



Ryohin Keikaku Co., Ltd. (MUJI)

 2020
Communication on Progress

Time period: September 2019 - February 2021

In September 2013, RYOHIN KEIKAKU joined the United Nations Global Compact (UNGC), an international initiative to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption. Through active CSR activities both inside and outside the company, we are committed to promoting responsible management as a global company so as to contribute to the creation of a sustainable society.

Tokyo, June 13, 2021

 Satoru MATSUZAKI
President & Representative Director

For further details, please refer to "Sustainability" page on our corporate website: <https://ryohin-keikaku.jp/eng/sustainability/>.

Human rights

<p>Café&Meal MUJI provides menu with donations</p> <p>Café&Meal MUJI in Japan supports the TABLE FOR TWO program provided by TABLE FOR TWO International, a Japanese non-profit organization working to combat worldwide hunger issues.</p> <p>With the TABLE FOR TWO program, when customers purchase a certain menu item, a 20 yen donation will be made which is included in the purchase price. Customers not only enjoy eating healthy meals, they at the same time help by donating 20 yen, which is equivalent to one school meal. In this way, hot school meals can be delivered to children in developing countries.</p> <p>Ref (Japanese only): https://cafemeal.muji.com/jp/table-for-two/</p>	<p>Café&Meal MUJI in Japan supports TABLE FOR TWO, a program run by TABLE FOR TWO International (a non-profit organization started from Japan) that addresses the world's food problems.</p> <p>We sold 13,643 TFT meals in Japan from September 2019 to February 2021.</p>	<p>Initiative will continue.</p>
<p>Monitoring Production Partner Factories in accordance with the "Code of Conduct for Production Partners of Ryohin Keikaku"</p> <p>Against the backdrop of increasing momentum regarding consideration for human rights and the working environment in the supply chain, as well as expansion of the group's business, we formulated the "Ryohin Keikaku Environment, Labor and Safety Management guidelines" in 2007 for the group and its business partners. In 2015, to further strengthen our activities, we formulated the "Basic Policy on Environment, Labor and Safety of Ryohin Keikaku" based on the 10 principles of the United Nations Global Compact and the ILO Declaration of Human Rights and revised the "Ryohin Keikaku Environment, Labor and Safety Management" guidelines along with it.</p> <p>In 2020, we renamed these guidelines as the "Code of Conduct for Production Partners," and we only contract with factories that pledge to comply with these standards. We conduct working environment monitoring at our business partner factories in accordance with the Code of Conduct.</p> <p>Ref: https://ryohin-keikaku.jp/eng/sustainability/supply-chain/code-of-conduct/</p>	<p>We conducted onsite audits of 76 factories in the FY 2019 and 23 factories in the FY 2020/08.</p> <p>In the audits conducted in the FY 2020/08, five factories were identified as having non-compliance regarding health & safety and working hours of the items covered in the "Code of Conduct for Production Partners." For these factories, we required them to take corrective actions as quickly as possible, and to submit an improvement implementation report within three months. Also, in order to monitor improvement and prevent recurrence, we will conduct another follow-up audit within six months to one year.</p> <p>Ryohin Keikaku's management reviews twice a year the results of onsite audits conducted by a third-party organization and, where necessary, discusses whether it is appropriate to continue doing business with specific factories. As a result of the reviews conducted in FY 2019 and the FY 2020/08, no factory was found to have serious human rights infringement issues that would make it necessary to a review the business relationship with them.</p> <p>(https://ryohin-keikaku.jp/eng/sustainability/supply-chain/monitoring/)</p>	<p>We will continue to conduct third-party factory audits and monitor the working environment.</p>

Labour

<p>Product Development in Kyrgyzstan We collaborate with the Japan International Cooperation Agency (JICA) on a joint product development programme as part of the One Village One Product Projects (OVOP) conducted by JICA in the developing nations. OVOP stimulates local industry that uses the local resources, such as felt products from Kyrgyzstan.</p>	<p>We started the product development programme to produce Christmas gifts. However, since 2013 we have been working on product design changes in order to raise the level to "products that can be sold as standard items throughout the year". In fiscal 2019, products such as slippers, bags, hats and mats have been developed and they are sold not only in Japan but also at MUJI stores in Europe, America, Mainland China, HongKong, Taiwan, Australia, Singapore and Thailand. Our order amounted 9.7million JPY (88,833 USD) in 2019 and 22.4million(204,927USD) in 2020.</p>	<p>We will develop new items and expand the number of stores selling them.</p>
<p>Employment of the disabled Ryohin Keikaku began hiring disabled individuals in Japan in 2000. In 2009, we launched the Heartful Project to promote the "sustainable happiness of co-workers," "self-development through mutual trust and cooperation" and "increase and stabilize employment at stores" for the disabled. We have also established a support system that includes employment management and guidance tailored to the characteristics and individuality of each person and a step-up system based on evaluation to help people with disabilities reach their full potential.</p>	<p>As of February 2021, the hiring rate for people with disabilities in Japan is 2.99%.</p>	<p>We will continue to support the employment of people with disabilities.</p>
<p>Supporting jobs in Laos Ryohin Keikaku has been producing Cotton My Bags at a sewing plant in Laos since 2011. The reason for choosing this particular plant is that it not only hires highly skilled workers, but is also actively making efforts to create job opportunities in the country. We will continue to support their activities to secure job opportunities.</p>	<p>From March 2019 to February 2021, we made an order of about two million My Bags produced in Laos. We encourage customers to bring their own bags while shopping at MUJI.</p>	<p>We will continue to place stable orders in order to protect the employment of local employees.</p>
<p>Supporting producers in Myanmar In order to help increase the income of the coffee farmers and support the conversion of poppy cultivation to coffee farming in the southern Shan State of Myanmar, we purchase small size coffee beans at a fair price, which are usually sold at low prices for domestic use in Myanmar, and sell them as "Myanmar Coffee Beans" at MUJI stores and online store.</p>	<p>The sales of "Myanmar Coffee Beans" started in September 2020, and the first delivery of 2,500 pieces have been sold out.</p>	<p>We will continue to sell this product in 2021.</p>

Environment

<p>Selection of materials and streamlining of processes We conserve resources by using reclaimed materials, recycling fabric offcuts, surplus thread, and other materials that may have been discarded or neglected.</p>	<p>For example, we collect the cut-off parts produced during the manufacturing process of MUJI shirts and T-shirts, sort them by hand, return them into cotton to mix with unused cotton and then spin again, resulting in the "reclaimed cotton" that can be used again. MUJI has been valuing the idea of "no waste of resources" ever since its birth, and has been making efforts to recycle the cut-offs generated in the cutting process of clothing fabrics to make new products. In fiscal 2019, we commercialized products such as outer garment, homewear, socks, T-shirts, sneakers and towel.</p>	<p>Initiative will continue.</p>
<p>Simplification of packages We strive to avoid packaging, or to keep it at minimum if needed.</p>	<p>For our apparel business, we have abolished individual packaging during the delivery to reduce the environmental burden. In food business, sales of simplified-packaging retort food increased considerably.</p>	<p>Initiative will continue.</p>
<p>Textile recycling The BRING project, which started in 2010, is a collaborative project applying new technology to turn fabrics into bioethanols with the aim of 100% recycling of clothing and fabrics.</p>	<p>We collected about 92.1 tons of used clothes in Japan from March 2019 to February 2021. ReMUJI has started from March 2015. We pick up those clothes that can still be worn out of all the clothes collected from BRING, re-dye them and sell them as ReMUJI items. From September 2015, we have also included items that can no longer be sold due to the damages during the distribution process. We sold about 2200 ReMUJI items between September 2019 to February 2021.</p>	<p>From March 2021, we will increase the number of stores in Japan selling ReMUJI products and expand sales.</p>
<p>Reduce the use of plastic materials MUJI considers a better relationship between people and nature, and is making various efforts to reduce the use of plastic materials. From the 2019 spring / summer season, we have reduced plastic materials used in product sales, or changed them to paper materials.</p>	<p>From spring / summer 2019, products such as socks and stoles use hooks and hangers that are made of recycled paper. We also recommend switching the packaging box of fragrance items or toilet brushes to paper materials. In addition, instead of distributing plastic shopping bags, MUJI encourages customers to bring their own shopping bags by awarding MUJIPassport miles to those who bring their own bags. From July 2020 to February 2021, MUJI passport miles were awarded to approximately 33% of all customers who brought their own shopping bags or declined to use plastic bags.</p>	<p>Initiative will continue.</p>
<p>In-store Water Refilling Service Water refilling service at water refill stations at MUJI stores (in Japan) has started from July 2020. At the same time, the application "Water – MUJI LIFE", which makes drinking water something fun for everyday life, has been launched. Tap water is used at the water refill station. Instead of buying new beverages in PET bottles, everyone can easily access drinking water if they bring their own bottles. We hope that the number of people bringing their own bottles to our stores would increase, thus providing opportunities for people to consider environmental and health-related issues.</p>	<p>The water refilling service was launched in 113 stores in July 2020 and has expanded to 238 stores in Japan by February 2021.</p>	<p>Water Refilling Service: We plan to introduce the service to 300 stores in Japan by the end of May 2021, and to all 460 stores in Japan by the end of December 2021.</p>
<p>Collecting and Recycling PET Materials As part of its efforts to reduce plastic waste, MUJI has started collecting and recycling PET materials. We ask customers to bring back the bottles of used Moisturising Milk/ Toning Water, or "My Bottle for Water" when they are no longer needed. The collected bottles will be recycled into polyester raw materials, in order to reduce plastic waste and to make effective use of petroleum-derived raw materials.</p>	<p>Number of bottles collected from July 2020 to February 2021: Moisturising Milk/ Toning Water: 15,533 "My Bottle for Water": 467</p>	<p>Initiative will continue.</p>
<p>Monthly Flat-rate Service for Furniture In order to conserve the earth's resources and reduce waste, we have launched a new monthly flat-rate service for furniture products that allows customers to use, rather than purchase, the necessary goods in the required quantity and for the required period. By utilizing this service, one won't need to worry about disposing the furniture when they are no longer in need, and this will also help reduce waste. The furniture returned at the end of the contract will not be disposed, but instead will be recycled to help reduce waste. We plan to replace parts and perform maintenance on the furniture so that it can be used again with our monthly flat-rate service.</p>	<p>In July 2020, we started a limited-time service that allows customers to use six different sets of furniture and interior goods from MUJI and IDEE for a fixed monthly rate, and this service has been well received. (The service ended in November 2020.) In response to customers' comments saying that they would like to use the service for individual items instead of a set, we have started a new monthly flat-rate service for individual furniture items from January 2021.</p>	<p>The furniture to be returned at the end of the contract will not be disposed, but instead will be recycled to help reduce waste.</p>
<p>The development of Cricket Cracker and Soybean Meat Series To provide opportunities for people to think about future food security problems and environmental issues due to the rapid rise in the world's population, we gathered information through our visits to Finland, and collaborated with the of Tokushima University to develop the product Cricket Cracker and released it in May 2020. In October 2022, We launched four soybean meat products mainly made from soybean, which consumes less water in the production process than producing beef and pork, and at the same time generates less CO2. We hope that soybean, which is common to the dining table, could enable people to think about environmental issues. Soybean meat products could also provide people with another choice to enrich their dietary life.</p>	<p>Cricket Cracker: At its release in May 2020, it is only sold at MUJI online store, but we made efforts to expand the production and by the end of February 2021, this product is being sold at 201 MUJI stores in Japan as well as MUJI online store. Soybean Meat Series: Being sold at MUJI stores and MUJI online store.</p>	<p>We will further expand the production of cricket crackers with the aim of selling this product in all stores in Japan.</p>

Anti-corruption

Relationship with business partners "Ryohin Keikaku : Environment, Labour, and Safety Management" is included in all agreements with contract manufacturers as one of the requirements. We monitor the status by sending questionnaire to all contractors once a year and report at the Business Partners Meeting.	In June 2018, in order to prevent bribery by officers and employees of Ryohin Keikaku and its group companies, we established anti-bribery rules and resolved them at the Board of Directors meeting. This regulation is approved by the board of directors of each sales company, and is a standard that must be observed by employees of the sales company.	Initiative will continue.
Disclosure of Group Compliance Code of Conduct Information on the Group's Compliance Code of Conduct and efforts to prevent corruption has been disclosed on the corporate website.	Disclosed on the corporate website in December 2020. (https://ryohin-keikaku.jp/eng/sustainability/governance/compliance/)	Initiative will continue.

Others

Achievements

Initiatives to revitalize local communities	Aiming to help create "a simple, pleasant society," MUJI is involved in a variety of initiatives led by local governments and community residents to revitalize local areas, such as the sales of fruits and vegetables at MUJI stores, efforts to revitalize housing complexes, activities to preserve terraced rice paddies, and the opening of a coworking space utilizing a closed school. In 2020, Ryohin Keikaku signed partnership agreements respectively with Joetsu City of Niigata Prefecture and Kubiki Jidosha Co. in January, with Tokamachi City of Niigata Prefecture in September, with Isumi City of Chiba Prefecture, the Isumi Tobu Fisheries Cooperative and SOTOBO ISUMI Co., Ltd. in October, and with Namie Town, Futaba County of Fukushima Prefecture in November. All these partnership agreements aim to promote the development of local communities and revitalize the local economy. In addition, we have dispatched our employees to the local community under the "Regional Revitalization Corporate Personnel Program" initiated by the Ministry of Internal Affairs and Communications.
Campsite business	In Japan we manage a combined total of some 230 ha of forest reserve, located in the surrounds of the three campsites we operate (Tsunan, Minami-Norikura, and the Campagna Tsumagoi). There we hold events that helps to learn the importance of nature, such as the outdoor programs which we invite locals to join in as hosts, or Kids' summer camp.

Publish on the Global Compact website and our corporate website: (<https://ryohin-keikaku.jp/eng/sustainability/muji-sustainability/stakeholder-engagement/>)

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