Corporate Social Responsibility (CSR)

The Fast Retailing CSR Vision: Making the World a Better Place
The guiding principle of Fast Retailing’s CSR (Corporate Social Responsibility) Vision is to make the world a better place through the planning, producing and selling of clothing, one of life’s basic necessities. The time has passed when companies could fulfill their social responsibility merely by returning to society a portion of their profits and engaging in voluntary activities. We find it more meaningful to conduct CSR activities within our core business, namely the production and sale of clothing.

Fast Retailing is committed to making a long-term social contribution in the four areas below.

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Corporate Social Responsibility (CSR)

Social Business
All-Product Recycling Initiative
Monitoring of Labor Conditions
Environmental Responsibility
Japan Disaster Relief
In August 2011, Fast Retailing and the Grameen Bank set up GRAMEEN UNIQLO Ltd. to undertake social business in Bangladesh, one of the least developed countries in the world. This business represents a long-term commitment to tackling and alleviating adverse social conditions.

GRAMEEN UNIQLO has established a framework to manufacture and sell clothing and underwear locally, at prices that are affordable in Bangladesh. In addition to polo shirts and printed T-shirts, GRAMEEN UNIQLO responds to local customer demand by selling traditional saris and modern hygiene products. Revenue is increasing and the sales force has expanded to over 100 Grameen Ladies. The number of production partners who understand the initiative’s operational aims is also growing steadily.

One challenge, given the small production volumes, is to reduce prices and increase sales. A social business can only succeed if it offers goods that people want to buy at competitive prices. The GRAMEEN UNIQLO social business has huge potential, and it is already building a robust local SPA* structure in Bangladesh.

Note: The SPA (Specialty store retailer of Private label Apparel) business model incorporates the entire clothes-making process, from procurement of materials, product planning, development and manufacture, through distribution and retail, to inventory management.

GRAMEEN UNIQLO’s Main Products
The broad line-up includes popular men’s shirts and polo shirts, as well as traditional saris produced in response to customer demand. Children’s clothing, including illustrated T-shirts, constitutes 20% of total sales. GRAMEEN UNIQLO also makes women’s underwear and hygiene products.
We have an important responsibility to produce truly great clothing that can be worn for a long time, and also to maximize the value of clothing by collecting, reusing and recycling our used products. With the cooperation of international aid agencies and organizations, we have been able to redistribute approximately 4.3 million items of clothing over the past five years to people in 22 countries, including refugees, displaced people, victims of natural disaster, pregnant women and women with young children.

Since October 2010, g.u. stores have joined UNIQLO stores in accepting any UNIQLO or g.u. product that customers bring in, and by the end of November 2011 we had collected a total of 12 million items. The All-Product Recycling Initiative has already been extended beyond Japan to include South Korea, France, the United Kingdom, the United States and Singapore. Our ultimate aim is to introduce the initiative in all UNIQLO stores worldwide.

In order to expand the reach of our CSR activities, including the recycling of clothes, in February 2011 we formed a Global Partnership Agreement with UNHCR*.

* UNHCR (United Nations High Commission for Refugees) began its activities in 1951 and currently operates in over 120 nations.
In 2004, Fast Retailing introduced its Code of Conduct for Production Partners in respect to recommendations by the International Labor Organization prohibiting child labor and restricting working hours. We use external institutions to monitor labor conditions twice a year, primarily at partner factories that have pledged to uphold the code. In fiscal 2011, we monitored 188 partner factories.

Fast Retailing’s CSR personnel visit any factory that receives a low grade to discuss and devise a satisfactory solution. The decision to assign CSR staff to the Shanghai Office from October 2010 has resulted in better communication with partner factories and a greater ability to resolve issues smoothly.

### Grade E Cases

Factories were monitored twice in fiscal 2011 and four grade E cases were reported. Having investigated the situation and demanded improvements, no grade E cases remained at the end of the fiscal year. Here are the details of two actual cases.

1. **False Reporting**
   A regular inspection revealed discrepancies in working hours based on production records, employee interviews and time card data. CSR representatives visited the factory and confirmed that Saturday work shifts and overtime on weekdays had been deliberately omitted from the records to avoid exceeding the legal monthly overtime limit of 36 hours. An E grade was assigned and business with the factory reduced. The situation was subsequently improved.

2. **Child Labor**
   The factory in question did not check the age of its workers and its documentation was inadequate. Four workers were found to have been under the age of 16 when they were hired. An E grade was assigned and business with the factory reduced. CSR personnel subsequently visited the factory to confirm the introduction of stringent age checks.
Fast Retailing has created its own Environmental Guidebook for Fabric Producers, and has started inspecting their dyeing processes. The aim is to promote careful measurement and management of discharged water and other effluents, appropriate management of waste materials and chemicals, and health and safety checks for workers.

We inspected 75 fabric manufacturers between June 2010 and March 2011. Two factories passed the inspection, but problems were noted at the remaining 73. Examples included waste water from the boiler being flushed into the gutter, and poor monitoring of noise emissions or emissions from electric power generating facilities. We asked each factory to make improvements and, after external specialists were called in, we continued to monitor the four most serious offenders.

As most fabric producers are large, and manufacture for many customers, Fast Retailing is pressing for stringent environmental standards across the entire apparel industry. Large amounts of energy, water and chemicals are used in the dyeing process, and so we frequently check the appropriate disposal of waste water and enforce proper legal management of effluents.

Fabric producers use large amounts of energy, water and chemicals in the dyeing process.

Frequent checks for appropriate effluent disposal

Enforcing proper legal management of effluents
In our business, we view everything that we do from the customer’s perspective, and this fundamental principle applied to our disaster relief activities following the March 2011 earthquake and tsunami in Northeast Japan. The first step was to deliver the clothes that people in the disaster area really needed.

Initially, we put together sets of men’s and women’s clothing in different sizes to be delivered mainly to emergency shelters. But as we distributed the clothes, we realized we had to change our approach. Accordingly, we began to sort men’s and women’s clothes by item and size, and put them in places where people gathered, such as temporary bathing facilities. That way, people could take exactly what they really needed.

Another problem was that people did not have a change of underwear, and had no water to wash clothes, so we began to focus particularly on supplies of underwear, socks and T-shirts. When people expressed delight at receiving a change of underwear and socks, and told us how it reminded them of the pleasure of shopping, we were struck anew by the precious power of clothes.

By fall 2011, Fast Retailing had donated 1.16 million items, or approximately 1 billion yen’s worth of clothes, in disaster relief with 200 employees and NPOs voluntarily distributing the clothes in the disaster area.
Donating Part of Our Profits

SAVE JAPAN!
In response to a call from VOGUE JAPAN and GQ JAPAN magazines, we began selling SAVE JAPAN T-shirts with personal messages of encouragement from global celebrities. We donated 130 million yen of the proceeds from these sales to the Japanese Red Cross disaster fund.

Donating 100 Yen per Item to Orphans Fund
We raised approximately 230 million yen through our program to donate 100 yen for each dry color T-shirt or polo shirt sold in UNIQLO Japan stores. Approximately 220 million yen was donated to the Momo-Kaki Orphans Fund, for children orphaned in the March disaster, and the remainder was donated to the Japanese Red Cross Society.

The Momo-Kaki Orphans Fund is chaired by the renowned Japanese architect Tadao Ando, and Fast Retailing Chairman, President & CEO Tadashi Yanai is one of the fund’s founding members.

Customers Worldwide Send Their Goodwill

• We collected 270 million yen in customer donations from boxes placed in UNIQLO, g.u., Comptoir des Cotonniers, Princesse tam.tam and Theory stores worldwide.

• Business partners of the Fast Retailing Group donated 130 million yen, and 200,000 items, including blankets, for disaster relief.

• The Fast Retailing Group donated 300 million yen. Donations from Group employees worldwide totaled 180 million yen, and Fast Retailing Chairman, President & CEO Tadashi Yanai made a personal donation of 1 billion yen.

Thank you very much for your donations! They are being put to good use by the Japanese Red Cross Society, and other countries’ Red Cross societies, NPOs and prefectural authorities involved in the recovery efforts.