



Sustainability

MUJI's Goals

MUJI aims to solve social issues on a global level by incorporating simplicity and beauty into daily life through its products and services.

We would like to be a collective group focused on attentiveness that sees and thinks from a broad perspective, from the smallest details to the future of the whole planet.

Ryohin Keikaku contributes to society by providing MUJI products and services that take people and producers into consideration.



United Nations Global Compact

Ryohin Keikaku has supported human rights as a signatory to the United Nations Global Compact since 2013. The compact encompasses ten principles for human rights, labor, the environment and anti-corruption.



A Leader in ESG Management

Ryohin Keikaku has been committed to ESG management since its establishment more than 40 years ago in 1980. We will further refine this commitment through 2030 by encouraging people to take part in ESG and ensuring its positive impact on society.

ESG in Products

We will promote awareness of ESG worldwide by adopting circular design for products and offering them at affordable prices.

ESG in Business Activities

We will collaborate with stakeholders to reduce social costs and environmental burden. At the same time, we will contribute directly to solving social issues through our business activities.

ESG in Communities

We will make a positively impact on society by leading the revitalization of local areas through activities with local communities.

We have determined four evaluation indices for the above and will regularly disclose results and progress.



1. Build a sustainable society while achieving circularity, and coexisting with nature

- Reduce combustion of fossil fuels and their derivatives
- Guarantee ethical production processes
- Encourage active involvement in sustainability activities*

2. Revitalize communities and resolve their issues through localization activities

- Resolve issues arising from an aging society and declining population
- Open stores and revitalize industry in local communities
- Preserve local communities and traditional culture

3. Promote high employee engagement and acquisition of problem-solving skills

- Maintain a corporate culture of acting proactively and independently
- Be highly sensitive to social issues and finding solutions
- Demonstrate commitment to diversity
- Creation of workplaces where anyone can fit in and succeed

4. Achieve public-interest and people-centered management

- Encourage co-owned management
- Earn strong shareholder support
- Earn strong support from residents, customers and local communities

* Active involvement in sustainability activities: We believe that in the current consumer market, in general, companies strengthen ESG and sustainability initiatives in a way that makes consumers bear some of the cost. Ryohin Keikaku conducts environmental and social initiatives naturally and effortlessly, and provides products and services at affordable prices. Through MUJI, we want reduction of environmental impact to be done in a way that blends into daily life – in fact, that is MUJI's founding philosophy. By practicing and broadly expanding this philosophy, we encourage people to take part in sustainability activities.

Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Response to Climate Change

Ryohin Keikaku is committed to earning the trust of society by steadily responding to climate change, improving environmental performance, and proactively disclosing information through its website and other means.

The information we disclose about environmental performance includes responding to questions about publications such as the Global Warming Countermeasures Report we submitted to the Bureau of Environment of the Tokyo Metropolitan Government.

In response to the Corporate Governance Code of Japan, we will begin conducting information disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) by the end of 2022.

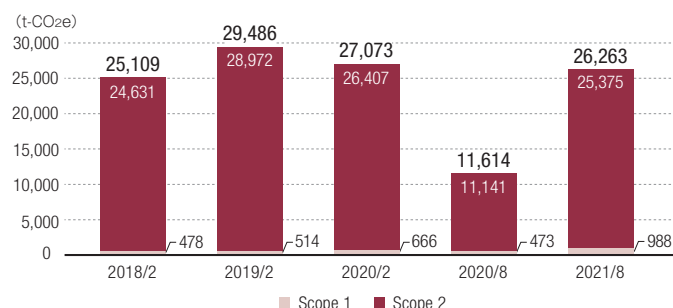
Reduce CO₂ Emissions by 50% by 2030 (Scope 1 and 2)

Issues related to climate change are important to Ryohin Keikaku, which is targeting a 50% reduction in greenhouse gas emissions by 2030 compared with the fiscal year ended February 2020. We are taking action to implement decarbonization management with the goal of using 100% renewable energy at all stores and installing solar panels at all of our independent store buildings by 2030. In addition, we will collaborate with our business partners to promote energy conservation and improve energy efficiency in our business activities.

Greenhouse Gas Emissions

Ryohin Keikaku calculates its greenhouse gas emissions (GHG) using the GHG Protocol, a commonly used international guideline for calculating GHG emissions. In the future, we plan to assess emissions in all countries and regions where MUJI stores have opened.

Scope 1 GHG (direct emissions by Ryohin Keikaku) and Scope 2 Electricity (indirect emissions by Ryohin Keikaku)



- Notes: 1. GHG emission data was collected from directly managed MUJI stores in Japan, our logistics centers, the headquarters building and other facilities owned by Ryohin Keikaku.
2. For Scope 1 and 2 emission factors, the coefficients specified by the Greenhouse Gas Emissions Calculation, Reporting and Announcement System are used.
3. Due to the change in fiscal year, 2020/8 covers the six-month period from March 1 to August 31, 2020.

Scope 3

(t-CO₂e)

Category	2021/8
1. Purchased goods and services	704,321
2. Capital goods	26,618
3. Fuel and energy related activities not included in Scope 1 and 2	4,455
4. Upstream transportation and distribution	49,175
5. Waste generated in operations	210
6. Business travel	956
7. Employee commuting	3,386
8. Upstream leased assets	-
9. Downstream transportation and distribution	-
10. Processing of sold products	-
11. Use of sold products	64,155
12. End-of-life treatment of sold products	591
13. Downstream leased assets	-
14. Franchises	4,062
15. Investments	-
Scope 3 total	857,928

Note: For emission factors, the Ministry of the Environment's CO₂ emission intensity database, the IDEAv2 database, and other databases are used.

Initiatives to Use Renewable Energy and Reduce Energy Use Throughout Our Operations

Use of Renewable Energy and Installation of Solar Panels

We will use renewable energy and install solar panels at locations under our control.

Solar Panels of the Hatoyama Distribution Center and Use of Renewable Energy

The Hatoyama Distribution Center has 1,400 kWh solar panels on the roof. These solar panels can generate electricity equivalent to the annual power consumption of around 228 general households. We expect to reduce annual CO₂ emissions by around 494 tons. In addition, we are using renewable energy for about half of the total electricity we use.

Change over to LED Lighting

We are transitioning to LED lighting at stores, and the headquarters completed the switch in February 2022.



Other Initiatives <https://ryohin-keikaku.jp/eng/sustainability/environment/energy/>

Measures to Ensure Ethical Production Processes

Develop Environmentally Responsible Products

The basic mindset of MUJI manufacturing has not changed since we created the brand in 1980. We continue to manufacture products based on three environmental and social perspectives: (1) selection of materials, (2) streamlining of processes, and (3) simplification of packaging. We manufacture no-frills, quality products and select materials that take the global environment and producers into consideration, eliminate waste in all processes, and provide customers with what they actually need, in the form they actually want. Our raw material procurement and waste reduction initiatives draw on the above three perspectives.

1. Selection of Materials

We review materials by always returning to the basics of manufacturing that are often overlooked in creating delicious and healthy food, comfortable clothes that fit well, and household goods that put function first.

We provide high-quality products at affordable prices by utilizing materials that are rejected despite their quality because of their appearance, using commercial materials, accessing raw materials from global markets, and procuring large quantities of seasonal goods at low cost.

2. Streamlining of Processes

We work to improve processes right down to the production of a single product. For example, we eliminate problems associated with sorting and arranging sizes, and we also make products from goods rejected because of nonstandard size or shape. We eliminate unnecessary work. This includes work that is not related to the fundamental quality of the product, such as excluding uneven shapes/colors or polishing. Our approach to manufacturing no-frills, quality products eliminates material waste and reduces costs.

3. Simplification of Packaging

All MUJI products have always appeared in stores featuring only a package or tag simply giving product details. For products that may need extra packaging, we bundle them together or use a common container. We pursue ongoing initiatives to reduce trash because we do not want resources to go to waste.

Raw Material Procurement

Following in the steps of its predecessors, MUJI promotes manufacturing that makes the best use of the original functions of natural materials. We work to select raw materials that are collected and cultivated in a way that does not impose an excessive burden on the Earth, animals and plants, and producers. For primary raw materials, we use materials that can be traced back to the production area as much as possible, and above all, we actually visit the production areas to check with our own eyes the conditions of collection/cultivation sites of major raw materials and the lives of producers. We will continue to strive to procure raw materials in consideration of those who use them, those who make them, and approaches to engaging with nature.



Details about procurement initiatives are available at <https://ryohin-keikaku.jp/eng/sustainability/activities/material/>

Chemical Management

Ryohin Keikaku requires its contract manufacturing partners to safely manage chemical substances that may pollute the environment, and to prevent and reduce water and air pollution in accordance with our Code of Conduct for Production Partners. A list of restricted substances is provided in the “Ryohin Standards,” which specifies our internal quality standards and is made available to our production partners. We do not use any prohibited chemical substances in our manufacturing processes, and for those chemical substances designated by the laws and regulations of each country or region, we monitor the amount of emissions and report them to the governments in accordance with laws and regulations.

Biodiversity Initiatives

More than 38,000 species of wildlife on Earth are currently on the verge of extinction.

Committed to contributing to society through its businesses, Ryohin Keikaku donates part of the proceeds from the sale of T-shirts with images of endangered animals to IUCN-J. This supports the activities of IUCN-J, which is involved in conserving biodiversity and protecting the environment. These MUJI T-shirts will remind people that animals are disappearing and inspire interest in the relationship between humans and nature.

Donations

2020/2:	JPY 1,458,170
2019/2:	JPY 1,268,793
2018/2:	JPY 1,034,850
2017/2:	JPY 1,164,969
2016/2:	JPY 1,114,218



Supply Chain Management

Policy Regarding Respect for Human Rights

We believe that our most important responsibilities are to respect the basic human rights of all people involved in the supply chain and to ensure their physical and mental health, security and safety. To this end, we have formulated the Code of Conduct for Production Partners of Ryohin Keikaku and request all our business partner factories not to engage in any kind of human rights infringement, including discrimination, child labor and forced labor. The Code of Conduct is based on global human rights principles and declarations, including the International Labour Organization (ILO) Declaration of Human Rights, the 10 principles of the United Nations Global Compact, and the UN Guiding Principles on Business and Human Rights.

Supply Chain Policy

Ryohin Keikaku does not manufacture any of the products that MUJI handles, but outsources all product manufacturing and production to its production partners. As a result, we believe that it is extremely important for us to work with production partners based on established procurement standards.

Internal Facilitation System

Division/Committee in Charge	2021/8
Compliance and Risk Management Committee	General issues related to human rights (Supervision of Group Compliance Code of Conduct and the Code of Conduct for Production Partners)
HR & General Affairs Division	Elimination of discrimination and harassment toward employees, wages, working hours, point of contact for internal reporting and consultation, etc.
Labor, Safety and Health Committee	Occupational safety and health
IT Services Division	Privacy (including privacy protection policies)
Development & Production Division, Internal Audit Office, Public Relations & ESG Division	Human rights in the supply chain

Procurement Standards

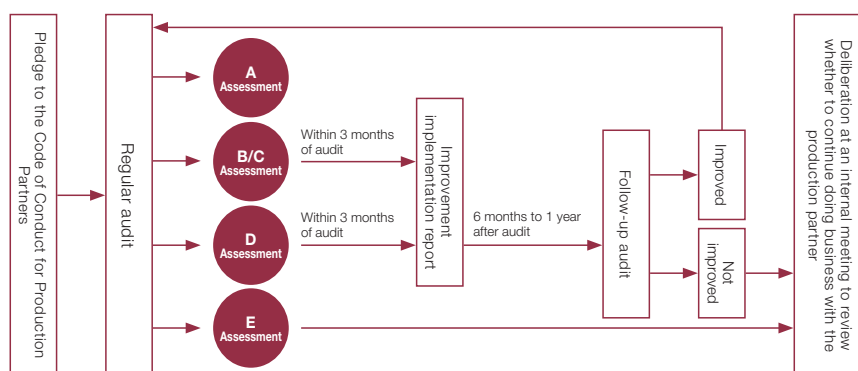
In accordance with the Code of Conduct for Production Partners, we share our policies related to the working environment, respect for human rights and environmental consideration throughout the supply chain with our business partner factories. We also promote initiatives toward respect for human rights while asking the factories to comply with our policies.

We request all of our production partners to which we outsource production to sign a pledge to abide by the Code of Conduct, and only do business with suppliers who commit to complying with the Code of Conduct. In this way, we aim to realize our vision of achieving “a truthful and sustainable life for all” by considering not only customers and the environment but also producers in providing MUJI products and services.

● Monitoring

Considering respect for human rights, compliance with labor-related laws, improvement in the working environment, and environmental consideration in the supply chain our top priority issues, we are actively working to monitor our business partner factories, in cooperation with production partners.

Working Environment Monitoring System



Details of our monitoring of production partner factories are available at <https://ryohin-keikaku.jp/eng/sustainability/supply-chain/monitoring/>

● Supply Chain Due Diligence

Through the process of human rights due diligence, including the monitoring and other measures described above, we are striving to identify and prevent the risk of potential human rights abuses in accordance with the UN Guiding Principles.

Moreover, we are gradually applying the due diligence process even in the upstream supply chain where raw materials are procured. Cotton, one of the main materials for MUJI's apparel products, is sourced from many places around the world including India, Turkey and China. Cotton and yarn used by Ryohin Keikaku has obtained organic certification confirmed by a third-party organization. This certification is conditional on the compliance with labor conditions stipulated by the International Labour Organization (ILO).

Going forward, in order to prevent human rights abuses in the supply chain, Ryohin Keikaku will engage with other companies in our supply chain to further improve the working environment, and will continue to carefully gather information and appropriately implement due diligence and any other necessary measures.

Quality

Approach to Quality

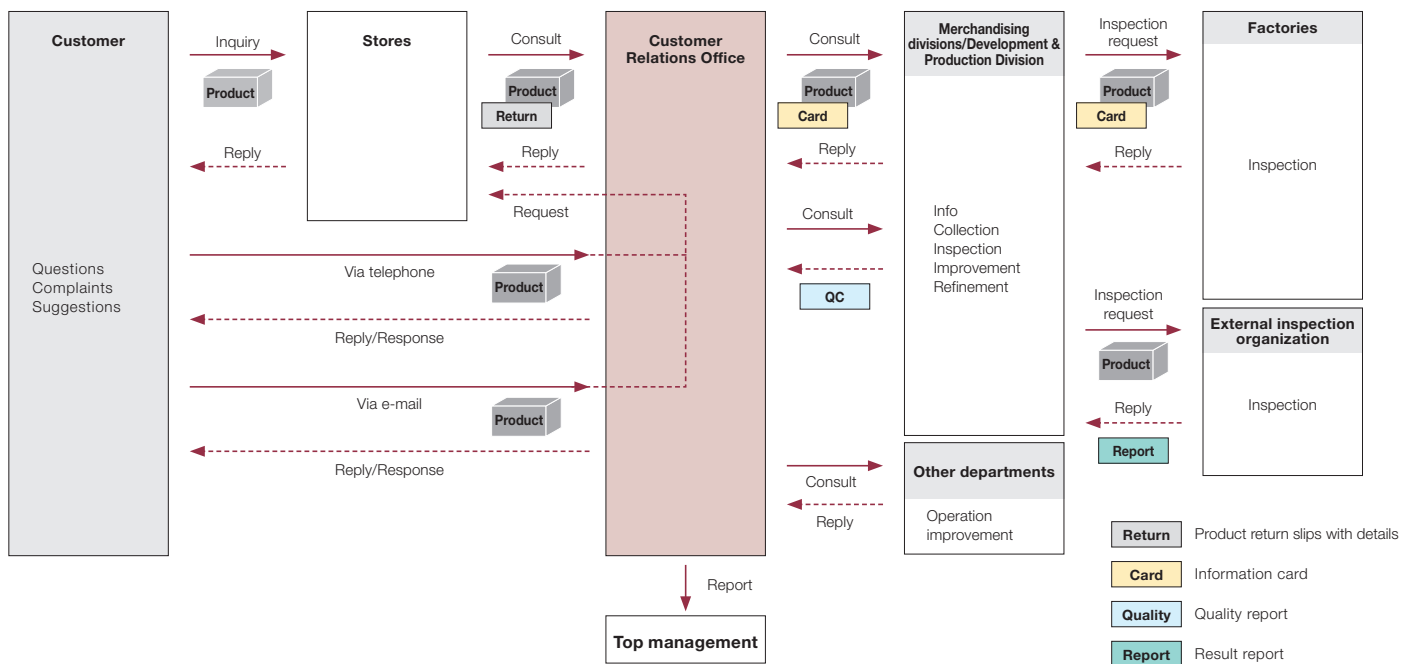
At MUJI, we inspect each process of design, procurement and production based on the “Ryohin Standards.” We strive to provide safe and secure products, and aim to continuously realize the following:

- Quality products with a reason and value sought from a customer’s perspective
- Consideration for customers, producers and the environment
- Solving issues for society as a whole and as inhabitants of the Earth
- Zero quality faults
- Reduction of defect rate
- Thorough quality-oriented awareness

View the “Ryohin Standards” at <https://ryohin-keikaku.jp/eng/sustainability/activities/quality/>

Initiatives for Quality Control

The “voices” (comments) of customers regarding our products are all registered in a dedicated database (“voice navigation system”), and the Development & Production Division, merchandising divisions and other related divisions cooperate and respond quickly in accordance with the content. By enabling our business partners and factories to directly access the database to confirm the content, we have created an environment where we can respond to quality problems quickly. In addition, the Development & Production Division cooperates with external inspection organizations as needed.



Risk Assessment

We conduct risk assessments of product design, layout, manufacturing, distribution and usage environments for the purpose of preventing product accidents, defects and complaints. We also identify the above risks (including accidents, defects and complaints due to reasonably foreseeable misuse) at the product planning/development/design stage to deal with the risk factors in advance.

By implementing risk assessments in the early stages of design, we can identify risks throughout the product life cycle from product planning and development to use and disposal, incorporate solutions for identified risks into the design, and reduce the risk of accidents, defects, complaints, etc. to achieve a smooth launch of our products.

Initiatives for Realizing a Circular Society

As a company that develops and sells products, MUJI considers the future of its products as they fulfill their role and function. Some customers even return MUJI products that they have loved for years to be recycled. In addition, we aim to achieve a circular economy by eliminating waste and promoting recycling and reuse of materials.

MUJI, which aims to create a better relationship with nature, will continue to do its best to help recycle resources and reduce waste.

Recycling targets and detailed information are available at <https://ryohin-keikaku.jp/eng/sustainability/activities/recycle/>



ReMUJI



Transforming MUJI Shinjuku into a store that addresses environmental and social issues

https://ryohin-keikaku.jp/news/2021_0812.html (Japanese only)

Plastic Bottle Collection

We collect and recycle items made from PET as an initiative to reduce plastic waste. We collect used facial lotion and milk bottles and My Bottle for Water at stores for recycling to reduce plastic waste and make efficient use of petroleum-based raw materials.



Amount of plastic bottles collected
729 kg (2021/8)

Recycled Wool

Ryohin Keikaku makes products from recycled materials such as scrap from production processes and dirty or damaged products that cannot be sold.



Waste Reduction Initiatives

We continuously review the materials we use for shopping bags, product packaging, and sales floor displays to recycle resources and reduce waste. We are eliminating plastic packaging to the extent possible or transitioning to alternative materials such as recycled paper.

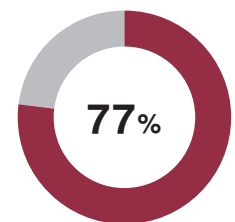


The Reusable Bag Program

Ryohin Keikaku began eliminating plastic shopping bags in March 2020 and had changed over to paper shopping bags at all stores by the end of June 2020.

We are also working to reduce plastic with a deposit system for shared bags made of recycled polypropylene.

Percentage of Customers Who Bring Reusable Bags



Revitalize Communities and Resolve Their Issues through Localization Activities

Community Engagement

Aiming to help create “a truthful and sustainable life for all,” Ryohin Keikaku is not only focusing on sales of products essential to daily life in countries and regions worldwide, but also turning its attention to the various issues taking place in each region.

Initiatives That Involve the Local Community

In each region, MUJI is involved in a variety of initiatives led by local governments and community members to revitalize local areas.

Special Feature

Product Development Using Local Ingredients: “Namba Negi” (Namba Green Onions)

Ryohin Keikaku purchases and sells regional products made with ingredients that are representative of the local land and culture, and has started a program to support local producers and businesses in product development.

In the Kinki area, we have quickly commercialized frozen food and processed food products that use local ingredients. Examples include “Senshu Yellow Onion Curry Ajillo” and “Kyo-Yasai (Kyoto vegetables) Pizza Series.” One new project in which we cooperate with local farmers is “Namba Negi.”

Fifty years ago, Namba green onions were the mainstream type of green onion (negi) in Japan, but production declined because the leaves broke easily and the slime inside them was too strong, which made them difficult to process. However, years of efforts by some farmers have paid off. The flavor and quality of these onions have been reevaluated in recent years, and they have attracted considerable interest after being certified as a “traditional vegetable of Naniwa.” The most distinctive feature of Namba green onions is their slime. Since it is high in the original rich, sweet flavor of green onions, heating them enhances their flavor. In the Minami Osaka area, one of the Regional Business Units is promoting activities to utilize the valuable Namba green onion. For example, *Namba Negi Sembei* (green onion rice crackers), which were developed in partnership with the headquarters Food Division, are sold exclusively at MUJI stores nationwide, and *Negiyaki* (green onion pancakes), a frozen food product that we commercialized after cooperating in product development with local food companies, is now being purchased and sold by stores in the area.

By developing products that make use of local ingredients, we will help to connect producers and consumers and contribute to revitalization of local communities.



MUJI KONANDAI BIRDS

MUJI KONANDAI BIRDS opened on two floors: the first floor, which offers apparel and household goods, opened in April 2021, and a basement-level floor specializing in food opened in May 2021. The two floors combined have total sales floor space of about 5,000 square meters, making it the largest MUJI store in the Kanto region.

The food floor on the first basement level is shared with Queen's Isetan, a supermarket, and Nakajima Suisan Co., Ltd., a fresh fish specialty store based in Tsukiji. MUJI KONANDAI BIRDS cooperated with these two companies to set up the dedicated food sales floor in response to demand from local residents. This was a local issue that we discovered by visiting various places in the neighborhood to get information starting from October 2020, prior to the opening.

In addition, we learned that a large housing complex within walking distance of the store has an aging population of residents, and many of them have difficulty going shopping. For that reason, we visit the complex once a week in a minivan to conduct mobile sales. We are taking various measures to solve issues while deepening communication with people in the community in ways such as changing the product lineup at the request of residents, and conducting storage consultations.

We are aiming to be an essential presence in the region and revitalize the whole community with MUJI as a focal point.



Cooperation with Universities and External Organizations

MUJI is cooperating with universities and NPOs to help revitalize regions and communities.

Special Feature

Cooperative Class with Fukushima College

MUJI collaborated with Fukushima College to hold four product development classes using local products from Fukushima Prefecture.

The purpose of the class was to learn marketing skills through case studies of MUJI's product development, and to acquire the skills to develop products using local resources while solving local issues at the same time. The theme of the class was to develop products from sake lees made by Suzuki Sake Brewery in Namie Town, Fukushima Prefecture (which was impacted by the Great East Japan Earthquake and is currently operating in Nagai City, Yamagata Prefecture).

At the final presentation, various products were proposed, including baby powder made from sake lees and Eustoma russellianum – a specialty grown in Namie Town; craft gin made by pickling the fruit peels in Kasutori Shochu (a kind of alcohol made by distilling the sake lees); and fruit bars made by combining dried fruit and honey from Fukushima with sake lees.

We plan to consider development of products using sake lees in the future.



Public Design

By designing public spaces with both conscience and innovation, we aim to create connections between individual people, between people and nature, and between people and society, to rebuild relationships that have become fragmented in the modern world.

Special Feature

Renovation of Nichinan Station in Miyazaki Prefecture

The station building of Nichinan Station in Miyazaki Prefecture, which was renovated in March 2020, was envisioned as not simply a place to wait for trains, but as a community space where anyone could comfortably spend time. Ryohin Keikaku partnered with Nichinan City as well as local and related businesses, in transforming the station into a place where people in the area could gather. In the project, we cooperated in planning for station repairs and in holding hearings and workshops for local residents.

Within the community space, we set up a free-for-use learning space, which was requested by many students, in order to make good use of the waiting time for trains. In response to ideas from families raising small children, we also created a Japanese-style common room by placing tatami mats on a low platform that people with young children can use freely. In addition, some of the exterior and window frames are made of Obisugi cedar, a local specialty, to give the space a warm appearance.

This station building renovation received an Encouragement Award at the 39th annual Display Industry Awards, and won an award in the Social Design category at the Japan Wood Design Awards 2020.



© paak design

Community Support

With the aim of revitalizing communities by deepening interpersonal relationships and regaining harmony with nature in areas close to home, we have launched a variety of initiatives that will help to create a better future. Ryohin Keikaku supports such activities and the people who take part in them through its products and services.

Special Feature

Global Industrial Support Initiatives

MUJI (Shanghai) Company Limited, which operates approximately 300 stores in mainland China, released mineral water as a product in July 2020. The water with low impurities and good taste for drinking is extracted from a natural cave in the Shibadong Cun area in Hunan Province to support local industries. In addition to the utilization of natural resources, this initiative also led to the creation of local employment and industrial development of the area.

In January 2021, MUJI Shanghai collaborated with the Beijing Contemporary Art Foundation (BCAF) to sell jute tote bags designed by artists who share MUJI's philosophy, and a portion of the revenue has been donated to the Children's Public Service Project.

Moreover, in cooperation with Ant Forest, a public interest platform on environmental protection, MUJI Shanghai has started to give "green energy points" from June 2021 to customers and MUJI passport members who are environmentally conscious and decline plastic bags and paper receipts. This initiative will lead to tree planting and land conservation activities.

We will continue to think about what we can do for the environment, society and the community, and to make contributions through our business activities.



Children's Cafeteria

Since its opening in December 2020, MUJI Tokyo Ariake has been involved in a number of initiatives for the benefit of the local community. We had heard about the situation in the local community from various community associations. Through our participation in support activities, we have learned that the number of children eating alone at home is increasing, and that it is difficult for them to speak up even if they are in trouble.

Store employees discussed what could be done to address these issues, and from August 2021 started the MUJI Tokyo Ariake Children's Cafeteria. This event is held on the fourth Wednesday of each month at the Cafe&Meal MUJI located inside the store. The store plans to hold this monthly event with the goal of making this Children's Cafeteria a place where children can feel secure, and a place where people in the community can help each other.

Through our activities with Children's Cafeteria, we hope to create a world where children no longer need such support 10 years from now.



20 Cooperation Agreements Signed with 17 Local Governments

— Utilizing MUJI stores to connect people, nature, and society —

Ryohin Keikaku seeks to create “a truthful and sustainable life for all,” and is involved in a variety of initiatives led by local governments and community members to revitalize local areas. As of October 2021, we have signed regional cooperation agreements with 17 local governments in Japan.

Working together with local governments, we are implementing measures that benefit people in the area by co-creating new value such as local production for local consumption, creation of jobs and community development.

Local Government Bodies and Partners	Agreement Type
2017	
November: Toshima Ward, Tokyo	1. Partnership agreement on community development
2019	
April: Kamogawa City, Chiba Prefecture	2. Agreement on promotion of local revitalization
July: Sakata City, Yamagata Prefecture	3. Partnership agreement for local revitalization
December: Joso City, Ibaraki Prefecture	4. Agreement on revitalization of public housing complex
2020	
January: Joetsu City, Niigata Prefecture; Kubiki Jidosha Co., Ltd.	5. Agreement on comprehensive cooperation for local revitalization
September: Tokamachi City, Niigata Prefecture	6. Agreement on cooperation between Tokamachi City and Ryohin Keikaku
	7. Agreement on dispatch of employees
October: Isumi City, Chiba Prefecture, Isumi Tobu Fisheries Cooperative and SOTOBO ISUMI Co., Ltd.	8. Cooperation agreement
November: Koto Ward, Tokyo	9. Agreement on dispatch of employees
	10. Cooperation agreement on Koto Ward recycling project, etc.
November: Namie Town, Fukushima Prefecture	11. Agreement on cooperation between Namie Town and Ryohin Keikaku
	12. Agreement on dispatch of employees
2021	
March: Kamogawa City, Chiba Prefecture and Higashiawa Fishery Cooperative	13. Cooperation agreement
May: Yokohama City, Kanagawa City	14. Comprehensive cooperation agreement to create “a truthful and sustainable life for all”
May: Aizuwakamatsu City, Fukushima Prefecture	15. Agreement for promotion of local community development and local revitalization
May: Kumamoto City, Kumamoto Prefecture	16. Partnership agreement for creation of a sustainable society through water
June: Morimachi, Kayabe County, Hokkaido	17. Agreement to promote development of local communities and revitalization of the local economy
September: Shinjuku Ward, Tokyo	18. Cooperation agreement on promotion of reduction of food loss, etc.
October: Mashiko Town, Haga County, Tochigi Prefecture	19. Comprehensive cooperation agreement for sustainable community development
October: Kasugai City, Aichi Prefecture	20. Cooperation agreement on improvement of “a truthful and sustainable life for all”

As of October 31, 2021

Ryohin Keikaku will continue to address various local issues and contribute to development of local communities and regional revitalization.

Promote High Employee Engagement and Acquisition of Problem-Solving Skills

Creation of Workplaces Where Anyone Can Fit in and Succeed

Recruitment and Employment

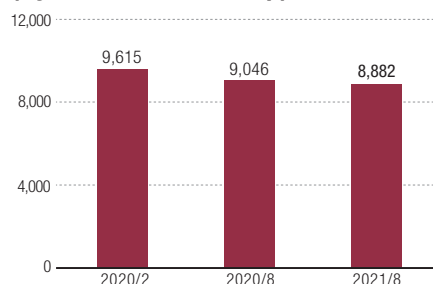
In its employment activities, Ryohin Keikaku makes sure to understand the customs of the countries and regions in which it does business. We also make sure to comply with the laws and regulations of those countries and regions.

In addition, Ryohin Keikaku publishes the “MUJI Employee Handbook” in three languages (Japanese, English and Chinese) to describe its employment and labor policies and the Group Compliance Code of Conduct, etc. To ensure that all employees understand its contents, explanations and training are provided to all employees when they join the Company.

1. We aim to achieve lasting happiness for MUJI employees.
2. We strive to ensure the mental and physical comfort, enrichment and professional growth of our employees.
3. We respect the individuality, human rights and privacy of our employees. We work to eliminate discrimination and do not tolerate harassment of any kind.
4. We respect gender, nationality, ethnicity and religious diversity, learn from our differences, and help each other grow.



**Number of Employees
(Ryohin Keikaku Group)**



A Safe and Healthy Work Environment

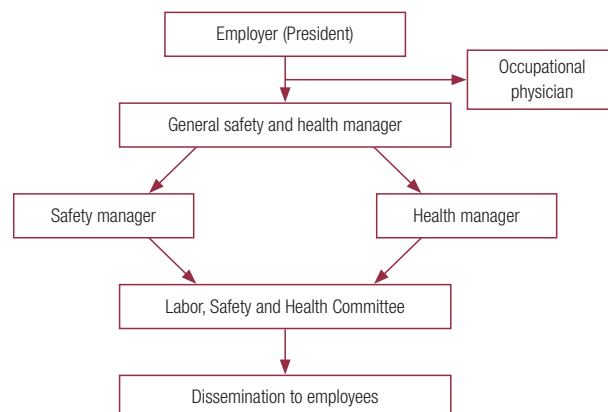
We ensure a safe and healthy working environment that does not put employees at risk. To this end, we provide safe drinking water and proper sanitation, lighting, temperature control, ventilation, changing rooms, etc. for our employees.

We comply with laws and regulations related to labor standards, safety, health, etc. and take into account the physical and mental health of each and every employee. We also strive to maintain a healthy, safe and hygienic work environment and prevent workplace accidents. In addition, we comply with international standards and local laws and regulations in terms of working hours, rest periods, and vacation time and promote a working style that does not require overtime. In the unlikely event of a disaster, accident or other problem occurring in the workplace, we will work to minimize the damage and put measures in place to prevent its recurrence.

At Ryohin Keikaku, in order to encourage employees to take annual and public holiday leave, all employees are required to register their annual leave plans via the attendance management system at the beginning of the year, and the plans will be reviewed and approved by the managers. The HR Division will monitor the registration status, and remind employees and managers if the plans are not properly submitted or if the days of registration are insufficient. Employees will then take leave according to their plans, and the HR Division will use the attendance management system to monitor progress, and make sure that all employees take proper leave as required by laws and regulations.

Labor, Safety and Health Committee

Ryohin Keikaku has established a Labor, Safety and Health Committee to investigate and deliberate on matters related to the health and safety of business sites and to oversee the health management of its employees. A director has been appointed as the chairperson of the committee. The Labor, Safety and Health Committee meets monthly with health and safety managers, occupational physicians, employee and union representatives in order to discuss and resolve specific issues such as store and office safety management, employee health management and mental healthcare, etc. In addition, stores with 50 or more employees (excluding part-time workers) are required to have a Labor, Safety and Health Committee. The committee is spearheaded by the store manager or an occupational physician appointed for each region, and meetings are held on a monthly basis.



Active Use of Diverse Human Resources

The Ryohin Keikaku Group respects the individuality of each of its employees around the world. It is our primary goal to provide lasting happiness to our employees.

● Promotion of Women's Participation and Advancement in the Workplace

In order to promote the success of all employees, Ryohin Keikaku is working on action plans that take into account the various lifestyle changes its employees might encounter such as nursing care, medical treatment, and childcare. To this end, we will make necessary arrangements to make sure female employees can work with us for a long time with peace of mind. On the other hand, we have implemented measures to give the younger generation of employees more challenges and opportunities to gain experience before they have to worry about lifestyle changes. We also provide training based on job description to help them draw up their career plans at an early stage.

Numerical target for ratio of female managers:
35% or more

Actual result: 35.0%

Ratio of female directors and executive officers:
12% (3 of 25 persons)

Ratio of female employees: 55.3%

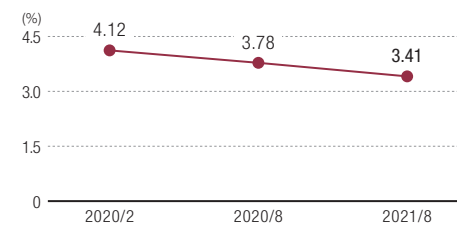
Note: Ryohin Keikaku Co., Ltd. only
(As of August 31, 2021)

● Employment of People with Disabilities

Ryohin Keikaku began hiring disabled individuals in Japan in 2000. In 2009, we launched the Heartful Project to promote the “sustainable happiness of co-workers,” “self-development through mutual trust and cooperation” and “increase and stabilize employment at stores” for the disabled. We have also established a support system that includes employment management and guidance tailored to the characteristics and individuality of each person and a step-up system based on evaluation to help people with disabilities reach their full potential.

Our stores, using the our “Second Founding” as an opportunity to contribute to local society, will promote the Heartful Project together with local communities and move forward with disabled people to create places for them to use their skills.

Ratio of Employees with Disabilities



Note: Ryohin Keikaku Co., Ltd. only
(As of August 31, 2021)

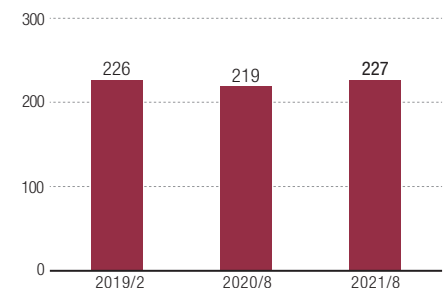
● Systems to Support Work-Life Balance

We have systems that allow employees to choose from a variety of work styles in order to find balance between work and life events such as childbirth, childcare and nursing care. We have established systems to support work-life balance that can be used by all employees, regardless of gender, including a childcare and nursing care leave system, a shorter working hour system, a childcare system, a flextime system, and so on.

In 2016, we extended the applicability of our childcare system, which allows for shorter working hours for employees who take care of their children, from the first year of elementary school to the end of the fourth year of elementary school. This is part of our efforts to create an environment in which employees can work with peace of mind.

We have also implemented a telecommuting program for headquarter employees in Japan from the fiscal year ended February 2019. In addition, from September 2020, we further strengthened our support for employees working from home by providing an allowance for utilities and communication expenses (paid on a daily basis) and by lending computer monitors.

Average Number of Employees Using the Childcare System



(Including partner employees)

Organizational Vitality Surveys

In order to gain a quantitative understanding of how employees perceive “work processes” and “human relations” at stores and headquarters, and to further address specific issues in terms of organizational vitality, we conduct organizational vitality surveys (including full-time employees, contract employees and part-time workers). A total of 11,172 employees (74% response rate) and 13,201 employees (77% response rate) participated in the survey in May 2018 and May 2019, respectively. A total of 14,780 employees (92.1% response rate) participated in the survey in November 2020.

Currently, we are revising the content of the survey to better reflect the corporate culture we want to build.

See pages 33, 35 and 36 regarding information on “maintaining a corporate culture of acting proactively and independently” and “being highly sensitive to social issues and finding solutions.”

Achieve Public-Interest and People-Centered Management

Stakeholder Engagement

To contribute to the realization of “a truthful and sustainable life for all,” we believe that it is important for us to accurately understand and respond to the demands and expectations of stakeholders. We will accomplish this through constructive communication with customers, local communities and society, shareholders and investors, business partners and employees.

Communication with Stakeholders

Stakeholder	Main Method of Communication	Relevant Initiatives
Customers	Customer service at stores/events Distribution of articles via social media, including the MUJI passport app Inquiries to the customer support center Customer participation-type community site (IDEA PARK)	We have increased opportunities to connect directly with customers through the free MUJI passport app. In Japan, the total number of downloads has reached 24.51 million (as of August 31, 2021). In addition, over 40,000 articles have been distributed by stores.
Local communities and society	Participation in community activities Regional cooperation agreement with local governments Disaster relief support	Since 2017, we have concluded regional cooperation agreements for revitalization activities with Toshima Ward in Tokyo, Kamogawa City in Chiba Prefecture, and Sakata City in Yamagata Prefecture, among others.
Shareholders and investors	General Meeting of Shareholders Meetings with shareholders Business results briefing Meetings with investors	About 250 shareholders attended the 43rd Ordinary General Meeting of Shareholders (99 at the venue and approximately 150 online), and the meeting was streamed on the Company website.
Business partners	Briefing for business partners Questionnaires for business partners CSR audit of business partner factories Business partner helpline (contact point for making reports)	In addition to the regular briefing for business partners, we held a briefing on the Code of Conduct for Production Partners, which was amended July 2020.
Employees	“Good Meeting” venue Employee meetings Employee training Self-assessments and feedback meeting In-house portal site and in-house newsletters Employee helpline (whistleblowing hotline)	“Good Meeting” is our term for an assembly that raises the sense of ownership among Group employees and challenges them to achieve management targets. Held once every six months, the meetings are an opportunity for recognizing outstanding employees, sharing the achievements of the Group during the preceding six months, and encouraging forward-looking action by helping employees understand the vision for the coming six months and beyond.

Cooperation with External Organizations

Name	Member Since	Mission
United Nations Global Compact (UNGC)	2013	Companies and organizations that have signed the UNGC continuously make efforts to implement Ten Principles relating to protection of human rights, abolition of unfair labor, dealing with environmental challenges, and anti-corruption, based on commitments from senior management.
Better Work Programme	2016	This is a joint program between the International Labour Organization (ILO) and the International Finance Corporation (IFC), which is a member of the World Bank Group. It aims to improve the stability and competitiveness of the supply chain of the apparel and footwear industries and realize the improvement of factory workers' rights and their working environment, in collaboration with a variety of corporations, organizations and people. This also includes governments, global brands, factory owners and employees, and labor unions.
Japan Sustainable Fashion Alliance (JSFA)	2021 (supporting member company)	The objective of the JSFA is to understand the impact of the fashion industry on the environment and society and jointly resolve common issues in the fashion and textile industries in order to achieve sustainability by eliminating waste through appropriate production, purchasing and recycling and by achieving carbon neutrality by 2050. Activities Promote appropriate production and purchasing, and recycle to eliminate waste. Become carbon neutral by visualizing environmental load and impact. Make policy recommendations to relevant ministries and agencies to help resolve shared industry issues. In addition, create means for communication with customers.

2030 ESG Indices

Items		Key Performance Indicators	Initiatives (As of August 31, 2021)
Eliminate plastic in packaging and materials	100%	(1) Percentage of apparel, household goods and food products that do not use plastic (except when plastic is required for hygiene, quality and safety)	(1) Apparel: 14.0% Household goods: 13.2% Food products: Switched from plastic bottles to bottle-shaped cans
		(2) Total weight of plastic usage reduced	(2) Apparel: 52 t Household goods: under review Food products: 213 t
Design products for re-use and recycling	100%	(1) Percentage of items designed with recycling in mind (except when hygiene concerns preclude recycling)	(1) Household goods: 28.4%
Reuse post-consumer plastic products we collect	100%	(1) Total weight of collected plastic products (2) Total weight of plastic collected for reuse (including products other than ours)	(1) 729 kg (water bottles and toning water bottles) (2) 729 kg
Use of natural fiber materials that are organic and respect animal welfare	100%	Percentage of products that have been certified or have their own standards that have been audited by a third party	Apparel Cotton: 100% organic cotton (excluding MUJI Labo) Wool: 100% non-mulesed Down: 100% down certified to ensure animal welfare* Household goods Cotton: 85.6% organic cotton Wool: 100% non-mulesed Down: 100% down certified to ensure animal welfare*
Perform human rights due diligence on business partners, traced back to raw materials	100% disclosure	(1) Number of audits conducted (annual) (2) Breakdown of evaluation	Product manufacturers (1) 20 factories (2) A Assessment: 0 factories; B Assessment: 9 factories; C Assessment: 7 factories; D Assessment: 4 factories; E Assessment: 0 factories (We have received improvement reports from factories with B, C and D assessments. We plan to follow-up with factories that received a D Assessment. We will reconsider doing business with factories that receive an E Assessment.) Material and raw material manufacturers We are currently formulating a human rights due diligence process. (We have already conducted some due diligence. No significant violations of law or Ryohin Keikaku's Code of Conduct were found.)
List of major suppliers, traced back to raw materials	100% disclosure	List of major suppliers	We are preparing of list of major suppliers for disclosure, traced back to raw materials.
Reduce carbon footprint (Scope 1 and 2)	50% reduction	(1) Scope 1 (t-CO ₂ e) (2) Scope 2 (t-CO ₂ e) Baseline: 2020/2	(1) 988 (t-CO ₂ e) (2) 25,275 (t-CO ₂ e) Total 26,263 (t-CO ₂ e) CO ₂ emissions intensity: 12.5% reduction (compared with 2020/2)
Ensure stores use renewable energy	100%	Number of stores and distribution centers that use renewable energy (including headquarters and campsites)	Installed at Hatoyama Distribution Center Preparing to introduce at other locations
Equip stores (independent store buildings) with rooftop solar panels	100%	Number of stores and distribution centers with solar panels (excluding stores that cannot install solar panels such as those in shopping malls)	Installed at Hatoyama Distribution Center Preparing to install at other locations
Demonstrate commitment to diversity and inclusion by disclosing workforce composition by age, gender and race		(1) Average age (2) Ratio of female managers (3) Ratio of female employees (full-time employees) (4) Ratio of non-Japanese employees (5) Ratio of employees with disabilities	(1) Average age: 37.9 (Male: 39.6; Female: 36.6) (2) Ratio of female managers: 35.0% (3) Ratio of female employees (full-time employees): 55.3% (4) Ratio of non-Japanese employees: 1.2% (5) Ratio of employees with disabilities: 3.41%

* We only use feathers that have been procured in a manner that meets the Five Freedoms of Animal Welfare defined by the Farm Animal Welfare Council and have been reviewed and certified as being such. This means we use do not use feathers from animals that have been force fed or had their feathers taken while still alive. (Ministry of Agriculture, Forestry and Fisheries, "Livestock breeding management with consideration of animal welfare")