

MUJI

REPORT 2024

RYOHIN KEIKAKU CO., LTD.

About MUJI REPORT

This report is intended to lead to dialogue with stakeholders by presenting goals for medium- to long-term value creation, management policies, business conditions, and other financial and non-financial information based on the philosophy and mission of Ryohin Keikaku, which is aiming to help create “a truthful and sustainable life for all.”

Information Resources

Financial Information			Non-Financial Information
<div>MUJI REPORT</div> <div>Information on medium- to long-term value creation</div>			
Securities Report (Japanese only)	Consolidated Financial Results	Investor Relations (website) https://ryohin-keikaku.jp/eng/ir/	Sustainability (website) https://ryohin-keikaku.jp/eng/sustainability/

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Scope of This Report Consolidated subsidiaries and consolidated companies of Ryohin Keikaku Co., Ltd.

Period Covered Fiscal year ended August 2024 (September 1, 2023 to August 31, 2024)

Note: Information outside this period is reported when it is appropriate to show past events and data or recent examples. In this report, amounts and number of shares that are less than one unit are rounded down, and all ratios and percentages are rounded to the nearest whole number.

Forward-Looking Statements

This report contains forward-looking statements and projections. These statements and projections are based on the Company's judgments at the time the report was produced, and include risks and uncertainties. Changes in various factors could cause actual results to differ materially from forward-looking statements and projections contained herein.



Our Philosophy

Our Corporate Purpose

Our 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.”

Our Two Missions

1. To provide daily necessities and services with genuine quality and ethical value, at appropriate and affordable prices.
2. To have a positive impact on each region by operating stores that serve as community centers, sharing concerns and values with local residents and collaborating with them to tackle local issues.

Our Core Value

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.

Our Management Policy

We will practice “public interest and people-centered management,” where each of our employees and associates contribute to the public interest through our business activities and locally rooted stores, have a sense of ownership and take leading roles in the community.

Enhancing Our Corporate Value

Through our activities, we will create a highly profitable business structure, pay taxes properly and return profits to shareholders appropriately. Furthermore, we will strive to create long-term value for the Company by making a positive impact on society together with stakeholders.

Introduction

Our History

Ryohin Keikaku’s “Grand Strategy” is to realize “a truthful and sustainable life for all.” Our “Grand Strategy” defines who we are—being useful to people and society. Of course, as a business enterprise, profit is also important, but our top priority is this “Grand Strategy.” Ryohin Keikaku has been working since its founding to make a contribution wherever it can help with social issues and people’s concerns. This approach has led to the Ryohin Keikaku of today.

Our Perspective

1980-2000

Redefining the value of goods

We aimed to minimize unnecessary elements and create products that are truly useful to consumers from the perspective of selection of materials, streamlining of processes and simplification of packaging.

2001-2015

The relationship between life and goods

We sought to give customers a feeling of rational satisfaction, expressed not with “This is what I really want,” but with “This will do.”

2016-2020

A truthful and sustainable life

By providing functional, streamlined products that help simplify and beautify people’s lives based on our concept of “conscience and creativity,” we have contributed to solving social issues with proposals for peaceful, relaxed living.

2021-

“A truthful and sustainable life for all,” and beyond

We offer affordable products that are not only essential and useful but also beneficial for the environment, producers and local communities. We will also evolve our efforts to help address local challenges, and contribute to the harmonious coexistence and development of daily life, culture and the environment together with local communities.

Evolution of Our Products

Products with simplicity



Products that fit all life occasions



Products for organizing people’s life




Products in harmony with society




Evolution of Our Stores and Services


New store openings both in Japan and overseas




Launch of flagship stores and new services



Expansion of services close to daily life



Creation of platforms for realizing a better society



History of Ryohin Keikaku

1980

Seiyu Co., Ltd., a Japanese retail company, established Mujirushi Ryohin (MUJI) as its private brand

1983

First directly managed store, MUJI Aoyama, opened in Japan

1986

Production and procurement started outside Japan

1989

Ryohin Keikaku Co., Ltd. established

1991

Began business outside Japan (First store in U.K. and first store in Hong Kong opened)

1995

MUJI Tsunan Campsite opened

2000

Listed on the first section of the Tokyo Stock Exchange* MUJI.net Co., Ltd. established (currently MUJI HOUSE Co., Ltd.)
* Now listed on the Tokyo Stock Exchange Prime Market

2001

MUJI Yurakucho, a flagship store for information dissemination, opened

2005

MUJI (Shanghai) Company Limited established

2006

Business transfer from IDÉE Co., Ltd.

2007

First store in U.S. opened

2010

Began MUJI x JICA Project Kyrgyz

2011

Found MUJI Aoyama opened

2012

Muji Retail (Thailand) Co., Ltd. established

2013

Joined UN Global Compact Launched MUJI passport smartphone app

2014

MUJI Sino-Ocean Taikoo Li Chengdu opened

2015

Began the ReMUJI initiative to promote reuse and recycling

2016

Entered the market in India as the first Japanese retailer there

2017

Number of MUJI stores surpassed 400 both in Japan and overseas

2018

Began sales of frozen food

2019

MUJI Ginza and MUJI HOTEL GINZA opened

2020

Established production management base in Vietnam Launched MUJI passport Pay service

2021

New start under our “Second Founding” Started monthly subscription-type furniture rental service Opened Healthcare Center

2022

MUJI Hiroshima Alpark opened Started sales of MUJI products in Lawson convenience stores nationwide and through CO-OP Sapporo’s Todock home delivery system

2023

Expanded range of plastic products collected Reopened MUJI Shinjuku Yasukuni-Dori as a specialty clothing store

2024

Began holding Town Meeting events throughout Japan Wood-framed stores MUJI Karatsu and MUJI Hita opened Established development and production management subsidiaries in Cambodia, Indonesia and India Established KANIMILIVE, a general incorporated association, together with Kani City in Gifu Prefecture

Introduction

The Ryohin Keikaku Group by the Numbers

In the 44 years since MUJI was created, we have continued to design and develop no-frills, quality products by focusing on the three perspectives of selection of materials, streamlining of processes and simplification of packaging. While the scope of our activities has greatly expanded over the years, our core philosophy has remained the same.

Financial Data

Operating Revenue

JPY **661.6** billion
(13.8% increase YoY)

Operating Profit

JPY **56.1** billion
(69.4% increase YoY)

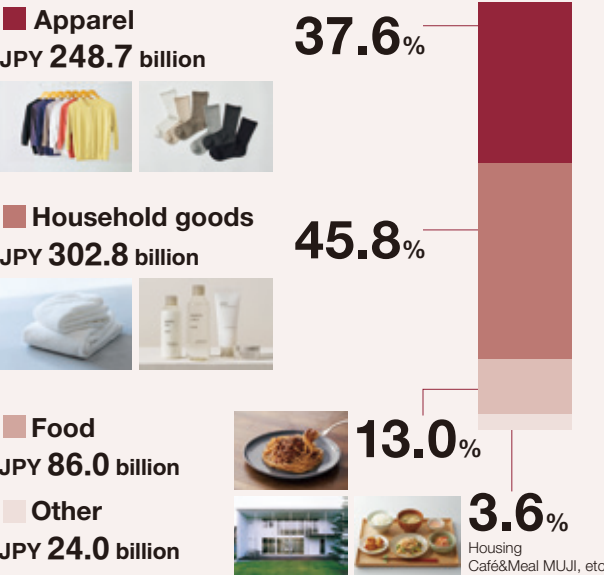
We posted record high revenue in FY2024/8 with profit driven by strong sales in Japan, in addition to the increase in the number of stores due to new store openings.

Return on Equity (ROE)

14.9%

In FY2024/8, ROE was 14.9% due in part to gain on the sale of headquarters. We are working to improve capital efficiency with a target of maintaining ROE at or above 15%.

Operating Revenue by Product Category



Return on Assets (ROA)

11.6%

In FY2024/8, ROA was 11.6%. We are working to improve capital efficiency with a target of maintaining ROA at or above 15%.

Environmental and Social Data¹

Volume of Textile Products Collected

97 t

We collect textile products sold by MUJI that have finished serving their purpose and give them new life through upcycling and recycling. The volume of textile products collected in FY2024/8 was 97 t.

Sales Volume of Reused and Upcycled Clothing Items

55,746 items

Collected clothing items that can be transformed into new clothes by making slight modifications are upcycled and sold. Items that can no longer be worn are recycled into raw materials for clothing and other products. A total of 55,746 items were sold in FY2024/8.

Number of In-Store Collections

159,328

The above figure is the number of in-store collections of unneeded textile and plastic products in FY2024/8.

Volume of Plastic Products and Containers Collected

117,688 kg

In FY2024/8, we collected 112,593 kg of plastic products (PP/PE) and 5,095 kg of plastic containers (PET). Collected products are recycled to maximize the value of petroleum-based materials. Items that meet quality standards are resold as second-hand products.

Non-Financial Data

Number of Stores in Japan and Overseas

1,364

As of the end of August 2024, the Ryohin Keikaku Group had 655 stores in Japan and 709 stores overseas. Includes licensed stores, Café&Meal MUJI and IDÉE

Number of Employees

24,642

As of the end of August 2024, the Ryohin Keikaku Group employed 24,642 people worldwide (including 12,571 non-regular employees).

Culture and Engagement Survey

I resonate with the corporate purpose.
78%

We conduct a Culture and Engagement Survey for all employees of Ryohin Keikaku. The survey response in FY2024/8 was 96%. The survey is implemented and its responses are aggregated by a third-party organization.



My work is useful to society.
83%

I feel attached to the company.
72%

Active Users of the MUJI passport App

15.69 million^{1,2}

Launched in May 2013, the MUJI passport app is now available in 11 countries/regions. In Japan, the number of active users in FY2024/8 was 15.69 million.

Percentage of Women in Managerial Positions

29.8%¹

There are 211 women whose job description and level of responsibility are equivalent to that of "deputy manager level or above," regardless of their job title (as of the end of August 2024), and they account for 29.8% of all employees in managerial positions.

Percentage of Regular Employees Who Own Shares Held in Trust

78.8%¹

We provide two incentive plans: the employee stock ownership plan (ESOP) and the trust-type employee stock incentive plan (E-SHIP). Both plans are offered to employees, including partner employees.³ As of the end of August 2024, 33.4% of all employees in Japan are enrolled in an incentive plan.

Number of Local Revitalization Activities

Number of events held
Approx. **6,000**

Number of participants
Approx. **270,000**

The above figures are the number of event days and people who participated in Community Market events⁴ and workshops, ITSUMO MOSHIMO Caravans and community experience events held throughout Japan in FY2024/8. Our stores throughout Japan and the Social Good Business Division will work to address issues together with local residents, with the goal of revitalizing communities.

Number of Stores with Solar Power Generation Equipment

18

In FY2024/8, solar power generation equipment was newly installed at 11 stores.

1. Scope: Ryohin Keikaku Co., Ltd. 2. Includes membership registrations through external communication apps 3. Employees contracted to work 27.5, 30 or 37.5 hours per week 4. See page 60 for more details

Introduction

Global Network (As of the end of August 2024)

We operate directly managed MUJI stores and a wholesale business in Japan and overseas, with more than 1,300 stores in 29 countries and regions. By enhancing our lineup of locally developed products and services that match lifestyles in each region, we will establish a locally rooted business model. We also focus on hiring employees locally. We will continue to expand globally with the aim of being useful to the people of each country and region where we operate to help realize “a truthful and sustainable life for all.”

 Employees

 Stores

 Cafés

 Accommodations

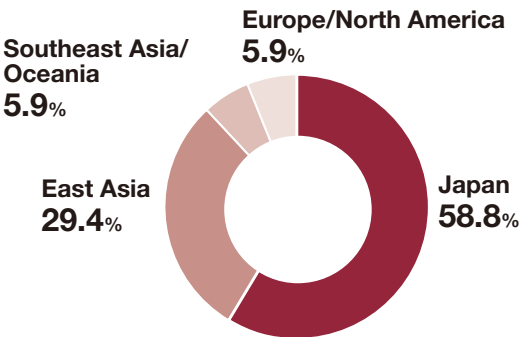
 Campsites

Countries/Regions Where We Operate 29

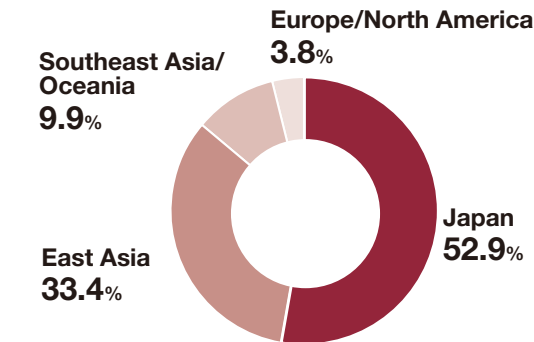
Number of Stores 1,364¹

Number of Group Employees 24,642 (12,571)²

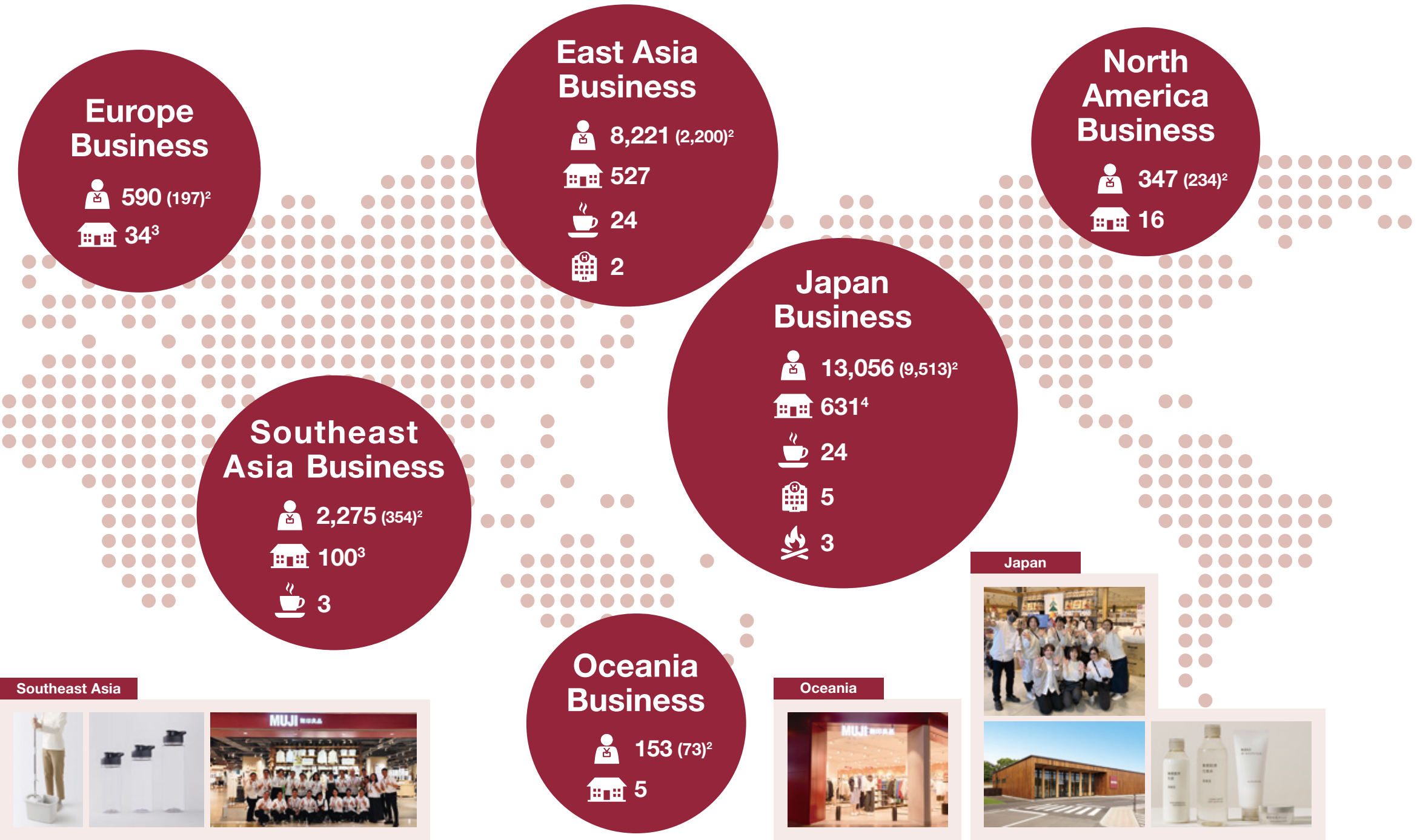
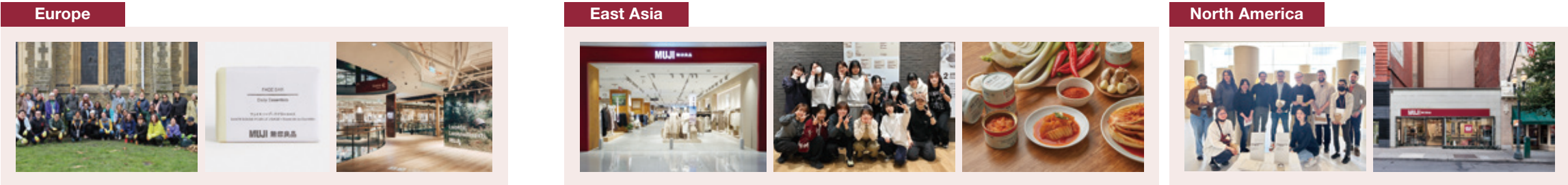
Breakdown of Operating Revenue Ratio by Business



Breakdown of Employees by Business



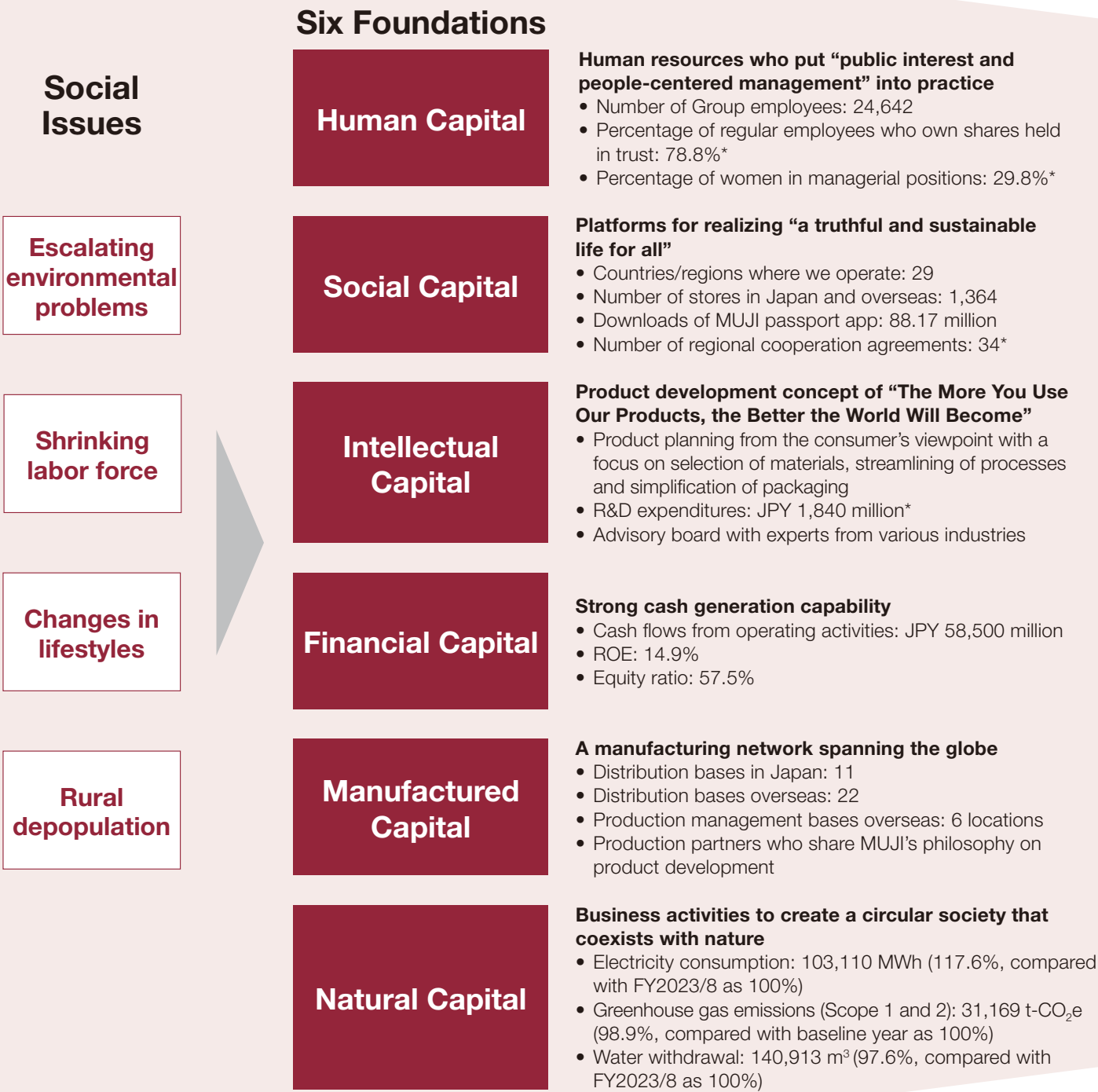
1. Including licensed stores, Café&Meal MUJI and IDÉE
2. Number of non-regular employees (average number of employees per year based on an eight-hour workday calculation method)
3. Including licensed stores
4. Including 8 IDÉE stores and 90 licensed stores



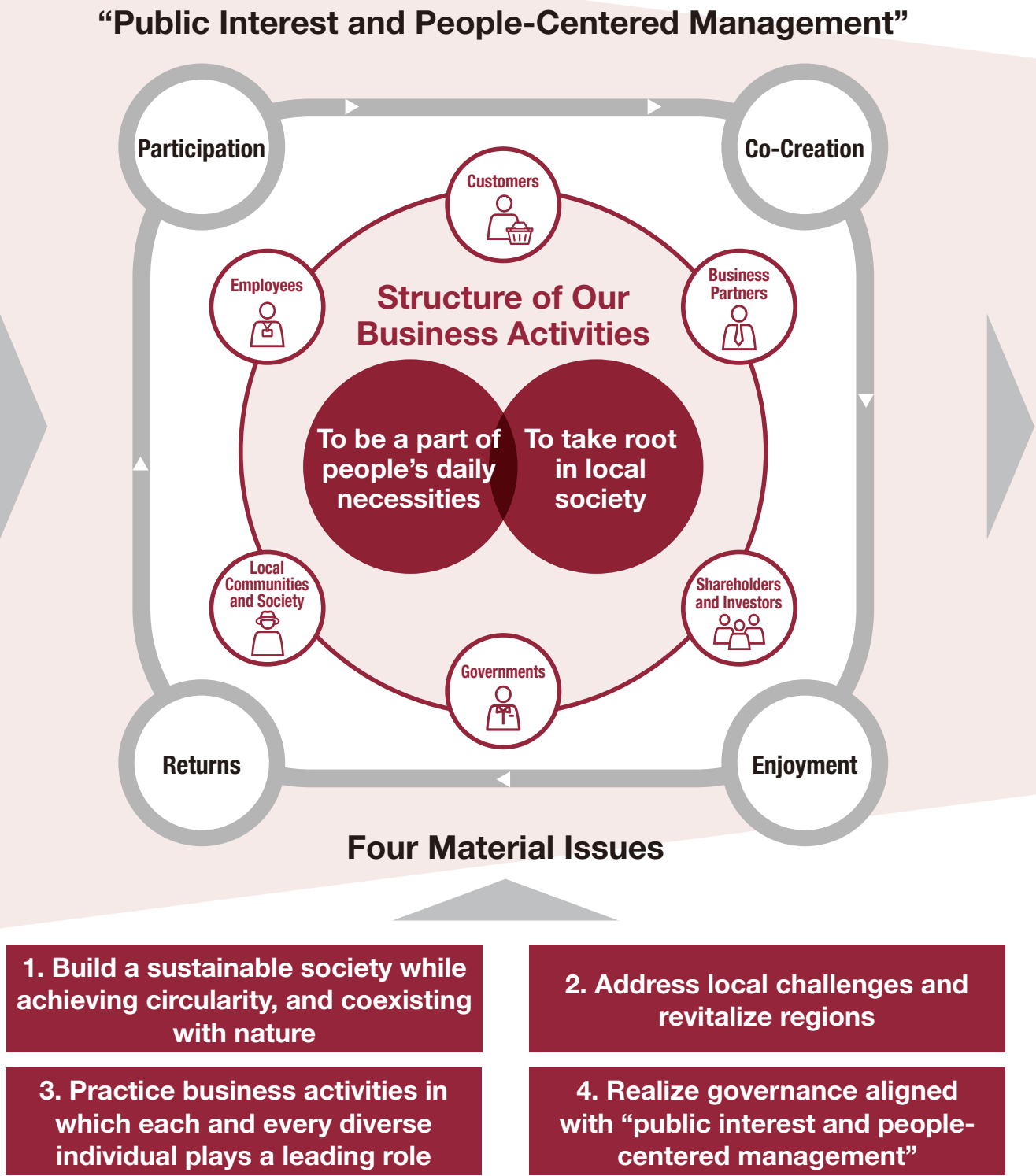
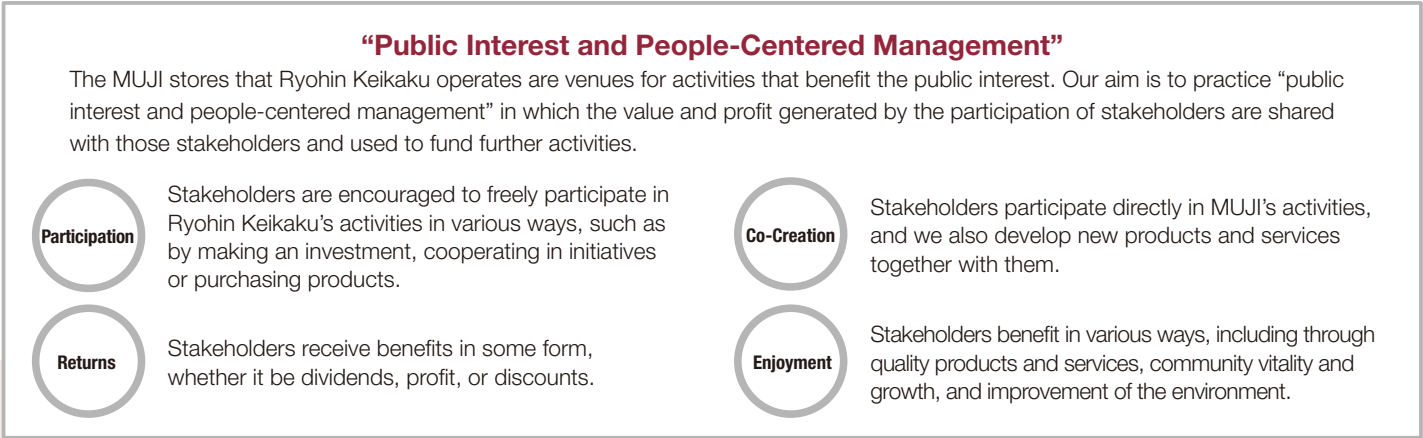
Enhancing Our Corporate Value

Structure of Our Business Activities

With its core value of “contributing to society and people,” Ryohin Keikaku provides products and services “to be a part of people’s daily necessities” and promotes activities that enable the company to “take root in local society,” all based on the Six Foundations, as part of efforts to practice “public interest and people-centered management.”



* Scope: Ryohin Keikaku Co., Ltd.



Enhancing Our Corporate Value

The Value We Create

As a company that strives “to be a part of people’s daily necessities” and contributes to communities through its efforts “to take root in local society” centered on independently managed stores, Ryohin Keikaku will enhance its corporate value over the long term by working with stakeholders to create more a positive impact on the environment and society, thereby helping to realize “a truthful and sustainable life for all.”

To be a part of people’s daily necessities

Products that take the environment and society into consideration

Apparel



Selection of materials that takes the environment and society into consideration
▶ Page 46

Household goods



Skin care series with skin and nature in mind
▶ Page 47

Food



Food products utilizing materials that would have otherwise gone to waste
▶ Page 50



Use of circular materials
▶ Page 46

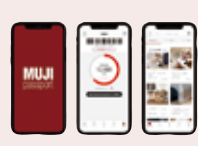


Development of products made from a single material
▶ Page 48




PET bottles made from 100% recycled plastic
▶ Page 50


Initiatives and services for realizing “a truthful and sustainable life for all”




MUJI passport (Smartphone app)
▶ Page 62



Resource circulation initiatives
▶ Page 37



MUJI SUPPORT (Lifestyle consultation service)



ATELIER MUJI (Culture and art events)
▶ Page 64

Designing spaces and residences that reflect MUJI’s value



Design of wood-frame stores and other commercial facilities
▶ Page 54



Space design business



MUJI House



IDÉE

Positive impact on the environment and society

Percentage of cotton sourced with consideration for impact on society and the environment¹

Apparel: **97%** Household goods: **47%**



Procurement volume of materials that contribute to economic growth in production areas²

Kapok: **286 t³** Andes wool: **52 t³**



Number of in-store collections of textile and plastic products

Approx. **150,000 times⁴**



Number of people participating in local revitalization activities

Approx. **270,000⁴**



Economic value created in regions

Approx. **JPY 0.9 billion⁴**



- Circular society
- Economic growth in production areas
- Enhancement of quality of life
- Community revitalization

Helping to realize “a truthful and sustainable life for all”

To take root in local society

Independent store management and collaboration with local communities



Community Market events (Community collaboration events)
▶ Page 60



ITSUMO MOSHIMO (Disaster prevention and collaboration with local governments)
▶ Page 64



Store opening support for local business owners



Mobile sales bus
▶ Page 67




Healthcare Centers (Healthcare)
▶ Page 64




Store with a public library
▶ Page 68


Organization of local resources




Shokoku Ryohin (Sales of regional specialty products)
▶ Page 62



Café&Meal MUJI (Local production for local consumption)
▶ Page 65




Product development with local producers
▶ Page 66




Sales of regional specialty products

Development of regional stay hubs

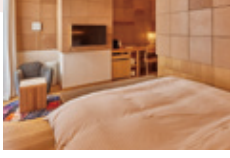
(MUJI STAY) ▶ Page 63




MUJI BASE



MUJI HOTEL



MUJI room



MUJI Camp

1. We recognize Global Organic Textile Standard (GOTS), Cotton made in Africa (CmiA), Global Recycled Standard (GRS) and other certifications as indicators of cotton sourced with consideration for impact on society and the environment.

2. See page 48 for more details

3. See page 46 for more details

4. See page 29 for more details

Enhancing Our Corporate Value

Message from the President



We are boldly working toward achieving two dreams and taking on the challenge of further growth on a global scale.

Satoshi Shimizu

President & Representative Director

The MUJI Dream and the Ryohin Keikaku Dream

What led me to join Ryohin Keikaku can be traced back to one store. It was MUJI Yokohama Nishiguchi that I visited by chance in 1996. I was overwhelmed by the products in the store and the MUJI worldview expressed through each of the displays. Right there on the spot, I called Ryohin Keikaku's Human Resources Division to ask if they had any job openings, and after taking an employment test, I was hired.

My goal at the time was to become a MUJI store manager. In 2001, at the age of 25, I became a store manager at MUJI Ginza Itchome. From there, I moved to the Product Development Division, where I gained practical experience in creating new products, and then in 2011 I was appointed manager of MUJI Yurakucho. Back then, MUJI Yurakucho was our global flagship store, although MUJI Ginza has since taken over that title, so that was the moment my goal was accomplished in a big way. Subsequently, I gained experience as general manager of the Sales Division and the East Asia Business Division, and served as director in charge of the entire East Asia Business including the Mainland China Business as well as the Household Merchandising Division. In November 2024, I was named president and representative director.

I have experience in a wide range of business areas, including product development and overseas business, but my starting point was store sales. The stores are where we interact with customers every day, and where the frontline realities of our business lie. I want to emphasize this point first and foremost. The people who engage with customers on the frontlines are employees—our teams. It is important to create and maintain environments where those teams can use their full potential, and every employee feels good about working at Ryohin Keikaku. This kind of workplace exists not only in our stores and sales divisions, but in all teams and divisions. I value these frontline realities, and want to put them at the core of our philosophy.

Moreover, through my experience in product development and in the Mainland China Business, I have come to realize the significance and history of MUJI's philosophy, expressed through essential, practical products developed based on the three perspectives of selection of materials, streamlining of processes and simplification of packaging under the slogan, "Lower priced for a reason," as well as through stores that serve as places for sharing these values. An important theme now is how we can further enhance and embody our corporate value.

I have come to embrace two dreams throughout my career—the MUJI Dream and the Ryohin Keikaku Dream. The MUJI Dream is to create a world where simplicity is not overshadowed by luxury, but rather, where the intelligence and sensibility inherent in that simplicity are a source of pride. If we can spread those values, I believe that we can enrich the world using fewer resources.

As part of the Second Founding that we launched in 2021, we have been carrying out a number of new initiatives based on our redefined corporate purpose and two missions, and are returning to our original concept. We are further fusing and strengthening the aspects of the old and new MUJI that we cherish. Designed around the "beauty of everyday things" concept, MUJI products are what ultimately remain after eliminating extraneous elements. These products stand the test of time. My dream is to see more products embodying this concept become an integral part of homes and everyday life. I think this kind of simplicity can find acceptance anywhere in the world.

The Ryohin Keikaku Dream is for individual employees to be able to share what matters most with their loved ones, to have the space and time to care for each other, and to work in an environment full of pride and excitement. Ryohin Keikaku's employees like MUJI's products and brand, appreciate nature and value human relationships. With better compensation and more paid time off, more of their money and time can be spent on enjoying nature or caring for their community, which will lead to Ryohin Keikaku's goal of "a truthful and sustainable life for all."

The MUJI Dream and the Ryohin Keikaku Dream—I want to use what we have built with the Second Founding as a platform to make these dreams a reality and achieve the goals of our business plan. We will push forward without changing the direction of what we have done so far.

Our core business and ESG management are ideally one and the same

From the beginning, Ryohin Keikaku has conducted business activities rooted in its core value—“contributing to society and people.” To me, the ideal situation is for our core business itself to embody ESG management. Trying to fulfill ESG management evaluation criteria as if we are performing compulsory exercises in gymnastics may create undue strain for both customers and companies. For example, if we only try to improve the recycling rate, we might neglect the comfort of clothing, or do things in a way that drives up costs, which would test the patience of customers and companies alike. We should avoid that kind of ESG management.

We are making reduction of environmental impact and consideration for human rights a natural part of our product development and manufacturing, in addition to promoting ESG initiatives that lift people’s spirits and appeal to their emotional side. To give an example, in one initiative in the Mainland China Business that I was in charge of, we recycled marine plastic waste that had washed ashore into bags that people could use when they went to the beach. We turned plastics that had been discarded in the ocean into a tool for enjoying time at the beach. Stories like this become emotional pivots that lead to motivation to buy and motivation to use products. As such, we can realize and continue to promote ESG initiatives that do not feel forced.

In addition, MUJI offers a number of products made from hemp.¹ Linen, made from flax fibers, belongs to the same hemp family and is valued as a natural material. However, it can only grow in specific climates and soil conditions. Hemp, on the other hand, can be cultivated in many different regions and, like linen, requires minimal water and pesticides during growth. It also has the advantage of a fast growth rate. Although both are natural materials, hemp is characterized by a texture that can feel prickly on the skin compared with linen.

To address that issue, we conducted joint research with a materials manufacturer and improved the texture to make it as comfortable as linen. Although this increased the manufacturing cost and led to a slightly higher price, it created a texture that is both bouncy and firm. In addition, the product development story resonated with people and the products sold well.

We are implementing ESG initiatives that still carry the risk of feeling like a burden, and aim to bring them to a level that resonates with customers and is also good for business by presenting the background and emphasizing the emotional aspects.

The concept of MUJI from the beginning has been to eliminate waste but also to provide a sense of being “just right” in terms of completely fulfilling the necessary product functions.

A case in point: When there is a problem with the legs breaking on a piece of furniture, you can make the legs thicker, but making them thicker can cause their shape to become distorted more easily. If you keep making them even thicker, it will create waste. Ensuring quality and safety is the basic premise of our products. However, blindly piling up non-essential processes would result in wasteful labor, costs and use of resources. Rather than accepting that, we commit from the beginning to making the finished product “just right” in every respect—safety, quality, functionality, ESG and emotional appeal. That attitude of “developing no-frills, quality products” has contributed to the practice of ESG management in our core business and to the growth of Ryohin Keikaku.

1. Industrial hemp, a variety of hemp, contains very little tetrahydrocannabinol (THC), the compound responsible for euphoric effects. In particular, the stalks used for fiber production contain no THC.



Beach bag



Hemp



Men’s hemp blend short-sleeved shirt

Moving steadily toward achievement of the business plan

From the beginning, one of Ryohin Keikaku’s missions has been “to provide daily necessities and services with genuine quality and ethical value, at appropriate and affordable prices.”

In the last few years, we have shifted to larger stores, and have been designing sales spaces that convey the MUJI worldview with a product lineup starting with health and beauty (H&B)² products. At MUJI Karatsu in Saga Prefecture, Group company MUJI HOUSE Co., Ltd. designed and constructed our first wood-frame store. As a result of such initiatives and the increase in stores in Japan and overseas, operating revenue reached a record JPY 661.6 billion in FY2024/8. The operating profit ratio recovered to 8.5%, up 2.8 points from the previous fiscal year.

We are also working to resolve local issues and make a positive impact on the regions we serve. For example, at Sato-no-MUJI Minnaminosato in Chiba Prefecture, we signed a cooperative agreement for local revitalization with the city of Kamogawa, and have since been working on having our stores serve as local community centers. We also launched an accommodation business, MUJI STAY, in the area, to connect previously separate initiatives and promote integrated development.

Of course, the period of the previous medium-term business plan, FY2022/8 to FY2024/8, was by no means all smooth sailing. Our performance slumped in the first two years, and we were busy making changes such as implementing various reforms and strengthening recruitment. The seeds we planted then began to sprout in FY2024/8. As the vectors of our initiatives come into alignment, now is the time for growth.

In the next three-year rolling plan,³ we aim to achieve a compound annual growth rate (CAGR) of more than 10% for both operating revenue and operating profit, with an operating revenue target of JPY 880 billion and an operating profit target of JPY 79 billion in FY2027/8. Beyond that, we will look to quickly achieve operating revenue of JPY 1 trillion and an operating profit ratio of 10% or higher.

My role is to promote faster, greater growth within the vectors that have begun to align. I have long been involved in store operations and manufacturing, and I believe that my career—one in which I have frequently had to face frontline realities—has equipped me to contribute during this phase of realizing tangible growth and to achieving our goals one step at a time.

To make sure that we achieve this growth, human capital is essential, and it is critical that we improve operational efficiency through system development to help MUJI employees realize their full potential. Establishing effective systems requires investment and time. We are also continuing to develop those systems.

Just because we do business globally does not mean that we must unify all of our systems globally. Unifying our global systems would require an investment of money and time, but the impact would not necessarily be substantial. The important thing is to decide which systems should be unified and which areas should be entrusted to local management. To do that, we are establishing systems in Japan first, and then will roll them out globally after verifying their functionality and effectiveness.

2. Product category that includes skincare products and cosmetics

3. Ryohin Keikaku discloses its management figures in three-year periods and updates them annually to keep stakeholders informed of changes in the business environment.



Concrete measures to achieve global growth

We have identified eight drivers for further global growth in our pursuit of global expansion. Of those, store expansion is a critical component. By the end of FY2024/8, the large-scale store of over 600-*tsubo* (approx. 1,980 m²) format was largely established in Japan. Visual merchandising practices for determining how to display various products and in which places, and how much space to allocate are also being put in place.

Once the format is established, it can serve as a foundation for further store expansion. For example, at a 200-*tsubo* store (approx. 660 m²), we may offer a merchandise selection customized to fit the store's characteristics, or develop it as a stand-alone store specializing in apparel only. In FY2025/8, we plan to expand the store format created in Japan to overseas markets and further adapt it.

In Japan, we are focusing on profitability and continuing to open stores in residential areas. In East Asia, we are expanding our footprint there by continuing to open stores. In Southeast Asia, a fast-growing region, we are accelerating store openings. We plan on net increases of 60 stores per year both in Japan and overseas, or 360 stores over the three years through FY2027/8.

In pursuit of global growth, strengthening our product development capabilities overseas is important. The fulfillment rate of our product lineup overseas averages out to only 58% of that in Japan, which does not allow our stores to present the complete picture of MUJI. Therefore, we intend to raise the overseas product lineup fulfillment rate to 80% by the end of August 2026. For the remaining 20%, we will independently develop products that reflect local needs in each area overseas.

Currently, we have product development and production bases in East Asia and Southeast Asia, product planning bases in Europe and the United States, and production bases in South Asia. Bases closer to where products are developed and produced take the lead in acquiring information on raw material constraints and solutions, and work directly with local production plants to increase the speed of development.

To further boost the efficiency of product development, the approach we have adopted is to set H&B and apparel as key product categories for global expansion, and to position food and houseware, which need to be adjusted to regional characteristics such as climate and customs, as key product categories for localization as product development will be done independently in each country. We operate six overseas production bases—in Vietnam, India, Indonesia, Cambodia, and mainland China (Shanghai and Shenzhen)—and by manufacturing in a way that links these bases with our three overseas product development bases, we will further improve efficiency.

As we continue to take on the challenge of global expansion, we will need to develop a marketing strategy that takes into account differences in MUJI's brand image and recognition in each country. What products should we launch with what concepts to which customer segments? How can we achieve the maximum impact using all available forms of communication, including through stores and advertising? This series of initiatives represents our approach to marketing.

Up to now, MUJI employees have shared our brand image and concept as tacit knowledge, and have conducted initiatives on their own. Considering growth overseas, our marketing must be part of a larger strategy to rethink and redefine Ryohin Keikaku's fundamental ideas. From a medium- to long-term perspective, we are going to develop the marketing format in Japan, and then expand it globally.

Through these concrete growth drivers, we are taking on the challenges of the global market to ensure growth. Please look forward to the Ryohin Keikaku Group's further progress and development.

Eight Drivers for Further Global Growth

1 Store expansion	2 Strengthen product development system	3 Strengthen key product categories
4 Strengthen OMO ¹	Taking on the challenge of further global growth	5 Marketing strategy
6 Reform production/ Supply chain management (SCM) ²	7 IT support	8 Promote ESG management and “public interest and people-centered management”

1. An abbreviation used in Japan for “online merges with offline.” A marketing approach that enhances the customer experience by integrating online and offline elements.
2. A management approach for managing and optimizing the entire supply chain from raw material procurement to product manufacturing, distribution and sales.



Enhancing Our Corporate Value

Our Goals and How We Will Achieve Them

	2021/8	2022/8	2023/8	2024/8	2025/8				2026/8	2027/8	...	2030
(Billion JPY)	Results	Results	Results	Results	Initial Plan	→	Upward Revision ¹		Plan	Plan		
Operating revenue	453.6	496.1	581.4	661.6	734.0	→	754.0		800.0	880.0		2030 Vision
Operating profit	42.4	32.7	33.1	56.1	55.0	→	64.0		68.0	79.0		
Operating profit ratio	9.4%	6.6%	5.7%	8.5%	7.5%	→	8.5%		8.5%	9.0%		
Return on assets (ROA)	12.3%	9.4%	8.5%	11.6%	10.1%	→	11.7%		11.7%	12.5%		
Return on equity (ROE)	17.3%	10.8%	8.7%	14.9%	12.4%	→	14.2%		12.9%	13.8%		
Number of stores	1,068	1,136	1,251	1,364								

We plan a net increase of 360 stores over the three-year period through FY2027/8

1. Upward revision in January 2025

Pursue Further Growth Around the World
(From FY2025/8)

Eight Drivers for Global Growth

1	Store expansion	<ul style="list-style-type: none">Complete and evolve the format of large-scale storesOpen flagship storesDevelop category-specific stores
2	Strengthen product development system	<ul style="list-style-type: none">Global expansion of products developed for the Japanese market, with the aim of raising the assortment fulfillment rate for household goods to 80% of the level in JapanIncrease number of locally developed products
3	Strengthen key product categories	<ul style="list-style-type: none">Establish health and beauty (H&B) products and apparel as key product categories for global developmentEstablish food and houseware products as key product categories for localization
4	Strengthen OMO	<ul style="list-style-type: none">Omni-channelization of customer experienceImprove convenience by centralizing inventory for multiple channels
5	Marketing strategy	<ul style="list-style-type: none">Increase the number of new and returning customers through effective marketing of key productsIdentify latent needs through customer relationship management (CRM)²
6	Reform production/Supply chain management (SCM)	<ul style="list-style-type: none">Strengthen production system and in-house operationsMaintain both quality and low costsProduct development linked to overseas development bases
7	IT support	<ul style="list-style-type: none">Increase efficiency through the global introduction of product planning systemsImprove store operational efficiencyEstablishment of Global IT Team
8	Promote ESG management and “public interest and people-centered management”	<ul style="list-style-type: none">Make ESG the core of our businessBecome a platform for localization and circulation of resources³Collaborate with stakeholders

2. A management approach aimed at enhancing customer satisfaction and increasing profit by managing customer information, behavioral history and relationships with customers

3. In addition to maintaining our global supply chain model, we will establish a localized supply chain business model in which resources are circulated locally to promote the concept of local production for local consumption.

To be a part of people’s daily necessities

To take root in local society

Helping to Realize “a Truthful and Sustainable Life for All”

Reinforcing Our Foundation (Until FY2024/8)	
Achievements to Date	
Improved earnings structure	<ul style="list-style-type: none">Boosted earnings more than JPY 200.0 billion and achieved record operating revenue of JPY 661.6 billionAchieved record operating profit of JPY 56.1 billion, more than JPY 10.0 billion higher than the previous record of JPY 45.2 billionThe operating profit ratio, while not reaching the record of 12%, is on a recovery trend.
Revenue growth by segment	<ul style="list-style-type: none">Revenue in the domestic business is nearing JPY 400.0 billion, up more than JPY 150.0 billion since FY2018/2.Business in East Asia grew to approximately JPY 200.0 billion.Business in Southeast Asia reached approximately JPY 40.0 billion, surpassing operating revenue in North America and Europe for the first time.
Expanded store openings and store size	<ul style="list-style-type: none">The shift to larger stores continued, with the share of large-scale stores of 400 <i>tsubo</i> (approx. 1,320 m²) or more increasing in the Japan (27% to 42%), East Asia (6% to 13%) and Southeast Asia (16% to 35%) businesses. Made progress in implementation of the suburban 600-<i>tsubo</i> (approx. 1,980 m²) store model, mainly in JapanSales per unit area in Japan also grew 1% year on year in the third quarter and 3% year on year in the fourth quarter of FY2024/8
Expanded product selection and strengthened production system	<ul style="list-style-type: none">In Japan, greatly expanded product selection to fill larger sales floor spaceIn the Mainland China Business, local product development is progressing, particularly in household goods, which account for 70% of sales, and in food.Began insourcing production in order to strengthen the production systemExpanded the number of global development and production management MUJI Global Sourcing (MGS) bases to six, and conducted active dispatch of employees from Japan and hiring of local staff
Organizational and human resource improvements	<ul style="list-style-type: none">Completed hiring of management team and general manager class. Made steady progress in hiring of new graduates in Japan.Promoted Store Manager Cultivation Project in Japan (68% of new graduate hires in 2021 and 53% of new graduate hires in 2022 became store managers), and the number of younger block managers also increasedExpanded personnel systems that support store operations (rank and compensation revisions, introduction of a monthly salary system for partner employees and expanded benefits)Further developed community activities (6,000 events; 270,000 participants)

Enhancing Our Corporate Value

Business Plan for the Next Three Years

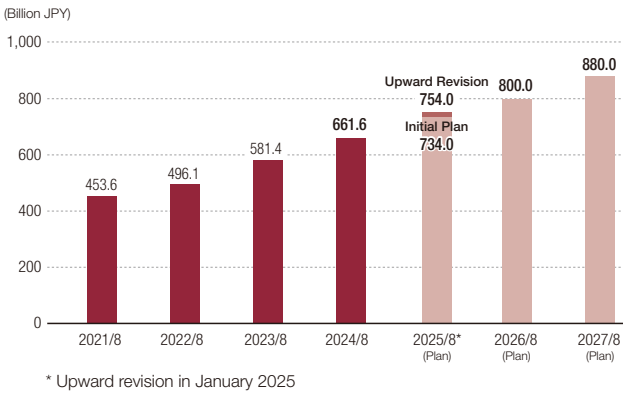
Regarding performance targets, we will continue to disclose information on our three-year plan and update it on an annual basis as part of efforts to communicate changes in the business environment to stakeholders. In the three years from FY2025/8 to FY2027/8, we will take on the challenge of further global growth under our new management structure.

Three-Year Rolling Plan

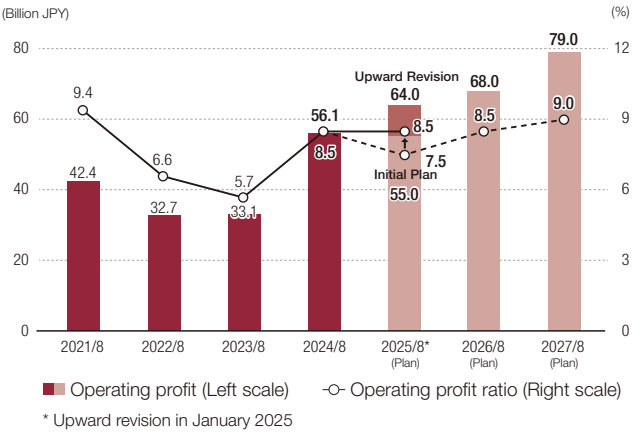
We will take on the challenge of further global growth. We aim to achieve JPY 1 trillion in operating revenue and an operating profit ratio of 10% or more in the early stages.

Category	Direction
Operating revenue	<ul style="list-style-type: none">For FY2027/8, we project operating revenue of JPY 880.0 billion. The foundation for growth is the continued development of business in Japan and the independent management of businesses in East Asia and other regions.For FY2027/8, we project sales of JPY 500.0 billion in Japan and JPY 380.0 billion (43% of total) overseas.Existing store sales growth (including e-commerce) is expected to be 2% per year on average (3% in the Japan Business and 1% in the Mainland China Business).Net store growth is projected to be 60 stores/year in Japan and 60 stores/year overseas (30 stores/year in the Mainland China Business), with a net total of 360 stores over the three-year period through FY2027/8.
Operating profit and operating profit ratio	<ul style="list-style-type: none">For FY2027/8, the operating profit ratio is expected to be 9%. After that, we aim to create a structure that will enable us to consistently achieve a ratio of 10% or more.We will also work to improve the cost of sales ratio by 1% or more by FY2027/8 while maintaining good quality.We will gradually reduce the SG&A expense ratio, including global SG&A expenses.
Direction by segment	<ul style="list-style-type: none">Japan Business: Continue to open stores and enhance profitability centered on SCM and SG&A expense improvements.Mainland China Business: The performance at existing stores has stabilized and the impact of store openings and sales promotions has become apparent. We will continue with our scrap and build strategy.East Asia Business: Expected to become the second largest source of overseas revenue after the Mainland China Business, with an increase in the number of stores in some countries and regions and expense-related improvements.Southeast Asia/Oceania Businesses: The pace of store openings will be maintained, and resources will be focused on improving profitability after 2027.Europe/North America Businesses: Strengthening branding and product line-up for renewed growth from 2028 onward.

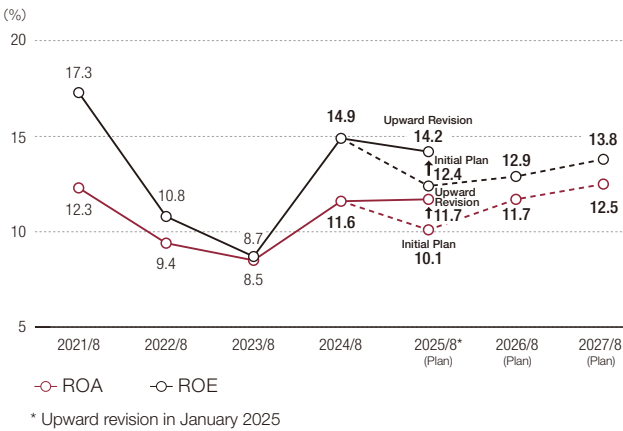
Operating Revenue



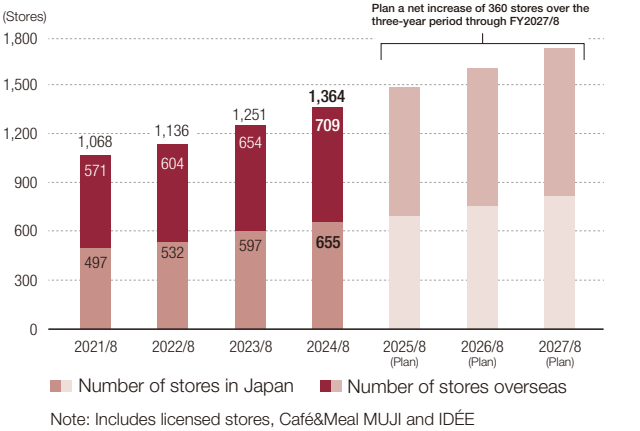
Operating Profit and Operating Profit Ratio



Return on Assets (ROA) and Return on Equity (ROE)



Number of Stores (Total) in Japan and Overseas

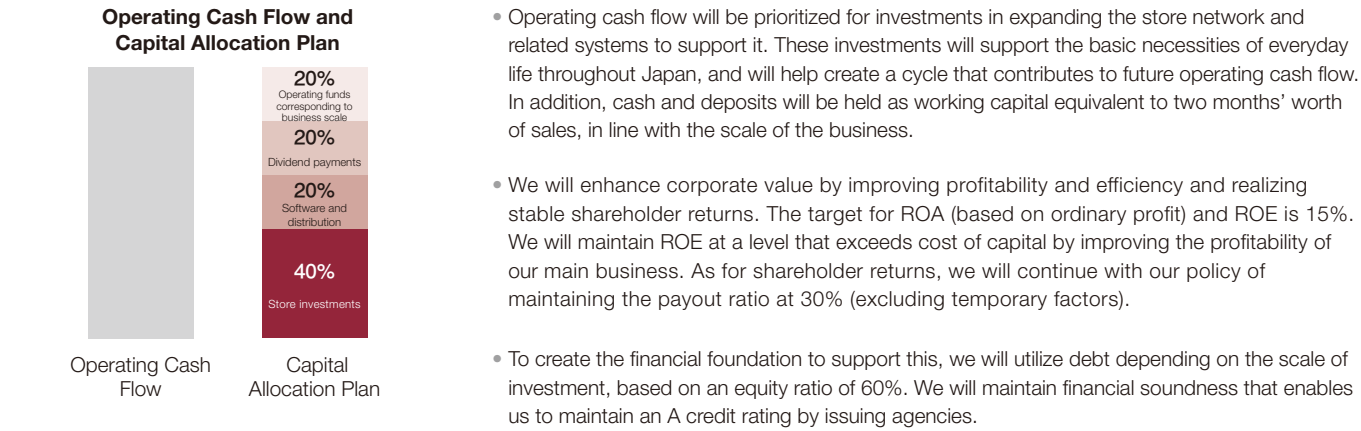


Financial Policy

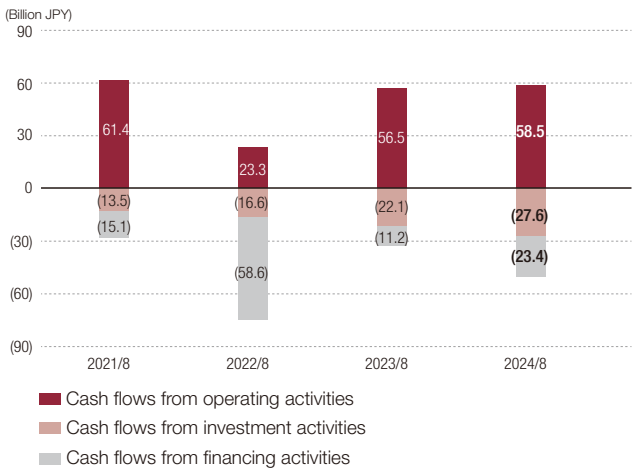
Capital allocation: Allocate cash with utmost priority on investments for expansion of store network (stores and infrastructure)

Capital efficiency and shareholder returns: Enhance corporate value through improvement of capital efficiency and realize shareholder returns through stable dividend payments

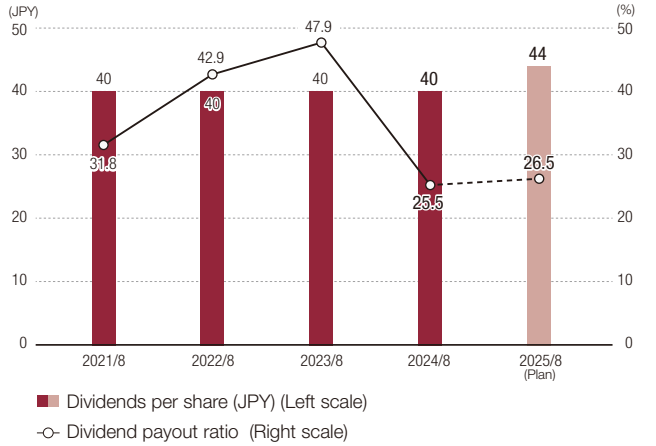
Financial soundness: Manage debt with the premise of maintaining an A credit rating and carry out balance sheet management



Cash Flow

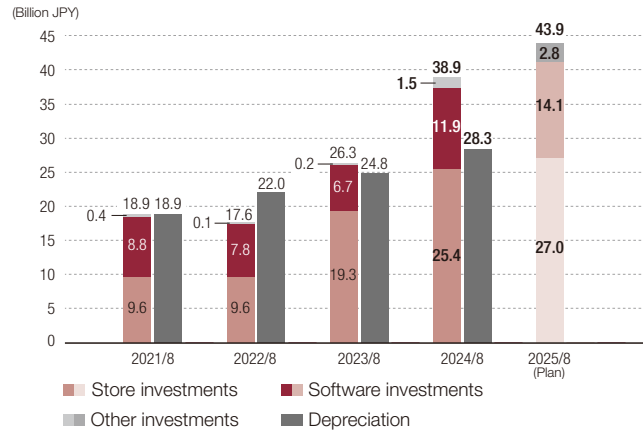


Dividends per Share and Dividend Payout Ratio



Capital Investment Plan

Capital Investment and Depreciation



For capital investments in FY2025/8, we plan to invest JPY 43.9 billion, centered on stores and software.

- We are planning to make store investments of JPY 27.0 billion, up 6% year on year, including in areas such as strengthening store openings and renovation in Japan and overseas.
- For software investments, we are planning to invest JPY 14.1 billion, up 18% year on year, including for reorganization of system infrastructure.
- For other investments, we are planning JPY 2.8 billion in distribution and related investments.

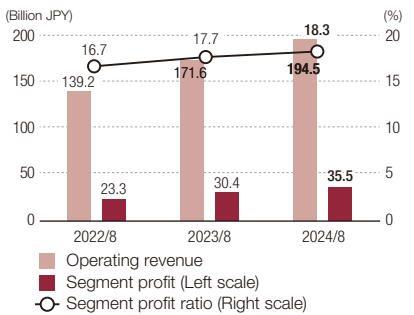
Enhancing Our Corporate Value

Overseas Business Development

We continued to expand our store network by steadily increasing the number of stores overseas, and achieved sales and profit growth. We consider the Southeast Asia Business to be our second growth market after the East Asia Business, and will further establish the MUJI brand by developing flagship stores. In addition, we will strengthen our key products in the global market. This will enable us to draft and implement strategies locally based on our market position in each country and region.

East Asia Business

In the Mainland China Business, sales were sluggish due to declining customer traffic in a challenging consumer environment. However, efforts to control costs and expand the store network with new store openings led to increased sales and profit. Sales and profit also increased in businesses in Taiwan, Hong Kong and South Korea.



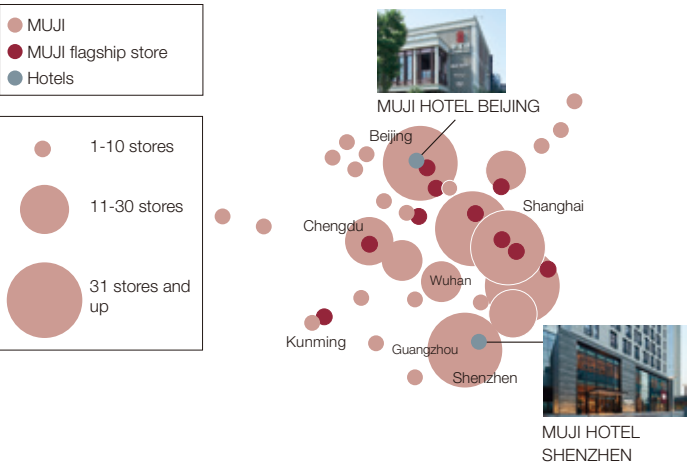
Mainland China Business

Issues to Address and Strategies

Performance had been growing steadily since the start of business operations there in 2005, but the pace of earnings growth has slowed in recent years. We believe this is attributable to the intensification of competition among retail stores and e-commerce. Expanding the customer base through increased brand awareness remains a challenge.

In mainland China, the market is undergoing rapid change, and we must adapt to this reality. Considering that there are many cities where we have not yet opened MUJI stores compared with other brands, we believe that solid expansion is possible after the bottoming out of the market in 2022. Currently, we are addressing these risks by pursuing an omnichannel strategy and expanding the lineup of household goods, which is having a positive effect.

Map of Stores in the Mainland China Business



Key Initiatives

• Store opening plan

In FY2025/8, we plan to open 41 directly managed MUJI stores and close 15 stores, resulting in a net increase of 26 stores. The real estate slump has created a situation where the disparity between commercial facilities has become more pronounced. In response, we plan to improve the quality of each store by accelerating the pace of store openings and closings.

• Product development

Since 2019, we have been promoting local procurement in the Mainland China Business and have taken steps to address certain risks in the supply chain. Furthermore, local product development has grown, primarily in houseware products and fabrics. Locally developed products now make up 70% of the household goods we sell in the Mainland China Business. For example, we have progressed beyond simply adapting products to fit local specifications such as size, and will expand product categories tailored to local needs in areas such as houseware products, fabrics, pet supplies and digital device accessories.

• Marketing strategy

We will strengthen our omnichannel strategy by expanding customer touchpoints through measures such as electronic payment options, stores in shopping malls, and tie-ups with familiar brands.

• Promotion of ESG initiatives

ESG targets have been set in the Mainland China Business as well as in Japan, and progress is now quantifiable. As such, we are accelerating ESG initiatives to achieve those targets. In the Mainland China Business, members of the Planning Office published a version of the *Sustainability Report*, and sales of bags using marine plastics as a raw material also began there.



Digital device accessories



Sustainability Report (Mainland China Business version)

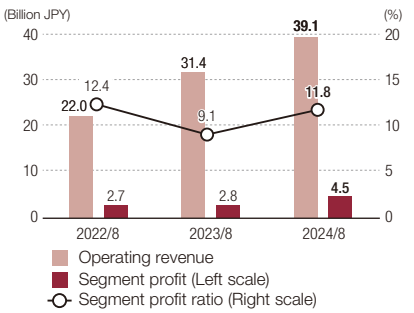
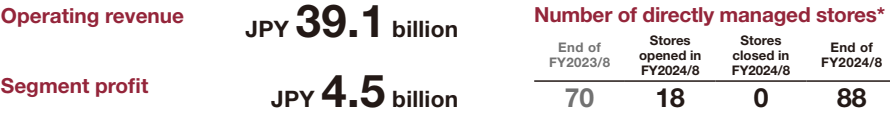


Members of the Planning Office in the Mainland China Business

Southeast Asia/Oceania Businesses

We are accelerating store openings in Southeast Asia, including Thailand, Malaysia and Vietnam. Despite incurring upfront store opening expenses, sales and profit both increased, supported by the impact of the weaker yen.

FY2024/8 Results



Key Initiatives

Although there are challenges such as stockouts of popular items and a dilution of brand strength due to store openings in regional areas, efforts to enhance product development and assortment are showing signs of improvement. For new store openings, we are planning to open approximately 30 new stores in Southeast Asia. Instead of expanding into suburban and outlying areas, we are focusing on opening standard-format 600-*tsubo* (approx. 1,980 m²) stores and 1,000-*tsubo* (approx. 3,300 m²) flagship stores, mainly in major cities, and are committed to providing a lineup of products and services that are useful to people in each region. With this approach, we aim to build brand recognition and customer favor as well as attract new customers. In November 2024, we opened MUJI ONE BANGKOK in Bangkok, the capital of Thailand. With a store area of 3,040 m², it is the largest MUJI store in the country. The store offers a wide range of products, including clothing, food, household goods and furniture, and aims to embody MUJI's brand concept.

Southeast Asia Business ▶ See pages 33–34 for more details.

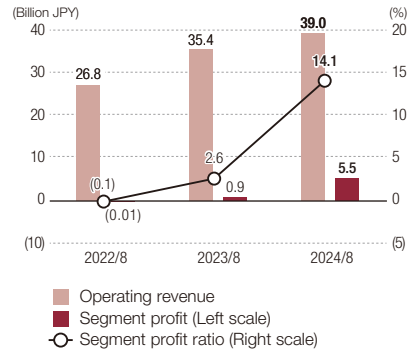
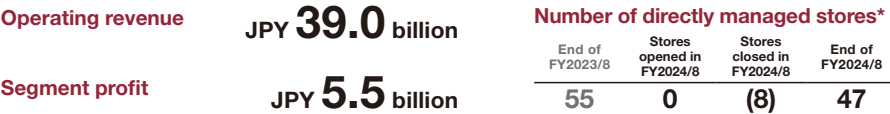


MUJI ONE BANGKOK

Europe/North America Businesses

In the North America Business, sales and profit increased as we expanded sales by improving store management capabilities and strengthening the management structure. In the Europe Business, we closed unprofitable stores as part of business reorganization and improved our cost structure, resulting in sales and profit growth. In addition, the depreciation of the yen had a positive impact both in Europe and North America. We will consider opening flagship stores centered on large cities such as New York, Paris and London.

FY2024/8 Results



Europe Business

As part of the business reorganization, liquidation procedures for consolidated subsidiary MUJI EUROPE HOLDINGS LTD. began in April 2024, and store operations continued under a new company, MUJI EUROPE LIMITED. In conjunction with this business reorganization, we proceeded with closures of unprofitable stores, and changed the cost structure to improve earnings and strengthen our financial position. These efforts combined with the depreciation of the yen led to higher sales and profit.

North America Business

Sales increased due to progress in improving store management capabilities and strengthening the management system, resulting in top- and bottom-line growth. In the United States, where we have hired managers and other staff locally and conduct business mainly on the East Coast, we achieved solid performance, with same-store sales growth continuing for the last two years. For our business in Canada, we closed unprofitable stores in FY2024/8, and restructuring is currently in progress.

* Total of directly managed MUJI stores and Café&Meal MUJI

Enhancing Our Corporate Value

Ryohin Keikaku and Sustainability

A Consistent Commitment to ESG Management Since Day One

Ryohin Keikaku’s MUJI brand has consistently served society as a whole since day one. Our core value is “to contribute to society and people.” This is a value that is rooted in all of our business activities.

We continue to create products with social and environmental consideration in mind based on three perspectives: selection of materials, streamlining of processes and simplification of packaging. We are committed to developing no-frills, quality products. This includes selecting materials that take the environment and producers into consideration, minimizing waste in all processes, and providing customers with what they need, in the form they want. Our policy will not change as we work toward a better society over the next 100 years.

We will achieve our ideal ESG management by implementing innovative ESG approaches for products, business activities and communities to create new value and contribute to society.

ESG in products	We will democratize sustainability ¹ by adopting circular design for all 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 positive impact on society by leading the revitalization of local areas through activities with local communities.

1. “Democratizing sustainability” means promoting sustainability in a way that is accessible to everyone. We recognize 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 that take nature into consideration, and provides products and services at affordable prices. Through MUJI, we want to reduce our environmental impact in a way that is seamless in daily life—in fact, that is MUJI’s founding philosophy. By practicing and broadly expanding this philosophy, we seek to promote sustainability in a way that is accessible to everyone.

ESG Management Structure

The president & representative director chairs the ESG Management Committee, which addresses medium- and long-term Company-wide ESG issues. Inside directors, executive officers, managers and members in charge of related business divisions participate in the committee’s monthly meeting.

At least twice a year, the Board of Directors receives reports on sustainability and ESG management initiatives from the Corporate Planning Division, which is the administrative support office of the ESG Management Committee. The Board of Directors supervises the progress of measures and achievement of targets, and discusses and provides guidance on policies and initiatives.

ESG subcommittees in each division meet once a month in principle. Members formulate short-, medium- and long-term ESG targets and roadmaps based on our material issues and are working to further incorporate ESG management into our business activities and create value unique to Ryohin Keikaku. The progress of each division is reported to the ESG Management Committee and discussions take place among the inside directors, executive officers, managers and people in charge of related business divisions. Reports are also made to the Board to Directors.

The ESG targets of each division are also incorporated into the individual targets of the persons responsible in each division. For officer remuneration, non-monetary compensation is set according to the degree of achievement of ESG targets.



Note: ESG subcommittees are established in each division, and meet once a month in principle.

Four Material Issues

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

- Reduce the use of fossil-based raw materials and fuels
- Ensure business operations based on integrity and ethical judgements
- Democratize sustainability in a way that is accessible to everyone
- Inherit culture and tradition

2. Address local challenges and revitalize regions

- Revitalize regional economies and industry through store openings and business development that highlights local traditions and utilizes local resources
- Build local communities that are active and lively

3. Practice business activities in which each and every diverse individual plays a leading role

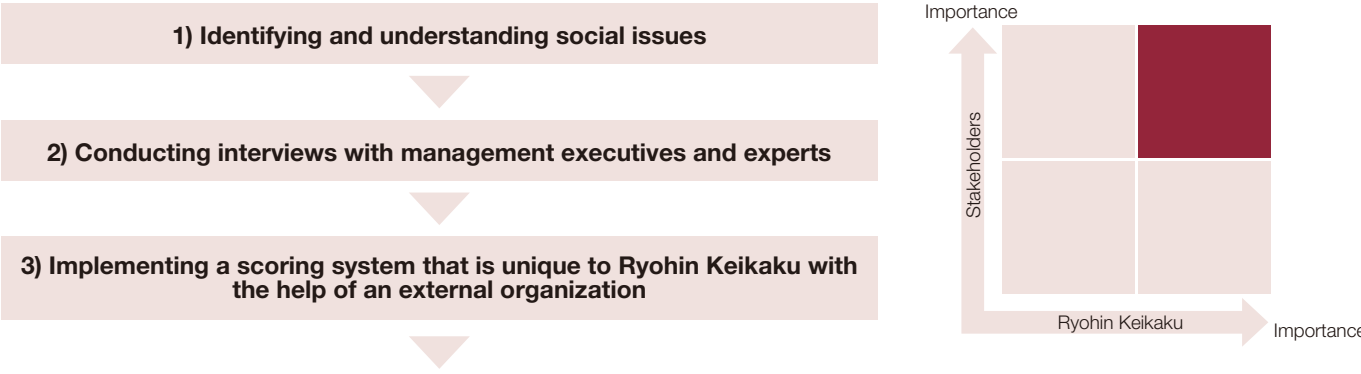
- Maximize the value of diversity and inclusion to achieve open innovation
- Build a self-motivated and autonomous corporate culture
- Achieve high employee engagement and workplaces where everyone can play an active role

4. Realize governance aligned with “public interest and people-centered management”

- Generate co-creation with people and local communities
- Realize governance with people in local communities as shareholders
- Encourage co-owned management by employees
- Earn strong support from investors

Process for Identifying Material Issues

Ryohin Keikaku identified material issues in formulating its ESG strategy through 2030. The process involved:



We used the scoring system to narrow our focus to four items based on assessment of risks and business opportunities. These items were then approved by the Board of Directors and positioned as our material issues. In January 2024, we reviewed some of our material issues due to social demand as well as changing market and business conditions.

Main Initiatives in FY2024/8

- **Formulation of ESG indicators**
We have formulated unique ESG indicators throughout the Group, and clarified focus areas by setting ESG targets for each division. This has made it possible to quantitatively measure progress.
- **Measures to reduce CO₂ emissions**
We have reduced CO₂ emissions through measures such as improving logistics efficiency and installing solar power generation equipment at individual stores. We have also begun serious consideration of power generation projects aimed at further reducing emissions.
- **Promotion of resource circulation**
We have further promoted resource circulation by developing mono-material products designed for recycling, enhanced the collection of apparel and plastic products through store collaboration, increased customer awareness and participation, and established an organization to drive these efforts.
- **Dialogue with stakeholders**
We are increasing opportunities for dialogue with stakeholders to realize “public interest and people-centered management.” We launched Town Hall Meeting² gatherings and expanded the scale of Shareholder and Fan Meeting events. Internally, employee with a strong interest in achieving sustainability actively led volunteer-based initiatives.
- 2. See page 78 for more details.
- **Acceleration of ESG initiatives in the Mainland China Business**
ESG targets have been set in the Mainland China Business as well as in Japan, and progress is now quantifiable. As such, we are accelerating ESG initiatives to achieve those targets.

Enhancing Our Corporate Value

Ryohin Keikaku and Sustainability

Material Issues and Indicators*

We have set ESG indicators in line with the four material issues in order to track the status of ESG implementation.

* The following are the indicators and figures for Ryohin Keikaku Co., Ltd. Some indicators include figures for the entire Group.

Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Indicators	FY2024/8 Results and Summary
Group GHG emissions (Scope 1 and 2) compared with baseline year	GHG emissions (Scope 1 and 2): 31,169 t-CO ₂ e (Japan only) Scope 1 and 2 emissions compared with baseline year as 100%: 98.9% (Japan only) Note: Group total is under review. Ryohin Keikaku is aiming for a 50% reduction in Scope 1 and 2 emissions by FY2030/8 (compared with FY2021/8). As a measure to reduce CO ₂ emissions, we are installing solar power generation equipment in individual stores and switching to green power.
Procurement rate of textile materials sourced ethically and with consideration for their impact on society, the environment and animal welfare	Apparel Socially and environmentally responsible cotton: 97.4% Wool confirmed as non-mulesed: 100% Down certified to ensure animal welfare: 100% Household Goods Socially and environmentally responsible cotton: 47.0% Wool confirmed as non-mulesed: 100% Down certified to ensure animal welfare: 100% We promote the procurement of textile materials that are sourced ethically and with consideration for their impact on the global environment, animal welfare, producers and communities. For cotton, which accounts for a large share of our raw materials, we are focusing on the procurement of cotton with internationally recognized certifications, such as the Global Organic Textile Standard (GOTS) and Cotton made in Africa (CmiA).
Results of third-party audits of supplier factories	A assessment: 19 factories; B assessment: 182 factories; C assessment: 64 factories; D assessment: 13 factories; E assessment: 20 factories In FY2024/8, a third-party organization conducted on-site audits of a total of 298 factories, comprising 241 Tier 1 factories and 57 Tier 2 factories. For factories with D and E assessments, we plan to conduct a follow-up audit within one year and confirm the completion of improvements through a third-party organization. ▶ See page 52 for more details.
Volume of clothing collected and reused/recycled	Volume of textile products collected: 97 t Sales volume of reused and upcycled clothing items: 55,746 items We are promoting an initiative in which clothing collected from customers is reused and upcycled. We established a specialized division for resource recycling to accelerate this initiative, and sales volume in FY2024/8 increased 1.8 times from FY2023/8.
Volume of plastic products collected	Volume of plastic products (PP/PE) collected: 112,593 kg Volume of plastic (PET) bottles collected: 5,095 kg The PET bottles collected are recycled into polyester raw materials, which has helped to reduce plastic waste and led to more effective use of petroleum-based raw materials. Since February 2023, we have been expanding the range of items accepted for collection, and now also collect plastic storage items, trash cans and other items that are no longer needed.

Material Issue 2: Address Local Challenges and Revitalize Regions

Indicators	FY2024/8 Results and Summary
Number of local revitalization activities	Number of events held: Approx. 6,000 Number of participants: Approx. 270,000 The above figures are the total number of event days and people who participated in Community Market events and workshops, ITSUMO MOSHIMO Caravan events and community experience events held throughout Japan. Our stores throughout Japan and the Social Good Business Division will work to address issues together with local residents, with the goal of revitalizing communities.
Economic value created in regions (Amount invested in the region by people)	Approx. JPY 0.9 billion The above figure is the total value of sales generated from Community Market events, regionally exclusive merchandise development, local specialty products and community experience events.

Material Issue 3: Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role

Indicators	FY2024/8 Results and Summary
Percentage of women in managerial positions	29.8% The percentage of women in managerial positions is increasing year by year. We are promoting various personnel systems, and also conduct career training specifically for women in their twenties.
Percentage of non-Japanese officers at Group companies	33% (share of non-Japanese nationals in executive positions at overseas Group companies) As we move to increase store openings overseas and strengthen global expansion, hiring and training non-Japanese employees, increasing the percentage of non-Japanese officers and ensuring diversity will be essential to our business strategy.
Percentage of annual paid vacation taken, turnover rate, percentage of employees taking childcare leave and return to work rate after taking childcare leave	Percentage of annual paid vacation taken: 48.8% Turnover rate: 5.5% Percentage of employees taking childcare leave: 71.7% Return to work rate after taking childcare leave: 39% We are working to create an environment where employees can feel secure and continue working for a long time. Some of the above figures cover the period from July 2023 to June 2024.
Number of participants in open-enrollment training sessions	Number of participants: 1,267 We are enhancing our open-enrollment training sessions that promote self-driven growth, including elective business skills training and quality control (QC) and industrial engineering (IE) training.
Number of employees eligible for “challenge expectation” ESOP points	Number of people who participated in the challenge expectations program: 601 We have established a unique challenge expectation system, in which points that can be converted to shares of the Company’s stock upon retirement are awarded to employees who take on challenges at a high level, regardless of their membership in the shareholding association. The program is operated within the framework of the employee stock ownership plan (ESOP) to foster a sense of ownership and managerial awareness.
Culture and Engagement Survey results Throughout the Group	I resonate with the corporate purpose: 78% My work is useful to society: 83% I feel attached to the company: 72% Ryohin Keikaku’s unique Culture and Engagement Survey is conducted to create a cycle of improvement for realizing better workplace environments based on employee feedback. The response rate for the survey was 96% in 2024. The survey is implemented and its responses are aggregated by a third-party organization. ▶ See page 76 for more details.

Material Issue 4: Realize Governance Aligned with “Public Interest and People-Centered Management”

Indicators	FY2024/8 Results and Summary
Initiatives and systems (that reflect feedback) to strengthen relationships with stakeholders and society	Number of Town Hall Meeting and Shareholder and Fan Meeting events at stores and number of participants: 18 events and 635 participants To realize “public interest and people-centered management,” we are further increasing opportunities for dialogue with stakeholders, and began holding Town Hall Meeting events at stores nationwide in FY2024/8. Together with Shareholder and Fan Meeting events, a total of 18 events were held with 635 people participating.
Number of initiatives completed through co-creation	6 A variety of co-created products came about through our activities. Examples include a campaign in which people voted for unique kinds of baumkuchen from different regions, a curry popularity vote, and a curry development event with students from Hosei Elementary School in Tokyo.
Number of individual shareholders and shareholding ratio	Number of individual shareholders (including employee shareholders): 161,000; Shareholding ratio: 14% We are committed to “public interest and people-centered management” as our core management policy. As such, we are pursuing a new governance model where there is a well-balanced shareholder composition of individual shareholders (customers), employee shareholders and long-term institutional investors. In FY2024/8, the number of opportunities for engagement with individual shareholders increased significantly, and various initiatives were conducted at stores throughout Japan.
Percentage of individual shareholders holding shares for three years or more	21.1% To build stronger medium- to long-term relationships with individual shareholders, we enhanced shareholder benefits in FY2024/8, and raised the shopping discount rate from 5% to 7%. Aside from shareholder benefits, we will deepen relationships with individual shareholders through various gatherings such as Shareholder Meeting events.
Percentage of employees who own shares held in trust	Regular employees: 78.8%; All employees: 33.4% We are taking measures to foster employee ownership toward our goal of “public interest and people-centered management.” We have two incentive programs: the employee stock ownership plan (ESOP) and the trust-type employee stock incentive plan (E-Ship). Both of these programs are available to all employees, including partner employees.
ROA, ROE and dividend payout ratio	ROA: 11.6%; ROE: 14.9%; Dividend payout ratio: 25.5% We aim to enhance corporate value by improving profitability and efficiency while ensuring stable shareholder returns. Our target for both ROA (based on ordinary profit) and ROE is 15%. We will maintain ROE at a level that exceeds the cost of capital by improving the profitability of our core business. With regard to shareholder returns, we will maintain our basic policy of a dividend payout ratio of 30%, excluding temporary factors.

Strengthening the Production System



We will visualize all processes from raw material procurement to product completion as we work to carry out production in-house and optimize costs.

Satoshi Okazaki

Senior Executive Officer

In charge of Production Division and Resource and Development Division

Reforming the Production System

Ever since the MUJI brand was created in 1980, we have continued to develop and manufacture products based on three perspectives: selection of materials, streamlining of processes and simplification of packaging. This is the essence of the development and manufacturing of no-frills, quality products, in which we strive to select materials with consideration for the environment and producers, eliminate waste in all processes, and provide customers with what they need, in the form they want.

In the medium-term business plan launched after the start of the Second Founding in 2021, in addition to cutting costs in the development and production stage, we set out the goals of helping to solve the social issues facing people and environmental problems in production areas by “completing the finest and most unrivaled product lines essential to daily life and the procurement and production system for these products.” By delving deep into production areas to visualize and streamline the product development and production process, we will be able to deliver quality at affordable prices as well as realize circular designs. Our goal is to ultimately maximize operating revenue and profit at the global level. The Production Division was established as part of the Second Founding.

In the beginning, however, it was difficult to judge appropriate costs in the production process due in part to the fact that the Production Division was understaffed. Moreover, the cost structure itself had become opaque as Ryohin Keikaku had been entrusting process control and other functions to the trading companies and factories to which it outsourced production based on its fables production system.* In the two years through FY2024/8, we more than tripled our production headcount in Japan and overseas,

visualized the cost structure of the entire process from material procurement to product completion, including costs related to raw materials, processing, labor and logistics, and established a system for detailed analysis.

We also built strong partnerships with factories around the world, and are strengthening in-house production, while maintaining the fables production system. Nevertheless, in-house production will not fully take shape until the 2025 fall/winter product lines, so the results are not yet showing up in the numbers. In FY2024/8, we made progress in reducing costs through measures such as transferring production with the aim of consolidating factories and improving efficiency, while also expanding direct transactions with manufacturers. However, these savings are being offset by expenses related to production system reforms. Looking ahead, we expect the effects of cost reductions to have a positive impact on profitability.

* A production format in which we plan and design products, and entrust the production process to (outside) contract manufacturers, but do not own any factories or production facilities ourselves.

Manufacturing from the Perspective of Production Sites

If the production process were to be fully visualized, for manufacturers, there might be many cases where only the final stage of sewing or assembly would be shown. At Ryohin Keikaku, though, we are creating a system for visualization that goes all the way back to the manufacturing stage of the materials that make up our products, and even to the raw materials before that. For example, by looking as far back as the farms and ranches in the production areas in apparel, and plastic and wood in household goods, we are working to enable visualization of the whole process from raw

material procurement to delivery to the customer. Bringing certain production functions in-house is essential to such visualization, so we are focusing on both areas.

For that, Ryohin Keikaku's employees have to engage with the actual production sites. To respond to proposals from manufacturers and trading companies, instead of the previous approach of just checking issues at their desks, our employees are now going out to the sites, getting closely involved with production areas and factories, and delving into aspects of manufacturing and production. This includes aspects such as the status of production volume and operation of assembly lines, in cooperation with producers and engineers.

When they do that, in some cases companies and factories that were accustomed to our previous way of doing business expressed some reluctance. We have therefore carefully explained to them the benefits that will come from the changes in approach and production system, and worked to gain their acceptance. Specifically, we have communicated that manufacturing that is reasonable from the perspective of the producer or factory can ensure stable quality while keeping costs under control, which will ultimately benefit the customer.

Reasonable manufacturing for production sites means determining production volumes in advance through coordination between divisions, including in terms of presenting sales figures, and ensuring stable production without sudden fluctuations in output. This approach enables the factory or producer to maximize production efficiency. Suppose, for example, we placed an order that puts a strain on the production process. The factory would be forced to operate for extended hours, and employees would have to work on their days off or work overtime. In distribution, we would then need to use relatively expensive air transport, which would drive up costs. On the other hand, if a reasonable production environment is established, we can ensure stable quality and avoid unnecessary costs. As a result, manufacturing from the perspective of production sites leads to more efficient operations, lower product prices and helps solve social issues in production areas.

This is a unique strength made possible by our long-term approach of continuously expanding our product lineup without making major model changes to mainstay products. This is not something that can be realized through trend-driven manufacturing. Conducting manufacturing from the perspective of production sites will enable us to ensure stable development and production of mainstay products over the long term. It will also create sustainable manufacturing and work environments for the factories and the people who work there. That is why we have actually visited sites and factories in Japan and overseas that are interested in cooperating with us as production bases, and have proposed partnerships for sustainable growth. We are actively working to foster trust and support by demonstrating our commitment to contributing to communities through manufacturing.



Production site



We will ensure stable production volumes and factory operations, as well as revitalize industries through continuous creation of employment.

The efforts for visualization and in-house production we have been making since the launch of the Second Founding are beginning to take shape, and we expect a number of items produced under the new system to be released starting in the fall/winter of 2025.

Medium- to Long-Term Guidelines in Establishing Production Sites

Thinking from a global perspective, many of the products we sell in Japan are uniquely suited to Japan's culture and orientation, so in many cases they cannot be sold in our stores worldwide without modification. In addition, as laws and regulations differ in each country and region, we must change our system from manufacturing based on Japanese standards to manufacturing based on global standards from the standpoint of regulatory compliance. On the other hand, in terms of geopolitical risks, the experience of distribution and product supply stoppages during the COVID-19 pandemic underscored the need to have multiple production bases globally to diversify risk.

In that context, we moved to establish new production bases in Cambodia, Indonesia and India. These countries, where many companies have set up operations, are economically vibrant. When we think about future efforts to strengthen our business globally, the advantages in terms of tariffs and logistical costs were also reasons for establishing bases there. We will strengthen coordination between product development and production bases to promote the creation of a global supply chain.

However, given the need to address different ESG-related regulations in each country and region, we anticipate a shift to local production for local consumption in the medium to long term. We intend to build a production system based on the individual circumstances—for example, we are considering establishing production bases in Europe and the United States, where various ESG-related regulations are projected to become stricter.

We are a manufacturing retailer, and our business model is different from both retailers and manufacturers. Our greatest strength is our ability to quickly and directly translate customer feedback from stores and e-commerce, where we engage with customers every day, to improvements and development in the production stage. To maximize this strength, we should aim to conduct product development in the regions where our stores are located around the world. Beyond that, in each country and region, we will promote the creation of a “human society rich in heart, with a balanced relationship between humans, nature and artifacts.” We will continue to reflect feedback from customers and stores in our production system to support “a truthful and sustainable life for all” through manufacturing.

Global Planning and Product Development



We will promote market expansion in fast-growing Southeast Asia through large-scale store openings in urban areas and product development adapted to local lifestyles.

Akihiro Kamogari

Executive Officer
In charge of Southeast Asia Business
Head of Thailand Business

Ryohin Keikaku has stores in five of the ten member countries of ASEAN: Thailand, Singapore, Malaysia, Vietnam and the Philippines. With a combined population of about 315 million people, these countries form a large market, and also have fast-growing economies with young people making up a large share of the population. In recent years, the middle-income class has grown significantly, and as the quality of life has improved, interest in material goods, experiences and awareness of environmental conservation have increased. As such, we believe that people will better understand MUJI's philosophy, commitment to materials and quality, and the stories behind our products. More and more travelers from Southeast Asia are visiting Japan, and in many cases they come across MUJI stores during their trips.

In general, Japanese products have an image of reliability, and people have high expectations for MUJI products in particular for the materials they are made from and their high quality—for example, products made from textured linen and cotton are selling well. Given these expectations for quality, we believe that clearly telling the story behind the product, and communicating our brand image through the in-store experience will lead to expansion of the

customer base. To accomplish that, it is important to expand store sizes, increase the number of stores, and enhance the product lineup.

Expansion of Stores from Major Cities to Regional Areas

Currently, we have not kept pace with the speed of growth in the Southeast Asian market in terms of the number and size of stores. To raise the level of our brand recognition in Southeast Asia, we are first opening stores with a focus on standard 500-*tsubo* (approx. 1,650 m²) stores in major cities, and in the next stage we plan to expand into regional areas. For example, in the Philippines, the key is to strengthen opening of stores in the capital city of Manila. In Thailand, we have almost completed store openings in Bangkok, and will then enter the phase of expanding into smaller cities.

In Southeast Asia, due to the tropical climate, there is a shopping custom of spending time cooling off in air-conditioned malls. Therefore, our basic strategy is to open standard 500-*tsubo* stores primarily in urban shopping malls, and at the same time, we will open flagship stores in each country where we operate.

Product Development Rooted in Local Perspectives and Lifestyles

Product development based on the regional characteristics of Southeast Asia is also important. In the breakdown of net sales at our stores in Southeast Asia, apparel accounts for roughly 50%, followed by household goods at 45%-47%, so at present, apparel and household goods are the main product lines. Partly due to import restrictions and differences in religion and dietary culture, food is still sold only on a limited basis, accounting for 3%-5% of sales. However, strong customer demand and significant potential exist for food products. We will start development based on the concept of local production for local consumption in the current fiscal year. When we initially entered the Southeast Asian market, our stores mostly had the same product lineup as in Japan, but now we are strengthening the development and sales share of products that fit the tropical climate and the region's lifestyles, with a focus on apparel and household goods.

In apparel, we are leveraging Ryohin Keikaku's global supply chain to make items we sell in Japan as seasonal summer wear into regular products available year-round in Southeast Asia, and are enhancing our lineup of products such as short-sleeved shirts and T-shirts.

In household goods, the living environments and lifestyles in the region are much different from those in Japan, so we have started developing products tailored to local lifestyles specifically for the ASEAN market. In doing so, we are drawing on the knowledge of the Production Division regarding restrictions in areas such as raw materials and manufacturing methods, and are collaborating with our mainland China operations, which already have experience and know-how in creating systems for local development of products. Our employees actually went to visit the homes of residents in Southeast Asia, and we now have a number of products that were developed based on what they noticed about the way people live. For example, whereas in Japan the *Microfiber Mini Handy Mop* is preferred for cleaning dust, homes in Southeast Asia commonly have tiled or stone floors, and large mops are used when cleaning. That led us to develop a recycled polypropylene mop and bucket set using recycled plastic bottles as a raw material, in collaboration with a plastic products manufacturer in Vietnam. The item allows users to carry the mop together with the bucket, and to clean the floor while also cleaning the mop.

Moreover, in Southeast Asia, individual households typically own multiple mugs, and fill each one with their favorite beverages and carry them around. Because of this culture of staying hydrated, we developed a recycled PET water bottle.

People living in Southeast Asia also do not store outerwear in closets because of the year-round tropical climate. Instead, it is customary to store many T-shirts and short-sleeved shirts on

hangers in the closet. Recognizing this, we began to sell recycled polypropylene hangers (pack of 10) to make it easier to buy a multiple-hanger set, which won the support of many consumers. We are now beginning to sell this hanger set worldwide as a product developed in the Southeast Asia Business, so I feel that product development in the region is starting to gain traction.

Challenges in Market Expansion in Southeast Asia

There are three main issues we face in expanding business in Southeast Asia.

First, as we accelerate new store openings in each country, a stronger organizational structure will be required in order to adapt to the rapid pace of expansion. On that point, we are stepping up local recruiting, and have also sent store managers and other experienced employees from Japan to Southeast Asia to provide one-on-one education and training to local store managers and staff. By having store managers dispatched from Japan monitor stores and uncover their challenges, we are establishing a structure to regularly formulate and implement improvement measures. This is one of the ways we are quickly working to build our organization.

The second issue is further strengthening product development, an area we continue to focus on. Since we are moving forward with expansion of store sizes, we will inevitably have to increase the number of products offered in those stores. By identifying key product categories—mainly items with strong support from customers—we will enhance our product assortment and expand products tailored to the local market to give customers a sense of MUJI's values.

The third issue is that because we are still in the market cultivation phase, MUJI's name recognition is not high, so we need to grow the customer base further. In doing so, consideration for a product assortment tailored to local lifestyles will be essential. In addition to our current products, we will expand such tailored items as well as more affordable products using a multifaceted approach that includes making cost improvements and collaborating with local manufacturers. Through initiatives such as these, we expect to be able to grow our customer base.

We will also develop flagship stores that showcase the MUJI worldview in each country and region, and increase our brand recognition in Southeast Asia by strengthening store-driven product marketing to deepen understanding of product stories and let customers experience MUJI through our stores. Based on this approach, we aim to expand the market and increase recognition while promoting store expansion, product development and organization-building in an integrated manner.



MUJI ONE BANGKOK, a large-scale store that opened in October 2024



Recycled polypropylene mop bucket



Recycled PET water bottles



Recycled polypropylene hangers (pack of 10)

Enhancing Our Corporate Value: Feature 3

Vision for the Social Good Business



In working with communities to solve problems, we will mobilize people, goods and knowledge.

Hidetomo Nagata

Executive Officer
In charge of Social Good Business Division, Space Design Division and IDÉE Planning & Direction Division

The Value of Ryohin Keikaku’s Social Solutions-Oriented Business

At Ryohin Keikaku, we share issues and values with local communities, and carry out various local revitalization projects in our quest for “a truthful and sustainable life for all.” Regarding these projects, the Social Good Business Division makes effective use of underutilized assets such as regional products and idle assets as it undertakes initiatives aimed at solving various issues facing communities. As a business focused on addressing social issues, this division organizes its operations around five key themes: food and agriculture; health; communities; culture and the arts; and use of idle assets.

For the theme of food and agriculture, we operate Shokoku Ryohin, an e-commerce site that ships products directly from producers. It is aimed at revitalizing agriculture and industry by delivering regional products to people anywhere in Japan. We collect approximately 1,800 regional products from all 47 prefectures, and in addition to the e-commerce site, we also offer them in Shokoku Ryohin sales spaces at about 150 MUJI stores, where the thoughts of the producer and background information about the product are conveyed. We are also developing new products in cooperation with local governments, and at Café&Meal MUJI we offer food with locally grown ingredients based on the theme of So no Shoku (“simple food”). By telling customers about the origin and goodness of the ingredients, we create opportunities to support local agriculture.

In addition, we started the MUJI Furusato Nozei (“hometown tax”) program in September 2024. Rather than focusing attention on the contents of the “thank-you” gifts offered by localities, we want to return to the original purpose of supporting regions through donations and create opportunities for regional exchange through tax payments.

For the theme of health, we have established Healthcare Centers to help maintain physical and mental well-being in cooperation with local governments and healthcare providers. Here, we provide health consultations by nurses, registered dietitians and other specialists, and conduct health-oriented events and other activities to promote community healthcare and support local residents in improving their health.

For communities, we hold ITSUMO MOSHIMO Caravan events (regional integrated disaster prevention activities) at various locations in Japan with the goal of increasing community-wide disaster preparedness. At the events, we provide disaster prevention goods, conduct programs using those goods, and boost the disaster prevention awareness of the region as a whole.

For culture and the arts, we use the artistic space ATELIER MUJI GINZA to host various art events, including exhibitions jointly hosted with the interior brand IDÉE. We also hold events in other regions throughout Japan.

Regarding the use of idle assets, we focused on idle assets such as vacant houses and closed schools, which will be important when considering contribution to the local community, to launch an accommodations business, MUJI STAY. The business adds new value with MUJI’s space design abilities and products.

Food and Agriculture	Health	Communities	Culture and the Arts	Use of Idle Assets
<ul style="list-style-type: none">Shokoku RyohinFurusato NozeiCafé&Meal MUJI	<ul style="list-style-type: none">Healthcare Centers	<ul style="list-style-type: none">ITSUMO MOSHIMOCommunity Market	<ul style="list-style-type: none">ATELIER MUJI GINZALocal art events	<ul style="list-style-type: none">MUJI STAYMUJI HOTELMUJI BASEMUJI room

Depending on the theme, some activities are initiated by stores from the viewpoint of community contribution, while other initiatives spread into the community through stores after they are standardized by the Social Good Business Division, so we place

importance on balancing discretion with stores. As an example, for ITSUMO MOSHIMO Caravan events, the Social Good Business Division plans what content to provide, and outreach to local governments and local businesses is done cooperatively through stores.

MUJI STAY: Making Use of Idle Properties

In our accommodation business, MUJI STAY, we renovate houses and facilities that are no longer in use, such as abandoned houses and closed schools, and the rooms of *ryokans* (Japanese-style inns) that are not being used effectively, and give them new life as accommodation facilities and community gathering places. By doing so, we are revitalizing regions by creating an interacting, connected population, and helping to solve the problem of abandoned houses due to depopulation. MUJI STAY includes MUJI HOTEL, in which Ryohin Keikaku creates hotel facilities in large cities based on its worldview; MUJI BASE, which involves renovating abandoned houses and closed schools to convert them into bases for experiencing local culture; and MUJI room, which applies the expertise acquired in these two businesses to renovate accommodation facilities through co-creation with local businesses. Furthermore, MUJI Camp, a campsite for enjoying nature that marked its 30th anniversary in 2025, contributes to the creation of a local connected population.

These businesses share common roots in that they foster connections between visitors and the region, and propose new ways of living by using the various forms of capital of Ryohin Keikaku, which aspires to realize “a truthful and sustainable life for all,” to spotlight the unique features and resources of each region. At MUJI BASE and MUJI room in particular, the community is responsible for the features that make people feel “this is what I really want,” such as the specialty products and traditional crafts of the region, or the nature or buildings that are regional attractions, while MUJI, which has an assortment of food, clothing and shelter-related products, supplements these initiatives with goods that make people think, “this will do.” Through this approach, we highlight each region’s appeal in a backup role rather than taking the lead.

Our accommodations and temporary stay facilities have high occupancy rates. They also have received excellent reviews on reservation sites, so we see this as a good start. With MUJI STAY,

MUJI HOTEL	MUJI HOTEL GINZA (Ginza, Chuo-ku, Tokyo)
	MUJI HOTEL BEIJING (Xicheng District, Beijing, China)
	MUJI HOTEL SHENZHEN (Futian District, Shenzhen, Guangdong Province, China)
MUJI BASE	MUJI BASE KAMOGAWA (Ohata, Kamogawa, Chiba Prefecture)
	MUJI BASE TESHIMA (Teshimaieura, Tonosho-cho, Shizuoka Prefecture)
	MUJI BASE OIKAWA (Kotadai, Otaki-machi, Isumi-gun, Chiba Prefecture)
MUJI room	MUJI room LIBER HOTEL (Sakurajima, Konohana-ku, Osaka, Osaka Prefecture)
MUJI Camp	MUJI Tsunan Campsite (Kamigoteraishi, Tsunan-machi, Nakaonuma-gun, Niigata Prefecture)
	MUJI Minami-Norikura Campsite (Nenohara Kogen, Takane-machi, Takayama, Gifu Prefecture)
	MUJI Campania Tsumagoi Campsite (Baragi Kogen, Hoshimata, Tsumagoi-mura, Agatsuma-gun, Gunma Prefecture)



MUJI BASE OIKAWA



ITSUMO MOSHIMO Caravan event



Community Market event with products from the Setouchi area (MUJI BASE TESHIMA)

our policy is not to expand rapidly, but to widen our operating area while working closely with communities. In the future, we will work to increase operating efficiency while making a positive impact on communities, with Kanto, Kinki and Setouchi as the priority areas.

Visualizing the Impact of Social Contribution

The issue facing these social good businesses is how to evaluate and visualize the social impact of local revitalization. For business categories such as MUJI STAY and Shokoku Ryohin whose economic value is quantifiable, we will work to achieve self-sustaining profitability, and ensure that their businesses are sustainable as they address the social issues of communities. On the other hand, there are some categories that should be evaluated based on their social impact rather than economic impact, such as initiatives like ITSUMO MOSHIMO Caravan events that are important for solving local social problems despite not directly generating revenue.

In addition, the social impact in rural communities may be large when measured by the relative impact on the community, even if the absolute economic impact is small. In the social good business, as the name suggests, contributing to society and communities is what really matters. Without losing track of this objective, we are considering which indicators can be used to verify the impact both quantitatively and qualitatively, and will try to measure and disclose the social impact.

Promoting Community Contribution by Mobilizing Human Capital and Knowledge

Ties with local communities are indispensable to realizing “a truthful and sustainable life for all.” It is our employees who embody our corporate purpose and are passionate about giving back to the community.

At Ryohin Keikaku, we strive to develop human resources rooted in the local community. Those people should be able to identify local issues and link them to store improvements and business development. Employees with roots in the community take the initiative to engage with residents and share the issues specific to that community. By leveraging our wide range of products in the areas of food, clothing and shelter—together with our expertise in store development, collaboration between stores and headquarters, cooperation with other industries and partnerships with local governments—we develop practical, solution-oriented projects. In this way, the social good business is a contribution to the local community by employees who embody Ryohin Keikaku’s philosophy, and is a realization of “public interest and people-centered management.”

However, we must never forget that the community plays the leading role, and our duty is to fill in the missing pieces and make it exciting. MUJI will act as a catalyst to enable each community to rediscover and make the most of its inherent value.

Resource Circulation



We promote circularity based on three pillars—reuse, recycling and rental—and operate our businesses with consideration for both the environment and profitability.

Takahiro Miyazawa

Executive Officer

In charge of EC & Digital Service Division, Open Communications Division, Circular Business Division and IT Services Division

To realize “a truthful and sustainable life for all,” raising environmental awareness and utilizing resources effectively to reduce waste are naturally things Ryohin Keikaku should do as a company engaged in the fields of manufacturing and retail. However, this is not a passing trend—something we are doing just because it is good for the environment or to align with the sustainability movement. Ryohin Keikaku has a corporate culture of doing things that mean something to society. Resources borrowed from the Earth become products, and we continue working to ensure that those products remain useful for a long time by reusing and recycling them.

Until recently, we engaged in such activities sporadically when different divisions took the initiative, but in February 2024 we established the new Circular Business Division and created a system in which the division will lead activities. We are also working to build up resources for this effort, using internal recruiting and hiring of mid-career talent, based on the goal of making individual projects into something larger while ensuring their profitability as businesses.

Creating Circularity Pathways for Apparel and Household Goods

Currently, Ryohin Keikaku’s circularity initiatives have three main pillars: reuse, recycling and rental.

For the reuse business, we pursue two initiatives. One is the Mottainai Market, in which items that were returned due to scratches or other blemishes, and products such as furniture and mattresses that were used as part of the monthly subscription-type furniture rental service and returned, are sold as used or

like-new products at bargain prices after doing any necessary repairs, parts replacement and cleaning. The other initiative is one in which MUJI clothing that is no longer needed is collected and then re-dyed, rewashed or made into other garments to be resold.

In the Mottainai Market, while we pursue profitability by selling items, we also focus on furniture that was not suitable for reuse, consider what areas can be improved and whether it can then be resold. We also give feedback to the Merchandising Division and the Production Division. Improving products so they can be used for a longer period of time will ultimately have a positive impact on resource circularity.

We are promoting an initiative to upcycle or to reuse and resell MUJI apparel collected from customers. The apparel collected is re-dyed in indigo, black or other colors and given a new life as *somenaoshita fuku*, or re-dyed clothing. *Arainaoshita fuku* are clothes made from difficult-to-dye synthetic fibers and clothes in good condition that are washed and resold as second-hand clothes. For damaged clothing, we take various approaches to resell it, including upcycling as *tsunagaru fuku*, which are items that have been made by stitching the usable parts of different clothing items together. This service was available in 30 stores in Japan as of the end of December 2024, and we will expand that number further, with an operating revenue goal of JPY 1.0 billion in FY2026/8.

For re-dyed clothing, there are hurdles to increasing revenue, including the need to expand the number of dyeing and finishing contractors, because the collected items first have to go through processing at a facility before they are shipped to stores for resale.

We will also try to achieve our goal in ways such as expanding the range of *arainaoshita fuku* that can be turned into commercial products simply by inspecting and washing them.

Limiting Collections to Our Own Products to Reuse Resources Responsibly

For the recycling business, in addition to collecting apparel, we collect plastic products such as MUJI storage items and skincare PET bottles, as well as paper hangers used in store displays. We also accept items such as body-fit cushions, shelving units and down comforters at some large-scale stores.

We believe that limiting collections to our own products is the best way to create a path for responsibly recycling the items we sell, and help to turn them into products again. Take skincare PET bottles, for example. Ryohin Keikaku has developed containers with a size and composition that make them easy to recycle, but mixing in containers manufactured by other companies with different compositions would reduce recycling efficiency. In order to reuse resources responsibly, we collect only our own products.

Collection of these products for recycling takes place at basically all of our stores in Japan, with the exception of some small stores that do not have enough space. At our stores, we are increasing the volume of items collected by taking specific measures such as displaying posters to inform customers about the system, and placing collection boxes in the optimal location at each store.

When customers bring acceptable items in for collection at stores, they receive a gift of 1,000 MUJI Miles,* but we also have limited-time offers where they can be granted additional MUJI Miles. We are using the email newsletter to strengthen collection promotion measures.

* MUJI Miles: Granted to MUJI members when they shop or use other services at MUJI and affiliated businesses. Once they reach a certain number of MUJI Miles, customers can convert them to MUJI Shopping Points that can be used for making purchases, with one point equal to one yen.

Furniture Rental Business for Individuals

For the rental business, we operate a monthly subscription-type furniture rental service in which customers rent furniture for one to four years. After the rental period ends, customers have the option to buy or return the furniture they have been using, or to extend the rental period. Returned furniture may also be used as items in the Mottainai Market reuse business. Furniture rental is ideal for people who only need minimal furnishings during a relocation for a fixed period of time—for example, people who are assigned

to a job posting away from their family or who are attending university—or people who want to use furniture on a trial basis to see if it fits their lifestyle. This initiative can contribute to resource circularity by reducing wasteful purchases of furniture. Currently, this service is only available to individuals, but we may expand it to corporate users in the future.

We will further expand our reuse, recycling and rental businesses. In doing so, strengthening communication with customers is key to growing these businesses and promoting resource circularity. In particular, it is crucial that customers recognize our efforts to promote resource circularity at the time of purchase or when they begin using our services. If it is understood that products can be reused if they are returned to the store in the future, or that a product being purchased is a reused item or is made from recycled materials, it will motivate customers to buy MUJI products. This will also promote collection as the entry point to reuse and recycling. To make that a reality, we will use various points of contact with customers, such as the MUJI passport app, to strengthen communication and promote resource circularity.

Balancing Circularity and Profitability as a Business

To promote resource circularity, there are various challenges to overcome in areas such as logistics, management systems and securing human resources. However, we also recognize that these challenges can be overcome by investing the necessary time and money. While we engage in resource circulation as a company in the fields of manufacturing and retail, we also understand that ensuring profitability remains a top propriety. If we look at it as a business, we need to compare the income we can earn from making and selling a piece of furniture with the combined income we can earn renting it out for a fixed period of time and selling it as second-hand furniture. We then need to raise the profit of the latter to a higher level than the former. We will also ensure proper management of these revenues. We will develop this business in areas where there is a need—in other words, we will promote initiatives that customers want to be a part of. With these elements in alignment, we can ensure they start becoming sustainable as a business.

After thoroughly examining the earnings structure, we will strengthen communication by taking full advantage of points of contact with customers, including at stores and through our app, and work to uncover their needs.



Collection of plastic storage items



Collection of skincare PET bottles



Mottainai Market

Employee Engagement



We will promote “public interest and people-centered management” where each employee works with a sense of ownership, takes the initiative to set tasks and action plans to achieve independent store management.

Yoshimasa Tsuji

Executive Officer

In charge of Human Resources Division and Human Resource Development Division

Ryohin Keikaku’s “public interest and people-centered management” means that each employee has a sense of ownership and plays a leading role in business activities, while working to realize “a truthful and sustainable life for all” in which they cooperate with stakeholders to benefit the public interest. Ryohin Keikaku is merely a vessel for employees to play a part in co-creation. It involves them cooperating with outside partners and local communities on their own initiative. Therefore, what we do for the employees who play an active role in our business activities is critically important.

The first theme for achieving public interest and people-centered management is to establish a management model in which diverse human resources proactively carry out management and business operations.¹ That begins with every employee having a sense of ownership. Specifically, we want our employees to be both players and shareholders, and to feel they are participating in management. In addition, it is important that our employees have a mindset of setting goals for themselves and working to achieve them. There are numerous situations in which people take on difficult challenges—for example, using natural materials as much as possible while reducing costs and the burden on the environment to develop products with the right balance of price and quality. That is why a mindset and attitude of enjoying taking on challenges is required.

We have established a “challenge expectation points system” and a “performance-linked points system” in which employees are granted points that are convertible to shares of Company stock upon retirement. Points are awarded based on employees’ efforts and contributions, and we have a structure in place to link a positive attitude toward challenges with a sense of participation in management.

Through these initiatives, we want to create a vibrant, open organization where diverse employees form teams on their own with a sense of participation, and tackle challenges in various areas.

The second theme is establishing an organizational culture based on learning in order to create a localization model. MUJI stores are spread across many different countries and regions, each with its own unique features. Therefore, we need people who know their areas inside and out to lead business growth, with the goal of autonomous growth in each country, region and store. In addition to strengthening local recruiting, we aim to realize independent store management through training and education for managers.

As such, we provide employees who have a desire to learn and grow on their own with a variety of learning opportunities beyond training. For instance, to cultivate talent who can serve as store managers a few years after joining the Company, we have developed and provide a training program that fosters the necessary mindset and enables employees to systematically acquire the requisite knowledge and skills in two years. To develop people who can take on the challenge of achieving ambitious targets, we are taking steps such as expanding elective training,² including quality control (QC) and industrial engineering (IE) training, overseas store training, and business skills training.

The third theme is to make our businesses places that people want to work and stay at for a long time. To achieve that, we need to ensure our employees have good health and lifelong peace of mind. In addition, expanded support for life events and flexible work style options can also lead to stable employment. At Ryohin Keikaku, our stores are the primary place of work. Given the wide array of products and services we offer, store operations can place a heavy burden on employees. Therefore,

we try to lighten the load on employees as much as possible by supporting process improvements and efficiency, including systematization, and establishing environments conducive to teamwork and cooperation.

1. See Organizations and Human Resources for Practicing “Public Interest and People-Centered Management” on pages 69–70 for more details.

2. See pages 71–72 for more details on elective training

Proactive Employees and a Flat Organizational Culture Are Strengths

One strength of Ryohin Keikaku’s human resources is that many of our employees have something they want to accomplish or something they want to do at Ryohin Keikaku. For example, many employees want to get involved in helping the community, or they may have a specific desire to be useful to society through product development. Also, we have a flat organizational culture with few hierarchical layers, which facilitates flexible interdepartmental cooperation. If the self-motivated aspirations of each employee can be realized by leveraging these strengths, we believe that accomplishment will also contribute to achieving the three themes aimed at “public interest and people-centered management.”

Currently, Ryohin Keikaku is at the stage where it is positioned for significant growth during the Second Founding. We also face numerous challenges. The key to solving each issue lies in how many proactive human resources we can develop—individuals who resonate with our philosophy and want to take on challenges. Human resource development is a major theme, but this does not simply mean enhancing training. We also need to give our diverse human resources opportunities to gain new perspectives and learn through discovery. Another key point is the ability of employees to share the knowledge and expertise they acquire with those around them. We have established an internal platform that enables diverse employees to share insights, allowing other employees to learn as a result. This encourages employees to voluntarily deepen and share knowledge. As an example of flexible learning styles, we are promoting open application-style overseas training. We will continue to implement various measures to overcome obstacles while valuing Ryohin Keikaku’s organizational climate and its culture of developing many proactive human resources.

Fostering a Highly Engaged Corporate Culture

In the summer of 2024, we conducted a Culture and Engagement Survey³ of employees, including part-timers, working in 12 countries and regions around the world. Based on 27 indices, we defined our desired organizational culture. The survey contents were designed specifically for Ryohin Keikaku, and consisted of 52 questions in total, including 46 original questions and 6 general engagement questions. This was the second time the survey was conducted using these questions (the first one was in the winter of 2022).



Store managers meeting



Overseas training



QC and IE training

As representative scores, 78% of employees answered that “I resonate with the corporate purpose,” 83% responded that “My work is useful to society,” and 72% said “I feel attached to the company.” Also noteworthy is that the response rate increased from 82% last time to 96%, a significant improvement. The management team, including top executives, took the results of the previous survey very seriously, and have extensively discussed response measures. They also promoted the message that Ryohin Keikaku will be “an organization that puts people first,” linked that message to many concrete measures, and made improvements. The results and our stance as Ryohin Keikaku were communicated to employees, so they recognized that their voices could lead to change. I think that is what led to the higher survey response rate this time.

A number of improvement measures were implemented, but one particular action we took was to increase communication opportunities throughout the Company. Senior management, including the chairman and president, communicated their messages to employees through regular meetings. Executive officers also went out to visit stores all over Japan, and held meetings where we talked directly with sales staff. There were 161 staff meetings in total during FY2024/8, and some 2,500 employees participated. Discussions also took place within each organization, such as divisions and stores, and through these discussions, the direction of the Company was shared. We were also able to hear directly what kind of problems were occurring in frontline operations, and considered countermeasures. We are making improvements to store operations and IT infrastructure, which are two issues that came up, and made significant changes to the compensation system. These are areas the whole Company worked on.

Another major success was that store managers responded to the survey results by addressing issues and making improvements in their individual stores. This is where Ryohin Keikaku’s proactive way of working is apparent. Store managers, who interact with customers every day, come together at the monthly store managers meeting for in-depth discussion of proposals and improvements, creating a cycle in which support divisions such as those related to distribution and merchandising support stores. Another major change is that the perspectives of store managers are moving closer to our goal of independent store management.

3. See page 76 for more details on the Culture and Engagement Survey

Aiming for Disclosure Unique to Ryohin Keikaku

There is still no clear proof how concepts like human capital management are directly connected to financial value. However, Ryohin Keikaku has a culture of contributing to society and communities, driven by the ideas and enthusiasm of employees and the Company itself. With that in mind, we will analyze the survey results and work to strengthen disclosure of the key indicators and information that should be emphasized in our human capital strategy.



Ryohin Keikaku's Business Strategies

Ryohin Keikaku's business strategies are inextricably linked to its ESG strategies.
As a group that contributes globally to creating “a truthful and sustainable life for all,”
Ryohin Keikaku develops its products, services and business based on four material issues.

Our Four Material Issues

1 Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature	3 Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role
Ryohin Keikaku's Unique Product Development	Human Resources and Organizations for Practicing “Public Interest and People-Centered Management”
Apparel	Self-Driven Employees and a Growth-Oriented Organization
Household Goods	Becoming an Employer of Choice
Food	Global Human Resources
Respect for Human Rights in the Supply Chain	Increasing Employee Engagement
Caring for the Environment	
2 Address Local Challenges and Revitalize Regions	4 Realize Governance Aligned with “Public Interest and People-Centered Management”
Opening Stores around the World	Stakeholder Engagement
Strengthening Independent Store Management	
Leveraging IT to Support Independent Store Management	
Businesses That Lead to Solutions to Social Issues and Regional Revitalization	
Building a Regional Circulation System That Connects Food and Agriculture, Culture, Operating Bases and People	
Social Impact Assessment of Localization Activities	

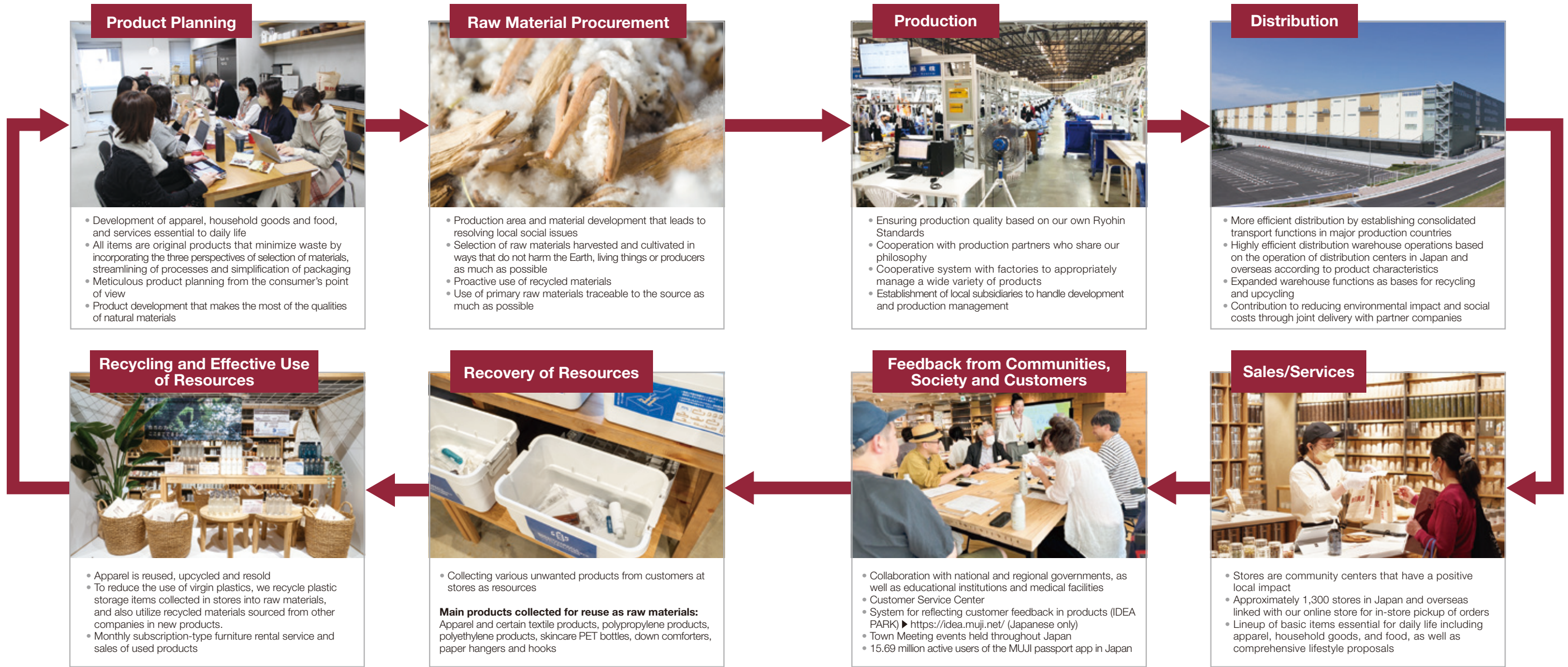
Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Ryohin Keikaku's Unique Product Development

“The More You Use Our Products, the Better the World Will Become” Is the Concept Behind Ryohin Keikaku's Product Development.

All of our stakeholders, including suppliers, customers, local communities, governments and employees, who appreciate MUJI's approach and product development philosophy, are free to participate in this process and share their opinions and ideas, leading

to products with new value. MUJI intends to be a forum for this kind of open innovation. MUJI products are useful in daily life. The more people they reach around the world and the more widely they are used, the more we can promote environmental responsibility and help resolve social issues. In addition, when customers return used MUJI products to the store rather than throwing them away, these products can be recycled as raw materials and reborn as new products. We will conduct planning and development that thoroughly incorporate this approach to create these kinds of products and services.



The Four Elements of Product Development

(1) Products that take the environment into consideration

We develop products with consideration for their environmental impact throughout their lifecycle, even including after they are no longer used. Rather than worrying about subtle differences in appearance, we focus on materials and manufacturing processes. We offer products that are designed for easy disassembly and separation after use, and do not require unnecessary energy consumption during manufacturing and transport.

(2) Products that solve social issues

We utilize unused materials from production areas as raw materials and partner with reliable local business operators to create new employment in industrially undeveloped regions. We develop human resources through vocational education and create products that establish local industries, help circulate wealth and contribute to regional development.

(3) Products that let the individuality of the consumer shine, not the uniqueness of the product

Our products are designed to be useful and spotlight the individuality of the consumer, not the uniqueness of the product. Rather than emphasizing brand or product prestige, or distinctiveness and uniqueness in design, we are committed to providing products that offer intrinsic value to each individual consumer.

(4) Products inspired by culture and tradition

The cultures and traditions that have evolved in each region are filled with life's lessons. We learn from each region's culture and tradition, such as the wisdom that comes from knowing the materials native to a region inside out, and the technologies and innovations that were developed to solve inconveniences experienced over a long history. We then adapt these ideas to modern lifestyles and society to create new products.

Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Apparel

Basic Policy and Strategy

We offer a lineup of clothing that gives customers what they need, in the form they want at fair prices, created based on the concept of basic products with straightforward designs that offer just the right amount of comfort. We prioritize the use of materials that are natural and recyclable. By maintaining consistency in materials, design and color, we avoid producing unnecessary clothing. Based on the assumption that our products will be used for a long time, we will further strengthen the circulation of resources. In this way, we enable customers to participate confidently in a cycle that adds new value to articles of clothing, giving them a second life when it comes time for people to get new ones.

Key Issues

- Refinement of our line of everyday essentials
- Ensuring stable inventory
- Establishment of position as “natural daily wear”
- Development of materials, products and resource circulation systems that take the environment and society into consideration

Key Initiatives

Development of a line of highly refined everyday essentials

We will develop basic product lines that are unaffected by trends and remain consistent over time, while ensuring a stable inventory to increase the recognition of our products as everyday essentials. Specifically, we have identified 60 core mainstay items, including shirts, bottoms, cut-and-sew tops, knitwear, outerwear, innerwear, socks, shoes and bags.

Use of natural materials

We are developing products that utilize the functionality and style of natural materials such as cotton, linen, kapok, hemp, wool and down. Our policy is to select materials sourced with consideration for impact on the environment and society. For cotton, 97% of the procurement volume in FY2024/8 met this standard.¹ As a natural fiber, cotton helps to prevent dry skin and is also less likely to generate static electricity, even when layered with woolen knitwear. In response to customer feedback, we redesigned the *Warm Cotton* series of innerwear for the fall/winter season of 2024 to make it 100% cotton, aiming to enhance the level of comfort even further. (Some items excluded)

1. We recognize certifications such as Global Organic Textile Standard (GOTS), Cotton made in Africa (CmiA), and GRS as indicators of cotton produced with consideration for society and the environment.
Raw material procurement ▶ <https://www.ryohin-keikaku.jp/eng/sustainability/activities/material/>

Enhanced styling

We aim to differentiate our offerings by pursuing a unique styling with a neutral expression unaffected by trends. In terms of color, we have delved into MUJI’s distinctive character and developed items with a unified feel across categories to create proposals where all elements come together in harmony.

Stable supply of products

We will build a stable inventory supply system by strengthening coordination between all departments involved in product development, production, inventory planning and management, and sales of apparel. For seasonal items in particular, we will look to minimize markdowns and maximize sales by clearly defining sales periods and ensuring the timely and appropriate supply of inventory.

ATELIER MUJI: Clothing Basics Exhibition

MUJI continues to create classic items that underpin our daily lives by drawing inspiration from the traditions, cultures and wisdom passed down through generations around the world, as well as from nature. For apparel as well, we continue to propose essential clothing for daily life that feels good to wear, inspires confidence and forms the foundation of one’s personal style. This includes easy-to-wear, functional and practical items such as shirts, chinos, T-shirts and jeans that can be freely mixed and matched.

At ATELIER MUJI,² we held the Clothing Basics exhibition in September 2024. The exhibition showcased classic items such as dress shirts, T-shirts, denim, chinos and socks, centered on three themes: craftsmanship, comfort and strength/durability. The aim was to offer an experience of MUJI’s concept of clothing essentials and the background of our apparel manufacturing, giving visitors an opportunity to develop a deeper appreciation for the clothes they choose.

2. An initiative for holding exhibitions and events on various themes such as art and design, based on the concept of “a workshop where you can go back to the basics of life and find hints for moving forward into the future.”





Everyday essentials



Warm Cotton series of innerwear



Harmonized styling

Materials Selection and Product Design That Take the Environment and Society into Consideration

Development of feminine care products that meet women’s needs

We are strengthening development of feminine care products aimed at improving quality of life for women. These products provide support for women’s body- and health-related issues such as menstruation, pregnancy and childbirth, and menopausal symptoms. *Smooth Leak-Reducing Absorbent Sanitary Shorts* feature a six-layer gusset capable of absorbing approximately 40 ml of fluid. In addition, waterproof fabric extending to the sides, front and back helps reduce side leaks and nighttime leakage. The main fabric of the product uses lyocell, a renewable fiber made primarily from eucalyptus, for softness and comfort.



Smooth Leak-Reducing Absorbent Sanitary Shorts

Recyclable materials: Polyethylene terephthalate (PET)

Our recyclable fleece series uses 100% PET raw materials for all components of the products, from the fabric and accessories, such as buttons, through to the thread. By using 100% recycled PET for the main fabric, primarily sourced from PET bottles, we can reduce environmental impact at the raw material stage. Furthermore, since the design features a single material, separation and sorting are unnecessary during recycling, making it easier to recycle the product after use.



Recyclable fleece series

Procuring materials that contribute to industrialization of production areas: Andes wool

Some of our knitwear products use Andes wool, and in FY2024/8 we increased procurement to 49 t. Wool production in the Andes mountains has gradually been declining over time, but the quality of the wool remains consistently high. The wool of sheep raised in a harsh, dry natural environment with temperature extremes is strong and thick, producing knitwear products with volume and elasticity. Moreover, at high altitudes exceeding 3,800 meters, there are none of the flies that necessitate the practice of mulesing—the surgical removal of skin from the sheep’s rump—which is a benefit in terms of animal welfare. We will continue to promote manufacturing that uses the characteristics of Andes wool, thereby contributing to the industrialization of production areas.



Andes wool Jacquard knit crew neck sweater

Resource Circulation

Review of packaging materials, display- and fixture-related equipment

Since FY2019/8, we have been reviewing the materials used in product packaging and sales floor displays. We are switching innerwear packaging, as well as display hooks and hangers, which were traditionally made from plastic, to paper. In addition, the loops used for attaching tags are being replaced with recycled paper or FSC-certified paper.³ As a result, we have removed plastic from 93.8% of our apparel packaging and materials (as of the end of August 2024).

The paper hangers and hooks can be returned to MUJI stores throughout Japan, where they are dissolved and recycled at a plant to be reused as paper hangers for our display materials and as recycled paper products for other companies. Furthermore, from June 2024 we began introducing mannequins made from 100% recycled polyethylene, starting at new stores. Using recycled material helps to reduce environmental impact at the raw material manufacturing stage. We also revised the specifications for shipping the mannequins, replacing plastic foam boards and bubble wrap with cardboard as cushioning material to fill the gaps between them.

3. Forest Stewardship Council (FSC): An international certification system for responsible forest management



Paper packaging and materials



Mannequins made from recycled materials



Tsunagaru fuku

Initiative for the reuse and recycling of clothing

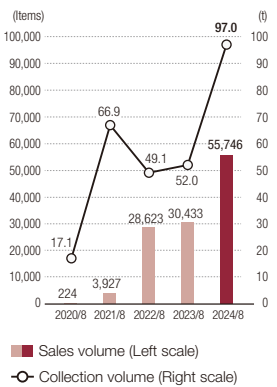
We are promoting an initiative for reuse and upcycling in which clothing that is no longer needed is collected from customers and reborn as new products. The initiative was launched in 2015. In FY2024/8, approximately 97 t of apparel products were collected.⁴ Of these, 55,746 items that were suitable for reuse and upcycling were sold after being turned into *somenaoshita fuku*, which are re-dyed clothes; *tsunagaru fuku*, which are items that have been made by stitching the usable parts of different clothing items together; and *arainaoshita fuku*, which are carefully washed and resold as second-hand clothes. As of the end of December 2024, 30 stores are handling such items. Going forward, we will continue to promote the recycling of apparel by holding collection campaigns and expanding the number of stores handling items, working together with even more customers.

For more details ▶ <https://www.muji.com/jp/re-muji/> (Japanese only)

4. Estimated value calculated based on the average weight per box of collected apparel products

▶ See page 95 for more details

Volume of Textile Products Collected and Sales Volume of Reused and Upcycled Clothing Items



Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Household Goods

Basic Policy and Strategy

We look to the MUJI concept and our philosophy to strengthen the development of products that are truly useful and necessary to people, with the goal of supporting the basic necessities of daily life. We are reviewing all existing products and redefining what our household goods should represent in the coming era. By communicating the reasoning, ideas and functions behind our products, we aim to capture the top mindshare of people so that when they need a product for a specific purpose, they think of MUJI first. Consideration for the environment and society is a fundamental prerequisite of the design and development of our products—they are made to last, facilitate circularity and reduce environmental impact.

Key Issues

- Development of products essential to daily life and the basic necessities that make life better
- Commitment to manufacturing that is considerate of the environment
- Refinement of numerical design in ordering, production, sales and inventory management
- Creation of sales spaces that communicate product quality and facilitate hands-on testing, with layouts that make items easy to browse and purchase

Key Initiatives

Renewal of skin care series

Since September 2023, MUJI has been conducting a full renewal of its long-standing mainstay product line, the skincare series. In the first full renewal of the sensitive skincare series since it was launched in 2000, we are staying true to our commitment to 100% naturally derived ingredients,¹ and using 100% recycled PET materials for the container bottles. We have also enhanced collection of used containers, with the goal of achieving bottle-to-bottle recycling. Furthermore, we are also developing products with specialized functions while using naturally derived ingredients, such as fermented booster serums and high-concentration serums.²

1. Includes ingredients derived from natural sources that have been chemically processed
2. Refers to a high concentration level as defined for MUJI products



Sensitive skincare series

Developing competitive products

We are working to develop competitive products that motivate people to visit stores during off-peak periods. In particular, we are focusing on daily necessities including beverage bottles and reusable dehumidifying agents with anti-odor functions, as well as take-home furniture and bedding items like a pillow that supports different sleeping positions and other pillows. These are part of efforts to strengthen the development and sales of products that offer reliable functionality, ease of use and differentiation based on MUJI's unique concepts.



Reusable dehumidifying agents with anti-odor functions



Drink bottles with measurement markings



A pillow that supports different sleeping positions

Refinement of numerical design

We are constantly working to improve the accuracy of demand forecasting and sales floor planning—previously identified as challenges—by refining numerical design across ordering, production, sales and inventory functions in order to reduce out-of-stock disruptions and missed sales opportunities.

Strategic sales floor development

To be recognized as a store that supports the necessities of daily life, we are reviewing the sales floor for product categories that are useful for everyday living and popular with customers. Specifically, we will link sales composition and store inventory ratios, identifying products that are purchased with high frequency and seasonal products, and improve sales floor layouts to make items easier to browse and test out.



Updated sales floor

Training H&B Advisors

Health and beauty (H&B) products such as skincare, makeup, hygiene items and fragrances are a pillar of our household goods. To communicate their strong points, originality and usage to encourage more customers to incorporate them into their daily lives, we launched the H&B advisor initiative in August 2024. H&B advisors acquire a high level of specialist knowledge and customer service skills. They apply these qualities in listening to customer concerns and questions and then helping to find a suitable solution. We held a total of six group training sessions open to interested employees. Currently, 179 H&B advisors are active at MUJI stores throughout Japan.³ In October 2024, MUJI LUCUA Osaka was reopened after renovation as a store specializing in women's apparel and cosmetic/skincare products. Staff at the store have received training about skincare and utilize specialized knowledge to offer advice tailored to customers' individual skin characteristics. This initiative is not only helpful for customers, but is also part of creating work environments where each employee can acquire skills and work with a sense of motivation.

3. As of the end of December 2024



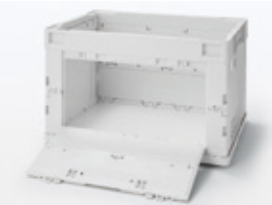
Group training for H&B advisors

Selection of Materials and Product Design That Take the Environment and Society into Consideration

Use of recycled materials and development of products made from a single material

As part of product development that emphasizes resource circulation, we are promoting the use of recycled materials such as polypropylene, polyethylene, PET, polyester, paper, nylon, wool and cotton. For example, we developed bedding covers made from recycled polyester derived from PET bottles. We are also working on the development of products that are made from a single material in order to facilitate easier recycling after use. Recycled polypropylene collapsible containers (launched in September 2024) use at least 10% recycled polypropylene sourced from recovered household appliances and office automation equipment,⁴ and are made entirely from a single material including the sides.

4. Not limited to MUJI products



Recycled polypropylene collapsible containers

Development of production areas through utilization of unused resources: Indonesian kapok

The short fiber collected from the fruit of kapok trees has long been used as filling for cushions and other items. Recently, the development of new technology has made it possible to spin kapok fiber into yarn, leading to the development of new sales channels for production areas. MUJI began sales of apparel made with kapok in 2022, and expanded the series to include bedding from August 2024. The total volume of kapok procured in FY2024/8 was 286 t. Going forward, we plan to pursue the industrialization of the kapok spinning process in Indonesia, with the goal of developing the local economy in production areas through the utilization of unused resources.



Double gauze mattress pad and light quilt made with kapok fiber derived from tree nuts

Bedding covers partially made from soybean fiber

We have developed a bedding cover that makes effective use of the soybean residue (left after oil extraction) as a fiber material. By combining this soybean-derived fiber with lyocell—a naturally derived renewable fiber with excellent moisture absorption and release properties—we have achieved a smooth and soft texture that is gentle on the skin. This product makes effective use of naturally derived materials and their properties.



Jersey comforter made with soy fiber

Resource Circulation

Reuse and recycling of plastic products

MUJI now collects a wide range of plastic products, including skincare PET bottles, as well as polypropylene and polyethylene storage items and dust bins. We collect these items regardless of damage, sort them by type, and refurbish those that meet our standards for resale as second-hand items. Items that do not meet standards are shredded, cleaned and recycled as raw materials for new MUJI products.

In FY2024/8, we held a product collection campaign to encourage more customers to participate in our efforts. Previously, MUJI Miles were only awarded to customers who brought in clothing items, but this was expanded to include plastic products, with a special promotion of 3,000 MUJI Miles—three times the usual amount—during the campaign period. As a result, the volume of plastic products collected in FY2024/8 reached approximately 117 t, more than three times that of the previous fiscal year.

Going forward, we will continue to enhance our communication activities and other initiatives, working together with more customers to realize a circular society.

► See page 95 for more details on the volume of plastic products collected



In-store collection of plastic products



Collected plastic products

Monthly subscription-type furniture rental service and sales of used and like-new products

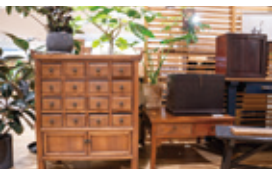
With the aim of realizing a society where items are used with care for a long time, in 2021 we launched a monthly subscription-type furniture rental service. The service enables customers to rent large items such as beds and desks for only as long as needed, rather than purchasing them. After the rental period ends, we inspect the furniture's condition and perform maintenance such as cleaning and replacing worn parts. The items are then sold as second-hand goods. Since the start of the service, a total of 5,433 items have been refurbished and re-sold (as of the end of December 2024). Moreover, at Mottainai Market, we sell like-new products that may have minor damage or stains but are still perfectly usable.

Sales of used furniture

Some of our larger stores began selling used furniture from December 2023. We purchase furniture that has been well cared for by previous owners in Japan and overseas, and carry out maintenance such as cleaning, polishing, gluing, realignment and custom part fabrication. Then, after final inspection of the quality, we sell it as used furniture at MUJI stores. Instead of discarding furniture that has fulfilled its role, we carefully restore each piece so it can be passed on and used again by someone else. As of December 2024, 10 stores throughout Japan are participating in this initiative that aims to extend the life of furniture.



Mottainai Market



Sales of used furniture

Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Food

Basic Policy and Strategy

We will promote products and services that resolve social issues, as well as the development of community spaces that harness the potential of food to bring people together and connect them. Based on an overall approach of “connecting with communities and making everyday meals better tasting and healthier,” we are committed to creating a product lineup that reflects MUJI’s value and presence in food. This includes a focus on seasonality and freshness, regional food and agriculture, collaboration with producers, use of non-standard ingredients, preservation of traditional food culture and consideration for health. We are also working to further strengthen product development by optimizing the value chain up to the raw material procurement stage and forming internal and external teams to support that effort.

- Key Issues
- Development of new mainstay products that can join the ranks of existing products such as curry and baumkuchen
 - Adapting sales floors so that they convey product appeal, including freshness, temperature and aroma
 - Ability to offer products and services in line with social changes and issues, as well as local lifestyles
 - Expansion of new services

Key Initiatives

Strengthening development of frozen food

We have set frozen food, which saw increased demand during the COVID-19 pandemic, as a key category for further growth. We are working to expand production capacity for existing products, as well as develop new staple rice and delicatessen products, such as noodles and rice burgers, as handy products for daily meals. We are also expanding sales floor space and the number of stores that can carry frozen foods by using equipment such as flat freezer display cases and ice cases.

Creating communication spaces for harnessing the potential of food

We are working to create community spaces by harnessing the potential of food to create connections between people, with our stores servings as hubs that support daily life in the local area. We want to create in-store spaces where customers of all ages can gather and enjoy items such as coffee and ice cream—transforming stores into lively community centers. As of the end of February 2025, this initiative has been rolled out at four locations nationwide, with plans for further expansion.

Strenghtening our lineup of seasonal offerings and products that support a healthy lifestyle

We have identified “seasonal” and “health” as key themes for attracting customers. We will make it more enjoyable for customers to come to our stores by expanding the lineup of products and services tied to seasonal foods and events. For “health,” we have formed a dedicated team to focus on developing foods that help people incorporate healthy habits into their daily routines.

Reorganizing sales floors by incorporating the customers’ perspective

Making improvements to store fixtures and shelf layouts will lead to more lively sales floors that will make customers want to select food products. Rather than a uniform, repeating pattern of displays, we will reorganize sales floors by incorporating the customer’s perspective, such as areas where children can enjoy looking at products, or where customers can take time to choose something nice for themselves. We will also strengthen beverage and food sampling, along with serving suggestions, and think of creative ways to communicate the value of our products.

A Community Space for Enjoying Coffee and Ice Cream

In the community space, we offer freshly brewed coffee made from ground beans, as well as original ice cream flavors developed in collaboration with local ice cream makers. In September 2024, we opened our first community space that offers original ice cream flavors and coffee at MUJI CO-OP Sapporo Kitahiroshima. We decided to launch this service in Hokkaido, given the limited dining options near the store and our ongoing efforts in regional revitalization, such as regular, store-led Community Market events and mobile sales. Among the approximately 10 ice cream flavors offered, the apple and milk flavored ice cream was developed in collaboration with a local ice cream maker using unsorted apples harvested at Narita Farm in Hirosaki City, Aomori Prefecture.

By February 2025, we had launched this initiative at four stores including MUJI Hiroshima Alpark, MUJI Tsukuba Namiki, and MUJI Daimaru Fukuoka Tenjin. We will continue to expand the number of participating stores and work in collaboration with local communities to provide unique, locally inspired menu items as we develop community spaces that are truly needed by the people in each region.



An apple and milk flavored ice cream



Rice burger



A community space (MUJI Hiroshima Alpark)



Expanded lineup of seasonal offerings

Selection of Materials and Product Design That Take the Environment and Society in Consideration

Development of products that support a healthy lifestyle

Based on the basic concept that “health consciousness equals nutrition,” we are developing products that address modern health challenges through everyday eating habits. In the field of processed foods in particular, we are strengthening our lineup of products that support nutritional balance and supplementation, aiming to help customers cultivate daily health-conscious habits and enjoy more nutritious meals.

In May 2024, we launched the *Made for Your Skin* series of jellies. By consuming the jellies, people can easily take in nutrients and compounds that tend to be lacking, such as vitamin C, lactic acid and dietary fiber. Furthermore, in October 2024 we launched the *Nourishing Soup* series, in which seasonal ingredients are combined with other nourishing elements. To help customers easily incorporate nourishing foods into their daily lives while enjoying great taste, the product is designed to be heated in the microwave and eaten directly from its packet. The soup features a base of spices and Korean ginseng extract, combined with root vegetables, ginger, mushrooms, meat and mixed grains.



Collagen-infused mango and sea buckthorn jellies (part of the *Made for Your Skin* series)



Thickened soup with turnip and pork (part of the *Nourishing Soup* series)



Pumpkin soup with 1/3 of a day's worth of vegetables

Products with a long storage life that are useful food for disasters

Based on the ITSUMO MOSHIMO concept of always being prepared for emergencies, we offer solutions for incorporating preparedness for disasters into everyday life. In the area of food, we are developing long-shelf-life products based on the idea that familiar, everyday flavors can support peace of mind in times of disaster through the concept of “rolling stock”—a practice of regularly consuming and replenishing emergency food supplies as part of daily life. Specifically, we sell *Emergency Supply: Food White Rice*, which has a shelf life of up to four years when unopened, *Emergency Supply Snack: Chocolate Yokan*, a dessert to help calm people in stressful situations, and *Emergency Supply Drinking Water: Life Water*, which can be stored for up to 10 years. Our pumpkin soup with 1/3 of a day’s worth of vegetables* provides a convenient way to incorporate vegetables, which are often lacking during disasters. Made using the sweetness of pumpkin and fresh cream, this rich soup has a long shelf-life of two years when unopened, making it a useful product during disasters.

* 117 grams when converted to fresh vegetables

Resource Circulation

Beverage bottles made with 100% recycled PET

In April 2021, we switched all beverage bottles to aluminum cans due to their high recycling rate as part of efforts to promote resource recycling. Since then, we have continued to explore bottle options that reduce environmental impact while also preserving taste. We calculated the CO₂ emissions of MUJI beverage aluminum cans and 100% recycled PET bottles across their full lifecycle—from raw material procurement to recycling, excluding warehouse storage, sales, and usage. The results showed that 100% recycled PET bottles generate emissions equal to or lower than those of conventional aluminum cans. Going forward, we will gradually switch to the most suitable bottle for each beverage, taking into account differences in flavor, aroma and typical consumption settings.

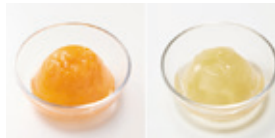


Unsweetened teas in recycled PET bottles

Product development that utilizes discarded materials

As part of our approach to product development based on the three perspectives of selection of materials, streamlining of processes and simplification of packaging, utilizing ingredients that are typically discarded during production due to appearance or size is an important initiative that also helps reduce food waste. In April 2024, we launched jellies that used fruit discarded during the process of canning mandarin oranges or making honey-preserved apple filling for apple pies. By making use of discarded materials, we were able to increase the volume of fruit.

We also launched fruit agar mochi, made using fruit peelings generated in the manufacture of dried fruits and syrup, as well as wakame stems, made using the previously unused base stems of wakame seaweed. The base stems of wakame, located near the root, have traditionally been discarded due to their toughness. We made them easier to eat by cutting them into bite-sized pieces and seasoning them. We process the materials harvested in the Sanriku region at a plant in the town of Otsuchi in Iwate Prefecture. By supporting local wakame producers in the area devastated by the Great East Japan Earthquake, we also aim to contribute to the revitalization of local industry.



Fruit-flavored jelly



Fruit agar mochi Wakame stems

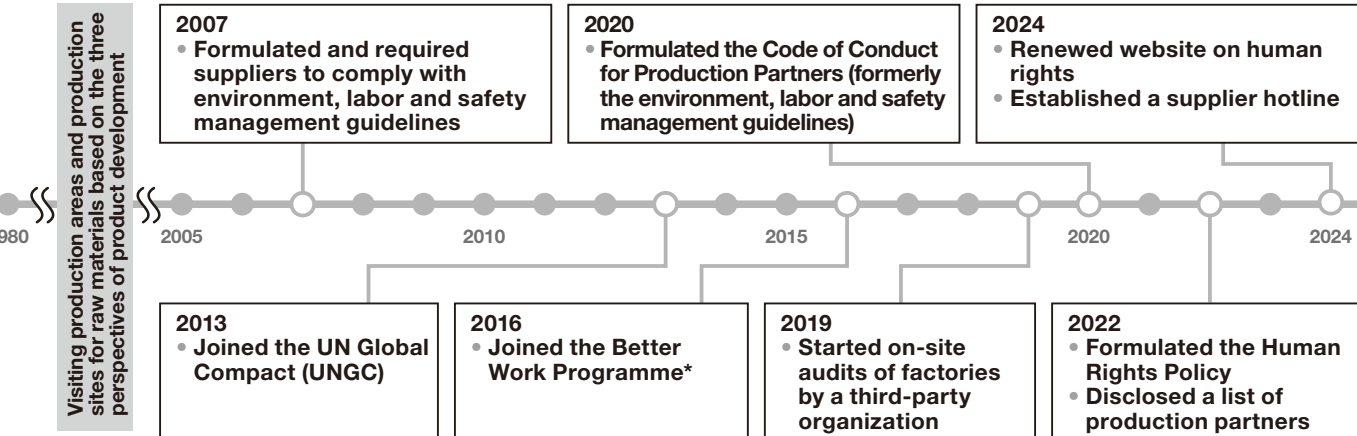
Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Respect for Human Rights in the Supply Chain

Ryohin Keikaku outsources manufacturing and production for all of the products it handles to production partners. The cooperation of business partners is also vital in the transportation and management of products. Therefore, we ensure ethical and transparent supply chain management, consistent with Ryohin Keikaku’s core value of “contributing to society and people.”

Respecting Human Rights

Ryohin Keikaku understands that the entire supply chain for its business activities can have a direct or indirect negative impact on human rights, and recognizes the importance of its responsibility to respect human rights. Ryohin Keikaku complies with the United Nations Guiding Principles on Business and Human Rights and other international standards for respecting human rights. We are also working to strength our internal framework for respecting human rights, such as through the establishment of our Human Rights Policy, Code of Conduct for Production Partners, and hotline for suppliers. In addition, we will increase the transparency of our supply chain by disclosing information such as lists of plants and monitoring results.



* Better Work Programme▶ <https://betterwork.org/>

Internal Framework for Respecting Human Rights

At the monthly meeting of the ESG Management Committee chaired by the president & representative director, we formulate policies on human rights-related initiatives, develop and review the management structure, and monitor progress toward targets. In addition, we have established the ESG Sub-Committee under the ESG Management Committee to promote respect for human rights. The subcommittee has created a roadmap for human rights initiatives and is building a framework for preventing human rights violations. Initiatives are implemented mainly by the Risk Management Division, the ESG Management Division, divisions involved in product procurement and the Human Resources Division, all working in collaboration.

Human Rights Due Diligence

Ryohin Keikaku is working to build a human rights due diligence system in accordance with the Ryohin Keikaku Human Rights Policy. In 2023, with the support of external experts, we identified human rights issues that we should address in order to prevent human rights risks from manifesting in the Ryohin Keikaku Group’s business domains, which include the production and sales of apparel, household goods and food. During the process, we also referred to international guidelines, the results of factory audits, and findings from employee engagement surveys. While referencing international guidelines, we have identified human rights issues that rank high in terms of the significance and likelihood of occurrence in our own operations and in the supply chain, and have taken steps to prevent and mitigate any adverse impact.

In our supply chain, based on our Code of Conduct for Production Partners, we share with partners our policies on the work environment, respecting human rights, and consideration for the environment throughout the entire supply chain, and ask for their compliance. We are also taking steps to ensure that human rights are respected. This code of conduct is distributed (available in Japanese, English and Chinese) to all the production partners who handle our production worldwide. We request all partners to whom we outsource production to sign a pledge to comply with the code of conduct, and contract only with those who do so. Moreover, we hold regular briefing sessions for business partners to promote understanding of our Human Rights Policy, the Code of Conduct for Production Partners and the self-assessment checklists used for factory monitoring. We also make sure not to set delivery dates in ways that disregard production lead times or frequently change order details, which could lead to excessive overtime work. As such, we strive to adhere to appropriate schedules and quantities when placing orders. Furthermore, for key primary raw materials (cotton, wool, down, linen and wood), we use those that are traceable to their origin to the extent possible, and use only materials that are certified as produced under appropriate labor conditions. In addition, we have enhanced human rights education for employees. We regularly hold basic training sessions on the respect for human rights expected of companies, and also provide training on priority human rights issues, the Code of Conduct for Production Partners, and factory monitoring results to managers and employees responsible for procurement, production management, product planning and quality within the supply chain.

Human Rights Policy and promotion system▶ <https://www.ryohin-keikaku.jp/eng/sustainability/humanrights/policy/>
Human rights due diligence▶ <https://www.ryohin-keikaku.jp/eng/sustainability/humanrights/due-diligence/>

Monitoring of Production Partner Factories

Ryohin Keikaku utilizes a third-party organization to conduct regular on-site audits of its production partner factories to confirm the status of their compliance with the Code of Conduct for Production Partners. We also share the results of the audits with the factories and work together with them to make improvements in the case of any non-compliant items. Based on improvement reports prepared by each factory, we not only address the issues identified, but also work with the factories to identify the specific activities or procedures—or the lack thereof—that caused these issues, and to determine whether changes to the systems are necessary to prevent recurrence. We also conduct follow-up audits based on the improvement implementation report to confirm that the situation has improved. In the event that a serious human rights violation is identified, such as forced labor or child labor, we work quickly to verify the actual situation and take appropriate action. If corrective action cannot be expected even after we have exercised our influence, we may consider terminating our partnership with the factory, in accordance with the Code of Conduct for Production Partners.

Monitoring of production partners▶ <https://www.ryohin-keikaku.jp/eng/sustainability/supply-chain/monitoring/>

Status and Results of Monitoring of Production Partner Factories in FY2024/8

In FY2024/8, we conducted on-site audits of a total of 298 factories, comprising 241 Tier 1 factories and 57 Tier 2 factories. The audits were carried out by a third-party organization. We provide feedback to all factories on identified issues and the results of risk assessments. We also request improvements from factory management and offer support to facilitate those improvements. For the 20 factories that received an E rating, we reviewed whether or not to continue doing business with them and requested improvements from those with which we chose to maintain a partnership. We agreed on improvement plans and recurrence prevention measures with all factories, and are currently working to confirm the progress of these improvements. For factories rated D and E, we will conduct follow-up audits within one year of the initial audit date to verify the completion of improvements based on a third-party review.

A significant number of issues were detected under the audit items “health and safety” (54%), with a notable number related to “fire safety” (12%). Specifically, cases were identified where fire drills were not conducted properly, evacuation routes were blocked by objects and emergency exits were locked. We explained to the factories the risks to human life in the event of a fire or accident, urged them to make corrections and confirmed the status of improvement measures. In addition, a considerable number of cases were detected in the audit items “environment” (10%), “working hours” (9%), and “wages and compensation” (7%). No instances of child labor or forced labor have been identified in the audits conducted to date.

Results of monitoring of production partner factories▶ https://www.ryohin-keikaku.jp/sustainability/supply-chain/monitoring/pdf/20250213_monitoring_material_fy2024.pdf (Japanese only)

Disclosure of List of Production Partners

We believe that enhancing transparency throughout the supply chain is our responsibility to all stakeholders. By disclosing a list of our production partners, we aim to strengthen engagement and promote the development of appropriate working environments. The list includes major factories to which we outsource the production of apparel, household goods, and food (Tier 1) and knitting and weaving factories for garments (Tier 2).

List of production partners▶ <https://www.ryohin-keikaku.jp/eng/sustainability/supply-chain/partners/>

Grievance Mechanism

We have established a supplier hotline as a contact point for whistleblowing reports from suppliers. It is intended for use by domestic suppliers (including factories) in Japan that do business with Ryohin Keikaku. Reports are received by Ryohin Keikaku’s Supplier Hotline Office and investigated to verify the facts. If corrective action is deemed to be necessary based on the findings, we will promptly respond.

Ryohin Keikaku has been participating in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI) since May 2022, with the aim of addressing the various issues faced by migrant workers in Japan with the technical intern or specified skilled worker residence statuses. JP-MIRAI includes stakeholders such as companies, lawyers and non-governmental organizations, and is led by the Japan International Cooperation Agency (JICA). In FY2024/8, we also participated in the Consultation and Remedy Desk Development Project (JP-MIRAI Assist), a pilot project that was started by JP-MIRAI to provide consultation services for migrant workers. Currently, the service is limited to Ryohin Keikaku employees. In the future, we plan to expand the scope to include workers in our supply chain as a means for the early detection of labor and human rights issues.

Grievance mechanism▶ <https://www.ryohin-keikaku.jp/eng/sustainability/humanrights/grievance-mechanism/>
Supplier hotline▶ <https://www.ryohin-keikaku.jp/eng/sustainability/humanrights/hotline/>
JP-MIRAI Assist▶ <https://portal.jp-mirai.org/en/consult>

Main Assessment Items: 13 Categories and 199 Items

Category	Child labor	Checklist Items
	Forced labor	
	Employment contracts	
	Health and safety	
	Freedom of association	
	Discrimination	
	Disciplinary actions	
	Working hours	
	Wages and compensation	
	Environment	
Monitoring of compliance		
Ethics		
Procurement management		
Is there an effective procedure for confirming the age of employees when they are hired to work in the factory?		
Are any employees subjected to illegal withholding of wages, or required to pay training expenses, employment agency fees, tool expenses, uniform costs, or other non-monetary payments with similar monetary value?		
Are employees able to take time off when they are ill or pregnant if they submit a doctor's certificate or note?		
Is there any evidence of forced, penal, bonded, indentured or trafficked labor?		

Rating Scale

Rating	Description
A	No issues identified
B	Relatively low-risk issues identified
C	Issues related to occupational health and safety, wages and compensation, working hours, employment contracts and environmental management identified
D	Multiple issues related to occupational health and safety, wages and compensation, working hours, employment contracts and environmental management identified
E	Significant issues identified that indicate a high-risk situation

Assessment Results

Rating	Tier 1	Tier 2	Total
A	18	1	19
B	144	38	182
C	54	10	64
D	11	2	13
E	14	6	20
Total	241	57	298

Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Caring for the Environment

Ryohin Keikaku’s business activities are dependent upon and supported by limited natural resources and ecosystems. By addressing interconnected environmental issues, we aim to prevent resource depletion and promote business activities that minimize environmental impact.

Environmental Management

Each division, business unit and subsidiary works to address environmental issues by setting goals and strategies with a strong sense of responsibility and by working together. For projects that require specialized knowledge, the Group collaborates with external specialized institutions in areas such as testing, auditing and management. The targets and progress of each initiative are reported, discussed and decided upon at the monthly meetings of the ESG Management Committee, and reported at least twice a year to the Board of Directors, which incorporates them into Company policy and business activities. In addition, various risks are reviewed and discussed by the Compliance and Risk Management Committee and reported to the Board of Directors

The Ryohin Keikaku Group Environmental Policy was reviewed in October 2024. The policy includes compliance with environmental laws, regulations and the standards in each country/region. It also states our commitment to upholding international environmental treaties, carrying out environmental due diligence and providing appropriate disclosure.

Ryohin Keikaku Group Environmental Policy ▶ https://www.ryohin-keikaku.jp/eng/sustainability/pdf/RK_Group_Environmental_Policy_ver1.0.pdf

Calculation and Reduction of Greenhouse Gas Emissions

Ryohin Keikaku is aiming for a 50% reduction in the Group’s Scope 1 and 2 emissions by FY2030/8 (compared with FY2021/8). To achieve this goal, we will analyze the impact from future carbon price trends and store expansions. Based on this analysis, we will formulate and implement a greenhouse gas (GHG) emissions reduction plan. We also calculated Scope 1, 2 and 3 emissions for the Group in accordance with the GHG Protocol, an international standard for calculating and reporting GHG emissions, and obtained third-party verification.

Response to climate change ▶ <https://www.ryohin-keikaku.jp/eng/sustainability/environment/climate-change/>

FY2023/8 Greenhouse Gas Emissions Verification Statement (Japanese only) ▶ https://www.ryohin-keikaku.jp/eng/sustainability/pdf/Verification_Statement_2023_eng.pdf

Introduction of Renewable Energy

Ryohin Keikaku aims to contribute to the realization of a net-zero GHG emissions society by 2050. To this end, the Group aims to source 100% of the electricity used in its business activities from renewable energy, with a goal of achieving 100% renewable energy adoption in its stores and 100% solar panel installation at store facilities by 2030. We have been installing rooftop solar power generation systems at individual stores, an initiative that has now expanded to 25 stores.¹ On the other hand, there has been an increase in GHG emissions associated with electricity at tenant stores and other locations where we do not hold a direct power supply contract. This is a result of new store openings and business expansion. We estimate that if no additional measures are taken, Scope 1 and Scope 2 GHG emissions in Japan will increase by approximately 2.6 times by 2030 (compared with FY2021/8 levels). To achieve our reduction target, in addition to existing efforts, we will need to implement new measures to reduce emissions by an additional 40,000 t-CO₂. As such, we aim to generate additional environmental value through solar power generation, while also contributing to local communities in terms of both employment and production by constructing power plants on sites such as abandoned farmland and through solar sharing initiatives that integrate agriculture and power generation. We have commenced full-scale studies into a power generation business in collaboration with partner companies, including energy providers. If the entire reduction of approximately 40,000 t-CO₂ required to achieve our target were to be covered by solar power generation, we estimate that around 60 MW of additional power generation capacity would be needed by 2030. As the first step of this project, we aim to develop approximately 12 MW of capacity within the first year. The power generated will be sold on the Japan Electric Power Exchange (JEPX), and we are examining a business scheme that would allow us to obtain the environmental value of this electricity (a virtual PPA). Going forward, we will work to reduce our GHG emissions by installing solar panels at stores, adopting renewable energy plans, creating environmental value through the power generation business, and utilizing non-fossil fuel energy certificates.

1. As of the end of December 2024

Unit: t-CO₂e Scope: Ryohin Keikaku Co., Ltd.

Item	FY2021/8	FY2022/8	FY2023/8	FY2024/8
Scope 1	919	1,110	1,187	1,376
Scope 2 (market based)	30,595	34,709	39,901	29,793
Scope 1 + Scope 2	31,514	35,819	41,088	31,169
Change compared with baseline year	Baseline year as 100%	113.7%	130.4%	98.9%

Figures for FY2024/8 are currently under review by a third-party organization and may be subject to change. The updated figures will be posted on our website.

▶ <https://www.ryohin-keikaku.jp/sustainability/muji-sustainability/number/> (Japanese only)

Reduction of Scope 3 Emissions

We are promoting initiatives such as considering the introduction of renewable diesel fuel and trucks that run on compressed natural gas (CNG) for domestic truck transport, utilizing ferries for domestic long-distance transport, optimizing the number of deliveries to stores, increasing load efficiency by improving packaging, and expanding collaboration with shipping companies working toward decarbonization in international transport. As a result, the estimated amount of GHG emissions arising from domestic and international transport in FY2024/8 decreased by 14.3% compared with FY2022/8. In FY2023/8, we joined the CDP Supply Chain Membership Program, and have been requesting major production partners to disclose information about their climate change-related initiatives. We provide feedback based on our own assessment of the survey results as part of our efforts to work with production partners to monitor and reduce GHG emissions throughout the supply chain. We also calculate the carbon footprint of each product, and use this information in reviewing raw materials and production processes.

Disclosure Based on TCFD Recommendations

Ryohin Keikaku recognizes the importance of the Task Force on Climate-related Financial Disclosures (TCFD). We will continue to identify the impact of climate-related risks and opportunities on our business, formulate and implement strategies and provide information disclosure in line with the TCFD framework.

Scenario analysis results ▶ https://www.ryohin-keikaku.jp/eng/sustainability/pdf/Information_Disclosure_Based_on_the_TCFD_Recommendation_2023_eng.pdf

Item	Key Points of Initiatives
Governance	<ul style="list-style-type: none">• The Board of Directors receives reports twice a year on initiatives related to ESG management, including the response to climate change, from the secretariat of the ESG Management Committee, which meets monthly. The Board also monitors the status of the activities and holds discussions and provides guidance on policies and initiatives.• In FY2022/8, we introduced a restricted stock compensation system for directors (excluding independent directors), based on evaluations of ESG management.• To ensure highly flexible ESG management in the Company’s core business activities, inside directors, including the president & representative director, and executive officers regularly discuss relevant matters at the Executive Advisory Committee, which is held weekly.
Strategy	<ul style="list-style-type: none">• With regard to the risks and opportunities associated with climate change, we work to identify factors that could impact our business, and then implement action plans after qualitatively and quantitatively evaluating the size of the impact based on criteria such as importance to business strategy. We also look at financial impact in terms of revenue and costs, and the relevant time frame. We will respond to various types of risk, mitigating or eliminating their impact, while accelerating our growth strategy by offering products with a reduced environmental impact in response to rising customer awareness and expectations regarding sustainability.• We conduct scenario analyses of the risks and opportunities associated with climate change, based on the premise that reducing risks and expanding opportunities is essential for sustainably increasing both corporate and social value.
Risk Management	<ul style="list-style-type: none">• We assess key potential risks based on factors such as potential impact and time frame, and implement measures to minimize both the likelihood of occurrence and the severity of impact.• The Compliance and Risk Management Committee, which oversees Group-wide risks as part of the risk assessment process, assesses probable exposure to risks at least once a year based on their significance and likelihood of occurrence. We recognize that climate change-related risks are a priority risk for the entire Group.
Metrics and Objectives	<ul style="list-style-type: none">• We have set a target of a 50% reduction in the Group’s overall Scope 1 and 2 emissions by 2030 (compared with FY2021/8). Based on the identified risks and opportunities, we are working to introduce renewable energy and install solar panels at stores and distribution bases, reduce the use of fossil fuels in product manufacturing, and promote reuse and recycling.• Our goal is to design all products based on an ESG perspective. As a key initiative, we are working to launch businesses and products that create a positive social impact, with reuse and recycling as the central theme.

MUJI Karatsu and MUJI Hita—The First Wood-Framed Stores in Japan to Obtain ZEB Certification

MUJI Karatsu (Saga Prefecture) and MUJI Hita (Oita Prefecture), both opened in September 2024, are MUJI’s first wood-framed stores as well as the first such stores in Japan² to obtain ZEB certification. Designed by Group company MUJI HOUSE Co., Ltd., the stores feature the “SE Structure,” a wooden rigid-frame structure known for its excellent earthquake resistance, enabling the construction of large-scale wood-framed stores. By combining energy-saving and energy-generating technologies, the stores have obtained ZEB certification. ZEB stands for “Net Zero Energy Building,” and refers to structures designed to achieve zero or negative net primary energy consumption. The stores have attained the highest level of energy efficiency within the four-tier ZEB classification. This classification is based on the performance evaluation under the Building-Housing Energy-efficiency Labeling System (BELS). The two buildings were certified in January 2024. The total energy required is reduced through the use of high-performance thermal insulation in the wooden roofs and exterior walls, as well as a highly efficient air conditioning system that optimizes ventilation and temperature using motion and CO₂ sensors. In addition, by using solar power generation and storage batteries to produce the energy used in the buildings, we achieved zero primary energy consumption in each store.³ Moreover, these wood-framed stores can reduce CO₂ emissions during material production by 44%⁴ compared with conventional steel-framed stores. When considering the entire lifecycle—from material production to construction, maintenance, disposal and recycling (excluding the usage phase)—CO₂ emissions are reduced by 35%⁴ compared with steel-framed stores.

- 2. First in Japan for wood-framed buildings and large-scale wood-framed buildings with a total area of 2,000 m² or more based on data published by the Association for Evaluating and Labeling Housing Performance (as of May 1, 2024).
- 3. Figures obtained by converting energy used in equipment such as air conditioning, lighting and elevators into heat
- 4. The CO₂ reduction rates were calculated using the One Click LCA carbon assessment software, with a simplified evaluation conducted by New Constructor’s Network Co., Ltd.



Exterior view of MUJI Karatsu



Solar power generation equipment at MUJI Karatsu



Interior view of MUJI Karatsu

Material Issue 1: Build a Sustainable Society While Achieving Circularity, and Coexisting with Nature

Building an Environmental Due Diligence Framework

Ryohin Keikaku is building an environmental due diligence framework, making reference to international guidelines such as OECD Due Diligence and the TNFD.¹ We are working to identify and assess the environmental impact of our business activities and supply chain, in addition to preventing or mitigating such impact. In FY2024/8, we formulated a medium- to long-term roadmap for building an environmental due diligence framework. Going forward, by implementing the environmental due diligence process in line with this roadmap, we will work to properly understand the direct and indirect negative environmental impact of our business activities and implement appropriate measures for their mitigation and management.

1. Taskforce on Nature-related Financial Disclosures (TNFD): An international organization that develops frameworks for companies and financial institutions to assess and disclose risks and opportunities related to natural capital and biodiversity

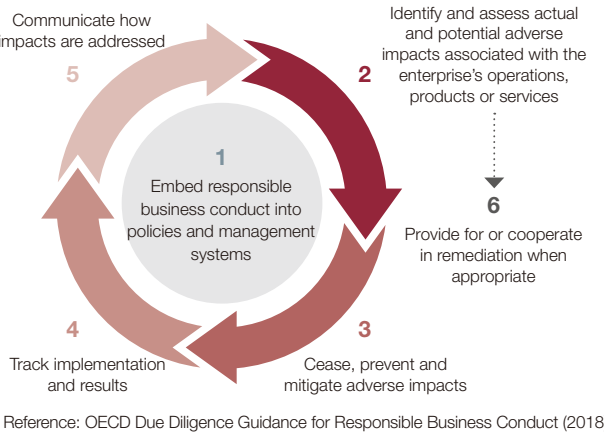
Pilot Assessment of Environmental Risks Throughout the Value Chain of Main Businesses and Raw Cotton Wool

In FY2024/8, we conducted a pilot assessment of the negative environmental impact and our dependencies throughout the value chain of main businesses and the raw cotton wool used in many of our products.

In the assessment of the value chain of mainstay products in our main businesses of apparel, household goods and food, we used evaluation tools such as ENCORE² to evaluate the potential environmental impact of Ryohin Keikaku’s businesses. The assessment revealed that the procurement process for plant-derived materials has a wide-ranging impact and dependence on the natural environment. In particular, we found that in the household goods business, which handles a wide range of plastic products, paper and wood items, and metal and home appliances, there is a significant potential impact on climate change and water resources.

In the assessment of raw cotton wool, we used the L (Locate) and E (Evaluate) assessments based on the LEAP approach³ advocated TNFD. We assessed the potential impact, water risks, and other factors for the eco system at 20 factories involved in spinning cotton, weaving fabric and sewing. For sites that were expected to have a particularly high negative impact, we conducted detailed assessments of each factory and discussed effective countermeasures. The results of this pilot assessment have been incorporated into the newly developed medium- to long-term roadmap for environmental due diligence.

2. Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE): A tool for assessing the potential ways in which economies (sectors, subsectors, production processes, etc.) depend on and impact nature.
3. A method for evaluating and managing nature-related issues advocated by the TNFD



Sustainable Water Resource Management

We have set out our basic policy on water resources in the Ryohin Keikaku Group Environmental Policy. In FY2024/8, we used two water risk assessment tools to conduct a water risk survey of our own sites as well as of the major production partners who made up 80% of our total transaction amount in FY2023/8. The tools we used were Aqueduct, provided by the World Resources Institute (WRI), and Water Risk Filter, provided by the World Wide Fund for Nature (WWF). Based on the results from our own sites, we will reflect flood risk in store opening criteria and work to reduce water usage. For production partners, we will work to gain an understanding of the current situation through interviews, identify water-related risks at the facility and business-type level, and encourage those with factories exposed to high water risk to make improvements.

Moreover, through our responses to the CDP⁴ water security questionnaire, we have identified internal issues and are managing our progress accordingly. We obtained an A- rating in the 2024 CDP water security questionnaire.

Sustainable water resource management ▶ <https://www.ryohin-keikaku.jp/eng/sustainability/environment/water/>
4. CDP is an NGO based in the United Kingdom that runs a global disclosure system. (<https://www.cdp.net>)

Chemical Management

Ryohin Keikaku is committed to environmentally and socially sustainable product development, and in June 2023 became a member of the Apparel and Footwear International RSL Management (AFIRM) Group, an organization that works to reduce the use and impact of harmful substances in the global apparel and footwear supply chain. Accordingly, we require internal departments and all production partners to comply with the MUJI Product Restricted Substances List, which adds our own standards for textile products to the AFIRM Restricted Substance List (RSL). We ensure compliance in actual operations by conducting random tests of products based on the standards. Through our involvement with AFIRM, we will continue to monitor industry trends and the actions of other companies, and make timely updates to the RSL based on this information. Furthermore, Ryohin Keikaku has restricted and is actively working to eliminate the use of all perfluorinated and polyfluorinated chemicals (PFAS) during the production process for textile products manufactured after FY2023/8.

Chemical management ▶ <https://www.ryohin-keikaku.jp/eng/sustainability/environment/chemical/>

Biodiversity

In the Ryohin Keikaku Group Environmental Policy, we state our commitment to considering the impact of deforestation on climate change and biodiversity, as well as on indigenous peoples and local communities. We have set the goal of only procuring raw materials used in our products and store materials that are certified as deforestation-free by 2050. In FY2024/8, we continued to conduct surveys of the usage of palm oil, wood/paper and cotton as major materials, and promoted initiatives to procure raw materials with consideration for the impact on the ecosystems and local communities of production areas.

Specifically, for palm oil, we assessed the amount used in cosmetics, household goods and food, verified the presence of certifications, and evaluated the feasibility of switching to certified palm oil. Since joining the Japan Sustainable Palm Oil Network (JaSPON) in December 2023, we have been exchanging information with relevant organizations and other companies, and are creating a roadmap to facilitate the future procurement of certified palm oil.

We are also working toward our goal of using 100% sustainable wood and paper by 2030—either certified timber (FSC,⁵ PEFC,⁶ and SGECS⁷), or materials that can be verified as sourced in compliance with environmental laws and regulations in each country and region, and not associated with illegal logging or deforestation. To achieve this goal, we conduct investigations into legal logging practices in compliance with environmental laws and regulations in each country and region, as well as self-assessments (wood due diligence) to ensure that we do not use wood associated with illegal logging or deforestation. For cotton, we are promoting the procurement of certified materials, including organic cotton certification (ROC, GOTS and OCS⁸), certifications aimed at improving the living and working environments of small-scale farmers and preserving the natural environment of production areas (CmiA⁹), and certifications for recycled materials (GRS and RCS¹⁰). We have also conducted a pilot assessment of environmental risks based on the LEAP approach advocated by the TNFD in order to better understand these risks.

Biodiversity ▶ <https://www.ryohin-keikaku.jp/eng/sustainability/environment/biodiversity/>
5. An international certification system operated by the Forest Stewardship Council (FSC)
6. Programme for the Endorsement of Forest Certification (PEFC): An international certification system that provides recognition of national forest certification frameworks around the world, including those under the Pan European Forest Certification schemes
7. Sustainable Green Ecosystem Council (SGEC): A Japanese forest certification system mutually recognized by PEFC
8. Regenerative Organic Certified (ROC), Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS)
9. Cotton made in Africa (CmiA)
10. Global Recycled Standard (GRS) and Recycled Claim Standard (RCS)

Initiative with a Brazilian Coffee Farm

Like palm oil, coffee is a commodity with a high risk of contributing to deforestation due to the expansion of commercial production. In the EU, it is mandatory to prove that these products were produced without causing deforestation. The “Coffee 2050 Problem” has raised concerns that, while the global consumption of coffee continues to increase each year, suitable cultivation areas for Arabica beans, which account for about 60% of global coffee production, could be reduced by half by 2050 due to global warming and the spread of pests and diseases. Another challenge is an exodus of small-scale coffee growers from the industry as their incomes become unstable due to market fluctuations. These issues have prompted a call to find a sustainable way to produce and source coffee.¹¹

Collaboration with Dattera

In March 2024, Ryohin Keikaku renewed its original blend coffee series and began offering new products developed in collaboration with the Dattera coffee farm in Brazil, which has been certified by the Rainforest Alliance. These products make partial use of beans that fall outside standard export size specifications. Dattera has designated half of its land for nature conservation, using the area to preserve natural forests, maintain reforested land, and protect water sources. It was the first coffee farm in Brazil to receive Rainforest Alliance certification. The water used in the coffee production process is partially filtered and reused. Solar panels have been installed on the farm to supply energy for coffee production.

Development of Coffee That Takes the Environment and Growers into Consideration

Brazil, the world’s largest coffee producer, has established export standards based on bean size and the number of beans damaged by pests or other factors. Coffee beans go through an on-site sorting process to meet export standards. Beans that are smaller than the specified size or have many defects such as blemishes or insect damage are not exported but remain in Brazil for local consumption. In this initiative with Dattera, beans that do not meet export standards due to their small size are separated during the sorting process from those intended for local consumption in Brazil. Beans with defects that do not impact flavor are selected to create a blend exclusively for MUJI. The beans are carefully roasted and blended to bring out their natural sweetness and rich flavor. Using the MUJI-exclusive beans as a base, we created three original flavor profiles by blending them with beans from Ethiopia, Guatemala and Indonesia. By collaborating with Dattera, an industry leader in environmentally conscious coffee production in Brazil, and promoting the use of non-standard beans to expand coffee exports, we support coffee growers while also reducing environmental impact.

11. Based on findings by World Coffee Research (WCR) ▶ <https://worldcoffeeresearch.org/>



MUJI-exclusive beans from Dattera are used for 50% of our coffee products.



Material Issue 2: Address Local Challenges and Revitalize Regions

Opening Stores around the World

Based on our two missions, we will open new stores to support the basic aspects of daily life around the world. We want our stores to become community centers that are seen as an essential part of their areas. We will achieve this by developing various sales channels and promoting store opening variations, and by providing products, services and stores tailored to local needs through independent store management centered on people.

Basic Policy

Japan

Our policy is to continue to expand with a focus on opening stores in residential areas close to people's lives. To better ensure profitability, we will review store locations and formats based on the trends of strong-performing stores, and will continue to aim for a net increase of around 60 stores per year, with the goal of having a total of 1,000 stores in the future. In addition, we will also supply products in Lawson convenience stores and in supermarkets to provide MUJI products to customers who do not live near a MUJI store.

Overseas

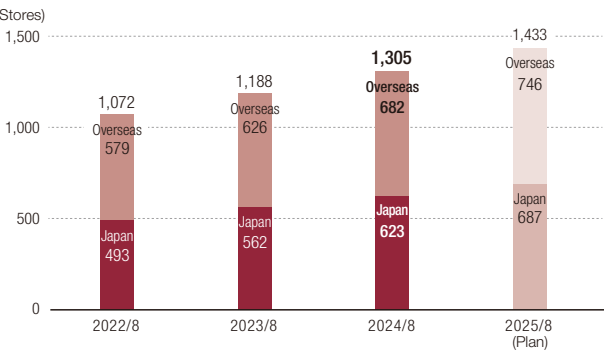
In the Mainland China Business, we will carefully examine unprofitable stores, taking into account economic conditions and other factors. We anticipate a net increase of 26 stores in FY2025/8. In the Southeast Asia Business, we will speed up the pace of store openings, and are planning to open about 30 stores in FY2025/8 in the region. However, rather than expanding into suburban areas and regional cities, we will concentrate on large stores and flagship stores in major cities, and make a renewed effort to attract new customers by increasing MUJI's brand recognition and customer favor with store formats that offer a full range of products and services that benefit the communities and customers. In the North America and Europe businesses, we are considering opening flagship stores in major cities such as New York, Paris and London.

Store Opening Plan and Progress

The number of stores in Japan at the end of FY2024/8 was 623, a net increase of 61 stores after we opened 76 stores primarily in suburban areas. The number of stores overseas was 682, a net increase of 56 stores. We opened 54 new stores in mainland China, Taiwan, Hong Kong and South Korea, and also expanded our store network by opening 19 stores in Thailand, Malaysia, Vietnam and other countries in Southeast Asia. We closed unprofitable stores in North America and Europe.

* Excluding overseas licensed stores, Café&Meal MUJI and IDÉE

Number of Stores in Japan and Overseas*



Results for FY2024/8

	Japan	Overseas	East Asia		Southeast Asia/ Oceania	Europe/North America	Total
			Mainland China				
Store openings	76	73	54	43	19	–	149
Store closings	(15)	(17)	(9)	(6)	(1)	(7)	(32)
Net increase in stores	61	56	45	37	18	(7)	117
Number of stores at end of period	623	682	527	398	105	50	1,305

Examples of Store Openings in Various Countries/Regions

MUJI Beijing Chaoyang Joy City Opens in Beijing as the Largest MUJI Flagship Store in the Mainland China Business

In February 2024, the MUJI Beijing Chaoyang Joy City store opened in Chaoyang Joy City, a shopping mall in Beijing. With a renovation that expanded the total floor space to 4,654 m², it is now the largest flagship store in the Mainland China Business. The entire Ryohin Keikaku Group aims to help “build a sustainable society while achieving circularity, and coexisting with nature,” so we used many recycled materials in this renovation project, as we did for MUJI Shanghai Jing An Kerry Centre, which opened in 2023. We are also developing services that are a first in the Mainland China Business, including an initiative for the collection, cleaning and reselling of MUJI furniture and the release of original MUJI wines. Going forward, we will continue expanding into major cities where we have not yet opened stores, including the renovation of flagship locations.



MUJI Tsushima Opens as the First Directly Managed Store on a Remote Japanese Island

In March 2024, we opened a MUJI store in Tsushima City, Nagasaki Prefecture. Although there are supermarkets and drugstores in Tsushima, the island has few clothing or furniture stores, which has forced people in many instances to shop off-island, either by mail order or on shopping trips to less remote places. We have opened a MUJI store on the second floor of the Saiki VALUE Mitsushima grocery store in the center of Tsushima to make it easier for local customers to regularly shop at MUJI. By offering a selection of basic lifestyle products, including daily necessities, apparel and storage supplies, we want to make this a store that is useful to the community.



Sales Channel Development

Partnership with Lawson

In May 2022, we teamed up with Lawson, Inc. to begin sales of MUJI products at Lawson convenience stores. As of the end of August 2024, MUJI products are available at approximately 13,000 Lawson stores in all 47 prefectures of Japan.

In June 2024, we introduced two new products sold exclusively at Lawson stores—right-angle acrylic pile short socks and a cotton towel half handkerchief—with designs based on the Lawson storefront sign. In August, we also began delivery of MUJI products at Lawson stores nationwide that utilize the Uber Eats service.



Collaboration with Japanese Consumers' Co-operative Union (JCCU)

We have been expanding our home delivery business since March 2022. In September 2024, we began supplying MUJI products to CO-OP Sapporo supermarkets. MUJI products were available in five CO-OP Sapporo supermarkets in Hokkaido as of the end of October 2024.

We also began collaborating with the Co-op Deli Consumers' Co-operative Union (a union of six co-ops in eight prefectures), and are pursuing business expansion through partnerships with co-op services nationwide. These efforts complement our presence in regions with few MUJI stores where people live, leading to stronger infrastructure for daily life.



Supply of Products to Supermarkets

We have been supplying products to supermarkets in Okinawa and the Hokuriku, Kinki and Shikoku regions, and in March 2024 we began supplying products to Yamanaka Co., Ltd., which operates supermarkets in the Tokai region, and in August 2024 we began supplying products to Okuwa Co. Ltd., which operates supermarkets in the Kinki and Tokai regions.

As of the end of November 2024, MUJI products were being sold in a total of 40 supermarkets in 11 prefectures. We will continue to expand the number of stores that handle MUJI products in order to benefit the people in each region and contribute to strengthening the infrastructure for their daily lives.



Bringing MUJI Products to Stands in Offices, Factories and Government Facilities

MUJI products are sold in the offices and factories of business partners and in government facilities at 120 locations throughout Japan (as of the end of November 2024). With product selection centered on confectioneries such as irregular baumkuchen on dedicated display shelves, we supply products that let the people who work in those locations take a breather.



Material Issue 2: Address Local Challenges and Revitalize Regions

Strengthening Independent Store Management

Ryohin Keikaku is promoting the evolution of MUJI stores throughout Japan as local community centers. To support that effort, it is important for every staff member to think about what they can do to be of benefit to the customers right in front of them, and act on it. Putting people at the heart of our business and promoting the autonomous growth of staff will lead to high-quality and independent store management for local customers. This will be a driving force for sustainable business growth.

Measures for Independent Store Management

Creating Stores Where People Do the Selling

Guided by our belief in putting people at the heart of our business, and viewing profit as an outcome, not the goal, we have been creating an organizational culture of proactiveness and independence through our shift to a way of doing business that values autonomy, and through efforts to strengthen internal communication. We are also continuing to take steps to ensure the job satisfaction of store employees.

Based on this corporate culture and our organizational structure, we will further accelerate independent store management in which people at each individual store know the local area, and create profit/loss statements and business development plans based on the store’s unique characteristics to meet the needs and expectations of its customers.

Specifically, based on the slogan “People do the selling,” we are strengthening training in specialized skills to enable store staff to acquire skills and product knowledge on their own so they can engage in customer service work with enthusiasm. We are promoting skill development for positions including health and beauty (H&B) advisors, who have specialized skills in skin care products and cosmetics, interior advisors, coffee instructors, and visual merchandising¹ specialists.

In addition, we are expanding training in sales and inventory planning, personnel planning, and training of subordinates to give employees the skills needed for independent store management and operations. We are also working to establish a development trainer system aimed at creating teams where members teach and learn from one another.

1. Visual merchandising is the practice of creating sales floors that attract and motivate customers to make a purchase.

Strengthening 600-Tsubo Standard Stores

We have set 600-*tsubo* (approx. 1,980 m²) stores, which offer a complete selection of products used in daily life, as our standard store format going forward. By taking advantage of the large sales floor area, we have raised the overall level of visual merchandising by creating more emotionally engaging displays that span multiple product categories. We are also replicating successful sales spaces at other locations. At suburban stores, we have worked to increase familiarity with our stores by utilizing media such as flyers and television, and holding in-store events. We believe that expressing the MUJI worldview and increasing the level of familiarity with our stores will lead to improved profitability at 600-*tsubo* stores, which are able to present MUJI’s full product lineup. In fact, sales per unit area, which had been in a slump since FY2022/8, have started to improve since the third quarter of FY2024/8.

Going forward, we aim to create stores that best meet customer needs by expanding sales floor space dedicated to H&B items, daily necessities, apparel and other key product categories globally. We will also enhance floor layouts to ensure clear product organization and classification to make products easier to see and then purchase. Moreover, we will further strengthen the creation of sales spaces where people do the selling. We will work to attract new customers by increasing the usage rate and improving the buying experience of services that utilize the MUJI passport app and our online store.

For overseas stores, our policy is to expand the 600-*tsubo* format developed in Japan as the standard. By opening large-scale stores and flagship stores, mainly in major cities in Southeast Asia, we aim to increase MUJI’s visibility and attract new customers.

Expansion of Store Opening Variations

As part of our efforts to create stores based on local characteristics, we are developing locations that handle a limited range of products. By specializing in categories such as apparel or H&B, they will meet the deeper needs of customers through enhanced product lineups and a higher level of customer service.

A Store That Expresses the MUJI Labo Worldview

Since 2005, MUJI Labo has been operating in Japan and at large-scale stores globally as an experimental line focused on refining MUJI’s basic apparel. November 2024 marked the grand opening of MUJI Daikanyama, a flagship store that expresses the MUJI Labo worldview.



Display of a scene from everyday life



H&B, a key product category



MUJI Daikanyama

MUJI Stores as Community Centers

We want to have a positive impact on each region by operating stores that serve as community centers for their area and address local issues in collaboration with local stakeholders. In particular, we conduct store-initiated activities in the areas of environmental consideration, disaster prevention, food and agriculture, health, regional revitalization, and traditional culture. Through dialogue with people in communities we serve, our store activities reflect input from local residents.

Community Market Events: Revitalizing Communities

The Community Market, based on the concept of “connecting people, connecting communities,” is a market-type event held on an irregular basis at MUJI stores throughout Japan, and is planned and operated together with local residents. It may include a variety of programs, including stalls selling local foods, specialty products and handicrafts, as well as local social events. We are creating events that can be enjoyed by people of all ages, and where local residents can rediscover the charms of their region and connect with each other. In FY2024/8, a total of more than 200,000 people participated nationwide.

Workshops and Hands-On Events: Experiencing Tradition and Culture

MUJI stores throughout Japan hold workshops and hands-on events that people sign-up for in advance. Individuals and organizations that are active in the community are invited as instructors for a wide range of hands-on events, including traditional handicrafts and arts & crafts workshops as well as cooking classes. We will continue to strengthen these initiatives so that MUJI stores can serve as places for the activities of people in the community, and provide opportunities for community members to experience tradition and culture.

Details of MUJI events ▶ https://www.muji.com/jp/ja/event/event_top/ (Japanese only)

Mottainai Market/Osagari Club: Circulating Resources

Based on the idea that wasting limited resources is, well, wasteful, Mottainai Market is an initiative in which still-very usable items that might otherwise be thrown away are instead sold to customers at bargain prices. Items sold include products that were undeliverable to customers due to scratches, stains or other cosmetic defects, and products that were returned after opening.²

Osagari Club is a children’s clothing swap event where children’s clothes that have been well cared for are connected with people who may need them, based on the concept of “Passing on clothing that no longer fits to the next child.” People who bring in children’s clothes that are no longer needed can exchange them for other children’s clothes at the event in the same quantity that they brought.³

Through these programs, we are contributing to a circular society by utilizing MUJI stores as places for recycling resources.

Mottainai Market ▶ <https://www.muji.com/jp/ja/store/cmdty/section/T10022> (Japanese only)

2. Mottainai Market is implemented at certain stores and the online store.

3. Implemented at certain stores



Community Market



At a workshop



Children's clothing at Osagari Club

MUJI Naoetsu: Aiming to Be “In the Middle of Everyday Living” in the Local Area

MUJI Naoetsu opened in July 2020 with the aim of being “in the middle of everyday living” in the local area. In addition to offering products essential to daily life, this store features many unique initiatives and services, such as the Naoetsu Ryohin Cafeteria and the Naoetsu Ryohin Market, booths set up by partner businesses, and operation of the MUJI to GO mobile sales bus.

The store also partners with local businesses to jointly hold the disaster prevention event ITSUMO MOSHIMO Caravan, and conducts art exhibitions of local Art Brut artists in Open MUJI, a communication space inside the store. It is also deepening ties with the community through various initiatives such as participating in rice cultivation in terraced rice paddies while learning from local farmers.

There is a Healthcare Center inside the store to support healthy living. It also has a dispensing pharmacy on site that handles non-prescription drugs, and accepts people for physical examinations and health consultations using a full range of medical equipment every day. Health-related events open to everyone are also popular.

In addition, the store is deepening its collaboration with Naoetsu Uminachi Art, an art event that aims to bring out the charm of Naoetsu and create a lively atmosphere in the town. MUJI Naoetsu will continue to strengthen its ties with the community and help to enrich the lives of the people who live there.



Naoetsu Uminachi Art



MUJI Naoetsu 3rd anniversary event

Material Issue 2: Address Local Challenges and Revitalize Regions

Leveraging IT to Support Independent Store Management

Ryohin Keikaku is leveraging information technology (IT) to implement business process reforms and upgrade digital services throughout the Company to support product development with integrity and the management of stores that also serve as community centers. To that end, we are building an organizational structure aimed at integrating IT infrastructure and promoting further efforts to improve online services for customers.

Basic Policy

Ryohin Keikaku is overhauling its core systems while strengthening its organizational structure. This includes promoting in-house development and building a robust IT infrastructure. We will continue to accelerate our investment in technology to steadily implement business process reforms throughout the Company in support of independent store management and autonomous decentralization.

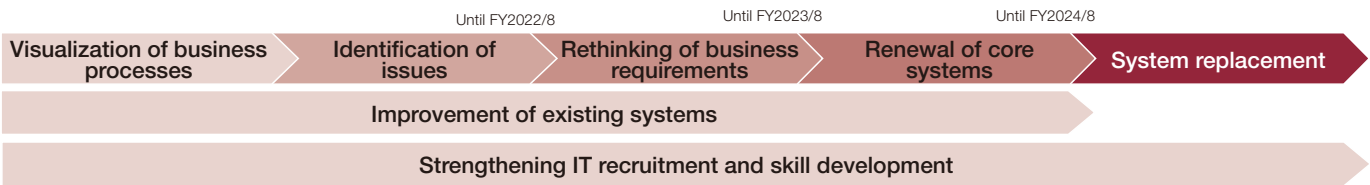
We are revamping our product planning system to integrate budgeting, sales planning and ordering in order to improve order accuracy and reduce missed opportunities. This will also facilitate more precise purchasing and inventory management.

New Core System Construction Plan and Progress

In FY2024/8, we started work on development of a core system to achieve the business operations we envision. We established a structure that links the entire process from budget preparation to the development of semiannual plans, and have completed the global rollout. We will continue to develop the system in FY2025/8. We will integrate sales planning and ordering on a global scale to improve inventory accuracy, reduce missed opportunities and achieve greater efficiency in ordering. We have also established the Global IT Office, which will address both global standards and localization to promote system development tailored to the characteristics of each country and region.

Strengthening Recruitment

In FY2024/8, we hired 33 IT professionals to promote in-house system development. We will continue to recruit IT talent in order to respond quickly to future globalization and the diversification of customer needs.



Using IT to Promote Store Operating Efficiency

Ryohin Keikaku employs a one-stop business model as a manufacturing retailer. It involves developing and manufacturing products and services, and delivering them directly to customers. Because of this, boosting the efficiency of store operations accounts for a large part of the Company-wide business reforms.

In FY2024/8, we continued to install self-checkout registers and revamp POS systems.¹ Thus far, 2,026 self-checkout registers with the new POS system specifications have been installed at 425 stores. In conjunction with this, we have made improvements to cash register operation, and by enabling smooth operation of the self-checkout registers, we have reduced the time needed per transaction by 17 seconds and achieved a 3.3% reduction in labor hours (approximately JPY 350 million per year).

Furthermore, we are promoting operational efficiency through digitalization of store operations such as customer back-orders and shelf-life management, and are making steady progress in improving the in-store environment by replacing the computer equipment and networks used in store operations.

1. A system for managing sales data and product information at the point of sale



Policy for AI

In response to the rapid proliferation of AI technology, we have created Guidelines for the Use of Generative AI, which set clear rules and precautions to ensure the appropriate use of generative AI, and to prevent risks such as information leaks and infringement of rights. The entire Company has been made aware of the guidelines. We have also created an organizational framework for utilizing generative AI, and are considering ways to promote its use.

Providing “Comfortable Online Services” to Customers

The “comfortable online services” that Ryohin Keikaku is aiming for describes a state in which technology and services are seamlessly and imperceptibly integrated into daily life, like the air we breathe, and do not impact the natural flow of customers or employees. To make that a reality, we want to create a seamless inventory management and purchasing experience both in stores and online, and are reinforcing operations including delivery, back-orders, holds, in-store pickups and returns to ensure a stress-free shopping experience. We are also strengthening marketing and customer relationship management to provide each customer with personalized service.

MUJI passport App

Ryohin Keikaku’s MUJI passport app started out as a simple membership card, and we have since improved its convenience by adding a series of new functions, including access to the online store and content from the owned media platform “From MUJI.”

In Japan, the cumulative number of downloads has exceeded 35.47 million, the number of store followers has reached 20 million, and the number of articles (newsletters, snapshots, etc.) sent out annually to customers is 55,000. For e-commerce, customers are actively using the app as a product research tool to assist them in making purchase decisions at stores.

To get even more customers to use the MUJI passport app, we will continue to make improvements and work to enhance the user interface and customer experience.

Online Store

Our online store (e-commerce business) continues to grow, and now accounts for about 10% of our sales in Japan. In FY2024/8, we implemented some 70 enhancements, including improvements to guest checkout, review and in-store pickup functions, as well as optimizations for search and display speed, app crash solutions and architecture upgrades. These improvements led to stable operation even during the MUJI Week campaign,² which contributed to strong sales performance.

For sales on other marketplaces such as ZOZOTOWN and Rakuten, we made sales site improvements, expanded the number of products available and promoted earlier product releases. New customers continue to shop for MUJI products on those sites every month.

2. Exclusive offer period for MUJI members

Shokoku Ryohin and MUJI Furusato Nozei (“Hometown Tax”) Program

For Shokoku Ryohin, which started in 2015 with the aim of helping revitalize local communities through sales of local products, we introduce and sell food and other goods that are specific to regions across Japan.

Currently, we handle approximately 1,800 items from all 47 prefectures. These items are sold at MUJI stores and on the e-commerce site. In September 2024, we expanded Shokoku Ryohin by launching a website dedicated to the “hometown tax” program, a government initiative in which people can donate part of their tax payments to a town of their choice, and receive “thank you” gifts from that locality. By making it easy to obtain the goods offered through Shokoku Ryohin, we will enable people to support the hometown they were born in, or any municipality in Japan.

Start of Package Drop Service

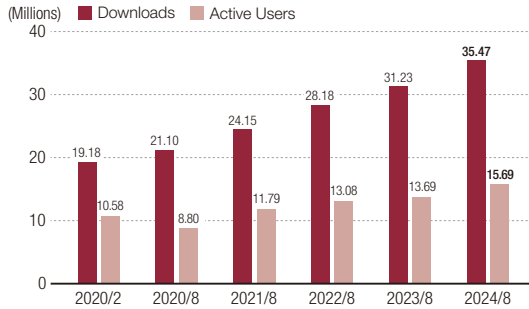
From the end of November 2023, we started a package drop service in which the delivery worker leaves an ordered item in a place designated by the customer rather than handing it to them directly. About 30% of customers use this service, which has helped to reduce CO₂ emissions by about 66 tons, and led to a reduction of 264,000 equivalent working hours for delivery drivers.³

In-Store Pickup

Our in-store pickup service allows customers to pick up merchandise they order online at the nearest MUJI store. This convenient service allows them to save on shipping costs as well as enjoy shopping, and the usage rate is increasing every year. As a result, CO₂ emissions were reduced by approximately 90 tons and the hours worked by delivery drivers were reduced by the equivalent of 360,000 hours (compared with the levels if home delivery had been used for all of those orders).³

3. Calculated using the estimation method presented in *Estimation of Social Losses Caused by Redelivery in Home Delivery Services* issued by the Ministry of Land, Infrastructure and Transport

Downloads of MUJI passport App and Number of Active Users



Scope: Ryohin Keikaku Co., Ltd.



Online Store ▶ <https://www.muji.com/jp/ja/store> (Japanese only)

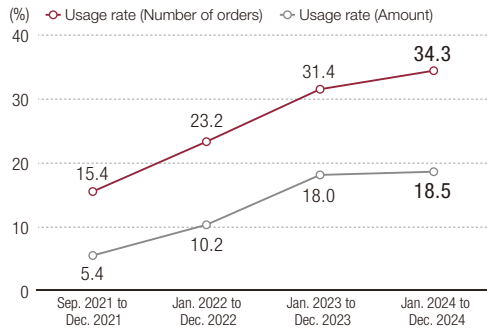


MUJI Furusato Nozei (“Hometown Tax”) Program
▶ <https://furusato.muji.com/> (Japanese only)



Package drop service

Usage Rate of In-Store Pickup Service for Products Ordered Online



Note: The current version of the in-store pickup service has been in operation since September 2021.

Businesses That Lead to Solutions to Social Issues and Regional Revitalization

Ryohin Keikaku is building a platform for realizing a truthful and sustainable society in each region. Our stores aim to support the foundations of daily life as community centers, and seek to be an integral part of the regions in which they operate. We are engaged in a variety of projects throughout Japan, both in our stores and in the community at large, and by helping to address local challenges and revitalize regions we will design sustainable communities.

To drive these initiatives forward, we established the Social Good Business Division, and based on our role as a company that is essential in supporting social common capital,¹ Ryohin Keikaku aims to create a system for realizing public good and mutual assistance in society and a situation where the economy, culture and the environment are organically connected.

1. The concept that the natural environment and social institutions are capital that make it possible for all people in a country or a specific region to lead a prosperous, economically stable life and to maintain an appealing, stable and sustainable society.

Key Initiatives MUJI STAY

Development of Launching Points for Community Activities: New Lifestyle Proposals

MUJI STAY is an initiative for rethinking what lodging facilities and houses can be and transforming lifestyles themselves by redefining the concept of “living.” By leveraging idle assets, we aim to create multiple places to stay where people can lead the lives they want, whether in the city or the countryside, in Japan or overseas. Currently, we operate MUJI HOTEL, MUJI BASE, MUJI room, and MUJI Camp, and manage them in ways that maximize the natural value of each region.

In September 2024, we launched MUJI room, a project to create places where people can experience life with MUJI products in the region’s existing accommodation facilities, including hotels, *ryokans* (Japanese-style inns), and vacation rental properties, and opened MUJI room LIBER HOTEL in Osaka. In this project, we design the space and produce a local experience in hotel rooms and well-established *ryokans*, and are implementing various initiatives that lead to enjoyment of daily life and coexistence with local communities.

MUJI STAY ▶ <https://stay.muji.com/> (Japanese only)



MUJI HOTEL GINZA



MUJI BASE TESHIMA



MUJI room LIBER HOTEL



MUJI Camp

Realizing a Truthful and Sustainable Society



Healthcare Centers

Health and Safety: Supporting the Physical and Mental Health of Local Residents

Ryohin Keikaku has initiated the Healthcare Center Project as part of its commitment to resolving the social issues of maintaining mental and physical health, preventing illness, extending healthy life expectancy, eliminating health disparities, supporting health maintenance in areas with limited medical services, and preventing social isolation. Healthcare Centers have opened in four stores as of the end of November 2024. The centers provide products, information and services that help people in their communities lead healthy lives. Users have access to a personal medical logbook as well as measuring instruments including a blood pressure monitor and body composition analyzer. In addition, a pharmacist, nurse, registered dietician, physical therapist and other specialists are available for consultation free of charge. Going beyond health maintenance, these centers hold a variety of events and activities that help build connections among local residents. These events include physical exercise classes, yoga, leisurely walking tours, dementia prevention events, parent-and-child baby massage sessions, diet seminars, and a traditional Chinese medicine course.

In September 2024, the first Healthcare Center in a city center opened in the MUJI Grand Front Osaka store. Since the area is frequented by many families with children and business professionals, we introduced KAMPO X, a traditional Chinese medicine business support software (for pharmacies) for the first time, to assist people dealing with health, sleep and other problems amid their busy lives. The Healthcare Center provides a list of appropriate Chinese medicines and proposes products in combination with expert knowledge.



A look inside a Healthcare Center

ATELIER MUJI and Art Events

Culture and the Arts: Future Lives Connected to the Past

ATELIER MUJI is an activity that began with the concept of “a workshop where you can go back to the basics of life and find hints for moving forward into the future.” As a reflection of Ryohin Keikaku’s vision of creating cultural crossroads, we organize various events on themes such as art and design, and hold exhibitions at the gallery inside MUJI Ginza as well as online.

In 2024, we held TOKYO ARTSCAPES, our first art event in the Life in Art² project. Our goal is to reconsider the value of art in everyday life, and make Ryohin Keikaku’s aspiration of a “truthful and sustainable life for all” more tangible and familiar. At the MUJI Ginza gallery, we held MOTHER—The Realm Between Imagination and Reality by KRANK,³ known for creating items that combine original functionality with artistic beauty. The exhibition showcased unique creations—including antique furniture and small objects—brought to life through diverse expressions of light and shadow.

2. Life in Art is a project to spread art (culture) based on the theme of everyday art. It was started in 2011 by the interior brand IDÉE.
3. KRANK is an antique furniture shop founded by Kenichiro Fujii.



MOTHER—The Realm Between Imagination and Reality

ITSUMO MOSHIMO

Frameworks for Local Mutual Assistance: Collaboration with Local Governments

“Always ready for emergencies”—that is the concept behind ITSUMO MOSHIMO, a project aimed at raising the disaster awareness of society as a whole by incorporating preparedness into everyday life. As part of the project, we are conducting educational activities that are open to people of all ages, including disaster prevention workshops and events held in collaboration with local governments. We want to make familiar daily necessities and food products a part of disaster preparedness. By connecting communities, businesses and governments without any boundaries, we are helping to enhance the disaster preparedness of whole regions.

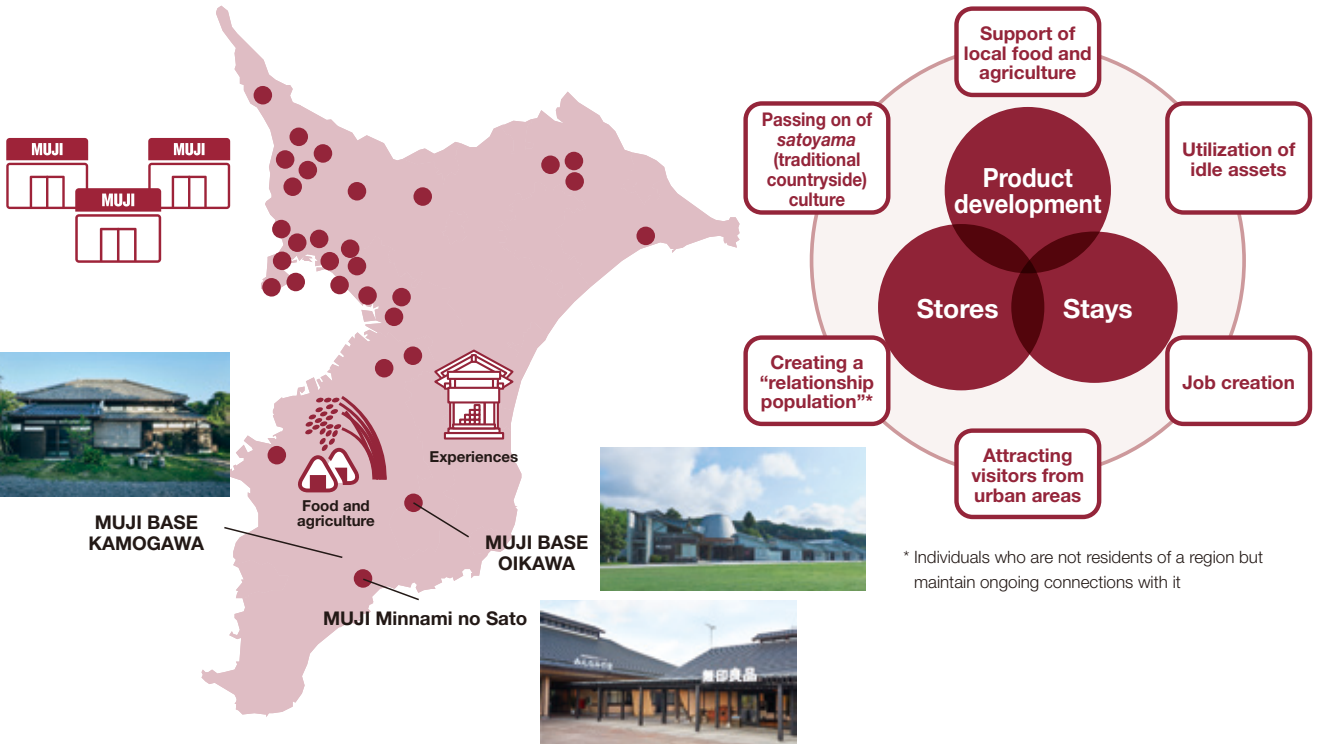
In addition, in August 2024 we used the opening of MUJI Karatsu and MUJI Hita as an opportunity to conclude cooperation agreements on regional disaster prevention with the cities of Karatsu (Saga Prefecture) and Hita (Oita Prefecture). In the event of a disaster in either city, we will provide disaster prevention equipment (kamado benches, manhole toilets and charging stations for electronic communication devices) that are set up in our stores. In the event of a disaster, we will strive for the early recovery of store operations to quickly make store products available for purchase by the residents of each city. Through these initiatives, Ryohin Keikaku is aiming to enhance the disaster preparedness of whole regions by fostering seamless collaboration between communities, businesses and governments.



ITSUMO MOSHIMO Caravan

Building a Regional Circulation System That Connects Food and Agriculture, Culture, Operating Bases and People

At Ryohin Keikaku, we think of our stores as community centers, and are aiming for industrial and economic revitalization using local resources. To do so, we are expanding frameworks for circulating local capital through our stores. The Chiba Division, one of our regional divisions, is creating a “regional circulation system” suited to the characteristics of Chiba. As part of this system, stores in urban areas and small cities will work together to further develop localization activities over 10 years.



MUJI Minnami no Sato: A Place for Experiencing Satoyama Food and Culture

Under a cooperation agreement with Kamogawa City, MUJI Minnami no Sato, which opened in April 2018, operates a direct-from-the-farm market that sells fresh fruits and vegetables grown by local farmers, and a Café&Meal MUJI that makes liberal use of local ingredients. With these businesses, MUJI Minnami no Sato serves as a base where visitors can experience *satoyama* food and culture. In April 2024, MUJI Minnami no Sato opened Satoyama Deck, a space where visitors can enjoy the scenery while dining on the premises. The facility also collaborates in hosting monthly events with Soil to Soul FARM PARK Kamogawa, an agricultural park opened by local producers on adjoining land. These events let people enjoy the *satoyama* experience, and we are working on creating a relationship population from urban areas.



MUJI Minnami no Sato

Creating Opportunities to Experience Satoyama Culture with Local Communities

In Kamanuma North Village in Kamogawa, Chiba Prefecture, we have been operating the Kamogawa Satoyama Trust project for 10 years since 2014—a project that seeks to preserve terraced rice fields and the *satoyama* culture. The trust conducts various events each year, including an event to experience *satoyama* culture through rice planting and other activities together with customers, with MUJI stores in Chiba Prefecture serving as the contact points. We plan to create even more relationship populations by providing tours for overseas visitors and accepting requests for training from companies and educational institutions.



Rice planting organized by the Kamogawa Satoyama Trust

Rice Cultivation in Partnership with Local Producers

The Kamogawa area, where agriculture is the main industry, is facing various challenges, including the aging of farmers, increasing rice prices, and the difficulty of switching to other crops because much of the land in this mountainous region is on slopes.



To solve these issues, we held extensive discussions with local producers on expanding the possibilities of rice to create local products that offer new value, which can lead to higher incomes for producers and help secure successors and new farmers. We proposed production of long-grain rice in response to the current need for food diversification, and the product that emerged from that is Princess Sally rice.

Chewy yet Fluffy—the Fragrant Rice “Princess Sally”

Princess Sally rice combines the characteristics of basmati, an indica rice with a non-sticky texture and pleasant aroma, and the rice generally grown in Japan, which has a chewier texture, making it more appealing to people who may not prefer the texture of basmati rice. It is compatible with Japanese food, curry, fried rice and other Asian cuisine, and its sweetness and umami flavor are more prominent when eaten on its own. It was developed as a rice that can be enjoyed by people around the world—by Japanese people who may not prefer the dryness of indica rice, and by people who find Japanese rice too soft and sticky.

After obtaining the seed rice, the Chiba Division took the lead in creating a network, including selecting and contracting with producers as well as selecting processors. We started planting in cooperation with seven local producers in April 2023. We purchased and commercialized all of the 14 t of rice



harvested in fall 2023. We have developed various sales channels for the rice, including offering it at Café&Meal MUJI and selling it in the online store and at 160 major MUJI stores, creating JPY 15 million in distribution value. As this rice can be differentiated from others grown in the area, purchase prices will rise, which will lead to higher incomes for producers. Going forward, we plan to increase the number of producers and expand the cultivated area and sales.

Utilizing Local Idle Assets to Create Hubs for Stays

In 2017, Ryohin Keikaku leased the former Oikawa Elementary School, which had closed due to declining enrollment, from the town of Otaki, Chiba. We sought to utilize the former school in various ways, with the goal of creating opportunities for community interaction and collaboration. Then, in October 2024 we completed renovation of the former school, turning it into an accommodation facility for experiencing the local community, and opened MUJI BASE OIKAWA to promote local industry and create community-based experiences. In the city of Kamogawa in 2019, we opened MUJI BASE KAMOGAWA in a renovated *kominka*, or Japanese folk house, that is more than 100 years old. We are expanding it into a hub for community-based living, and developing it as a facility for medium- to long-term stays that guests can use as a place to experience an alternative way of life.



MUJI BASE OIKAWA multipurpose hall



MUJI BASE KAMOGAWA kitchen space
MUJI BASE ▶ <https://www.muji.com/jp/ja/special-feature/mujibase/en>

Social Impact Assessment of Localization Activities

In addition to selling merchandise, MUJI stores also serve as community centers. As such, they engage in activities to address local challenges and revitalize regions in collaboration with government agencies, local businesses and non-profit organizations. Lifestyles and social issues vary by region. We aim to create a positive impact in each community by understanding local values and issues and working together with residents through trial and error. In FY2024/8, we carried out a social impact assessment (as a trial) using the social return on investment (SROI) methodology, focusing on two localization activities, to visualize our impact on society.¹ As a result of assessing these two activities, we were able to confirm that the activities are significant because they have substantial social benefits as well as economic benefits in each region.²

About Social Return on Investment (SROI)

SROI is one method of measuring the impact of investments in social businesses and activities, and is determined by dividing the impact on society (benefit) by the input (investment cost). Ordinarily, return on investment, obtained by dividing profit by the amount invested, is used in evaluating the economic activity of companies, but for SROI, in addition to the economic aspects, the social impact (benefit) is measured by assigning monetary value to the social and environmental impacts and adding up the economic profit. An SROI greater than 1.0 signifies a positive investment impact.

Social return on investment (SROI) = Impact on society (benefit) ÷ Investment cost

In conducting this assessment, we obtained the opinions of Hitoshi Matsushima, a professor at the University of Tokyo Graduate School of Economics, and Masayuki Yagasaki, a senior assistant professor at the Tohoku University Graduate School of Economics and Management. Dr. Matsushima and Dr. Yagasaki are members of the Chair of Social Common Capital.³ The SROI assessment results were reviewed by Toru Matsumoto, a professor at the Institute of Environmental Science and Technology at the University of Kitakyushu.

1. Results of an assessment based on answers to a questionnaire carried out over a short period of time
2. Assessment methods that assign monetary value have limitations and may not fully capture all social benefits.
3. The Chair of Social Common Capital was established at the University of Tokyo Graduate School of Economics in 2022 through a donation by Ryohin Keikaku.
For more details ▶ <https://www.scc.e.u-tokyo.ac.jp> (Japanese only)

MUJI Naoetsu’s Mobile Sales Bus

MUJI Naoetsu has operated a mobile sales bus that goes to mountainous areas since August 2020. The bus visits people who have difficulty shopping on their own, such as elderly individuals or people who live far away from stores, and the drivers chat with them and deliver the items they need for daily life to help them live with peace of mind. It carries about 300 different kinds of MUJI products, such as sweets, retort pouch foods and cosmetics. Mobile sales destinations are determined in consultation with local governments and other entities, and the service operates in a total of 18 locations (as of the end of August 2024), mostly in Joetsu City, where MUJI Naoetsu is located.



Social Impact Assessment Result: SROI of 2.5

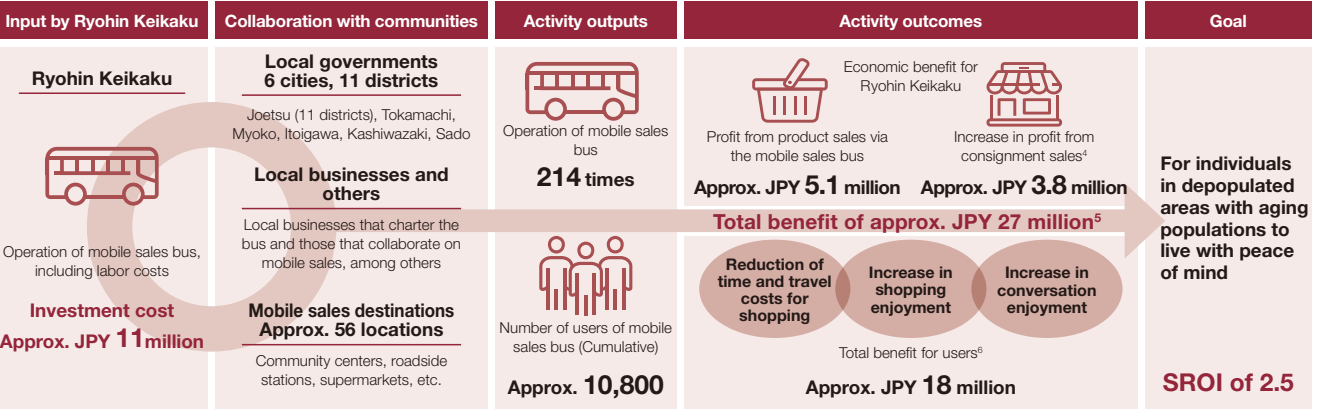
The assessment evaluated activities for one year in FY2024/8, the fourth year since the mobile sales bus began operating in Naoetsu. The operating cost was approximately **JPY 11 million (investment cost)**, while the total outcome of the activity was approximately **JPY 27 million (benefit)**. This results in an **SROI of 2.5**. From the questionnaire results, the benefit to users of this service was about JPY 1,700 per person, with many customers saying they feel happy that they can shop in their own neighborhood without spending time and transportation expenses to go to the MUJI store and the city. They were also glad to have more opportunities to enjoy shopping in an area where there are few places to shop. In terms of the economic benefit, profit from sales was higher than in the previous year because of an increase in permanent consignment sales locations such as public facilities. We have received requests from customers on matters such as expanding the product lineup, and will make improvements accordingly.

Comments from a Local Government Official

Joetsu City, including Yasuzuka Ward, has an aging population. For seniors who have difficulty going shopping alone, picking up and choosing products themselves brings great pleasure. The mobile sales bus provides a good opportunity for them to enjoy shopping.

Midori Fujita
In charge of Community Development, Yasuzuka-ku General Office, Local Policy Section, General Policy Department, Joetsu City

Mobile Sales Bus Impact Map (FY2024/8)



4. Operation of the mobile sales bus led to increased profit for consignment sales partners compared with FY2023/8.
5. Since exhaust gas is emitted from the mobile sales bus during operation, it is subtracted from the benefits as an environmental impact.
6. Determined in part by referring to responses in a questionnaire survey of users of the mobile sales bus (conducted September to October 2024, with 207 respondents) regarding the advantages of using the mobile sales service and the amount they would be willing to pay for it. The benefits listed here represent some of the most frequently mentioned responses, including both multiple-choice and open-ended comments.

Library Established in MUJI Yoshizuya Kani Store

MUJI Yoshizuya Kani, which opened in Gifu Prefecture in November 2023, aims to support childcare and the development of the next generation. In addition, in partnership with Kani City under a comprehensive collaboration agreement, it helps pass on the city's natural, historical and cultural resources. As part of these efforts, we established the KANIMILIVE Library, a branch of the Kani City Library, inside the store, and are conducting various initiatives to support the lives of local residents. We conducted an assessment of the following initiatives.⁷

KANIMILIVE Library

The idea to establish KANIMILIVE Library—a branch of the Kani City Library—inside the MUJI store was born from a desire to make it easier for local residents to access books and to spark their interest in reading. Based on opinions received from local residents, books were selected with a focus on ones that children can enjoy alone or with their parents. We also made this a space where parents and children can enjoy books while talking with each other. In addition, we applied creative approaches to integrate the spatial design and bookshelf layout with the store, and developed distinctive methods of arranging books to encourage people to discover titles they might not usually pick up. The library was designed by Ryohin Keikaku's Space Design Division and is operated year-round by Kani City. However, the Himawari-go mobile library, beloved by the people of Kani for more than 30 years, ended its service in September 2023 due to aging and deterioration. Now it is displayed in the Yoshizuya Kani center court, and serves a new role as a symbol of the community's revitalization. The books inside the bus are available for use when it is open on Saturdays and Sundays.



Open MUJI

Various events are held in the Open MUJI event space inside the store for the purpose of revitalizing the community. The objective is for participants to broaden their range of activities by gaining new knowledge and ideas, and by meeting people. Currently, a variety of events take place, including informational sessions hosted by Kani City, local civic groups and universities on topics that are relevant to daily life such as health and child-rearing, as well as workshops on music and arts & crafts.

Health Checks

The health check corner inside the store is equipped with about 10 different kinds of instruments to measure things such as blood pressure and stress levels. They are available for anyone to use free of charge.

Social Impact Assessment Result: SROI of 1.4

The activities of KANIMILIVE Library were evaluated over the one year after its opening. The operating cost was approximately **JPY 140 million (investment cost)**, while the total outcome of the activity was approximately **JPY 200 million (benefit)**. This results in an **SROI of 1.4**. In the questionnaire results, 87% of customers said they visit the store to shop at MUJI, but over 60% of respondents said that they borrow or look at books when they stop in. In addition, 38% answered that their opportunities to read or be exposed to books have increased because of the KANIMILIVE Library. The most cited reason for that was “Because it is easy to drop in while I’m shopping” at 46%, followed by “Because it has books that I haven’t come across before” at 40%. Of those who responded to the questionnaire (13% of total participants) from events such as Open MUJI, 55% said they enjoyed the event together with their children. Establishing the KANIMILIVE Library through collaboration between Ryohin Keikaku and Kani City helped keep costs lower than the cost of building an ordinary library, and also led to increased sales for the Yoshizuya Kani shopping facility. As areas for improvement, respondents expressed a desire for more kinds of books, and for more events.

Comments from Local Government Officials

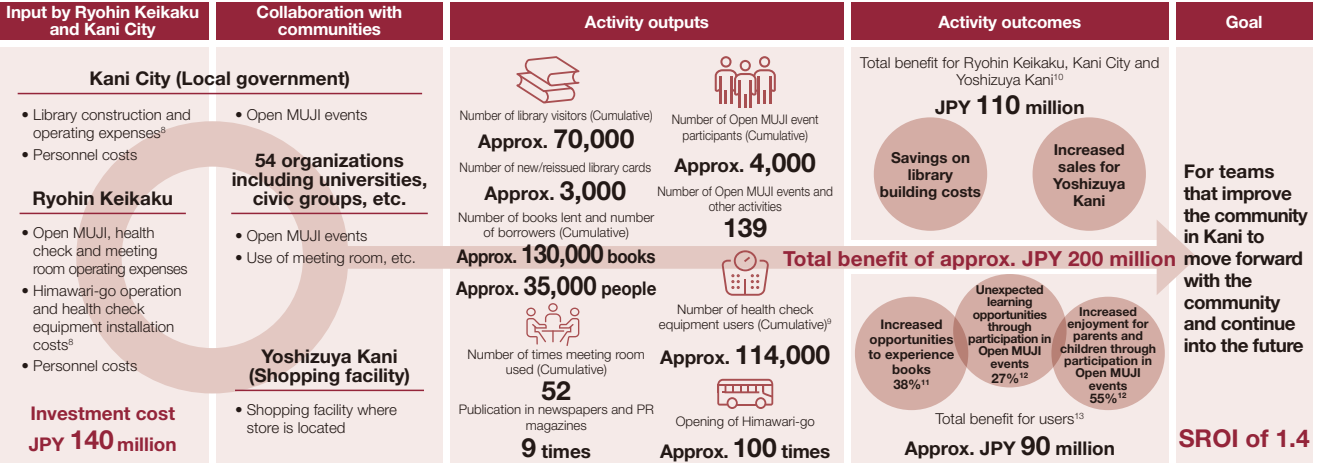
KANIMILIVE Library is intended to be a community center that will be cherished for many years to come. There will be more opportunities for citizens to encounter books, and we expect the library will be used by many people as a place to build connections.

Secretary Policy Division, Municipal Policy Planning Department, Kani City

Hidekatsu Ogiso
Section Chief

Takuya Yoshida
Assistant Manager

MUJI Yoshizuya Kani and KANIMILIVE Library Impact Map (From November 2023 to October 2024)



7. The assessment target was limited to localization activities including the KANIMILIVE Library and MUJI-led events. Activities such as the sales of MUJI products and the regional trading company activities of KANIMILIVE are outside the scope of the assessment.
8. Of the investment costs, facility construction and equipment costs were divided by the number of years of depreciation (50 years and 8 years, respectively) and recorded as the costs for one year.
9. Health check equipment became available for use starting in January 2024, and therefore the number of users for the 12-month period was estimated based on the results for January to August 2024.
10. The combined total of the amount saved in comparison with the cost of building an ordinary library, the increase in operating profit of Yoshizuya Kani, and the impact of publicity from being featured in newspapers and PR magazines.
11. The answers of people (KANIMILIVE users) who had visited the KANIMILIVE Library/MUJI Yoshizuya Kani at least twice in the questionnaire survey period (conducted in November 2024) were used for reference.
12. The answers of people who had visited the KANIMILIVE Library/MUJI Yoshizuya Kani at least twice and had attended an Open MUJI event in the aforementioned questionnaire survey were used for reference.
13. The advantages of using the KANIMILIVE Library and the amount users would be willing to spend, obtained from the results of the aforementioned questionnaire survey, were used for reference. The benefits listed here represent some of the most frequently mentioned responses, including both multiple-choice and open-ended comments.

Material Issue 3: Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role

Human Resources and Organizations for Practicing “Public Interest and People-Centered Management”

Based on its core value of “contributing to society and people” Ryohin Keikaku’s employees act as leaders with a sense of ownership, taking the initiative to practice “public interest and people-centered management” in order to realize “a truthful and sustainable life for all.” At Ryohin Keikaku, it is employees who practice “public interest and people-centered management” that are the Company’s greatest form of management capital. Development of human resources and the creation of organizations is the cornerstone of our management strategy.

Issues to Address

In Japan, the working-age population (15 to 64 years old) was 73 million as of 2024, but is projected to decline to 70 million by 2030.* This is expected to make recruiting more difficult every year, and workplaces with poor work environments and unattractive companies may not make it in the recruiting market. Recognizing this issue, we have made “practice business activities in which each and every diverse individual plays a leading role” one of our material issues. In each of the areas of recruiting, training, developing systems and creating an organizational culture, we will strive to create an environment where diverse employees can devote themselves to their work with peace of mind and align themselves with the Company’s direction and their own personal goals, while enjoying their jobs. This will result in the creation of more proactive employees who take the initiative as well as a higher level of engagement.

* Source: Population Projections for Japan (2023 revision) published by the National Institute of Population and Social Security Research

Human Resources Who Support Ryohin Keikaku

We consider it important for each employee to take the perspective of the consumer, empathize with the core value of “contributing to society and people” through our business, and maintain a passion and ambition to realize their dreams, while also working as a collective that takes the initiative in their communities and stores. We will promote engagement with our stakeholders, while providing products and services “to be a part of people’s daily necessities” and promoting activities that enable us “to take root in local society,” which will lead to the creation of new value.

The Qualities We Seek in Employees

1. Passion and ambition to contribute to society and people Being thankful, humble, considerate, conscientious and sincere toward others based on the understanding that we need each other's support. The passion and ambition that comes as a result help us contribute to society and people and resolve social issues.	5. Creativity and conceptual ability The ability to observe things closely, recognize gaps between the current and ideal situation, and discover elements that surprise. The creativity to give shape to the ideas generated from those realizations and findings. The conceptual ability to design business models and frameworks to resolve current issues and contradictions while creating sustainable value.
2. Empathy and sense of ownership Respecting the people close to you, customers and others with diverse values while imagining their daily lives, experiences and feelings. The ability to empathize with and have a sense of ownership regarding those lives and values.	6. Teamwork and collaboration skills The teamwork to build collaborative relationships with people inside and outside of the Company based on the ability to share values and awareness of issues. The ability to achieve great things that could not be accomplished alone and the skills to create new ideas.
3. Professional mindset The mindset to keep working to improve conditions and create new value, with the belief that generating profit by contributing and bringing joy to customers and the region is a worthwhile endeavor.	7. Vitality and thoroughness The vitality to put ideas into practice by oneself. The thoroughness required to continue making improvements until one achieves success.
4. Inquisitive mind and intellectual curiosity An inquisitive mind that continues to envision the ideal future life and society from the perspective of those who live the most considerate everyday life. Intellectual curiosity and the mindset to continue thinking based on actively gathering insights from newspapers, books and art, and by exploring each neighborhood or connecting with others.	8. Spirit of taking on challenges and positive attitude A spirit of taking on challenges and the confidence to face unknown challenges and difficulties without fear. The positive attitude to enjoy every situation.

Strengthening Recruitment

We seek human resources who deeply resonate with our corporate purpose and missions, and who are committed to helping us realize those ambitions. We proactively recruit new graduates and local employees, as well as promote hiring of professionals and offer career advancement opportunities to current store staff.

Through the recruitment of university graduates, as well as people who have worked one or two years after graduation and local employees, we aim to achieve an annual hiring target of 560 people. To this end, we have focused on expanding the pool of prospective candidates by conducting internships and holding information sessions throughout Japan, and approaching students who work part time at MUJI. In addition, we have established a fast and efficient recruitment process centered on online selection. We expect approximately 480 university graduates will join the Company in April 2025, a significant increase from the previous year. Furthermore, in the recruitment of professionals, we are actively working to attract high-level talent with knowledge and experience in a wide range of specialty fields, such as product development, supply chain management, store development and CRM/e-commerce. We want these people to help drive the Company’s global business growth.

To ensure sufficient staffing at stores, we identify the required number of staff for each store, and then regularly monitor staffing levels. We are strengthening recruitment through wage increases suited to the characteristics of each region and by utilizing a flexible hiring system that accommodates diverse backgrounds, including high school students, seniors, foreign nationals, temporary workers and dispatch workers.

Recruiting Results				
	2021/8	2022/8	2023/8	2024/8
Number of new university graduate hires	28	103	142	218
Number of mid-career hires	38	105	224	341
Ratio of mid-career hires to total new hires	57.6%	50.5%	61.2%	61.0%

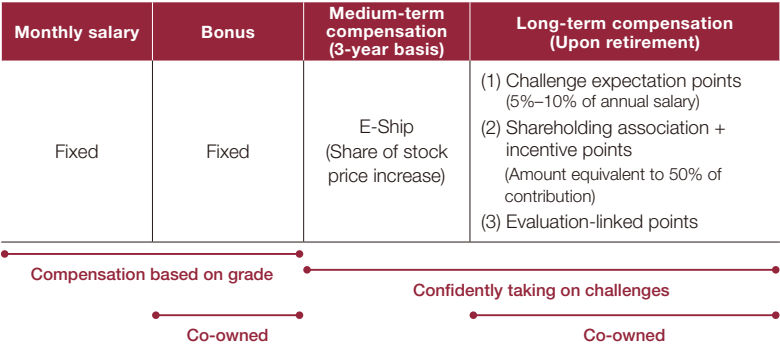
Scope: Ryohin Keikaku Co., Ltd.

Co-owned Management

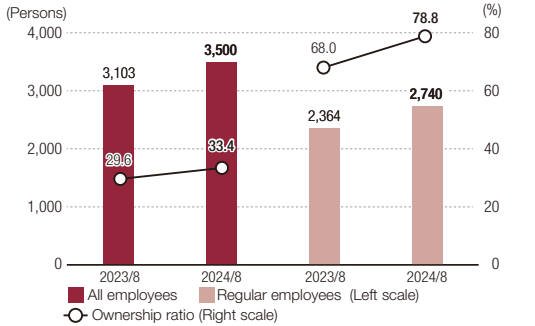
We believe that in practicing “public interest and people-centered management” it is important to foster a sense of ownership and management awareness among employees. It is also key to create an environment that empowers employees to confidently take on challenges over the medium to long term with a sense of security. To this end, we have introduced an employee shareholding association program. By enabling employees themselves to become shareholders (owners) in Ryohin Keikaku, our goal is to create a virtuous cycle in which increases in corporate value resulting from business activities are returned to each employee. We provide two incentive plans: the employee stock ownership plan (ESOP), a long-term plan in which shares are paid out upon retirement, and the trust-type employee stock incentive plan (E-Ship), a medium-term-plan in which dividends are paid every three years based on the Company’s stock price. Both plans are offered to employees, including partner employees. Under the ESOP plan, an amount equivalent to 50% of the contribution is paid to employees as shareholding association incentive points.

In addition, we have established a “challenge expectation point” system, in which ESOP points that can be converted to shares of the Company’s stock upon retirement are awarded to employees who take on challenges at a high level, regardless of their membership in the shareholding association. We aim to create an organization where anyone can enjoy taking on challenges and be rewarded for being proactive. In addition, we want employees themselves to build strong relationships of trust with even more people. Based on nominations and supervisor recommendations, individuals or teams announce the challenges they are taking on a six-month basis, and are awarded with points when progress is confirmed. From June 2024, we also started awarding ESOP points to regular employees who receive a performance evaluation above a certain level, with points linked to the evaluation results. We have introduced systems that support the medium- to long-term growth of employees such as a grade system that ensures employees’ growth and achievements are reflected in their compensation earlier than in the previous system as well as fixed annual salaries. We are building a compensation system that empowers employees to confidently take on challenges and realize co-owned management where they can share in the Company’s growth. The ESOP program is currently only available in Japan, but we plan to launch a global employee stock ownership plan starting with businesses in mainland China, Taiwan, Hong Kong and Singapore, and subsequently expand it to other regions.

Ryohin Keikaku's Compensation System



Number and Percentage of Employees Who Own Shares Held in Trust



Scope: Ryohin Keikaku Co., Ltd.

Strengthening Internal Communications

In order to promote co-owned management, it is necessary for employees to participate in management, and make suggestions to the Company while working in cooperation with managers. We therefore actively share management information, and we are increasing opportunities for communication between management and employees, and between employees themselves. Starting in FY2024/8, we have been increasing staff meetings as a forum for dialogue between store staff throughout Japan and executive officers.

Name	Meeting Frequency	Main Participants	Content
GOOD MEETING	Twice a year	All Group employees	Message from management, presentation of semi-annual initiatives of the whole Group, recognition of products and employees, presentation of good practices
MUJI Dialogue	Once a month	All employees	Message from management and Q&A session
Store managers meeting	Once a month	Store Sales Division employees (store manager level and higher)	Discussion and information-sharing on sales strategies
Employee meeting	Once a month	Headquarters employees	Introduction of the work and initiatives of each division and presentations by the people in charge
Staff meeting	Twice a year	Store staff	Sharing of Company direction and philosophy by executive officers and exchange of opinions and Q&A session

Material Issue 3: Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role

Self-Driven Employees and a Growth-Oriented Organization

Ryohin Keikaku operates globally and aims to build autonomous, decentralized organizations. We will recruit the people necessary to support new store openings in Japan and overseas and provide training to realize independent store management. We will create an environment that enables organizations to grow autonomously and support employees who seek to learn and grow. We want to develop talented individuals with a deep knowledge of each country and region, empowering them to lead growth in their respective areas. In addition, we aim to create a vibrant organization by developing future managerial talent as well as headquarters and overseas personnel, and then fast tracking and promoting such personnel to key positions.

Enhancing Training Programs to Promote Autonomous Growth

We are working to establish and develop education and training systems, as well as opportunities to support autonomous growth, to meet the needs of employees who want to learn and grow through their careers.

Training Store Managers Who Will Promote Independent Store Management

Training store managers who will promote independent store management is critical for realizing “a truthful and sustainable life for all.” We have launched a two-year Store Manager Cultivation Project to instill the mindset and skills needed to be a store manager through a combination of training and on-the-job development. As of the end of August 2024, approximately 650 employees are participating in the program. We are also strengthening elective training and e-learning to develop the business skills necessary for carrying out independent store management. For the development of store staff, as an aid to trainers, we are developing educational tools to support on-the-job training in stores (such as skills management charts and educational videos), and working to promote a training mindset.

Leader Talent Development

We hold the Leadership Talent Development Session as a forum for discussing Ryohin Keikaku's ideal corporate culture, organizational climate and approach to work. As of the end of August 2024, 2024, a total of 291 people had participated. The sessions are discussion-based training on the essential approaches and behaviors required for achieving better results at work, which fosters deeper mutual understanding and more efficient day-to-day operations. We are also working to organize and build a talent pipeline (development plan) for personnel who will gain experience in multiple divisions during their 20s before taking on management roles in their early 30s.

Quality Control and Industrial Engineering Training

At Ryohin Keikaku, we emphasize quality control and industrial engineering¹ as a foundation for promoting operational improvements and developing problem-solving skills. We provide employees with training to acquire and implement quality control and industrial engineering skills and knowledge, enabling them to take the initiative in making improvements in operations or service at stores and in their own departments. The training is open to anyone, regardless of their job position. In FY2024/8, 39 people participated in total. By instilling the ideas of quality control and industrial engineering throughout the Company, we will develop a corporate culture of proactiveness and independence—one in which employees review and improve upon their own work processes.

1. A universal approach to identifying and resolving issues in order to increase the quality of products and services, as well as a methodology for maximizing their value by finding and eliminating waste.

Support for Improving Business Skills

We are enhancing business skills improvement training for headquarters employees and managers. Training themes include business strategy, business development, marketing, communication, organizational management and data analysis. We provide a basic version and a practical version so that people can participate based on their level. In the training, for which we invite external lecturers, the programs combine the acquisition of specialist skills and knowledge with hands-on workshops. In FY2024/8, 505 people participated.

Overseas Training

Starting in FY2024/8, we have begun enhancing overseas training to support growth as a global company. The training includes on-site visits to overseas divisions, lectures on markets and the implementation of initiatives aimed at solving local challenges. It is designed for employees aspiring to work in overseas business roles in the future and enables them to experience local markets firsthand. It also aims to have them engage directly with current challenges and future priorities. All employees, including part-time employees, are eligible to apply for the training. In FY2024/8 it was held twice across eight countries and regions, with 96 participants.



Overseas training in Vietnam

Publicly Solicited Initiatives

In aiming to create a corporate culture of proactiveness and independence, we have also been actively developing publicly solicited initiatives. In July 2023, we launched Team ESG, a group of volunteers who are very interested in the topic of sustainability. Approximately 400 people² are a part of the project. The team holds study sessions and events on major themes and good practices in the Company related to ESG management. In April 2024, we also launched Team Regional Revitalization, with approximately 460 participants.² The team invites external lecturers, and participants learn from one another while enhancing their knowledge regarding how to solve regional issues and finding ways to put that knowledge into practice.

2. As of the end of December 2024



ESG Exploration Camp (November 2024)

Systems for Proactive Career Building

Based on the idea that employees themselves are the owners of their careers, we have established a variety of systems and training programs for proactive career building.

Career Design Workshops

We hold career design workshops to foster an awareness of proactive career building among employees and to support them in doing so. Perspectives on future careers and concerns such as balancing work with life events can vary significantly depending on an individual's life path and work experience. We therefore offer a wide range of workshops to help participants better understand themselves and clarify their career vision.

As one particular program, we hold a career workshop for younger female employees worried about their long-term career development and advancement. The aim is not just to help them envision their career path, but to also make it more actionable by looking at actual issues and potential biases, and then to create opportunities for making changes in behavior.

Internal Recruiting

At Ryohin Keikaku, we conduct internal recruiting on a six-month basis. This system gives employees an opportunity to proactively develop their careers. Employees can apply for any division, including overseas operations, enabling them to take on the challenge of a new job based on their own ambition and skills. In addition, we are also working to create an environment that makes it easy for employees to envision their careers. We set up a website that clearly presents each division's mission, business activities and required skills, and periodically hold division introduction events.

Career Statements and Career Consultations

To give employees the opportunity to regularly reflect on their career plans and discuss them with supervisors, we have established a system in which employees submit a career statement every six months and hold career consultations with their supervisors. The career statements encompass questions for the employee about sources of motivation and fulfillment at work, the kind of workstyle they would like to focus on, and what they would like to achieve at Ryohin Keikaku. The goal is to create an organizational culture in which individual employees proactively envision their careers, reflect on what they want to do at Ryohin Keikaku, and strive to achieve it. In the career statements for November 2024, 79.2% of employees responded that they have something they want to achieve through their work at Ryohin Keikaku.

Training System

Stores		Learn the necessary skills for store management	Learn the important concepts for MUJI				Learn the necessary skills for dealing with people	Learn the necessary skills for work	Headquarters							
Store manager candidate	Store manager	Area or block manager	Business skill training	Team ESG and Team Regional Activities	Quality control and industrial engineering training	Leader talent development session	Overseas training	Store training for mid-career employees	Career design workshops	Goal setting and evaluation training	Management workshops	Tableau training/personal information protection training/harassment prevention training	Business skill training (e-learning) - Business strategy/business development/marketing - Communication/organizational management/leadership - Career development/goal-setting/self-improvement - Data analysis/IT/AI/accounting/finance	Division general manager	Deputy manager	Headquarters employees
			Store Manager Cultivation Project Understand corporate purpose and missions Leadership Team member development Independent store planning													

Note: Color coding indicates eligible personnel

Stores	Stores and headquarters	Headquarters
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Material Issue 3: Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role

Becoming an Employer of Choice

We are setting the foundation for our growth phase, and aim to become an employer of choice and a company where people want to work long term. We want to create an environment that supports employees' health and lifelong sense of security while enabling flexible work styles, long-term employment and work-life balance. To achieve this, we are developing systems based on a flexible approach, improving and streamlining operations to create more breathing room in daily work, and fostering a culture of cooperation and mutual support to promote mental well-being.

Employment and Labor Policies

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.

Ryohin Keikaku publishes the *MUJI Employee Handbook* in three languages (Japanese, English and Chinese) as a way to present its employment and labor policies and has also issued the Group Compliance Code of Conduct. To ensure that all employees understand its content, explanations and training are provided 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.

Work-Life Balance Proposals

We have systems that make it easy for employees to choose from a variety of work styles in order to continue working with peace of mind, even when life events such as childbirth, childcare and nursing care occur.

These systems include childcare and nursing care leave, a shorter working hours system for medical recovery, and a family care system, and can be used by all employees regardless of gender. Eligibility for the childcare system, which permits employees who are raising children to work shorter hours, was expanded to partner employees in November 2021, and the applicable period was extended again in April 2024 from “until completion of the 4th grade of elementary school” to “until the completion of elementary school.” These are some of the ways in which we are creating an environment where employees can work with peace of mind.

Moreover, we introduced the balanced four-day workweek system in May 2021 to help employees achieve work-life balance that aligns with their values and ideal style of working. The system is designed to accommodate various needs such as childcare, nursing care, health and well-being, self-improvement and social contributions.

In September 2022, we introduced a flextime system with no core hours for headquarters employees. This facilitates high flexibility in work arrangements, including remote work, and through work style options to accommodate various needs employees are able to improve their self-management skills as well as their efficiency and productivity.

Improving Work Styles in Stores

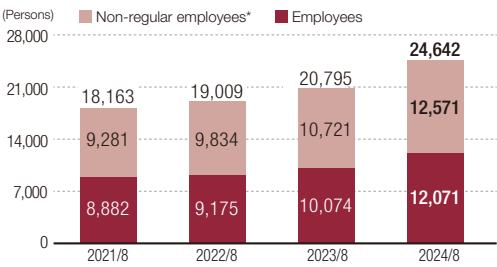
There are currently 19,614 employees working at stores throughout Japan.¹ Store circumstances involve factors such as relocations, shifts on public holidays and night work. We are establishing systems to support a healthy and flexible work style for employees.

Given the growing frequency of store employee relocations as store openings increase, we raised the rent subsidy rate for company housing to 70% from February 2024. In addition, employees can apply to work as regional employees, which exempts them from relocation, or request a temporary exemption from the transfer system. From June 2024, partner employees are also able to use the monthly pay system in order to stabilize their income, as well as the paid leave system that enables the use of paid leave in half-day increments, which had previously been available only to regular employees.

In addition, as part of efforts to strengthen the store management framework we have introduced the “Closer” designation for partner employees responsible for store crisis management and settlement operations. These employees receive a special allowance. We are creating a system that enables multiple people to share workloads, reduces long hours for store employees and promotes the use of paid leave.

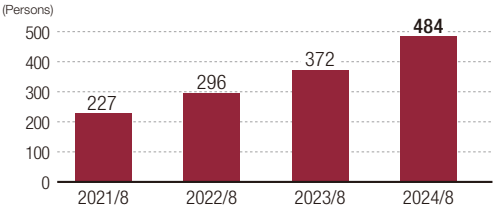
1. Scope: Ryohin Keikaku Co., Ltd.

Number of Employees (Ryohin Keikaku Group)



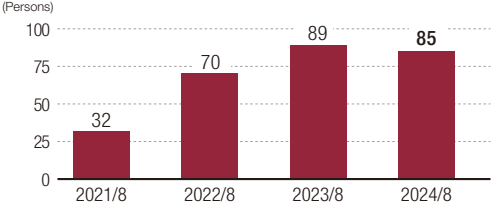
* Average number of employees per year based on an eight-hour workday calculation method

Average Number of Employees Using the Childcare System



Scope: Ryohin Keikaku Co., Ltd. (including partner employees)

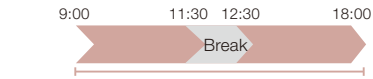
Number of Employees under the Balanced Four-Day Workweek System



2021/8 covers the four months from May 2021 to August 2021, during which the balanced four-day workweek system was introduced.

Approach to Working Hours

Conventional Work System



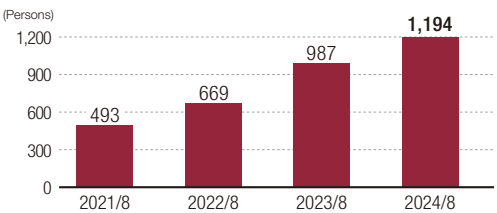
Work from 9:00 a.m. to 6:00 p.m. as a general rule

Flextime System (Super flextime with no core hours)



Time period in which employees can arrive and leave at any time

Number of Regional Employees



Diversity & Inclusion

Ryohin Keikaku recognizes the critical importance of having an environment in which diversity is respected, regardless of gender, age, nationality, or other characteristics, and where diverse human resources can thrive, balance work and life events, and remain motivated. In FY2022/8, we launched the Diversity Committee as a Company-wide committee. Chaired by the director in charge of the Human Resource Development Division, the committee is composed of executive officers, managers and deputy managers, and select employees from relevant divisions, including the Sales & Marketing Division, which has the largest number of employees, and the Corporate Planning Division. More than half of the committee members are women. The committee is tasked with promoting change, including by advancing discussions on policies and systems for building an organization and corporate culture that can make the most of diversity in terms of people, values and lifestyles, and by proposing ideas for transformation.

Promotion of Participation and Advancement of Women in the Workplace

Promoting the participation and advancement of women in the workplace is a topic of high urgency and priority. One of the reasons is that female employees have a higher turnover rate than male employees, and as a result, the percentage of women in managerial positions is low. While just under 60% of our employees are women, the ratio of female managers at the deputy manager level and above is only 29.8%. In order to ensure that all employees have an equal opportunity to succeed, we believe it is urgent that we become a company where women are encouraged to have a long career and thrive with a sense of security. That is why we are creating an environment that takes into account various lifestyle changes, and the need to balance work with childcare, nursing care, medical treatment and other life events.

In FY2024/8, we conducted a questionnaire as part of efforts to create an environment where women can feel secure and build long-term careers. In addition, we held a follow-up roundtable discussion with female employees to discuss factors that may lead to resignation. We are developing personnel strategies based on the results of this discussion.

(Main Indicators)
Ratio of female managers at the deputy manager level and above: 29.8%²
Ratio of female directors: 37.5%³
Ratio of female employees: 56.1%²

2. As of August 31, 2024
3. As of November 23, 2024

Enhancement of the Childcare Support System

The childcare support system includes a shorter working hours program, and in May 2024 we introduced a subsidy to partially cover unexpected childcare expenses, such as extended daycare fees due to sudden work demands or emergency costs related to a child's illness. Eligible employees are those caring for children up to the 6th grade of elementary school, with a maximum annual allowance of JPY 240,000 per child.

We have also established a consultation service and updated the childbirth and parenting guidebook to help employees take childcare leave that suits their needs, regardless of gender. Moreover, we provide support and education not only for general employees but also for supervisors, as part of our efforts to create workplaces where employees can continue working with peace of mind while valuing important life events.

Heartful Project

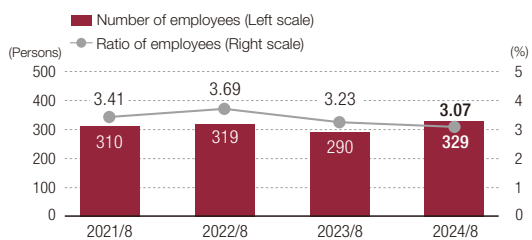
Ryohin Keikaku began hiring individuals with disabilities in Japan in 2000. In 2009, we launched the Heartful Project to promote the “sustainable happiness of co-workers,” “self-development through mutual trust and cooperation” and “expansion and stabilization of employment at stores” for those with disabilities. The project promotes their employment as “Heartful Staff.” We have also developed an employment management and guidance approach tailored to the characteristics and individuality of each person and an evaluation-based step-up system to help Heartful Staff reach their full potential. In July 2024, we established the Heartful Consultation Window, and are strengthening support systems for Heartful Staff. Moreover, in *MUJI HF NEWS*, an in-house newsletter, we highlight the efforts of Heartful Staff working throughout Japan, showcasing their strengths. We also hold regular information sessions on the recruitment of Heartful Staff, aiming to foster understanding by sharing knowledge and case studies related to disabilities as well as specific tools and organizations that support hiring and development.

Employee Health

We are reviewing our system for regular medical examinations to support employee health. In July 2024, we made comprehensive health screenings available to employees of all ages. We also added gastric X-ray screenings to all medical examination options in response to employee requests. In addition, female employees 40 years old and over are now able to receive an osteoporosis test. The Company has also significantly increased its contribution to medical examination costs, and upfront payments at the reception desk are generally no longer required. Moreover, we have introduced an online system for all processes, from making an appointment to checking the results of the medical examination. Our goal is to increase the ratio of employees taking medical examinations.

Menstrual leave is also available for female employees. To cultivate understanding of the topic, we invite external lecturers to conduct seminars on feminine care for supervisors and anyone who wishes to attend. These initiatives aim to create an organizational culture where it is easier to take leave.

Number and Ratio of Employees with Disabilities



Scope: Ryohin Keikaku Co., Ltd.

Material Issue 3: Practice Business Activities in Which Each and Every Diverse Individual Plays a Leading Role

Global Human Resources

The Ryohin Keikaku Group operates in 29 countries and region, employing 24,642 people worldwide (including 12,571 non-regular employees).¹ We will promote global coordination on human resource development. We want to be a place where diverse employees have opportunities to take on leadership roles and succeed.

1. Average number of employees per year based on an eight-hour workday calculation method (as of the end of August 2024)

Segment	2021/8	2022/8	2023/8	2024/8	Employees	Non-regular employees
Japan	8,540	9,015	9,503	11,588	2,387	9,201
East Asia	6,574	6,568	7,267	8,198	5,998	2,200
Southeast Asia/Oceania	1,182	1,343	1,657	2,406	1,979	427
Europe/North America	911	1,015	1,103	937	506	431
Other	35	34	31	45	45	0
Company-wide (common)	921	1,034	1,234	1,468	1,156	312
Total	18,163	19,009	20,795	24,642	12,071	12,571

Strengthening the Development and Recruitment of Global Talent

In our overseas business, we are not only expanding store openings but are also engaging in local product development, region-specific planning, brand marketing promotion and supply chain management to support global manufacturing. These efforts contribute to Ryohin Keikaku's growth as a global company. To enhance our business promotion capabilities in each country/region and play a useful role in local communities, we will work to gain an accurate understanding of needs and then meet those needs, assign upper and middle management personnel who have deep knowledge of each area, and strengthen the hiring of local employees. As of the end of August 2024, non-Japanese executives account for 33% of executive positions at overseas subsidiaries.

Group-wide Collaboration Between Human Resource Development and Personnel Teams

With the acceleration of store openings and expansion of business scale around the world, it has become more important to coordinate human resource development throughout the entire Group. We communicate closely with the human resource development and personnel teams in each country and region to understand the current status of their personnel systems. Based on this information, we work to share and align systems with the grade system, compensation system, and recruitment, development and evaluation systems used in Japan. We are also building a system for sharing initiatives undertaken in Japan, especially regarding the development of store managers and independent store management. Managers with experience in Japan are dispatched to other countries and regions to help share our expertise in areas such as developing store operations and sales initiatives, customer service and staff training. In FY2024/8, a total of 38 people were dispatched. In addition to operational improvement skills, we are promoting the concepts of independence and being proactive as we create an organizational culture that promotes independent store management in our overseas business as well.

We have formulated a global HR policy, which we are sharing with management in each country and region as we work to form a common awareness of our approach to human resources. To increase the appointment of local personnel to management positions in overseas countries and regions, we are identifying positions to be localized and promoting recruitment and training. Moreover, in order to promote co-owned management globally, we are gradually introducing employee shareholding programs all around the world.

Employee Interview

I joined MUJI Korea in 2022, having gained experience as a merchandiser at an apparel company. At the time, the Ryohin Keikaku Group was making a big shift toward local product development in its overseas business, and shifting its production in-house. The Group was looking for human resources to handle the entire merchandising process, from product planning and development to manufacturing, quality management, ordering and distribution. I wanted to utilize the experience from my previous job, while taking on the challenge of a wider business domain that encompasses design for all aspects of living. I was also strongly attracted to the MUJI concept of focusing on “this will do” rather than “this is what I really want.”

Currently, I am overseeing the entire manufacturing process as general manager of the Product Division. I am always careful to consider the perspective “Will this be needed 10 or 20 years in the future?” Things that we take for granted today may be radically different in the future. Imagining an open future, I wonder what kind of company MUJI should be in the coming era. With this in mind, we set aside time to discuss MUJI concepts and ideas after confirming the figures at the monthly meetings of the Product Division at MUJI Korea. Our aim is to develop products that will truly be helpful and cherished for a long time in the context of Korean culture and lifestyles.



EVA bathroom shoes that do not catch on the bathroom door

When the design for EVA bathroom shoes that do not catch on the bathroom door developed by MUJI Korea was recognized at the GOOD MEETING,² I felt a tremendous sense of fulfillment. This product was developed in collaboration with South Korean business operators and was well-received for addressing the everyday inconveniences of people in South Korea.

I want to continue promoting the concepts and ideals of MUJI in South Korea and searching for ways that I can contribute to resolving social issues. I believe that the accumulation of these efforts will increase MUJI's support base and lead to its real integration into South Korean society. In this way, I hope to help the development of Ryohin Keikaku as a global company.

2. A meeting for all Group employees, including those overseas, held twice a year.



Myungbo Kang
General Manager, Product Division,
South Korea Business

Increasing Employee Engagement

We conduct a Culture and Engagement Survey of all Ryohin Keikaku Group employees, including those overseas. The survey is designed to ascertain the current state of awareness among employees regarding topics such as our corporate purpose, approach to work, organizational culture, human relationships, and job satisfaction, so that we can establish a virtuous cycle for creating a better work environment. This proprietary engagement survey includes questions categorized under indices such as “resolving social issues and creating an impact,” “proactiveness and independence,” and “a culture that embraces challenges,” to measure engagement in the organization and culture of Ryohin Keikaku.

Survey Summary

Target: Ryohin Keikaku Group employees, including those overseas³

Content: Based on 27 indices, the survey contents were designed specifically for the Ryohin Keikaku Group, and consist of 52 questions in total, including 46 original questions and 6 general engagement questions.⁴

Survey period: July to August 2024 (previous survey: November to December 2022)

Response rate: 96% (previous survey: 82%)

3. Conducted in 12 countries and regions around the world (excluding dispatch employees)

4. The survey is implemented and its responses are aggregated by a third-party organization.

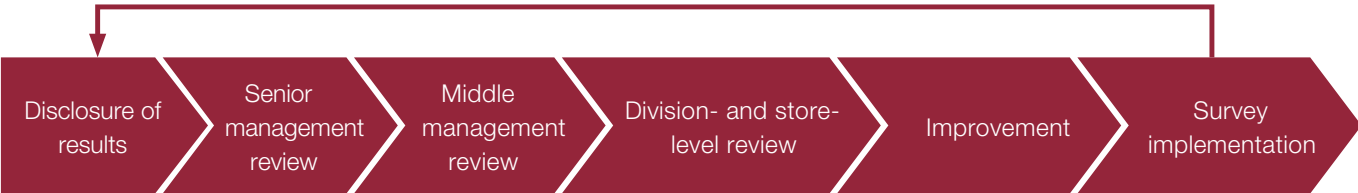
Changes from the Results of the Previous Survey

In working to realize “a truthful and sustainable life for all,” we focus on three indices as the Company's driving force: “I resonate with the corporate purpose,” “My work is useful to society” and “I feel attached to the company.” Each of the indices is calculated based on the responses to preset questions. Compared with the 2022 survey, we have observed an improvement in results for these indices, and for the response rate.

Category		November to December 2022	July to August 2024
Indices	I resonate with the corporate purpose.	76%	78%
	My work is useful to society.	78%	83%
	I feel attached to the company.	64%	72%
Response rate		82%	96%

Improvements Based on the Survey Results

Based on the survey results, we work to analyze, identify and improve issues through repeated discussions across the organization and with people in different roles. The 2022 survey results brought to light issues related to sharing of the Company's direction with employees, creating teams with strong relationships of trust, the burden on stores due to staff shortages and excessive work, and the establishment of environments and systems to enable working with a sense of security. To address the issues identified in the survey, we have made a range of improvements, such as increasing opportunities for communication between management and employees and among employees themselves, enhancing store operations and IT infrastructure, and completing a sweeping review of the compensation system. In addition, at the individual store level, store managers addressed issues and worked directly with team members, which has led to improvement in results in the 2024 survey. We will continue to constantly make improvements and effectivity utilize surveys, with the aim of creating better working environments for every employee.



Material Issue 4: Realize Governance Aligned with “Public Interest and People-Centered Management”

Stakeholder Engagement

We promote “public interest and people-centered management,” where each of our employees has a sense of ownership and takes a leading role in our business activities that contribute to the public interest. These activities include those held at locally rooted stores, and also ones promoted by each employee together with customers, local communities and business partners. By engaging in constructive dialogue with stakeholders and reflecting their opinions and requests in our business activities, we strive to make a positive impact on society. Through our activities, we will fulfill our social responsibility as a company that contributes to the public interest while creating a highly profitable business structure, paying taxes properly and returning profits to shareholders appropriately.

Stakeholder engagement ▶ <https://www.ryohin-keikaku.jp/eng/sustainability/muji-sustainability/stakeholder-engagement/>



Customers

We value our day-to-day communication with customers in stores, think about everything from the customers’ perspective, and co-create products and services with customers.

IDEA PARK

IDEA PARK started as a suggestion box in 2009 to incorporate customer feedback in product development and improvement. We have developed new products and improved existing products based on the opinions and requests from customers. For example, the Jute Vegetable Storage Bag was developed by reflecting the comments of customers through IDEA PARK. Anyone is free to participate in Ryohin Keikaku’s product creation process. By sharing feedback and ideas through co-creation, we can develop products with new kinds of value.



IDEA PARK ▶ <https://idea.muji.net/> (Japanese only)

Online Communications

As a means of communicating with customers, various types of information is sent out in real time from MUJI stores through the MUJI passport app and through social media platforms such as Instagram.

Customer Service Center

The Customer Service Center handles the various opinions and requests that come in from customers every day through stores, phone calls, email, letters, and so on. The questions and inquires received are registered in a dedicated database and shared with relevant divisions in the Company.

Basic Policy on Harassment from Customers

We strive to provide products and services from the perspective of customers based on the Ryohin Keikaku Group Compliance Code of Conduct. On the other hand, we take resolute action and systematically respond to harassment from customers as it is an act that is harmful to employees’ human rights and the working environment.

For more details ▶ <https://www.ryohin-keikaku.jp/sustainability/co-worker/customer-harassment/> (Japanese only)

Business Partners

We hope to fulfill our social responsibilities with support and cooperation from suppliers based on the Ryohin Keikaku Group Compliance Code of Conduct, the Ryohin Keikaku Human Rights Policy, and the Ryohin Keikaku Group Environmental Policy.

Communication with Production Partners

Ryohin Keikaku aims to engage in manufacturing from the perspective of production sites by building strong, collaborative relationships with production partners.

To establish partnerships that support sustainable growth, both management and employees regularly visit production areas and factories in Japan and overseas. They are directly involved in the manufacturing and production processes—delving into aspects such as the status of production volume and operation of assembly lines—and maintain ongoing dialogue with local business owners, producers and engineers.

In addition, we are requesting production partners to adhere to the Code of Conduct for Production Partners. To deepen understanding of the items in the code of conduct, we regularly hold briefings for business partners and utilize a third-party organization to conduct audits based on the code. We also regularly hold sessions to explain our approach to ESG management, product development and quality control, fostering dialogue with our business partners.

Code of Conduct for Production Partners ▶ <https://www.ryohin-keikaku.jp/eng/sustainability/supply-chain/code-of-conduct>



Visiting a production site

Supplier Hotline

The supplier hotline has been established as a contact point for whistleblowing reports from suppliers. The hotline is intended for use by domestic suppliers (including factories) in Japan that do business with Ryohin Keikaku.

Supplier hotline ▶ <https://www.ryohin-keikaku.jp/sustainability/humanrights/hotline/> (Japanese only)

Shareholders and Investors

Ryohin Keikaku’s IR program promotes constructive dialogue with domestic and foreign shareholders and other investors, with the goal of sustainable growth and medium- to long-term enhancement of corporate value. The opinions obtained through dialogue with shareholders and investors are fed back to management and the Board of Directors, ensuring those ideas are utilized in our business activities.

Engagement with Shareholders at the General Meeting

To encourage the participation of more shareholders, we hold the General Meeting of Shareholders on a public holiday, and a separate Shareholders’ Meeting after the general meeting to further deepen direct communication with shareholders. The combined in-person and online (live-streaming) attendance was about 950 people in 2023 and 1,100 in 2024.



46th Ordinary General Meeting of Shareholders

Engagement with Individual Shareholders and Investors

To build stronger medium- to long-term relationships with shareholders, we expanded the shareholder benefit program and raised the shopping discount rate from 5% to 7% (effective from the end of August 2024). Aside from providing shareholder benefits, we work to deepen relationships with shareholders through the Shareholders Meeting venue and various other events, and are strengthening disclosure to individual shareholders in ways such as posting videos of shareholder events on our website. As a result of these initiatives, long-term shareholders increased from 5% of the total at the end of August 2022 to 21% at the end of August 2024.



Shareholder and Fan Meeting event held at a store

Results for FY2024/8

- Shareholder and Fan Meeting events in stores: 14 meetings with over 400 participants
- We hold Shareholder and Fan Meeting events at stores throughout Japan to explain to shareholders the direction in which Ryohin Keikaku is moving and initiatives at stores. This helps to deepen understanding of our business activities, and the questions and comments we receive from shareholders on store operations, our product lineup and other matters are reflected in the Company’s management.

Engagement with Analysts and Institutional Investors

Ryohin Keikaku’s president and the director in charge of IR participate in financial results briefings, and hold small-scale meetings for analysts and institutional investors on a regular basis. In addition, the director in charge of IR and the IR officer conduct interviews that cover topics such as ESG issues, and interviews with the executive in charge of shareholder voting. The views of investors obtained through this dialogue are regularly reported to the management team. We also hold small-scale meetings between independent directors and domestic and overseas shareholders and institutional investors, and post a summary of the Q&A session on our website. To improve the quality of non-financial information, we are taking steps to promote better understanding of our businesses, including through product exhibitions and store tours.

Results for FY2024/8

- Individual IR meetings: Approx. 400
- Dialogue between independent directors and institutional investors: We held a small-scale meeting between representatives of eight institutional investors and an independent director of Ryohin Keikaku. A lively discussion took place on topics that included the state of the Board of Directors and the progress and challenges of the medium-term business plan.
- Dialogue with the executive in charge of shareholder voting: 11 companies
- Product exhibitions: 2
- Store tours: 7



Dialogue between an independent director and institutional investors

IR Email Distribution Service (Japanese Only)

We send out IR information to everyone who has registered for our IR email distribution service, including information on the Shareholders’ Meeting and other events held exclusively for shareholders, as well as the latest news.



Material Issue 4: Realize Governance Aligned with “Public Interest and People-Centered Management”

Governments

A Total of 34 Cooperation Agreements with Local Governments Nationwide

We are working to realize “a truthful and sustainable life for all” by promoting various initiatives to revitalize regions. These efforts focus on co-creating new value—such as local production for local consumption, job creation and community development—with local governments and residents taking the lead, and MUJI actively participating in the process.

In FY2024/8, we signed a Sapporo Community Development Partner Agreement with the city of Sapporo. As one initiative under that agreement, we participated as a supporter of the 2024 Sapporo International Art Festival. Furthermore, we concluded cooperation agreements on regional disaster prevention with the cities of Karatsu (Saga Prefecture) and Hita (Oita Prefecture). In the event of a disaster in either city, we will provide disaster prevention equipment (kamado benches, manhole toilets and charging stations for electronic communication devices) that are set up in our stores.



Signing ceremony for the Sapporo Community Development Partner Agreement

Agreement to Promote the Use of Wood in Buildings

In May 2023, Ryohin Keikaku concluded an Agreement on the Promotion of Use of Wood in Buildings Relating to the Expansion of Wood Use with the Ministry of Agriculture, Forestry and Fisheries. This agreement is based on the Agreement to Promote the Use of Wood in Buildings framework established in conjunction with the enactment of the Act for Promotion of the Use of Wood in Public Buildings to Contribute to a Decarbonized Society. Taking advantage of the network and technologies related to the use of wood that we have cultivated in the living space business, we will make more conscious efforts to utilize domestically produced lumber in stores we plan to build in the future. We are actively disseminating information about the significance and benefits of using wood, and are working to promote the use of wood through various activities in our stores.



Interior view of MUJI Hita, a wood-frame store

Local Communities and Society

We strive to understand and make a deep connection with communities in order to solve local issues and contribute to local revitalization together with residents.

Town Hall Meeting Events

Our stores are important places for dialogue with customers and local residents. We listen to the voices of people in the regions we serve through various events and create opportunities to strengthen customer relations through store activities and Community Market events.

Since April 2024, we have further deepened those efforts by holding Town Hall Meeting events with a focus on local businesses in a small group format. These events are planned and hosted by the employees of each store, mainly at large stores. Local residents and business operators are invited, and we not only provide them with a deeper understanding of our business activities by presenting the Company’s direction and the initiatives of each store, but also listen to what they want their community to be, and what they expect of MUJI. This leads to business activities more firmly rooted in the community. By the end of August 2024, a total of 18 Shareholder and Fan Meeting events had been held in regions throughout Japan, including Hokkaido, Niigata, Gunma, Tokyo, Chiba, Kanagawa, Gifu, Osaka, Kyoto and Hiroshima, with a total of 635 participants. We plan to hold them in even more regions as we go forward.

Town Hall Meeting Event at MUJI Kyoto Yamashina

At MUJI Kyoto Yamashina (part of the Kyoto-Nara Business Division), five Town Hall Meeting events were held from May 2024 to February 2025, with a total of 239 local residents attending. The event is divided into two parts: “Talk with MUJI” and “Tell us what you think.” We aim to deepen understanding of our business and create opportunities to hear directly from people in the community. In part one, priority themes for our businesses are presented, such as “Things that are good for daily life and the community,” “Deliciousness and its meaning” and “Resource circulation.” We explain our ideas and initiatives for benefiting the community and society through our business activities. In part two, under the theme of “Activities the community wants to lead,” workshop-style discussions take place where people talk about issues regarding the community, and what is being done. We have received positive feedback and requests from the community. Some participants expressed their happiness about the connections being formed and appreciated the opportunity to share their thoughts and opinions about the future of the region with others. The ideas we received from participants are gradually starting to take shape in concrete actions. We will think about what MUJI Kyoto Yamashina and Ryohin Keikaku can do while working closely with the community.



Employees

Employees are the most important stakeholders when it comes to practicing “public interest and people-centered management.” We strive for co-owned management in which employees cultivate a leadership mindset and make suggestions to the Company as they play a role in shaping Ryohin Keikaku’s business. We also believe it is important for each and every employee to have opportunities to take on leadership roles and succeed.

Staff Meeting Events

Staff Meeting events are a forum where the approximately 20 executive officers working in Japan go to MUJI stores and engage in dialogue with store staff.

Any staff member who would like to convey the wishes of customers or feedback about the store and help drive positive change is welcome to participate. In FY2024/8, the events were held over a total of 161 days throughout Japan, with approximately 2,500 participants.

At these events, the management team shares Ryohin Keikaku’s philosophy and policies, while also receiving feedback on the current state of stores. With this understanding, discussions are held to work toward the realization of our vision. This also enables us to stay informed of customer needs and the problems of stores in a timely and detailed manner.



Staff Meeting event

Co-Creation Product Development

Minna de Tsukuru Baum was a project for co-created products held in June 2024. Ideas for baumkuchen varieties (divided into eight regions) were collected from MUJI staff in Japan, and the ones selected by customers were made into actual commercial products.

Among the ideas using regional specialties, *Ogura Toast-style Baum*, *Zunda Bean Paste Dome Baum* and *Irregular Salt Bread-style Baum* were selected. The items were released in February 2025.



Staff Ambassadors

As part of our staff ambassador initiative, we support staff members at MUJI who share information about products and services on Instagram and other social media platforms. Currently, about 200 ambassadors are sharing information every day.

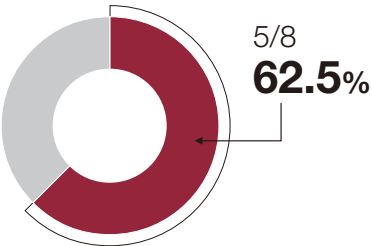


Basic Information

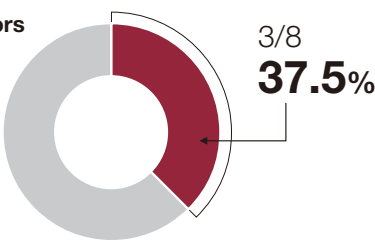
Directors and Corporate Auditors (As of November 23, 2024)

The Ryohin Keikaku Group defines its corporate purpose as the creation of “a truthful and sustainable life for all” with the goal of creating a better world 100 years from now. With that in mind, the Group has set two themes in developing its business: “to be a part of people’s daily necessities” and “to take root in local society.” In order to achieve these objectives, we will select directors and corporate auditors who have the appropriate experience and knowledge and who will increase the diversity of the Board of Directors and Board of Auditors. In doing so, we will promote candidates from inside the Company and bring in people from outside.


















Ratio of Independent Directors to All Directors



Ratio of Female Directors to All Directors



Competency	Prerequisite
Overall corporate management	The Board of Directors needs to make decisions after engaging in frank discussions of medium- to long-term strategies. We have therefore selected diverse knowledge of corporate management that is not limited to a particular industry as a prerequisite.
Operations	Stores are central to our business, and effective operations and expansion are crucial to our competitiveness. We have therefore selected knowledge about operations in the retail, distribution and manufacturing industries as a prerequisite.
Business entrepreneurship and social entrepreneurship	We have selected knowledge about business entrepreneurship and social entrepreneurship as a prerequisite for achieving our corporate purpose.
Technology	We aim to create services that make good use of technology as a tool and to improve convenience for our stakeholders. We have therefore selected knowledge about digital and technology management as a prerequisite.
International mindset	Achieving our corporate purpose requires us to contribute to various countries and regions around the world through store development and product manufacturing. We have therefore selected knowledge that includes experience in an international environment as a prerequisite.
Humanities and the arts	We have selected understanding of the culture and history of the countries and regions we serve and knowledge of the arts and design as prerequisites for achieving our corporate purpose.
Sustainability and diversity	We position achieving sustainability and diversity at the core of our business activities in order to achieve our corporate purpose. We have therefore selected an understanding of social issues such as sustainability and diversity and a strong desire to address those issues as prerequisites.
Administration and risk management	We have selected knowledge of personnel and labor affairs, finance, legal affairs and risk management as a prerequisite for achieving our corporate purpose.

	Name	Current position	Attendance at meetings of the Board of Directors (FY2024/8)	Number of shares owned/Years in office	Reason for appointment		Overall corporate management	Operations	Business entrepreneurship and social entrepreneurship	Technology	International mindset	Humanities and the arts	Sustainability and diversity	Administration and risk management	Meetings and Committees				Concurrent positions
															Board of Directors	Nomination Advisory Committee	Remuneration Advisory Committee	Board of Auditors	
	Nobuo Domae	Chairperson of the Board of Directors	13/13 (100%)	118,100 shares/ 5 years, 6 months	Mr. Domae has extensive experience and broad knowledge as a management executive at various companies, and is expected to continue playing a central role in the Company's "Second Founding."		○	○	○	○	○		○		○				• Outside Director, Monex Group, Inc. • Scholarship Director, CO-OP Sapporo
	Satoshi Shimizu	President & Representative Director	13/13 (100%)	20,100 shares/ 9 years, 6 months	Mr. Shimizu has extensive experience in product- and store-related areas, and is expected to play a central role in the globalization that is part of the Company's "Second Founding."		○	○			○	○	○	○	◎	○	○		
	Hirotaka Takahashi	Senior Executive Officer and Director	— ¹	8,700 shares/ Newly appointed	Mr. Takahashi has broad management experience in the retail industry as well as extensive experience in product development and quality control, mainly related to food, and in the area of ESG. He is expected to play a central role in the Company.		○	○		○			○	○	○				
	Outside   	Masayoshi Yagyu	Independent Director	13/13 (100%)	2,700 shares/ 8 years, 6 months	Mr. Yagyu has extensive experience and broad insight as a corporate manager. He is expected to contribute appropriately as an independent director in areas such as supervision of business execution.		○	○		○	○	○		○	◎	○		• Monozukuri (Manufacturing) Advisor; DENSO CORPORATION • Outside Director, Chubu Electric Power Grid Co., Inc.
		Atsushi Yoshikawa	Independent Director	13/13 (100%)	4,800 shares/ 6 years, 6 months	Mr. Yoshikawa is expected to draw on his extensive experience and broad insight as a corporate manager to continue contributing as an independent director to the sustained growth and increased corporate value of the Company.		○			○	○	○	○	○	○	◎		• Director and Member of Audit and Supervisory Committee, Asset Management One Co., Ltd.
		Kumi Ito	Independent Director	13/13 (100%)	1,000 shares/ 2 years	Ms. Ito has deep insight into management related to digital technology and healthcare from her experience as an outside director at several companies. We expect Ms. Ito to provide valuable suggestions and advice.		○		○	○	○		○	○	○		• Outside Director, SOMPO Holdings, Inc. • Outside Director, Fuji Furukawa Engineering & Construction Co., Ltd. • Outside Director, True Data Inc. • Executive Director, Tsukuba University • Managing Partner, Office KITO GK	
		Yuriko Kato	Independent Director	12/13 (92%)	0 shares/ 2 years	Ms. Kato is expected to give valuable suggestions and advice based on her expert knowledge in agricultural and digital businesses. She also has deep insight into corporate management based on her experience as an entrepreneur and as an outside director at several companies.		○		○	○	○		○		○	○		• CEO, M2 Labo. Inc. • CEO, Vegibus Inc. • Outside Director, Shizuoka Gas Co., Ltd.
		Mayuka Yamazaki	Independent Director	13/13 (100%)	0 shares/ 2 years	Ms. Yamazaki is expected to give valuable suggestions and advice from various points of view. She has experience at an international post-graduate business school and as an outside director at several rapidly growing start-up companies. She is also well versed in traditional culture and art as a practitioner of Japanese flower arrangement.		○		○		○	○	○		○		○	• Outside Director and Audit and Supervisory Committee Member, M3, Inc. • Outside Director, RENOVA Inc.
	Kei Suzuki	Full-time Corporate Auditor	13/13 (100%)	41,800 shares/ 3 years	Mr. Suzuki has served the Company as general manager of the Household Division, and as a director and executive officer he has held important positions in overseeing overseas business management, the HR & General Affairs Division, legal affairs and intellectual property, and the Internal Audit Office. Based on his deep insight into Ryohin Keikaku's business, we expect him to function appropriately as a full-time corporate auditor.		○	○			○			○	○		◎		
	Outside  	Kosuke Yamane	Full-time Outside Corporate Auditor	13/13 (100%)	0 shares/ 2 years	As a full-time outside corporate auditor, Mr. Yamane is expected to audit operations based on his wide-ranging knowledge in the fields of accounting, finance, and information systems, based on his extensive experience in important positions related to public relations, investor relations, finance and information strategy.		○	○		○		○	○	○			○	
		Jun Arai	Outside Corporate Auditor	13/13 (100%)	2,800 shares/ 4 years, 6 months	Mr. Arai has extensive experience as a manager at multiple companies and a wide range of knowledge in accounting, finance, and corporate governance. He is expected to function appropriately as an outside corporate auditor.		○				○		○	○	○		○	• Outside Director, Sumitomo Mitsui DS Asset Management Company, Limited
		Maoko Kikuchi	Outside Corporate Auditor	10/10 ² (100%)	0 shares/ 1 year	Ms. Kikuchi has experience working at the Japan Fair Trade Commission and other public institutions, and as a public prosecutor in the Ministry of Justice. She has also served as an attorney both in Japan and overseas in areas including corporate legal affairs. She has also held the positions of outside director and standing outside Audit & Supervisory Board member, and is expected to function appropriately as an outside corporate auditor as she can be expected to audit operations based on her wide-ranging knowledge.		○		○		○		○	○	○		○	• Outside Director, MITSUI-SOKO HOLDINGS Co., Ltd. • Outside Director, Hitachi Construction Machinery Co., Ltd. • Managing Partner, Compass International Law Office

1. Hirotaka Takahashi was appointed at the General Meeting of Shareholders held on November 23, 2024.
2. For Maoko Kikuchi, the number of meetings held and attendance at Board of Directors meetings are after her appointment as a corporate auditor on November 23, 2023.

Notes: 1. The above does not encompass all of the experience and knowledge possessed by the officers. Only the major aspects are presented.
2. ◎ Indicates the chairperson of each meeting or committee.

Corporate Governance

The creation of a highly transparent management system is a high priority based on our belief that establishing an effective management structure and internal control system and improving corporate governance will lead to continuous improvement of corporate value. In addition, we strive to maintain and develop good relationships with all stakeholders (shareholders, customers, employees, local communities and society, and partner companies), and to proactively disclose information in a timely manner.

General Meeting of Shareholders

- Board of Directors (1)**: Three inside directors, Five independent directors (of which, three are women).
 - Appointment & Dismissal: General Meeting of Shareholders
 - Advice: Executive Advisory Committee (5)
 - Report: Executive Officers
 - Advice: Nomination Advisory Committee (4)
- Board of Auditors (2)**: One inside corporate auditor, Three outside corporate auditors (of which, one is a woman).
 - Audit: Board of Directors
 - Coordination: Accounting Auditor (7)
 - Coordination: Internal Audit Office (6)
- Executive Advisory Committee (5)**: Provides advice to the Board of Directors.
- Remuneration Advisory Committee (3)**: One inside director, Four independent directors (of which, two are women).
 - Advice: Board of Directors
 - Appointment, Dismissal & Supervision: Board of Directors
- Nomination Advisory Committee (4)**: One inside director, Four independent directors (of which, two are women).
 - Advice: Board of Directors
- Accounting Auditor (7)**: Provides Accounting Audit to the Accounting Auditor's Office.
- Internal Audit Office (6)**: Provides Internal Audit to the Executive Officers.
- President & Representative Director**: Reports to the Board of Directors.
- Executive Officers**: Report to the Board of Directors.
- Advisory Board**: Provides advice to the President & Representative Director.
- Management Executive Meeting**: Provides advice to the President & Representative Director.
- ESG Management Committee**: Provides advice to the President & Representative Director.
- Business Process Standardization Committee**: Provides advice to the President & Representative Director.
- Compliance and Risk Management Committee**: Provides advice to the President & Representative Director.
- Helpline**: Provides Report to the Compliance and Risk Management Committee.
- Each Division and Group Company**: Provides Consultation to the Helpline.

1 Board of Directors

- Regular Agenda Items
Medium-term and annual business plans/Matters related to the General Meeting of Shareholders/Approval of financial statements/
Appropriation of surplus/Selection of representative directors and executive directors/Selection of executive officers/Selection of
Nomination Advisory Committee and Remuneration Advisory Committee members/Assessment of effectiveness of the Board of
Directors/Internal audit reports and plans/Report of the Compliance and Risk Management Committee/Policy for cross-shareholdings/
Report and evaluation of ESG initiatives/Monthly performance report
- Non-Regular Agenda Items
Production management system/System investments/Rule changes/Culture and Engagement Survey/Conflicting interest transactions
with affiliated companies

* The Company changed its fiscal year end to August 31 as of the fiscal year ended August 31, 2020. For convenience, 2020/2 and 2020/8 are presented together in the above chart.

Assessment of Effectiveness of the Board of Directors

The Board of Directors conducted an analysis and assessment of the Board's effectiveness based on the corporate governance policy set by the Company. The results of that assessment are summarized below.

Summary of Assessment Process (1) The Board of Directors set the following evaluation categories it believes are necessary for assessment of the Board's effectiveness and conducted a survey of and interviews with directors and corporate auditors. <Evaluation categories in the questionnaire> ① Composition of the Board of Directors ② Operation of the Board of Directors ③ Enhancement of discussions at Board of Directors meetings ④ System supporting the Board of Directors ⑤ Enhancement of relationship with shareholders and other stakeholders ⑥ Other comments (2) The Board secretariat summarized the results of its assessment of directors and corporate auditors based on the above questionnaire responses and interviews. (3) Based on these results, the Board held discussions on each issue.	Results of the Assessment (1) Summary of scores <Average score for each category> Assessment scores are set on a scale of 1 to 5, with "1" meaning improvement necessary, "3" meaning the minimum necessary level, and "5" meaning adequate. ① Composition of the Board of Directors (average score: 4.2; previous assessment: 4.4) ② Operation of the Board of Directors (average score: 3.1; previous assessment: 3.4) ③ Enhancement of discussions at Board of Directors meetings (average score: 3.4, previous assessment: 3.6) ④ System supporting the Board of Directors (average score: 4.2, previous assessment: 3.7) ⑤ Enhancement of relationship with shareholders and other stakeholders (average score: 3.8, previous assessment: 3.8) (2) Summary of assessment results The results of the questionnaire and interviews above showed that the Board of Directors is evaluated as exceeding the minimum necessary level for the most part. While improvement was seen in "Systems supporting the Board of Directors," such as information sharing with independent directors and opportunities for independent directors to exchange opinions, we identified issues related to "Operation of the Board of Directors," such as agenda setting, including discussion of medium- to long-term strategies, and advance distribution of information materials for Board meetings.
Future Initiatives Based on the issues identified through the effectiveness assessment of the Board of Directors, and the opinions obtained through the questionnaire and interviews, we will work on the following measures to further enhance the Board's effectiveness. (1) Enriching discussions of medium- and long-term business plans and strategies (2) Expanding opportunities for reporting on the implementation status of major policies (3) Ensuring early distribution of materials for Board meetings	

Policy for Appointment and Term of Directors

Policy for Appointment of Officers

In nominating directors, the Nomination Advisory Committee, of which independent directors make up the majority, discusses each candidate's qualifications, taking into consideration their previous experience, accomplishments, ability to execute tasks, and character, and reports its recommendations to the Board of Directors. In addition, when nominating independent director candidates, we select management professionals who have experience, accomplishments, and knowledge in their respective fields. The nomination is discussed by the Nomination Advisory Committee, taking into consideration the candidate's ability to provide opinions and judgments that will contribute to enhancement of the Company's medium- to long-term corporate value. The nomination is then reported to the Board of Directors.

Number and Term of Directors

The Company's Articles of Incorporation stipulate that the number of directors shall be no more than 11. For the term of directors, a proposal to shorten the term from two years to one year was approved at the General Meeting of Shareholders held in November 2021, for the purpose of clarifying the management responsibilities of directors and creating a management structure that enables us to respond quickly to changes in the business environment.

Support and Training Policy for Independent Directors and Outside Corporate Auditors

Support System for Independent Directors and Outside Corporate Auditors

There is no specific person or division in charge of the support system for independent directors and outside corporate auditors, but the Corporate Planning Division provides information, including distributing the agenda of Board of Directors meetings in advance, and the General Affairs Division assists outside auditors in the execution of their duties.

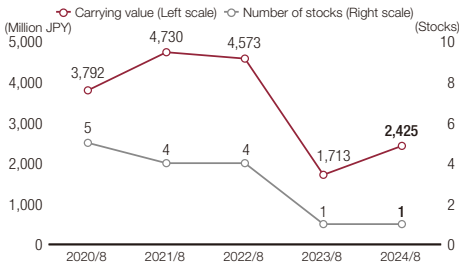
For independent directors, we hold executive sessions that include one-on-one meetings with executive officers in order to improve information sharing and monitor the execution of their duties. In addition, we have enhanced support for the smooth operation of the Board of Directors by introducing a cloud-based Board management tool to improve the security of confidential information and enhance overall efficiency.

Training Policy

We encourage directors and corporate auditors to learn about matters such as the responsibilities, duties and legal risks of officers, and to work on self-improvement such as acquiring business knowledge of the operations they supervise. External training is also provided as necessary.

About Cross-Shareholdings

Ryohin Keikaku's policy is to sell cross-shareholdings in principle, and the Board of Directors receives reports on the reduction of cross-shareholdings every year.
In exercising voting rights of shares held as cross-shareholdings, we vote appropriately after judging the pros and cons of each proposal. We comprehensively examine factors such as whether the proposal will contribute to enhancement of the investee company's corporate value, whether it will contribute to enhancement of the Ryohin Keikaku Group's sustainable growth and medium- to long-term corporate value, and whether it conforms to the purpose of holding the shares.



Officer Remuneration System

Policy for Determining Officer Remuneration

To enhance corporate value, remuneration of the Company's directors consists of three types: base compensation, which is a fixed amount (according to the director's position) within the total remuneration limits set by the General Meeting of Shareholders; performance-based bonuses as a short-term incentive linked to the Company's performance; and non-monetary compensation as a long-term incentive to continuously increase long-term corporate value and shareholder value.
Remuneration of independent directors and corporate auditors consists solely of base compensation, and there are no components that fluctuate with performance. In addition, we do not offer an executive retirement benefit system.

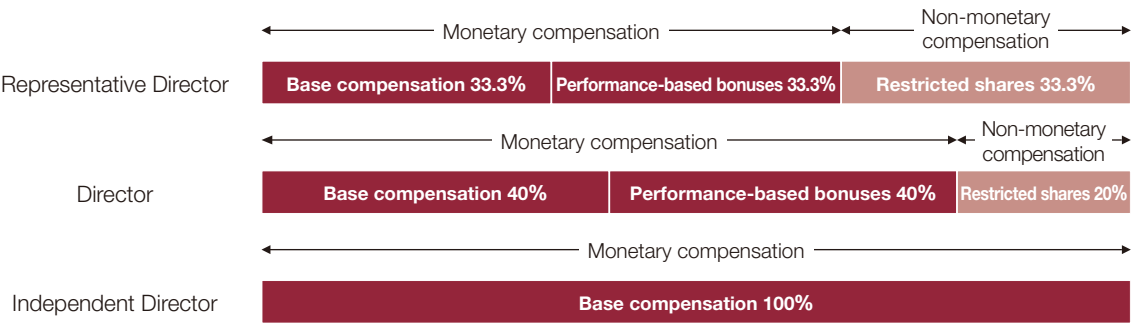
Compensation Structure and Components	Summary
Monetary compensation/ Base compensation	The base compensation of the Company's directors is determined based on each director's position, and by the Board of Directors pursuant to the deliberations of the Remuneration Advisory Committee.
Monetary compensation/ Performance-based bonuses (Excluding independent directors and independent corporate auditors)	The coefficient for determining bonuses is calculated (from the perspective of pursuing profit in core businesses) by modifying the base bonus using the ratio of actual to planned consolidated operating profit. It ranges from 0% to 200%.
Non-monetary compensation/ Restricted shares (Excluding independent directors and independent corporate auditors)	Non-monetary compensation is in the form of grants of restricted shares that vest upon retirement. Base grants are determined in relation to achievements in areas such as ESG that have long-term significance, and vary from 30% to 100% according to director position.

Determination Process

Chaired by an independent director, the Remuneration Advisory Committee determines director compensation. The committee deliberates on monetary and non-monetary compensation for each director individually, and is committed to transparency, validity and objectivity. Its reports are referred to in Board resolutions. The Remuneration Advisory Committee consists of five members, of which four are independent directors. Having a majority of independent directors ensures governance is at a high level.

Ratio by Type of Compensation

The ratio of performance-linked compensation for directors of the Company increases the higher the position. The ratio of base compensation, performance-based bonuses, and non-monetary compensation, etc., is shown in the table below assuming 100% of the target is achieved. In addition, short-term incentive performance-based bonuses range from 0% to 200%, depending on the level of achievement. The percentage of long-term incentive non-monetary compensation varies from 30% to 100% depending on the level of target achievement.



Non-Monetary Compensation for FY2024/8

Non-monetary compensation for FY2024/8 was granted in the form of restricted shares corresponding to an amount determined by multiplying the base amount for each position by an evaluation coefficient as a reward related to the evaluation of ESG management during the fiscal year. For the examination and determination process of the ESG evaluation, the ESG Management Department of the Corporate Planning Division compiles interviews from each division on their progress over the past year on ESG material issues and implementation themes, and reports to the Board of Directors. Based on the content of the reports, independent directors prepare a draft ESG evaluation, which is then discussed in the Remuneration Advisory Committee, and the results of that discussion are submitted to the Board of Directors, after which the Board makes a final determination.
Through this process, at a Board of Directors meeting held on September 25, 2024, the decision was made to set the coefficient for the ESG evaluation at 75% for the current fiscal year. The general assessment was that focus areas, implementation themes and unique ESG indicators were clearly set, the foundation was in place for well-balanced ESG management, and opportunities were fostered to promote ESG management throughout the Company. On the other hand, the evaluation also showed that we still have more to do in terms of initiatives that are impactful to society and achieving advanced ESG management compared with our industry peers, based on scores from ESG rating agencies.
Note: The amount for FY2024/8 is disclosed in the Securities Report. (Japanese only) ▶https://ssl4.eir-parts.net/doc/7453/yo_ho_pdf/S100UTSJ/00.pdf

Messages from Independent Directors



Masayoshi Yagyu

Independent Director

In the three years since it declared its “Second Founding,” the Company has been expanding its store network and making business process reforms such as strengthening the procurement and production system supporting that expansion, to create the foundation for future growth in order to achieve its corporate purpose. Of course, these efforts are ongoing, and the Company needs to keep moving forward. However, I also believe it is finally in a position to achieve solid business growth based on that foundation. The new management structure led by the new president Satoshi Shimizu will be responsible for that, and is tasked with expanding the scope and scale of the supply chain as we work to achieve sound growth while staying true to Ryohin Keikaku’s concepts and ensuring operational integrity. Achieving such sound growth requires both the ability to drive business forward and the courage to pause.

“The ability to drive business forward” refers to everything from cutting-edge product development to production and procurement as well as sales and marketing, along with the various functions that support them. The source of this ability is the development and training of talented people, business standardization to support those human resources and organizational collaboration throughout the whole Company. “The courage to pause” refers to a commitment to squarely facing problems without hiding them, stopping without hesitation and working toward a solution. Growth comes with risks, but a corporate culture in which people on the frontlines of business speak up when faced with a problem and where everyone pulls together to solve it will support real growth.

In my view, the advantages of our new management structure are not only the high level of business acumen of the individuals that comprise it, but the ability of its members to further foster a sense of unity within the Company and to create a climate where people can say what they mean. This will steadily enhance both the “ability to drive business forward” and the “courage to pause.” As a part of that new management structure, I hope to help achieve sound growth.



Atsushi Yoshikawa

Independent Director

Last year in *MUJI Report 2023*, I mentioned that the Company’s drive wheels had steadily begun to gain traction in reference to its “Second Founding,” and this past year reinforced that belief. The year started with the appointment of a new chairperson and a new president following the retirement of former Chairperson Kanai, but I expect the movement toward reform to gain increasing momentum.

The Remuneration Advisory Committee, of which I am the chairperson, met 10 times in FY2024/8. I believe that performance-linked compensation has helped each of the frontline officers who are driving the business recovery feel more incentivized to do so. For non-monetary compensation, which is determined by the ESG evaluation, our assessment was that there has been definite progress Company-wide, but we kept the evaluation coefficient at 75%, the same as in FY2023/8, because we expect even more. Employees and directors are working together to enhance ESG initiatives unique to Ryohin Keikaku, and I have great expectations that moves to further strengthen the corporate brand will spread throughout the whole company.

In the Remuneration Advisory Committee in FY2025/8, when it comes to performance-based compensation, I hope to have discussions on what we should be looking at other than operating profit. For example, the amount of compensation could be adjusted based on efficient use of assets, or if extraordinary losses are greater than expected due to store openings differing from projections, or if the IT development strategy is losing momentum.

While following the corporate purpose and the two missions of the “Second Founding,” which has been led by Mr. Kanai and Mr. Domae, I expect further improvement of employee engagement and long-term corporate value under the new management structure. I will provide oversight from my position as an independent director.



Kumi Ito

Independent Director

I have been an independent director for two years now. Compared with my experience as an outside director of other companies, I would say that implementation and information disclosure are faster at Ryohin Keikaku, and there is somewhat less resistance to change. Speedy implementation and disclosure, along with a flexible approach to change, are very helpful in my position, where I monitor business execution on behalf of shareholders and also make decisions as a director.

Regarding diversity of human capital, which has been an issue for some time, the number of non-Japanese and female executives is increasing, and the situation is gradually improving. Diversity is the source of value creation for Ryohin Keikaku, which now operates under a new management structure. Accordingly, it will need to strengthen internal systems and processes to empower its increasingly diverse employees to perform to their full potential.

On the other hand, I have continued to ask myself what I can do as an independent director, since I am not in a position of business execution, I do not have subordinates, nor am I someone in the industry. During the dialogue with institutional investors at the investor briefing in June 2024, one comment I heard was that “While Ryohin Keikaku’s message might be understood internally, parts of it may be difficult for people on the independent to grasp.” This made me realize that, even if they are modest, the efforts of independent directors are very important, and I felt a renewed sense of commitment.

Whenever I visit stores and talk with store managers, I am reminded once again that the store is the front line where Ryohin Keikaku’s value is delivered. The management team remains fully committed to ensuring that store employees can happily and proudly recommend MUJI.



Yuriko Kato

Independent Director

I feel that the spirit of taking on challenges has spread throughout the whole Company. First, the Company will inevitably face challenges during the “Second Founding,” so systems have been put in place to support employees who are struggling every day during the transition period. It has also set up and created opportunities for communication between people in charge of store operations and headquarters. These measures have helped to raise the level of satisfaction of employees with regard to their jobs. In addition, the Company has boldly taken on the issue of management succession, and was able to bring it all together in a structure centered around the new president, Satoshi Shimizu, who has a solid track record of results at Ryohin Keikaku. We are seeing more members taking the initiative in developing products and being proactive in the Social Good Division.

Under the new management structure, former Chairperson Kanai, who led the development of the MUJI brand, has stepped away from the front lines. The Company has reconsidered what MUJI means, and will evolve toward stores specializing in lifestyle aesthetics that place people at the heart of the business, which has been clearly stated in the MUJI Dream and the Ryohin Keikaku Dream. The Company will experience many successes and failures ahead, but I know that the only way for MUJI to be MUJI is to ensure that as many employees as possible maintain a spirit of love for people and share an attitude of keeping a dialogue going, and that they can approach each day with confidence. It is not possible to predict the global situation, nor can we fully grasp what kind of impact climate change will have. But no matter how the external environment changes, I intend to fulfill my role as an independent director to ensure that we remain a team that stays focused on the dream we all share.

Basic Information



Mayuka Yamazaki
Independent Director

In 2011, Harvard Business School Professor Michael Porter, one of the world’s foremost experts on corporate strategy, put forward the concept of Creating Shared Value (CSV)—the idea that creating social value leads to a competitive advantage and innovation, and is linked to economic value. In the last 10 years, there has been much discussion about the purpose of companies, and there is a clear global trend toward the idea that companies contribute to society through their business. But in reality, I do not think there are many companies in the world that truly practice the CSV advocated by Porter, because they find it difficult to balance social and economic value given the current social structures and people’s awareness.

It has been more than two years since I was appointed as an independent director. I have come to understand the various realities at Ryohin Keikaku, as well as the gaps between ideals and actual conditions. However, I believe that its unwavering commitment to “contributing to society and people” through its business is genuine. For example, when it comes to the environmental aspect of ESG initiatives, there are a number of shortcuts that, on the surface, could improve the Company’s appearance, but to have a truly positive impact on society and the planet, people at Ryohin Keikaku sincerely think about whether there is a way of doing things that is uniquely its own, and then take action. This is difficult in the short term because it requires resources, but it is a real example of CSV in which creating social value leads to long-term, genuine economic value. I want to continue supporting Ryohin Keikaku so that its existence and process of trial-and-error can serve as a model of what a company should be.

Message from an Outside Corporate Auditor



Maoko Kikuchi
Outside Corporate Auditor

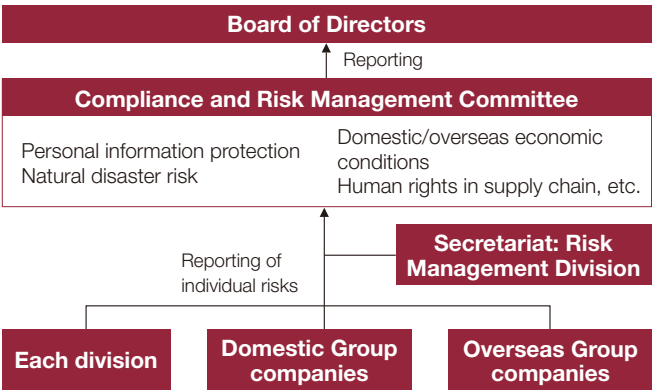
My first encounter with Ryohin Keikaku was at its very first store, MUJI Aoyama, which opened in 1983. In the store, which was made of brick and antique wood, I was captivated by the wonderful space that spoke to me with its simple colors and design and its variety of products. I had never seen anything like it. A long time has passed since then, but Ryohin Keikaku is now returning to its original concept with the “Second Founding,” and is seeking to evolve and deepen that concept to contribute more deeply and broadly to society and people. At this key juncture, I have been given the opportunity to be involved in Ryohin Keikaku’s governance as an auditor, and I feel a great sense of responsibility.

Corporate governance is essentially about conducting fair, transparent, timely and decisive decision-making that takes into consideration the position of its various stakeholders, including shareholders, customers, employees, business partners and local communities. It should help a company achieve sustainable growth and enhance medium- to long-term corporate value. The role of a corporate auditor is to monitor whether this corporate governance is well established and maintained, whether the Company is being properly managed in accordance with the principles of corporate governance, and to make corrections when needed. Two keys to ensuring that are an objective understanding of the facts and a belief in fairness and impartiality as an auditor. Since I was appointed as a corporate auditor more than a year ago, the other auditors and I have listened to directors, executive officers and employees, exchanged opinions regularly with independent directors, cooperated with the Internal Audit Office and accounting auditor, and worked to understand and resolve problems. I look forward to supporting Ryohin Keikaku’s evolution from my position of independence as a corporate auditor.

Risk Management and Compliance

Compliance and Risk Management Structure

Risk management is overseen by the Compliance and Risk Management Committee under the supervision of the Board of Directors. The committee, which is chaired by the director in charge of the Risk Management Division, meets regularly to gather information on compliance and risks and to further discuss and check the progress of important issues. Matters discussed by the Compliance and Risk Management Committee are regularly reported to and reviewed and approved by the Board of Directors. They are also shared with directors and corporate auditors and utilized in business strategies and management policies. We have established the Risk Management Division as a specialized organization for responding to risks. We have also appointed dedicated personnel to identify and manage both potential and emerging risks as measures to strengthen our risk management structure.



Summary of Risk Management and Assessment Process

The Compliance and Risk Management Committee has divided material risks into three categories: compliance risks related to legal violations in Japan and overseas and occupational health and safety; operational risks associated with information leaks and fraud; and financial and disclosure risks related to taxation and accounting. Ryohin Keikaku assesses potential material risks according to their significance and likelihood of manifestation. To help each division recognize potential material risks and come up with ways to respond to them, the committee has prepared a risk management list that incorporates regular reports from each division. The list is updated and corresponds to Ryohin Keikaku’s operations manual, ensuring that information on specific responses and measures is easily accessible. In FY2024/8, the following countermeasures were implemented for risks that have recently manifested.

Main Countermeasures Implemented in FY2024/8

Category	Risk	Main Countermeasures
Compliance Risks	Risks related to errors in the supply chain	• Revised business processes by incorporating risk assessments and reviews of various laws and regulations into design evaluations in the product development stage to prevent quality defects and labeling errors
	Risks related to reputation	• Incorporated a description about prevention of stealth marketing into guidelines on Ryohin Keikaku’s use of social media, and educated employees about the issue
Operational Risks	Risks related to use of new technology	• Prepared guidelines for precautions in data input and product utilization regarding the use of generative AI, and made employees aware of them
	Risks related to natural disasters	• In response to climate change, obtained property insurance coverage for stores located in flood-prone areas based on data from each region • As part of earthquake countermeasures, conducted inspections and reinforcement of lighting equipment and fixtures in stores
Financial and Disclosure Risks	Risks related to liquidity and credit management	• Established a system for conducting due diligence on overseas companies, including credit management, in order to promote transactions directly with overseas factories

Risk Management ▶ <https://www.ryohin-keikaku.jp/sustainability/governance/risk/>

Business-Related Risks of Particular Significance

(1) Economic Conditions and Consumption Trends

The Group operates a business that proposes lifestyles options through original products in apparel, household goods, food and other categories. Weather conditions and economic downturns in Japan and other countries/regions, or deterioration of public order overseas, and the reduced consumption associated with those events could have a negative impact on the Group’s business performance or financial condition. In response to such changes in the external environment, our business strategy will focus on strengthening the foundation for sustainable growth and creating customers. Our functional strategy will emphasize establishing systems for responding flexibly to external changes and increasing productivity to continue to improve profitability.

(2) Overseas Business Development

The Group operates stores through subsidiaries or joint ventures in 29 countries and regions, and also conducts business by supplying products to leading local companies and through local sourcing of products. These overseas business operations face inherent risks, including unforeseen changes or tightening of laws or regulations, changes in foreign exchange rates, disadvantageous political or economic factors, changes in tax systems or tax rates, international taxation issues such as transfer pricing systems, and social disorder due to terrorism, war or other such events. The manifestation of any of these risks could have a negative impact on the Group’s business performance or financial condition. As a preventive measure, the Compliance and Risk Management Committee monitors these risks in the course of everyday operations. To address manifested risks, the Compliance and Risk Management Committee takes corrective action in coordination with relevant departments.

(3) New Businesses

The Group operates businesses other than the retail business, including the housing business and distribution processing. These businesses must solve many technical challenges and create methods of expanding sales channels, but if they are unable to implement their business plans because of various uncertainties, the investment burden until that point could have a negative impact on the Group’s business performance or financial condition. To mitigate such risks, when considering potential new investments, reviews are conducted that include the involvement of management and specialized departments, and the opportunities and risks from the business are comprehensively studied. For business plans, based on approval by management and the specialized departments, business progress is regularly reported, and it is confirmed whether any unexpected matters or new risks have arisen. Identified risks are managed based on the risk management list. We regularly review the list and consider preventive measures and responses to manifested risks.

(4) Disasters

The Group owns stores, distribution centers and other facilities in Japan and overseas, and its business performance or financial condition could be negatively impacted in the event of an earthquake, severe storm, flood or other natural disaster, or an accident, fire, terrorist attack, war or other man-made disaster or crisis. To prepare for such disasters and crises, the Group takes measures such as creating response manuals and obtaining insurance coverage. In addition, when events reach a (forecast) disaster or warning level, a disaster response meeting is held to consider and implement preventive measures based on instructions from the chairperson of the Compliance and Risk Management Committee. When a disaster occurs, a task force is established, which carries out relief measures based on instructions from the head of the task force (the president and representative director).

(5) Information Security and Management of Personal Information

If risks related to cyber-attacks, unauthorized access, or computer viruses materialize, they could have a serious impact on the Company’s operations, such as business interruptions, leaks of confidential information or financial losses. To mitigate these risks, we strive to maintain and enhance information security by formulating and complying with an Information Security Policy and a Privacy Policy, protecting information assets from various threats and handling them appropriately. To protect the information assets entrusted to it by its customers and other related parties, maintain and improve its global corporate brand, and to comply with laws and regulations, Ryohin Keikaku has established fundamental measures such as strengthening security measures, providing employee training and setting up an incident response system.

Information Security and Protection of Personal Information ▶<https://www.ryohin-keikaku.jp/eng/sustainability/governance/informationsecurity/>
Privacy Policy ▶<https://www.ryohin-keikaku.jp/eng/corporate/privacypolicy.html>

Management System

The Compliance and Risk Management Committee oversees information security for the Group as a whole. The committee has established the IT Security Office headed by the general manager of the IT Services Division and the Personal Information Protection Office headed by the general manager of the Risk Management Division to accurately grasp the status of information security and to implement countermeasures.

Information Security Training

We provide information security training to all officers and employees, and regularly conduct effective initiatives, including measures for continuously improving security literacy, assessing the level of understanding and raising awareness.

(6) Human Rights

We believe that respecting the basic human rights of everyone involved in the supply chain and ensuring their physical and mental health and safety are our most important responsibilities. We have identified and assessed human rights-related issues for the Group with the help of outside experts and by referencing international standards as well as the results of factory audits and employee engagement surveys, and are working with stakeholders on initiatives to prevent and mitigate human rights risks. See pages 51–52 for more details.

Human Rights Policy and Management System ▶<https://www.ryohin-keikaku.jp/eng/sustainability/supply-chain/humanrights/>

Priority Human Rights Issues

Company: Harassment (including harassment from customers); discrimination; gender rights; working hour management; and access to remedy
Supply Chain: Occupational health and safety; forced and child labor; discrimination; the environment; working hour management; gender rights; consumer safety and freedom of information; and harassment

(7) Climate Change

We view climate change-related issues as a key theme, and will proceed with analysis and countermeasures in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework. We are working to understand and reduce greenhouse gas emissions across our business operations to mitigate our impact on climate change. See pages 53–54 for more details.

Quality

Ryohin Keikaku inspects each process of design, development, procurement and production based on the “Ryohin Standards,” and strives to provide safe and secure products.

Quality and Safety ▶<https://www.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 customer support center, 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 Production Division cooperates with external inspection organizations as needed. The Production Division also leads weekly meetings to detect defects at an early stage as part of efforts to continuously improve quality.

Management Using the Restricted Substances List for Textile Products

To strengthen management of chemical substances, Ryohin Keikaku has become a member of the Apparel and Footwear International RSL Management Group (AFIRM),* an organization that works to reduce the use and impact of harmful substances in the global apparel and footwear supply chain. Accordingly, we require production partners to comply with the MUJI Product Restricted Substances List, which adds our own standards to the AFIRM Restricted Substance List (RSL). In doing so, we are striving to eliminate chemical substances with potential harmful effects on the human body, and to ensure safe and reliable quality control. We are also limiting our use of all per- and polyfluoroalkyl substances (PFAS) in the production stage of textile products, with the goal of full elimination.

* AFIRM was established in 2004 by the Phylmar Group, a group of environmental, health and safety (EHS) and sustainability professionals. It is an international framework for managing the Restricted Substances List (RSL) in apparel and footwear.

Chemical Management ▶<https://www.ryohin-keikaku.jp/eng/sustainability/environment/chemical/>

Strengthening Food Safety Initiatives

Ryohin Keikaku has its own legally compliant standards called the “Ryohin Standards” and designates food additives for use and sets expiration dates based on these standards. We also devise processing and packaging methods to reduce the use of food additives.

Before launching a new product, we apply the Ryohin Standards to ensure rigorous quality control. This includes verifying whether the product specifications and form will enable the product to safely maintain its integrity until the expiration date, and whether (in the case of foodstuffs) the cooking instructions are easy to understand. In addition, we ensure that the food we provide through restaurants and ready-made meals also conforms to the Ryohin Standards. The Food Safety Committee, established in August 2023, reviews the Ryohin Standards and factory selection standards, and is restructuring the quality control and quality assurance system and formulating policies to strengthen the quality control system.

Responsibilities to Customers on Food ▶<https://www.ryohin-keikaku.jp/eng/sustainability/activities/food/>

Compliance

Initiatives for Fostering Compliance Awareness

The Ryohin Keikaku Group Compliance Code of Conduct has been established to promote compliance with ethical standards and social norms, laws and internal regulations through in-house training programs and awareness-raising activities. Based on this code of conduct, anti-harassment training is conducted regularly to prevent harassment and improve management skills. In FY2024/8, harassment training was provided once to 10,110 regular and partner employees, and the training participation rate was 85.9%.

The Compliance and Risk Management Committee, which meets regularly, reviews the status of compliance with the Group Compliance Code of Conduct, investigates any violations, identifies details and causes, and considers measures to prevent recurrence. In addition, the committee regularly verifies the effectiveness of the Group Compliance Code of Conduct. No material compliance violations related to the business operations of the Group occurred in FY2024/8. The committee also confirmed that no political contributions were made. Twenty other compliance violations occurred in FY2024/8. All Group companies were notified of the incidents, and the importance of compliance was inculcated through in-house training and other measures.

Ryohin Keikaku Group Compliance Code of Conduct ▶<https://www.ryohin-keikaku.jp/eng/sustainability/governance/compliance/>

Internal Reporting System

We have established the Ryohin Keikaku Group Helpline to improve the effectiveness of the self-correction process, control reputational risks, ensure public trust and protect whistleblowers. The helpline helps prevent and detect legal violations, misconduct and harassment at an early stage, and also adds to the compliance knowledge of executives and employees.

This helpline is available to all employees of Ryohin Keikaku and its domestic and overseas subsidiaries. This includes directors, regular employees, contract employees, partner employees, part-time workers and temporary employees. Anyone may make a report to the helpline by telephone, email (including those using an anonymous system) or in person. Depending on the results of investigations, internal procedures may be initiated as provided in the Rules of Employment, including the formulation of measures to prevent recurrence, the issuance of work orders and instructions, and disciplinary action and other personnel measures, as well as necessary external measures such as press releases, media relations and criminal charges. A total of 234 requests for consultation were received in FY2024/8.

Basic Information

11-Year Summary

For more IR Information ▶<https://www.ryohin-keikaku.jp/eng/ir/>

(Million JPY)

	2014/2	2015/2	2016/2	2017/2	2018/2	2019/2	2020/2	2020/8 ⁵	2021/8	2022/8	2023/8	2024/8
Profit and Loss (Consolidated)												
Operating revenue	220,620	260,254	307,532	333,281	379,551	409,697	438,713	179,392	453,689	496,171	581,412	661,677
(Domestic)	171,923	182,701	198,449	215,716	234,791	246,269	267,864	122,428	296,998	308,114	342,829	388,935
(Overseas)	48,472	77,546	109,080	117,563	144,758	163,425	170,846	56,961	156,691	188,057	238,583	272,741
Operating gross profit	101,665	122,831	150,451	165,861	191,819	211,380	217,628	83,694	222,334	234,356	271,549	336,410
Selling, general and administrative expenses	80,749	98,984	116,012	127,583	146,532	166,636	181,248	82,821	179,887	201,582	238,412	280,274
Operating profit	20,916	23,846	34,439	38,278	45,286	44,743	36,380	872	42,447	32,773	33,137	56,135
Operating profit ratio (%)	9.5	9.2	11.2	11.5	11.9	10.9	8.3	0.5	9.4	6.6	5.7	8.5
Ordinary profit	23,047	26,602	32,700	38,582	45,985	45,861	36,377	563	45,369	37,214	36,156	55,777
Net income attributable to owners of parent	17,096	16,623	21,718	25,831	30,113	33,845	23,253	(16,917)	33,903	24,558	22,052	41,566
Cash flows from operating activities	15,117	14,619	26,133	19,742	46,982	23,680	24,452	(1,758)	61,447	23,350	56,527	58,504
Cash flows from investment activities	(17,842)	(22,193)	(8,647)	(9,856)	(14,290)	(5,492)	(31,435)	(4,239)	(13,538)	(16,683)	(22,106)	(27,654)
Cash flows from financing activities	(5,385)	11,377	(6,520)	(14,361)	(21,759)	(9,505)	(11,467)	63,722	(15,162)	(58,647)	(11,232)	(23,412)
Depreciation	4,179	4,887	6,816	7,543	8,644	9,867	17,622	10,358	18,969	22,018	24,881	28,309
Financial Position (Consolidated)												
Total assets	140,229	186,947	200,919	214,705	238,313	258,309	306,512	343,918	393,357	399,324	453,715	509,551
Net assets	111,015	128,670	143,173	157,018	174,426	195,189	208,492	182,992	214,871	244,852	267,446	297,004
Key Performance Indicators (Included in consolidated key financial indicators)												
Return on equity (ROE) (%)	17.0	14.3	16.4	17.7	18.6	18.8	11.8	(8.8)	17.3	10.8	8.7	14.9
Equity ratio (%)	76.9	67.0	69.4	71.3	71.3	73.8	66.6	52.4	53.9	60.5	58.1	57.5
Return on assets (ROA) (%)	17.8	16.3	16.9	18.6	20.3	18.4	12.8	0.2	12.3	9.4	8.5	11.6
Turnover of merchandise	3.73	3.10	2.89	2.55	2.55	2.44	2.28	1.87	2.19	2.22	2.36	2.26
Per-share Data												
Earnings per share (EPS) (JPY)	64.46	62.75	81.84	97.50	114.70	128.92	88.47	(64.32)	128.90	93.24	83.51	157.10
Net assets per share (BPS) (JPY)	407.19	472.37	524.79	579.18	647.68	725.83	775.77	684.94	806.75	915.93	997.13	1,106.12
Dividends per share (JPY)	15.5	19.0	24.6	29.3	34.5	38.7	36.4	5.0	40.0	40.0	40.0	40.0
Dividend payout ratio (%)	24.0	30.3	30.1	30.1	30.1	30.0	41.1	—	31.8	42.9	47.9	25.5
Other Data												
Number of MUJI stores in Japan ¹	385	401	414	418	419	420	437	438	456	493	562	623
Number of MUJI stores overseas ¹	255	301	344	403	457	497	533	527	546	579	626	682
Total sales floor space in Japan (m ²) ²	270,250	282,083	289,899	297,001	306,316	319,698	359,141	375,446	417,057	494,871	628,133	731,318
Number of regular employees	4,101	4,795	5,653	6,992	8,128	9,137	9,615	9,046	8,882	9,175	10,074	12,071
Number of non-regular employees ³	6,934	7,242	7,877	9,203	9,254	10,233	10,825	8,050	9,281	9,834	10,721	12,571
Downloads of MUJI passport app (thousand people) ⁴	1,407	3,367	8,850	12,289	15,983	21,128	44,746	49,380	59,297	69,780	78,527	88,174

1. Excluding Café&Meal MUJI, IDÉE and licensed stores overseas

2. Total sales floor space of directly managed stores, licensed stores and Seiyu Co., Ltd.

3. Average number of employees per year based on an eight-hour workday calculation method

4. Membership registrations through external social media sites and various communication apps in Japan have been included from 2019/2 and from 2020/2 for the Mainland China Business.

5. Due to the change in fiscal year, 2020/8 covers the six-month period from March 1 to August 31, 2020.

Basic Information

ESG Data

For more sustainability and ESG-related data ▶<https://www.ryohin-keikaku.jp/eng/sustainability/muji-sustainability/number/>

Category		Item		Unit	2022/8	2023/8	2024/8
Environment	Group	Greenhouse gas emissions ^{1, 2}	Total of Group Scope 1 emissions	t-CO ₂ e	1,278	1,355	Under review
			Total of Group Scope 2 emissions (market based)	t-CO ₂ e	64,557	75,658	Under review
			Total of Group Scope 1 and 2 emissions	t-CO ₂ e	65,835	77,013	Under review
			Total of Group Scope 1 and 2 emissions (compared with baseline year as 100%)	%	109.4	128.0	Under review
			Total of Group Scope 3 emissions	t-CO ₂ e	1,392,636 ³	1,663,823 ³	Under review
			Total of Group Scope 1, 2 and 3 emissions	t-CO ₂ e	1,458,471	1,740,836	Under review
			Scope 1 emissions	t-CO ₂ e	1,110	1,187	1,376
			Scope 2 emissions (market based)	t-CO ₂ e	34,709	39,901	29,793
			Total of Scope 1 and 2 emissions	t-CO ₂ e	35,819	41,088	31,169
			Scope 1 and 2 emissions (compared with baseline year as 100%)	%	113.7	130.4	98.9
			Scope 3 emissions	t-CO ₂ e	1,055,747 ³	1,194,690 ³	1,344,267
			Total of Scope 1, 2 and 3 emissions	t-CO ₂ e	1,091,566	1,235,778	1,375,436
	Japan	Energy consumed ^{1, 2}	City gas	MWh	5,002	5,320	5,808
			LP gas	MWh	213	333	592
			Kerosene	MWh	331	332	442
			Diesel fuel	MWh	18	17	25
			Gasoline	MWh	52	36	39
			Heat, steam and cooling	MWh	24,757	25,495	23,885
			Electricity	MWh	75,560	87,684	103,110
			Total	MWh	105,933	119,217	133,901
		Electricity consumed and generated ^{1, 2}	Electricity consumed	MWh	75,560	87,684	103,110
			Consumption of electricity from renewable sources	MWh	3,054	3,636	41,970
			Consumption of purchased electricity from renewable sources	MWh	3,054	3,294	41,035
			Consumption of self-generated electricity from renewable sources	MWh	0	342	935
			Percentage of electricity consumption from renewable sources	%	4.0	4.1	40.7
			Electricity generated from renewable sources	MWh	1,370	1,652	2,221
		Water usage ²	Withdrawals	m ³	147,783	144,429	140,913
			Discharges	m ³	147,783	144,429	140,913
			Consumption	m ³	0	0	0
		Waste discharge ¹	General waste	t	12,259	11,862	12,255
			Industrial waste	t	1,103	1,148	1,344
			Waste discharge	t	13,362	13,010	13,599
		Percentage of items with packaging and materials free from virgin plastic ⁴	Apparel	%	74.8	96.8	93.8
			Household goods	%	47.0	58.8	53.6
			Food		Coffee beans, nuts and other items sold by weight at some stores	Recycled plastics and biomass plastics used in some packaging	Expanding the use of recycled plastic in retort product packaging
		Amount of plastic reduction through the elimination of virgin plastic in packaging and materials ⁵	Apparel	t	59.0	104.8	148.0
			Household goods	t	–	60.7 ⁶	–
			Food	t	251.0	292.0	326.0
		Percentage of items designed with recycling in mind ⁷	Household goods	%	36.0	48.5	32.5
			Volume of textile products collected	t	49.1	52.0	97.0
			Volume of plastic bottles collected	kg	1,130	2,293	5,095
		Volume of used products and packaging materials collected	Volume of plastic products collected	kg	–	35,003 ⁸	112,593
			Volume of paper hangers and hooks collected	kg	–	9,230	10,220
			Sales volume of reused and upcycled clothing items	Items	28,623	30,433	55,746
		Number of stores providing water refilling stations	Number of stores providing water refilling stations	Stores	357	431	483

1. Some data has been revised from *MUJI REPORT 2023* following of review of figures

2. Figures for FY2024/8 are currently under review by a third-party organization and may be subject to change. The updated figures will be posted on our website.

3. Based on the definition of "Minimum Boundaries" in the GHG Protocol, we reviewed the emission factors for Categories 5 and 12. As a result, we revised the figures for FY2022/8 and FY2023/8 in March 2025.

4. Items requiring plastic for hygiene, quality and safety are excluded

5. Amount reduced compared with previous plastic packaging

6. Amount reduced resulting from the launch of refill pouches for skin care products

7. Products that cannot be recycled due to hygiene concerns are excluded

8. Due to a revision in the method for calculating the volume of plastic products collected, the collection volume for FY2023/8 was updated on November 22, 2024.

Category		Item		Unit	2022/8	2023/8	2024/8
Social	Group	Number of employees	Employees		9,175	10,074	12,071
			Non-regular employees		9,834	10,721	12,571
			Total		19,009	20,795	24,642
		Culture and Engagement Survey response rate		%	–	81	96
		Number of employees			9,960	10,648	12,949
		Number of regular employees	Female	(%)	1,404 (55.6)	1,576 (54.8)	1,926 (56.1)
			Male	(%)	1,123 (44.4)	1,298 (45.2)	1,510 (43.9)
			Total		2,527	2,874	3,436
		Number of non-regular employees	Female	(%)	6,111 (82.2)	6,316 (81.3)	7,616 (80.1)
			Male	(%)	1,322 (17.8)	1,457 (18.7)	1,896 (19.9)
			Total		7,433	7,774	9,513
		Managers (deputy manager level and above) ⁹	Female	(%)	36 (20.7)	131 (27.8)	211 (29.8)
			Male	(%)	138 (79.3)	340 (72.2)	498 (70.2)
			Total		174	471	709
		Average age (regular employees)	Female		36.9	37.2	36.4
			Male		40.0	39.9	39.0
			Total		38.3	38.4	37.5
		Average length of service (regular employees)	Female	Years	7.8	7.9	7.5
			Male	Years	9.4	8.8	8.4
			Total	Years	8.5	8.3	7.9
		Average annual salary (regular employees)		Thousand JPY	5,930	6,202	6,430
		Gender gap on annual income	Regular employees	%	67.7	68.6	65.8
			Non-regular employees	%	98.2	97.8	99.5
			All employees	%	61.2	61.5	62.8
		Number of new university graduate hires	Female	(%)	74 (71.8)	88 (62.0)	149 (68.3)
			Male	(%)	29 (28.2)	54 (38.0)	69 (31.7)
			Total		103	142	218
		Number of mid-career hires	Female	(%)	33 (31.4)	84 (37.5)	173 (50.7)
			Male	(%)	72 (68.6)	140 (62.5)	168 (49.3)
			Total		105	224	341
		Total new hires			208	366	559
		Ratio of mid-career hires to total new hires		%	50.5	61.2	61.0
		Voluntary turnover rate (regular employees)		%	8.25	7.34	5.46
		Employees with disabilities		(%)	319 (3.69)	290 (3.23)	329 (3.07)
		Percentage of foreign employees (regular employees)		%	1.3	1.5	1.7
		Number of employees using the childcare system			296	372	484
		Number of regionally limited employees		(%)	669 (34.3)	987 (34.8)	1,194 (34.7)
		Percentage of eligible employees taking childcare leave	Female	%	102.9	141.6	81.3
			Male	%	21.4	59.0	42.2
			Total	%	83.7	123.3	71.7
		Directors	Female	(%)	3 (37.5)	3 (37.5)	3 (37.5)
			Male	(%)	5 (62.5)	5 (62.5)	5 (62.5)
			Total		8	8	8
		Independent directors	Average number of years in office		5 years, 7 months	6 years, 7 months	7 years, 7 months
			Number of independent directors		5	5	5
			Percentage of independent directors	%	62.5	62.5	62.5
		Board of Directors	Number of meetings	Times	16	16	13
			Average attendance rate	%	99	99	99
		Number of Ryohin Keikaku Group Helpline consultations			148	184	234
		Number of employees participating in harassment training			206	450	10,110
		Number of employees with health officer's license			229	234	246

9. Until FY2022/8, only employees with executive titles such as "deputy manager" or "general manager" were considered as managers. As of FY2023/8, employees whose job description and level of responsibility are equivalent to that of "deputy manager" are also counted as managers, regardless of their job title or number of people in their team.

Basic Information

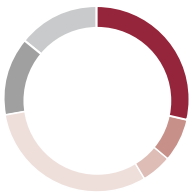
Stock Information (As of August 31, 2024)

Stock Overview

Total number of authorized shares: 1,123,120,000 shares
Total number of issued shares: 280,780,000 shares
Number of shareholders: 163,147
Stock exchange listing: Tokyo Stock Exchange
Accounts settlement date: August 31
Ordinary General Meeting of Shareholders: Held in November each year
Administrator of the shareholder register: Sumitomo Mitsui Trust Bank, Limited

Distribution of Shareholders and Number of Shares Held

- Financial institutions: 92,792,102 shares
- Securities companies: 23,803,302 shares
- Other corporations in Japan: 16,595,146 shares
- Corporations and individuals outside Japan: 99,218,935 shares
- Individuals and others: 43,871,579 shares
- Treasury shares: 4,498,936 shares



280,780,000 shares

Major Shareholders (Top 10)

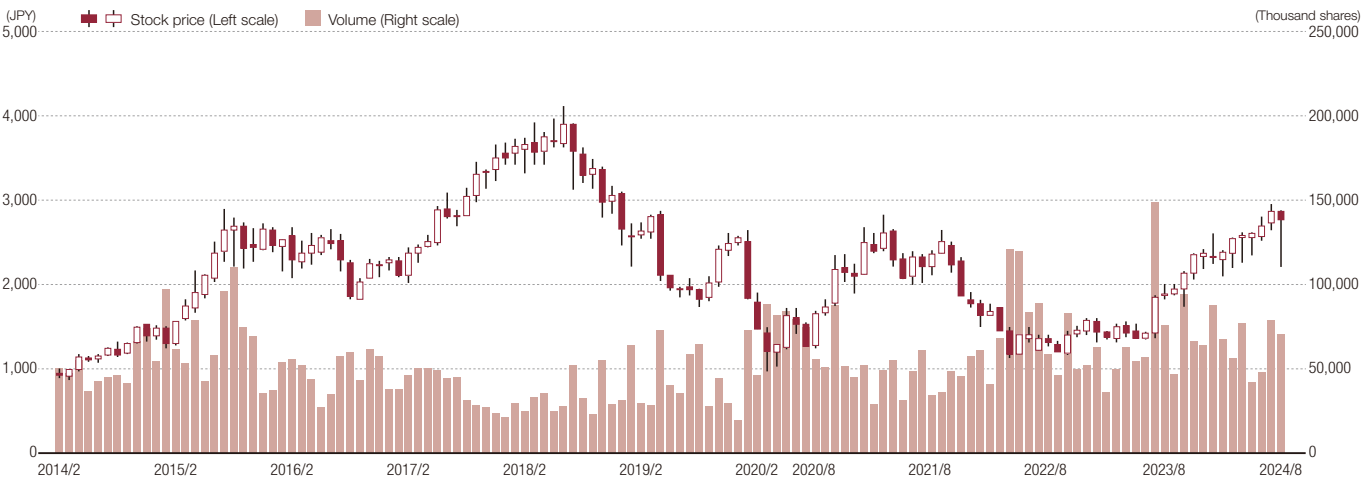
Shareholder	Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	42,331	15.32
Custody Bank of Japan, Ltd. (Trust Account)	27,396	9.92
Custody Bank of Japan, Ltd. (Trust Account E)	11,218	4.06
Mitsubishi Corporation	10,783	3.90
JP Morgan Securities Japan Co., Ltd.	6,792	2.45
MSIP CLIENT SECURITIES	6,403	2.31
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	5,520	1.99
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5,194	1.88
SMBC Nikko Securities Inc.	5,063	1.83
JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	4,783	1.73

- Notes:
- The Company holds 4,498,936 shares of treasury stock, which are excluded from the list of major shareholders above. The 4,498,936 shares of treasury stock do not include 11,218,302 shares held by Mizuho Trust & Banking Co., Ltd. and 342,500 shares held by Sumitomo Mitsui Trust Bank, Limited for a stock benefit trust (ESOP).
 - The 11,218,302 shares held by the Custody Bank of Japan, Ltd. (Trust Account E) are for the purpose of a stock benefit trust (ESOP).
 - The shareholding ratio is calculated after deducting the 4,498,936 shares of treasury stock.

Dividend Payout Ratio

	2018/2	2019/2	2020/2	2020/8	2021/8	2022/8	2023/8	2024/8
Consolidated dividend payout ratio	30.1%	30.0%	41.1%	—	31.8%	42.9%	47.9%	25.5%

Stock Price and Volume



The Company conducted a 10-for-1 share split of its common shares on September 1, 2019. The stock price and trading volume are calculated assuming that the share split was conducted at the beginning of FY2011/2.

Corporate Information (As of August 31, 2024)

Company Name	Ryohin Keikaku Co., Ltd.
Address	Sumitomo Fudosan Iidabashi First Building, 2-5-1 Koraku, Bunkyo-ku, Tokyo 112-0004, Japan
Establishment	June 1989 (registration: May 1979)
Capital	JPY 6,766,250,000
Number of Employees	24,642 (including 12,571 non-regular employees and others; Ryohin Keikaku Group)

For more information, please refer to the Ryohin Keikaku website.

Website



https://ryohin-keikaku.jp/eng/

IR Information



https://ryohin-keikaku.jp/eng/ir/

Sustainability Information



https://ryohin-keikaku.jp/eng/sustainability/

Inclusion in ESG Indexes



MSCI Japan ESG Select Leaders Index*

The MSCI Japan ESG Select Leaders Index comprises Japanese companies that have received outstanding ESG evaluations in their respective industries from MSCI, a U.S.-based company.

FTSE4Good Index Series (FTSE Blossom Japan Index)

The FTSE4Good Index Series comprises companies selected by FTSE Russell of the U.K. For inclusion in the index, companies must demonstrate strong performance and meet various evaluation criteria in terms of ESG practices. These criteria are made based on international standards including the United Nations Sustainable Development Goals (SDGs).

S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index is an index developed by S&P Dow Jones Indices to measure the performance of companies in the Tokyo Stock Price Index (TOPIX) and comprises companies that excel in environmental information disclosure and carbon efficiency (carbon emissions per unit of revenue).

Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

The Morningstar Japan ex-REIT Gender Diversity Tilt Index is an index developed by Morningstar using Equileap's Gender Equality Score and comprises companies that have outstanding gender diversity initiatives.

* The inclusion of Ryohin Keikaku Co., Ltd. in the MSCI Index, as well as the use of MSCI's logo, trademarks, service marks, or index names, does not constitute sponsorship, endorsement, or promotion of Ryohin Keikaku Co., Ltd. by MSCI or its affiliates. The MSCI Index is the exclusive property of MSCI. The index names and logos are trademarks or service marks of MSCI or its affiliates.

Recognition from Society



Ryohin Keikaku Wins 2024 IR Award

For the second consecutive year, Ryohin Keikaku received the "Most Liked!" IR Award in the 2024 IR Awards program sponsored by the Japan Investor Relations Association (JIRA). This particular award was newly established in 2020 to mark the 25th year of presenting the IR Awards. It is determined by a vote of companies that entered the IR Awards. The category was established to share the proactive IR activities of award applicants and encourage best practices. The theme for 2024 was "Initiatives to bridge the gap between management and investors." Ryohin Keikaku was one of 18 companies selected out of 220 companies that entered.

Participation in Initiatives



United Nations Global Compact

Since September 2013, Ryohin Keikaku has participated in the United Nations Global Compact. We conduct business in accordance with the Global Compact's ten principles in the areas of protection of human rights, the elimination of unfair labor practices, environmental responsibility and the prevention of corruption.

Platform to Ensure the Ethical and Fair Treatment of Foreign Workers (JP-MIRAI)

Since May 2022, Ryohin Keikaku has participated in the JP-MIRAI platform, which is based on international standards, and is working with other companies and institutions to improve the working and living conditions of foreign workers in Japan.

