Under its All-Product Recycling Initiative, UNIQLO accepts pre-owned apparel from customers and delivers it to refugee camps. In 2007, our CSR Department visited a refugee camp in Nepal to donate apparel for reuse. In 2009, we traveled there again to see firsthand how the refugees had benefited from our donated apparel and to deliver more. We also gave the refugees pictures taken on our previous mission. As in 2007, our most precious memory was the many smiles we witnessed in the Nepal refugee camp.
In September 2009, I visited a refugee camp in Nepal for the second time and found myself recognizing some faces. Normally, that would bring back a flood of good memories, but any happy sentiments I might have had were tempered by the state of the refugee camp—it was little changed from my first visit in 2007.

However, upon meeting people wearing UNIQLO apparel, which had clearly been taken care of since it was delivered on our last visit, I felt a warm glow inside. Refugees usually have only three or four articles of clothing, so they wear them during the day and wash them in the evening. I was elated to see that the refugees were taking such good care of the clothing, even though some articles were becoming threadbare. An elderly man said to me, “The fleece jacket you gave me two years ago is warm and, after I wash it, it dries right away.”

On my first visit, a refugee girl named Gita Bhandori left a deep impression on me. Her father was unable to work due to a back injury sustained while fleeing Nepal, and her brother also suffered from a disability. Her family’s circumstances were among the most difficult of the residents of the refugee camp.

I still remember Gita smiling when I first saw her two years ago, then a 12-year-old in a purple parka that was far too big for her. That innocent-looking Gita, who had now turned 14 and was beginning to look like an adult, vaguely remembered me.

She told me, “My mother keeps my and my sister’s UNIQLO clothing stored away for special times.” I was happy to hear that, because it meant that while they may be short of everyday clothes, they were keeping the clothing we had given them safe for special occasions, such as festivals.

This time, we distributed 10 apparel items to Gita’s family, and she chose a white blouse, saying, “I am going to wear this at a festival two days from now.”

Some changes had taken place since 2007. Some of the refugees were beginning to leave to reside in other countries. Among them, I found a family wearing orange fleece jackets. When I saw them donning their UNIQLO apparel to look more dressed up, I had the feeling that the clothing was helping them to take their first steps toward their new lives in another country.

Clothing does more than enhance hygiene and protect one from the elements. A piece of apparel can also inspire the wearer, providing hope and confidence. When I realized this, I felt more strongly than ever the need to continue efforts to support these people.

After being washed repeatedly, some of the clothing we donated has become worn and unsuitable for wear. Even in this refugee camp in Nepal, there is a serious shortage of clothing. As a result, I feel increasingly that my mission is to have UNIQLO’s customers understand the purpose of
the company's all-product recycling activities, and to help expand the scope of these activities to collect and distribute even more items for reuse.

One example of this is a workshop that I conducted at three high schools in Tokyo to inform students about the process of collecting and sending reusable clothing to refugees. In addition, the students visited the UNHCR* office in Tokyo to learn more about refugees. It was great! Their energy and what they were doing were wonderful. For example, students at Mihara High School collected nearly 5,300 items in only two days, and the sight of them diligently sorting through the clothing was inspiring. In this way, I feel it is very important to work with educational institutions to broaden our activities and to help people to understand the significance of what we are doing.

The scale of our recycling activities, which initially began with our fleece products, has grown every year since I joined the company in 2001. As a member of the CSR Department, it has been rewarding to watch our programs develop and grow year after year.

Our goal is to collect 30 million apparel items in five years and deliver them to the world’s refugees, estimated to number some 31.7 million people.

* United Nations High Commissioner for Refugees

All-Product Recycling Initiative

The All-Product Recycling Initiative began in 2001 with the Fleece Recycling Program, which was expanded to include all collected UNIQLO items in 2006. At present, we ask customers to wash the articles they wish to donate and bring them to one of our stores, which accept donations during the months of March, June and September. We then select the items that are in good condition, and, with the cooperation of various organizations, we donate them to refugee camps around the world, including in Nepal, Uganda, Tanzania, Ethiopia, Georgia, and Pakistan. We have also made donations in the form of disaster relief to people in 12 countries suffering from natural disasters, including cyclones. The number of items recycled is growing annually, and in 2009 we collected 2.62 million items, 1 million more than in 2008.

> ![](chart.png)

### Items Collected for Recycling

<table>
<thead>
<tr>
<th>CY</th>
<th>September</th>
<th>June</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>0.14</td>
<td>0.14</td>
<td>0.30</td>
</tr>
<tr>
<td>2007</td>
<td>0.43</td>
<td>0.68</td>
<td>0.81</td>
</tr>
<tr>
<td>2008</td>
<td>1.59</td>
<td>1.08</td>
<td>0.80</td>
</tr>
<tr>
<td>2009</td>
<td>2.62</td>
<td>1.08</td>
<td>0.79</td>
</tr>
</tbody>
</table>

Activities of Mihara High School

When recycling piqued their interest, 20 students at Mihara High School decided to try recycling themselves. To get their community on board, they did their best to collect used apparel by visiting the homes of elderly citizens and by preparing posters and flyers, which they distributed at local shopping areas. These activities made them feel firsthand that by collecting and donating apparel they were helping the distressed people of the world.

* United Nations High Commissioner for Refugees

> ![](image.png)
Tetsuyoshi Yamada works at the UNIQLO Nakamozu Store in Osaka. Tetsuyoshi has limb apraxia, a nerve-related disorder resulting from a spinal injury as a child. He rides his bicycle to work every morning, and people in the neighborhood have become accustomed to seeing him fly past. He hurries to get to work before everyone else because it takes him longer to prepare for the day’s tasks, which start with confirming internal messages from headquarters and preparing the cash registers by filling them with change. Next, he readies store displays with products from the storeroom, finishing in time for the daily morning staff meeting, where personnel hear reports on the previous day’s sales and the current day’s sales targets. Then Tetsuyoshi is—as he puts it in the colorful Osaka dialect—ready to “take on the day.”

Now in his 12th year working at UNIQLO, Tetsuyoshi did not know much about UNIQLO before he joined the company. He joined UNIQLO because he wanted to interact directly with customers. After joining, however, he was put in charge of inspecting goods and changing price labels away from the action on the store floor. Since his dream was to work in a capacity interacting with customers, he asked the store manager if he could work the cash register. At first reluctant, and after much thought, the store manager ultimately gave his approval. Gradually, Tetsuyoshi moved from storeroom work to positions where he was in direct contact with customers.

“Looking back on it now, I can understand the concern of the store manager then,” says Tetsuyoshi. “At the beginning, when I made some mistakes I got lectured, but I was happy nonetheless because UNIQLO gave me a chance to see how far I could push myself. However, most important for me is that I feel accepted,” he added.

Tetsuyoshi was granted his wish to work at the cash register, a crucial point of contact with the customer. When he worked the register, he noticed that customers would carefully scrutinize him and his movements, and that 8 of 10 customers would check their receipts. He thought this behavior was a sign of a lack of trust in him, but instead of taking this as a negative, he took it in a positive way and resolved to work even harder. This interaction with customers gave him a new self-awareness and transformed his way of thinking.

This positive attitude helped to transform the store as well. His positive outlook was contagious and his presence helped to make the atmosphere of the store even brighter.

When Tetsuyoshi first started at the store, other staff members were not sure what to make of him due to his disability. So Tetsuyoshi took the initiative.

“I didn’t do anything special really. I just like to talk. And being talkative, I would just take every opportunity to chat—even when we were on break,” Tetsuyoshi says.

Today, Tetsuyoshi is regarded by many in the store as something of an elder brother, as he offers new staff members sage advice as he shows them the ropes.
Promoting Employment of People with Disabilities

UNIQLO has actively recruited persons with disabilities since 2001, with a goal of employing one such person per store. At present, about 90% of UNIQLO stores employ people with disabilities, and the ratio for UNIQLO as a whole is 8.04%, greatly exceeding the legal minimum in Japan of 1.8%.

Employment Ratio of UNIQLO Staff with Disabilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>6.35</td>
</tr>
<tr>
<td>2002</td>
<td>6.81</td>
</tr>
<tr>
<td>2003</td>
<td>7.55</td>
</tr>
<tr>
<td>2004</td>
<td>7.66</td>
</tr>
<tr>
<td>2005</td>
<td>7.86</td>
</tr>
<tr>
<td>2006</td>
<td>7.31</td>
</tr>
<tr>
<td>2007</td>
<td>8.06</td>
</tr>
<tr>
<td>2008</td>
<td>8.04</td>
</tr>
</tbody>
</table>

Classification of Disabilities among Our Staff in FY2009

- Psychiatric disability: 10.9%
- Mild intellectual disability: 32.7%
- Severe physical disability: 14.7%
- Mild physical disability: 12.8%
- Severe intellectual disability: 28.9%
- 763 people

Current Nakamozu Store Manager Yugo Masuda has known and worked with Tetsuyoshi for many years. “Whether he has a disability or not is not important. Everyone has things they are not good at. That is where teamwork comes in. We consider his disability, but we don’t hesitate to call on him to do things. We want him to do any and everything he can,” he says, adding, “He knows almost everything about this store and he has taught me a lot. On the other hand, when he messes up, as the store manager I talk to him about it without pulling any punches. But I think that being sensitive to other people’s feelings helps to strengthen teamwork, and that goes for everyone, not just Tetsuyoshi.”

When Tetsuyoshi rides his bicycle through the town, people call to him, saying: “Hey, you’re that guy from UNIQLO, right? Have you got any sales on this week?” Comments like this really encourage not just the staff of the Nakamozu Store, but other employees of UNIQLO as well. With this in mind, Tetsuyoshi continues to commute to work on his bicycle, making UNIQLO a better place for everyone.
Basic CSR Policy and CSR Committee Activities

We at FAST RETAILING believe that incorporating corporate social responsibility (CSR) activities into our business of producing and selling clothing has value, and that today this is precisely the approach that society is looking for. As such, the aim of our basic CSR policy is to make the world a better place.

What is our significance as a corporate group? What can we do for the world through the apparel business? Can FAST RETAILING also involve its customers in these CSR activities? As a corporate group that produces and sells about 500 million articles of clothing annually, FAST RETAILING requires its partner companies to observe legal regulations related to labor conditions and to respect human rights. In addition, FAST RETAILING strives to maintain quality and safety and engage in environmental protection activities, while working to prevent illegal overtime and promote career development. Moreover, as part of our community service activities, pre-owned UNIQLO products are collected, and through our All-Product Recycling Initiative, UNIQLO donates these items to refugee camps. FAST RETAILING’s CSR Committee, which is comprised of top management, external auditors and outside experts, convenes periodically to implement these CSR activities. The committee takes into account the objective opinions of committee members, identifies CSR activities that are a priority and promotes the implementation of these activities.

Monitoring of Labor Conditions at Partner Factories

UNIQLO works with about 70 production partners, in China and other countries in Asia, to maintain production safety and quality, and endeavors to make improvements in labor conditions. Since 2004, UNIQLO has adopted a Code of Conduct (CoC) for its Production Partners and has called on an external auditing institution to monitor labor conditions, mainly at major sewing factories that have signed a pledge to abide by the CoC.

Admittedly, in some cases, these problems may be partly attributed to UNIQLO, since it is UNIQLO that places orders with these partner companies. Child and forced labor is, of course, forbidden, but other abuses, such as extremely long overtime hours and requiring work without proper periods of rest may arise. When issues are discovered, we want to go beyond simply having the partner factories in question pay penalties. We want to create a framework and incentives that will make management at these factories recognize that they benefit by taking appropriate measures.

In the monitoring activities from June to August 2009, no companies were assigned a grade of E. (Please refer to the table on the right for grade definitions.) However, 16 factories were ranked D and 54 were given a grade of C. We responded to these results diligently and immediately requested that improvements and corrective measures be undertaken. The CSR Department follows up on the progress of these improvements.

Results of Regular Monitoring as of the End of August 2009
(Conducted between June and August 2009)

<table>
<thead>
<tr>
<th>Grade</th>
<th>Content</th>
<th>Number of factories</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>No violations</td>
<td>9</td>
</tr>
<tr>
<td>B</td>
<td>One or more minor violations</td>
<td>20</td>
</tr>
<tr>
<td>C</td>
<td>One or more major violations</td>
<td>54</td>
</tr>
<tr>
<td>D</td>
<td>One or more severe violations</td>
<td>16</td>
</tr>
<tr>
<td>E</td>
<td>Highly unethical, serious offense subject to immediate review of contract</td>
<td>0</td>
</tr>
</tbody>
</table>

Grade D Cases

- **Forced labor:** On a production line employing 15 to 20 employees, only one permit was available for use of the rest room, and free use of the facility was therefore restricted.
- **Excessive work hours:** Some workers were required to work continuously for up to 37 days without proper periods for rest.
- **Ensuring employee safety:** On the third floor of an employee dormitory one of two emergency exits was locked and there were insufficient emergency exits.

UNIQLO requested immediate corrective action and follow-up monitoring has confirmed that action has been taken.

In the monitoring activities implemented in April 2009, one instance of child labor was found.

- **Child labor:** It was discovered that 3 of a random sample of 25 employees were children under 16 years of age. Also, when the personnel files of the factory were examined, there were no copies of the ID cards of 10 employees, and therefore it was not possible to confirm their ages. FIRST RETAILING ordered the factory to terminate their employment and to make a lump-sum payment to each employee equivalent to the amount he or she would have earned working at minimum wage until the age of 16. Documents were subsequently confirmed ensuring that the payments were made and then transactions with the factory were suspended.