

Ryohin Keikaku Group

Responsible Raw Material Sourcing Guiding Principles

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1. Basic Policy

The Ryohin Keikaku Group relies heavily on natural resources for many of the raw materials used in its products. Unsustainable use of natural resources, deforestation, and land conversion contribute to biodiversity loss and climate change. In addition, global demand for natural resources is increasing, affecting not only ecosystems but also people's lives and health.

As a company that utilizes various natural resources from around the world, we recognize that sourcing sustainable raw materials is both a critical challenge and a responsibility. Accordingly, we are committed to responsible sourcing practices that respect human rights and minimize negative impacts on the environment and animals.

1-1 Respect for Human Rights

The Ryohin Keikaku Group has established the Ryohin Keikaku Human Rights Policy and supports international norms related to human rights, including the United Nations Guiding Principles on Business and Human Rights. In accordance with these principles, we strive to fulfill our responsibility to respect the human rights of all individuals.

We recognize that the risk of human rights violations increases further upstream in the supply chain, making responsible raw material sourcing a vital initiative. In our sourcing practices, we prioritize addressing the following issues:

- Forced labor and child labor
- Working conditions and health of workers and local communities (including soil and water pollution caused by pesticide use)
- Land rights

This prioritization does not imply neglect of other human rights issues, but rather indicates our focused efforts on the above challenges. The Ryohin Keikaku Group is committed to building appropriate due diligence processes to prevent, mitigate, and remedy negative human rights impacts, and to promote responsible raw material sourcing.

1-2 Reducing Environment Impact

The Ryohin Keikaku Group has established the Ryohin Keikaku Group Environmental Policy, identifying "sustainable raw material sourcing" as one of its key issues. We strive to ensure that the natural resources we use are sourced responsibly, with consideration for biodiversity and forest conservation. By working collaboratively with producers to promote sustainable practices, we aim to minimize adverse impacts on the environment and ecosystems as much as possible.

In our raw material sourcing, we prioritize the following issues:

- Sourcing materials that are verified to be free from deforestation, with consideration for the impacts of deforestation on climate change, biodiversity, and indigenous peoples and local communities
- Recognizing the finite nature of water resources and the risks associated with water scarcity, and sourcing materials whose water management practices have been appropriately verified
- Utilizing recycled materials whose chemical management during production has been appropriately verified

This prioritization does not imply neglect of other environmental issues, but rather indicates our focused efforts on the above challenges. The Ryohin Keikaku Group is committed to building appropriate due diligence processes to prevent, mitigate, and remedy negative environmental impacts, and to promote responsible raw material sourcing.

1-3 Consideration for Animal Welfare

The Ryohin Keikaku Group has established the Ryohin Keikaku Group Animal Welfare Guiding Principles, recognizing the enhancement of animal welfare throughout the supply chain as an important responsibility. Accordingly, we are committed to sourcing animal-derived raw materials that are produced in a humane, ethical, and responsible manner.

We strictly prohibit the sourcing of raw materials derived from endangered or protected animal species. To support responsible sourcing, the Ryohin Keikaku Group has developed standards and guidelines for animal-derived materials, and is working to establish appropriate due diligence processes. These include identifying risks related to animal welfare, investigating sourcing practices, and providing guidance to business partners.

2. Scope of Application

This Guiding Principles document applies to raw materials used in MUJI apparel and household goods. It is intended to complement the Ryohin Keikaku Group Compliance Code of Conduct and the Ryohin Keikaku Code of Conduct for Production Partners.

3. Principles for Responsible Practices

3-1 Responsible Sourcing of Raw Materials

In line with this Guiding Principles document, the Ryohin Keikaku Group promotes responsible sourcing practices that respect human rights and minimize adverse impacts on the environment and animals.

To this end, we undertake the following initiatives:

- We establish due diligence processes to identify and assess human rights and environmental risks at

the raw material production stage, and to prevent and mitigate those risks

- Develop and regularly review sourcing standards and guidelines for each raw material, in accordance with policies on human rights, the environment, and animal welfare
- Manage traceability of the country or region of origin for raw materials
- Provide education and awareness programs for employees and production partners involved in raw material sourcing

3-2 Stakeholder Engagement

The Ryohin Keikaku Group values dialogue with stakeholders and seeks to build mutual understanding and cooperation regarding raw material sourcing. We conduct training and capacity-building programs to enhance awareness of human rights, environmental, and animal welfare issues among employees and business partners. Furthermore, we work with producers, government bodies, and local stakeholders to understand ecosystem impacts and promote environmental conservation and impact reduction.

3-3 Appropriate Disclosure and Ensuring Transparency

The Ryohin Keikaku Group strives to ensure transparency by regularly disclosing its raw material sourcing initiatives in accordance with international sustainability reporting standards. We also manage information related to product labeling and advertising expressions to ensure their accuracy and legitimacy.

4. Supplier Responsibilities

Production partners are required to sign a declaration of compliance with the Ryohin Keikaku Code of Conduct for Production Partners before entering into a business relationship with the Ryohin Keikaku Group. This Guiding Principles document is an extension of that Code and applies specifically to the raw material stage within our value chain.

All production partners involved in raw material sourcing must adhere to this Guiding Principles document. The Ryohin Keikaku Group expects its production partners to:

- Implement due diligence in accordance with this Guiding Principles document
- Comply with the sourcing standards and guidelines for each raw material, and ensure that all relevant information regarding raw materials is submitted within the specified timeframe.
- Confirm that the requirements of the Ryohin Keikaku Group are communicated to all subcontractors and cooperating companies involved in the manufacturing of products