

IMPROVE THE WORLD THROUGH CLOTHES

- ALL-PRODUCT RECYCLING INITIATIVE
- SOCIAL BUSINESS
- EMPLOYING PEOPLE WITH DISABILITIES
- WORKPLACE MONITORING
- ENVIRONMENTAL PROTECTION





ALL-PRODUCT RECYCLING INITIATIVE

Our All-Product Recycling Initiative collects quality second-hand clothing from UNIQLO and GU customers and delivers it to those in need around the world, including refugees and displaced persons. By August 2015, we had donated 16.32 million items in total. We carry out this initiative with the help of our global partner, the United Nations High Commissioner for Refugees (UNHCR), and also with the help of NGOs worldwide.

In fiscal 2015, we delivered 280,000 items directly to refugees in Jordan, and provided 80,000 items of urgently needed children's clothing in Myanmar.

Clothes protect people against not only heat and cold, but also injury and infection. They help give children the opportunity to go to school, and women the courage to participate in their local communities. We are determined to keep providing clothing to people who need it.

MYANMAR REPORT 2015.02

Myanmar is a multiethnic nation. Domestic conflict, motivated by political, religious and other reasons, has forced many people into displacement camps. In October 2014, we began donating clothing to displacement camps in Kachin State in the north with the help of the UNHCR and local NGOs, and our CSR representatives visited the camps to deliver clothing directly in February 2015.



Begin distributing clothing delivered from Japan

80,000 items (60,000 children's) donated in February 2015

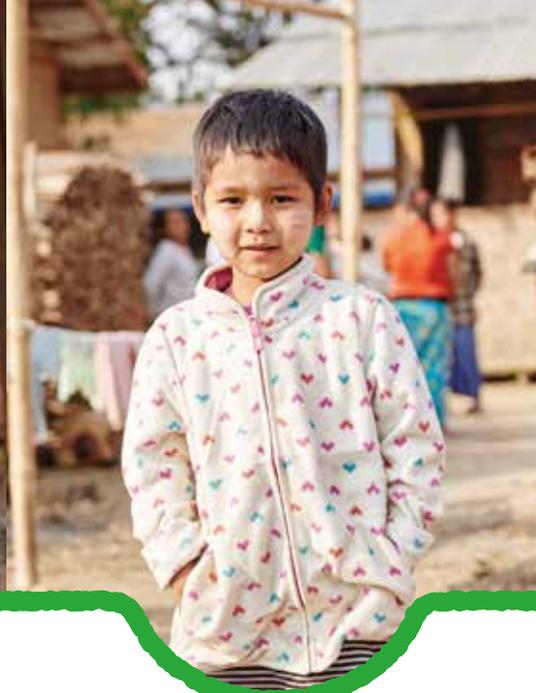


A mother collects clothes for her family



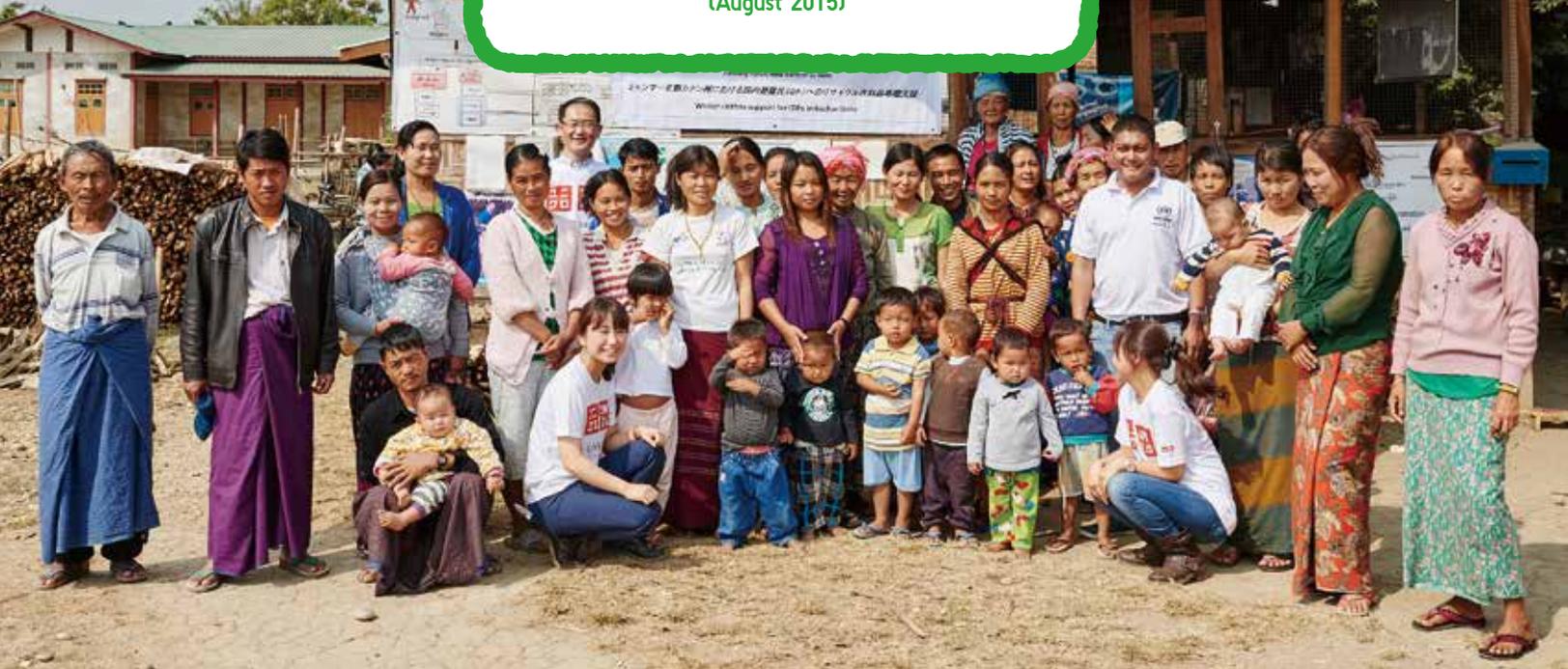
Children's clothing is often in particularly short supply





THE POWER OF CLOTHES

16.32 million items
donated to 59 countries and regions
(August 2015)





WORKPLACE MONITORING

Ensuring Responsible Environments at Partner Factories

Fast Retailing has a Code of Conduct for Production Partners to ensure its clothing is always manufactured under safe and appropriate working conditions. We employ external institutions to regularly inspect working environments at all of our primary partner garment factories. Members of our CSR department visit any factory that needs to make improvements in order to offer practical advice and guidance. From September 2015, we also began monitoring working conditions and environmental impacts at fabric suppliers, as these secondary partner factories constitute 70% of

UNIQLO's production volume.

To monitor working conditions more effectively, we are encouraging production partners to employ their own CSR representatives and develop internal inspection systems and procedures. In July 2015, we joined the Fair Labor Association, an international non-profit organization promoting adherence to national and international labor laws. We are also committed to safeguarding the human rights of workers at our production partner sites.

Monitoring Results

Grade	Description	FY2013	FY2014	FY2015
		FR Group (UNIQLO)	FR Group (UNIQLO)	FR Group (UNIQLO)
A	No violations	11 (10)	1 (1)	5 (1)
B	One or more minor violations	134 (95)	175 (115)	202 (115)
C	One or more major violations	97 (45)	72 (32)	171 (73)
D	One or more severe violations	48 (19)	77 (17)	75 (28)
E	Highly unethical, serious offense (immediate review of contract)	4 (1)	7 (3)	19 (10)
Number of factories monitored		294 (170)	332 (168)	472 (227)

We stepped up our monitoring and guidance in fiscal 2015 following an increase in the number of E grades. For E-grade partner factories, we revise our production orders, and ultimately terminate business altogether if the situation does not improve.



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



We do frequent checks to ensure appropriate effluent disposal.



We also enforce proper legal management of effluents.

ENVIRONMENTAL PROTECTION

Expand Monitoring of Fabric Suppliers to Minimize Environmental Impact

In 2014, Fast Retailing instituted a new basic environmental strategy that aims to reduce the environmental impact of processes across the entire supply chain. In 2010, we began monitoring some of our secondary partner fabric suppliers, whose processes can have a particularly harmful impact on the environment.

Fast Retailing's Environmental Guidelines for Fabric Production covers five main areas: Environmental Management, Chemicals Management, Waste Materials Management and Disposal, Treatment of Asbestos and PCB, and Measurement and Management of Effluents (discharged water, etc.). External specialists monitor the environmental impact of fabric suppliers, and we then work with the manufacturers to improve performance.

In fiscal 2015, we monitored 118 fabric suppliers. This was the first environmental monitoring for many of these manufacturers, and so we highlighted basic errors and areas of insufficient awareness. Fast Retailing intends to visit manufacturers to offer guidance and conduct follow-up inspections.

In September 2014, Fast Retailing joined the Sustainable Apparel Coalition (SAC). We will work with this group of major apparel and footwear brands to further reduce the impact of apparel manufacture on the environment.

Examples of Improvements for Fiscal 2015

Poor storage management of dangerous chemicals (China)

On discovering this problem at a fabric supplier in China, members of our CSR department immediately offered guidance and training. The fabric supplier concerned also appointed an external manager and introduced on-site safety management training.

Poor storage management of waste materials (Indonesia)

After discovering inadequate procedures at the waste storage facility of a fabric supplier in Indonesia, our CSR members visited the site with UNIQLO *takumi* experts in dyeing and fabric production to offer guidance. Satisfactory improvements were subsequently confirmed.

Poor storage and management of chemicals (Thailand)

On discovering a lack of proper containment of chemical substances at a fabric supplier in Thailand, Fast Retailing demanded improvements, and subsequently confirmed they were made.