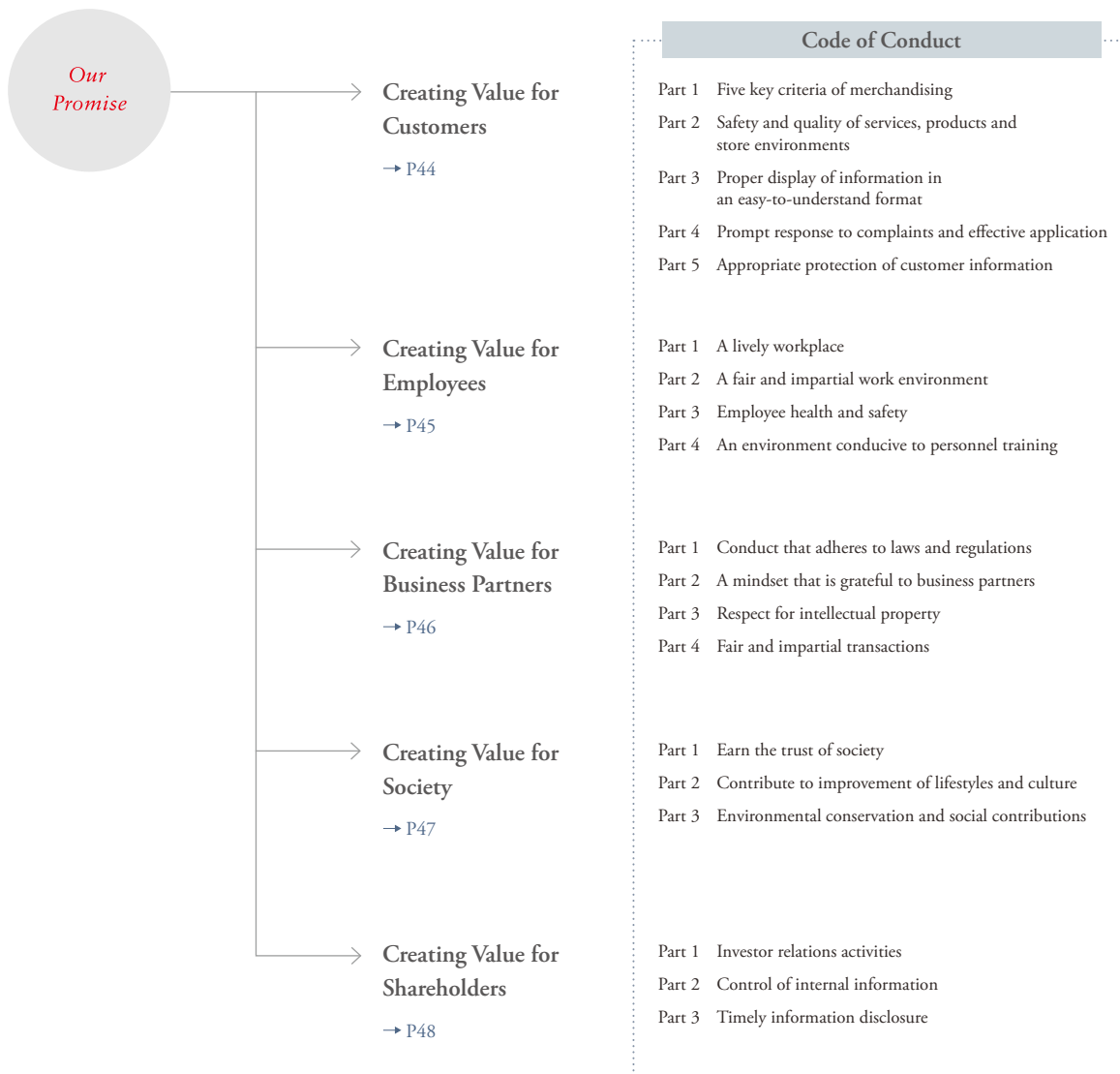


Our Promise

The UNITED ARROWS Group will create value for five distinct stakeholders: customers, employees, business partners, society, and shareholders. Of these five core values, creating value for the customer is our principal priority. This reflects our understanding that the ability to create employee, business partner, social, and shareholder value rests entirely on securing customer value. The creation of value for these five stakeholders is at the heart of our approach to corporate social responsibility (CSR).

Our Five Core Values



* For more information about our CSR activities, please access our CSR web site below.
www.united-arrows.co.jp/csr/ (Japanese only)

Creating Value for Customers

We think of our customers as the people who express an interest in our stores. We strive to build trust in our relationships with customers by providing them with services that are both satisfying and moving, while seeking out mindfulness and aesthetics in our service, products, and store environment, the three key sources of satisfaction for customers.

Annual sales at retail stores Fiscal 2013	Annual sales online Fiscal 2013	UNITED ARROWS LTD. HOUSE CARD members March 31, 2013
¥80,057 million	¥11,948 million	About 1.7 million people

Activities of the Customer Service Center

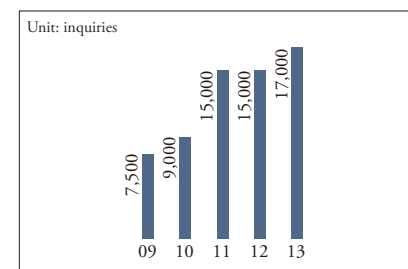
UNITED ARROWS LTD. established the Customer Service Center in 2005. In fiscal 2013, our specially trained staff responded to approximately 17,000 inquiries via telephone and email. We collate the feedback we receive from our customers, analyze it for trends, and create weekly, monthly, and yearly summaries. These activities lead to the resolution of various customer inquiries. In the event that the same inquiry is received repeatedly, the question is published on the frequently asked questions (FAQ) page of the corporate web site as a way to provide information to customers as quickly as possible. As the point of contact for the Company's customer response, the Customer Service Center has a bird's-eye view of all aspects of business operations, and is a key contributor to the overall improvement of service quality. ①

"Thank you" from our customers

Thank you notes

On occasion, we receive letters of thanks and gratitude from our customers for the services they receive at our stores. We cherish these letters because we stake our reputation on being able to please our customers.

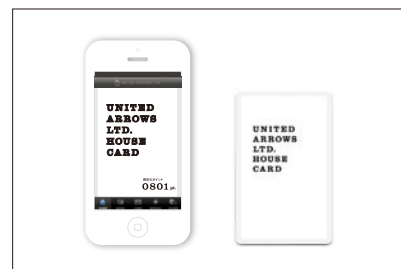
UNITED ARROWS LTD. treasures these letters of gratitude from its customers as collections of "Thank you notes," and shares them with all of its employees in a bid to further improve customer satisfaction. In fiscal 2013, UNITED ARROWS LTD. was fortunate to receive 1,079 letters saying "Thank you" from its customers. ②



① Number of inquiries received at the Customer Service Center



② Interacting with customers at our stores



③ UNITED ARROWS LTD. HOUSE CARD

Invaluable messages from our customers

Prompt responses to complaints

UNITED ARROWS LTD. regards the opinions and complaints it receives from its customers about its merchandise and services as messages that are invaluable to improving value for customers. As such, we respond to these messages promptly and with sincerity. Complaints received at stores are immediately forwarded to the head office, and this information is always shared among all sales personnel in the store to prevent a reoccurrence. In order to make the most of our customers' opinions, all of the complaints received at stores and the Customer Service Center are summarized into "Complaint notes," and analyzed to improve the quality of our merchandise and customer service.

Protecting customer information

Building an effective information handling framework

The UNITED ARROWS LTD. HOUSE CARD had around 1.7 million members signed up as of March 31, 2013. This card can be used at any of our retail stores (excluding CHROME HEARTS stores) and also at UNITED ARROWS LTD. ONLINE STORE. Gift cards are awarded to members after accumulating a certain number of points. Our HOUSE CARD iPhone app is a convenient way for customers to check their shopping history and point totals on their smartphones.

This personal information is a valuable asset in the eyes of both the customer and UNITED ARROWS LTD. The Company therefore takes extensive precautions to protect customer information, and is building an information handling framework with emergency response rules, information security rules, and other measures based on its personal information protection policy. ③

Creating Value for Employees

We offer growth opportunities to employees who strive to attain our shared policy (ambition), and we aim to be a workplace where they can realize their full potential. UNITED ARROWS LTD. aims to be a company that pays its employees generously in accordance with their performance, and a company that brings happiness and fulfillment to all of its employees as they discover their true selves through work.

Number of employees March 31, 2013	Percentage of sales personnel to total employees March 31, 2013	Percentage of female employees March 31, 2013
3,092 people	About 75%	About 59%

Measures to improve employee motivation

UNITED ARROWS University,

Sales Master, UNITED ARROWS Grand Prix

UNITED ARROWS University is an internal training program for all employees. The curriculum is designed with effective teaching techniques. Training courses at UNITED ARROWS University are held about 190 days every year.

Sales Master is the title we give to sales specialists who display a highly distinguished level of performance. Employees with the Sales Master title are given a preferential consideration in their compensation, and serve as an inspiring example for other sales personnel to follow. As of August 2013, 27 employees were active as Sales Masters.

UNITED ARROWS Grand Prix is an annual sales contest that uses a role-playing format to simulate customer-sales personnel interaction. All Group brands take part in this contest, with one salesperson that won the semifinals for each brand competing to demonstrate their advanced customer service techniques. ①

Objective management system

Drawing out the best in our employees

UNITED ARROWS LTD. is a symbolic company name that represents a (United) group of people moving in a straight line (like an Arrow) toward a singular objective that is our Company Policy. Each and every employee has a different role to fulfill, but we all share this same objective. Since its founding, UNITED ARROWS LTD. has had an objective management system in place as a guide for its employees to achieve specific goals based on

highly detailed action plans and thorough management of their progress. By setting individual goals and working to increase productivity, we aim to bring out the best in each and every employee as they strive to achieve their objectives.

All of our employees are, in principle, permanent employees

All of our employees are hired as permanent employees in principle. Even when someone is hired as a part-time employee, they become permanent employees after a three-month trial period. Although personnel expenses rose as a result, we believe the move to permanent employees will reduce turnover and improve work motivation over the longer term, leading to higher employee value and ultimately more value for our customers.

Promoting work-life balance

Sixty percent of the Company's employees are women. We are therefore making every effort to create a workplace environment where women can work without hindrance after they marry or have children. By offering programs for maternity leave, child care and nursing leave, and shortened working hours, we encourage employees with children to maintain an appropriate work-life balance. In January 2009, our efforts were recognized by the Ministry of Health, Labour and Welfare, as a corporation that proactively supports child-rearing employees.

As of March 31, 2013, 72 employees were taking child care leave and 111 were working shortened hours. The average period an employee has stayed continuously employed with UNITED ARROWS LTD. is five years and one month. ②



① Role-playing at the UNITED ARROWS Grand Prix

② Employee data (non-consolidated)

	2011	2012	2013
Number of employees	2,647	2,855	3,092
Of these, number of female employees / Composition rate	1,509/57.0%	1,676/58.7%	1,813/58.6%
Number of store managers	166	186	214
Of these, number of female store managers / Composition rate	71/42.8%	81/43.5%	93/43.5%
Average age of employees	30.0	30.1	30.2
Average employee years of service	4 years 7 months	4 years 10 months	5 years 1 month
Part-time staff (Not included in the number of employees)	274	309	428
Status of child-raising system utilization			
Number of individuals taking child-raising leave	70	69	72
Number of individuals using system for working shortened hours to spend more time raising children	64	93	111

To us, our suppliers are irreplaceable business partners. Aligning our ambitions with our business partners, we aim to grow alongside each other without forgetting for even a moment the gratitude we feel when selling, buying, and collaborating with them.

Percentage of private label products to total sales Fiscal 2013	Number of business partners that participated in quality control meetings Fiscal 2013	Number of internal study sessions held about fair and impartial transactions Fiscal 2013
About 49%	Cumulative total of 148 companies	7 times

Quality control meetings

Merchandise handled by UNITED ARROWS LTD. comprises purchased and private label products procured from suppliers inside and outside Japan. Since 2005, UNITED ARROWS LTD. has periodically held quality control meetings with its major business partners, such as production consignment factories in its main production area of Shanghai, China and its suburbs, inspection centers, and trading companies, with the goal of increasing the quality of its private label products. These meetings have been beneficial in reducing the ratio of damaged products on delivery.

In fiscal 2013, UNITED ARROWS LTD. held quality control meetings for the first time with its major business partners in Japan, and around 80 representatives from 50 companies attended. The meetings were an invaluable opportunity for partner companies to come together and exchange opinions about manufacturing, as well as share ideas on preventing damage to merchandise, such as maintenance techniques for sewing machines, and improving the accuracy of data on order forms and apparel manufacturing specifications. ① ②

Eliminating erroneous labeling and contact with hazardous objects

Most of the products we sell to customers are procured from suppliers all over the world. These products are manufactured in a myriad of different regions using a variety of processes, which creates a risk of errors appearing in the labeling of the country of origin, for example, that is written on the tags or on the care instruction labels of these products. UNITED ARROWS LTD. has had problems in the past with mistakes in the labeling of the country of origin and the material composition of products.

As a result, we now require that related documentation is received in advance, periodically hold study sessions about quality labeling for product procurement staff, and take other measures to eliminate erroneous labeling, in addition to working more closely with our business partners on production issues.

UNITED ARROWS LTD. implements a range of measures through store management and product management to prevent customers from coming into contact with hazardous objects that may end up in our merchandise. At our stores, we have strict rules on how needles are handled and stored. We undertake a visual inspection of merchandise to ensure that needles are not mixed in or misplaced with items when delivered from factories, when received and handled, and when put out and displayed in stores. We adhere strictly to a hand-checking process when alterations are completed and also use needle detectors to double check merchandise. At the product procurement department, we hold study sessions on how to use needle detectors and techniques for finding needles, and bring the attention of our business partners any specific issues in each product line. ③

Conducting fair transactions

Since 2012, UNITED ARROWS LTD. has held study sessions for managers in operations related to the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, a key law governing interactions between companies and their suppliers. In fiscal 2014, UNITED ARROWS LTD. will continue to update its framework for preventing violations of this law, such as by upgrading some of its internal systems. The Company will continue to implement measures to ensure fair transactions with its business partners.



① Quality control meeting held in March 2013 ② Quality control meeting held in Shanghai, China ③ Defective product on display as a reminder in the office reception area

UNITED ARROWS LTD. believes it can create value for society through the ongoing creation of globally recognizable value by setting new standards for Japanese lifestyle. Through this process, we contribute to the development of society and build on our relationship of trust with society by strictly adhering to laws and regulations and working to conserve the environment.

Total donations for "MOVING ON TOGETHER!" Cumulative total as of March 31, 2013	Number of annual participants in "REDUCE SHOPPING BAG ACTION" Fiscal 2013	Number of cardboard boxes reduced in merchandise deliveries Fiscal 2013
About ¥300 million	150,030 people	About 100 thousand boxes

Providing support through the "MOVING ON TOGETHER!" initiative with our customers

Through its marketing activities, the UNITED ARROWS Group will continue to promote the "MOVING ON TOGETHER!" Great East Japan Earthquake Charity Project in concert with its customers in fiscal 2014, the third year since the earthquake. In this project, each brand designs its own charity goods and a portion of the proceeds from the sale of these products during the campaign period are donated to the charity.

On a cumulative basis, the project has raised a total of ¥311,322,441 in donations as of March 31, 2013. Most of these donations were given to groups that provide relief and assistance, such as the Central Community Chest of Japan's Akaihane (Red Feather) Disaster Relief Volunteer & NPO Support Fund. ①

Growing healthy forests with help from our customers "REDUCE SHOPPING BAG ACTION"

Every time a customer declines a paper shopping bag and brings their own reusable shopping bag, UNITED ARROWS LTD. donates ¥10 toward afforestation projects. The Company has run this program since November 2008, and is now available at eleven store brands.

In fiscal 2013, UNITED ARROWS LTD. commenced campaigns to collect donations via Twitter and Facebook, raising a total of ¥1,368,765 in donations from 150,030 people, which were then given to the "LIFE 311" project being undertaken by the forest preservation group more trees Intermediary Organization, as well as to other projects. "LIFE 311" is a project led by "more trees" that assists with construction costs for wooden temporary housing built using local timber in the town of Sumida, Iwate Prefecture, and that also donates pellet stoves for the temporary housing.

Assisting cotton producers alongside our customers "TOHOKU COTTON PROJECT"

Around 60 companies and groups are working together to help cotton producer farmers recover from the damages suffered from the tsunami after the Great East Japan Earthquake.

This "TOHOKU COTTON PROJECT" is an initiative that entails the cultivation of cotton as a raw material, which is then spun into yarn, made into cloth, and sold as a product to customers, involving them as a partner and team member in supporting disaster-stricken areas.

In 2013, which saw an increase in the volume harvested compared with the previous year, companies participating in the project produced and marketed a wide variety of products.

UNITED ARROWS green label relaxing launched an original cardigan made from Tohoku Cotton in April 2013. ②

Reducing cardboard box usage by 100,000 boxes a year

In accordance with the expansion of operations and the number of stores, the amount of disposable corrugated cardboard boxes used in shipping and delivering products has climbed every year, posing a burden on the environment and pushing up purchasing costs. For this reason, UNITED ARROWS LTD. introduced Eco-Boxes capable of being reused approximately 300 times in April 2012.

In fiscal 2013, a total of 7,500 Eco-Boxes in the two most frequently used sizes were deployed, saving approximately 100,000 corrugated cardboard boxes. Retail staff that handled the boxes commented that it took less time to assemble and disassemble the boxes, and that they were easier to carry around thanks to the built-in handles. The Company expects cost savings of at least ¥44 million over a three-year period. ③



① Charity Monkey (50% of sales proceeds donated) ② Cardigans made from cotton cultivated in Tohoku ③ Eco-Box

Creating Value for Shareholders

Our shareholders are the Company's investors—its owners. They entrust the management and daily operations of the Company to its directors and employees. It is our responsibility to manage and run the Company in a way that expands profits, and to communicate the Company's state of affairs in a timely and appropriate fashion to our shareholders.

Number of shareholders As of March 31, 2013 12,020 shareholders	Percentage of individual shareholders to total shareholders As of March 31, 2013 About 97%	Number of meetings with investors in one year Fiscal 2013 Around 250 times
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Publication of investor relations tools

Conveying a complete picture of our value as a company

Investor relations tools are the principal medium for conveying to shareholders and other investors an overall picture of corporate value. Twice a year, we issue the Japanese-language UNITED ARROWS Business Report for our shareholders to communicate our management and operating performance during the fiscal year. We also publish an annual report containing extensive information once a year in both Japanese and English for primarily analysts and institutional investors. The annual report features a message from the president, talks extensively about our management strategy, covers in detail our strengths and business model, and discusses the activities of our employees while also serving as a symbol of our brand. We primarily distribute information related to investor relations via our web site in order to ensure the timely disclosure of this information and facilitate an understanding of our activities as broadly as possible among stakeholders inside and outside of Japan. The investor relations section of our web site has results briefing materials, the minutes of question and answer sessions, videos of earnings announcements (Japanese only), and a wealth of other financial information. We make concerted efforts to communicate information with great detail while aiming to disclose information equitably to our audiences. ① ②

Setting management targets from a shareholder value perspective

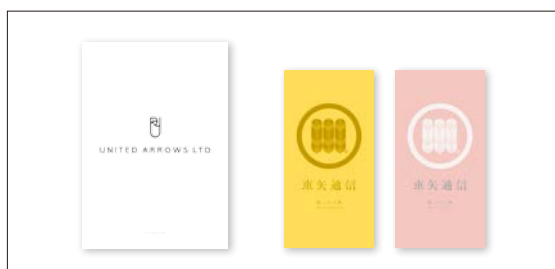
Aiming for ROE of 20% and a dividend payout ratio of 25% UNITED ARROWS LTD. has set a medium-term target to achieve return on equity (ROE) of 20% or higher in order to create value for its shareholders that exceeds the cost of capital invested

by its shareholders. We think ROE of 20% is a level of performance that would warrant us recognition as a global corporation by international investors, in addition to taking us one step closer to turning UNITED ARROWS LTD. into a globally accepted corporate brand. In returning profits to shareholders, we emphasize dividend payments and have set a target dividend payout ratio of 25%. Management will also continue to consider the feasibility of stock splits as well as the buyback and retirement of shares as other means to maximize shareholder value.

Shareholder surveys

Framework for reflecting opinions of shareholders in management

Individual shareholders account for 97% of our shareholders. UNITED ARROWS LTD. conducts a survey of shareholders every year as a component of its shareholder communications program in Japan. This survey has revealed that most of the Company's shareholders are in their 20s, 30s, or 40s, and that they own the stock because they are "fans of the stores and merchandise" or "like the shareholder incentive system." The survey asks for shareholders' opinions of UNITED ARROWS Business Report, their comments about management policy, shareholder returns and investor relations activities, and their view of the shareholder incentive system. The results of the survey are fed back to the management team, as well as published in UNITED ARROWS Business Report and on the investor relations section of our web site. In these ways, the opinions of our shareholders benefit our management and marketing activities, and help improve our investor relations activities and the shareholder incentive system.



① Annual Report / UNITED ARROWS Business Report



② Video of an earnings announcement