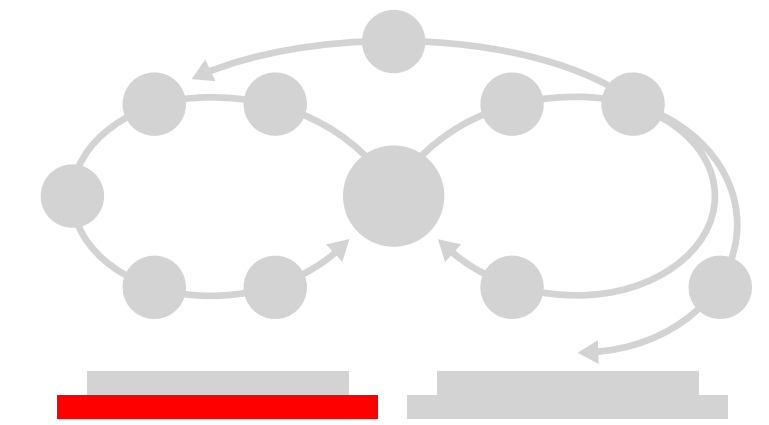
Repairers in action



UNIQLO Setagaya Chitosedai store



# Building an organizational structure for a global brand



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





# **Serena Peck**

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

**Chief Administrative Officer, General Counsel**

**Fast Retailing USA**

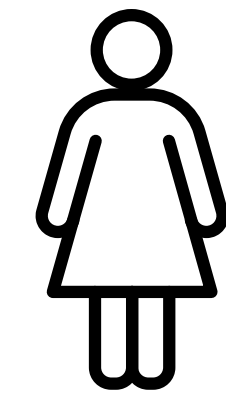


# Realizing a Global and Diversified Organization

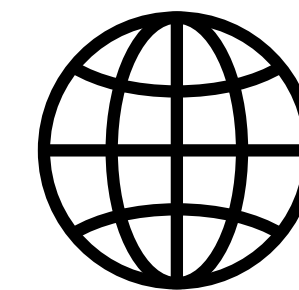


# Diversity & Inclusion at Fast Retailing

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



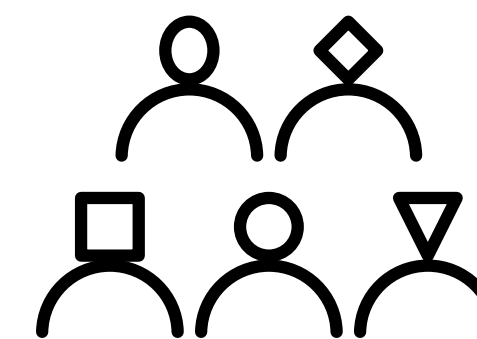
Gender



Global One



PWD



LGBTQ+





# Driving Diversity & Inclusion at the Global Level

## Global Diversity Leadership Team

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



## Female Leaders Career Sessions

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



# Guiding Principles for People and Organizational Development

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



# 4 Pillars of People Strategy

## North America Organization

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

## Diversity & Inclusion

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

## Local Talent Development & Recruitment

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

## Learning and Training

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

# Sharing Corporate Philosophy and Values

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



FR USA Convention



# Diversity and Inclusion – Key Initiatives

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

## Diversity and Inclusion – Key Initiatives

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





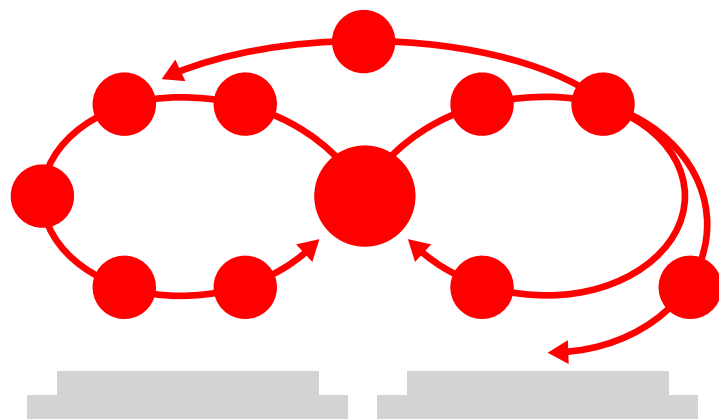


**Yukihiro Nitta**

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



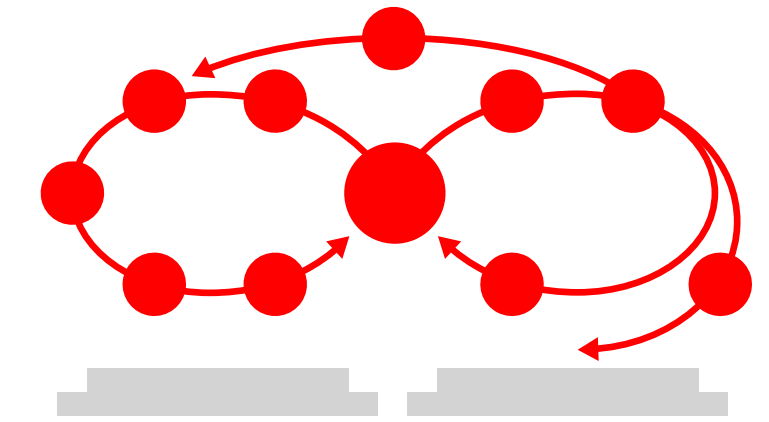
# Initiatives for reducing CO2 emissions



Approved targets

<div>● SCOPE 1+2</div> <div>(Emissions from our own operations, such as stores and key offices, etc.)</div>	Reduce greenhouse gas emissions by 90% of FY2019 levels by FY2030
<div>● SCOPE 3</div> <div>(Emissions from production of raw materials for products, fabric production, and garment manufacturing)</div>	Reduce greenhouse gas emissions by 20% of FY2019 levels by FY2030
<div>● The proportion of electric power used in company operations that is sourced from renewable energy</div>	Achieve by 100% by FY2030

# Initiatives for reducing CO<sub>2</sub> emissions



## ● SCOPE 1+2

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

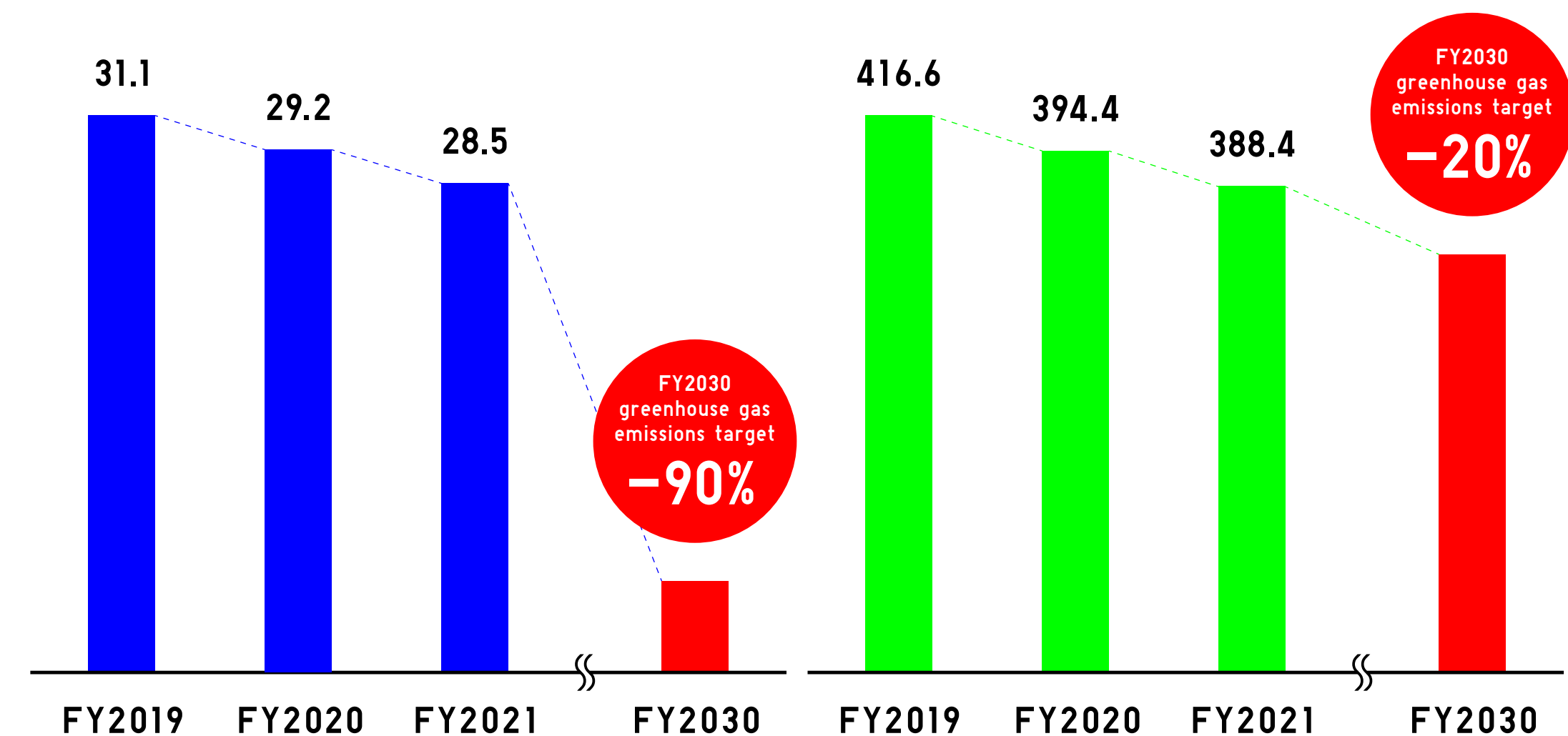
## ● SCOPE 3

- We hold quarterly meetings with managers at partner factories to check whether CO<sub>2</sub> reduction initiatives are progressing as planned. Fast Retailing's Production Department works to solve any problems.
- We work together with each factory to address local supply-chain issues.

CO<sub>2</sub>Emissions (Unit:t-CO<sub>2</sub>) (target value)

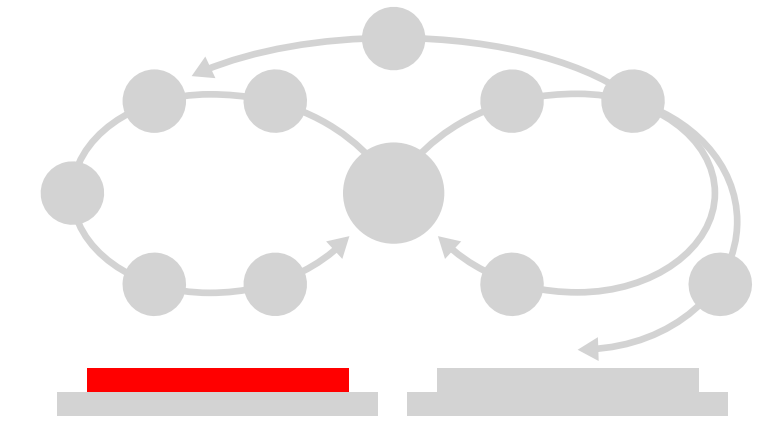
SCOPE 1+2 \*Scope 2 calculated on a market basis

SCOPE 3 \*Scope 3 is for UNIQLO and GU products only





# Pursuing traceability



## The ultimate goal

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

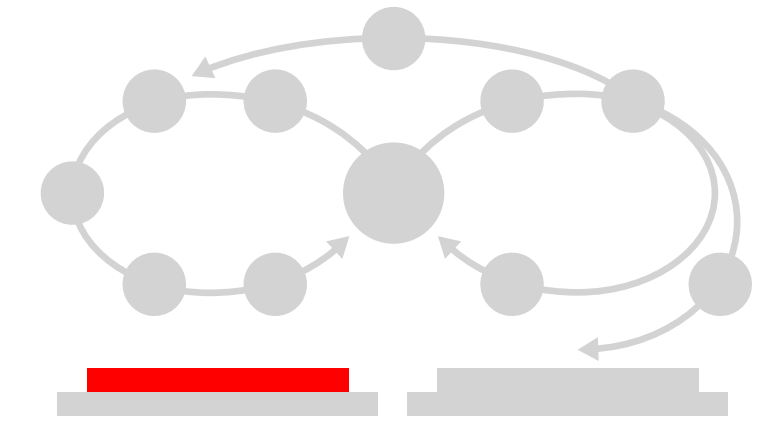
## Progress (1)

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

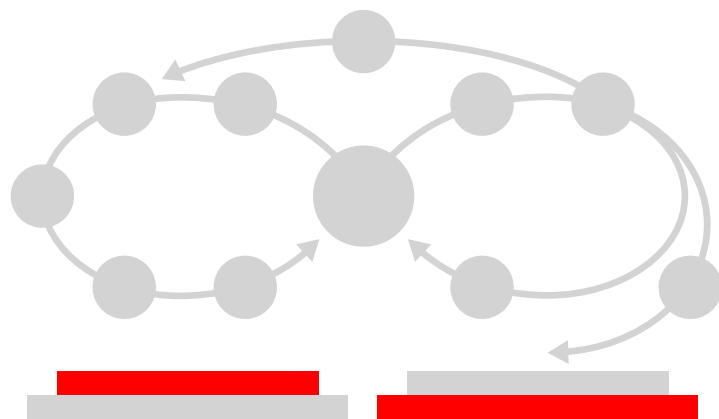
# Pursuing traceability

## Progress (2)

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



# Transforming the way we monitor working environments

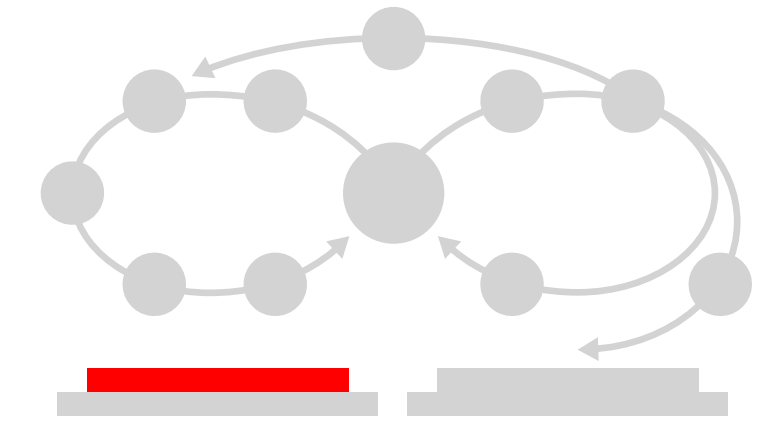


Grade	Description	FR Group (UNIQLO)	
		FY2021	FY2022
G1	Zero notable violations	46 ( 25 )	22 ( 6 )
G2	Comparatively low-risk issues were observed (e.g. masks, gloves, and other protective equipment are not being properly used, occupational safety training is not being given to all employees)	210 ( 137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

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



## Improving factory working environments



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

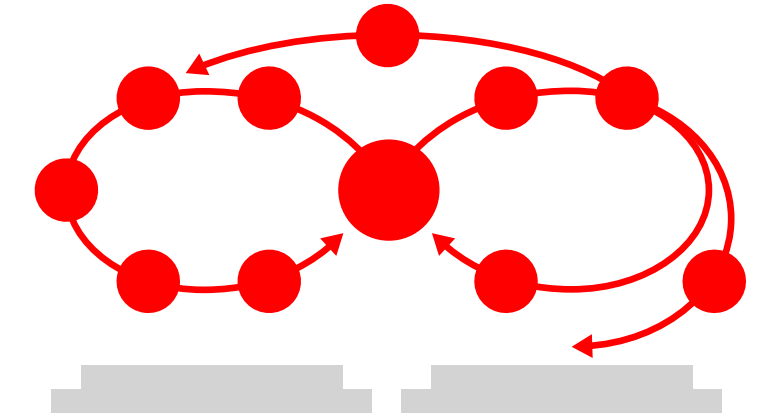
The story behind



ULTRA  
LIGHT  
DOWN



# Video messages from our partner factories



**Ma Jian Rong**  
Chairman Of The Board  
SHENZHOU INTERNATIONAL GROUP HOLDINGS LIMITED

申洲國際集團控股有限公司  
董事局主席  
馬建榮



**Jiahao Yin**  
President  
CHENFENG GROUP CO., LTD.

晨風集團股份有限公司  
董事長  
尹家豪



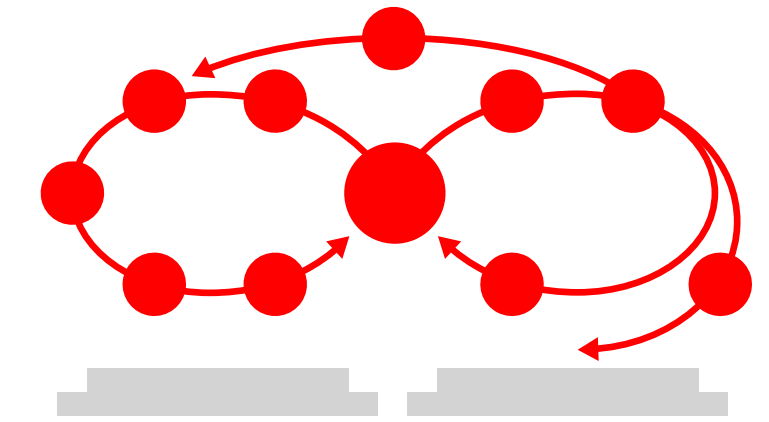
**Syed Mohammed Tanvir**  
Managing Director  
Universal Jeans Ltd.



# Video messages from our partner factories



# Roadmap for conveying information to customers



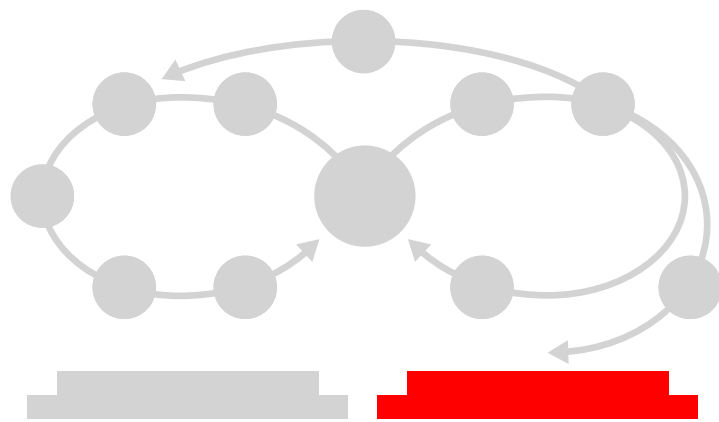
- Strengthen IT investment to further boost supply chain transparency.
- 2023 targets: Start disclosing some product information on EC website during 2023. First, we will ensure consumers can identify the country where a garment was sewn, and then we will prepare to disclose the country where the material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

**Koji Yanai**

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



# Social contribution activities: Actual data

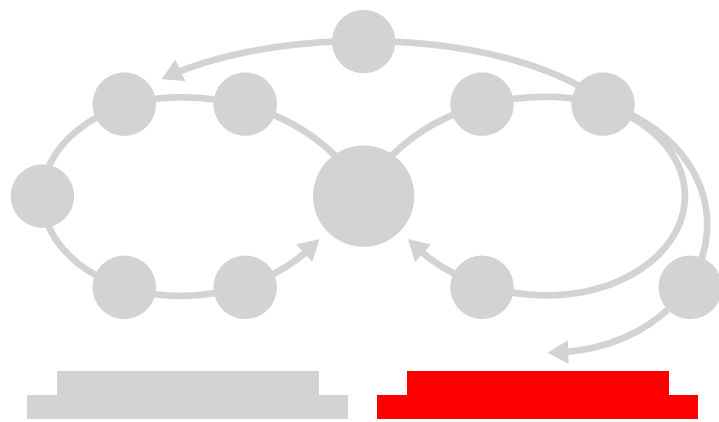


Results from the Fast Retailing Group, Fast Retailing Foundation, Yanai Tadashi Foundation, and the Yanai family

	2020	2021	2022	2025
• Beneficiaries:	2.37 million people	7.50 million people	7.49 million people	• Support 10 million people (refugees and socially vulnerable individuals, next- generation leaders, culture & the arts, sports) each year
• Clothing support:	5.40 million items	3.03 million items	6.98 million items	• Donate 10 million items of clothing each year globally
• Activity expenses:	5.0 billion yen	5.9 billion yen	8.8 billion yen	• Implement 10 billion yen's worth of activities each year through Fast Retailing Group, FR Foundation, Yanai Tadashi Foundation, and social contributions from individual members of the Yanai family

# Social contribution activities: PEACE FOR ALL

A charitable T-shirt project aimed toward peace.



Tadao Ando



Ines de la Fressange



Kashiwa Sato



Haruki Murakami



Shinya Yamanaka



Jonathan Anderson



Rei Inamoto



Kosuke Kawamura



Shingo Kunieda



Adam Scott



Hana Tajima



Kei Nishikori



Ayumu Hirano

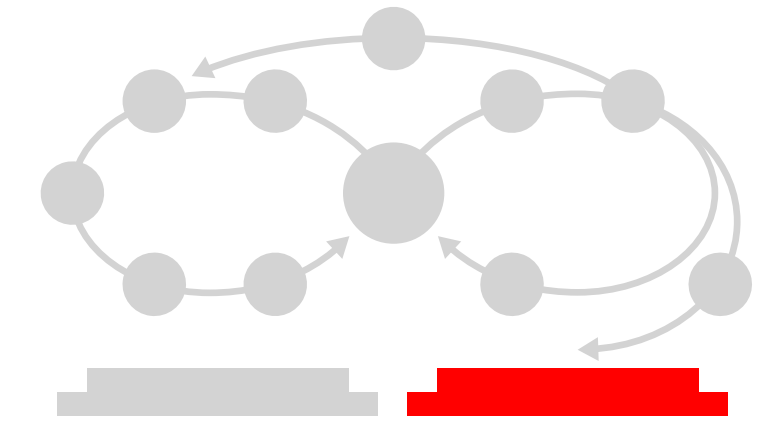


Gordon Reid



Christophe Lemaire

# Main recipient organizations of PEACE FOR ALL donations



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



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



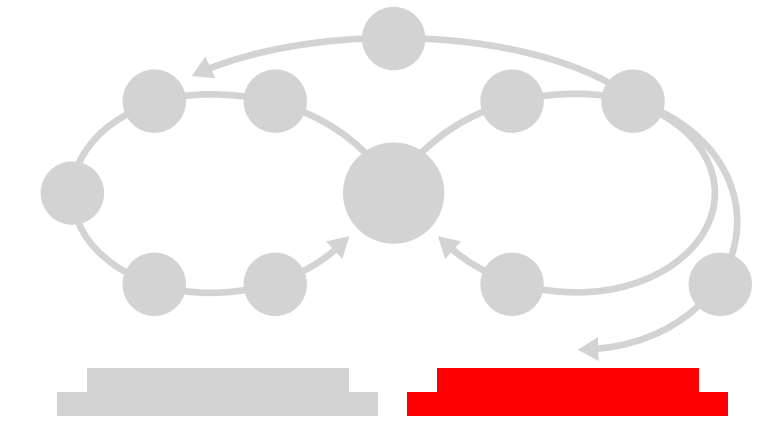
Supports girls who missed out on educational opportunities as a result of violence or discrimination



Donation presentation ceremony



## Social contribution activities: Supporting refugees

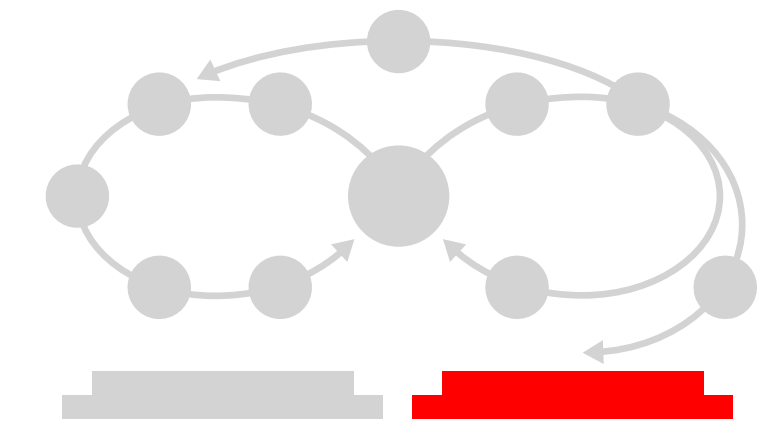


- UNIQLO currently employs over 100 refugees and displaced persons, and we have been actively hiring refugees from Ukraine in Germany, the Netherlands, and other countries.
- We opened the first pop-up stores in Poland. We employ refugees from Ukraine in some stores, and provide language training and other support to help people rebuild their lives.
- We started a self-reliance program for refugees in Bangladesh. We have started offering training in sewing techniques to female Rohingya refugees and aim to complete training for 1,000 people by 2025.





# Social contribution activities: Nurturing the next generation (1)



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



LifeWear Day 2021  
Tennis and Sustainability  
with Kei Nishikori



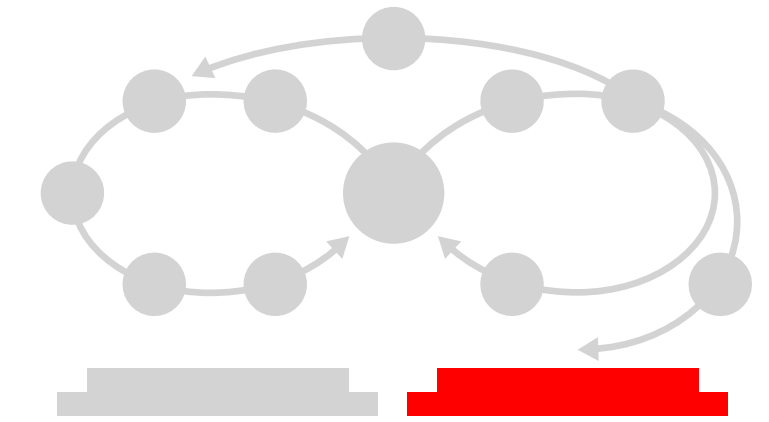
UNIQLO  
Adam Scott Junior Championship



Wheelchair Tennis Next Gen Development Program



# Social contribution activities: Nurturing the next generation (2)



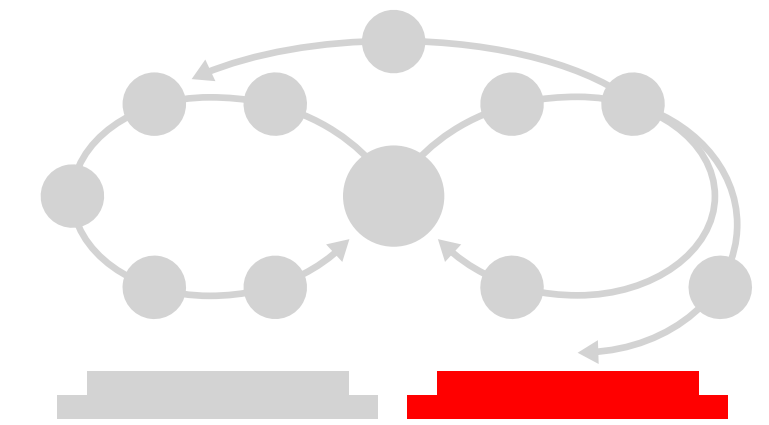
Promoting events to nurture junior talent together with accomplished athletes and UNIQLO global ambassadors.



UNIQLO LifeWear Day Tokyo 2022



# Social contribution activities: Foundation activities



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



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

