



CSR REPORT 2014

FAST RETAILING WAY

(FAST RETAILING Group Corporate Philosophy)

Corporate Statement

Changing clothes. Changing conventional wisdom. Change the world.

The FAST RETAILING Group Mission

- To create truly great clothing with new and unique value, and to enable people all over the world to experience the joy, happiness and satisfaction of wearing such great clothes
- To enrich people's lives through our unique corporate activities, and to seek to grow and develop our company in unity with society

Our Values

- Approaching issues from the customer perspective
- Embracing innovation & challenge
- Respecting and supporting individuals to foster both corporate and personal growth
- Committing to ethical standards and correctness

Our Principles

Inspired by The FAST RETAILING Group Mission and Our Values, we will:

- Do everything possible for our customers
- Pursue excellence and aim for the highest possible level of achievement
- Achieve strong results through the promotion of diversity and teamwork
- Move speedily and decisively in everything we do
- Conduct business in a very real way based on the current marketplace, products and facts
- Act as global citizens with ethics and integrity

Fast Retailing CSR Statement

Making the World a Better Place

The Fast Retailing Group's mission, as stated under its FR Way corporate philosophy, is to use the power of clothing to enrich people's lives and benefit society.

The FR Way is the company's commitment to uphold its promises to society. The FR Group fulfills its responsibility to society by basing all of its decisions and actions on the FR Way, without compromise. The Group also maintains an unwavering emphasis on compliance and the ethical consequences of its actions. The company maintains its own efficient management systems, backed by a detailed system of checks and balances and the strictest standards in the global clothing industry. This is how the Group ensures transparency, sound corporate governance and an open dialogue with stakeholders.

CSR-related aims should be inseparable from a company's business operations. Otherwise, firms run the risk of falling out of public favor. FR's daily corporate activities are focused on creating truly great clothing with new and unique value. The company believes that giving people throughout the world the opportunity to experience the joy, happiness and satisfaction of wearing such exceptional apparel is the key to achieving its core CSR aim: to "make the world a better place."



Tadashi Yanai
Chairman, President and CEO
Fast Retailing Co., Ltd.

CEO Commitment

I believe our most important mission is to use our business to change the world for the better

Providing Opportunities and Enabling Self-sufficiency

“Changing clothes. Changing conventional wisdom. Change the world.” This statement embodies the spirit of the Fast Retailing Way. We believe clothing has inherent value and seek to apply that value through our business to improve the lives of people around the world and change society for the better. This mission is an integral part of all of our business activities.

The fact is the number of people who are socially and economically vulnerable far exceeds the number of people with socio-economic stability. Four billion people worldwide are living in conditions classified as low-income or below. It is critical for corporations and individuals to formulate and conduct business activities in ways that will help resolve social issues that governments struggle to address.

Companies can support people in socially vulnerable positions by providing opportunities to those seeking to put business ideas into action. People will then have a chance to realize their dreams. We must foster as many self-sufficient people as possible. Companies can create operating structures that encourage and support individuals with the drive to develop their own set of unique business skills. As a corporation, I believe that is part of our responsibility.

Building a Social Business Model

Fast Retailing teamed with the Grameen Bank Group to launch a social business in Bangladesh in 2010. The operation began with door-to-door sales in rural areas but grew to open its first directly managed store in July 2013 in the capital Dhaka. The network has grown to six Grameen UNIQLO stores in the city as of December 2013.

As our operations become increasingly globalized, the success of our activities in Bangladesh depends on our ability to respond to the specific local circumstances and needs. For the consumer, we must carefully consider what “clothing” means to the people in the region and use our acumen as a Specialty store retailer of Private label Apparel, or SPA, to create clothing people truly want at a price they can afford. In addition, our business and social activities in Bangladesh are a prime example of the new type of business model we are seeking to establish for local operations. We are supporting local communities by providing employment and training local staff. Our commitment also includes circulating all locally-generated profits back into the community. We expect this to enable active participation in the business thus resolving social issues and ultimately positively impact the four billion people living in low-income conditions worldwide.

Active Engagement in Every SPA Process

Fast Retailing is committed to playing a direct role in establishing sound management structures for every business and manufacturing process from the procurement of materials to product planning, production, distribution, sales and recycling. As a SPA, it is our responsibility to be actively engaged in every step of the supply chain to prevent problems before they occur and rapidly take effective action when they do.

Reducing the environmental impact of our operations is another challenge we must address. The FR Group is particularly focused on eliminating hazardous chemicals that result from the processing of raw materials and sees “zero emissions” as an important and achievable target. We also work to ensure that our facilities provide comfortable and safe working conditions and engage third-party organizations to help ensure compliance with our standards, including work environment safety and the prohibition of child labor or forced labor. FR also promotes the ethical treatment of animals and openly communicates with international organizations, including international institutions and global-level non-governmental organizations (NGOs), to ensure procurement activities involving animals, such as sheep-shearing methods for wool, are conducted appropriately and humanely.

The Future is in Our Hands

People need help from others to live and thrive. Companies are no different. As such, we have a responsibility to help others and must do whatever we can to help improve our society. The pace of globalization means that virtually everything a person does holds the potential to resonate around the world. Companies are obligated to fulfill their social responsibility, but I believe each of us as individuals also has a role to play. As we work at a job and live our daily lives, we have the opportunity to fulfill our social responsibility.

As I look at the various activities we are involved in, I tell myself “Others are relying on us. We have the ability to contribute. Are we doing our best?” I urge our employees to ask the same questions, and to participate and take pride in our CSR activities not just for the company and greater society, but for their own sake. My hope is to make our CSR commitment clear to all, everywhere.

No one can predict the future. But we are the ones who will make the future. We will continue using our business model as a positive force for changing the world for the better.

The Fast Retailing Group will continue working with its stakeholders to identify and address important issues facing society—all towards the goal of making the world a better place.

The Fast Retailing Group's mission is to change the concept of clothing and enrich the lives of people around the world through its corporate philosophy, the Fast Retailing Way. To fulfill this mission, FR must fully integrate its CSR and business activities, listen and respond to the voices of all stakeholders around the world, and use its daily operations to make the world a better place.



Meeting Challenges Across Four Key Categories

Fast Retailing has designated four key CSR categories in which it focuses management strategy and resources to address social and environmental issues. The issues are discussed with NGOs and other third parties to ensure an objective and international perspective. The Company maintains open and ongoing communications with stakeholders to continually improve performance and reports its progress in the four key categories in its annual CSR Report. All senior operating officers serve on the CSR Committee to ensure that decisions fully align with the Company's CSR objectives. The FR Group's CSR activities are supported by a worldwide CSR operating structure led by the CSR Department at the Tokyo headquarters and with CSR managers located in each major region where FR conducts business outside Japan.



Challenge 1 Production

Partners in Quality

The Fast Retailing Group's goal is to make clothing that meets the world's highest standards. This goal goes beyond producing top-quality apparel as it also encompasses the value in creating apparel utilizing responsible environmental and manufacturing processes in close collaboration with trustworthy partners. FR is deeply involved in every process in the value chain and develops relationships that allow it to operate with its partners as a single entity. FR works towards its goals through a commitment to socially responsible initiatives and growing together with production partners worldwide that share its ideals.

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Global Strategy

The World's Highest Quality Standards

Fast Retailing believes that making clothing meeting the world's highest standards goes beyond providing just quality products. FR believes that the highest standards can only be achieved by maintaining strong partnerships with all suppliers and by ensuring responsible working conditions and manufacturing processes.

Creating the world's highest standards for clothing requires the achievement of quality in three areas: social, business relationships, and business operations. First, quality in the social sphere involves ensuring that partner factories maintain safe and comfortable working conditions for employees, that clothes are produced using processes with low environmental impact and that a compassionate approach to animal welfare is taken when sourcing raw materials. Second, quality business relationships—one of FR's greatest strengths—comes from strong relationships of trust built over time and the maximizing of synergies. Using only factories meeting the most stringent standards, FR and its business partners become so closely knit that they appear to grow as if they were a single entity. Third, quality business processes are essential. Inefficient operating processes have adverse affects in all areas, from cost to quality control, and are an obstacle to product quality and our partners' growth potential. Highly efficient processes that have been streamlined to eliminate the unnecessary are essential to realizing the world's highest standards for clothing.

Employee work environments are a global issue in the garment manufacturing industry, and FR is actively implementing measures to improve working conditions, with a particular focus on developing countries. Ensuring that workplaces are safe and wages support a comfortable lifestyle is fundamental to this effort. Several tragic accidents have occurred in Bangladesh in recent years, including the Rana Plaza building collapse in April 2013. The garment industry has stepped up efforts to prevent such disasters, and Bangladesh is becoming a launching point for raising industry standards for workplace safety. FR is also actively reducing the environmental

impact of its operations and is striving to fully leverage its role as a SPA to improve environmental performance throughout its operating network. FR stepped up activities with partner factories after discussions with environmental NGOs and other stakeholders. As a part of these renewed efforts, FR has initiated measures to achieve zero emissions of hazardous chemicals across its whole supply chain.

FR's ability to effectively address environmental and other issues arises from its ability to establish and maintain a close-knit supply chain that functions as a single entity. Creating such a supply chain requires direct management of not only product quality but also working conditions, the environmental impact of operations, and product safety. From this perspective, FR has achieved virtually 100% coverage of the UNIQLO sewing factories and fabric manufacturers and is seeking greater control over raw materials, with primary materials being the first target.

FR has established CSR and production departments in Shanghai, the company's key manufacturing hub in China. The CSR department monitors work environments and the production department's supervisory activities include weekly factory visits to engage in direct communication at the work sites and sharing information on occupational health and safety and other issues. FR's ability to maintain a seamless production network for its core UNIQLO brand is due to its select group of roughly 70 partner manufacturers compared to the networks of several hundred to thousands of suppliers typically used by major global apparel makers. The selection of a controlled number of partners enables FR to realize a closely regulated supply of materials and products of the highest standard.

FR's drive to provide clothing meeting the world's highest standards is driven by a deep commitment to promoting responsible business practices and direct engagement in all supply chain processes. FR and its equally committed partner companies will continue to emphasize this approach as they work to change society for the better.



Yoshihiro Kunii
Group Executive Vice President
in Charge of Production and
Planning Control
Fast Retailing Co., Ltd.

■ Production Policy: Quality in Three Areas



Our Partners

Strong Partnerships Throughout the Supply Chain

Fast Retailing operates in close collaboration with all of its supply chain partners with the goal of growing together in a sustainable manner.

The 17-year business partnership between FR and Crystal Group Co., Ltd., is a prime example of best practices being implemented to realize this goal.

Growth Through a Shared Vision and Strong Partnership

The Crystal Group operates its primary sewing factory center in Dongguan, Guangdong Province, a major manufacturing hub in China near Shenzhen, one of China's most successful Special Economic Zones.

"Pricing, delivery, and quality are just the starting points," says Crystal Group Executive Director Dennis S.W. Wong in explaining the group's success in growing to include some 8,500 employees in China and 10,000 in Vietnam. "Companies must have the same vision and work as one to grow together. The best plans must be carefully thought out and then effectively implemented. UNIQLO's expectation of production that is based on the three types of quality (see page 8) enables us to achieve the goal of making clothing that meets the world's highest standards. It is essential that the company submitting the order, our company, and our suppliers all work together and follow the same high standards as if we were a single company. UNIQLO's approach embodies the most important qualities in a partnership. UNIQLO managers visit our factories every day and many of them know more about the factory floor than even I do. They put in an unbelievable amount of effort and monitor all aspects of quality on every level."

The partnership between Crystal Group and UNIQLO encompasses the full spectrum of operations from product quality and production efficiency to working environments.

Fundamental areas of focus include how to infuse quality in each process from development to production and identifying the system's weakest links and biggest challenges. Crystal Group and UNIQLO managers work together to consider all aspects of the process, including technical challenges, production capabilities, and management methods. Together, they seek the best solutions to issues related to optimizing working conditions and motivating employees directly associated with factory production capabilities and quality standards.

Dennis says supplier relationships are also critical. "When we partnered with UNIQLO, we changed the way we interact with our suppliers, the fabric manufacturers. This was important because, with clothing, issues with the fabric are the main source of quality issues with final products. We sew the fabric in our own factories, so a stitching issue can usually be fixed by changing our sewing method. Fabric issues, however, involve chemicals in the dyeing and other processes and can be very complex to resolve. Making clothing meeting the world's highest standards would be virtually impossible without excellent quality materials from the very beginning. This means that three companies—UNIQLO, Crystal Group and the fabric manufacturer—play critical roles in the success of our products. Our strength is in the way we bring the companies together to operate as if they were a single entity, which enables us to find synergies and support each other's business growth."



Dennis S.W. Wong
Executive Director
Crystal Group





Wan Wai Loi
Chairman and Executive Director
Pacific Textiles Holdings Limited

Resolving Issues at “One Table Meetings” between UNIQLO, the Sewing Factory, and the Fabric Manufacturer

“One Table Meetings” are a key part of FR’s effort to boost collaboration among its suppliers and realize a supply chain that operates as a single entity. FR’s China Production Manager, Yuichi Imamura explains how the meetings contribute. “In the SPA (Note 1, see page 11) model, it’s important to ensure that the sewing factories operate in close coordination with the upstream fabric manufacturers. Simply matching procurement to supply will not result in clothing meeting the world’s highest standards. It’s essential that UNIQLO, the sewing factories and the fabric suppliers are all working toward the same goal and openly sharing their technologies and expertise. FR enables this by bringing the three sides together for direct dialogue at “One Table Meetings” where everyone can provide input on everything from technical points to management methods. The candid discussions sometimes produce radical but always effective business solutions and have become a real driver for our operations.”

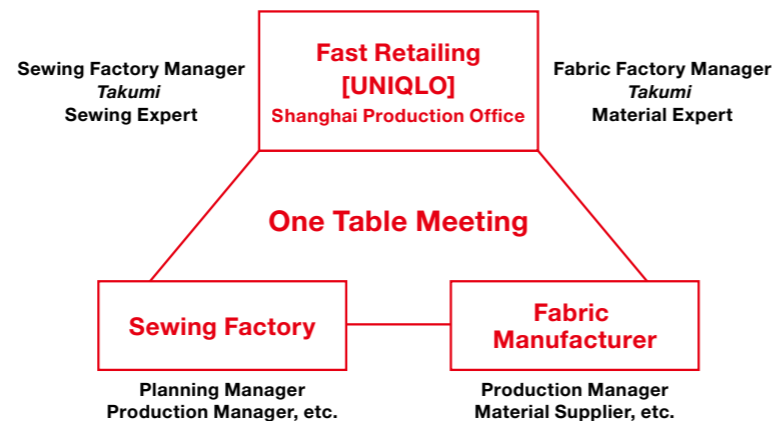
“UNIQLO’s experienced *takumi* experts (Note 2, see page 11) also participate. The *takumi* experts provide technical

advice as well as suggestions for improving processes, and their presence encourages the fabric manufacturers on the contractor side to speak freely and voice important recommendations. The technical knowledge the *takumi* experts bring underpins the trust we have in our partner factories, which eliminates barriers that could exist between companies and strengthens the conviction of the decisions.”

Wan Wai Loi, Chairman and Executive Director of Pacific Textiles Holdings Limited, a key supplier to Crystal Group, attests to the value of these meetings. “Bringing the three companies in the supply chain to the same table is groundbreaking,” he says. “UNIQLO is pioneering a new approach. In the past, the sewing factory placing the order for material would hold substantial influence over the negotiations because it would first contract with a brand owner, such as UNIQLO, and then look to secure the materials. The fabric manufacturer was often put in a position where it was forced to compromise quality in order to provide materials that meet the required standards while still securing a profit. However, bringing together the fabric manufacturer, sewing factory, brand owner and sometimes even other related companies lets everyone exchange their opinions and ideas and address any issues from the very beginning.”



Yuichi Imamura
General Director
Product Development and Merchandising
Production Division
Fast Retailing (Shanghai)
Enterprise Management Consulting Co., Ltd.



Working with Partners to Elevate China Textile Industry Technology

As their role at the “One Table Meeting” shows, the *takumi* system is a key element in the Company’s relations with the factories in its supply chain. The *takumi* experts are experienced craftsmen who honed their techniques over many years through experience in Japan’s world-renowned textile industry. FR’s system allowing the *takumi* experts to share their expertise to augment the technical capabilities of partner factories is an effective means of reinforcing the foundation structure, or capacity building, of the supply chain. Most partner factories also manufacture products for brands other than UNIQLO, and the input the *takumi* experts provide for developing techniques, improving processes, and developing employee skills helps support the growth of the factories. In addition, having *takumi* experts in management positions at so many factories not

only provides support to the current partner factories but also extends their influence to the new partner factories coming into the fold when developing business outside of China. Their positive influence thus contributes to raising standards for apparel manufacturing industries in other regions as well.

Takeshi Kubo, the FR sewing *takumi* expert supporting the Crystal Group, emphasizes the point. “Under the SPA structure, raising the overall technical level of the sewing production industry is essential to maintaining quality. Originally, fundamental skills were everything in the sewing industry as each item was literally assembled stitch by stitch. We emphasize a firm foundation in the basics not just for maintaining the highest quality in a particular process but also to facilitate closer collaboration between each sewing process.”

The current challenge for FR and its partner factories is to cultivate the next generation of *takumi* experts in the factories and countries with manufacturing operations. In 2013, FR took steps in this direction in China, a major manufacturing region for the company, by identifying qualified local staff and assigning one-on-one mentorships for candidates to become *takumi* experts. FR will continue building strong partnerships throughout the supply chain with the aims of growing together and realizing the world’s highest standards for clothing.



Takeshi Kubo
Takumi Expert
Sewing Technology Expertize
Production Development and Merchandising
Production Division
Fast Retailing (Shanghai)
Enterprise Management Consulting Co., Ltd.

Note 1: A Specialty store retailer of Private label Apparel, or SPA, is a clothing maker and retailer that carries out all business operations from material procurement to product planning, development, manufacturing, distribution, sale, and warehouse management. A SPA often outsources a significant portion of the manufacturing operations.

Note 2: Since 2000, UNIQLO has sent *takumi* experts, highly skilled technicians with extensive experience in Japan’s world-renowned textiles industry, to factories to provide technical assistance, assist with process management, and promote the cultivation of human resources. Divided into material and sewing specialists, UNIQLO *takumi* experts are working on site at factories in China and garment producing countries around the world.

Challenge 1

Workplace Monitoring

Monitoring Working Conditions and Processes at Production Partner Sites

The monitoring of working environments by Fast Retailing and its partner factories is essential to ensuring that safe and appropriate working conditions are maintained and to creating a mutually beneficial cycle of raising productivity, quality, and employee satisfaction. FR will continue working with its partner factories to improve measures and formulate strategies to further optimize the production processes.

Working with Partners to Constantly Improve

Fast Retailing's production structure features a controlled number of deeply integrated business partners following a shared vision and working together to develop and implement improvements with the shared objective of mutual growth. As part of its efforts to build mutual trust and formulate comprehensive solutions, FR monitors working environments at its primary partner factories based on the Code of Conduct for Production Partners established in 2004. The findings for 2013 are presented on page 13.

FR works with specialized external organizations to help monitor manufacturing facilities to ensure established conditions are met, including the provision of safe working environments and prohibitions of child labor and forced labor. CSR department staff visit sites that require improvement, and provide practical guidance for acquiring construction and fire prevention safety certification, validating payroll calculations, and registering employee work hours based on the specific conditions at each site. FR also implements "pre-contract monitoring" to verify that newly introduced factories fulfill all standards prior to the commencement of operations. FR verifies the results of the monitoring and immediately provides guidelines for improving areas determined to be

below standard. Business commences only at sites confirmed as meeting the FR standards or only after verification that necessary improvements have been made.

FR and its partner factories further augment the effectiveness of its work environment monitoring activities through a network of on-site factory management teams and through measures including installing in-house auditing systems. Training sessions are catered to specific topics and countries. FR also provides internal training for production department employees on general CSR topics, procurement-related ethical issues, and work environment monitoring standards and goals. FR also seeks to further improve its monitoring activities through reviews and evaluations provided by NGO's and other third parties.

Although no serious accidents have occurred at FR partner factories, the Rana Plaza garment factory collapse and other accidents in Bangladesh prompted FR to implement special safety monitoring in fiscal 2013 at its partner factories in the country. Bangladesh is a key production center for the company and full initial inspections of all partner factories in the country have been completed and follow-up checks are currently underway. (See page 15 for further information.) Going forward, FR plans to play an active role in improving the working conditions at sewing factories in Bangladesh.

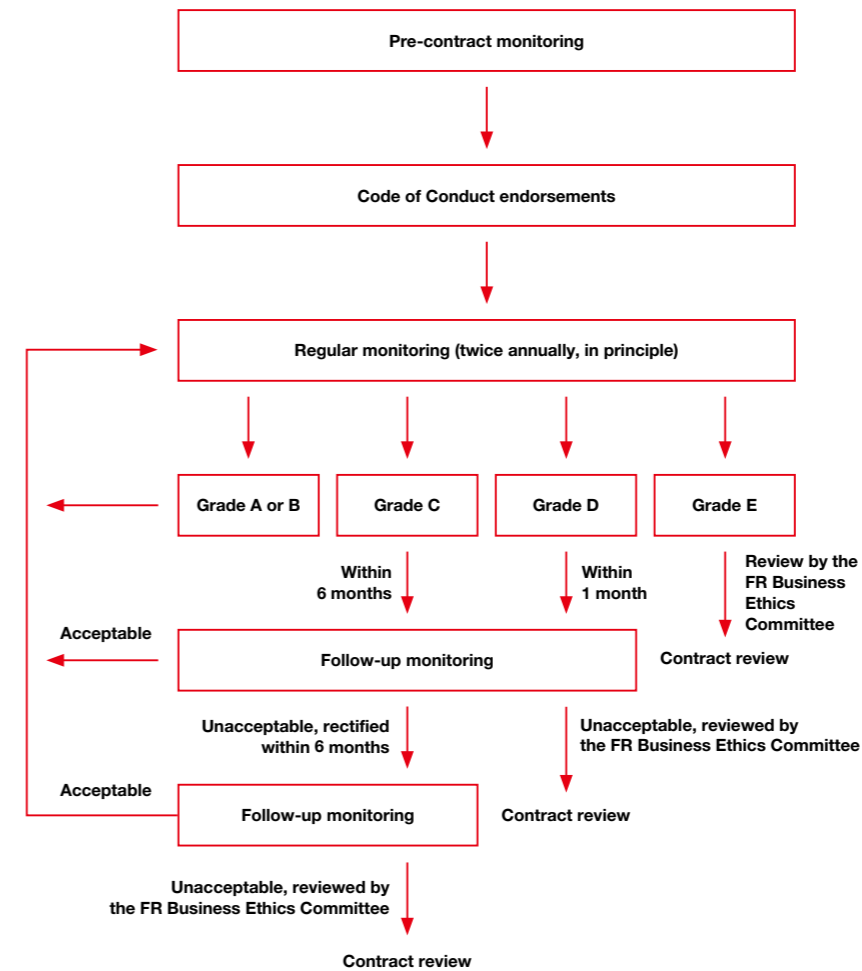
Code of Conduct for Production Partners

FR production partners are required to submit a written pledge to uphold the work environment guidelines for production sites detailed in the FR Code of Conduct for Production Partners. The guidelines forbid child labor, set limits on overtime work, and outline other regulations for factory working conditions based on the conventions and recommendations of the International Labour Organization of the United Nations.

[Key Guidelines]

- Prohibition of child labor
- Prohibition of forced labor
- Prohibition of coercion and harassment
- Prohibition of discrimination
- Health and safety
- Freedom of association
- Wages and benefits
- Working hours
- Environmental protection
- Preparation of internal regulations
- Monitoring and compliance with the Code of Conduct

Workplace Monitoring Framework



Pre-Contract Monitoring

Pre-contract monitoring is conducted to determine whether a given factory is eligible to do business with FR. The procedures and criteria for these evaluations are essentially the same as those used for regular monitoring but have added emphasis on particularly important matters of concern, such as violations of child labor laws.

Regular Monitoring

External auditors regularly conduct on-site inspections. The inspections include an initial meeting, followed by factory inspections and tours of related facilities such as cafeterias and dormitories, interviews of factory workers, and reviews of required documentation. Monitoring concludes with a wrap-up meeting during which the auditors confirm the findings with factory representatives and provide feedback for improvements.

Factory Grading System

FR grades the results of the monitoring from A to E. Factories with highly unethical or serious offenses are given E grades and FR immediately reviews its contracts with the facilities in question. Factories receiving C or D grades are provided guidance for improvement and follow-up evaluations are conducted to verify results. Factories that fail to improve are subject to strict scrutiny, including a Business Ethics Committee review of the business relationship. When serious violations are identified, FR sends CSR Department staff members on fact-finding missions and reviews the partnership contract. FR makes its final decision based on its findings while also taking into account the factory's business conditions and the local employment situation. After implementing the review, FR then works with the factory to prevent the recurrence of the violations. If the required improvements are fulfilled, FR reviews the business relationship, including the viability of reinstating the original contract conditions.

Fast Retailing Group Workplace Monitoring Results (to the end of August 2013)

Grade	Description	Number of Factories (UNIQLO out of the total)		
		Fiscal 2011	Fiscal 2012	Fiscal 2013
A	No violations	6 (6)	9 (8)	11 (10)
B	One or more minor violations	66 (56)	87 (59)	134 (95)
C	One or more major violations	91 (63)	69 (51)	97 (45)
D	One or more severe violations	25 (19)	56 (34)	48 (19)
E	Highly unethical, serious offenses subject to immediate review of contract	0 (0)	8 (7)	4 (1)
Number of Factories Under Regular Monitoring		188 (144)	229 (159)	294 (170)

- Workplace monitoring was conducted at 294 factories in fiscal 2013.
- The annual decline in the number of low evaluations continued in fiscal 2013, particularly in "Grade D" evaluations. The improved results were due to stricter pre-contract monitoring and FR's direct consultation and involvement identifying the causes and implementing improvements.
- The number of "Grade E" evaluations also decreased from fiscal 2012. FR will continue to ensure the full application of standards and also plans to help upgrade factory on-site management systems.
- Causes for the 10 "Grade E" evaluations (6 of which resulted in termination of business relations)
 - False Reporting 5
 - Child Labor 1
 - Unauthorized subcontracting to an outside entity 1
 - Follow-up monitoring assessment of insufficient improvement 2
 - Follow-up monitoring assessment of unfulfilled conditions for reinstatement of business relations 1

Improvements From Monitoring Efforts, Fiscal 2013

●Warehouse Fire Prevention Control (Bangladesh)

The first regularly scheduled monitoring of a secondary material warehouse in May 2012 found the facility had an insufficient number of emergency exits as required by law, and the doors at the facility’s chemical substances warehouse opened inward rather than outward. CSR department staff requested improvements and provided guidance to add more exits and change the emergency door to open in the direction of evacuation. Follow-up monitoring in November 2012 confirmed the improvements had been implemented.

●Payment of Overtime Wages (China)

Regularly scheduled monitoring conducted at a partner factory in China in January 2013 uncovered that insufficient overtime compensation paid to employees that worked on a holiday weekend. Because Sunday, September 30, 2012, was a holiday, the company designated a weekday, October 4, as a substitute holiday. However, employees that worked that day were remunerated using the weekday overtime pay scale when the weekend overtime pay scale would have been appropriate. CSR department staff and the partner factory investigated the cause of the error and verified the correct calculation of wages. Follow-up monitoring in June 2013 confirmed that the employees had received their unpaid wages and that the factory is calculating wages correctly.

●Occupational Safety and Health Management (Indonesia)

The first regularly scheduled monitoring of occupational safety and health conditions at a factory in Indonesia in July 2012 found 17 violations, including an insufficient number of emergency medical personnel and inadequate work environment standards and medical examinations. CSR department staff visited the site, reviewed occupational safety and health check items, and requested program improvements. Follow-up monitoring in March 2013 and the fulfillment of subsequent requests confirmed that all conditions had been met.

Serious Offenses, Fiscal 2013 (Grade E)

●Child Labor (China)

Employee interviews conducted during the first regularly scheduled monitoring check at a factory in China in January 2013 identified an incident of child labor. Chinese law prohibits employment of individuals under the age of 16. The employee had been hired in November 2012 and was age 15 years and 10 months at the time of the interview. The factory indicated it was aware of the employee’s presence but could not submit the employee’s personnel file or a copy of their ID card to the auditors. At the time of employment, the factory had at the individual’s request contacted the individual’s parents, who said the ID card had been lost. The individual was then allowed to begin working without submitting the ID card under condition that it would be submitted within one month. However, the ID card was not submitted. CSR department staff revisited the factory in March 2013 and confirmed that the factory no longer employed the individual and provided compensation for all hours that had been worked as well as an amount equal to the total regular wages that would have been earned had the individual continued working at the factory until reaching the age of 16. Due to the serious nature of the incident, FR terminated business ties with the factory.

●False Reporting (China)

Regularly scheduled monitoring conducted at a partner factory in China in August 2012 uncovered factual errors in the factory’s recorded working hours. The record showed a maximum of 36 hours of extended overtime hours for one month while the remuneration ledger showed a maximum of 105 hours of overtime work. In addition, discrepancies were found in factory records of work hours and days off for three employees. When CSR department staff visited the factory in October 2013 and asked about the previously requested improvements, the general accountant informed the staff that previous audit reports included falsified reports. FR considers the falsification of reports as highly unethical and terminated business ties with the factory.



Enhancing Fire Prevention and Building Safety in Bangladesh

Prompted by the Rana Plaza garment factory collapse, factory fires and other incidents in Bangladesh, Fast Retailing is implementing measures in collaboration with industry partners and conducting its own independent inspections to maintain appropriate working conditions and ensure the safety of employees working in factories in Bangladesh.

Fast Retailing Response and Actions in Bangladesh

Following the factory fire in the Ashulia industrial area in November 2012 and the collapse of the Rana Plaza commercial building in the Savar sub-district in April 2013, FR is supplementing its workplace monitoring activities in Bangladesh with independent inspections to enhance fire and building safety and ensure the safety of workers at partner factories in the country. FR’s fire safety inspections began in May and have been completed at all factories. Building safety inspections conducted by a Japanese inspection agency are currently in progress. On August 8, 2013, FR signed the Accord on Fire and Building Safety in Bangladesh initiated by the IndustriALL Global Union (Note 1) and the UNI Global Union (Note 2). Endorsed by more than 100 companies, the Accord commits signatories to safeguard workers from building collapses,

fire, and other accidents. Funds from signatories will be used to conduct fire and safety inspections at all manufacturing facilities in the country within the next two years and to implement necessary upgrades and other reforms to improve working conditions. FR will continue to fulfill its responsibility to develop its SPA operations in full compliance with industry procedures and its own strict standards with the aims

of improving working conditions in the sewing industry in Bangladesh and further advancing the country’s economic and social development.

Note 1. IndustriALL Global Union is based in Geneva, Switzerland, and represents 50 million workers in various industries in 140 countries.
Note 2. UNI Global Union is based in Nyon, Switzerland, and represents 20 million workers in various industries in 150 countries.

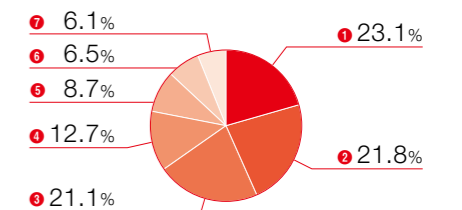
November 2012	Factory fire in the Ashulia industrial area (Partner factories of FR Group companies were unaffected)
January 2013	First series of fire prevention seminars conducted at partner factories
April 2013	Rana Plaza building collapse in the Savar sub-district (Partner factories of FR Group companies were unaffected)
May 2013	Specialized auditing firm engaged to conduct fire and building safety inspections
August 2013	Accord on Fire and Building Safety in Bangladesh signed by FR
September 2013	Japanese inspection agency engaged to conduct building safety inspections at partner companies
September 2013	Second series of fire prevention seminars and training exercises conducted at partner factories

Independent Fire Prevention and Building Safety Inspections

At FR’s request an auditing firm conducted unannounced inspections in May 2013 of factory fire safety systems, including verification of certificates, fire extinguishers, and emergency exits. Potential fire hazards were also inspected with special attention to electric switchboards and other electric devices since electrical short circuits and faulty wiring are common causes of fires. Ensuring that emergency exits remain unlocked is also critical because locked exits increase the fire danger to employees. The inspections found two incidents of locked emergency exits, prompting FR to issue immediate requests to unlock the doors and a follow-up inspection to verify compliance. FR also requested all partner factories to submit improvement reports and plans concerning improvement requests covering such items as verification of evacuation routes, management of power lines, evacuation planning, fire safety equipment, and documentation. Items requiring immediate attention were expected to be completed within one month with all remaining items requiring improvement to be completed within three months. FR

and partner factories are also conducting evacuation drills and other emergency preparation exercises, promoting employee awareness of fire and building safety, and providing training in effective safety improvement methods. In September 2013, FR initiated a program of building safety inspections conducted by an experienced Japanese inspection agency. Buildings were assessed for structural soundness, including external wall visual inspections, building diagram inspections, concrete strength tests, and measurements of column tilt measurements, followed by discussion of the assessment results and the sharing of maintenance advice. FR will continue conducting building safety inspections at all partner factories.

Fire Safety Inspections Findings by Category



- 1 Evacuation Planning and Systems (Evacuation Drills, Smoke Detectors, Emergency Evacuation Plans)
- 2 Fire Safety Equipment (Number and Condition of Sprinklers, Fire Extinguishers, etc.)
- 3 Documentation (Certificates, Licenses)
- 4 Evacuation Routes (Emergency Exits, Evacuation Route Verification)
- 5 Electrical Systems (Electric Cords, Condition of Control Panels)
- 6 Management Structure
- 7 Other





Environmental Policy and Activities

Strengthening Environmental Policies to Further Reduce Environmental Impact

As a SPA retailer, Fast Retailing is actively working to reduce the environmental impact of all operational processes, including its supply chain. FR believes it has a responsibility to be fully aware and understand the environmental impact of all of its SPA processes and has designated priority issues and established clear policies for reducing that impact.

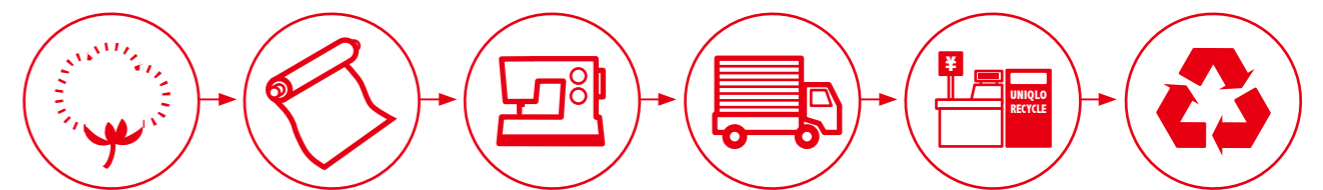
Policies

- FR works with its partner factories to reduce the environmental impact of its business activities with a primary focus on the production processes that have the greatest impacts.
- FR recognizes its responsibility to ensure appropriate procurement and production practices, starting with the procurement of raw materials.
- FR seeks to be a positive influence and actively promotes activities and dialogue on the environment with all relevant stakeholders.

Major Environmental Activities in Fiscal 2013

- FR and partner factories conducted environmental monitoring and other activities to track the environmental impact of their operations and formulated measures to improve environmental performance.
- Pilot projects were initiated to reduce energy consumption at partner factories.
- Cotton is a core material used in the Company's products and CSR department staff visited cotton mills to review cotton production processes and their environmental impact.
- FR continued to encourage customers to take part in the recycle and reuse of its products.

■ **Considering the Environment Throughout the Product Life Cycle**



Raw Materials

FR sources the best raw materials with its production partners.

Fabric Production, Dyeing and Processing

Strict environmental and other monitoring is conducted for the fabric production process, the aspect of FR's operations that has the greatest environmental impact. FR is also taking steps to completely eliminate hazardous chemical emissions.

Sewing

FR regularly assesses working conditions and environmental protection efforts at partner factories.

Logistics

FR reduces its environmental impact and cuts distribution costs by reducing the weight and reusing cardboard boxes while improving load efficiency of transport trucks throughout the distribution process, from production sites to stores.

Sales and Collection

FR is introducing LED lighting, regulating air conditioning, and implements other measures to improve the energy efficiency of its stores. UNIQLO and GU stores are expanding the collection of clothing donations for the All-Product Recycling Initiative in Japan and overseas.

Reuse and Recycle

FR donates approximately 75% of all collected items at UNIQLO and GU stores to refugee camps and people in need, while converting the remaining items into fuel or industrial fiber.

Challenge 2 Environment

Together with Stakeholders, Efforts to Reduce the Environmental Impact of All Processes

As a Specialty store retailer of Private label Apparel (SPA), Fast Retailing believes it is responsible to be fully aware and understand its environmental impact at each stage of the value chain and to work with stakeholders around the world to reduce that impact. The impact of hazardous chemicals on the environment is an especially important issue, and FR has committed to completely eliminating all hazardous chemical emissions from its processes by 2020. FR is actively involved in every process beginning with the procurement of raw materials to effectively manage the entire value chain.

Challenge 2

Reducing Our Environmental Impact

Working with Stakeholders to Reduce FR's Environmental Impact

Fast Retailing is working with all of its stakeholders to find ways to reduce the environmental impact of its SPA processes by creating highly efficient, quality processes while reducing the environmental impact across the whole value chain.

Reducing the Environmental Impact of SPA Processes

●Raw Materials

FR believes that it is essential to be directly involved in raw material procurement operations not only to help reduce its environmental impact but also to fulfill its fundamental mission to provide top quality products based on efficient operations. CSR and production department staff regularly meet suppliers and in October 2013 visited cotton farms in China's Xinjiang Uyghur Autonomous Region, one of FR's core sources of cotton. Staff verified that they operate in a sound manner, including the proper use of water and pesticides and prohibition of child labor. FR will continue open dialogue with local business operators while verifying conditions on a regular basis.

●Fabric Production, Dyeing and Processing

Fabric production has the greatest impact on the environment of any SPA process due to the large amounts of water, energy, and chemicals required to dye and process the materials. In June 2013, FR initiated a pilot project in which it dispatched energy diagnostics specialists to factories to look into any inefficient processes and where energy consumption can be reduced. The results will be used to plan projects for other factories.

In addition, FR is consulting with environmental NGOs as part of its commitment to completely eliminate emissions of hazardous chemicals from its production process and the whole product lifecycle by 2020. FR is working with its partner factories to carry

out projects that will ensure the target is achieved. (See page 21 for further information.)

●Sewing

Environmental guidelines are a key category in the FR Code of Conduct for Production Partners, and FR carries out work environment monitoring that includes items for environmental protection. FR and its partner factories share information on best practices and are working together to develop and implement measures to conserve energy, such as streamlining production processes, optimizing cross ventilation, and upgrading electrical systems.

●Logistics

FR constantly revises and improves its distribution operations so it can attain the highest level of efficiency. Primary activities include streamlining deliveries from warehouses to stores, optimizing warehouse layouts, reducing the weight of packaging materials, and developing more efficient loading methods. FR's ongoing effort since 2006 to reduce the weight of cardboard boxes used for deliveries has produced a 15% decline in weight. In addition, boxes used to transfer items from production sites to local warehouses are reused when transporting items from local warehouses to the stores. FR is also facilitating reuse by standardizing the sizes of boxes used when transporting items from factories to warehouses, which is producing steady annual declines in the number of boxes used. Currently, roughly half of all cardboard boxes used for same size, same color items



are reused. FR's efforts to conserve resources also include reexamining how items are placed in boxes to further decrease the number of boxes used.

●Energy Efficient Store

FR distributes Store Energy and Resource Efficiency Manuals to all UNIQLO and GU stores in Japan with checklists to reduce energy consumption. FR also partnered with an air conditioner maker to develop units with specialized functions designed to save energy by maintaining optimal in-store temperatures. The units are installed in all roadside UNIQLO stores in Japan.

Stores set lighting levels during pre-opening hours to 40% of the levels during operating hours. FR is also progressing with its plan to switch its lighting systems to energy-saving LED lights. After installing LEDs in the store signs for roadside UNIQLO stores in Japan, the project is now focusing on upgrading all indoor lighting for UNIQLO and GU stores. The next step begins in Spring 2014 with the installation of LED lighting in all new stores.

FR is exploring ways to improve the efficiency and reduce the amount of resources used when constructing new stores, such as using modular units to increase the interchangeability of store installations and prefabricating portions of roadside stores and transporting them to the sites for easy assembly.

●Collection, Reuse and Recycle

The All Product Recycling Initiative in effect at all UNIQLO and GU stores in Japan and nine other countries and regions collects second-hand clothing from customers for reuse and recycling. About 75% of all items, including donations to refugee camps, are reused and the remainder is used as fuel or repurposed for use in other materials.

Cardboard boxes and plastic bags used to wrap products for shipment account for 99% of all waste material at stores. In Japan, 58% of UNIQLO stores work with a recycling company that collects store waste materials, recycles all reusable materials, and reports monthly recycling volumes. FR is seeking to broaden the collection to stores that are not currently involved, such as those in commercial complexes.

■ The Environmental Impact of Fast Retailing's Business

		Headquarters	Electricity consumed 5,124,906 kWh	Gas consumed 6,918.4 m ³	(Tap) Water usage 13,666 t	
In Energy, Fuel, Etc.	Materials	Headquarters	Copy paper consumed 11,471,922 sheets			
		Sewing Factories and Fabric Manufacturers	Energy consumed (calories) 13,248,904 GJ			
		Stores	Energy consumed (calories) 227,972 GJ			
Out CO ₂ and Waste Emissions	Waste and Recycling	Electricity	388,064,798 kWh			
		LPG	2,704,876 kg			
		LNG	1,568,000 kg			
CO ₂ and Waste Emissions	Waste and Recycling	Natural gas	17,044,559 m ³			
		Heavy oil	1,131,779,604 ℓ			
		Light oil	3,481,556 ℓ			
		Gasoline	306,079 ℓ			
		Coal	229,844,232 kg			
		Steam	774,105 t			
		Water usage	22,088,327 t			
		Domestic logistics		Energy consumed (calories) 227,972 GJ		
		Stores		Electricity consumed 189,148,572 kWh		
				City gas consumed 1,396,654 m ³		
		LPG consumed 1,365,441 m ³				
CO ₂ and Waste Emissions	Waste and Recycling	Headquarters	CO ₂ emissions (electricity and gas) 1,003 t-CO ₂			
		Sewing factories and fabric manufacturers	CO ₂ emissions (electricity) 15,600 tons of CO ₂			
		Stores	CO ₂ emissions (electricity) 104,031 tons of CO ₂ CO ₂ emissions (gas) 12,066 tons of CO ₂			
CO ₂ and Waste Emissions	Waste and Recycling	Headquarters	Combustible waste (paper waste, etc.) 93 tons	Incombustible waste (plastic waste, etc.) 17 tons		
		Stores	General waste 39,088 tons	Customers		
				Items collected through the All-Product Recycling Initiative: 1,370 tons		

Notes: As a general rule, all figures are for fiscal 2013. Data from headquarters includes the Tokyo and Yamaguchi head offices. Packaging refers to the paper and plastic shopping bags that UNIQLO and GU use in Japan. All logistics figures from April 2012 to March 2013. Store-related figures do not include retail locations that operate as tenant stores in buildings. Items received through the All-Product Recycling Initiative at clothing sorting center as of the end of August 2013.

Improving production efficiency is absolutely critical to reducing the environmental impact of the material manufacturing processes. Dyeing factories must ensure the coloring is uniform and without flaws. The dyeing process is comprised of heating, color selection, methods for applying dyeing auxiliaries, and other steps that can be easily measured and replicated. However, there are many aspects that cannot be quantified and require a considerable amount of experience to produce flawless color consistency. Installing the latest equipment, such as machines that use substantially less water, can conserve a significant amount of resources but ensuring color quality also necessitates precise control over water volume and careful refinement of the methods of use. The specialized skills and knowledge of FR *takumi* experts are vital assets. Sharing this mastery in chemicals, machinery, and equipment with partner factories is essential to reduce the environmental impact of manufacturing processes.



Hiroshi Taka

Takumi Expert
Material Technology Expertize
Production Development and Merchandising
Production Division
Fast Retailing (Shanghai) Enterprise Management Consulting Co., Ltd.

Challenge 2

Environmental Monitoring

Environmental Guidelines for Fabric Production

Fast Retailing applies its Environmental Guidelines for Fabric Production to the monitoring of fabric production, which has the highest environmental impact of all SPA processes.

FR requires strict adherence to its standards and sets specific periods for improvement with the aim of achieving 100% compliance by all factories undergoing environmental monitoring.

Environmental Monitoring of Fabric Manufacturers

Fast Retailing conducts environmental monitoring based on the FR Environmental Guidelines for Fabric Production. The guidelines set standards for environmental management systems, chemical substances, waste material management, and treatment of waste (including wastewater) as well as health and safety guidelines for employees. To familiarize partner companies with the guidelines, FR provides a manual with detailed information on each topic, and follows up with group training sessions. After a set period of time, third-party environmental agencies monitor the factories and report the results to FR. FR informs the factory of any areas requiring improvement and a deadline for the improvements is agreed upon. FR provides advice as needed while the improvements are being implemented. For factories with numerous points to improve, FR provides guidance for resolving the issues, visits the sites when necessary, and conducts follow-up inspections.

In fiscal 2013 (as of the end of August 2013), FR conducted environmental monitoring at 28 partner companies producing fabric for UNIQLO, bringing the total to 73 factories since the program began in June 2010. The results of the monitoring in compliance with the FR Environmental Guidelines for Fabric Production are presented in the table below.

Due to the increase in the number of new partner factories undergoing their first environmental monitoring, factories where

the initial assessment was conducted before the end of fiscal 2012 are given until the end of 2015 and factories whose initial assessment was in fiscal 2013 are given until the end of 2016 to reach 100% compliance. FR has augmented its programs supporting measures for improvement, including practical training, to promote understanding of the standards and assist in the attainment of compliance.

In fiscal 2013, FR also began tracking energy and water consumption volumes at factories producing materials for UNIQLO.

Examples of Recent Environmental Improvements

● Chemical Substance and Waste Management (China)

Monitoring found several issues, such as chemical substance control lists lacking descriptions of the chemical properties or hazards and not subcontracting with properly qualified waste treatment plant operators. CSR department staff met with the factories and provided guidance to resolve the issues. Follow-up inspections confirmed the improvements.

● Measurement of Environmental Items (Thailand)

Monitoring uncovered that checks did not include measurements of sound levels or exhaust gas from the boiler. CSR department staff visited the site and provided guidance to resolve the issues. Follow-up inspections confirmed the improvements.

Compliance with the FR Environmental Guidelines for Fabric Production

(As of the end of August 2013, FR has monitored 73 fabric manufacturers since the program began in June 2010)

Category	Compliance Rate	Improvement Item
Environmental management system	85%	<ul style="list-style-type: none"> Person in charge of environment appointed Environmental management plan in place Training on environmental management provided
Chemical substances management	29%	<ul style="list-style-type: none"> Detailed chemical list Safe storage of chemicals (secondary container to prevent leaks installed, chemical labeling, person in charge of chemical management appointed, chemical safety information collected and posted)
Waste management	30%	<ul style="list-style-type: none"> Waste transferred to qualified vendor Safe storage of wastes Waste separation (e.g. chemical waste and waste carton boxes) and labeling
Asbestos and PCBs	100%	<ul style="list-style-type: none"> Asbestos and PCBs appropriately checked and managed
Pollution control and measurement	74%	<ul style="list-style-type: none"> Environmental licenses from the relevant authorities, such as pollution emission permits Emission from facilities measured and controlled to comply with legislation
Health and safety of employees	36%	<ul style="list-style-type: none"> Personal protection equipment (masks, earplugs, gloves) distributed Installation of emergency exits and fire safety equipment Occupational health checks conducted

Eliminating Hazardous Chemicals

Collaborating with Partner Factories to Eliminate Release of Hazardous Substances

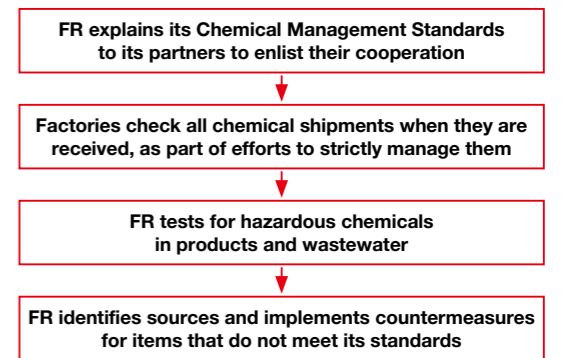
By January 2020, Fast Retailing aims to completely eliminate the release of hazardous materials in the production process and the whole product lifecycle.

Zero Emissions of Hazardous Chemicals

Achieving zero emissions of hazardous chemicals will require action throughout the apparel industry and the active involvement of all stakeholders. FR is working with its partner companies, the chemicals industry, NGOs, and other companies in the apparel industry to realize its zero emissions target.

Information disclosure is critical. FR will strive to provide accurate and transparent information on environmental and health matters for customers and the people in the communities where partner factories are located. FR created a system to disclose information and ensure transparency related to hazardous chemicals used in its supply chain and in April 2013 released its list of restricted substances. The list will be regularly reviewed and the latest updates will be posted on the FR website. FR is also inspecting the products and wastewater produced at its partner factories with the aim of bringing them into full compliance. If a violation is found, the source of the problem will be determined by visiting the site and through discussions with the factory and the chemical manufacturer, a solution implemented, such as using alternative materials, as quickly as possible. Staff from the FR CSR and production departments will meet monthly to assess the project's progress and to determine strategies for resolving issues.

Chemical Management Standards

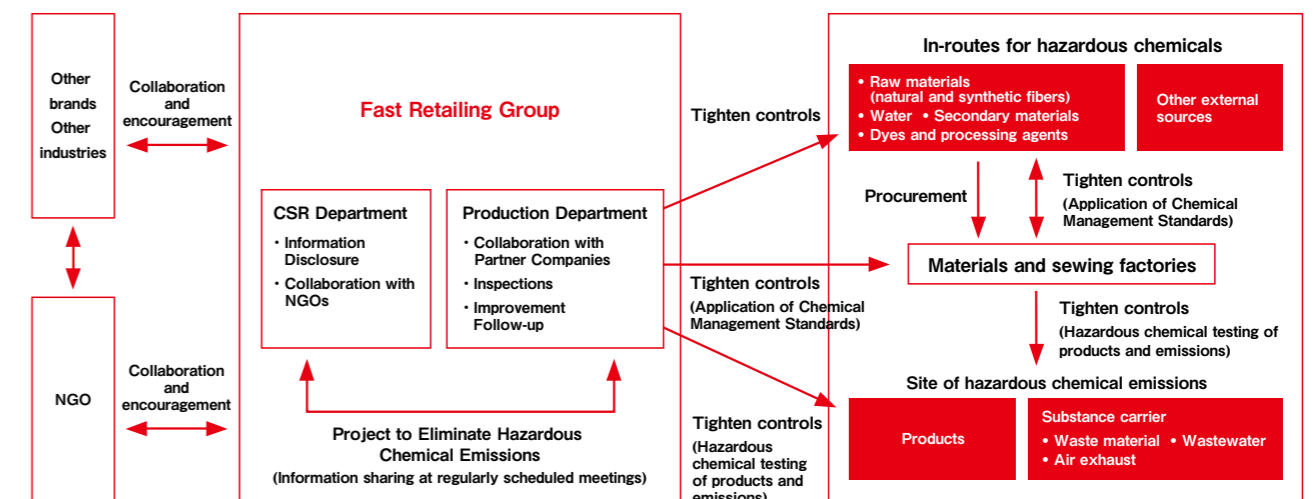


Completely eliminating all emissions of hazardous chemicals will be a challenge. Even a trace of a harmful substance in an intake source, such as rain, will prevent a zero reading. The goal cannot be achieved only by collecting environmental data provided by factories. FR will also work with companies in relevant industries to assist with verification and the formulation of roadmaps for addressing issues that FR and its partner factories alone are not equipped to resolve, such as chemical makers for the treatment of chemical solvents. Countries and factories all have their own control criteria, but to achieve its target FR will have to set its own standards and create new approaches. For FR, the challenges are many but the target is clear: reduce emissions of hazardous chemicals to zero.



Iwao Hirami
 Manager
 Material Technology Expertise
 Product Development and Merchandising
 Production Division
 Shanghai Office UNIQLO Co., Ltd.

Chemical Management Plan





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.

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.

Social Business Framework

01 Product Design



The average market price for one T-shirt in Bangladesh is about US\$0.60. Product planning and marketing is aimed at providing the best possible quality at a price that locals can afford.

02 Material Procurement



FR contracts with local manufacturers in Bangladesh to procure low-cost, high quality materials.

03 Production



Low cost must not mean a compromise in quality. Local manufacturers that share the FR social business ideals produce clothing that meets UNIQLO's standards. Producing locally also increases employment opportunities.

04 Sales



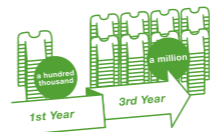
Grameen Ladies' Door-to-Door Sales
Grameen Ladies sell the clothing door-to-door or out of their homes where they personally explain the features of each item. Products are provided on a consignment basis, and the Grameen Ladies earn a commission on sales.

Store Sales



Products are sold in stores operated by local staff. The staff play key roles enhancing branding and marketing effectiveness, leading to sales growth and personal development.

06 Reinvestment of Profit



Profits are reinvested to grow the social business. As locals play a role in developing the business, they contribute to job growth and improving lives.

05 Purchasing and Wearing



The quality and durability of the products make them popular, despite relatively higher prices than other local retailers. Customers appreciate the value, when the items last longer than the local standard.





Tadahiro Yamaguchi
COO
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.

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.

A tapestry of colors. This is how I have come to view Bangladesh after living here just a little more than two years. The Bangladeshi color spectrum arises not from the primary colors like those found in tropical countries but from the multitude of colors that emerge from subtle variations in tone. Bengal’s scenic beauty has nurtured a people with a richly cultivated sense of color. I consider Grameen UNIQLO’s endeavor to build its business here also as an attempt to gain insight into the country’s highly developed color sensibilities. It will be interesting to see how the international UNIQLO brand and fashion influence Bengali sensibilities. I wholeheartedly support the new endeavor and hope it will prove to be a great leap toward a successful future for UNIQLO.



Shiro Sadoshima
Ambassador of Japan to Bangladesh

Challenge 3

Reuse and Recycling

Clothing for People in Need



As a manufacturer and retailer of clothing, Fast Retailing believes that maximizing the value of its products means utilizing each item to its full potential. The All-Product Recycling Initiative at UNIQLO and GU seeks to maximize that value by collecting reusable clothing and redistributing the items to people in need worldwide with the help of NGOs and the United Nations High Commissioner for Refugees (UNHCR).

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 2001, 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 winter clothing to Syrian refugees as part of the campaign. The remaining items collected during the campaign are being delivered to other sites in need. The clothing needs of refugees and others are far from being met, and FR launched a renewed collection campaign in October 2013 to continue support to Syrian refugees.

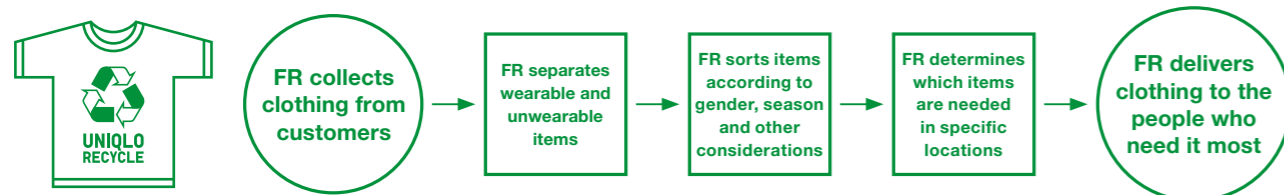
In addition to relief efforts for refugees, FR also collects clothing at UNIQLO stores in Shanghai for distribution to people in China's poverty-stricken Yunnan province. Various Chinese government organizations are facilitating the effort. In the United States, UNIQLO is also actively participating in programs to address social issues, and has teamed up with the St. Vincent de Paul Society of San Francisco to collect clothing for distribution to homeless shelters.

Responding to U.N. Requests to Help Syrian Refugees

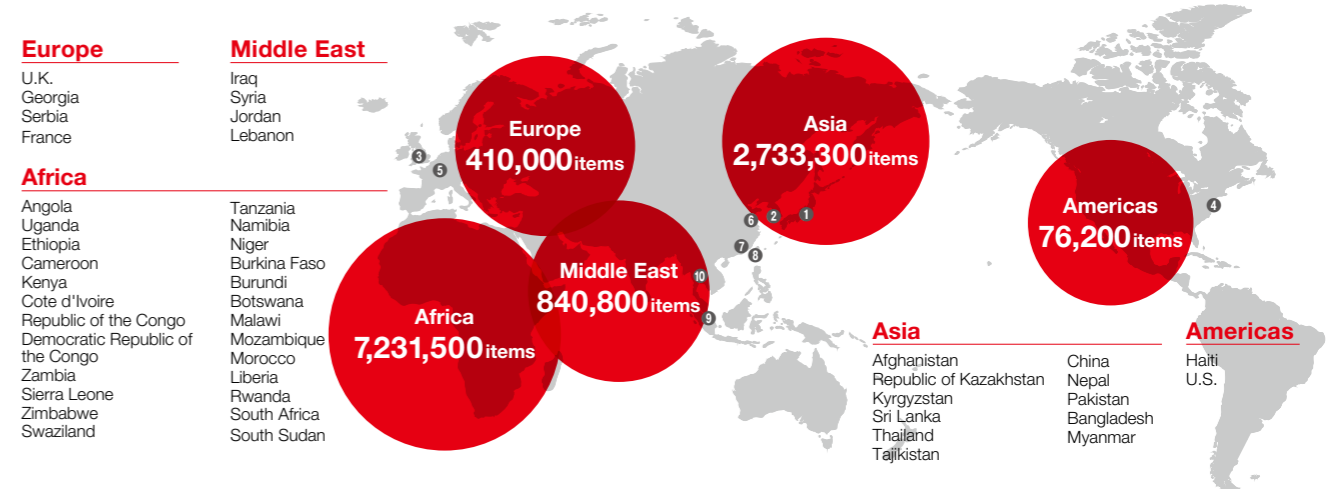
The civil war in Syria has forced over two million to flee their country in the past three years. Many of the refugee camps are located in areas where winter temperatures drop below freezing, creating a health concern for the people in the camps. Recognizing the urgent need for cold-weather clothing, 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.



FR Connects Customers with People in Need



Worldwide All-Product Recycling Program Items Donated and Collected by Country and Region



Countries and regions where recycled items are collected at stores

- 1 Japan
- 2 South Korea
- 3 U.K.
- 4 U.S.
- 5 France
- 6 Shanghai
- 7 Hong Kong
- 8 Taiwan
- 9 Singapore
- 10 Thailand

All-Product Recycling Initiative Results (as of September 2013)



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 young people 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 school children 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



Clothes for Smiles

A Future Built on Hopes and Dreams



Clothes for Smiles encompasses eight distinct projects aimed at fulfilling the hopes and dreams of children living in difficult circumstances around the world. Fast Retailing has also formed a global alliance with UNICEF for four projects to improve educational environments for children.

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.



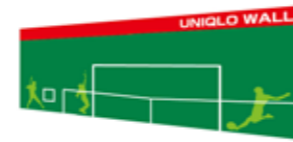
e-Education Project



Social Inclusion by Shopping



Girls Soccer Project



UNIQLO DREAM WALL



Library Project



Education Everywhere



Children's Hospice Project



WAKU WORK CENTER Project

Clothes for Smiles



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 ¥100 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 Tohoku 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 Kesennuma, 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 Kesennuma in November 2013. Likewise, the temporary UNIQLO Sea Plaza Kemaishi Store in Iwate Prefecture that also opened in March 2012 and the UNIQLO Haramachi 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 (¥10 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.

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



Challenge 4 Human Resources

Nurturing Global, Ambitious, Proud Employees

To continue growing worldwide, Fast Retailing must attract talented employees everywhere it operates. FR believes that challenge is the key to the growth of both the individual and the Company. FR aims to respect the diversity of its workforce, and provide employees the opportunity for career advancement, while allowing staff to realize their potential, and take pride in their work.

Challenge 4

Human Resources Policy

Growing Together with the Company

The Fast Retailing Group is currently in the midst of what it terms the “Third Frontier” of its growth. The Second encompassed the extension of the Japan operation overseas. In the Third Fast Retailing develops into a truly global corporation.

To achieve this, employees must be global. The FR Group aims to use its Japanese DNA in combination with talented employees from around the world, to become truly global. Headquarters should accordingly have an international management staff with individual markets run primarily by locals.

As the Company has grown, so has the scale of its operations. The FR Group currently employs over 70,000 people worldwide. FR views every employee as capable of management and seeks to cultivate management skills through the concept of *zen'in keiei* – in which every employee adopts the mindset of a business manager. The Group’s global personnel policy is to provide working environments that encourage each employee to realize their full potential so those who challenge themselves to reach higher goals can continue to grow. The Company provides support for employees to realize their potential, including advancement opportunities worldwide, no matter where they are located in the organization. As such, we place the highest priority on ensuring that all employees in our stores feel a sense of purpose in their work in a healthy, safe and comfortable

environment as they interact with our most important stakeholder – the customer.

Experience has taught us much about the importance of respecting each employee as an individual and providing growth opportunities to cultivate their potential. We have at times encouraged employees to grow too fast – pushing them to move up as quickly as possible with the challenge to become a store manager within six months of joining the company. While many employees thrived and rapidly advanced their careers at a young age under this system, some were not comfortable taking on that much responsibility so quickly. As a result, the Company was failing to develop the full capabilities and potential of each individual.

The Company decided to get back to the basics and now emphasizes respect for diversity, and has created a system that emphasizes personal growth that focuses on putting the right person in the right job. A more flexible system is in place to support career development reflecting one’s individuality and ambitions. For example, rather than become a store manager, one may choose to develop communication skills in managing customers. The outcome of this new approach has seen a flourishing of talent across a wider range of business areas.

FR will continue to leverage the full diversity of its employees as it seeks to be a company that maximizes the value that each individual brings to the workplace.



Jun Yokohama
Group Executive Vice President
in Charge of Human Resources
Fast Retailing Co., Ltd.



Challenge 4

Fostering Diversity

Fostering Diversity to Grow Globally

Fast Retailing's global expansion has fostered diversity in its workforce.

The Fast Retailing Group aims to support

both individuals and the business, functioning as a strong, unified team of motivated people with diverse backgrounds.

The Fast Retailing Group believes that all of its operations around the world should have workforces that blend cultures, values, and personalities to produce highly effective teams capable of achieving the best possible results.

Nevertheless, the fact is that, in many areas, FR has still not fully realized work environments that are comfortable or accessible to all. For example, the percentage of female store managers is relatively high, but the percentage of women in office management positions remains low. Considering that the majority of FR's products are made for women and over half of

its customers are women, it is only natural that the Company's next generation of managers should include more women.

To nurture a working environment that embraces diversity requires identifying and dismantling barriers. For example, it must flexibly accommodate life events such as raising children to enable a parent to thrive while also realizing their career objectives.

The FR Group encourages all employees to make full use of opportunities, including maternity and childcare leave.

Female Managers at Fast Retailing

(Number of people)

Executive Officer		Division Manager		Manager		Area Manager		Store Manager	
Total	(Women)	Total	(Women)	Total	(Women)	Total	(Women)	Total	(Women)
33	(3)	81	(12)	246	(63)	324	(102)	2,327	(1,265)

FR Group Employees Using Maternity Leave and Infant-care Leave in Japan

(Number of people)

	Full-time Employees			Contract and Semi-Full Time Employees			Part-time Employees		
	Number of People Taking Leave	Store Staff	Headquarter Staff	Number of People Taking Leave	Store Staff	Headquarter Staff	Number of People Taking Leave	Store Staff	Headquarter Staff
FR	7	—	7	4	—	4	0	—	0
UNIQLO	49	43	6	286	279	7	51	51	0
GU	1	1	0	16	15	1	6	6	0
Link Theory Japan	16	14	2	5	5	0	0	0	0
Comptoir des Cotonniers	8	8	0	2	2	0	0	0	0
Total	81	66	15	313	301	12	57	57	0

Theory has always offered a workplace where women excel. We make efforts to create comfortable working environments in our stores, and a growing number of women return to work after taking temporary leave. In fact, most of the women who have taken leave have returned to the workplace. Those that return after becoming mothers are able to work reduced hours and the whole team pitches in to get the job done. More management-level employees are taking advantage of maternity leave and more employees are advancing to management positions while making use of the leave system. For us, I believe the next step is to formulate career opportunities that better reflect the individual characteristics and ambitions of each employee.

Yoko Hara

Director of Sales and Store Operations
Link Theory Japan Co., Ltd.



Globalization of the Workplace

Growth Fueled by Integration and Mutual Understanding

The Fast Retailing Group considers cultivating global personnel essential to developing as a global enterprise. Cultivating global personnel is more than simply hiring people of different nationalities; it is critical to understand and respect cultural differences, and develop each individual to be able to work with both a global and local perspective.

Teams at FR are made up of people of many nationalities. Maximizing a team's potential requires understanding different cultures to find the best possible solutions to various challenges that arise. Successfully meeting this challenge acts as a major strength for the Group's global competitiveness.

The FR Group is active on the world stage, and the core function of the Tokyo headquarters is to support the growth of the whole Group. The Group encompasses some 72,000 employees with 45,000 working in Japan. Making the Tokyo

headquarters truly global requires a diverse workforce to build the strongest team possible.

FR aims to cultivate international management talent by strategically circulating employees to all corners of its Group operations around the world. Integrating the various perspectives of its multicultural personnel, FR intends to create a diverse and dynamic corporate culture to drive growth.

FR Group Employees by Country and Region



Approx. 72,000 employees in 22 countries and regions

The FR Group's CSR mission to make the world a better place matches up completely with my role. I joined FR in July 2012 with the hope of making the world a better place through my job as disability project manager for France. My work currently encompasses all of the FR Group brands in France and, in the summer 2013, we began developing projects in the UK. The cultural differences between how countries and regions view persons with disabilities is very interesting and the different approaches provide many opportunities for us to learn and be inspired. Understanding and appreciating these differences will enable us to further enrich and develop our activities.

Carole Paitier

CSR Project Manager
Human Resources Department
UNIQLO FRANCE S.A.S.



Challenge 4

Employment of Persons with Disabilities

Everyone Grows When Everyone Contributes

Teams can maximize their strengths when everyone contributes.

Fast Retailing believes the most important aspect of hiring people with disabilities is not just to provide employment but also to create a work environment in which everyone has a meaningful role and an opportunity to contribute as a member of a team.

UNIQLO first started hiring people with disabilities in Japan in 2001 and is very close to achieving its objective of employing one person with disability per store. The initiative is also spreading to GU and other Group stores and is currently in effect at UNIQLO stores in nine countries and regions, with major progress being made in Japan, South Korea and Singapore. In fiscal 2013, the FR Group newly hired 161 individuals in Japan with disabilities and the percentage of employees with disabilities rose to 6.64%, from 6.45% in fiscal 2012. Japan's quota system for people with disabilities is set at a minimum statutory employment rate of 2.0% and the FR Group far exceeds that.

FR has received numerous awards in Japan and around the world for its efforts to employ people with disabilities. In fiscal 2013 Springboard Consulting presented the Company with the Workforce Award in recognition of its employment and support

of people with disabilities at the 2013 Asia Pacific Disability Matters Awards in Bangalore, India. The Company's formula for increasing employment in line with the growth of its business was recognized as a unique best practice. Although each faces a unique challenge, FR with its large number of stores and wide range of job descriptions can always find a place where each person can grow and thrive. Finding a position that caters to the individual's strengths fosters a sense of purpose and creates a collaborative working environment. Beyond the importance of working with a sense of purpose, everyone benefits when the employee contributes to the success of the store and the satisfaction of the customer.

FR is looking to strengthen the opportunities for people with disabilities worldwide. FR's mission is to make the world a better place, and this in part means creating unique business activities that can contribute to a sense of fulfillment in people's lives.

Career Development

Facilitating the Growth of Employees

The Fast Retailing Group seeks to provide clear paths for career advancement and work environments supporting the personal and professional development of every employee worldwide.

The FR Group also provides opportunities to fulfill personal goals, and an operating structure enabling the Company and managers to fully support employee aspirations.

The FR Group has established a global personnel policy to encourage and support every employee toward their career objectives. The Career Challenge Program provides experiences geared to employee career ambitions. The Global Recruitment System is an in-house recruiting system for positions around the world.

In addition, the Group's presence in many international markets allows a store manager in Japan or staff at headquarters to be posted overseas, which helps build global leadership skills while fostering shared values and cultivating local personnel. Staff in other countries can work in Tokyo headquarters or other countries where FR conducts business. FR is continuing to develop and expand these systems to use its international scope to the advantage of its employees and the business.

FR's future growth depends on its ability to cultivate a

management perspective in all of its employees. The Fast Retailing Management and Innovation Center (FRMIC) was established to develop managerial talent throughout the Group. Open to all Group employees, FRMIC provides management training for new hires, store managers, and employees around the world seeking to rise in the ranks. Trainees implement management projects aimed at accelerating business growth and learn from the successes and failures of FR Group managers who have played key roles in the Group's growth. FRMIC holds regularly scheduled meetings with UNIQLO store managers in Japan, FR board members, and Tokyo headquarters' staff to identify issues the stores are facing. Participants conduct in-depth discussions of possible solutions which lead to valuable contributions to the resolution. The Company is looking to expand these meetings to include the other brands in the FR Group.

Growing Through Learning

● Japan 1999: Experience of a Store Manager

I joined FR as a new graduate in 1999 and have worked at a UNIQLO store ever since. My most vivid memory is of the challenges I faced when I was a store manager. As a new store manager, I thought I knew the best way to do everything and literally forced everyone to do it the same way. I was shocked when I received negative feedback from my staff in an employee survey. Even in Japan, there are regional cultural differences and each store had different ways of doing things. That experience taught me the importance of teamwork and communication.

● Hong Kong 2008: Experience of a Sales Manager

When I was appointed manager of sales and store operations in Hong Kong, my responsibilities spread well beyond the sales department and gave me chances to learn about everything from business development to marketing. It turned out to be a period of great personal growth for me and established the foundation for my career. Working overseas was very challenging because you have to understand regional and cultural differences and learn how to motivate people. I took what I had learned as a store manager in Japan and was careful to communicate with each member of our staff in Hong Kong. The strength of the whole staff working together contributed to our business growth.

● Taiwan 2010: COO

Taiwan and Hong Kong 2013: Experience of a Country CEO

Two years after being sent to Hong Kong, I was appointed General Manager of Sales and Store Operations in Taiwan. I knew I was in over my head, but I also knew that if I could unify the team strengths, we could be successful. And we were. The Taiwan business had been stagnant after the initial boom when we entered the market, and we revived it and put it back on a sustainable growth track. I will continue to delegate authority to younger staff based on their capabilities and motivation. Many of our employees in Taiwan want to go overseas, so I also want to promote personnel exchanges between UNIQLO operations in different parts of the world. I am looking forward to finding ways to spur further growth for UNIQLO by helping employees fulfill their ambitions and contribute to development worldwide, which will lead to more growth opportunities for the entire FR Group.

Hiroshi Taki

UNIQLO Taiwan Ltd. CEO
UNIQLO Hong Kong, Ltd. CEO



I am blind in my left eye and cannot see well in my right. I came to GU after leaving my previous job because using a computer all day was putting too much strain on my right eye. It is very hard for people with impaired vision to work in a place they are not familiar with; we rely on the familiarity that comes with working in the same place every day. At GU, we store many items in the stockroom and a high degree of organization is essential. When I plan the stockroom layouts, I always try to visualize the workflow to determine the best way to get the job done. I also work hard to keep it organized while allowing staff to move about easily. My colleagues really appreciate my efforts. The stockroom is an important part of the store's operation, and being in charge of it allows me to play a critical role in the store. Of course, sometimes it is hard not being able to see well, but everyone is always happy to lend a hand.

Rui Okumura

GU Itami Nishino Store
GU Co., Ltd.



I have always had a hard time remembering things and when I decided not to continue formal education after junior high school I felt really lost. However that changed when I joined UNIQLO in 2012. At UNIQLO I know that the work I do, such as packing and cleaning the stockroom, is for the customer, and that gives me a real sense of purpose. I am contributing to the success of the store and feel a sense of belonging with my colleagues. The most rewarding part of my job is training new staff. I teach them to keep men's and women's clothing separate when taking them out of the boxes, how to handle the items, and how to greet customers. I feel the work I do is fulfilling and meaningful.

Chan Jin Xiong

KLCC Store
UNIQLO (MALAYSIA) SDN. BHD.



Fair and Uniform Standards Worldwide

Progressive Employee Evaluations and Remuneration

The Fast Retailing Group aims to motivate all employees wherever they work in the world and encourages each individual to perform their best. The Group's personnel evaluation system, utilized worldwide, is designed to provide uniform and fair employee evaluations and the remuneration system aims to justly reflect expectations for responsibility and performance.

The Fast Retailing Group utilizes a grading system to ensure all employees are evaluated using a consistent set of standards. Employee evaluations and compensation reviews focus on performance targets and results based on a clear set of uniform standards. The standards are designed to ensure transparency and fairness in the evaluations and remuneration.

Due to the varying economic and legal conditions in different countries and regions, a similar evaluation may not necessarily

mean the same level of compensation. The Group uses globally uniform standards for the remuneration system for certain positions with high grades, and comparable standards based on remuneration system principles modified to reflect local conditions. The Group uses these together to form a global remuneration system aimed at providing fair compensation based on fair evaluations of employee performance.

Comfortable and Efficient Work Environments

Providing Good Work Environments

The FR Group offices take full advantage of information technology to create work environments where employees can perform their duties comfortably and efficiently.

The Group also provides support so employees can confidently perform their jobs.

FR provides comfortable work environments designed to maximize productivity with group-based seating to facilitate communication and offices equipped with video conferencing systems and the latest information technologies to enhance administrative efficiency.

The FR Group has designated four days per week as "no overtime days" at its headquarters in Japan to prevent excessive working hours. Departments and individuals that frequently engage in overtime work are monitored, and guidance is provided to the employees and their managers by the senior management team. FR consistently encourages its staff to take days off and, in addition to normal paid leave, provides regular employees with 16 special-leave days.

FR also encourages employees to manage their health. The Company provides consultation and regularly provides health-related information to employees. Consultation offices staffed by professional counselors and external consultation services

are also provided to support mental and emotional health.

FR takes special precautions to maintain employee awareness of safety issues and prevent injuries and accidents on the job and while commuting to work. Despite these efforts, the number of workplace accidents increased from 323 in fiscal 2012 to 524 in fiscal 2013. Most workplace accidents occur in the stores, with the most common occurring when making alterations using sewing machines or rearranging store layouts. When an accident occurs, an accident report describing the circumstances is submitted, and steps are taken to identify the cause and implement necessary improvements. The Company also regularly posts reminders in stores, provides training for store managers, and implements preventive measures.

Customer Expectations

Fast Retailing seeks to maintain its high level of customer satisfaction by having employees in all business activities listen carefully to customers and respond to customer feedback.

Feedback Leads to Action

UNIQLO and GU have set up customer service counters that are open every day of the year. Customer feedback received via email, telephone, or special postcards available in the stores is forwarded in a timely manner to management and the relevant stores and departments. Feedback requiring a response or action are promptly addressed. In Japan, South Korea, and China, the Japan service counter conveys customer feedback

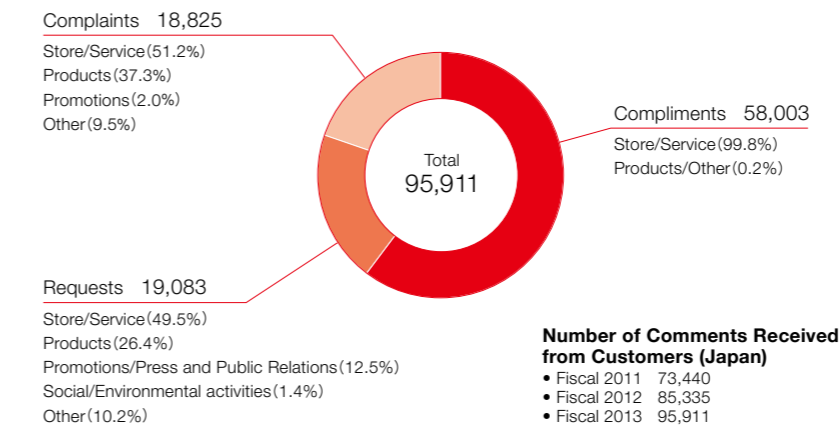
to each store by the end of the next day. The stores promptly make the necessary changes, which are then verified by the customer service center or store supervisors. The Company is reformulating the feedback systems in other countries, which are still based on weekly communications, to accelerate store response capabilities. The Company also solicits online feedback on product comfort and functionality from online customers to incorporate into product development.

Customer Feedback

Each UNIQLO and GU store in Japan assigns one employee as the trained Customer Satisfaction (CS) Leader who systematically works to build staff awareness of customer satisfaction issues. FR initiated the CS Leader system overseas in fiscal 2013. As an additional educational tool, the monthly CS animated newsletter is translated into seven languages and delivered to 14 countries. In 2011, FR launched its Customer Satisfaction Web Questionnaire initiative to increase the inflow of information from customers outside Japan. Besides this customers are able to fill out a hand-written questionnaire at the cash register. The ratio of positive responses has been increasing, but the effectiveness of the questionnaires, specifically whether they represent customer opinions from actual use of the products, has become a major issue because the majority of responses are received immediately after the purchase but before customers have actually used the product. Customer feedback is essential to improving the business, and the Company is seeking to gather as much feedback as possible. One way it is doing this is by distributing customer cards showing the Company's homepage address. The responses received have been helpful and cover a wide range of topics and requests. FR views customer feedback as an invaluable resource and plans to continue enhancing its communications with customers.

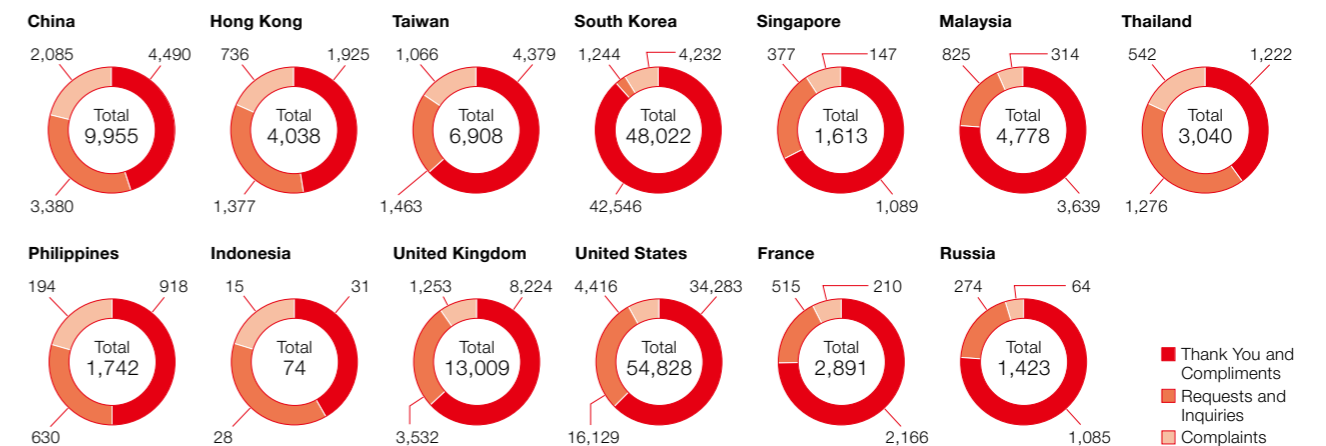
Customer Center Feedback (Japan)

(by telephone, email, letter, or via feedback written on postcards distributed at the stores)



Customer Center Feedback

(via the Customer Satisfaction website and in-store surveys; by country and region)



Fast Retailing Global Leader Commitments

Global Leaders Discuss Fast Retailing's CSR Goals

The Fast Retailing Group strives to act as a responsible corporate citizen by tackling issues affecting the global community. At the same time, the Group is equally committed to conducting CSR activities that address local needs. Global Leaders discuss FR's CSR activities in relation to local issues in their communities and countries and share their views on the meaning of social responsibility.

UNIQLO Japan

As the core brand in the Fast Retailing group, UNIQLO Japan's mission is to become a company with a strong social conscience and execute bold CSR initiatives that become a model for other countries to follow. To this end, we strive to create greater awareness of CSR so that all employees come to view business and CSR as one and the same and feel proud to work at FR. Since UNIQLO is a retailer, store staff are perhaps our most important employees, and I want to create an environment where high job satisfaction and personal growth are the norm. No matter how strong our CSR activities are, their full potential will not be realized if employees do not take pride in their work. In my view, our efforts to encourage the personal growth of



Satoshi Hatase
COO
UNIQLO CO., LTD.

employees have been too generic. We need to try different ideas, including more varied personnel programs, and create a system with the flexibility to accommodate different working styles and ways to grow. I think this will be important as we continue developing CSR initiatives in line with FR's mission to make the world a better place. Employee participation in CSR activities is also key to making CSR a core part of our DNA. Participation allows them to really feel that they are playing a positive role in society through their job. When a person is proud of their company, they stay with it and both the individual and the company grow. The All-Product Recycling Initiative, one of our main CSR activities, is an excellent example that shows the value of CSR because it allows local communities, students, and employees to learn together. The Power of Clothing program, which introduces the All-Product Recycling Initiative to schools in Japan, currently encompasses 107 schools and 15,000 students nationwide and is expanding. As the initiative continues to grow, I am looking forward to using this as a model for the global network.

UNIQLO China and Hong Kong

CSR is essential to business success in China. We consider CSR a dynamic investment for the future and have created a CSR-dedicated budget. The CSR department and top management in China are creating concrete plans to address local issues. China is a huge country with complex social systems and diverse local conditions, yet speed is critical in emergency situations. The CSR budget ensures we can respond quickly and appropriately. Some things not easily implemented in mainland China can be done with relative ease in Hong Kong. Employment of people with disabilities, for example, is difficult on the mainland; however, in Hong Kong we are rapidly advancing plans to launch a program this year.



Ning Pan
CEO
FAST RETAILING (CHINA) TRADING CO., LTD.
CEO
UNIQLO HONG KONG, LTD.

UNIQLO Taiwan

Taiwan has one of the world's lowest birth rates and an aging population. The economy and unemployment rate are also making conditions difficult. Creating employment opportunities is important, but we also must provide comfortable work environments. We have modified company policies to meet local needs, such as adding "typhoon holidays" and created a labor-management committee to better integrate employee viewpoints into management decisions. We achieved our goal of employing one person with disability per store with many positive effects, including fostering a spirit of consideration for fellow workers. We also plan to have employees engage with local schools and to implement various new CSR programs to strengthen our ties in the community.



Hiroshi Taki
CEO
UNIQLO TAIWAN LTD.

UNIQLO South Korea

In South Korea, businesses are increasingly called on by the public to help address social issues. Winning the trust of customers requires "legitimate" CSR activities. I believe that, in addition to the All-Product Recycling Initiative, employing people with disabilities, and other global programs, we need to have local community-based CSR projects where our customers and employees can work together. We are planning programs to provide educational support for children from low income families in South Korea and volunteer programs for employees at stores across the country. We will also continue our collaborative CSR activities with government and administrative agencies, NGOs, and others to become the company that society expects us to be.



Hong Sungho
Co-CEO
FRL KOREA CO., LTD.

UNIQLO Singapore

CSR in Singapore generally involves financial donations and companies do not often get involved in direct outreach. FR's aim to employ one disabled person at every store is not just to provide employment, but also to provide an environment for the employees to be independent and active in society. We also encourage all employees to participate in Special Olympics programs. These experiences help staff understand the needs and challenges faced by people with disabilities, which improves communication and understanding among employees. While promoting FR's global CSR programs, such as the All-Product Recycling Initiative, we aim to have our activities firmly rooted in the country and contribute to local communities. We want to be one of the best companies to work for in Singapore.



Albert Chew
Co-CEO
UNIQLO (SINGAPORE) PTE. LTD.

UNIQLO Malaysia

Malaysia's growing population and economic indicators suggest a healthy future for the country. As a local corporate citizen, we are expected to use our business to create jobs, help raise the standard of living, and contribute to the country's economic growth. CSR is essential to the retention and nurturing of employees proud of where they work. Hiring people with disabilities raises CSR awareness among all employees, and we believe everyone benefits. We are preparing to launch the All-Product Recycling Initiative and considering how to make it successful locally, such as ways to collect the clothing and which charities to donate to. We hope to make a strong social contribution during Malaysia's growth.



Satoshi Onoguchi
CEO
UNIQLO (MALAYSIA) SDN. BHD.

UNIQLO Philippines

In the Philippines, where roughly one-third of all children do not finish elementary school, society expects companies to go beyond simply providing employment opportunities and take real action to address social issues. I believe UNIQLO can help by supporting education. The Philippines is one of the countries that UNIQLO and UNICEF target with the Clothes for Smiles program. Together with UNICEF, we plan to visit the schools we are supporting to better understand their needs and make plans for future support activities. Other initiatives include working with supporting agencies to begin hiring people with disabilities in 2014. Finally, we are also developing projects to enable our employees to participate in CSR activities at the local level.



Katsumi Kubota
COO
FAST RETAILING PHILIPPINES, Inc.

UNIQLO UK

Youth unemployment is a major issue in the UK, but UNIQLO's business is improving and we have been able to hire more staff in the past year. We started an employment program for people with disabilities and were thrilled to see how quickly employees embraced the program. Homelessness is another serious problem here, and we are collaborating with an NGO in London to donate All-Product Recycling Initiative clothing to the homeless. Providing clothing to those in need allows us to have an immediate impact as it protects people against the elements and builds confidence to people striving to get back on their feet. I think we can have an even bigger impact if we better communicate our activities to our customers.



Takao Kuwahara
CEO
UNIQLO (U.K.) LTD.

UNIQLO USA

The US offers great opportunities but many also struggle, and their numbers have increased in these harsh economic times. Companies are being asked to actively support their communities. We have appointed a full-time CSR person to drive our programs, as we seek strong, long-term relationships with relevant partners. For example, we are partnering with local charity organizations in New York and San Francisco to donate items to people in need through our All-Product Recycling Initiative. We also contribute to the development of young people by recruiting on university campuses, offering thorough training programs, and providing career opportunities through our UNIQLO Manager Candidate (UMC) program.



Larry Meyer
COO
FAST RETAILING USA, Inc.

UNIQLO Thailand

In Thailand, which has steady economic growth and low unemployment, CSR is critical to appeal to potential employees. Our All-Product Recycling Initiative launched in 2013 collects clothing at all of our stores, and the number of collection items is still increasing. We believe we can raise the number by educating the customer about how their donation helps those in need. We also started our own scholarship and intern program for 20 students from two colleges in Bangkok and plan to expand to Chiang Mai where we have opened a new store. The program is designed to give students financial support in the form of scholarships and provide opportunities to gain working experience in our stores.



Takahiro Nishimura
COO
UNIQLO (THAILAND) COMPANY LIMITED

UNIQLO Indonesia

We are in the early stages of our business in Indonesia and our first step is to provide as many jobs as possible. Labor laws make it difficult for a company to dismiss people. Hiring and training is a huge commitment. At the same time, the retail industry is not well perceived. I see this as an opportunity for UNIQLO to become a corporate leader in the promotion of social causes. We want to localize the successes of global programs like the All-Product Recycling Initiative and employing people with disabilities. We plan to link our business as a clothing retailer with social support initiatives in Indonesia.



Yasuhiro Hayashi
COO
PT. FAST RETAILING INDONESIA

UNIQLO Europe

Europe is increasingly conscious of CSR, and a company's CSR reputation is a factor when people select brands or consider careers. Our CSR strategy is a mix of global and local activities. This year, we conducted a Clothes for Smiles shopping experience event for children refugees in Serbia. We also donate HEATTECH products and partner with local organizations to support the homeless. Unemployment is another challenge. Our efforts to create new jobs and provide training for young people helps address the unemployment problem, as does our hiring of people with disabilities. Recently, we added a team member with the sole responsibility for CSR, and plan to be even more active in developing and implementing CSR initiatives.



Berndt Hauptkorn
CEO
UNIQLO EUROPE

Grameen UNIQLO (Social Business) Bangladesh

Bangladesh has the world's second largest apparel industry, and we want to use that infrastructure to increase employment, boost the industry, and contribute to people's well-being. The social business model is key to the success of our CSR initiatives, and the Grameen Ladies selling products mainly in rural villages are indispensable. Understanding local needs enables us to provide attractive products at prices viable even in the poorest areas, where we can do the most to improve people's lives. We opened urban stores in 2013 to expand the business scale and securing profits, which will be reinvested to grow the business in the country. We are creating training systems to cultivate local managers and growing the operation to provide quality clothing for the people of Bangladesh.



Tadahiro Yamaguchi
COO
GRAMEEN UNIQLO Ltd.

Theory Global

Theory initiated and was joined by the Council of Fashion Designers of America and the New York City Economic Development Committee to found a breakthrough grant program for fashion manufacturing. The Fashion Manufacturing Initiative kicked off in September of 2013 and has already raised over US\$2,500,000. The first grants totaling US\$1,000,000 will be given away in the spring of 2014 for use with new technology, equipment upgrades, and training for 10 manufacturing facilities in New York City. Theory has taken a leadership position in revitalizing manufacturing in the US, and our goal is to raise US\$5,000,000 within the next two years to help change the face of American apparel manufacturing.



Andrew Rosen
Global CEO
Theory LLC

Comptoir des Cotonniers Global

Comptoir des Cotonniers has a rich history of supporting causes related to mothers and daughters, and our activities go beyond donating to charities. In 2013, we formed a new partnership with Mercado Global, an organization that empowers indigenous women living in impoverished communities in Guatemala. Many women in these communities are highly talented weavers, and they design products incorporating indigenous weaving techniques that are sold in our stores, with all profits reinvested locally. The income supports the women and their families, and profits from the sales have been used to set up daycare centers in these communities. We look forward to strengthening such win-win initiatives which touch customers through excellent products and empower the people who make them.



Nancy Pedot
CEO
CREATIONS NELSON S.A.S.

GU Global and Japan

GU's business model producing low-cost clothing makes it all the more important that our brand is trusted, especially in places where we manufacture the products. That is why we never compromise on the Fast Retailing standards and communicate openly with suppliers and work together to improve processes and working conditions. The All-Product Recycling Initiative is vital to our business. Our styles keep pace with the latest fashion and our designs are constantly changing, so reusing clothing is essential. CSR activities have top priority and we believe it is important for employees to actively participate in various activities. The GU customer is very information savvy, and we seek to engage in progressive CSR activities with a clear conduit for feedback and support.



Osamu Yunoki
CEO
GU Co., Ltd.

Theory Japan

Theory is predominantly a brand for working women, and most of our customers and employees are female. It is therefore important that we create an environment conducive to women succeeding and thriving. Health is absolutely fundamental to this. The percentage of people that regularly have their health checked has always been low in the apparel industry. We require all employees to undergo a health examination, and their superiors are responsible for ensuring all employees do so. We also found several cases where women's health improved as a result of getting a second opinion through our checks. We are also exploring other ways in addition to our products that we can contribute to women's issues.



Makoto Hata
CEO
Link Theory Japan Co., Ltd.

Princesse tam.tam Global

Princesse tam.tam believes in providing clothing and underwear that allows every woman to reveal her inner nature, feel more beautiful and self-confident, and feel free to express who they really are. Our company's roots are in Madagascar, and we supported construction of a school near our factory there to promote education in the community. In 2013, we created a girl's pajamas collection endorsed by the popular singer-songwriter Ayo to raise funds for a new arts and athletics facility at the school. The pajamas are produced in Madagascar, thereby encouraging local employment, and all sales proceeds will help fund the new facility. The project's success is due to the deep engagement of our suppliers, manufacturers, employees, and customers.



Pierre Arnaud Grenade
COO
PETIT VEHICULE S.A.S.

J Brand Global and Japan

J Brand set out to create timeless, classic and sophisticated jeans made locally in Los Angeles with an emphasis on fit and making a woman look and feel beautiful. J Brand is known for its denim as well as for the resources and other support it provides to emerging designers. We support the City Year program, where graduates from local urban school districts return to support younger students. Meeting people from similar communities who have overcome challenges and achieved success gives students real examples to follow and helps improve graduation rates. We also support the Special Olympics and cancer research institutes, such as City of Hope. Our CSR activities seek to make a difference in ways that only we can.



Jeff Rudes
CEO
J Brand Holdings, LLC

Corporate Governance / Compliance

Corporate Governance and Compliance

Fast Retailing has established a CSR framework that emphasizes compliance and awareness of related issues among all FR Group employees.

Approach to Corporate Governance

Fast Retailing enforces the independence and surveillance capabilities of board meetings to ensure responsive and transparent management practices, while raising corporate governance standards. Corporate governance is further enhanced through the use of a delegate-based executive director system, in which individuals selected from the board of directors are given specified ranges of authority over business execution, and by separating administrative and decision making functions to improve business performance. The board of directors is mostly made up of external directors to further strengthen the independence and supervisory functions of the board. FR has adopted the corporate auditor governance model and maintains committees to provide complementary support to the board of directors. Committees dedicated to overseeing human resources, corporate social responsibility, disclosure, IT investment, the FR Code of Conduct, and ethical issues facilitate open deliberation and decision-making, in pursuit of specific objectives.

CSR Committee

The CSR Committee discusses and makes decisions on CSR policy, reports and public announcements, as well as environmental protection initiatives, community service activities, compliance, diversity and other related matters. The committee is chaired by the head of the CSR department and includes experts from outside the company, as well as statutory auditors and operating officers. The CSR Committee met three times in fiscal 2013.

Code of Conduct Committee

The Code of Conduct Committee is responsible for handling deliberations related to responses to violations of the FR Group Code of Conduct, providing advice on running the Compliance Hotline. It also addresses and accommodates whistleblowers and the employee consultation office, while raising officer and employee awareness of the Code of Conduct. The committee is chaired by the head of the General Administration and Employee Satisfaction department, which includes statutory auditors and legal advisors. The Code of Conduct Committee met eight times in fiscal 2013.

Business Ethics Committee

The Business Ethics Committee, chaired by the head of the CSR department, is responsible for guiding and reviewing corporate behavior. It also raises employee awareness about ethical issues related to its business. It convened 12 times in fiscal 2013.

Approach to Compliance

FR has established a CSR framework that emphasizes compliance and awareness of related issues by all FR Group employees.

Employees and the Code of Conduct

All FR Group companies adopt the FR Code of Conduct. When joining an FR Group company, every employee is expected to understand the Code of Conduct, once it is explained to them. All employees are required to affirm the content of the code and sign a pledge every year declaring their intention to

follow and fully implement it.

Workplace Hotline

FR has set up hotlines to give employees the chance to discuss and report work-related issues. The hotlines also provide a way for staff to report perceived Code of Conduct violations by telephone, email or other means (employees overseas may report incidents via email). Staff members are encouraged to freely use these resources by consulting hotline information posted on the company intranet and on posters in employee lounges. Hotline personnel investigate reports of potential Code of Conduct violations while protecting the anonymity of the people reporting such incidents. Regular Code of Conduct Committee meetings are held so staff can discuss specific actions to be taken. Understanding of the code is also promoted through other activities, such as meetings to discuss communication problems involving supervisors, a common issue. FR tries to prevent the recurrence of compliance issues in a number of different ways, including informing all FR Group companies about compliance violations.

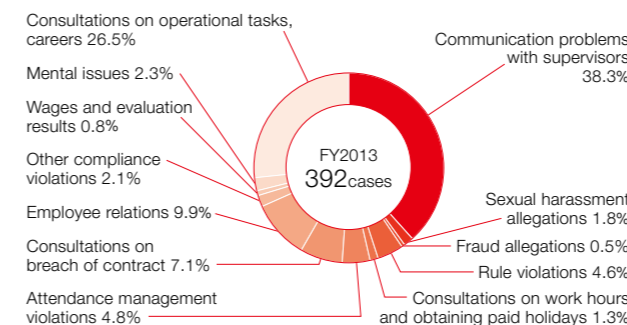
Hotline Cases (FR Group Companies in Japan)

- Fiscal 2011 393
- Fiscal 2012 406
- Fiscal 2013 392

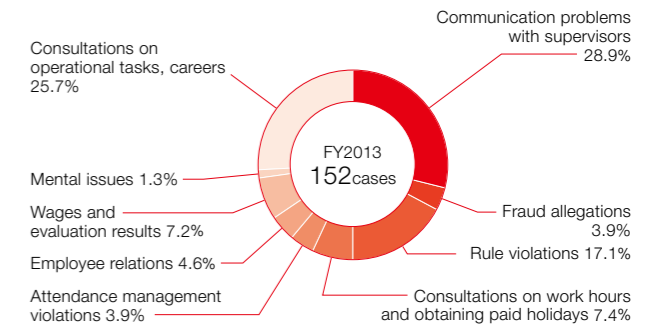
Hotline Cases (FR Group Companies overseas)

- Fiscal 2012 112
- Fiscal 2013 152

Breakdown of Hotline Cases (FR Group Companies in Japan)



Breakdown of Hotline Cases (FR Group Companies overseas)



Company Profile

Fast Retailing Group Overview (As of August 31, 2013)

Fast Retailing is an apparel retailer with operations in Japan and other markets throughout the world, with the UNIQLO casual clothing brand at its core.

The company's business includes UNIQLO Japan, UNIQLO International and the FR Global Brands, which develop apparel for the global market.

Name:
Fast Retailing Co., Ltd.

Established:
May 1, 1963

Head Office:
717-1 Sayama, Yamaguchi City,
Yamaguchi Prefecture, 754-0894, Japan

Tokyo HQ:
Midtown Tower, Akasaka 9-7-1, Minato-ku,
Tokyo 107-6231, Japan

Paid-in Capital:
10,273,950,000 yen

Business:
Control and management of all FR Group activities,
as owner and holding company

Number of Full-time Employees (Consolidated):
23,982

Note: the number of part-time employees is comparable to the number of full time employees when part-time hours are calculated based on an 8 hour work day

Consolidated Sales:
114.3 billion yen

Consolidated Operating Income:
132.9 billion yen

Closing Date:
August 31

www.fastretailing.com



Business

UNIQLO Japan

UNIQLO Japan is the nation's largest apparel retail chain with a network of 853 stores generating annual net sales of over ¥683.3 billion. Global flagship stores opened in March 2012 in Ginza, Tokyo, and in collaboration with home appliance retailer BIC CAMERA, UNIQLO opened BIQLO Shinjuku East Exit Store, in September 2012.

www.uniqlo.com



Net sales: 683.3 billion yen
Operating profit: 96.8 billion yen
Number of stores: 853
(including franchise stores)

UNIQLO International

UNIQLO International operates stores in China, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, Thailand, Philippines, Indonesia, U.K., U.S., France, and Russia. FR plans to open UNIQLO stores in Germany and Australia in Spring 2014.



Net sales: 251.1 billion yen
Operating profit: 18.3 billion yen
Number of stores: 446

Global Brands

Fast Retailing's worldwide brands are Theory offering (Theory, HELMUT LANG, PLST and other brands for women and men from its headquarters in New York), U.S.A.; Comptoir des Cotonniers women's clothing and Princess tam.tam lingerie in France, the GU brand of low-priced apparel developed from UNIQLO business experience; and J Brand denim apparel headquartered in Los Angeles, U.S.A.



Net sales: 206.2 billion yen
Operating profit: 17.4 billion yen
Number of stores: 1,150
(including franchise stores)

theory

www.theory.com

COMPTOIR DES COTONNIERS

www.comptoirdescotonniers.com

PRINCESSE tam.tam PARIS

www.princessetamtam.com

GU

www.gu-japan.com

J BRAND

www.jbrandjeans.com/

Fast Retailing Group CSR Activities Through the Years

2001	March	FR establishes its Social Contribution Office, starts recruiting individuals with disabilities and vows to hire at least one person with a disability at every UNIQLO store	March	UNIQLO's All-Product Recycling Initiative becomes year-round effort	
	April	FR starts supporting the Setouchi Olive Foundation, sets up donation boxes at all UNIQLO stores	September	UNIQLO launches social business to address issues such as poverty, sanitation and education in Bangladesh by producing and selling clothing	
	October	FR launches Fleece Recycling Program	October	FR expands UNIQLO's All-Product Recycling Initiative to collect clothing at GU, a group company	
2002	June	FR begins supporting Special Olympics Nippon	February	FR signs Global Partnership Agreement with United Nations High Commissioner for Refugees	
	May	FR Group starts monitoring working conditions at partner factories	March	FR starts relief efforts in response to Great East Japan Earthquake	
2004	September	FR creates Code of Conduct for employees, sets up Code of Conduct Committee	March	FR expands All-Product Recycling Initiative to collect clothing at all UNIQLO stores in Korea	
	September	FR receives Minister of Health and Labor Excellent Enterprise Award for Promoting Employment of Persons with Disabilities	2011	September	FR expands All-Product Recycling Initiative to collect clothing at all UNIQLO stores in U.K., U.S. and France
2005	December	FR establishes CSR Department, holds first meeting of CSR Committee	September	FR offers relief aid in response to humanitarian crisis in Somalia	
	June	UNIQLO receives Tokyo Labor Bureau Director's Award for Excellence as an equal-opportunity employer, for its efforts to promote the advancement of women in the workforce	November	FR offers relief to flood victims in Thailand	
2006	September	FR Group launches All-Product Recycling Initiative by expanding the UNIQLO's Fleece Recycling Program to include all UNIQLO products	December	FR expands All-Product Recycling Initiative to collect clothing at all UNIQLO stores in Singapore	
	November	FR publishes first CSR Report	February	FR launches UNIQLO Recovery Assistance Project to provide aid in areas affected by the Great East Japan Earthquake	
	February	FR staff members visit refugee camps in Thailand and Nepal, company launches refugee support activities	March	FR expands All-Product Recycling Initiative to collect clothing at all UNIQLO stores in Hong Kong, Taiwan and Shanghai	
	June	FR receives Award of Merit for Supporting Second Challenges from Japan's Cabinet Office, for promoting the employment of individuals with disabilities	2012	March	FR Group staff members visit refugee camps in Kenya, donate 1 million articles of clothing
2007	June	FR Group receives Medal with Dark Blue Ribbon and Certificate of Gratitude from the Japanese government for providing relief aid for people affected by a major earthquake in Indonesia	October	Novak Djokovic and UNIQLO launch "Clothes for Smiles" Project	
	October	FR establishes environmental policy, guidelines	October	UNICEF (United Nations Children's Fund) and FR form global alliance	
	October	FR receives Fifth Asahi Corporate Citizen Award for UNIQLO's All-Product Recycling Initiative	February	FR Group staff members visit refugee camps in Jordan, donate 180,000 articles of clothing	
2008	March	Number of items collected for UNIQLO's All-Product Recycling Initiative passes 1 million	April	FR expands All-Product Recycling Initiative to collect clothing at all UNIQLO stores in Thailand	
2009	June	FR implements new criteria for monitoring workplace conditions at partner factories	2013	June	FR supports student scholarships at Asian University for Women in Bangladesh
			July	First two Grameen UNIQLO stores open in Dhaka, Bangladesh	
			August	FR signs the Accord on Fire and Building Safety in Bangladesh	

Fast Retailing CSR Communications

In addition to this CSR report, Fast Retailing actively discloses information and communicates with stakeholders through a range of channels.

FAST RETAILING CSR REPORT 2014

The Fast Retailing CSR Report 2014 introduces the corporate social responsibility initiatives that the FR Group conducts in line with its business operations.

Report Coverage

The report covers the CSR activities of the Fast Retailing Group (Fast Retailing Co., Ltd., and its companies in Japan and overseas) with individual articles introducing activities outside the FR Group.

Reporting Period

September 1, 2012, to August 31, 2013
*Unless otherwise indicated, figures in this report are fiscal year results.
*For particularly important content, the information presented represents the most recent data available at the time of publication.
*Please refer to the Fast Retailing annual report and website for corporate data and the latest information.

Issue Date

January 2014 in Japanese (Next issue scheduled for January 2015)

English-Language CSR Websites

Fast Retailing Co., Ltd.
<http://www.fastretailing.com/eng/csr/>
UNIQLO Co., Ltd.
<http://www.uniqlo.com/en/csr/>
Grameen UNIQLO
<http://www.grameenuiqlo.com/en/>



The Power of Clothing

The Power of Clothing is a newsletter based on the theme of how clothing can be used to address various social issues. The Power of Clothing is published throughout the year and is available in UNIQLO stores and online in Japanese, English, Korean, Traditional Chinese, and Thai. The Power of Clothing English website
http://www.uniqlo.com/power_of_clothes/en/



Leaflets and In-store Posters

Fast Retailing actively informs customers about its CSR activities and social issues through in-store posters and leaflets.



Social Networking Services

All Fast Retailing Group companies maintain an active presence on Facebook and other social networking services. In-house staff and store managers share CSR information with visitors in real time through these platforms.

Disclaimer: This report provides factual information on Fast Retailing Co., Ltd. and its Group companies as well as plans and items to be reviewed as of the date of publication. The report also includes forecasts based on management policies and strategies. These forecasts are assumptions or judgments based on information available at the time of publication. Actual results and future business activities can and will differ from these forecasts due to changes in business conditions.



