

## Summary of Dialogue with the Outside Director and Shareholders (Institutional Investors)

June 5<sup>th</sup>, 2024, 3:00 PM - 4:00 PM, attended by 8 domestic institutional investors

Attendees from Ryohin Keikaku: Kumi Ito, Outside Director; Kenta Horiguchi, Executive Officer; Kenta Hochido, Director of Corporate Planning Dept.

#	Questions	Answers
1	What surprises have you encountered at Ryohin Keikaku since becoming an outside director?	First, I was surprised by the low number of women at the management level. Despite the large number of women working on site, I wondered why they were not moving up to the next level. Additionally, I felt that Muji was like a large small-to-medium-sized enterprise, with a weak back office. Initially, there were many issues, including IT and inventory management, but I feel that these issues are being addressed swiftly with the reinforcement of personnel.
2	Why is the proportion of women in management positions very low, despite 70% of new employees being women?	Although men and women are promoted at the same rate up to the store manager level, the percentage of women decreases at the block manager level, where several stores in the region are supervised. I received a report that the reason for this is that "block managers are very busy," but I felt that such reason was an assumption and an excuse, so I seriously offered my opinion. At this point, the childcare and shortened working hour systems have been enhanced, and women are being actively promoted to block manager positions. I would like to keep a close eye on future improvements, including those at the head office.
3	While there may have been unconscious bias within the management team regarding the promotion of women, could it be that female employees themselves also hold biases?	Recently, I participated in an internal roundtable discussion attended exclusively by female employees and exchanged opinions directly with them. While some were positive and willing to tackle new positions, some female employees voiced a lack of confidence in their ability to become managers. I told them, "It's okay if you don't have confidence from the beginning. Try it, and if it doesn't work out, you can always return to your former position." The personnel system not only promotes but also demotes in general, and we have been able to promote again even after being demoted once, which I believe is an advantage that we have over other companies in allowing us to try again.
4	It has been mentioned that the back office is weak. What aspects do you feel still need improvement?	Initially, we felt that IT was particularly lagging, but efforts are now underway, and in speaking with the director in charge of IT, it was confirmed that he has been communicating closely with the field and placing importance on the field's understanding when introducing a new system, given the history of the cancellation of the global system in the past. In addition, there were other issues in terms of inventory management, but we feel that they are moving in the direction of improvement.
5	Ryohin Keikaku has many unique terms, but can they be understood without discomfort? For example, the company has been calling itself a "a front runner of ESG management," but I would like to see a clearer definition and disclosure of the term.	In fact, there are many terms that are unique to the retail industry or to our company, and we check each time for terms that we do not understand. Internally, ESG management is discussed into two categories: prescriptive actions, such as ESG rating responses, and free actions, such as manufacturing and activities with local communities with an emphasis on ESG perspectives. I recognize that they have begun to get serious in the past few years, as they have been too focused on free acting and have been weak in prescriptive acting efforts such as ESG scoring and ESG data tracking. Other company for which I am an outside director have strengths in prescriptive acting, while they are often less aware of free acting, and I have provided an opportunity for a meeting with the ESG manager of Ryohin Keikaku to confirm the strengths and weaknesses of both sides. I feel it is important to keep a good balance between free acting and prescriptive acting.
6	We seek outside directors who can oversee management with a multifaceted perspective. While Ryohin Keikaku is doing commendable work in areas like ESG initiatives, we feel there's a lack of objective comparison with other companies in the industry.	I share the same awareness of these issues.
7	It is commendable that MUJI's integrated report includes comments from each outside director. Not many companies do this, and MUJI's transparency in disclosing these comments without reservation is highly appreciated.	The outside directors speak out actively at board meetings without hesitation, and the Chairman and the President listen to our opinions. I feel that the company is very quick to take action when it decides to do so.
8	Regarding the results of the employee engagement scores, why do you think the scores were low? I would like to see numerical results that show how improvements will be made in the future.	When the 2022 survey was conducted, employees were facing the high demands of the medium-term plan, which increased their sense of burden in the field. I believe this contributed to the survey's evaluation results. I have also advised the importance of deepening the understanding of each and every employee. Compared to the past, I feel that opportunities for communication between employees and management have increased. I believe that this will continue to improve in the future.
9	Regarding your talent strategy: While Ryohin Keikaku has a strong commitment among employees, especially towards "MUJI" brands within the retail sector, are you concerned that your reliance on employees' affinity for "MUJI" might neglect the development of talent?	Ryohin Keikaku, including its partner employees, understands what MUJI should be, which I feel is a strength that no other company has. In the past, the company took a top-down approach, but since its second founding, it has changed to a style in which store managers themselves think about and manage store operations that match the characteristics of the region. We recognize that we have yet to establish how to link sales through activities closely linked to the community, and this is an issue that needs to be addressed.
10	While actively recruiting externally, is there any friction occurring? How do you feel about the integration of organizational cultures?	It is inevitable that there will be a certain amount of halation in any company. It is the same in our company, but what is important is whether or not each employee, regardless of his or her background, has the desire to improve MUJI. Recently, there have been examples of external hires bringing new perspectives to Ryohin Keikaku and contributing to the growth of the entire team. I feel it is important to respect and deepen mutual understanding.
11	How do you see this from a risk prevention standpoint, considering past instances where measures like discontinuing the global system and developing unisex products did not perform well?	Failure is an opportunity for growth, and it is important to reflect on failures and make the most of them the next time. Ignoring the opinions of young people or being extremely risk-conscious and not taking on challenges is more problematic.
12	Regarding overseas business. Future overseas expansion will be challenging, bringing both expectations and concerns. Based on your experience, we would like to hear about both the challenges and potentials of Ryohin Keikaku.	I agree with the direction Ryohin Keikaku is aiming for, which is to contribute to the realization of a pleasant lifestyle and provide products and services to many people around the world. However, considering Ryohin Keikaku's current strength, it is important for the company to have a more balanced management style, and we see Asia as having particularly large potential for growth. I recently visited stores in China and was able to confirm that the level of local product development in China is improving. In addition, the European and U.S. businesses have been stagnant for many years, but the management structure has changed and there are now leaders who can be entrusted with these businesses.
13	From your standpoint, with your marketing background, what do you think Ryohin Keikaku needs to do to further expand its customer base from the limited core customer base that it has had?	While the image of MUJI = clothing is low in Japan, clothing is popular in China, and I felt that the company has established a position as "MUJI of clothing. When I recently visited a product exhibition for the next fiscal year, I was impressed by the fact that the team that procures materials is traveling around the world to develop products. The concept of manufacturing with a focus on materials is one of MUJI's strengths, and marketing activities to communicate these product values are beginning to show positive results. In an increasing number of cases, store staff and external influencers are sending out information through SNS, leading to store visits. I feel that these efforts should be further promoted.