

Ryohin Keikaku Group
Modern Slavery Statement / fiscal 2016

This statement is made pursuant to section 54 of the UK Modern Slavery Act 2015. It sets out the steps Ryohin Keikaku Co., Ltd., its subsidiaries, and affiliated companies (collectively known as RK Group) have taken during the year ending 28 February, 2017 (fiscal 2016) to prevent modern slavery and human trafficking in their business and supply chains.

Our commitment

RK Group works toward global growth and development through fair and transparent business activities. It strives to ensure that its activities do not cause or contribute to human rights abuses including modern slavery and human trafficking.

Our business and supply chains

RK Group is a global SPA that manages stores and develops, produces and sells clothing, household goods, foods and other products fundamental to day-to-day life under the name of MUJI. It operates 418 stores in Japan and 404 stores in other 26 countries and regions (as of end of February 2017). The Group consists of Japan-based headquarters and 22 affiliates engaged in sales and material management. In fiscal 2016 its consolidated operating revenue was JPY 333.2 billion with a headcount of 16,195 (including 9,203 part-time employees).

For more information about our business please visit the following link:

<https://ryohin-keikaku.jp/eng/corporate/>

As a producer of wide range of products across three business lines – apparel, household goods, and food – we have an extensive and constantly growing supply chain. The Group is purchasing from approximately 200 suppliers (Business Partners) that have 800 subcontracted manufacturers located in around 20 countries including Japan, China, India, Malaysia, Taiwan, and Vietnam. Half of the suppliers are in Japan whereas the rest are mostly in Asia.

Apparel

Clothing, shoes, bags and other items are planned and designed in Japan and produced both domestically and overseas. All suppliers for apparel business are

located in Asia, including Japan, with one third of suppliers being based in mainland China.

Household Goods

RK Group produces and sells various household goods including but not limited to stationery, cosmetics and skincare products, home appliances, and furniture. Approximately two-thirds of the housewares, stationery, and cosmetics and skincare products are procured in Japan, whereas fabric items and furniture are procured in Asia, Europe and other regions. .

Food

Almost all confectioneries and drinks are manufactured in Japan.

Our policies

Quest Value, Positive Spiral and Best Partnership are the corporate philosophy of Ryohin Keikaku. These require us to respect human rights and uphold sound working environment of all individuals who work in our supply chain, including not only RK Group associates but also our Business Partners and subcontractors.

The “Ryohin Keikaku: Compliance Conduct Guidelines” are prepared to ensure that RK Group associates understand and promote legal compliance, business ethics, and fair trading practices. It clearly states that the Group applies zero tolerance to any kind of human rights abuses including harassment and discrimination.

In 2007 Ryohin Keikaku issued “Code of Conduct for Business Partners: Environment, Labour, and Safety Management”. This Code was driven by the growing expectations for responsible and ethical practices within the supply chain and the expansion of our business outside Japan. In 2015, we updated the Code and additionally established the “Environment, Labour and Safety Standards”. These are based on the Ten Principles of the UN Global Compact and the Core Labour Standards of ILO.

Other issues related to modern slavery such as the prohibition of forced labour, child labour, harassment, and the respect for freedom of association are included in the above Standards and the Code. By outlining the minimum requirements and aspirational goals, we expect our Business Partners to understand our stance and to improve their own practices.

As a global company, we will keep reviewing and updating the Standards and the

Code in order to enhance the measures against modern slavery and human trafficking.

Our actions

RK Group is aware that the risk of modern slavery and human trafficking exists within our own operations and in the supply chain. We are committed to eliminating and preventing such risk as much as possible.

Business Partners, whether existing or new, are required to sign and implement “Code of Conduct for Business Partners: Environment, Labour, and Safety Management”. The level of compliance with the Code is monitored through the “Environment, Labour, and Safety Management Questionnaire”, a self-assessment sheet which we ask to fill in annually. If any non-compliance is detected or suspected, we immediately address each case in cooperation with Business Partner concerned, and make sure that relationship exists with compliant partners only. The result of the assessment is shared with all Business Partners during our semi-annual assemblies.

RK Group has been supporting the subcontractors who are operating in the countries with a large number of workers who immigrated illegally for economic reasons. We promote fair trade and better working conditions by contributing to local social welfare and job training. In 2016 RK Group became a partner of the Better Work Programme, a collaboration between ILO and IFC in the garment industry.

Corrective actions against non-compliance are also important for RK Group. We maintain and publicise a helpline which accepts anonymous reports on any potential issues from both internal and external stakeholders. All cases reported during fiscal 2016 were addressed and resolved.

As for the human rights management system, all employees take part in responsibly driving initiatives forward in cooperation with the Corporate Planning Office and the related departments.

Further steps

RK Group would like to deliver goods and services designed with both the consumer

and the manufacturer in mind, and to spread our vision of a simple, pleasant life to the world. In order to do so it is important to always make sure that human rights violations, including slavery and human trafficking, do not occur in any part of our business.

Learning from the past experience, RK Group will keep improving the efficiency of approach to the prevention of human rights violations and modern slavery throughout the value chain. Some of the priorities are, for example:

- ✓ Preliminary risk assessment of new subcontractors
- ✓ Monitoring of existing subcontractors
- ✓ Realistic corrective actions

This statement has been approved by the Board of Directors of Ryohin Keikaku Co., Ltd. on 9th August 2017.

Signed by:

A handwritten signature in black ink that reads "S. Matsuzaki". The signature is written in a cursive, flowing style.

Satoru Matsuzaki
President and Representative Director
Ryohin Keikaku Co., Ltd.