

# Ryohin Keikaku Group

## Environmental Policy

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Owner:	ESG Management Division

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### Policy statement

The Ryohin Keikaku Group's corporate purpose is to contribute to the creation of "a truthful and sustainable life for all" through our products, services, stores and business activities; believing human society rich in heart, with balanced relationship between human, nature, and artifacts, as we work toward creating a better future society over the next 100 years.

We make efforts to reduce our environmental burden and to respect individual human rights through our product development, services, and actions. Through our core value of "contributing to society and people" our employees and associates will proactively respond to issues facing society and the Earth.

The Ryohin Keikaku Group recognizes that its business activities depend on and are supported by natural resources and ecosystems, and that these resources are limited. We also recognize that environmental issues are interrelated, understand the trade-offs among individual environmental issues, and make balanced decisions. We will promote business activities that prevent resource depletion and minimize environmental impact.

### 1. Environmental management system

The ESG Management Committee of the Ryohin Keikaku Group, chaired by the chairman & representative director and attended by inside directors, executive officers, and heads of related business units, deliberates and decides on initiatives and targets to address environmental issues. Progress on various initiatives and targets is reported and discussed at least twice a year by the Board of Directors, and the content of these reports and discussions is incorporated into policies and activities.

Each division, business unit, and subsidiary promotes initiatives to address environmental issues by setting goals and strategies with a strong sense of responsibility and working together. For projects that require specialized knowledge, we collaborate with external specialized institutions in areas including testing, auditing and management.

## **2. Compliance**

The Ryohin Keikaku Group strictly adheres to the environmental laws, regulations, and mandatory standards of each country and ensures compliance with laws and regulations. We will also remain informed about the latest environmental information and respond promptly and appropriately. Furthermore, we recognize that compliance with laws and regulations alone is not sufficient, and we will act in accordance with international environmental treaties and conventions that surpass regulatory requirements. We will proactively introduce innovative technologies and initiatives while demonstrating leadership in creating a sustainable future.

## **3. Commitment to international environmental treaties**

The Ryohin Keikaku Group respects international agreements, including the Sustainable Development Goals (SDGs) of the United Nations (UN) and the goals adopted at the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC).

## **4. Implementation of Environmental due diligence**

The Ryohin Keikaku Group is committed to establishing an environmental due diligence mechanism in accordance with “OECD<sup>1</sup> Due Diligence” to identify, assess, prevent, and mitigate negative environmental impacts through our business activities and supply chain.

## **5. Ensuring appropriate information disclosure and transparency**

The Ryohin Keikaku Group promotes disclosure in line with international sustainability information disclosure standards, and while obtaining third-party assurance, regularly discloses information on our environment-related activities, performance, and financial impact, thereby promoting transparency.

## **6. Stakeholder engagement**

The Ryohin Keikaku Group is committed to dialogue with our stakeholders to deepen common understanding and cooperation on environmental issues. We also promote capacity building by providing education and training to raise the environmental awareness of our employees and suppliers.

## **7. Respect for human rights**

The Ryohin Keikaku Group has established the “Ryohin Keikaku Human Rights Policy” and is committed to fulfilling its responsibility to respect the human rights of all people by supporting and complying with international norms on respect for human rights, including the UN Guiding Principles on Business and Human Rights. In accordance with the Ryohin Keikaku Human Rights Policy, human rights to be respected broadly include internationally recognized human rights, such as the International Bill of Human Rights and the core labor standards stipulated in the various conventions of the International Labor Organization (ILO).

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<sup>1</sup> Organisation for Economic Co-operation and Development

## **Scope of application**

This policy is valid for all operations within the Ryohin Keikaku Group. The Ryohin Keikaku Group expects and requests all parties involved in our business, products, and services, including suppliers, to understand and comply with this policy.

## **Key issues and guiding principles**

### **Climate change**

In order to mitigate the impact of climate change on the natural environment and human society, the Ryohin Keikaku Group supports the Paris Agreement and its goal of limiting the average temperature increase to 1.5°C. To realize a society with virtually zero greenhouse gas emissions by 2050, we will set reduction targets and promote activities to achieve these targets through engagement with our supply chain and participating in international initiatives.

To achieve the targets, the Ryohin Keikaku Group commits to the following actions:

- We will aim to achieve 100% renewable energy for the electricity consumed by our business activities.
- We are committed to not funding climate change denial activities or lobbying against climate regulations.
- We are committed to not invest in fossil-fuel expansion.

### **Biodiversity**

The Ryohin Keikaku Group understands the importance of halting and reversing the loss of biodiversity to put nature on a recovery track and supports the Kunming-Montreal Biodiversity Framework (KMGBF). We will minimize the impact of our business activities on ecosystems and promote biodiversity conservation. We will also regularly assess and monitor risks to biodiversity, our dependence on and impact on biodiversity, and disclose them transparently in accordance with international standards and frameworks for biodiversity conservation.

### **Sustainable procurement of raw materials**

The Ryohin Keikaku Group relies on natural resources for many of the raw materials used in the manufacture of our products. Unsustainable use of natural resources, deforestation, and land conversion have a significant impact on biodiversity loss. Therefore, we promote the procurement of sustainable raw materials and strive to reduce its environmental impact. All raw materials procured by the Ryohin Keikaku Group must be produced in a manner that respects human rights and minimizes negative environmental impacts. We conduct due diligence on human rights and environmental risks in the supply chain of raw materials to establish a sustainable supply chain.

### **Deforestation prevention**

Considering the impact of deforestation on climate change and biodiversity, as well as on indigenous peoples and local communities, the Ryohin Keikaku Group will procure raw materials used for our products

and store materials that are certified as deforestation-free by 2050. In addition to items regulated by the laws and regulations of each country, we will identify and assess the risk of deforestation in other products and store materials, and establish a due diligence process to prevent and mitigate negative impacts.

### **Animal welfare**

The Ryohin Keikaku Group has a commitment to improving animal welfare throughout its supply chain. We prohibit the use of raw materials derived from animals killed for purposes other than meat, and strive to source animal-derived materials from farms that practice responsible animal welfare.

- We prohibit the procurement and use of animal-derived materials listed as Critically Endangered (CR), Endangered (EN), and Vulnerable (VN) under the CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) or the IUCN<sup>2</sup> Red List.
- Regarding MUJI cosmetics, our basic policy is not to conduct animal testing at any stage of product development or manufacturing, including on the raw materials used.<sup>3</sup>

### **Water resource management**

The Ryohin Keikaku Group is aware of its responsibility to consume a large amount of water in the process from the production of raw materials through to manufacturing and commercialization, while remaining committed to reducing its impact on the global environment. As the effects of global population growth and climate change become more severe, inadequate management of water resources will further accelerate water risks in various regions, such as water shortages, floods and river overflows, and water pollution. We will promote sustainable use of water resources by reducing water withdrawal and consumption, while controlling, minimizing, and eliminating water pollution.

The Ryohin Keikaku Group respects and supports Goal 6 of the SDGs, “Ensure availability and sustainable management of water and sanitation for all,” and will support stakeholders' access to WASH services by correctly identifying diverse water-related issues and addressing the challenge of inequality in water resources that should be equally enjoyed.

### **Chemical management**

The Ryohin Keikaku Group strives to prevent and reduce global environmental pollution, by considering the impact of chemical substances on the human body and the natural environment, in order to manufacture safe products and protect the health and safety of our customers, production partners, employees, and local communities. To this end, we comply with all relevant laws and regulations, prohibit the use of certain hazardous chemical substances, and ensure thorough management of chemical substances in both our final products and manufacturing processes.

- We appropriately handle chemicals in our products and in the manufacturing process.
- We comply with all applicable environmental laws, regulations, and standards.
- We prohibit the use of substances suspected of being harmful.

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<sup>2</sup> International Union for Conservation of Nature

<sup>3</sup> This does not apply when animal testing is required by the laws and regulations of each country.

- We conduct regular tests on finished products to ensure compliance with rules regarding prohibited or restricted substances.

### **Response to resource circularity**

The Ryohin Keikaku Group promotes the efficient use of resources and the reduction of waste in a series of activities from the development to post-use for products, store materials, and other items related to our business activities, thereby contributing to the realization of a circular economy. To achieve this, we actively promote activities such as reducing, reusing, repairing, and recycling from the viewpoints of the Ryohin Keikaku Group, our supply chain, and our customers, aiming to reduce the environmental impact of products and materials throughout the entire lifecycle.

### **Waste management**

The Ryohin Keikaku Group recognizes that it is responsible not only for reducing waste generated by the Group, but also for curbing waste throughout the entire life cycle of its products, from procurement of raw materials, manufacturing, product sales, to post-sales. From the product and store development stage, we are committed to achieving zero waste and promoting waste reduction, reuse, and recycling through collaboration with our supply chain and customers. We also ensure that waste is disposed of in an environmentally friendly manner.

### **Hotline**

If you suspect a violation of this policy or wish to raise a concern anywhere in the Ryohin Keikaku Group supply chain, please report it immediately to the “Ryohin Keikaku Group Hotline”, “Supplier Hotline” or “Customer Service Center.” Ryohin Keikaku Group will not disclose the identity of the person making the report internally or externally without prior consent.

Ryohin Keikaku Group provides the possibility for anyone to anonymously report suspected violations of this policy and encourages all stakeholders to act in accordance with this policy.