Addressing Social Issues Worldwide, Through Clothing

Fast Retailing believes it has a responsibility to address the many challenges facing society through its business with a focus on activities that inspire and empower young people and their communities. Moreover, FR believes it must raise awareness of social issues among the greater public and form alliances and partnerships to tackle the largest of them. Put simply, our goal is to provide value to local communities and society.

Social Business
Tackling Poverty, Employment and Self-Sufficiency: Social Business to Support Communities

Fast Retailing teamed with the Grameen Bank Group, a leading proponent of social business, to launch Grameen UNIQLO Ltd., in 2010 in Bangladesh, a country which is also a core production base for FR. A localized version of FR’s SPA business model, Grameen UNIQLO helps to combat poverty, increase employment opportunities, support self-sufficiency, and develop local industry.

Business Growth to Address Social Issues
As a social business, the mission of Grameen UNIQLO is to provide a platform for the people of Bangladesh to develop and nurture a homegrown SPA operation that will act as a sustainable force towards addressing the country’s poverty, employment, and other social needs.

Grameen UNIQLO takes advantage of UNIQLO production know-how to make truly great clothing for the people of Bangladesh. The clothing is then sold at prices that a large segment of the population can afford and all profits are reinvested back into the business. The clothes are also among the products sold door-to-door by “Grameen Ladies” in rural areas – women who strive for financial independence aided by low-interest loans from Grameen Bank. Grameen UNIQLO made great strides in 2013 with the opening of Grameen UNIQLO stores in the capital city of Dhaka. Creating new markets and contributing to the self-sufficiency of people in Bangladesh is a manifestation of FR’s mission to enrich people’s lives through our unique corporate activities. The challenges are many, but FR is fully committed to expanding the Grameen UNIQLO social business model in Bangladesh.

[Image of Grameen UNIQLO store and clothing]

Challenge 3  Community

Addressing Social Issues Worldwide, Through Clothing

Fast Retailing believes it has a responsibility to address the many challenges facing society through its business with a focus on activities that inspire and empower young people and their communities. Moreover, FR believes it must raise awareness of social issues among the greater public and form alliances and partnerships to tackle the largest of them. Put simply, our goal is to provide value to local communities and society.
The people of Bangladesh are very excited that a global brand has come to Dhaka, and the products have generated a lot of excitement. The response gave me a real sense that our partnership, which began three years ago, will continue to grow. I am very pleased that we have opened six new Grameen UNIQLO stores in Dhaka (as of December 2013).

We look forward to continuing our efforts that support the local economy and make for a prosperous Bangladesh. The operation with UNIQLO is one of Grameen's most meaningful ventures, and we look forward to a lasting partnership.

Lamiya Morshed
Director (Grameen Healthcare Trust)
Grameen UNIQLO Ltd.

Bridging the Gap Between Expectations and Reality

Grameen UNIQLO has been able to produce high-quality, affordable products in Bangladesh by applying know-how from UNIQLO's SPA model. The goal from the beginning has been to generate a new market for casual wear in the country and increase employment opportunities as the business expands. Another objective is to support the independence of women, and products were initially sold primarily on a consignment basis by Grameen Ladies with financial support from Grameen Bank.

Several obstacles had to be overcome to develop the business. Grameen UNIQLO COO Tadahiro Yamaguchi says, "In contrast to our expectations, we quickly learned that there was limited purchasing power in rural areas and that spending on clothing represented only a very small part of people's disposable income. Simply offering high quality products was not enough to entice people to choose our relatively higher-priced products over others. Regarding product design, we found that people in rural areas, particularly women, favor traditional clothing. There was little need for casual wear like the T-shirts Grameen UNIQLO was offering. The Grameen Ladies kept asking us to do something about the pricing and the product mix."

The way of doing business is also different than the standard UNIQLO model. Marketing is primarily through word of mouth or direct visits to customers. Much time and effort was invested in clarifying the real needs of the local population. The business finally took off after setting up movable stalls and showrooms and revamping the product lineup based on feedback from the Grameen Ladies. FR learned that meeting the real needs of locals can only be achieved by running a business firmly committed to the local population.

Growing the Business, Developing Local Talent

The third year of FR's social business in Bangladesh saw the launching of a network of stores in the capital city of Dhaka. "The goal," says Yamaguchi, "is to raise awareness of the Grameen UNIQLO brand. We are incorporating feedback gathered by our network of Grameen Ladies and trying to reflect the needs of mainly rural customers into our product planning. We are hoping to expand from the urban center where we are focused now to the rural markets in the near future. At the same time, we want to invest in communities by creating new opportunities for employment, cultivating business leaders, and supporting the efforts of motivated individuals to become financially independent."

Together with the people of Bangladesh, FR will continue working towards the goal of creating products that anyone, anywhere in the country can afford and enjoy.

Lamiya Morshed
Director (Grameen Healthcare Trust)
Grameen UNIQLO Ltd.
Providing Clothing in Collaboration with Partners

The All-Product Recycling Initiative is conducted at UNIQLO and GU stores in 10 countries and regions. Since its launch in 2011, the program has collected over 28.9 million articles of clothing and donated more than 11.2 million items in 46 countries and regions.

At the request of the UNHCR, FR launched a campaign entitled “Wanted: Three Million Items of Clothing” in 2012 to collect clothing for distribution to about 20 countries and regions including refugee camps in Africa. FR employees also visited camps to gain firsthand knowledge of the issues and needs at the sites. In January and December 2013, employees toured refugee camps in the Middle East, including the Zaatari refugee camp in Jordan, which had an estimated population of over 120,000 refugees from war-torn Syria. FR, UNHCR and Japan based NGO JEN worked together to deliver 550,000 items of clothing and donated more than 11.2 million items in 46 countries and regions.

Responding to U.N. Requests to Help Syrian Refugees

The civil war in Syria has forced over two million to flee their country in the past three years. Many of the refugee camps are located in areas where winter temperatures drop below freezing, creating a health concern for the people in the camps. Recognizing the urgent need for cold-weather clothing, FR distributed winter items collected through the All-Product Recycling Initiative to these Syrian refugees. FR supplemented this effort in September 2013 with a US$1 million cash donation to UNHCR. FR additionally provided UNICEF with 100,000 new HEATTECH items, Ultra Light Down jackets, and other cold-weather clothing (valued at US$1 million) for children between the ages of three and 18.

Countries and regions where recycled items are collected at stores

- Japan
- South Korea
- U.S.
- France
- France
- Shanghai
- Hong Kong
- Singapore
- Thailand

The Power of Clothing Project: 107 Schools, 15,000 Students

FR believes that a strong connection between its stores and the surrounding communities is essential to its efforts to give back. Educating yourself about our All-Product Recycling Initiative along with environmental and social issues is one example of how FR connects with communities.

The Power of Clothing Project was created in 2009 as a way to extend the All-Product Recycling Initiative to reach schools across Japan. FR staff visit schools to introduce The Power of Clothing Project. The students get involved by organizing donation drives in their communities, and FR distributes the collected items to refugee camps and reports back to each school. FR also partners with Japan Education for Sustainable Development (ESD) Promotion Forum, which brings companies and students together to promote sustainable development. Thanks to such partnerships and the enthusiastic response from schools and communities across Japan, more than 15,000 students at 107 schools participated in The Power of Clothing Project events from April 2013 to March 2014. FR will continue forging close ties between its stores and surrounding communities as it continues to enhance its social contribution programs.

Education for Sustainable Development (ESD) is a movement to incorporate learning about sustainability into all school textbooks and curricula to help foster conscientious consumers and upstanding members of society. The Power of Clothing Project is an example of the practical application of the ESD principles. The ‘power’ of clothing reaches beyond supporting refugees and developing countries. FR uses clothing as the launching point to give back to society, and clothing in the process connects countries, companies, schools and communities, as well as parents and children. We look forward to continuing to work with FR to promote activities to broaden understanding of sustainability to as many children as possible and open the door for more connections in the future.

Keiko Okayama
Director, Japan Education for Sustainable Development (ESD) Promotion Forum

FR Connects Customers with People in Need

- FR collects clothing from customers
- FR separates wearable and unwearable items
- FR sorts items according to gender, season and other considerations
- FR determines which items are needed in specific locations
- FR delivers clothing to the people who need it most

FR will continue forging close ties between its stores and surrounding communities as it continues to enhance its social contribution programs.
Clothes for Smiles — Building the Future

Clothes for Smiles was created by UNIQLO and Novak Djokovic, professional tennis player and UNIQLO Global Brand Ambassador. A portion of the sales of HEATTECH and Ultra-Light Down items for Fall and Winter of 2012 were committed, creating a fund of ¥1 billion (approximately US$10 million) to support programs to help children fulfill their hopes and dreams.

The fund is focused on two areas. The first selected eight ideas to help children fulfill their hopes and dreams from 739 solicited across 46 countries. Six are in the process of implementation. One of the ideas, the e-Education Project, was launched in April 2013 and provides DVD-based learning opportunities to children in areas without educational infrastructure in Manila and Mindanao Island in the Philippines. Another, the Social Inclusion by Shopping Project was designed to give refugee children an opportunity to experience something most of us take for granted: shopping for clothes.

Taking place in November 2013 in Belgrade, Serbia, the project provided refugee children with vouchers to buy new donated UNIQLO products at a virtual UNIQLO store specially created for the event. Yet another activity, the Girls Soccer Project, supports soccer teams and organizes tournaments with the aim of empowering girls in Bangladesh, Zimbabwe, and Ghana by teaching them teamwork and leadership through sports.

Finally, FR has formed a global alliance with UNICEF to support four programs working to improve education environments in underserved areas of Bangladesh, China, the Philippines, and Serbia.

Growing and Developing Together

Fast Retailing seeks to understand the various challenges faced by communities worldwide and to contribute to economic and social development through activities rooted in local needs.

Raising Tomorrow’s Leaders

FR believes that helping raise tomorrow’s leaders through university scholarship programs can be a powerful force in changing the world for the better. In June 2013, FR announced that it would donate US$1 million (approximately ¥150 million) in the form of scholarships to the Asian University for Women, an international university in Bangladesh. The university’s mission is to help Asian women become leaders on the world stage and to promote the social advancement of women by providing any young woman with the motivation to learn the opportunity to continue their education. The university has extended full scholarships to roughly 60% of the students.

FR has also established the TOMODACHI UNIQLO Fellowship in collaboration with the TOMODACHI Initiative, a public private partnership created to support Japan’s recovery from the Great East Japan Earthquake and to strengthen educational and cultural exchanges between Japan and the United States by investing in their next generation of leaders. The fellowship provides scholarships to promising Japanese students at top universities and graduate schools in the United States who wish to become business leaders and fashion designers on the global stage.

The UNIQLO Recovery Assistance Project

FR is playing an active and ongoing role in the recovery effort after the March 2011 earthquake in Japan, providing clothing and financial donations, cooperating with NGOs, and supporting the Group’s staff volunteer efforts. The Company also established a ¥300 million recovery assistance fund to provide financial support over the span of three years to five NGOs (JEN, ADRA Japan, PlaNet Finance Japan, IVY, and Tihotu Common Profit Investment Fund); promoting self-reliance, job creation, and economic recovery in northeastern Japan.

FR opened a temporary UNIQLO outlet in the hard-hit city of Kasennuma, Miyagi Prefecture, in March 2012 with a plan to operate the store for one year. Responding to requests and cooperation from customers and local government agencies, the Company replaced the temporary outlet with a full-scale UNIQLO Store in Kasennuma in November 2013. Likewise, the temporary UNIQLO Sea Plaza Kamaishi Store in Iwate Prefecture that also opened in March 2012 and the UNIQLO Hamamachi Store in Fukushima Prefecture have returned to full operations. The stores provide employment and excellent clothing for local communities.

Emergency Disaster Relief

In the aftermath of Hurricane Sandy on the US East Coast in October 2012, Fast Retailing USA donated 100,000 HEATTECH items and 10,000 Ultra-Light Down jackets (valued at US$2.3 million, or ¥190 million) to the disaster relief effort. UNIQLO employees volunteered to distribute the clothing. FR also supported relief efforts following the April 2013 earthquake in Sichuan Province of China. FR Group donations to the relief effort amounted to 8 million yuan (approximately ¥128 million), including 2 million yuan (¥32 million) in donations from the FR Group and 57,000 items of innerwear, T-shirts, pants, and other clothing valued at 6 million yuan (¥96 million).

In the aftermath of Typhoon Haiyan in the Philippines in November 2013, the FR Group provided approximately 6.5 million pesos (about ¥14.6 million) to the relief effort, including 4.5 million pesos (¥110 million) from FR and 1 million pesos (¥2.3 million) as well as T-shirts, underwear, and other items valued at 1 million pesos from UNIQLO Philippines.

Notes: The Japanese yen amounts are those reported in the local news releases on the FR website.