

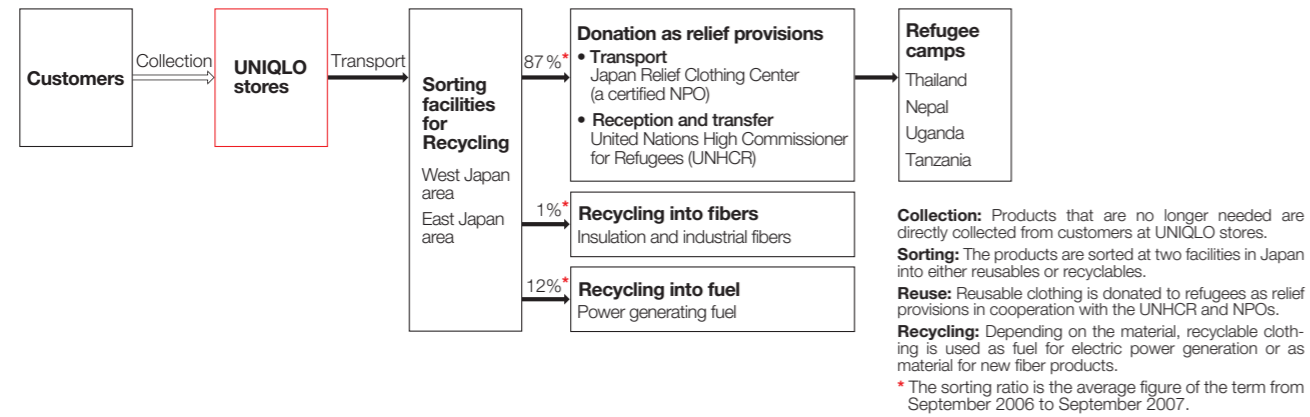


FAST RETAILING



That one piece of clothing you don't need may be the one piece of clothing somebody else does

Flowchart for UNIQLO All-Product Recycling Initiative



©Shinsuke Kamioka



UNIQLO All-Product Recycling Initiative

Every March and September since September 2006, UNIQLO has implemented the All-Product Recycling Initiative, wherein it collects UNIQLO products no longer worn by its customers.

In September 2006 UNIQLO collected some 140,000 articles of clothing from customers, and in February 2007 it teamed up with the United Nations High Commissioner for Refugees (UNHCR) to donate approximately 90% of this clothing to refugee camps in Thailand and Nepal.

In addition, in November 2007 UNIQLO donated around 80% of the approximately 300,000 clothing articles it received from customers in March 2007 to refugee camps in Uganda and Tanzania as a part of the UNHCR's activities in Africa.

To prevent the theft and resale of clothing during transport or storage, which could have a negative impact on the local textile industry, UNIQLO employees travel to the refugee camps to assure that the clothing is delivered to those in need.

Voice

Thanks to UNIQLO for providing support through clothing donation

Yuki Moriya
Public Information Officer, UNHCR
Representation in Japan

UNHCR is a UN agency that works to protect and assist over 33 million refugees and displaced persons around the world. UNHCR's activities are supported by donations from governments, corporations, various groups, and the general public. Due to lack of funding, we are sometimes forced to cut back our relief activities. This causes suspension in providing clothing to refugees in camps. Clothing not only protects people from heat and cold, it protects their human dignity. I value UNIQLO's recycling initiative, which motivates staff members to value their role in collecting clothing from customers and deliver as appropriate to refugees. This program enables support in the form of everyday clothing where there is a need. UNHCR sincerely appreciates UNIQLO for continuing this exercise.





Voice

My dream is to become independent and live on my own

Takahiro Higashikawa
Daiei Chiba Naganuma Store

I joined UNIQLO in April 2002 after graduating from a school for special needs children. My main jobs are supporting customers, which includes showing them around the sales floor, displaying products, and receiving shipments. My day-to-day life is fulfilling, but I'm also concerned about the social and environmental issues faced by society. Thinking that I should do something to help, I also actively participate in volunteer activities associated with the Setouchi Olive Foundation supported by UNIQLO. My dream is to become independent and live on my own. If possible, I also want to help deliver clothing to refugee camps.



Voice

Becoming a regional regular employee reinforced my desire to do my best

Chizuko Takeda
Regional Regular Employee

I joined UNIQLO in April 2001 as a part-time worker at the Chiba Noda Store. After gradually polishing my customer service skills I had the good fortune to be hired as a junior employee at the Ginza Store under the service attendant program (pg. 20). At the Ginza Store, I tried to be even more proactive in helping customers coordinate outfits and assisting other staff members. After a while, I heard about UNIQLO's new Regional Regular Employee Hiring System and decided to apply to do work requiring more responsibility. Now that I have become a regular employee, it has also grounded me, raised my motivation, and reinforced my desire to do my best. I am very proud to be working at the Ginza Store. I will assist other staff members to improve the overall level of customer service here and I hope to be the kind of employee that makes a positive impact on other stores as well.



Persons with Disabilities Work at over 80% of UNIQLO Stores Its Goal Is One Person per Store

Since 2001 UNIQLO has actively hired persons with disabilities and worked toward its goal of one person per store. As of June 2007, persons with disabilities work at over 80% of UNIQLO stores. The employment ratio of persons with disabilities at UNIQLO is 7.43%, which is well above the legal requirement of 1.8%. Hiring persons with disabilities has a positive impact on the way store staff work, raising awareness of the importance of helping each other and strengthening teamwork. In June 2007, UNIQLO received an award called the Challenge Again Initiative* from the Cabinet Office in recognition of its contribution to hire persons with disabilities and its high ratio of employees with disabilities.

* This award is presented to individuals and organizations that have made such distinguished contributions as the reemployment of women with children and the employment of persons with disabilities in order to encourage and build momentum for such activities.

Comment by Mr. Higashikawa's former Supervisor

Kyoko Kado
Store Manager, Perie Chiba Store
(Former Store Manager, Daiei Chiba Naganuma Store)

Initially, I had to explain things to Mr. Higashikawa often so that he could perform jobs that were new to him, but he has grown into a dependable staff member who always puts the customer first and even proposes improvements. He always worked to make the jobs of other staff members easier by doing things like cleaning up hangers and products piled up around the cash register. Above all, his cheerful and positive personality made the workplace a fun place to be.



Hiring Exceptional Personnel to Create Stores Loved by Local Residents

In April 2007, UNIQLO started a new Regional Regular Employee Hiring System aimed at store staff members who are not formal employees such as those who work on fixed-term contracts. The program is intended to provide an opportunity to excel for exceptional personnel who, due to relocation requirements, cannot seek formal employee status. UNIQLO also expects the program to motivate employees and thus improve operating efficiency. As of September 30, 2007, UNIQLO has about 1,900 regional regular employees. UNIQLO will grant about 5,000 candidates regular employment status by the end of March 2009.

Creating a workplace where employees respect one another and work with enthusiasm

In order to make the world a better place, we must first change ourselves

FAST RETAILING is committed to making the world a better place. We seek to enrich people's lives around the world through business innovation in the apparel retailing industry. By constantly practicing proper management and creating the next generation of global standards, we will move the world in a better direction. This is the ideal that underlies all of our CSR activities.

Through the success of the New York Flagship Store, UNIQLO, our core business, has created the foundation to position itself in the global market. We opened our London Flagship Store in November 2007 and, though the date has not yet been determined, we have plans to open a global flagship store in the center of Paris. We are taking bold steps and accelerating group management in other businesses as well. Our goals are group sales of ¥1 trillion and operating income of ¥150 billion by the year 2010.

For FAST RETAILING, which is at a new stage in its development, CSR is of decisive importance. Will our approach work overseas? Is there something taking place overseas that we ourselves should be doing? We must establish a form of CSR that transcends national and regional boundaries based on this awareness.

A commitment to compliance with laws and regulations alone, however, is clearly a passive stance. We must take a more active approach and communicate the things we have decided to do of our own accord. We must communicate who we are, what we have done in the past, and what we plan to do in the future. More specifically, we must communicate the kinds of relationships FAST RETAILING is trying to build with its stakeholders. It is necessary to make such things clear. Without this kind of communication and disclosure, it will be impossible for us to be both accepted and respected by the global market.

A new Japanese company that will make it possible for everyone to wear good casual clothing: This is our starting point. Everyone is our customer. This is likely quite rare among companies selling clothing. What is a good company from everyone's perspective? What is universally good? We must carry out CSR activities while constantly searching for answers to these questions.

We face many choices every day. When we are unsure of the correct course of action, we base our decision on what would be best for society as a whole. We think about how

we should proceed in light of our social mission. Our choices may sometimes run counter to the short-term profit of the company. To ensure that we do not waver in making the correct decision, we plan to intensify efforts aimed at establishing specific decision-making criteria for all worldwide affiliates. It is impossible to have fully formed CSR practices without such criteria.

A challenge for us is how to share our values as the number of group companies grows, with geographical expansion and a growing number of employees. Group management does not simply involve investing in group companies and creating capital alliances. It is crucial that we make ongoing efforts to convey and share group values regarding the behavior of people who work for the FAST RETAILING Group.

We first published a CSR report in 2006, so this report is our second. Thanks to the support of our stakeholders, over the course of the year, a culture of commitment to the steady, ongoing implementation of CSR initiatives, though not fully mature, has taken root within the company and is making solid progress.

Ultimately, a company's role is to create added value through its business operations, pay taxes on the profit made, and create and maintain employment. Through playing this role, it fulfills its responsibility to society. Appropriately redistributing profit to shareholders, suppliers and its own employees is also an important social responsibility. Moreover, as a global company, we must ask how we can help people who are less fortunate, regardless of their nationality, location or ethnicity, and fully engage in initiatives to do so.

We have decided that the All-Product Recycling Initiative that we started on a trial basis in September 2006 needs to be continued. We will keep conducting this initiative on a regular basis. The clothing that we collect is used in such meaningful initiatives as recycling into energy or industrial fiber, or it is reused in the form of relief provisions for refugee camps. As we have indicated in this report, we intend to actively continue this important initiative.

Promoting diversity is another important agenda at FAST RETAILING. We Japanese tend to act and communicate overseas based on standards prevalent in Japan, without realizing what we are doing. With respect to promoting diver-

sity, it is important that we continue to learn about other cultures and societies, and it is necessary for us to work to convey to others who we are.

As to environmental initiatives, I believe that the best way for companies to lower their environmental impact is to improve their operating efficiency. Are we engaged in any unnecessary activities? What do we need to do to produce maximum added value from the minimum amount of resources? The FAST RETAILING Group is committed to efficient operations in order to minimize our environmental impact.

In our CSR initiatives for the year, we came to the understanding that complying with laws and regulations is not good enough. We need to more actively conduct innovative initiatives that draw on the unique qualities of FAST RETAILING.

It is likely that the FAST RETAILING Group will continue to carry out production in developing nations and regions. Through the act of producing clothing, we hope to help raise the quality of life in developing countries. For example, one idea is to team up with local production partners to open schools and provide job training to people with little access to education. Some of our production partners already have such training facilities, so another idea might be to provide monetary support for them.

Our CSR activities are still underdeveloped compared with progressive multinational corporations. We have a lot to learn. Given all the things that we need to know more about, we must be even more deeply committed to learning. I think that this is the essence of working in a globalized world. As a company, we hope to continue increasing opportunities for learning.

Through our activities thus far, I have come to firmly believe that in order to make the world a better place, we must first change ourselves.

Thank you for your ongoing support and encouragement.

January 2008



Tadashi Yanai
Chairman, President & CEO
FAST RETAILING CO., LTD.



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Editorial Policy

The FAST RETAILING Group has disclosed information on the basis of the following policy in order to clarify the social responsibilities that attend the group's activities and to faithfully address the interests and concerns of our various stakeholders.

CSR Report Disclosure Policy

- Disclose matters closely connected to our business as an apparel retailing group.
- Disclose unbiased information to the wide range of stakeholders involved with FAST RETAILING Group.
- Proactively disclose not only activities in progress, but also issues going forward and insufficient activities.
- Make the latest data and supplementary information publicly available on our website as necessary.
CSR site: <http://www.fastretailing.com/eng/csr/> (pg. 36)
Information for stockholders and investors is available on the IR website.
IR site: <http://www.fastretailing.com/eng/ir/>

This second CSR Report includes more detailed information on the topics below compared with the first CSR Report.

- All-Product Recycling Initiative
- For Our Employees
- For the Environment
- Initiatives at UNIQLO Franchise Stores
- Initiatives at Group Companies

Scope

- FAST RETAILING CO., LTD.
- UNIQLO CO., LTD., UNIQLO Oversea Operations, Domestic Related Operation, and Global Brand Operations (See pg. 10, 11.)

Period

From September 2006 to December 2007

Starting with this, our second CSR Report, we focus on reporting on activities during the previous fiscal year (from September 1 through August 31) and the following four months (from September 1 to December 31) in the current fiscal year. Therefore, the CSR Report will be published in early January every year. It also includes information on past activities, future projections, and planned activities. Figures and data are for results as of the end-August unless indicated otherwise.

Guidelines referred to

GRI (Global Reporting Initiative)
Sustainability Reporting Guidelines Version 3

Disclaimer

This report not only provides factual information from the past and the present regarding FAST RETAILING CO., LTD. and its group companies, but it also includes plans and projections made as of the publication date, and future forecasts based on management policies and strategies. These future forecasts are assumptions or judgments made based on information available at the time. Actual results and circumstances of future business activities may diverge from these forecasts due to changes in various conditions. Your understanding with regard to this matter is appreciated.

Making the World a Better Place

1984

Anybody, Anywhere, Everyday

UNIQUE CLOTHING WAREHOUSE



UNIQLO's first store

UNIQLO opened its first store in 1984. The second store became popular by selling casual wear for men and women of all ages and served as the platform for UNIQLO's growth. The UNIQLO brand is still based on the concept of providing casual wear that can be worn by anybody, anywhere, everyday.

2001

UNIQLO Goes Global



UNIQLO Regent St. Store, London

FAST RETAILING CO., LTD. had its sights set on multinational development ever since launching its UNIQLO business. We began by opening a UNIQLO store in London in September 2001 and another store in Shanghai in September 2002. In January 2004, we brought the US brand Theory into the group and accelerated development of systems that would enable us to manage multiple brands on a global scale.

1998

Quality Casual Wear at Low Prices



The poster contributed to UNIQLO's fleece boom

UNIQLO implemented and developed the SPA business model (pg. 18), which integrates product planning, production, distribution, and sales, in order to produce quality casual wear at low prices. Due to these efforts, starting in 1998, fleece exploded in popularity in Japan.

2005

Rebuilding Our Systems



UNIQLO Ginza Store opened in October 2005

The year 2005 was the first year of a restructuring program aimed at establishing a business format not bound by past successes. We began by acquiring the overseas brand Comptoir des Cottonniers and worked to expand group operations on a global scale. Moreover, in order to strengthen our overall business structure and better harness group synergies, the FAST RETAILING Group converted to a holding company structure in November 2005.

2007

Toward True Group Management and Globalization

Since 2006 we have worked to develop UNIQLO into a global brand, opening a global flagship store with approximately 3,300 square meters of sales floor space in New York and another large store in Shanghai. For the UNIQLO business in Japan, we have focused on proactively communicating the new possibilities and appeal of UNIQLO, implementing a strategy of opening large stores, and establishing a T-shirt specialty shop in Harajuku. We also worked to strengthen group businesses: G.U. CO., LTD., has developed its own new g.u. brand, VIEWCOMPANY CO., LTD., which develops women's shoe stores, was made into an affiliate, and we acquired stock in CABIN CO., LTD., a women's clothing brand.

Major Store Openings by Geographic Area

Asia

- UNIQLO (Japan)
- UNIQLO (primarily in London)
- COMPTOIR DES COTONNIERS (primarily in France, Italy, Japan, etc.)
- PRINCESSE tam·tam (primarily in France and Spain)
- UNIQLO (New York)

Europe

- COO ICI, VIEWCOMPANY CO.,LTD. (Japan)
- PRINCESSE tam·tam (primarily in France and Spain)

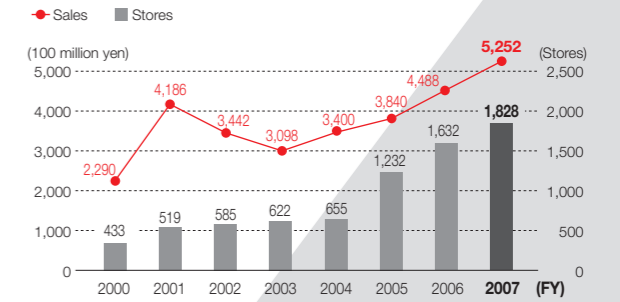
North America

- g.u. G.U. CO., LTD. (Japan)
- FOOT PARK, ONEZONE CORPORATION (Japan)
- Enraciné, CABIN CO., LTD. (Japan)
- UNIQLO (primarily in Shanghai and Hong Kong)
- UNIQLO (primarily in Seoul)
- Theory (primarily in Japan and the US)

Overview (as of August 31, 2007)

Name: FAST RETAILING CO., LTD.
Established: May 1, 1963
Head Office: 717-1 Sayama, Yamaguchi City, Yamaguchi 754-0894, Japan
Tokyo Headquarters: Kitanomaru Square, 13-12, Kudan-kita 1-chome, Chiyoda-ku, Tokyo 102-0073, Japan
Paid-in Capital: 10,273.95 million yen
Line of Business: Control and management of overall group activities as owner and holding company
Consolidated Sales: 525.2 billion yen
Group Full-time Employees: 6,534
Closing Date: August 31

Group Sales/Stores



Major Group Companies and Brands (Store numbers are as of August 31, 2007)

■ : Consolidated subsidiary ● : Equity-method affiliate

	<ul style="list-style-type: none"> ■ UNIQLO CO., LTD. (748 stores in Japan) ■ UNIQLO(U.K.)LTD. (11 stores in the U.K.) ■ FAST RETAILING(CHINA)TRADING CO., LTD. (9 stores in China) ■ UNIQLO USA, Inc. (1 store in the U.S.) ■ FRL Korea Co., Ltd. (14 stores in South Korea) ■ UNIQLO HONG KONG, LIMITED (4 stores in Hong Kong) ■ UNIQLO FRANCE S.A.S. 	A brand that always features high-quality, basic, fashionable casual wear at low prices that can be worn by anybody, anywhere, everyday
	■ ONEZONE CORPORATION (332 stores in Japan)	Footwear fashion brand that suggests a free, comfortable lifestyles
	■ CABIN CO., LTD. (211 stores in Japan)	A brand that takes moderate trendy taste and natural casual in French trad
	■ G.U. CO., LTD. (50 stores in Japan)	A casual wear brand that encourages freedom in clothing
	■ Créations Nelson S.A.S. (305 stores France, Italy, Japan, etc.)	A brand that is built on the concept of mothers and daughters and that values heart-to-heart connections and close, natural relationships
	■ PETIT VEHICULE S.A.S. (131 stores, primarily in France and Spain)	A French brand that features chic, creative lingerie, nightwear and swimwear
	● LINK THEORY HOLDINGS CO., LTD. (TSE, Mothers) (216 stores in Japan, the U.S., Europe, etc.)	An apparel brand that meets the needs of people with contemporary lifestyles
	● VIEWCOMPANY CO., LTD. (JASDAQ) (103 stores in Japan)	A brand for every fashion occasion that meets the needs of women with their own tastes

FAST RETAILING Group's Approach to CSR



Yukihiro Nitta
Vice President
CSR Committee
Chairman

Making the world a better place through planning, producing and selling clothing, one of the basic necessities of life, is the FAST RETAILING Group's essential approach to CSR. We also need to ensure that our activities are always informed by compliance and corporate ethics, the preconditions to CSR. We also recognize the importance of sufficient communication with and accountability to stakeholders, achieved by building management systems with appropriate checks and balances and establishing fair and sound corporate governance practices.

Based on these principles, we are committed to fulfilling our social responsibilities in the following ways.

- As an SPA (pg. 18) company, we will strive to control product quality and reduce environmental impact throughout our supply chain. If a malfunction or defect occurs, we will swiftly provide relevant information to those inside and outside the company and take appropriate action.
- We will continually take innovative approaches so that in making our products and providing services to customers, we use the least amount of resources, take the longest-term view, and make the greatest possible contribution, both to the economy and to society as a whole.
- We will not only ensure a safe and healthy work environment and offer our employees opportunities for career development, but we will also require our business partners to

comply with laws and regulations regarding labor and the environment and show respect for human rights.

- We, in our CSR activities, will not only increase corporate value and strengthen our brands, but also make positive contributions to society.

In FY 2007, UNIQLO started a recycling initiative covering all of our products. It collected its products that were no longer needed by customers and, in cooperation with UNHCR and NGOs, donated the majority of them to refugee camps in Thailand and Nepal, recycling the rest as environmentally friendly energy sources and textile products. This initiative enables UNIQLO to meet clothing-related needs around the world with the support of its various stakeholders and to help protect the environment, so that I believe the initiative will continue to open up new possibilities for FAST RETAILING Group's CSR activities.

We also introduced the FAST RETAILING Group Code of Conduct to group companies and conducted activities to enhance compliance awareness.

As a part of UNIQLO's efforts to ensure that the workplace provides meaningful work to each and every employee, it introduced a Regional Full-Time, Regular Employee Program and further promoted the employment of persons with disabilities.

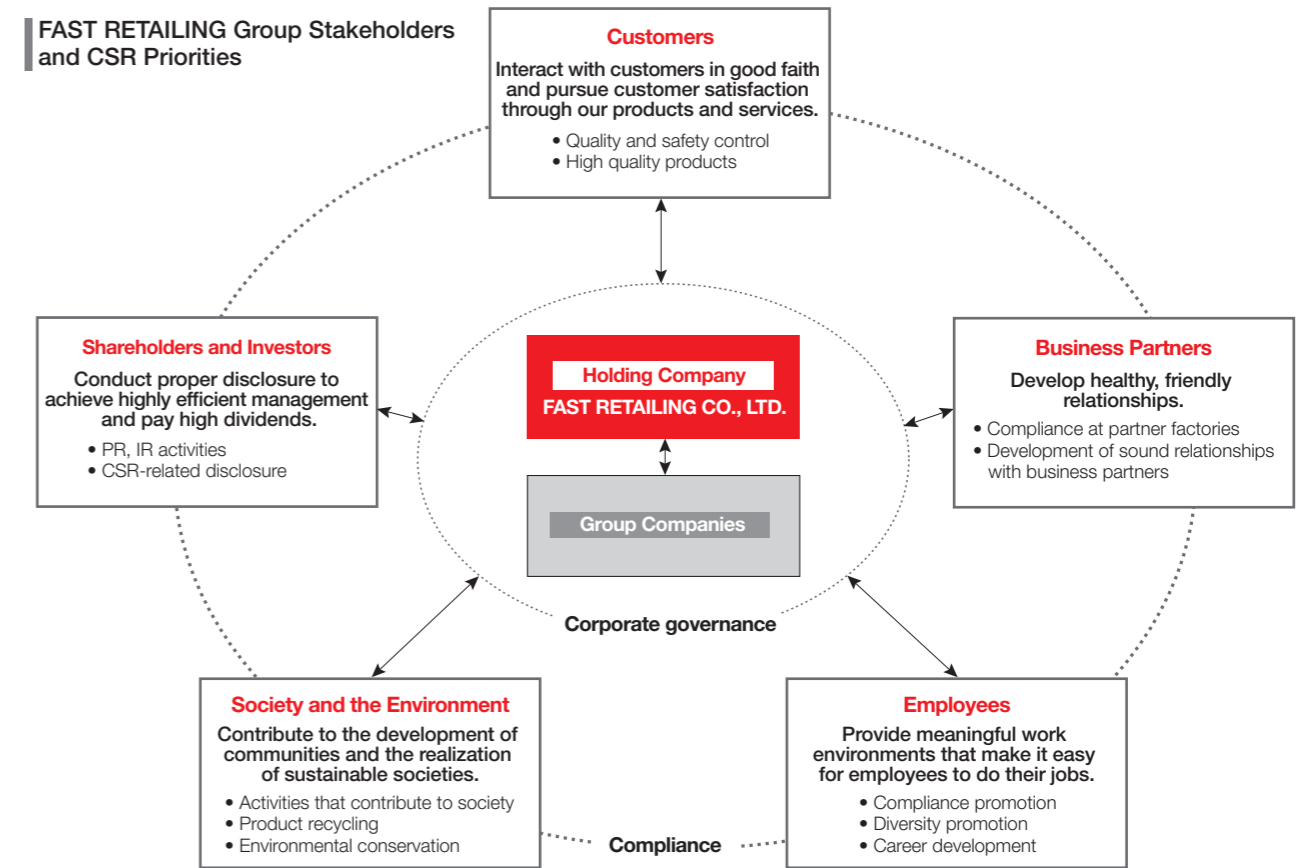
In FY 2008, we plan to formulate and begin carrying out a medium-term CSR plan, which will serve as a compass for promoting CSR activities.

Goals in the medium-term CSR plan will include the following.

- To establish a system to continually reduce the environmental impact of the processes in our supply chain, including review of the use and allocation of resources, with the goal of achieving highly efficient operations.
- To leverage our business model of designing, producing, and selling clothing around the world in a large number of stores and allow every employee to contribute to society.
- To propose alternative work styles and create a workplace that takes into consideration work-life balance.

We will actively communicate with stakeholders, listening to a variety of opinions and criticisms, in order to practice more transparent group management.

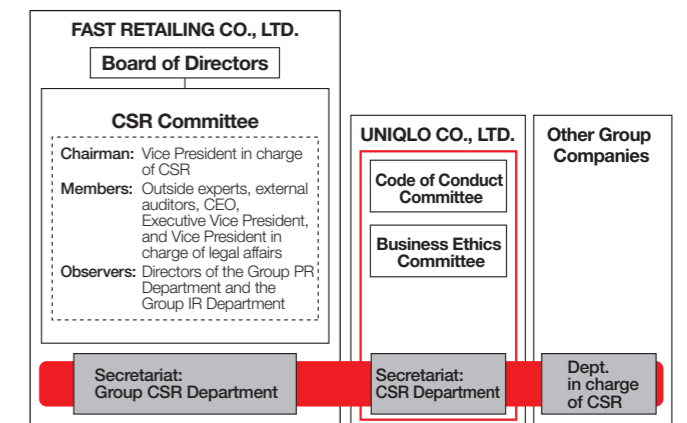
FAST RETAILING Group Stakeholders and CSR Priorities



CSR Promotional Framework

The CSR Committee is the linchpin of FAST RETAILING Group's framework for promoting CSR. The CSR Committee, which meets every two months, was established in November 2005 when we converted to a holding company structure. It identifies and discusses issues pertaining to the environment and social contribution, compliance, diversity, and quality and safety control system, in order to promote the FAST RETAILING Group's CSR activities.

FAST RETAILING's Group CSR Department serves as the committee's secretariat, promoting CSR activities at the group level in coordination with the department responsible for CSR at each group company.



Human Resources, Disclosure, and Risk Management Committees were established to strengthen our corporate governance

Basic Approach

FAST RETAILING is working to strengthen corporate governance in order to become the top apparel retailing group in the world. As a part of these efforts, we introduced an operating officer system (that delegates a certain amount of authority for business execution away from the Board of Directors) and an external director system (wherein three of the five directors are external directors) when we switched to a holding company structure in November 2005. These changes were intended to ensure independent decision-making and managerial transparency.

Our Initiatives

Establishment of New Committees

In FY 2007, we established three new committees, the Human Resources Committee, Disclosure Committee and Risk Management Committee, in order to complement the functions of the Board of Directors and carry out managerial decision-making in a more confident way.

* See Committee Descriptions at the bottom of this page.

Internal Control Project

We launched an internal control project in June 2006 to comply with J-SOX and are currently engaged in the following five themes.

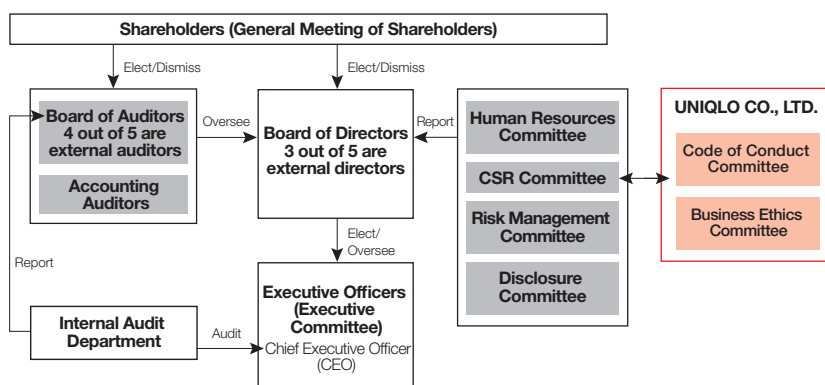
- 1) Dissemination of the FAST RETAILING Group Code of Conduct (pg. 15)
- 2) Promotion of risk management at the group level
- 3) Supervision of confidential information, including personal and management information
- 4) Standardization of group's performance indicators
- 5) Development of company rules suitable for operational globalization

The project is intended to ensure full compliance and strengthen internal controls. We will also establish appropriate and efficient business processes and strengthen risk management to improve the fairness and soundness of all operations.

Future Improvements

We understand the importance of prompt and appropriate responses to unforeseen situations and flexible adjustment of strategy when running a global business. We plan to strengthen checking and monitoring of group companies, and we will conduct compliance and risk management based on a thorough understanding of the laws, culture, and customs of each country and region in which we operate.

FAST RETAILING Corporate Governments (as of November, 28, 2007)



Committee Descriptions

• Human Resources Committee (FR)

The Human Resources Committee makes proposals and recommendations to the Board of Directors regarding evaluation, remuneration, election, and dismissal of group executive officers. The committee is chaired by an external director and also includes the CEO and the other external director. External auditors also participate as observers.

• CSR Committee (FR)

The CSR Committee deliberates on environmental conservation and social contribution activities, compliance, diversity, quality and safety control system in order to promote CSR activities for the FAST RETAILING Group. The vice president in charge of CSR chairs the committee. (See pg. 13.)

• Risk Management Committee (FR)

The Risk Management Committee deliberates overall risk management policy, methods, and monitoring for the FAST RETAILING Group. The committee is chaired by CEO and also includes the FAST RETAILING's executive vice president, the vice president in charge of legal affairs, the vice president in charge of finance, and the UNIQLO's COO. Full-time statutory auditors participate as observers.

• Disclosure Committee (FR)

The Disclosure Committee is charged with ensuring that information is disclosed to shareholders and investors in a manner that is timely, fair, equitable and easy to understand, in accordance with disclosure rules. The committee's membership includes vice presidents in charge of IR and PR, legal affairs, financial affairs and accounting, as well as other corporate officers. Full-time statutory auditors participate as observers.

• Code of Conduct Committee (UQ)

The Code of Conduct Committee was established in September 2004 to ensure compliance with the FAST RETAILING Code of Conduct at UNIQLO CO., LTD. The committee is chaired by the vice president in charge of CSR and its membership includes full-time statutory auditors, external auditors with legal qualifications and legal advisors.

• Business Ethics Committee (UQ)

The Business Ethics Committee is charged with preventing UNIQLO from taking advantage of its superior position to put improper pressure on business partners (factories and suppliers). The committee is chaired by the vice president in charge of CSR and its membership is made up of full-time statutory auditors, external auditors with legal qualifications, legal advisors, and others.

Code of Conduct was revised to comply with operational globalization and introduced to group companies

Basic Approach

The FAST RETAILING Group regards compliance as a precondition for sound corporate practices and fulfilling our social responsibilities. We work to ensure full compliance throughout the group, not only with laws and regulations, but also with corporate ethical requirements and social norms.

Our Initiatives

Revising the Code of Conduct

We revised the FAST RETAILING Group Code of Conduct (CoC, hereafter) in October 2006 in light of the ongoing globalization of the group's operations. Revisions focused on adapting the CoC to working environments with differing practices and cultures. Also, we created English, Chinese, Hangeul and French versions of the CoC in addition to the original Japanese version to ensure that the CoC is faithfully followed by all group companies.*1

Group companies implementing

the CoC give lectures on it to recent graduate and mid-career hires at their orientations. Training on the CoC is held once a year, and all employees reaffirm its content and sign a pledge stating that they will uphold it.*2

Each fiscal quarter FAST RETAILING's Legal Department confirms that group companies are conducting these activities.

*1 Equity-method affiliates VIEWCOMPANY CO., LTD. and LINK THEORY HOLDINGS CO., LTD. have not implemented the code.

*2 Training is conducted for all employees except employees of third-party agencies. FR France S.A.S., Créations Nelson S.A.S. and PETIT VEHICULE S.A.S., which have sites in France, do not collect a pledge from employees in accordance with French law and custom.

Setting up Hotlines at Group Companies

Hotlines provide an avenue for employees to anonymously discuss work-related problems or potential violations of the CoC. A hotline had already been established at UNIQLO CO., LTD. but in FY 2007, hotlines were also set up at group companies that have implemented the CoC. When employees call the hotline to report an infraction or

discuss an issue, the group company involved determines what steps are to be taken in order to resolve the matter quickly and fairly. When there is an issue with upper management or the matter proves difficult to solve at the group company level, it is taken up by the Legal Department at FAST RETAILING.

Future Improvements

In order to further raise awareness of compliance, we are committed to continuing to revise existing mechanisms and reinforce related systems. Specifically, we intend to regularly send out a compliance newsletter that includes information on national laws and regulations and successful measures at other companies, as well as to implement uniform CoC training for the group. To start, we introduced e-learning training at the head office and the Tokyo headquarters of FAST RETAILING and UNIQLO in November 2007, and we plan to implement an e-learning training program in other group companies during FY 2008.

Code of Conduct Outline

- **Providing Products and Services to Customers**
Ensuring customer safety, handling customer information, etc.
- **The FR Employee's Creed**
Prohibition of sexual harassment, abuse of power, etc.
- **Relations with Suppliers**
Prohibition on putting improper and undue pressure on business partners, etc.
- **Shareholders and Investors**
Prohibition on insider trading, etc.
- **Relations with Local Communities**
Understanding of local practices, compliance with laws and regulations, contributions to communities, etc.
- **Global Environment**
Reducing environmental impact, etc.
- **The Company's Assets**
Preventing damage or theft of company's assets, protecting intellectual property, etc.
- **Information Management**
Prohibition on divulging personal information, etc.



Compliance Training

Combining the Thoughts of Each Employee

“We should consider how to establish a workplace where female workers can be actively involved and where workers with disabilities, elderly workers and foreign workers face no barriers to doing their jobs. In the future, I hope UNIQLO franchise stores will operate nationwide, and UNIQLO will conduct a variety of activities with people in local communities. I believe this is how UNIQLO can become deeply rooted in communities.”

(Toru Kinomoto, General Manager, Sales and Store Operation, UNIQLO CO., LTD.)

“Commercial facilities are supported by various stakeholders, in particular customers, store managers and local businesses, but also people from security companies, cleaning companies and facility maintenance companies. The important point as far as CSR is concerned is how we should ensure that all these stakeholders are able to benefit from our activities. As a community member, I intend to continue thinking about what we can do to contribute to the community through our commercial facilities.”

(Shigeto Kadowaki, General Manager, Store Development, FAST RETAILING CO., LTD.)

“We take pride in making our customers happy with UNIQLO’s products. I feel that the whole point of CSR is to make people happy at every step of the process, not simply when selling merchandise. I believe that CSR is all about the creation of happiness.”

(Tomoo Shimada, The Head of Vietnam Office, Production Control, UNIQLO CO., LTD.)

“CSR is short for ‘Corporate Social Responsibility.’ This is a wide-ranging concept that may sound difficult to fathom, but I believe that creating a clean sales environment where customers can enjoy making purchases is itself a way to exercise our social responsibility. Every day’s CSR activities should begin with picking up a piece of garbage at our feet.”

(Ayuko Ueda, Human Resources, FAST RETAILING CO., LTD.)

“I think that CSR is all about participation in the sense of real involvement in the store, the division, the company, and society. CSR activities require an environment in which teams and individuals are able to enjoy taking on new social challenges for the company.”

(Tomomi Tanaka, Headquarters Assignments for New Graduates*, Store Operation Support, UNIQLO CO., LTD.)

* See pg. 25 in connection with Headquarters Assignments for New Graduates.

“I believe that CSR is about being honest and sincere with people. A consistent approach based on sincerity to customers, staff, superiors, business partners and the community while pursuing sales and profit is likely to be linked to our success.”

(Takumi Endo, Store Manager at Sano Store, Tochigi Prefecture, UNIQLO CO., LTD.)

“It’s the stores where UNIQLO’s corporate stance and its approach of prioritizing its customers are directly conveyed through our products, sales environments and staff. And it’s when we see customers smile at having visited our store that we feel happy too. We need to become indispensable to our communities from the standpoints of both customers and employees.”

(Naomi Yoshimura, Store Manager at Minoh Store, Osaka Prefecture, UNIQLO CO., LTD.)

“As a store manager, the stakeholders I come into contact with most often in my store are customers and employees. I feel therefore, that from a store manager’s perspective, CSR at UNIQLO is the creation of stores and services that enable our customers to shop as easily as possible and to provide a workplace where the staff members can grow through their work.”

(Kenta Yamamoto, Store Manager at Mito Himego Store, Ibaraki Prefecture, UNIQLO CO., LTD.)

“Companies exist thanks to the relationships between a large number of people. It’s the responsibility of a company to create better relationships within society so that people can be happy. The duties of the company are synonymous with my own duties, I believe. My own CSR activities are to participate actively in many projects such as the Setouchi Olive Foundation and All-Product Recycling Initiative.”

(Naoe Tsunashima, One-Year Job Rotation Program*, Public Relations and Media Relations, FAST RETAILING CO., LTD.)

* See pg. 25 for One-Year Job Rotation Program.

“At UNIQLO USA we try to incorporate the Corporate Social Responsibility into everything we do. Although we are still quite new to New York, we are proud that we have already begun to establish partnerships with several charitable organizations in order to serve the needs of our neighbors and contribute to society. In 2008 we look forward to expanding our involvement with programs that provide job training in the community that may also provide candidate pools for our business.”

(Amy Salerno, Director, Human Resource, UNIQLO USA, Inc.)

DIALOGUE

Facing one another to make changes for the better

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Secretary-General of the non-governmental organization JEN 7

Message from Tadao Ando

Architect and founder of the Setouchi Olive Foundation

We need to be thoroughly aware of the negative legacy of social growth, make efforts to restore the health of our planet, and hold a strong determination to contribute to the betterment of society.

With its rich natural forest and its beautiful sea area, the Seto Naikai (the Inland Sea), is a unique inland sea and one of Japan's treasures. The illegal industrial waste dumping on Teshima Island in the Seto Naikai is symbolic of the burden we still carry from the previous century. The Setouchi Olive Foundation was launched with the aim of restoring the natural environment of this, Japan's one and only



inland sea, by means of tree-planting.

The Japanese are a people who have traditionally lived in a natural environment characterized by clear demarcation between the four seasons. But while economic development of the twentieth century brought enrichment on the material level to the people of Japan, it has also deprived them of their cultural awareness and values. This negative legacy is still in evidence today.

The islands of the Inland Sea are in a pitiful state as a consequence of the environmental destruction and there is no trace of their erstwhile natural beauty. Our aims are to regenerate the Inland Sea as a fertile region so that we can coexist harmoniously with nature and bequeath the beauty of the region to our descendants. To this end, we have engaged in a fund-raising aimed at collecting one million contributions of 1,000 yen each. This may seem an unrealistic figure, but the underlying idea is that these activities should continue for very long time. We are

fortunate to have cooperation in this endeavor from various companies including UNIQLO, and our campaign has so far managed to obtain more than 300,000 contributions. Now that we have reached this stage, it seems that our goals are within reach.

UNIQLO is helping us not only in our fund-raising activities: many of the company's employees have volunteered their time and effort to taking an active part in related activities in the Inland Sea area. Thanks to the companies and individuals who are so determined to make a positive contribution to society, the tree-planting activities that are at the core of this campaign are gradually getting on track.

It is because we inhabit a healthy planet that we as individuals, our families, and companies are able to enjoy happiness. We intend to continue intensifying our activities in order to stimulate an awareness of the losses we endured during the previous century and to regain what we have lost.



Profile

Tadao Ando

Born in Osaka in 1941, he studied architecture on his own and in 1969 opened his own studio, Tadao Ando Architects & Associates. He has continued to put forth plans for a new style of architecture that works in harmony with the environment. He has been a visiting professor at Yale, Columbia, and Harvard Universities. In 1997, he became a professor at the University of Tokyo and is now an Honorary Professor there.

Together with customers

Here are some of the opinions concerning UNIQLO's CSR activities expressed to Customer Service Desk in FY 2007 and received in the form of replies to questionnaire cards.

Voice

All-Product Recycling Initiative

- Looking at *UNIQLO Express* and the website, I was particularly struck by how happy the people in Thailand and Nepal looked. I was really impressed by these activities. I hope it will be possible to get as many items of clothing as possible delivered to the refugees.

Product packaging

- Is there really any need to use thin paper to package shirts or plastic around collars? As long as the quality is good, I don't think people are likely to be concerned about the presentation being slightly disordered. I'd like to see greater attention paid to the environment in this regard.

Creating customer-friendly stores

- I think that the fitting rooms ought to be provided with hand rails and chairs.

Answer

From FAST RETAILING

We take our customers' opinions and requests seriously and will take them into consideration when reviewing our existing CSR activities and starting new initiatives.

Regarding the All-Product Recycling Initiative, we will continue to disclose detailed information so that many of our customers participate.

As for the opinions and requests regarding barrier-free stores and eco-friendly products, we surely need to tackle these issues.

We aim to engage in CSR activities that satisfy as many customers as possible.

Together with institutional investors

FAST RETAILING CO., LTD. organized a series of informal meetings on *CSR Report 2006* in January and February 2007 together with Japanese institutional investors. Here are some of the opinions presented on that occasion.

Voice

The approach and policy on CSR

- We looked at the extent to which top management is focusing on CSR activities, and FAST RETAILING's commitment to such activities really came across in the comment that society is more important than the company.
- I'd like to know how the FAST RETAILING Group feels about CSR and to what extent it carries out CSR as a group.

Negative reports

- It is good that the product recall is being disclosed honestly, but reports need to be made on other matters as well, for example on whether any accidents in connection with the environment have occurred.

Corporate governance

- It would be a good idea if a clear explanation were provided of how group governance relates to the approach to group CSR.

Environmental conservation activities

- Environmental problems are an important topic for any company that hopes to establish itself as a global brand, but this isn't a subject much touched on in the *CSR Report 2006*. Information should be disclosed in a more positive manner.

Factory monitoring

- Shareholders feel reassured if they're able to grasp what's going on in factories overseas. Monitoring is taking place at overseas factories and the results are being disclosed, and in this sense I feel that this is an extremely good method of information disclosure from the standpoint of risk management. I hope that it'll be continued.

CSR communication

- I'd like to know what kinds of communication are being targeted to which stakeholders by the company in terms of global brands.

Answer

From FAST RETAILING

We consider promoting activities as one group by setting UNIQLO's initiatives as good examples, in order to carry out CSR activities in the FAST RETAILING Group. As to corporate governance, we understand that there are needs to strengthen check and monitoring toward group companies while risk arises from operational globalization.

As you find in "For the Environment" of this report, environmental performance and data are disclosed, and we will try to provide enriched information on environmental activities.

Moreover we will continue our factory monitoring program and release proper information as occasion arises.

Together with prospective employees

FAST RETAILING CO., LTD. held an informal meeting on *CSR Report 2006* with prospective employees of UNIQLO straight out of university in January 2007. We'd like to present some of the opinions brought forward on that occasion.

Brand image

- UNIQLO is an easily approachable brand that's more attractive to our generation than it used to be.
- Since the number of group companies is increasing, the brand value and corporate image of FAST RETAILING need to be better clarified.

Activities involving All-Product Recycling Initiative

- This was the only environmental activity of UNIQLO I was aware of before taking part in this meeting.
- It seems to me that the best idea would be to employ the same method as before by personally serving customers who bring products to the counter instead of merely setting boxes for collecting items. This is also likely to increase the motivation of store staff to participate in All-Product Recycling Initiative.

Reducing the use of shopping bags

- Many local authorities face problems on waste materials, and activities aimed at decreasing the amount of waste need to be encouraged in the FAST RETAILING Group.
- One idea would be to charge for service bags, but I feel that introduction of such a system would have a negative effect on UNIQLO's image.

Volunteer activities

- I'd like to see an increase in volunteer activities in which every employee can participate.

UNIQLO's CSR activities

- The message of "making the world a better place" is simple but easy to understand and has a very strong resonance.
- UNIQLO's CSR activities don't appear to be generally well known. I think that activities and methods of communication need to be reviewed so that people outside the company can understand them without difficulty.

Voice

From FAST RETAILING

FAST RETAILING Group's social contribution activities aim to promote the healthy development of society and to solve societal problems. To this end, UNIQLO's All-Product Recycling Initiative is the first step toward the realization of our vision.

As for environmental issues, we are working to reduce the environmental impact of our bags. Regarding volunteer activities, we are planning to establish a framework for volunteer activities that allow every employee to participate in such a way that they can make a positive impact on society based on their own vision.

Moreover, we hope to make the world a better place through information disclosure aimed at getting our stakeholders to understand our CSR activities, in cooperation with them.

We expect that prospective employees have this sort of awareness even after they start working with us, and we would like to promote CSR activities within the FAST RETAILING Group together with them.

Answer

Message from Keiko Kiyama

Secretary-General of the non-governmental organization JEN

I look forward to continued collaboration with UNIQLO in promoting people-friendly CSR emphasizing the needs of recipients.



Profile

Keiko Kiyama

She completed the Master's course in Sociology at the State University of New York at Buffalo in May 1992. She now works at Tokyo Headquarters of the NGO JEN as the Secretary General. Awarded the 1st place of "Woman of the year 2006" by *Nikkei Woman*.

"Aren't the refugees feeling cold? Surely they must be in need of light, warm Airtech jackets." "One can't imagine this situation arising in Japan, but Pakistan is a country with a different culture and customs, and it's not possible to send items unless people in Pakistan state clearly that they need them." It was this exchange of remarks that prompted the start of collaboration between UNIQLO and JEN.

Afghani refugees fled to Pakistan dressed just as they were in order to escape the aerial bombing in the wake of the 9.11 terror incidents in 2001. The biting winter cold awaited them and urgent assistance was needed to assist the refugees to survive the winter. CSR officers at UNIQLO were no doubt perplexed when told by JEN to wait until

samples had been sent and the needs of the local people had been confirmed. But UNIQLO fully accepted JEN's point that primary consideration should be given to local needs. As soon as a report was received from the refugees in Pakistan that they would indeed wear the clothing and would by all means like it to be sent, the clothes were prepared and air freight costs were paid by UNIQLO.

When a major earthquake struck the Kashmir region of northern Pakistan in October 2005, an offer was first made along with photographs of the products and the items were dispatched rapidly by air after local needs had been confirmed.

The Chuetsu offshore earthquake in Niigata Prefecture occurred in July 2007, after a relationship of trust had been established between the two organizations through previous successful collaborations. We communicated with the locals about the T-shirts and underwear likely to be needed by those affected, who were living under conditions of extreme heat and interrupted electrical and water supplies. Perhaps due to the fact that this was an area with a large number of elderly residents, we were surprised to find that there was little demand for clothing, and a third collaboration project was thus abandoned.

CSR is a mirror that clearly reflects the attitude of a company. The reflection in the mirror of UNIQLO was a type of people-friendly CSR that made no attempt to impose one's own ideas on others and that gave priority to the real needs of recipients. I look forward to continued collaboration in the future with UNIQLO in their efforts to make the world for a better place using people-friendly methods.



At informal meeting on *the CSR Report 2006* with prospective employees

As an SPA* company that integrates business processes from planning to production and sales, UNIQLO is engaged in priority CSR initiatives in every area of its business

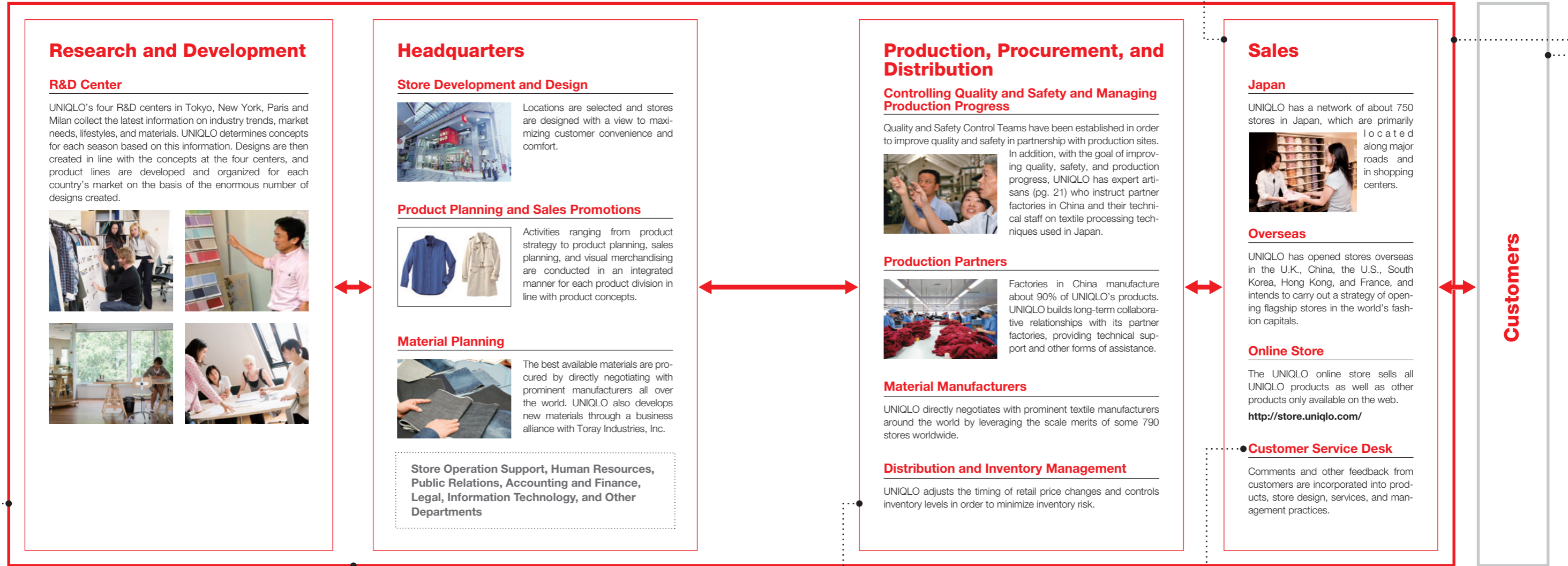
* SPA stands for "Specialty store retailer of Private-label Apparel." This business format integrates every business process from material procurement to planning, development, manufacturing, distribution, inventory management, and sales.

Hiring Persons with Disabilities and Regional Regular Employee, Special Report: pg. 4,5, pg. 26

- As of June 2007, over 80% of UNIQLO stores employ persons with disabilities. The company's overall employment ratio for persons with disabilities is 7.43%, which far exceeds the statutory requirement of 1.8%.
- UNIQLO introduced a Regional Regular Employee Hiring System in April 2007 that enables fixed-term contract employees and other non-formal employees working at its stores to become formal employees exempt from relocation requirements.

All-Product Recycling Initiative Special Report: pg.2,3, pg. 27

UNIQLO started a recycling program for every UNIQLO product in which customers provide products they no longer need and UNIQLO recycles them into energy sources or raw materials for fiber products, or donates them to refugee camps as relief provisions.



Environmental Policy and Environmental Guidelines pg. 28

UNIQLO established an environmental policy and environmental guidelines in an effort to continually reduce the environmental impact caused by its global activities.

Social Contribution Activities pg. 30, 31

UNIQLO further enhanced the activities of the UNIQLO VOLUNTEER CLUB, an employee group.

Skills Development Rotational Program pg. 25

UNIQLO initiated the Skills Development Rotational Program, which seeks to energize employees through greater interaction between the Tokyo headquarters and its stores.

Quality and Safety Control System pg. 21

Along with establishing an all-encompassing inspection regime, UNIQLO is working to improve quality and safety control in partnership with production sites through the establishment of Quality and Safety Control Teams.

Factory Monitoring pg. 22, 23

This year marks the fourth year that UNIQLO production partners have been subject to third-party monitoring and instruction by UNIQLO for improvement, primarily in the area of workplace conditions.

Responding to Customer Feedback pg. 20

The department in charge of customer satisfaction receives customer feedback and reports it to management and relevant divisions. The feedback is used in product development and to improve service levels.

UNIQLO will engage in proactive dialogue with customers, endeavor to raise customer satisfaction, and implement strict quality control rules on a global basis

Communication with Customers

Basic Approach

UNIQLO receives a lot of valuable feedback from customers every day. It carefully considers and utilizes this feedback for product development and to improve service.

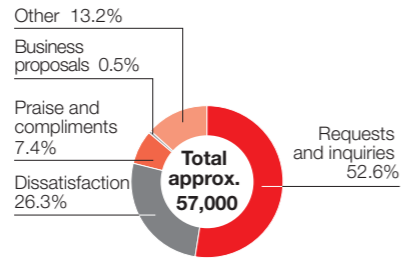
Our Initiatives

Utilizing Customer Feedback for Product Development and to Improve Service Levels

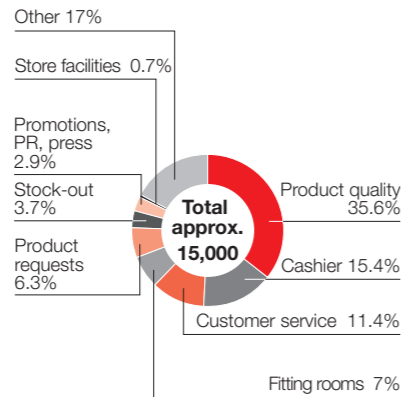
UNIQLO has a Customer Service Desk that responds to customer inquiries by e-mail and phone throughout the year. Its stores also distribute questionnaires to customers in an effort to learn their views and opinions.

UNIQLO collected some 57,000 comments in FY 2007, of which, about 30,000 were requests or inquiries, about 15,000 expressed dissatisfaction, and around 4,200 were complimentary. Much of the dissatisfaction was connected to products and quality and customer service in the stores or at the cash register. The department in charge of customer satisfaction receives feedback from customers. The feedback is then promptly reported to relevant divisions and management so it can be utilized for product development and improvement of service.

Customer Feedback Breakdown



Areas of Dissatisfaction



Measures to Improve Customer Satisfaction

UNIQLO has implemented a "Service Attendant Program" to place customer service and sales specialists in stores.

It also runs the "Customer Satisfaction Campaign" in which positive customer feedback on the questionnaire about store staff distributed in stores is converted to points, and the staff members and stores with the highest points at the end of the campaign receive an award. Initiatives from stores that score well are shared throughout the company and implemented as best practices.

In addition to such programs, UNIQLO also works to ensure that everyone can have fun shopping at its stores. These efforts include installing ramps, putting in toilets that can be used by persons in wheelchairs, and other measures.

Future Improvements

UNIQLO currently has areas that need improvement, such as over-crowded stores, too little time spent with individual customers, and cashier waiting times that are sometimes too long.

Also, as UNIQLO has increased the number of stores and developed new store formats, the inquiries and requests it receives from customers have grown more diverse. Through staff training, UNIQLO intends to enhance the service provided by the Customer Service Desk in order to promptly and appropriately respond to all types of customer feedback.

TOPICS An Acronym to Strengthen Customer Service - UNIQLO USA, Inc.

UNIQLO USA, Inc. created the acronym, U.N.I.Q.L.O., aiming to define and train employees on customer service standards. The company is working every day to elevate our customer service practices by conducting training and implementing other measures.

- **U**nique Approach - provide a personalized or product knowledge based greeting to show customers we are there for them
- **N**ever Judge - provide the same service to ALL
- **I**dentify - customer needs
- **Q**uickly Determine - the best way to meet customer needs
- **L**isten - to ensure the customer is satisfied with your suggestions
- **O**utstanding Customer Service - EVERY TIME



UNIQLO's Product Safety Initiatives

Basic Approach

Many of UNIQLO's products are worn in direct contact with the bodies of customers so that high levels of quality and safety are required from the stage of material selection to production and distribution. UNIQLO works to develop safe, high quality products by establishing quality and safety control systems for each product line under a strict set of standards.

Our Initiatives

Coordinating with Production Sites

The Quality and Safety Control Teams in both the Tokyo headquarters and the Shanghai office formulate UNIQLO quality and safety standards, and coordinate with factories to confirm that all UNIQLO products meet these standards. By sharing the information gained in this process with relevant divisions, UNIQLO makes sure to respond to customer inquiries quickly and efficiently. Also, a quality and safety report is produced and shared

with the entire company every month to help improve product quality.

Collaborating with Public, Third-Party Inspection Bodies

All the materials UNIQLO uses are subject to inspections by public, third-party inspection bodies*1 for safety. The inspections include tests for color fastness*2 and formalin.*3 UNIQLO also runs pre-production inspections before mass production, and conducts a pre-shipment check of all products, including a needle check, before shipment from partner factories. Moreover, pre-shipment audits are conducted in collaboration with public, third-party bodies to confirm that partner factories carry out inspections faithfully.

*1 Japan Synthetic Textile Inspection Institute Foundation and others

*2 Dyed products are inspected on fastness standards for light resistance, washing, perspiration, friction, chlorine, etc.

*3 Products are inspected for formaldehyde used as an anti-wrinkle agent, anti-shrinking agent and fabric softener, primarily in the processing of natural fibers.

Visits to Production Partners for Instruction and Management

Artisans at UNIQLO's offices in Shanghai, Shenzhen, and other locations are apparel professionals with high technical skill and rich experience in Japan's traditional textile industry. They visit UNIQLO's production partners every week to provide technical instruction, process management, and person-

nel development assistance. Staff members of the Quality and Safety Control Team at the Shanghai office also regularly visit factories in an effort to maintain or improve quality levels.

Nonconforming Products

If a defective product is discovered under the leadership of the Quality and Safety Control Teams, UNIQLO quickly finds the cause, prioritizing customer safety. Status reports with proposals for improvements are made to management, which then determines a course of action that may include voluntary recall or suspending sales or production. Information on UNIQLO's response is promptly disclosed via the web, newspapers, or other media.

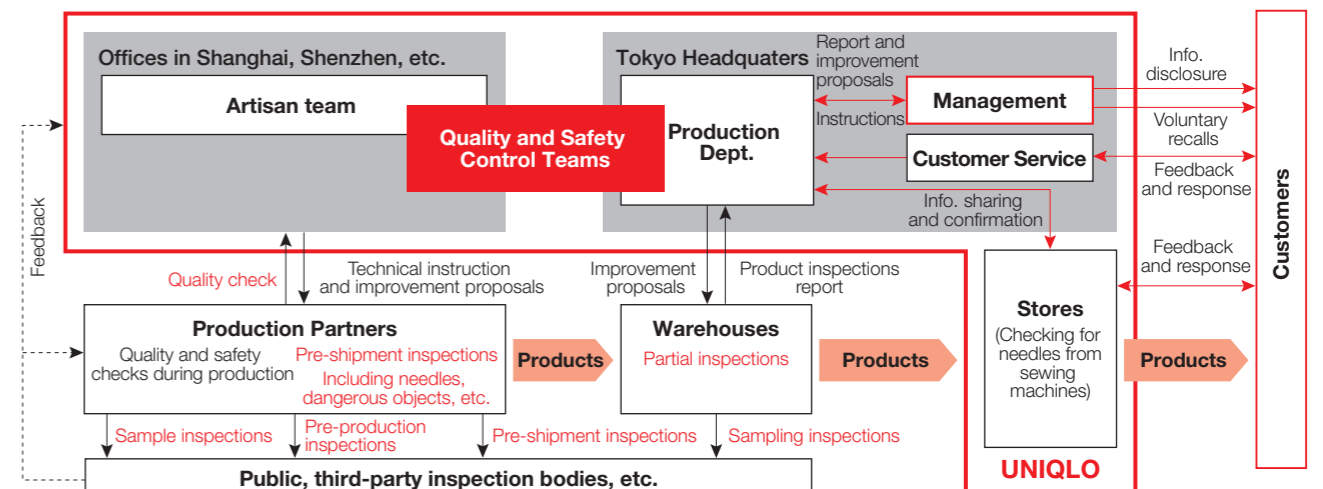
Applying International Quality and Safety Standards

UNIQLO has established UNIQLO Quality and Safety Standards, which are consistent with national and regional safety standards prevalent in the US, the EU, and other regions and form the basis for stringent inspections and management. UNIQLO plans to select and adopt the strictest of these standards as UNIQLO Global Quality and Safety Standards.

Product Recalls*

There were no product recalls in FY 2007. * Details on past product recalls can be found at www.fastretailing.com/eng/csr/.

Quality and Safety Control System



UNIQLO regularly monitors the conditions under which its products are produced and it works with its production partners to improve working conditions

Reinforcing Production Partner Compliance

Basic Approach

UNIQLO seeks to improve production efficiency and quality by working together with about 70 factories in China and other regions that it refers to as Production Partners (Partners). To be accountable for the products UNIQLO sells, it only does business with Partners that share its values and its understanding of the importance of appropriate production conditions.

To this end, UNIQLO conducts third-party monitoring of Partners' compliance with the Code of Conduct for Production Partners (CoC) established in 2004, primarily in the area of workplace conditions. If monitoring turns up any issues, UNIQLO makes efforts to resolve them together with its Partners.

Code of Conduct for Production Partners (excerpt)

- Prohibition on child labor
- Prohibition on forced labor
- Prohibition on coercion and harassment
- Prohibition on discrimination
- Ensuring health and safety
- Respecting freedom of association
- Ensuring appropriate wages and benefits
- Ensuring appropriate working hours
- Environmental protection
- Documentation and communication of the CoC
- Acceptance of monitoring

Our Initiatives

Monitoring and Evaluating Partners

Factories having signed a pledge to comply with the CoC as Partners are subject to monitoring based on the CoC.

Neutral third-party organizations, including audit firm-affiliated monitoring bodies and inspection and registration organizations, monitor compliance with the CoC twice a year. The monitoring results are graded as A, B, C, or D, using UNIQLO's criteria.

UNIQLO prioritizes the prohibitions against child labor*1 and forced labor,*2 and factories not complying with these receive the lowest grade, D. A request for immediate improvement is issued and the Partner is then subject to inspection by UNIQLO.

Partners with inadequate systems for monitoring such documents as labor contracts, personnel files, and work-time records receive a C grade. The business partnership with factories that receive a C or D grade may be subject to immediate termination, depending on the severity of the issues identified. However, in principle, UNIQLO's representatives visit the factories and provide advice encouraging improvement, generally followed by further monitoring. Factories that receive a C or D grade even after this follow-up

Evaluation Criteria

Grade	Area
A	<ul style="list-style-type: none"> • Environmental protection • Dormitory health and safety • Documentation and communication
B	<ul style="list-style-type: none"> • Coercion and harassment • Discrimination • Occupational health and safety • Freedom of association • Wages and benefits • Working hours
C	<ul style="list-style-type: none"> • Acceptance of monitoring (deficiencies in important documents, including labor contracts and timecards)
D	<ul style="list-style-type: none"> • Child labor • Forced labor

monitoring are subject to a third monitoring and if improvements have still not been made, business transactions may be either reduced or terminated.

*1 It refers to labor performed by workers younger than the minimum working age set by national or local law or statute.

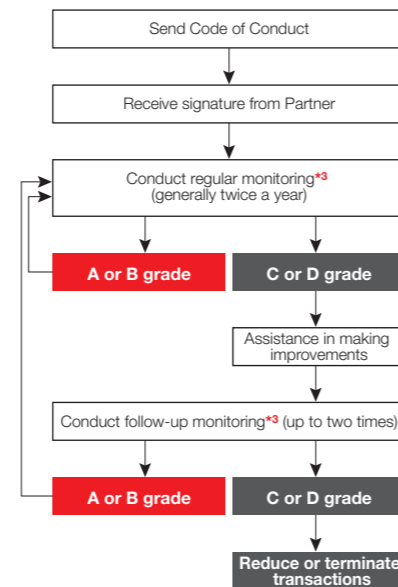
*2 It includes the potential for forced labor, such as requiring workers to get permission to go to the restroom or drink water. It also includes requiring deposit money ostensibly to cover medical checkups or other expenses.

Monitoring Findings

Factories receiving a C or D grade had been on a declining trend until FY 2006, but monitoring as of the end of FY 2007 found that the number has increased.

As an example of a factory that received a D grade, a factory representative kept original copies of workers' personal ID documents used for opening post office accounts for them (a practice that raises the potential of forced labor). Also, a new partner factory had hired 15-year-old workers despite the minimum legal working age of 16 (a violation of child labor regulations). We immediately requested corrective actions and confirmed the rectification of both situations.

Monitoring Process



*3 Monitoring is conducted by sampling.

Many factories receiving a C grade had defects in their labor contracts and/or work time records. Although the factories improved their situation by drawing up labor contracts and recording working hours, deficiencies still exist and the number of C grades has increased.

For Improvement Deficiencies in Work Time Records

Such work time related issues as inaccurate records or discrepancies between records have been detected many times since the latter half of 2006.

At one factory, discrepancies between records were not eliminated and an investigation uncovered two sets of books. UNIQLO therefore significantly reduced its transaction volume with this factory. Since then, the factory's top management has made the commitment to actively promote improvements in working conditions.

In FY 2007, UNIQLO's CSR Dept. made requests for improvements to its Partners regarding this issue.

Long Working Hours

In FY 2007, the CSR Dept. interviewed upper management at UNIQLO's Partners in China and found that long working hours tend to occur during peak production times, when lead times are short, or when arrival of raw or secondary materials is delayed.

The CSR Dept. plans to work on this issue with company departments engaging in product and production strategy and to make improvements.

Environmental Initiatives

In FY 2007, UNIQLO sent a questionnaire to prominent material factories to survey environmental initiatives in their production processes. UNIQLO also enhanced monitoring of major garment factories by surveying detailed environment-related matters, including confirmation that factories have passed government water quality inspections.

A More Hands-On Approach

With over three years of monitoring starting in 2004, third-party monitoring has identified major issues at UNIQLO's Partners, and its approach to labor and the environment is starting to take root among its Partners.

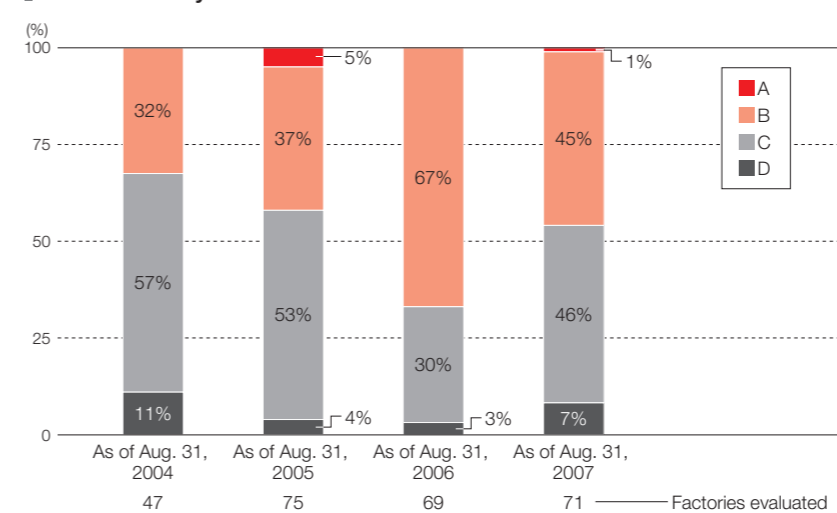
In order to resolve these problems however, UNIQLO must take an even more hands-on approach.

Since July 2007, the number of factory visits made by the vice president in charge of CSR and his staff has increased and there has been greater focus on requesting and providing instruction on improvements. When visiting, they talk directly with upper management on the importance of the initiatives, making specific proposals for improvements.

In addition to continual third-party monitoring, the CSR Dept. will coordinate with divisions such as product and production planning and work to accelerate improvements through more constructive communication with UNIQLO's Partners.



Partner Factory Grades*4



*4 Figures are compiled for each grade (A through D) for factories that have signed the CoC and undergone monitoring as of the end of the fiscal year. The previously reported figures for 2005 and 2006 have been altered in this report due to changes in data compilation methods.

To build better partnerships, UNIQLO strives to raise awareness in the company through regular feedback from its business partners

Building Partnerships

Basic Approach

The FAST RETAILING Group is working to strengthen compliance at its Production Partners. We must however, also look closely at ourselves and try to build equal partnerships with suppliers based on trust. Of our group companies, UNIQLO in particular is susceptible to the issue of its superior position over suppliers, due to its network of about 750 stores in Japan and its sizable production scale. For that reason UNIQLO is developing initiatives to fully eliminate and prevent abuse of its superior position*.

* It is the use of a superior position in a business transaction to exert pressure on the other party in order to force it to accept unilaterally disadvantageous terms.

Our Initiatives

Establishment of Guidelines

In 2004 UNIQLO established the Business Ethics Committee (BEC) and formulated the Guideline for the Prevention of Improper Behavior Based on Superior Positions. Based on this guideline UNIQLO has worked to raise employee awareness of the rules governing transactions between companies.

Guideline for the Prevention of Improper Behavior Based on Superior Positions

Objective: To prevent inappropriate behavior in business transactions by employees of UNIQLO, which is committed to meeting global standards for corporate behavior

Substance: Stipulates actions prohibited when doing business with other companies and establishes necessary internal procedures

Example Prohibitions

- Unilateral changes or revisions to contractual terms
- Unilateral transaction reduction or suspension
- Improper demands for damage compensation
- Requests for entertainment or gifts etc.

Fourth Business Partner Survey

Every fiscal quarter, UNIQLO surveys all its departments regarding any troubles they may have had with business partners. It also administers an annual business partner survey to confirm whether Partners had problems with UNIQLO executives or employees during the year.

The survey in FY 2007 was UNIQLO's fourth and targeted its top 273 domestic suppliers in terms of transaction volume from September 2006 to February 2007. UNIQLO received 208 responses. UNIQLO also conducted a survey of 71 overseas factories and received 55 responses.

As in FY 2006, the survey included questions like whether there were unilateral changes to orders or demands for entertainment. The BEC discusses the survey findings, especially unprincipled cases and, if necessary, conducts more detailed investigations and implements improvement measures.

Future Improvements

The survey serves to deepen UNIQLO's Partners' understanding of its policies and gives it an opportunity to listen to its Partners. UNIQLO will continue to build better partnerships and enhance employee education based on survey findings.



UNIQLO is working to develop systems and conditions that bring about growth for the company and in each individual

Enabling Diverse Human Resources to Fulfill their Potential

Basic Approach

The FAST RETAILING Group is developing UNIQLO and other apparel brand businesses around the world, aiming to make all customers happy through our products. To this end, we focus on developing human resources with a global outlook and the ability to innovate.

Our Initiatives

Systems for Human Resources and Skill Development

UNIQLO University

In 2000 UNIQLO University was established to develop human resources and train employees. UNIQLO University conducts a variety of training programs based on the personnel needed by UNIQLO's stores, the head office, and the Tokyo headquarters. It also helps employees to systematically further their careers.

In FY 2006 the university ran a six-month awareness-raising and behavior-modification program for supervisors designed to improve their managerial skills. The university also ran a program for executives and managers designed to foster leaders who spearhead change, in cooperation with Hitotsubashi University's Graduate School.

Superstar Store Manager Program

The Superstar Store Manager Program

provides a career path for store managers. Exemplary managers with outstanding managerial track records are appointed "superstar" store managers. While gaining experience solving various business-related issues, these managers are encouraged to become corporate managers or franchise owners through the company's Employee Franchise Program*.

* This program allows employees to establish their own independent companies and manage UNIQLO franchise stores. UNIQLO provides basic managerial knowledge in such areas as accounting and finance as well as expertise on launching a business. As of the end of August 2007, eight UNIQLO store managers have started managing independent companies as franchise owners.

Skills Development Rotational Program

UNIQLO initiated the Skills Development Rotational Program in March 2007 to energize employees by increasing interaction between stores, the head office, and the Tokyo headquarters. The program consists of three programs; One-Month Internship Program, One-Year Job Rotation Program, and Headquarters Assignments for New Graduates. These are intended to facilitate deeper understanding of UNIQLO operations, provide business knowledge and skills, and help build personal connections inside and outside the company.

1) One-Month Internship Program

This program allows employees at stores to work at the head office and the Tokyo headquarters for a month. Experience gained there helps the employees further their careers.

2) One-Year Job Rotation Program

This program allows employees at stores to work at the head office and the Tokyo headquarters for a year.

3) Headquarters Assignments for New Graduates

Select newly hired employees as

store manager candidates are assigned to the Tokyo headquarters for their first year to accelerate understanding of UNIQLO's organization and overall business operations. The program is intended to support their career development.

Promoting Diversity Supporting Women's Career Development

In 2004 UNIQLO established the Women's Career Promotion Office (currently People Development Team) to promote diversity. The office provided career training designed to change views regarding work as a means to support women in a wider range of work activities. Since September 2004, UNIQLO has promoted a program to help female store managers develop their careers from a long-term perspective while taking into account individual lifestyle circumstances. In addition, it publishes the quarterly booklet, *style*, to showcase female employees' activities around the country, and regularly holds a Women's Forum on career development issues with male supervisors attending.



Women's Forum

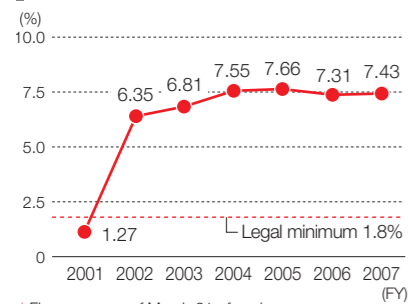
Actively Hiring Non-Japanese Staff

UNIQLO hires non-Japanese employees in line with the globalization of its operations. In FY 2007 it hired 16 non-Japanese employees. In connection with this, UNIQLO upgraded cultural diversity training from a trial program to official program status to facilitate communication between its foreign employees and their supervisors. Workshops and discussion sessions were provided to deepen cultural understanding among participants.

Hiring Persons with Disabilities

UNIQLO has proactively hired persons with disabilities, targeting at least one person per store. As of June 2007 its employment ratio of persons with disabilities was 7.43%, the highest of all major companies in Japan (with employees of 5,000 or more). The following graph shows data on UNIQLO's hiring of persons with disabilities through FY 2007. (Also see Special Report on page 4.)

Employment Ratio of Persons with Disabilities



* Figures are as of March 31 of each year. The figure for fiscal 2007 is as of June 1, 2007.

Making the Workplace Safe and Comfortable

Analyzing the Specific Causes of Accidents

At UNIQLO stores the most common accident involves sewing machine work. Occupational accidents may also occur when working in and/or carrying products out of storage rooms. To prevent the recurrence of such accidents, UNIQLO analyzes their specific causes individually and promptly takes remedial measures. It also regularly reminds employees to be careful to prevent accidents from occurring.

Strengthening Work/Life Balance Initiatives

In an effort to develop workplaces where employees can work comfortably, UNIQLO has implemented childcare and nursing care leave programs and a mental healthcare consultation desk. Also, to promote work/life balance, the head office and the Tokyo headquarters designated Wednesday and Friday of every week as "no overtime days." Since March



2007, this has been expanded to Tuesday to Friday. Moreover, UNIQLO encourages its employees to take their paid vacation days by keeping track of each employee's vacation plans and actual days taken off.

Since September 2006, UNIQLO stores have set an upper limit on the amount of overtime work in a month as a means to improve efficiency.

Future Improvements

While group operations continue to expand globally, UNIQLO plans to promote more personnel exchange among group companies, reinforce its personnel systems at overseas sites, and strengthen human resources development.

UNIQLO is also implementing a new evaluation system that emphasizes human resources development and work related to global business development. The system will incorporate a long-term perspective and will be as fair as possible to employees.






TOPICS 1 In Pursuit of Employee Satisfaction

UNIQLO's Tokyo headquarters (especially the General Administration Dept.) is dedicated to raising office productivity and employee satisfaction when working at the office. In conjunction with the relocation of the Tokyo

headquarters in March 2006, UNIQLO instituted the "free address" system, which allows employees to freely choose the location of their station or seat, depending on their job objectives. They also set up many meeting

spaces for discussions and meetings. These initiatives have resulted in enhanced communication among employees from different departments.

Basic Office Design Principles

	Job content is visible Employees work autonomously with constant awareness of what needs to be done	Products and stores are visible Employees work with constant awareness of products and stores	Leadership is visible Frank discussions and decision-making take place without hesitation
Work Style	<ul style="list-style-type: none"> Appropriate locations are chosen in line with job objectives 	<ul style="list-style-type: none"> All discussions regarding products are conducted while looking at the actual products 	<ul style="list-style-type: none"> Employees gather to resolve issues in a timely manner without setting up a formal meeting
Workplaces	<ul style="list-style-type: none"> Workspaces chosen in line with job objectives 	<ul style="list-style-type: none"> R&D workspaces with store display images 	<ul style="list-style-type: none"> Executive offices double as meeting rooms 

TOPICS 2 Employee Incentive Program

This program recognizes and provides awards to employees who make major contributions to business process improvements or financial performance. Such incentives include "Campaign Target Achievement Awards," which are awarded to the store with the highest sales in the area during a certain campaign, and "CS Staff Awards," which are awarded every month to store staff recognized for his/her contribution to an increase in customer satisfaction based on customers' feedback. UNIQLO also has for its third year the "U-1 Grand Prix" incentive program, which rewards every half-year the top store in Japan based on compiled points during the term given to stores for various campaigns and achievements.



TOPICS 3 Introducing UNIQLO's Initiative on Hiring Persons with Disabilities

UNIQLO was invited to the 39th Kanto District Seminar for the Staff Members Working for Persons with Intellectual Disabilities held on July 18, 2007, and to a seminar held on November 15, 2007 by the International Abilitymics*. UNIQLO gave a special lecture on employing persons with disabilities, the various issues involved, and future prospects, focusing on what it has been able to accomplish to date. UNIQLO showed how the good cheer of a single individual could affect and motivate an entire store staff.

* It started in 1981 to commemorate the United Nations' International Year of Disabled. The International Abilitymics aims to improve the vocational skills of persons with disabilities in order to promote their participation in socio-economic activities, to raise awareness of business owners and society in general, and to promote international goodwill. The International Abilitymics

UNIQLO has established its Environmental Policy and Environmental Guidelines and will develop a medium-term environmental plan

Basic Approach

UNIQLO is committed to compliance with environmental laws and regulations and to the continuous reduction of the environmental impact of its activities. With its SPA (pg. 18) model, this commitment applies to every business process, from product planning to production, distribution, sales, and disposal.

Our Initiatives

Energy and Resource Efficiency at Stores

UNIQLO stores have carried out full-fledged energy and resource efficiency initiatives guided by an energy efficiency manual for stores developed by the head office and the Tokyo headquarters. An energy efficiency campaign run by all its stores in FY 2003 successfully reduced power consumption by approximately 10%. The successful campaign also raised awareness of costs and energy and resource efficiency issues. UNIQLO has thus continued the initiative.

Reducing Use of Packaging On Shipment from Factories

UNIQLO is working to reduce the use of polyethylene shipping packages used to maintain product quality when shipping products from factories. In FY 2006, it switched, on a trial basis, from packaging individual pieces to packaging multiple pieces for certain products. This reduced the number of packages it used by two million.

The initiative was expanded to other product items by its production partners in FY 2007, resulting in a further reduction of ten million packages.

At Stores

UNIQLO uses shopping bags made of paper and of polyethylene at its stores. In line with the strengthening of the Containers and Packaging Recycling Law, UNIQLO has switched to materials

that do not give off noxious gases and that make shopping bags lighter.

In FY 2007, UNIQLO reduced the weight of its polyethylene shopping bags, resulting in a further reduction of approximately 350 tons of material used compared to the previous year.

Additionally, in December 2007 UNIQLO introduced polyethylene shopping bags using the "Nano Hybrid Capsule 2 (NHC2) additive." These were researched and developed by Professor Masahiko Abe at the Science and Engineering Department of the Tokyo University of Science. NHC2 helps increase the strength of the bag and reduces its weight by roughly 20% and CO₂ emitted during incineration by about 40%. This new shopping bag thus reduces about 60% of CO₂ emitted altogether compared to the previous model.

Reducing Environmental Impact in Distribution

In an effort to build a highly efficient distribution system, UNIQLO constantly works to improve or revamp distribution flows. In addition, UNIQLO is working to reduce the weight of cardboard boxes used in product transport to improve distribution loading efficiency.

In FY 2006 UNIQLO reduced the weight of packing boxes of every shape by an average of approximately 10%. It also teamed up with its distribution partners to begin collecting hangers following delivery and reusing them at production sites overseas.

Environmental Policy and Environmental Guidelines

In October 2007, UNIQLO formulated a new Environmental Policy and Environmental Guidelines to further promote initiatives to reduce its environmental impact. UNIQLO has a plan to apply the policy and guidelines to companies operating UNIQLO business overseas and carry out effective and efficient

environmental protection initiatives for the entire UNIQLO business.

Measuring Environmental Impacts

In FY 2007 UNIQLO began measuring the major types of environmental impacts associated with its business activities. The results (pg. 29) will be used in future environmental protection activities.

All-Product Recycling Initiative

Thanks to UNIQLO's customers' support, the one-month recycling initiative in September 2007 for all UNIQLO products resulted in the collection of approximately 430,000 products.

Breakdown

- Reuse (assistance for refugee camps): about 90%
- Recycling into fuel (power generating fuel): about 9%
- Material recycling (for industrial rags and insulation): about 1%

(See Special Report on page 2 for more information.)



Collected UNIQLO Products

Complaints

In February 2007 a UNIQLO store received complaints from a neighboring company due to a cleaning subcontractor mistakenly running wastewater used for cleaning into a water channel. UNIQLO apologized to the companies, ordered the subcontractor to recover the wastewater, and confirmed that the recovery was completed. UNIQLO then discussed with the subcontractor the causes of the incident and ways to prevent it from recurring.

Main Environmental Impacts in the UNIQLO Business*1

		Planning	Production	Distribution	Sales	Use/disposal
In	Energy	Head office Power consumption 4,991,013kWh Gas usage 7,827m ³				
		Head office Copy paper usage 7,586,913 sheets				
	Supplies, etc.			Stores Power consumption 115,152,009kWh		
				Containers and packaging usage 4,703t		
Out	Emissions into atmosphere	Head office CO ₂ emissions (power consumption and gas usage) 3,517t-CO ₂				
				Stores CO ₂ emissions (power consumption) 48,940t-CO ₂		
	Waste emissions and recycling	Head office Total combustible waste (paper, etc.) 185t Incombustible waste (waste plastic, etc.) 4t		Stores General waste 17,139t		Customers Collected products through All-Product Recycling Initiative 132t

*1 About figures
 • The figures shown are basically of the FY 2007.
 • Data of some tenant stores are not included.
 • All the head office data other than gas usage related is of the head office in Yamaguchi Pref. and the Tokyo headquarters.

Future Improvements

UNIQLO plans to carry out even more initiatives to reduce its environmental impact based on its Environmental Policy and Environmental Guidelines. This includes formulating a medium-term environmental plan.

In FY 2008, it is planning to introduce the new polyethylene shopping bag that substantially reduces CO₂ emission to overseas UNIQLO stores and some FAST RETAILING Group companies in Japan.

TOPICS Cool Biz*2 Conference 2007

UNIQLO and the Energy Conservation Center jointly sponsored the Cool Biz Conference 2007 held at Omotesando Hills in Tokyo to further raise awareness of Cool Biz. At the conference UNIQLO announced the results of a survey on the awareness of Cool Biz and communicated the importance of preventing global warming and reducing CO₂ emissions by increasing energy efficiency. The survey was spearheaded by the PR Dept. at UNIQLO and was designed to ascertain whether Cool Biz had taken root. Previously, the survey targeted only males but in FY 2007, its scope was expanded to include housewives and working women.



Naoki Otoma, UNIQLO COO, presents the result of the survey.

*2 "Cool Biz" was selected as the new name of the "Sho ene look" (energy saving business outfit) campaign by the Ministry of the Environment from approximately 3,200 entries and put into official use in June 2005.

To win the continued love and trust of its customers, UNIQLO has launched programs that enable it contribute to the community in whatever way it can

Basic Approach

The FAST RETAILING Group's basic approach toward contributing to society is rooted in our desire to win the continued love and trust of our customers and based on our philosophy that we should start small and grow from there. UNIQLO therefore encourages activities that are rooted in the community and open to participation by employees, enabling it to leverage the strength of its 25,000 employees nationwide.

Our Initiatives

Support for the Activities of the Setouchi Olive Foundation

The Setouchi Olive Foundation was launched in 2000 by Tadao Ando and Kohei Nakabo, aiming to restore the once beautiful and fertile natural environment of the islands and shoreline of the Seto Naikai, Japan's Inland Sea, including the island of Teshima, which

was damaged by the illegal dumping of industrial waste. In support of the activities of the Setouchi Olive Foundation, UNIQLO has solicited funds at its stores and matched contributions made by customers since 2001.

Expanding its activities further, the Setouchi Olive Foundation gained NPO status and set up an administrative committee in July 2007. The activities of the Foundation include conserving natural woodlands and planting trees, including olive trees, in accordance with the local vegetation. The Foundation also provides grants for similar activities conducted by other organizations.

As of the end of November 2007, the contributions to the Foundation totaled 103,637,519 yen, and 57,144 trees had been planted. Grants had been issued to 22 organizations.

* See DIALOGUE pg. 3.

Supporting Special Olympics Nippon

Special Olympics (SO) is an international

sporting organization that provides persons with intellectual disabilities with opportunities to partake in sporting activities and holds tournaments where they can display their sporting skills.

Since 2002, UNIQLO has been an official partner of the headquarters of SO in Japan (SO Nippon). UNIQLO has donated uniforms to volunteers and supported the running of sporting events. In FY 2007 UNIQLO donated a total of about 3,000 uniforms to volunteers involved in the National Summer Games in Kumamoto held in November 2006 and to the Japanese athletes who took part in the Special Olympics World Summer Games in Shanghai in October 2007. In support of the various regional branches of SO Nippon, charity vending machines have been installed in employees' lounges at 172 UNIQLO stores and the Tokyo headquarters. A portion of the profit from these machines is donated to SO Nippon.



Naoki Otoma, UNIQLO COO, at the planting ceremony celebrating the achievement of NPO status.



Special Olympics World Summer Games in Shanghai ©Special Olympics Nippon



Planting olive trees



Japanese team wearing donated uniforms ©Special Olympics Nippon

Organizing UNIQLO Soccer Kids!

The JFA Kids (U6) Program organized by the Japan Football Association (JFA) is aimed at popularizing soccer and providing an avenue for character building, allowing children up to the age of six to experience the excitement of exercise and the wonder of sport. As an official partner for this program since 2003, UNIQLO has been organizing UNIQLO Soccer Kids! events every year all over Japan. Events were held in FY 2007 in the prefectures of Hokkaido, Iwate, Tochigi, Tokyo, Aichi, Shimane, Kochi, Fukuoka, and Kumamoto. A total of about 14,000 children took part in the events held at these nine locations.



UNIQLO Soccer Kids!



Hirotsugu Wada, FAST RETAILING Vice President attending awards ceremony at UNIQLO Soccer Kids!

Provision of Emergency Disaster Support

UNIQLO held a special sale at the UNIQLO store in Kashiwazaki City in an area seriously damaged by the Niigata Chuetsu Earthquake in July 2007, mainly discounting underwear, which the inhabitants of the area desperately needed.

The UNIQLO VOLUNTEER CLUB

The UNIQLO VOLUNTEER CLUB was started in September 2004 to encourage employees to contribute to society.

To promote more employees to participate in volunteer activities, in July 2007 the program was expanded to include activities in all regions where UNIQLO has stores. An intranet website was also launched to convey information on volunteer activities and provide a communication forum among participants. Efforts along these lines are enabling employees to get involved in environmental and social issues as members of their local communities.

The main activities

- Clean-up activities in areas around stores
 - Tree-planting activities in support of the Setouchi Olive Foundation
 - Sporting programs of regional organizations attached to SO Nippon.
- (See pg. 32 for details.)



UNIQLO VOLUNTEER CLUB intranet website

Future Improvements

As well as continuing with current activities that contribute to society, UNIQLO will provide an environment that encourages as many of its employees as possible working in about 750 stores nationwide to participate in these activities.

TOPICS

The Partnership Award for Emergency Assistance

UNIQLO cooperated with JEN, an NGO, by making emergency donations of warm winter clothing to enable earthquake victims in northern Pakistan in 2005 to survive the harsh winter condition in this region.* This rapid support tailored to the needs of victims in the affected region earned UNIQLO the Partnership Prize organized by the Partnership Support Center as a model example of partnership between an NPO/NGO and a company.

* See DIALOGUE pg. 7.



The expanding network of volunteer activities: Activities of the UNIQLO VOLUNTEER CLUB

■ Setouchi Olive Foundation

Tree-Planting Volunteers

About 200 employees from stores and two offices took part in the tree-planting volunteer activities in October 2006 and in April and October 2007. This activity has now entered its fourth year and has expanded to include the renovation of roads and paths and cleaning of the seashore, deepening our relationships with the residents of Teshima Island.



■ Special Olympics

SO Nippon Sporting Experience Caravan Osaka

Twelve volunteers from stores and two offices provided support for athletes by taking part in the SO Nippon Sporting Experience Caravan Osaka, held in July 2007 to support these athletes with intellectual disabilities to experience basketball.



Torch Run

Prior to the Special Olympics World Summer Games in Shanghai, a torch run event was held in August 2007 at the Tokyo Metropolitan Government Offices in Shinjuku. Forty-four employees supported this event as volunteers, managing the venue, providing security, assisting guests, and guiding the athletes running the torch relay.



©Special Olympics Nippon

■ Local Cleanup Activities

Hokuriku area (50 participants)



Initiated by: Kohei Hamori, Supervisor
Places cleaned: Seashore and the vicinity of stores in Ishikawa, Fukui and Toyama prefectures.

“I want our staff members to be individuals who take action.”

I think that, as good corporate citizens, we should engage in local cleanup activities. I want our staff members not only to think about what needs to be done, but also to act on their own initiative.

Anan Apika Store (33 participants)



Initiated by: Taichi Suyari, Store Manager, Anan Apika Store
Places cleaned: Kitanowaki Waterfront, Anan City, Tokushima Prefecture

“To root our company and stores in the community.”

In the third year of our cleaning activities, the launch of the Regional Regular Employee Hiring System made me realize the importance of community-rooted activities and encouraging employees to participate in them more than ever. These activities make it possible for staff to take the initiative, for example by picking up litter left in the street.

Mie Area (40 participants)



Initiated by: Riki Kato, Supervisor
Places cleaned: Waterfront, Gotenba, Mie Prefecture

“We want employees to care about their surroundings.”

We started clean-up activities to extend our

awareness beyond the store. These activities resulted in improved teamwork within the store and equipped employees to embark on activities on their own initiative.

Tokyo Headquarters (57 participants)



Initiated by: Tomohiro Shinohara, Deputy Store Manager, Tressa Yokohama Store
Place cleaned: Around Kitanomaru Park, Chiyoda-ku

“We’re a global company, so it is very important to take action in our communities.”

We asked employees at the Tokyo headquarters to volunteer to clean the area around Kitanomaru Park as a contribution to our community. One volunteer said that he felt good when he was thanked by a commuter, while another remarked that he felt refreshed to have some exercise early in the morning. It’s precisely because UNIQLO is a global company that it’s so important for us to engage in activities in our communities.

■ Other Activities



Initiated by: Kazuto Takahashi, Muroran Higashimachi Store

Donation of roughly 2,000 picture books

When we sold sets of T-shirts and picture books for children, we decided to distribute sample picture books at stores nationwide. After the sales period, a store employee suggested that we collect the sample picture books and donate them to children’s welfare facilities. We therefore donated about 2,000 picture books to more than seventy institutions including kindergartens, primary schools, children’s welfare facilities, regional organizations of SO, and the UNHCR.

UNIQLO franchise stores contribute to the development of local communities to become beloved members of communities

UNIQLO Aeonmall Higashiura Store, Handa Store



Juppukuya Co., Ltd.
Masanori Yamashita,
President

My company is a member of the Chamber of Commerce and the Junior Chamber in the city of Kariya, and for fifteen years we have participated in activities in and around the city that contribute to the community. We believe companies and local communities should be able to develop together and build relationships of trust.

We are fortunate to be in a position where it is relatively easy to gain the trust of society because the UNIQLO brand has already become popular. But winning the full confidence of the community requires much time and passion, so we will continue to conduct honest business activities that preserve and develop the trust built up by the UNIQLO brand.

We will continue to pursue business and community service activities that deepen our roots in the Kariya district.

Main activities

- Donation of goods for bazaars organized by a social welfare organization, Hikari no Ie
- Support of the thirty-one-legged race: an educational project for young people organized by the Junior Chamber International Kariya
- Support of the Hekikai Junior Festival Mini Soccer Tournament

UNIQLO Miyazaki Kiyotake Store



Fast Act Co., Ltd.
Shingo Imure,
President

Three years have passed since I became the owner of this franchise. To provide junior high school students with work experience, I have invited twelve students from three nearby junior high schools to the store every year. To make the work experience worthwhile for the students, we allocate staff to provide them with support and prepared a manual giving details of a wide range of such store operations as greeting and providing service to customers.

Thanks to the cooperation of our employees, this project is proving to be very popular among both teachers and parents. At the same time, the experience of providing training to the students has given me the opportunity to think once again about important basic concepts such as the meaning of work.

As an individual, I believe it is very important to consider what I can do for the community and the environment. Participating in community service activities as a part of UNIQLO business provides us with food for thought about how we can better serve our communities.



Thank you letters from junior high school students who participated in the work experience program

Main activities

- Raising funds for a local baseball club to help them participate in a national tournament
- Provision of funds and goods for local autumn and summer festivals
- Providing practical work experience to junior high school students

UNIQLO Chofu Store



Five Star Co., Ltd.
Kunihiko Yoshimura,
President

We hold study sessions every Tuesday to provide the opportunity for our employees to study our approach to CSR (Corporate Social Responsibility). These study sessions promote an understanding of CSR and convey the importance of CSR activities by examining matters such as the company's influence on society and how to contribute to local communities. We also try to get our employees to look at social issues and think about what they can do to make a positive impact.

To put what we learn in the sessions into practice, for example, when a customer with a disability visits our store, we hand the customer the store's phone number and suggest that he/she contact us in advance next time so that we can make his/her visit as smooth and enjoyable as possible. Our efforts are still insufficient, but we intend to gradually expand them, beginning with activities that we can readily put into effect.

Main activities

- Volunteer activities by employees at homes for the elderly
- Implementation of community clean-up activities with the local Junior Chamber
- Assistance with store study visits and purchase of goods to provide support for foreign exchange students in Shimonoseki City

Group companies have engaged in CSR activities by making the most of their distinctive characteristics

Créations Nelson S.A.S.

About the Company

Comptoir des Cotonniers: the French Women's Ready-to-Wear Brand Appeals to Consumers through its Creative Style and Mother and Daughter Campaigns

Established in 1995, Comptoir des Cotonniers has become one of the leading French women's brands. It has developed into a global brand with more than 300 points of sale in eleven countries. Famous for its mothers and daughters concept, Comptoir des Cotonniers conveys the values of authenticity, proximity, and naturalness.

These values have been part of the brand since its inception, and they are the source of Comptoir des Cotonniers' desire to be socially responsible and stand behind its commitments to Fair Trade* and contribution to society.

Comptoir des Cotonniers currently conducts individual projects that contribute to society, but is considering ways to systematically incorporate actions that benefit society into all its operations.

* It is a trading partnership based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers - especially in the Southern Hemisphere.



Comptoir des Cotonniers Como Vercelli Store, Milan

Promotion of Fair Trade

Working Together with Ecological Handwork Sneaker Brand Veja



Comptoir des Cotonniers' first Fair Trade partnership was with the Veja brand. Veja sneakers are an urban and vintage product inspired by a Brazilian model famous in the 1970's. They are made in Brazil, with 100% natural materials, by a cooperative of small producers. In collaboration with Comptoir des Cotonniers, the Veja brand has created an exclusive model for mothers and daughters—feminine and sophisticated, and coordinated with seasonal colors.

Sales of the Fashionable Muuñ Brand Baskets



A second Fair Trade partnership took place with the Muuñ label. Colored baskets made of straw designed by a Japanese fashion designer were produced by the women of a village in Northern Ghana. In this very arid region, basket weaving has become an essential economic activity. Comptoir des Cotonniers included in its 2007 spring/summer collection, a beautiful exclusive Muuñ basket model called Tobruck.

Humanitarian Support Activities Together with the NGO Médecins du Monde

Vaccinating Children in Developing Countries

Comptoir des Cotonniers supported a Médecins du Monde* campaign to help vaccinate children in developing countries. From April 23 to June 2, 2007, Comptoir des Cotonniers donated €5 to Médecins du Monde for every special T-shirt sold in France, Germany, Belgium, Spain, Italy, Luxemburg, and Portugal. Every €5 paid for the vaccination of six children.

The brand values of authenticity and proximity were supported by many customers and as the result of the campaign Comptoir des Cotonniers succeeded to donate 45,400 vaccines to children of such developing countries and regions as Nepal and Tibet.

* It is an international humanitarian aid organization whose volunteers provide medical care for vulnerable populations around the world.



Special T-shirts sold for the campaign

VIEWCOMPANY CO., LTD.

About the Company

Over 100 Stores Nationwide Specializing in Women's Shoes

Ever since its foundation in 1962, VIEWCOMPANY CO., LTD. has been expanding its business primarily in the field of women's footwear, and it was listed on JASDAQ in April 2006. It entered into a business and capital tie-up with FAST RETAILING CO., LTD. in October 2006, becoming an equity method affiliate.

As of August 2007, VIEWCOMPANY had 103 stores with names such as VIEW, [vju:], Shoes World (a shoe shop targeting families), and COO ICI stores that feature a full range of original brand products.



ICI sisters, Sakai city

Social Contribution through Donating Shoes

Donating Shoes to Refugee Camps in Africa

In support of UNIQLO's All-Product Recycling Initiative, VIEWCOMPANY has donated roughly 6,000 pairs of unused shoes to a certified NPO, Japan Relief Clothing Center. In November 2007, these shoes were delivered to refugee camps in Tanzania controlled by the UNHCR along with clothing that UNIQLO received from its customers.

A disease known as tungiasis or sand flea disease, caused by parasites getting underneath the victims' toenails and resulting in necrosis of the feet, affects many people in Africa who go without shoes. The shoes donated will make a positive contribution to the lives and health of people in African refugee camps.

LINK THEORY HOLDINGS CO., LTD.

About the Company

Theory Brand Highly Popular among Career Women

In January 2004, FAST RETAILING CO., LTD. invested in what was then LINK HOLDINGS CO., LTD., a company marketing the Theory brand in Japan and the United States. Theory brand was established in New York in 1997 and the company began the brand business in Japan in December 1998.

The Theory brand's contemporary image comes from its perfect fit and complete comfort achieved by using only the highest-quality materials. Expanding in Japan through its growing popularity among career women, the company listed on TSE Mothers in June 2005.



Theory Gansevoort Store, New York City

Icon Project

Organization of Events to Spark New Concepts and Activities

LINK THEORY HOLDINGS CO., LTD. has teamed up with many companies since 2006 through the Theory Icon Project*1 and enhanced the image of innovation, intelligence, and trustworthiness associated with the Theory brand.

As part of the Icon Project, together with the Precipice Alliance*2 and the Natural Resources Defense Council,*3 the company sponsored a Green Event in June 2007 at its flagship store in New York City. This event provided a learning forum on the importance of eco-friendly living (living that reduces emission of carbon dioxide) and it supported improving awareness of environmental issues and of companies fulfilling their social responsibilities.

*1 It is the artistic and philanthropic arm of Theory, which curates a program of events, exhibitions, and sponsorships, designed to encourage the development and exposure of iconic ideas and initiatives.

*2 This is an organization that provides education on the effects of climate change as well as support for artwork based on environmental themes. It also disseminates information and engages in other educational activities.

*3 This is one of the most influential environmental conservation organizations in the United States. Its mission is to protect people, flora and fauna, and the natural environment all over the world.



Bags distributed at the event

Recognizing the importance of communication with the stakeholders of the FAST RETAILING Group, we have actively disclosed information to help our stakeholders understand our concept and initiatives on CSR. As a part of CSR communication, we strive to communicate relevant and timely information about our CSR activities on the FAST RETAILING Group web site.



The FAST RETAILING Group website
<http://www.fastretailing.com/eng/csr/>

With the aim of reaching as many people as possible, UNIQLO has launched a communication website to provide information about the All-Product Recycling Initiative, which includes content in an animated short story format geared towards children. UNIQLO also published All-Product Recycling Initiative Photo Reports on its website with an explanation of the steps UNIQLO took to donate clothing that was provided by customers, to refugee camps abroad.



The UNIQLO All-Product Recycling Initiative communication website
<http://www.uniqlo.com/jp/csr/> (Japanese only)



The UNIQLO All-Product Recycling Initiative Photo Report for Thailand and Nepal
<http://www.uniqlo.jp/special/csr/> (Japanese only)



The UNIQLO All-Product Recycling Initiative Photo Report for Uganda and Tanzania
<http://www.uniqlo.com/jp/csr/africa/> (Japanese only)

As a way of group-wide and company-wide communication, FAST RETAILING strives to deepen the understanding of employees regarding the CSR activities of their own companies and to impress upon them that they could make the world a better place through participating in CSR activities. At UNIQLO, the house journal, *Voice U*, is published quarterly and introduces activities regarding environmental conservation and social contribution in every issue in order to deepen the understanding of its employees.



The *Voice U* in-house magazine



The FAST RETAILING logo - The flag motif

The new FAST RETAILING flag motif logo signifies our corporate group breaking out of its existing mode, and presenting new perspectives and new values on a global level. We chose the flag motif for the new FAST RETAILING logo to illustrate the powerful cohesive force of people pursuing this vision together. The flag is also symbolic of our willingness to take on various new challenges and remain open to progressive, creative ideas without fearing the risks.

This logo also incorporates the desire of all of our group staff to tell people around the world about the FAST RETAILING drive and spirit.

The corporate color red signifies many things to us.

The FAST RETAILING corporate color, red, evokes the powers of innovation, reinvention, passion, strength, independence, and progress. The vibrant red also shows the pioneering DNA that flows constantly through the UNIQLO operation.

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