

Ryohin Keikaku Group

Report Pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act FY2023

■ About this report

This is a joint report by Ryohin Keikaku Co., Ltd. (hereinafter “Ryohin Keikaku”) and its Canadian subsidiary, MUJI CANADA LIMITED, in order to comply with *the Fighting Against Forced Labour and Child Labour in Supply Chains Act* for the period covering September 1, 2022 to August 31, 2023 (FY2023) for preventing forced labour and child labour in its operations and supply chains. Note that the policies and descriptions contained herein are applicable to Ryohin Keikaku, MUJI CANADA LIMITED and other subsidiary companies as a whole (hereinafter “RK Group”).

■ Structure, Activities and Supply Chains

RK Group is a global SPA (Specialty Store Retailer of Private Label Apparel) that runs specialty stores, with our main brand being "MUJI". Our operations include the planning, development, production, wholesale, and retail of an extensive range of products, including apparel, household goods, food, and other items. MUJI CANADA LIMITED, which operates in Canada, is a private company that operates specialty retail stores and imports and sells products. Ryohin Keikaku is the parent company of the Group and is based in Japan.

RK Group operates 597 stores in Japan, 9 stores in Canada, and 645 stores in 30 other countries and regions (as of the end of August 2023). RK Group consists of a Japan-based headquarters and 28 affiliates engaged in sales and material management. RK Group’s consolidated operating revenue for FY2023 was JPY 581.412 billion, and it had 20,795 employees (including 10,721 part-time employees) as of the end of August 2023.

RK Group does not own any production plants or production facilities, nor do we manufacture any products. All product manufacturing is outsourced to factories in Japan and other countries and regions including, but not limited to, Mainland China, Vietnam, Thailand, Cambodia, Indonesia, India, and Bangladesh. Note that we do not produce any products in Canada.

For more information about our business, please visit the following link:

<https://ryohin-keikaku.jp/eng/corporate/>

As a producer of a wide range of products across three business lines – apparel, household goods, and food – we have an extensive supply chain. An overview of the three categories of apparel, household goods and food is as follows.

Apparel

The factories where RK Group outsources the manufacture of clothing, shoes, and bags are located in Vietnam, Cambodia, Mainland China, and other Asian countries and regions, including Japan.

Household Goods

RK Group produces and sells various household goods including cosmetics, stationery, furniture, and fabric items. Approximately three-quarters of our cosmetics and stationery products are manufactured in Japan. Meanwhile, factories to which we outsource the production of furniture and fabric items are located in Vietnam, Mainland China, and India.

Food

Approximately 90% of the factories to which we outsource the production of food products such as confectioneries, pouched curries and other processed foods are located in Japan, while more than half of the factories outside Japan are located in Mainland China.

■ Policies and due diligence processes in relation to forced labour and child labour

RK Group defines our corporate purpose as 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.” To achieve this corporate purpose, we respect human rights and maintain a sound working environment for all individuals who work in our supply chain, including not only RK Group associates but also our business partners and subcontractors.

RK Group has established a system to prevent modern slavery (including Forced Labour and Child Labour) and human trafficking by adopting the following documents: "Ryohin Keikaku Group Human Rights Policy", "Ryohin Keikaku Group Compliance Code of Conduct", and "Ryohin Keikaku Code of Conduct for Production Partners." We aim to comply with international norms and local laws, and we receive advice and support from external experts in business and human rights, ESG, and sustainability.

Ryohin Keikaku Group Human Rights Policy

RK Group has established the “[Ryohin Keikaku Human Rights Policy](#)” to clarify its commitment to comply with international norms regarding respect for human rights, including the UN Guiding Principles on Business and Human Rights, and to fulfill our responsibility to respect human rights, including the prevention of modern slavery and human trafficking. We apply its policy to all

officers and employees, and at the same time, expect and request all stakeholders, including suppliers related to our business, products, and services, to understand and comply with the policy.

Ryohin Keikaku Group Compliance Code of Conduct

RK Group has established the "[Ryohin Keikaku Group Compliance Code of Conduct](#)" for our employees to promote understanding of the significance of corporate ethics as well as legal compliance and to facilitate equitable business activities. The Code clearly states that we respect individuality, human rights and privacy, eliminate discrimination, and do not tolerate harassment of any kind.

Ryohin Keikaku Code of Conduct for Production Partners

RK Group particularly requests that our direct contract suppliers and their contract factories ("production partners") understand and comply with the "[Ryohin Keikaku Code of Conduct for Production Partners](#)," which includes standards for respect for human rights, and we promote our commitment to respect human rights by working together while valuing partnerships with our production partners. The Code explicitly prohibits practices such as child labour, forced labour, human trafficking, discrimination, and harassment, and demands compliance with all relevant laws and regulations.

■ Human rights due diligence process to assess and manage risks of forced and child labour

In accordance with its Human Rights Policy established in December 2022, RK Group will fulfill its responsibility for respecting the human rights of all stakeholders involved in its business in the entire supply chain. Specifically, following the six steps based on the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, we have developed a framework for human rights due diligence, continuously identifying and assessing adverse human rights impacts that our corporate activities may have on society, and taking appropriate measures to prevent or mitigate such impacts.

1. Establishment of management systems to implement the policy

In order to effectively implement the aforementioned policies in the RK Group, Ryohin Keikaku formulates human rights-related activity policies, develops and reviews its management structure, and checks progress against targets on a regular basis at the ESG Management Committee (held monthly) chaired by the Chairman & Representative Director. In addition, we have put in place a structure for preventing human rights violations on a day-to-day basis by setting up the ESG Sub-Committee under the ESG Management Committee to promote respect for human rights, as well as by creating roadmaps for implementing initiatives for respecting

human rights. These initiatives are implemented mainly by the risk management division, the ESG management division, the divisions involved in product procurement, and the human resources division in collaboration with each other.

2. Identification and assessment of adverse impacts

In FY2023, with cooperation of external experts, we identified human rights issues that we should address in order to prevent human rights risks from arising in RK Group's business domains, which include the production and sales of apparel, household goods, and food. In the identification process, we also referred to international guidelines, the results of factory audits, the monitoring results of employee engagement surveys, and others. As a result, we have identified the prevention of forced labour and child labour risks, particularly in the supply chain, as one of our priority human rights issues to be addressed, as described below. We will prioritize the human rights issues identified, develop roadmaps for relevant divisions, and implement initiatives for preventing and mitigating the emergence of human rights risks, working with our stakeholders. Going forward, we will continuously monitor the effectiveness of the initiatives and review the identification and assessment of adverse impacts on human rights.

Methods of Assessing Human Rights Issues

We have identified high-priority human rights issues by assessing their severity and likelihood in reference to the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, and with cooperation of external experts. We conducted the assessment for both our operations and its supply chains.

Salient Human Rights Issues to be Handled with Priority

Our operations:

Harassment (including customer abuse), discrimination, gender-related human rights issues, working hours, and the right to access to remedy

Supply chains:

Labour health and safety, forced labour, child labour, discrimination, environment, working hours, gender-related human rights issues, consumer safety and right to know, and harassment

3. Prevention and mitigation of adverse impacts

Respecting Human Rights in Supply Chains

RK Group neither owns production sites and facilities nor manufactures products. We outsource production to our production partners in Japan and elsewhere in the world. Some factories of the production partners are located in countries and regions that are at high risk of modern

slavery due to the lack of good governance and weak rule of law, according to reports by international organizations and non-governmental organizations. Therefore, we believe that it is extremely important for us to work on respecting human rights together with our production partners through the Code of Conduct for Production Partners.

Collaboration with Production Partners

RK Group establishes the “[Code of Conduct for Production Partners](#)” for the purpose of building good partnership based on mutual trust and fulfilling its responsibility of considering the entire supply chain to secure a fair, safe, and healthy work environment and be responsible to the natural environment. In accordance with the Code of Conduct for Production Partners, we promote initiatives for human rights by sharing the policies included on the working environment, respect for human rights, and environmental consciousness for the entire supply chain with our production partners, and by requiring them to comply with them. We have distributed and explained the Code of Conduct in Japanese, English, and Chinese to all factories in the world to which we outsource production.

We do business only with production partners that comply with the Code of Conduct and sign a pledge at our request. In addition, the Code of Conduct prohibits our production partners from sub-outsourcing to other factories that are not pre-approved by RK Group, making it mandatory for them to obtain approval from RK Group.

List of Production Partners

RK Group firmly believes that guaranteeing transparency throughout the supply chain is our obligation to all stakeholders. By making our [list of production partners](#) publicly available, we aim to strengthen our engagement with our production partners and foster a conducive working environment.

Raw Material Sourcing

For our major primary raw materials (cotton, wool, down, linen, and wood), we use those that can be traced back to the production area as much as possible.

The organic cotton we use have obtained organic certification confirmed by a third-party organization. This certification is conditional on the compliance with labour conditions stipulated by the International Labour Organization (ILO).

Improving Working Conditions Through Collaboration with External Organizations

Since 2016, RK Group has been a participant of the Better Work programme, a joint initiative of the International Labour Organization (ILO), a UN agency that aims to improve the working environment, and the International Finance Corporation (IFC). We strive to improve the working environment of factories by utilizing Better Work's service of assessing the status of compliance

with the labour standards of each country where factories exist and in case of any lack of compliance, seeking advice from experts and using training services to resolve the issue.

4. Tracking implementation and results

Regular Factory Monitoring, Audits, and Improvements through these Activities

RK Group checks factories' status of compliance with the "Code of Conduct for Production Partners" through regular on-site audits by third-party institutions. In addition, we share our feedback on audit results with the factories and request their management to make improvements according to audit findings, and provide support for improvement. Based on improvement reports prepared by each factory, RK Group not only addresses the issues to be corrected, but also works with the factories to identify specific activities or procedures, or the lack thereof that caused these issues, and to check out whether changes to the systems are necessary to prevent recurrence. In the event that a serious human rights violation, such as forced labour, is found in a factory and that RK Group cannot expect any correction of such violation even if we exercise our leverage, RK Group will consider dissolving its partnership with the factory in accordance with the Code of Conduct for Production Partners as an option at its discretion.

5. Information disclosure

RK Group regularly discloses its initiatives for respecting human rights through [its website](#), [MUJI REPORT \(integrated report\)](#), and other communication tools.

Compliance with the UK Modern Slavery Act of 2015

RK Group has issued a [statement](#) pursuant to the UK Modern Slavery Act of 2015, which came into force in the United Kingdom.

6. Correction and remedy through the Grievance Mechanism

Employee Hotline

RK Group has established the "[Ryohin Keikaku Group Hotline](#)" as a whistle-blowing system to prevent serious problems associated with corporate activities, including compliance violations, corruption, human rights issues (including harassment), and any other activities that violate (or may violate) the "Group Compliance Code of Conduct".

This system is available to all employees of RK Group, including directors, employees (including contract employees, partner employees, and part-time employees), and temporary employees. Employees may report and consult anonymously. Privacy of those who report or consult with us is protected, and we prohibit any adverse treatment of persons consulting with or reporting to the hotline.

Hotline for Migrant Workers

Ryohin Keikaku has been participating in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society ([JP-MIRAI](#)) since May 2022 to resolve various issues faced by migrant workers living in Japan with the technical intern or specified skilled worker status of residence. JP-MIRAI is comprised of various stakeholders including companies, lawyers, and non-governmental organizations, led by the Japan International Cooperation Agency (JICA). In FY2023, we participated in the Consultation and Remedy Pilot Project (JP-MIRAI Assist) started by JP-MIRAI. This project provides consultation services for migrant workers. Currently, the service is available only for Ryohin Keikaku's employees. In the future, we intend to extend the scope to include workers in our supply chain, thereby making use of the service as a means for early detection of labour and human rights issues.

■ Measures taken to remediate forced labour or child labour

As mentioned above, RK Group strives to identify and assess the risk of forced labour and child labour through the implementation of human rights due diligence processes, including factory monitoring, and the operation of the Grievance Mechanism. However, during this fiscal year, no use of forced labour or child labour was identified within the RK Group's operations or supply chains.

■ Measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour

RK Group recognizes that efforts to prevent and reduce the risk of forced and child labour may have the unintended consequence of reducing the income of vulnerable members of society. In the event that the use of forced or child labour is identified within the Group's business activities and supply chains, we will take measures to address the human rights of rights holders as our first priority. As mentioned above, we did not identify any case of forced labour or child labour in our operations or supply chains during the fiscal year. In addition, during this fiscal year, we could not identify any loss of income for vulnerable groups as a result of our efforts.

■ Training provided to employees on forced labour and child labour

Human Rights Training for Employees

In FY2023, Ryohin Keikaku implemented online training programs for its officers and employees on the themes of "Business and Human Rights" and "respect for human rights as expected of companies." Going forward, we will regularly conduct training and other programs on human rights. In addition, we provide harassment training for employees in managerial positions in Japan. The training educates the officers and employees on the definition and case examples of harassment, prevention measures, and action to be taken when harassment occurs.

Training for Employees Involved in the Supply Chains

Since FY2019, Ryohin Keikaku has been conducting training for managers and staff involved in the supply chain covering procurement, production management, production planning, and quality assurance functions. The training deals with priority human rights issues, the Code of Conduct for Production Partners, and Ryohin Keikaku's monitoring and audits results of factories. In particular, we require the employees who correspond with factory representatives to participate in the training.

Training for Production Partners

RK Group conducts regular training for its production partners so that they will have a correct understanding of its Code of Conduct for Production Partners, as well as respect for human rights.

■ Assessment of effectiveness in ensuring that forced labour and child labour are not being used

In FY2023, RK Group conducted onsite audits of a total of 116 factories (73 Tier1 factories and 43 Tier2 factories). As a result, there were no factories that seriously violated human rights and were thus subject to the review of business relationships, aside from correctable issues such as those regarding health and safety (labour safety) and working hours under the "Code of Conduct for Production Partners ". The results of the factory monitoring and our efforts to prevent and remedy inadequacies are reported [here](#).

Approval and attestation

This report has been approved by the Board of Directors of Ryohin Keikaku on May 22, 2024 and MUJI CANADA LIMITED on May 24, 2024.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Nobuo Domae

President and Representative Director

May 22, 2024



I have the authority to bind Ryohin Keikaku Co., Ltd.

Richard Rappaport

President

May 24, 2024



I have the authority to bind MUJI CANADA LIMITED.