

Leveraging the Power of Clothing: How Clothing is Changing Japan and the World

Our efforts to provide relief to the victims of the Great East Japan Earthquake center on a key question: How can clothing help people in need in Japan and other parts of the world?

The answer is that we can draw on the foundation underpinning our day-to-day operations and the All-Product Recycling Initiative to offer support to people who require assistance. From product development and production to customer service and in-store sales support, everything we do is focused on the needs of our customers, and we have always valued this approach.

The success of our All-Product Recycling Initiative depends upon clearly grasping the needs of individuals in refugee camps and other locations, meticulously selecting items according to the situation on the ground, and delivering the right garments. Only then can we maximize the impact of the donated clothing that we provide.

In our efforts to support victims of the March 11 earthquake, we similarly seek to understand the situation in the disaster area to enable us to provide the specific kinds of clothing that are most needed. Then we can determine the best delivery methods and identify the most appropriate ways to help the victims of the disaster. We have interacted with people on the ground and have taken action based on those discussions, by continually identifying problems and repeatedly implementing improvements. UNIQLO conducts business in a very real way based on the current marketplace, products and facts. We take the same approach to our relief activities, by working in the field with the people who we are trying to help.

We recognize the current limitations of the support we provide, and we know that we can continue to improve in many different ways. However, staff members who are directly engaged in relief efforts have rediscovered two fundamental principles that underpin everything we do. First, in every situation, we must adopt the perspective of the individual that we are acting to serve. And second, clothing truly does hold the power to make people happier.

The All-Product Recycling Initiative and our efforts to assist the people affected by the earthquake require a long-term approach. Even if we are unable to immediately make a major impact, we will carry on, one step at a time, guided by the principle of how we can leverage the power of clothing to help people in Japan and other parts of the world.



THE POWER OF CLOTHING

— Making The World A Better Place —



07 HOW CLOTHING IS
CHANGING JAPAN AND THE WORLD

The Power of Clothing Making the World a Better Place

07

How Clothing is Changing Japan and the World

Cover: A mother and her child in Zambia clad in UNIQLO clothing. See page 15 for a report penned by Shinsuke Kamioka, the photographer who took the pictures shown on the cover and page 13.

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<http://www.uniqlo.com/en/csr/>



The Power of Clothing Vol. 06

UNIQLO's Great East Japan Earthquake Relief Efforts

We offer our deepest condolences to the people who are mourning the lives lost in the Great East Japan Earthquake and extend our thoughts to those whose lives have been affected by the disaster.

UNIQLO has been offering support in a number of ways. UNIQLO stores, for example, have been accepting donations from customers. We have combined these funds with a portion of our sales proceeds (see page 4) and continue to send these cash contributions to the Japanese Red Cross Society and other organizations to aid recovery and reconstruction efforts in the affected areas. We are extremely grateful for the generous support we have received from our customers.

As a company that designs, manufactures and sells apparel, we directly assume responsibility for the provision of clothing in areas affected by the quake, in addition to sending cash donations. Employee volunteers are delivering garments to individuals in need.

At first, we prepared bundles of clothing sorted by gender and size to correspond with the specific conditions and needs of people in the affected areas. We primarily distributed these items at evacuation shelters.

However, we wanted to provide greater satisfaction to the recipients of these garments. So we adopted a new distribution method that would offer a way to better supply the items that people truly need, rather than simply distributing clothing in bulk. We delivered boxes of clothing sorted by gender, size and product type to key community gathering points, such as in front of bathing facilities set up by the Japan Self-Defense Forces. Recipients could then select the items they wanted, as if they were actually shopping.

We initially focused on distributing warm clothing such as HEATTECH and fleece, until we heard that many people lacked fresh undergarments and were unable to do laundry because of disrupted water supplies. So we began focusing on items that are vital to personal hygiene, such as undergarments and socks, as well as T-shirts. We tried to deliver articles of clothing that were truly suited to changing seasonal requirements and situations on the ground, in order to effectively meet the demands of the people we serve.

We were encouraged by what recipients had to say. "Getting a UNIQLO shopping bag made me feel as if I were actually at a UNIQLO store," said one clothing recipient. "I was able to enjoy what felt like a shopping experience for the first time in a while," said another person. Another individual added that "we'd run out of undergarments and socks, so the donated clothing really helped." Through this experience, we were once again reminded of the power and importance of clothing.

We seek to deliver the most in-demand articles of clothing to the people who are most in need. It is our social responsibility to not only manufacture and sell clothing, but to maximize its value.

UNIQLO is committed to working with our customers to seize every possible opportunity to harness the power of clothing, and we will continue to strive to change both Japan and the world for the better.

Progress Report on Our Relief Efforts in Post-Quake Japan (Through May 24, 2011)

We would like to express our heartfelt gratitude for the support of our customers.

Donation boxes

A total of 217,786,572 yen was collected through donation boxes at 2,200 stores worldwide through April. These funds are being used to support reconstruction efforts in the affected areas through the Japanese Red Cross Society and Red Cross societies in other countries.

Donation of a portion of our sales proceeds

- UNIQLO Japan implemented a disaster-aid fundraising program under which 100 yen from the sale of specified items sold over a designated period will be donated. The details are outlined below.

Date of implementation	Product	Contribution amount (yen)
April 9–10	Dry color T-shirts	26,790,000
April 23–May 8	Polo shirts	205,478,500
Total		232,268,500

Of the funds, 227,268,500 yen will be donated to the Momo-Kaki Scholarship Foundation's Momo-Kaki Orphans Fund* and 5 million yen will be donated to the Japanese Red Cross Society.

*World-renowned architect Tadao Ando will chair the fund's operating committee and Fast Retailing President, Chairman and CEO Tadashi Yanai will be involved as a founding member of the new fund.

- From June 25, UNIQLO stores across the world will sell limited-edition SAVE JAPAN! UT T-shirts, which feature messages of encouragement from global celebrities. This project was proposed by the Condé Nast Group, the publisher of *Vogue Japan* and *GQ Japan* and also a supporter of the Save Japan! website, which was established immediately after the earthquake to support affected parts of the country by providing information on area-specific relief efforts. To back recovery efforts, we plan to donate approximately 100 million yen through the sale of these T-shirts to the Japanese Red Cross Society.

Clothing relief goods

We donated 850,000 articles of new clothing, mainly high-demand undergarments valued at approximately 700 million yen. In cooperation with nonprofit organizations (NPOs), 120 employees volunteered to personally distribute the items to ensure that they reached individuals in need in the affected areas.

Miyagi Prefecture: 470,000 items (sent March 20 and 26, and April 3, 9, 10, 16, 17, 23 and 24)

Fukushima Prefecture: 300,000 items (sent March 20 and April 3)

Iwate Prefecture: 50,000 items (sent March 22, April 9, 10, 16, 17, 23 and 24)

Ibaraki Prefecture: 30,000 items (sent March 25)

Contributions from business partners

Cash donations: Approximately 130 million yen

Relief supplies: 200,000 items including clothing and blankets

Cash donations

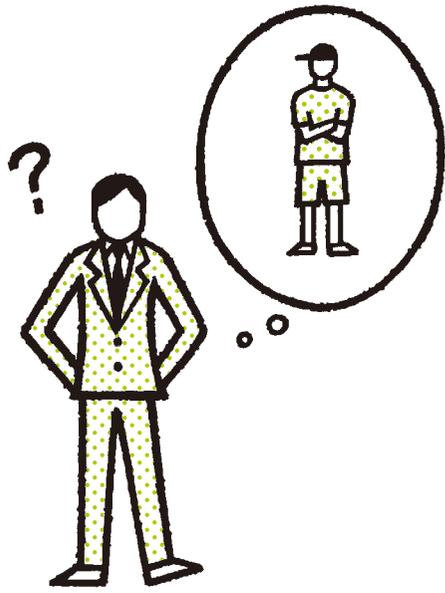
Fast Retailing Group: 200 million yen

Fast Retailing Group employees worldwide: 180 million yen

Fast Retailing President, Chairman and CEO Tadashi Yanai: 1 billion yen

These funds will be primarily sent to the Japanese Red Cross Society. NPOs and other organizations also involved in reconstruction support efforts will receive 100 million yen from the Fast Retailing Group.





case 01

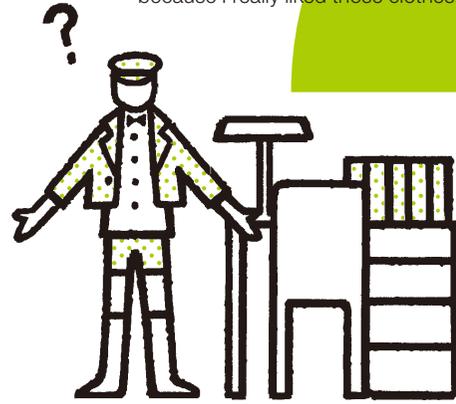
Since I started my career, my style of dress has changed.

My lifestyle changed after I started my career. I need to start wearing different apparel so that I look and feel more professional. The time has come to change my wardrobe.

case 02

I've outgrown my shirts and pants over the past year. They are now all too small.

I must have grown, because my pants and tops just don't fit anymore. It's too bad, because I really liked those clothes!



case 04

I'd like to reorganize my wardrobe for the coming season.

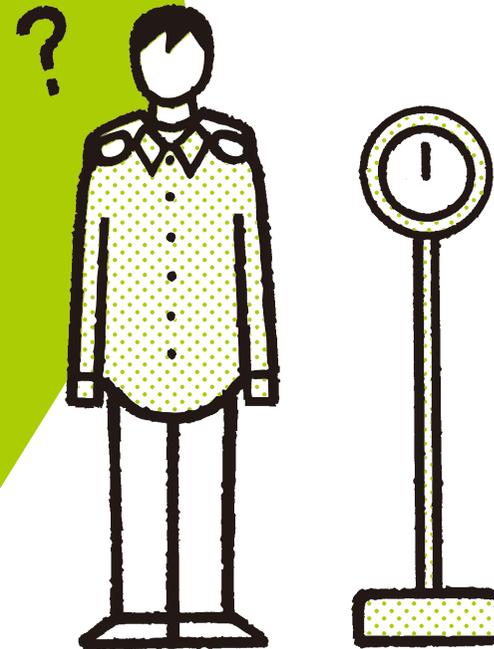
While reorganizing my closet for a new season, I found some clothes that I haven't worn lately. Just keeping them in my closet would be wasteful.



case 05

My size has changed — what should I do with my old clothing?

I now wear a different size and have clothes I no longer wear. Simply throwing them away would be such a waste. There must be something I can do with them.



case 03

I love clothing, but I have more than I need.

Some of my clothes have gone out of style. I keep telling myself that I'll wear some of them again someday...but my closet and drawers are practically overflowing. Still, it's hard to throw away things I like, especially garments full of memories.



What do you do with clothing that you no longer need?

It's a common dilemma: your old clothing no longer fits, or you don't want to wear the same clothes you wore last year. What do you usually do about old clothing that's too small, or has been lying around in your closet since your tastes changed?

Whatever you do, don't throw any clothing away, because it could all still be useful to someone somewhere.



UNIQLO's All-Product Recycling Initiative

As a company that produces approximately 600 million articles of clothing every year, we feel that it is our responsibility to collect and efficiently reuse items that our customers no longer need. This is why all UNIQLO stores in Japan and South Korea accept clothing year round. We ask customers in these countries to bring laundered UNIQLO items that they no longer need to our stores. Since October 2010, g.u. stores have also been accepting clothing.

How We Distribute Donated Clothing to People in Need

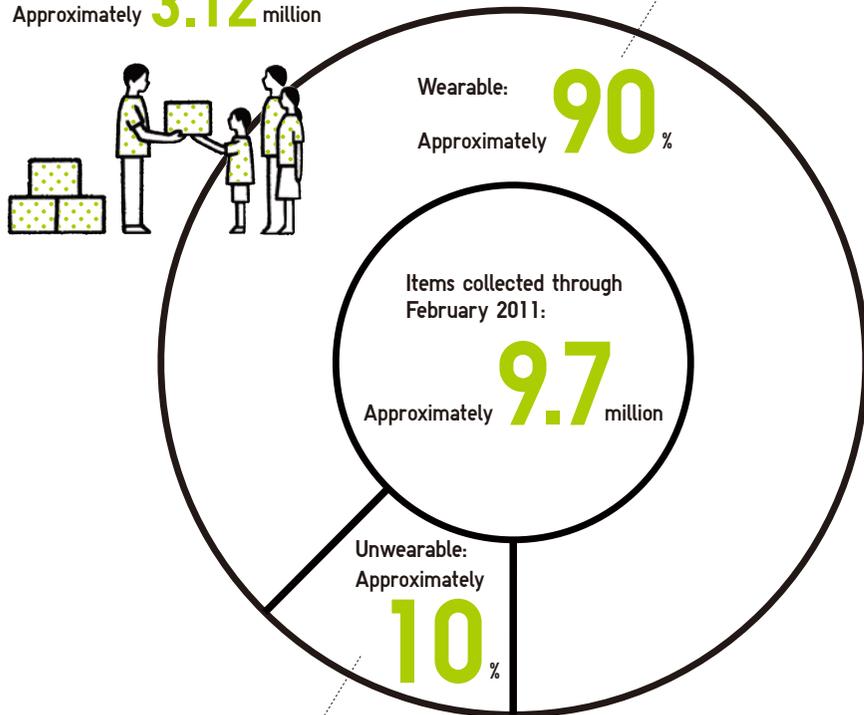
① Separating the wearable from the unwearable

First, we separate articles of clothing collected at our stores based on whether they are wearable or not. Next, we sort the wearable items, which account for about 90% of the garments we receive.

Ensuring that clothing is worn by the people who need it most

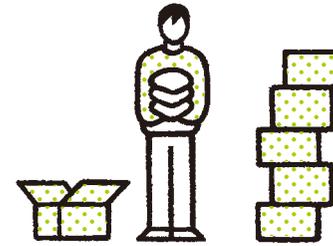
To maximize the value of our products, we deliver clean, wearable articles of clothing to the people who need them the most.

Items distributed:
Approximately **3.12** million



Recycled clothing serving new purposes

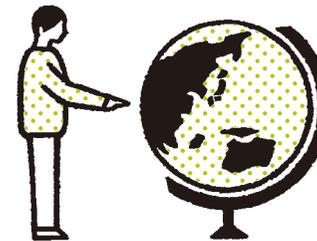
Faded, heavily worn garments absorb oil well, making them ideal for use as cloth for cleaning. This is one way that we maximize the usefulness of donated clothing that can no longer be worn.



② Sorting clothing into 12 categories

» P10-11

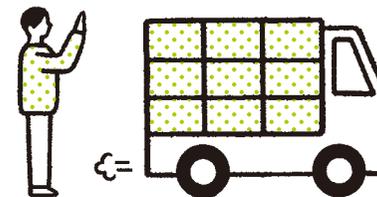
Wearable items are sorted into categories according to article, gender, season and size. This is done as quickly and accurately as possible by skilled, experienced individuals. For more information on how this is done, please refer to pages 10 and 11.



③ Determining which items are needed and identifying high-priority destinations

Which countries are most in need of clothing right now? What is the climate like in areas of the world where clothing is most needed? What religious or cultural considerations should be taken into account? Preliminary research is essential to ensure that the right kinds of garments are delivered to the right places. We work with the United Nations High Commissioner for Refugees (UNHCR*) and partner organizations in destination countries to identify high-priority destinations and determine the best items to send.

*The UNHCR has received the Nobel Peace Prize twice, in 1954 and 1981, for its international efforts to protect and support refugees and internally displaced persons (IDPs). In February 2011, the organization entered into a global partnership with Fast Retailing.



④ Ensuring that clothing reaches the right people

It is critical to ensure that shipped clothing reaches its intended destination, and to prevent the loss or resale of shipped clothing. One way that UNIQLO makes this possible is by having our employees directly participate in distributing clothing once it reaches its final destination. We also make sure to avoid creating a negative impact on the local textile industry.



⑤ Helping people and giving clothing a lease on life

» P12-13

UNIQLO aspires to provide clothing to each of the world's estimated 36 million refugees and IDPs. We bring clothing to places where it is most needed—not just to refugee camps. For more information, please refer to our report on pages 12 and 13 about our clothing aid distribution activities at a medical clinic in Zambia.

Separating Clothing: Key to Targeting Specific Needs

Separating recycled clothing is crucial to delivering the right items to those who need them the most and to make it possible for aid recipients to be able to enjoy the clothing immediately.

Assessing needs from the perspective of others

The fundamental principle underpinning our All-Product Recycling Initiative is to ensure that our products continue to serve their true purpose as useful apparel and to maximize the value of each item we produce while minimizing waste. To realize this goal we must understand precisely the specific situations and needs of the intended recipients and deliver clothing that they can use and enjoy. We sort through and organize a large volume of clothing from

the viewpoint of the individuals who will eventually wear the clothing. In other words, clothing collected through the All-Product Recycling Initiative is sorted according to the needs of the end recipient.

The importance of presorting

Sorting clothing is actually quite hard work. Moreover, it cannot be done by machine and large volumes of light clothing can translate into very taxing work. The type, size and material of the clothing, as well as the degree of

wear, discoloration and any stains, must be accurately assessed in the course of sorting. This is primarily because it is extremely challenging work to do on site in the severe conditions of refugee camps. As such, clothing is sorted prior to shipping to minimize on-site work and to allow recipients of clothing aid to begin wearing it as quickly as possible.

Diverse needs varying by country and culture

Every country and region in the world represents a unique set of

challenges, from climatic challenges, temperatures, humidity and seasonal variations to challenges related to differences in size needs and cultural and religious mores. There are many factors that must be considered. For example, in one area people may frown on using an animal image on clothing, while in other places they may have strong preferences for or against specific colors. And it is not uncommon for two adjacent countries to have strikingly different sets of needs. These factors must be taken into account in advance.

Opinion



Yoshiyasu Nakano
Chairman and representative director
Nakano K.K.
Partner company that sorts clothing

A common Japanese expression identifies basic human needs as clothing, food and housing, with clothing first among the three. And it goes without saying that clothing is essential for newborns. Delivering the right kind of clothing to those who actually need it is also crucial. The best use for clothing is determined by how well it meets the needs of those who ultimately wear it, not by the personal desires of the donors. I believe the key to the continued success of this kind of effort is to effectively sort and distribute clothing items according to actual needs based on knowledge of local cultures, climates and religions.

Workflow at the Sorting Center



Clothing collected at our stores is initially sent to sorting centers. For example, two or three four-ton truckloads of clothing arrive each day at our eastern Japan sorting center.



Recycling firms help with the initial clothing sorting process, separating wearable and unwearable items. Wearable garments are then sorted into 12 categories in line with criteria that include season, gender, article and size.



After sorting, special equipment is used to compress the clothes into compact bundles. Each package is then wrapped in tough cloth and tightly bound with thick wire.



Careful packaging serves to protect the clothing from damage, prevent it from being removed and ensure that no foreign substances enter during transport.

Clothing for Rural Zambia: Offering Protection for Mothers and Their Children

UNIQLO is determined to provide clean, quality clothing in the areas of the world where it is most needed. As part of these efforts, we visited a medical clinic in Zambia in the spring of 2011 to provide clothing to mothers and their young children.

Nora, a 17-year-old expectant mother, woke up at 6:00 a.m. to set off on a long walk to a medical clinic that offers prenatal care several hours away. She went there for two reasons: to receive a medical examination and to pick up UNIQLO clothing.

Nora is from Zambia, a country in the southern part of Africa. She lives in the Masaiti District, which supports a population of 120,000 people in a geographical area that is three times bigger than Tokyo. The entire district is served by only one physician and 12 midwives, in a nation that has an infant mortality rate nearly 43 times that of Japan and about twice the global average.¹

The Japanese Organization for International Cooperation in Family Planning (JOICFP²), an NGO part-

ner in UNIQLO's All-Product Recycling Initiative, provides a range of services, including pregnancy and prenatal services for women in developing nations such as Zambia. Nora's prenatal exam is offered under these programs. UNIQLO delivers articles of clothing donated by customers to refugee camps and also distributes them at other everyday locations, such as Nora's clinic, where these garments are distributed to mothers and their children.

Malaria continues to contribute greatly to infant mortality in developing nations. Since the disease is caused by a pathogen transmitted by the anopheles mosquito, the first line of defense is to protect infants as well as adults from mosquito bites. Parents in rural parts of Zambia dress their newborns in thick woolen caps, sweaters,

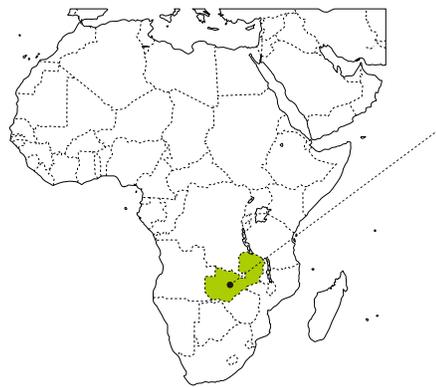
socks and other items. However, many families cannot afford such items.

At medical clinics, expectant mothers such as Nora can learn more about giving birth and childcare as well as receive clothing for themselves and their children. Accurate information and the protection of clothing play an essential role in raising healthy children in Zambia, and UNIQLO is proud to be able to lend a hand through the power of clothing.



Reproductive health for today and the future

- 1 Information from the official JOICFP website.
- 2 JOICFP: Established in 1968, this NGO encourages international cooperation for maternal, prenatal and pediatric health in Asia, Africa and Latin America.



Republic of Zambia

Capital: Lusaka
Population: 13 million (2009; website of the Ministry of Foreign Affairs of Japan)
Per capita GDP: \$1,221 (2010; IMF Data and Statistics)
Highlights: Victoria Falls is one of the world's greatest waterfalls.



"I really look forward to having a baby, who I hope will be healthy and strong," said a smiling Nora, outfitted in UNIQLO garments.

All-Product Recycling Initiative: Milestones and Plans

Under this program our ultimate aim is to maximize the value and usefulness of clothing throughout its life cycle. Here are the steps we have taken to date under UNIQLO's All-Product Recycling Initiative and our plans for the future.

UNIQLO's All-Product Recycling Initiative started off recycling fleece in 2001 and was later expanded to cover the entire UNIQLO product line, year-round, through all of our stores in Japan and South Korea. We have plans to launch this initiative in other countries as well.

The number of items collected through February 2011 stood at 9.7 million, at which time approximately 1.7 million items had been donated to 13 countries including Nepal, Ethiopia, Georgia and Pakistan, through the United Nations High Commissioner for Refugees (UNHCR). Despite our efforts, we remain unable to provide assistance to all of the roughly 36 million

refugees and internally displaced persons (IDPs) worldwide. Each time we visit a refugee camp we come to terms with what we have achieved, while remaining aware that there is still so much work to be done.

In February 2011, we entered into a global partnership with the UNHCR to more broadly address the issues facing refugees and IDPs. The UNHCR offers support to UNIQLO by analyzing needs and sharing its specialized logistics expertise. Since 2009, UNIQLO stores across the world have also been selling limited-edition T-shirts designed by artists and celebrities from a range of fields. A portion of the proceeds

are donated to the UNHCR and refugee relief efforts. In fiscal 2011, a number of artists, celebrities and students participated in this project (see below).

We will further strengthen our partnership with the UNHCR to expand the range of recipient countries and to implement an internship program for refugees at UNIQLO stores in Japan.

Your cooperation and support are deeply appreciated as we continue to expand our efforts to maximize the value of clothing and its usefulness throughout its life cycle.



Celebrities who participated in this project in fiscal 2011



Naoki Ishikawa



Kazumasa Oda



Shingo Kunieda



Meisa Kuroki



Yutaka Sado



Ken Noguchi



Emiri Miyamoto



J-FUN Youth

www.uniqlo.com

Photographer's Report Shinsuke Kamioka, Photographer

Connecting and Caring for People through Clothing



Shimelba Refugee Camp, Ethiopia, 2008

I have been accompanying UNIQLO staff on visits to refugee camps throughout the world since 2007. The above photo was taken during a visit in 2008 to an Ethiopian refugee camp for people who had fled the dictatorial regime of neighboring Eritrea. I had heard that about 80 percent of the male refugees had fled compulsory military service and had arrived with only the clothes on their backs—army uniforms—which created some tension in the camp. Once they had changed out of their uniforms into UNIQLO clothing, the atmosphere completely changed, the stress melting away from their faces. In that moment, I could feel the power of clothing breaking down barriers between people.

What I have come to realize through these encounters with people around the world is that we all share similar sensibilities. Of course, we are to a certain extent separated by culture and customs, but I suspect the fundamental joys and sorrows of the human heart are experienced the same everywhere, despite apparent differences. And I believe that people who live in completely different environments can imagine and inherently understand the joy others feel when they put on new clothes.

At the same time, I believe people who receive clothes that have arrived after a long journey from Japan surely experience the sentiments of those who donated these items along with the sheer joy of having new clothing. Compassion can be shared even under difficult circumstances. I have certainly witnessed situations in which clothes have provided the medium for a connection and communication between people. And more than once I have witnessed clothing fully manifest its power, just like when I saw it play a significant role in breaking down barriers between people in Ethiopia.

Shinsuke Kamioka

Born in 1974, Shinsuke Kamioka works in a broad range of fields, including advertising, magazines and fashion catalogues.
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