株式会社
良品計画

Disclosure Based on TNFD Recommendations

August 2025

1. Introduction

Ryohin Keikaku's corporate purpose is to contribute to the creation of "a truthful and sustainable life for all" through our products, services, stores, and business activities; "believing human society rich in heart, with balanced relationship between human, nature and artifacts." Ryohin Keikaku's MUJI brand has consistently served society as a whole since its establishment in 1980. Our core value is "to contribute to society and people." This is a value that is rooted in all of our business activities

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.

Biodiversity Initiatives and Information Disclosures

Along with climate change, prevention of biodiversity loss caused by deforestation and other factors have become a pressing issue on Earth. Recognizing the importance of halting and reversing the loss of biodiversity for steering nature on a recovery track, Ryohin Keikaku works to achieve a sustainable society through collaboration with a wide range of stakeholders, including suppliers. To this end, we identify the interactions between our business activities and nature throughout the supply chain and grasp the business impacts of risks and opportunities related to natural capital and biodiversity. Based on the findings, we formulate and implement strategies and disclose the information in line with the framework recommended by the Taskforce on Nature-related Financial Disclosures (TNFD).

2. Assumptions and Basic Understanding Common to the Entire Report

(2-1) Materiality application

Ryohin Keikaku identifies material issues (materiality) in terms of issues that affect its finances (single materiality). To plan ESG strategies for 2030, we identified and examined social issues and interviewed management and experts. We conducted scoring unique to Ryohin Keikaku, with the advice of external organizations. Based on the scoring results, along with an assessment of risks and business opportunities, the following four material issues were identified. We are working to minimize the impact on natural capital in order to address one of the material issues: "1. Build a sustainable and circular society that coexists with nature."

Four Material Issues (Materiality):

1. **Build a sustainable and circular society that coexists 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

(2-2) Disclosure scope

In line with the LEAP approach[1] advocated by TNFD, we assessed the cultivation and manufacturing processes (spinning, fabric manufacturing, and sewing) of cotton, which is one of the five key raw materials[2] in Ryohin Keikaku and used in MUJI clothing and fabrics. For the process of raw material cultivation, we assessed our main suppliers in two countries, India and Burkina Faso. For the manufacturing processes, we assessed our major manufacturing sites in South Asia and East Asia, including India, Cambodia, Vietnam, and Mainland China.

(2-3) Areas with nature-related issues

For the spinning, fabric manufacturing, and sewing sites, we identified 18 key sites in terms of their business importance and the ecological sensitivity to their locations. In terms of raw material cultivation, although we are currently conducting assessment at the national level, we plan to continue studying how to conduct more detailed geographical surveys and how to assess the cultivation of raw materials in the future. For details of the assessment results, please refer to the "4. Strategies" section.

(2-4) Period covered by the study

The Kunming-Montreal Biodiversity Framework, adopted at the 15th meeting of the Conference of the Parties (COP15) to the United Nations Convention on Biological Diversity, sets the global goal of

[1] The LEAP approach is an integrated framework for assessing nature-related issues, including the connection, dependence and impacts, and risks and opportunities. The approach consists of four phases: Locate, Evaluate, Assess, and Prepare.

[2] In each of Ryohin Keikaku's main businesses—apparel, household goods, and food —we identified cotton, wood, paper, palm oil, and coffee as key raw materials related to our mainstay products. In identifying the most important raw materials, we referred to the High Impact Commodity List provided by the Science Based Targets Network (SBTN). Additionally, we utilized the ENCORE tool to assess the potential dependencies and impacts on nature throughout the entire value chains of the three main businesses. The results of the assessment of the entire three value chains and the entire supply chains for the five most important raw materials are available on the Ryohin Keikaku website under Environmental Due Diligence:
(https://www.ryohin-keikaku.jp/sustainability/pdf/ryohinkeikaku_environmental_due-diligence.pdf).

achieving “nature positive” status to halt and reverse biodiversity loss by 2030. The TNFD is an international framework for companies and other organizations to assess and disclose their dependencies, impacts, risks, and opportunities related to natural capital and biodiversity in order for the transition to “nature positive.”
Ryohin Keikaku has developed a roadmap for promoting environmental due diligence (DD) by 2030, with reference to these international goals and frameworks. Accordingly, we set the period covered by the risk and opportunity study as through 2030.

(2-5) Engagement with Indigenous peoples, local communities, and affected stakeholders in identifying and assessing the organization’s nature-related issues

Based on the Ryohin Keikaku Human Rights Policy, we conduct human rights due diligence and stakeholder engagement. We have also established a Supplier Hotline as a reporting channel for suppliers in Japan. We are planning to establish a reporting channel for all stakeholders related to Ryohin Keikaku, including those located overseas. For details of the Human Rights Policy and its promotion system, please refer to the “3. Governance” section.

3. Governance

(Roles of the Board of Directors)
One of Ryohin Keikaku’s identified material issues is to “Build a sustainable and circular society that coexists with nature.” At least twice a year, the Board of Directors receives reports from the ESG Management Department, Corporate Planning Division (the administrative support office of the ESG Management Committee), regarding initiatives related to sustainability and ESG management, including natural capital and biodiversity. Based on the reports, the Board oversees progress and the achievement of targets and discusses and provides guidance on policies and initiatives. The ESG Management Committee meets monthly to address medium- to long-term ESG issues across the company. The Committee is chaired by the President and Representative Director and joined by internal directors, executive officers, as well as managers and employees in charge from each department. Recognizing its own specific challenges, each department, business unit, and Group company sets targets and strategies to address nature-related issues, and promotes initiatives in collaboration with other organizations.

(Human Rights Policy and promotion system)
Ryohin Keikaku recognizes that protecting and respecting human rights of all people is critically importance to realize our corporate purpose of "a truthful and sustainable life for all." Accordingly, we have established the Ryohin Keikaku Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights and other international norms regarding respect for human rights. In accordance with this policy, we are also working to establish a human rights due diligence system.
For our supply chains, we have formulated the Ryohin Keikaku Code of Conduct for Production Partners and share our policies on the labor environment, respect for human rights, and environmental considerations throughout the supply chain. We ask our production partners to comply with these policies and promote initiatives to realize the objectives. We distribute and explain this Code of Conduct in Japanese, English, and Chinese to all our outsourced factories worldwide, and we conduct business only with companies who pledge to comply with this Code of Conduct. The key primary raw materials (cotton, wool, down, linen, wood, etc.) are procured from sources that can be traced back to their place of origin whenever possible, or from certified sources that ensure appropriate working conditions.

4. Strategies

(4-1) Strategies (Risks and Opportunities)

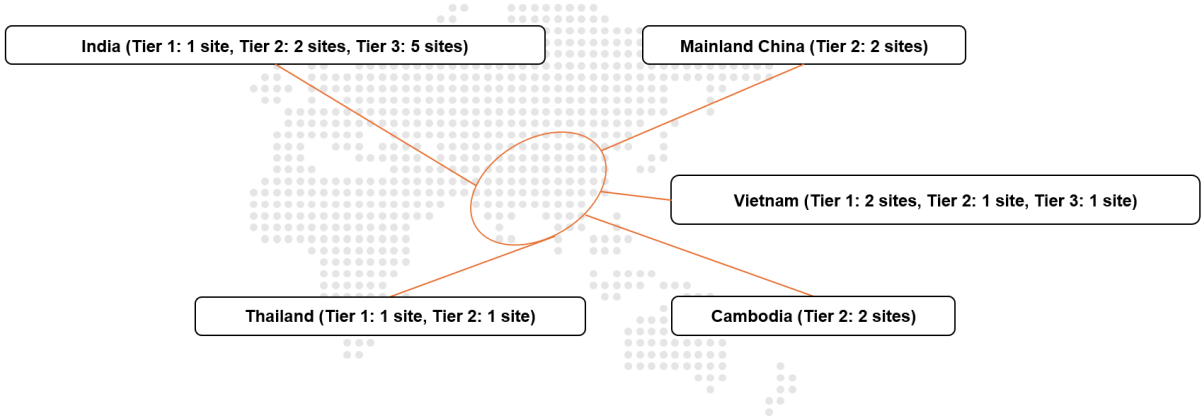
Risks and opportunities related to natural capital in the cultivation and production of raw materials, as well as measures to deal with the risks and opportunities, are listed below for the cotton raw materials, which are commonly used in apparel and household goods products sold under the MUJI brand. Risks were prioritized based on two assessment axes: likelihood of occurrence and degree of impact. Opportunities were prioritized based on two assessment axes: likelihood of acquisition and degree of impact. In assessing raw cotton materials, the analysis followed the approach recommended by TNFD.

(4-2) Approach to identifying risks and opportunities

(4-2-1) Locations of priority sites

Priority sites were identified through a "materiality assessment," which examines the impacts and dependencies of business activities on the environment, and a "sensitivity assessment," which evaluates the ecological sensitivity of business sites. In the "sensitivity assessment," five indicators: (1) importance of biodiversity, (2) ecosystem integrity (high integrity), (3) ecosystem integrity (rapid decline), (4) importance of providing ecosystem services, and (5) physical water risk, were each rated on a 5-point scale (Very Low/Low/Middle/High/Very High) using certain assessment tools[1]. As a result, we identified 18 priority sites for cotton suppliers.

(Locations of priority sites for cotton suppliers and assessment results)



No.	Tier	Country	(1) The importance of biodiversity*1	(2) Ecosystem integrity (high integrity)*2	(3) Ecosystem integrity (rapid decline)*3	(4) The importance of ecosystem service provision*4	(5) Physical water risk*5
1	Tier 1	Vietnam	Middle	High	Very High	Middle	High
2	Tier 1	Vietnam	Middle	High	Very High	Middle	High
3	Tier 1	India	Middle	High	Low	High	Very High
4	Tier 1	Cambodia	Middle	High	High	High	Very High
5	Tier 1	Cambodia	Middle	High	High	Very High	Very High
6	Tier 1	Thailand	Middle	Very High	Very High	High	Middle
7	Tier 2	Mainland China	Very low	Very High	Low	Middle	Middle
8	Tier 2	Mainland China	High	High	Low	Low	Very High
9	Tier 2	Vietnam	Middle	Very High	Very High	High	Very High
10	Tier 2	India	Middle	Low	Low	Middle	Very High
11	Tier 2	India	Middle	Very High	Low	Very High	Very High
12	Tier 2	Thailand	Middle	High	Very High	Middle	High
13	Tier 3	Vietnam	Middle	High	Very High	Very High	High
14	Tier 3	India	Very Low	High	Low	High	Very High
15	Tier 3	India	Middle	Very High	Low	Middle	Very High
16	Tier 3	India	Middle	High	Low	High	Very High
17	Tier 3	India	Very Low	High	Low	High	Very High
18	Tier 3	India	High	Very High	Low	Middle	High

*1 The World Database on Protected Area (WDPA), Key Biodiversity Area (KBA), and IUCN Red List of Threatened Species were used to assess proximity to areas of high conservation importance.
*2 Biodiversity Intactness Index and IUCN Red List of Ecosystem database were used for the assessment.
*3 Biodiversity Intactness Index was used for the assessment.
*4 ENCORE and LANDMARK were used to assess the importance of ecosystem services, including indigenous communities and local communities.
*5 Aqueduct was used to assess drought and water pollution concerns.

(4-2-2) Dependencies and Impacts

(Assessment summary)

We identified the dependencies of business activities and the type and magnitude of the impacts, for raw material cultivation and manufacturing, which are key processes in the cotton value chain. Based on the results, as well as on the ecological sensitivity and business characteristics, we rated the dependencies and impacts related to Ryohin Keikaku on five levels (Very Low/Low/Middle/High/Very High). In raw material cultivation, the results qualitatively identified concerns for water consumption, soil and water pollution, and land change impacts, while dependencies on water supply, water quality,

healthy soils, and stable climate and rainfall were identified. In manufacturing, while the overall impacts and dependencies were not significant, contamination concern in the dyeing process was identified.

<Dependencies and impacts in raw material cultivation>

	Assessment items		Results
Impacts	Pollution		High
Impacts	Resource utilization (Water resources)		Very High
Impacts	Land change		High
Impacts	Supply service	Water supply	High
Dependencies	Coordination services	Soil quality coordination	High
Dependencies	Coordination services	Climate control	Very High
Dependencies	Coordination services	Rainfall pattern coordination	Very High

<Dependencies and impacts in manufacturing>

	Assessment items		Results
Impacts	Pollution		Middle
Impacts	Resource use (Water resources)		Middle
Dependencies	Supply service	Water supply	Middle
Dependencies	Coordination services	Water purification	Middle
Dependencies	Coordination services	Flood control	Middle
Dependencies	Coordination services	Storm mitigation	Middle

(4-2-3) Risks and Opportunities

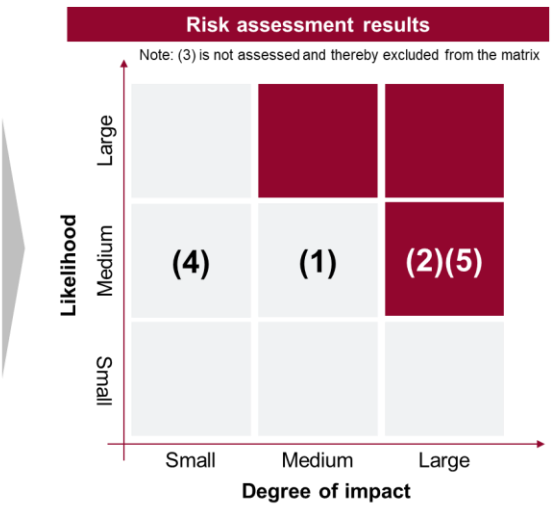
Risks and opportunities were assessed with a 2-axis matrix method. As inputs to the assessments, in addition to the results of the dependency and impact assessments described above, we also analyzed the external environments. This is to improve the accuracy in determining the likelihood of risks occurring by deriving a broader range of risks and opportunities, and to identify highly feasible opportunities.

(Axis of risk/opportunity assessment)

For the assessment axis (i), "Likelihood of occurrence or acquisition of risks/opportunities," the frequencies of financial impacts caused by risks/opportunities were rated on a scale of "major," "medium," or "minor" based on the presence or absence of past cases and responses in the company and the industry. The assessment axis (ii), "Magnitude of impacts of risks/opportunities," were rated on a scale of "large," "medium," or "small" based on the degree of impacts on the company's sales and costs.

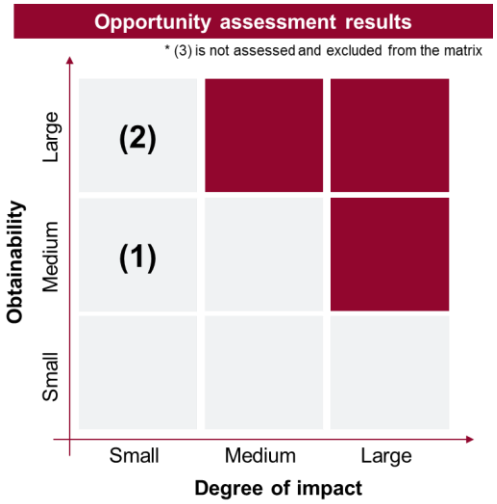
(Results of risk assessment)

Expected risks		
Acute risks	(1)	Reduced procurement volumes due to landslides, floods, storms, and abnormal weather, along with increased costs from change of procurement locations
Chronic risks	(2)	Reduced procurement volumes due to declining cotton quality and production volume caused by temperature changes and water shortages, along with increased costs from changes of procurement sites
Chronic risks	(3)	Reduction in cotton production due to water pollution and soil degradation, and associated cost increase due to changes of the procurement sites
Policy/ legal risks	(4)	Increased compliance costs and reduced sales due to changes in laws, regulations, and "soft laws" related to natural capital and circularity
Market/ Reputation risks	(5)	Decreased sales due to negative impacts on local communities, such as excessive water use, water pollution, and deforestation, as well as damage to product brands and corporate reputation resulting from greenwashing



(Results of opportunity assessment)

Expected opportunities		
Capital flow and financing	(1)	Reduced financing costs through diversified financing opportunities for natural capital and access to low-interest financing
Sustainable use of natural resources	(2)	Reduced procurement costs with the use of recycled cotton. Cost savings associating with future changes in sourcing locations with diversification of cotton procurement, including procurement of cotton grown not using soil
Protection/ restoration/ regeneration of ecosystems	(3)	Suppression of increase in procurement costs in the case of future yield decline with improvement of ecosystem services through regenerative agriculture adoption support. Lowered carbon taxes through GHG reductions



(4-2-4) Business models, value chains, and strategies (measures)

As a result of the risk and opportunity assessments, two risks were identified as high priority: (2) chronic risk and (5) market/reputation risk, which were rated as "large" on both assessment axes (i) and (ii). We are implementing the following measures to address these issues.

(Chronic risks)

(2) Under chronic risks, there is concern about a decrease in procurement volume due to a decline in cotton quality and production caused by temperature changes and water resource shortages, and a corresponding increase in costs due to changes in procurement locations. As a countermeasure against possible cost increases due to changes in procurement locations, Ryohin Keikaku implement cotton materials from multiple areas. The cotton procured by Ryohin Keikaku originates largely from two areas: Asian and African continents, and within each continent, we procure cotton from multiple producing countries and regions.

(Market and reputation risks)

(5) Market/reputation risks include negative impacts on local communities, such as excessive water use, water pollution, and deforestation, as well as a decrease in sales due to the damage to product brands and corporate reputation associated with greenwashing. Ryohin Keikaku has set a goal of procuring 100% "socially and environmentally conscious cotton" by 2030. To achieve this goal, we are procuring organic cotton[3], which are cultivated sustainably[4], and recycled cotton[5]. Moreover, we promote engagement with suppliers to build sustainable supply chains, while identifying locations of farm lands and manufacturing plants on the supply chains to increase traceability of our products.

(Opportunities for sustainable use of natural resources)

Although no high priority opportunities were identified, in (2) sustainable use of natural resources, which was rated as having "major" potential for acquisition, the use of recycled cotton is expected to reduce procurement costs and reduce costs associated with future changes in sourcing locations through

[3] Cotton certified by Regenerative Organic Certified (ROC), Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), or an equivalent certification

[4] Cotton certified by Cotton made in Africa (CmiA) or an equivalent certification that aims to improve the living and working conditions of small-scale farmers and to preserve the natural environment of production areas

[5] Cotton certified by Global Recycled Standard (GRS), Recycled Claim Standard (RCS), or an equivalent certification

diversification of cotton procurement, including procurement of cotton grown not using soil. Ryohin Keikaku is developing products using recycled cotton by utilizing scraps from the manufacturing process. We continue to study the possibility of expanding the use of recycled cotton.

Sample survey to understand the actual situation upstream of the supply chain

To assess the actual impacts of water consumption, soil and water pollution, and land change in the cultivation of cotton raw materials (i.e., risks identified in the aforementioned assessment), we conducted a sample survey in July 2025. With the cooperation of our suppliers, we visited one plantation and three manufacturing plants in India. At the farms we visited, under strict organic farming practices no chemical fertilizer or compost was used, and water consumption was limited. In addition to regular water and soil quality monitoring, the farms were also working to improve soil water retention and fertility by adopting regenerative farming methods. Suppliers provide ongoing support for farmers regarding these farming techniques and management systems. In all of the manufacturing plants, there was virtually no use of water for production, and we confirmed that appropriate wastewater treatment was performed in the plants. Based on these results, the risk of water consumption and soil and water contamination at the farms and manufacturing plants visited this time is considered low. Nevertheless, we will continue to collect information, including information from other sites. We will further strengthen our engagement with suppliers to better understand the actual situation and examine measures to reduce risks.

5. Risk and Impact Management

Under the supervision and guidance of the Board of Directors, the ESG Management Committee identifies, evaluates, prioritizes, and monitors risks and impacts related to natural capital, in cooperation with the Production Division, ESG Management Division, and other divisions. We will continue to perform LEAP analysis based on TNFD recommendations to identify and assess risks and to make decisions.

6. Metrics and objectives

Among the core global metrics that TNFD recommends for disclosure, Ryohin Keikaku collects the following metrics.

TNFD core global metrics No.	Item	2030 Target	FY2024/8 results (t-CO_2e)
-	GHG emissions	Reduce Group-wide Scope 1 and 2 by 50% (compared to 2021)	Scope 1 1,450 Scope 2 73,744 Scope 3 1,793,081
C7.2	Environmental violation fines	0 yen	0 yen

We are also collecting information on other core global metrics and will consider setting targets for those metrics. For other metrics for all of Ryohin Keikaku's businesses, please refer to the ESG Databook[6].

[6] ESG Databook: https://www.ryohin-keikaku.jp/sustainability/excel/RyohinKeikaku_ESGdatabook.xlsx

7. Conclusion

Based on the disclosure with these items, we plan to conduct a wider and more profound LEAP analysis with other key materials. We also plan to quantify risks and opportunities. In addition, we will work in an integrated manner to address complex and interrelated environmental and social issues, such as climate change, biodiversity, resource recycling, and human rights, with an aim to “build a sustainable and circular society that coexists with nature.”