

Medium-term Business Plan

FY8/2022-FY8/2024

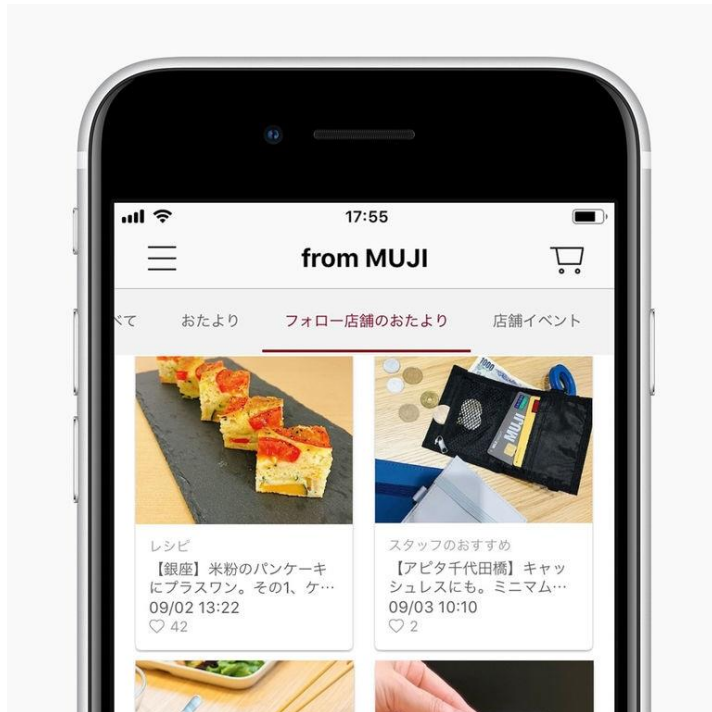
Second Founding

Vision of the Future Society

Ryohin Keikaku's Corporate Purpose







Redefining our corporate purpose

- **Ryohin Keikaku is redefining its corporate purpose in second founding, with a view to realizing a better future 100 years from now.**

Ryohin Keikaku's corporate purpose

- Ryohin Keikaku's corporate purpose is to contribute to the realization of a *decent society and living* through our products, services, stores, and activities that consider *the ideal relationship between human, nature, and manmade products, and a spiritually rich human society*.

Ryohin Keikaku's two missions

- **The first mission of Ryohin Keikaku is to provide the lineup of basic products and services that are truly essential for day-to-day life, with genuine quality and ethical value, at reasonable prices that are accessible to all.**
- **The second mission of Ryohin Keikaku is to serve each local region by its stores as community centers, solving local issues and delivering positive impact for the region with local community.**

Ryohin Keikaku's core value: *to contribute to society and people.*

- **Through its products, its services and its activities, Ryohin Keikaku will continue to contribute to the creation of a resource-recycling, nature-friendly, and sustainable society. Based on the core value of Ryohin Keikaku, “to contribute to society and people”, all associates will work together to respond sensitively to the issues currently unfolding on the planet and the society, and strive to reduce the negative impact on the global environment and respect individuals throughout the entire cycle of all products, services, and activities we provide.**

Ryohin Keikaku's management purpose: *public-interest people-centered management*

- **To this end, Ryohin Keikaku will place associates with the sense of ownership in leading roles in its business activities to practice *public-interest people-centered management* principle, in which the activities of individual stores rooted in the community, individual associates, and stakeholders will contribute to the public interest.**

Enhancing Ryohin Keikaku's enterprise value: by *co-creating a positive impact on society*

- **As a result, Ryohin Keikaku will create financially strong structure, pay taxes properly, and have appropriate return to shareholders. Furthermore, we will work together with our stakeholders to co-create a positive impact on society and strive to improve our enterprise value in the long term.**

2030 Vision

2030 Vision

■ Contributing to the day-to-day fundamentals:

MUJI will be the No. 1 in terms of mindshare for day-to-day fundamental products and services, in terms of food, clothing, and home. As such, it will become an indispensable part of daily life for consumers, with a complete store and supply network that allows them to easily obtain good products and services anywhere.

■ Contributing to the local communities:

MUJI will be involved in local communities, contributing to the resolution of local issues and the local development so that the people in the region could live locally-grounded, vibrant, and high-quality lives.

To this end...

■ **Autonomous store management and co-ownership:**

As representatives of Ryohin Keikaku in each country and region, MUJI's individual stores will conduct their business and social activities autonomously in each area, with each store being trusted and respected as an independent store in the local community.

Each associate will serve as a representative of Ryohin Keikaku in each country and region, and as an owner of the business, will lead the activities of the entire company, making the Ryohin Keikaku Group a successful model of public-interest people-centered business and co-ownership.

■ **Offering a pleasant online experience:**

By making appropriate use of technology as a tool, we will be able to provide both the convenience of online and the warmth, touch, and emotion of direct human contact, including logistics, in just the right way.

■ **A leader in ESG business:**

Ryohin Keikaku will become a leader in ESG business and will be highly regarded both internally and externally as a company that properly sustains the basics of day-to-day life, solves local issues and contributes to the community, with a new governance model based on public-interest people-centered business.

2030 business vision

■ MUJI's community-based business model, centered on autonomous management of individual stores within living circle

- **We will provide a lineup of top-class, finest-quality products and services that underpin the basics of day-to-day life. We will offer reasonable prices that are accessible to all. Our strategy is to lower the costs by going all the way into production process, in order to make room for reducing gross profit margin.**
- **By opening stores with sales floor space of over 600 tsubo (1,980m²) within living circle , such as next to supermarkets trusted by the local community, the store will form a community center in the area alongside the supermarket and other companies. It will become not only a space for shopping, but also a place for people to spend their day-to-day lives.**
- **By connecting with quality local producers, helping address community issues centered on agriculture and food, and helping solve local challenges relating to the public interest in conjunction with the government, the manager and staff of each individual store will contribute to the regeneration of local communities as their members.**
- **Digital services, connected with people, community centers and mobility, will drive E-commerce sales to reach 30% to 50% of total sales.**
- **The reduction in gross profit margin through price revisions will be offset by reducing the SG&A ratio. These will be realized by opening new stores with higher cost efficiency for store operation and logistics to ensure a reasonable profit margin.**

2030 business vision

■ Vision for the scale of each region

- Over the coming 10 years up to 2030, in order to contribute to regional consumers in every corner of the country, we plan an average net increase of 100 stores per year in Japan, mainly in locations next to food supermarkets with sales of more than 2 billion yen, as well as an average net increase of 50 stores per year in mainland China, and an average net increase of 30 stores per year in other parts of Asia.
- In Europe and North America, we will avoid expanding the number of new stores too quickly, and limit ourselves to S&B in the vicinity of existing stores, working together with local stakeholders in co-creating a vision of daily life and social conditions in super-matured societies, and of how MUJI, as a leader in ESG business, should make cutting-edge contributions to local communities.
- Illustration of store openings
 - Japan: 450 stores x 600 M yen, 300 tsubo (990m²) x 170k yen/ tsubo/ month
 → 1,500 stores x 1 B yen, 600 tsubo (1,980m²) x 140k yen/ tsubo/ month
 - Asia : 470 stores x 270 M yen, 220 tsubo (726m²) x 100k yen/ tsubo/ month
 → 1,200 stores x 700 M yen, 500 tsubo (1,650m²) x 120k yen/ tsubo/ month

2030—An ESG leader

- **We will further refine our ESG perspective, which has remained unchanged for 40 years since our founding in 1980.**
- **As we move toward 2030, we will contribute to the democratization of ESG and the implementation of ESG with social impact.**
- **Specifically, this will involve the following:**
 - **ESG in products: By adopting circular design for all products and offering them at an accessible price, we will popularize the concept of ESG throughout the world.**
 - **ESG in business activities: Alongside our stakeholders, we will take actions to reduce social costs and environmental impact. At the same time, we will contribute directly to solving social issues through our business activities.**
 - **ESG in the community : By conducting activities to integrate as part of local communities, we will help revitalize and bring positive social impact.**

2030—An ESG leader

- **ESG in products: By adopting circular design for all products and offering them at an accessible price, we will popularize the concept of ESG throughout the world.**
 - **Conduct thorough selection of materials, inspection of processes, and simplification of packaging, practices we have upheld since our founding.**
 - **Reduce environmental impact by promoting the use of organic materials.**
 - **Further implement circular design on products.**
 - **Eliminate plastic in packaging and materials.**
 - **Guarantee genuine quality, ethical procurement and production processes.**
 - **Democratize ESG by realizing all the above and providing products at an accessible price.**

2030—An ESG leader

- **ESG in business activities:** Alongside our stakeholders, we will take actions reduce social costs and environmental impact. At the same time, we will contribute directly to solving social issues through our business activities.
 - **Use renewable energy.**
 - **Adopt renewable energy.**
 - **Install solar panels on store rooftops and promote renewable energy in the local community.**
 - **Cut energy consumption by reducing the costs of logistics.**
 - **Cut energy consumption by apply shared transport logistics, etc.**
 - **Cut energy consumption by promoting locally grown and locally consumed.**
 - **Cut energy consumption by promoting the reuse of goods.**
 - **Cut energy consumption by promoting the reuse of goods through the secondary markets and recycling.**
 - **Use cooperation agreements with local governments to promote zero waste, recycling, upcycling**
 - **Realize a society of diverse culture**
 - **Work together with governments and NPOs to help create a society of diverse culture where diversity of nationality, race, gender, etc. is valued**
 - **Contribute to the economic through our manufacturing activities.**
 - **Contribute to the economic development, and the betterment of people's daily lives in emerging countries through development and production that take advantage of local strengths.**

2030—An ESG leader

- **ESG in the community: By conducting activities to integrate as part of local communities, we will help revitalize and bring positive social impact.**
 - **Instead of spending money on advertising, we invest in local revitalization to help the community and gain the trust of consumers.**
 - **Create systems to support regional revitalization.**
 - **Train community managers to promote regional revitalization.**
 - **Conclude cooperation agreements with local governments.**
 - **Contribute to local community development and industry building.**
 - **Promote, commercialization, and sale of local products.**
 - **Preserve traditional unique culture, through culture and art-related activities.**
 - **Create spaces to connect children and the elderly. Contribute to community development through children's clubs, festivals, children's cafeterias and other initiatives.**
 - **Support for the development of industries by local entrepreneurs, such as small businesses and cafeterias at community centers.**
 - **Creating a platform to support individual and social entrepreneurs.**
 - **Revitalize shopping areas, empty houses, closed schools, apartment complexes, etc.**
 - **Create venues to promote disease prevention, health maintenance, and medical treatment to ensure healthy and worry-free lives.**
 - **Promote the recovery of primary industries. Contribute to the society through industrialization in agriculture and food, mountains and forests, and buildings and spaces.**

2030—ESG goals and assessment indicators

- Alongside government and academia, we will conceptualize everything from what the ESG philosophy aims for in a company to perspectives for evaluation, exploring forms of corporate bodies that contribute to the public interest.
- At the same time, we will develop indicators and standards to measure our contribution to creating a pleasant life and society.
- Examples of indicators that may be developed in the future include:
 - Reductions in carbon dioxide emissions at logistics contractors.
 - Progress in local production for local consumption.
 - Progress in shared transport logistics.
 - Scale of business in secondary markets and recycling.
 - Level of support for foreign workers.
 - Number of community managers.
 - Number of local governments that have signed cooperation agreements.
 - Number of stores implementing zero-waste activities and food drive activities, and number of participants.
 - Number of revitalized shopping areas and apartment complexes, and their related populations.
 - Number of individual and social entrepreneurs assisted in setting up their businesses.
 - Scale of business in new industries in agriculture and food.
 - Others

2030—ESG goals and assessment indicators

■ By 2030, we will fulfill the following existing ESG indicators aligned with global standards.

- Elimination of plastic in packaging and materials* : 100%
- Product design premised on recycling : 100%
- Reuse of recovered plastic products : 100%

- Organic and animal welfare-compliant natural fiber materials : 100%
- Human rights due diligence on business partners, traced back to raw materials : 100% disclosure
- List of major suppliers, traced back to raw materials : 100% disclosure

- Reduction of carbon dioxide emissions (Scope 1, 2) : 50% reduction
- Stores equipped with renewable energy : 100%
- Installation of rooftop solar panels at the company's store facilities : 100%

- Achieve diversity and inclusion : disclose compositions of age, gender, race, etc.

*Other than specifications required for hygiene, quality and safety reasons

Medium-term Business Plan

What We Want to Achieve by 2024

What we want to achieve by 2024

- By concentrating resources to Japan and mainland China, we will create the next MUJI (a store-and-community-based business model) while delivering numerical results. Provide a full lineup of basic products and services that underpin the necessity of day-to-day life to every corner of countries, achieve integration into local communities, and speed up the opening of new stores while maintaining profitability.
- In Taiwan, Thailand, Hong Kong, and South Korea, we will lower our prices than our competitors serving wider range of consumers, and we will optimize our lineup of daily necessities by setting a new standard of 600 tsubo (1,980m²) of store space for S&B and new store openings. Achieving penetration among a wide range of customer segments will also stimulate integration into communities and also caring our business growth.
- For other countries in Southeast Asia and Oceania, we will establish a profitable business model by lowering prices than those of the competition and setting a new standard of 600 tsubo (1,980m²) of store space, as well as a personnel and organizational structure to support business expansion. Preparing for business expansion since 2024 and beyond.
- In India, Europe, and North America, we will pursue structural reforms as a period of business restructuring. Unprofitable stores will be closed, and stores rebuilt on an individual basis. In Europe, MUJI will use the community integration efforts of individual stores to work with local stakeholders in co-creating a vision of daily life and social conditions in super-matured societies, and of how MUJI should make cutting-edge contributions to local communities.

What to do by 2024 to achieve this

- 1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.**
- 2. Create a community-based business model centered on autonomous management of individual stores and step up the opening of new stores throughout Japan while maintaining profitability.**
- 3. Develop an organizational culture in which all associates work proactively , and each store, each country, and each region begins to grow autonomously.**
- 4. Build business infrastructure to support a business centered on autonomous management of individual stores and integration into communities.**

1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.

- ① Achieve No. 1 competitiveness in basic products by reviewing the assortment, price, and existence of products from the perspective of every part of day-to-day life.**
- ② Reduce the cost of products by establishing a Development & Production Division and contribute to solving social issues in production areas.**
- ③ Prevent shortages and excesses by professionalizing the Sales and Purchase Plans Control Division, setting it into full operation, and by implementing stronger supply chain management.**
- ④ Establish agricultural and food businesses that are synchronized with solutions to local issues.**
- ⑤ Launch a spatial design office, whose main coverage is interior & exterior design and renovation, ranging from forest issues to lifestyles.**
- ⑥ Launching a group of services to help people organize their lives, such as tidying up and healthcare.**

2. Create a community-based business model centered on autonomous management of individual stores and step up the opening of new stores throughout Japan while maintaining profitability.

- ① Establish a community-based business model by setting up Regional Business Units.**
- ② Double the pace of store development by opening new stores within living circle. Set a pace of a net increase of 100 stores per year in Japan, and a net increase of 50 stores per year in mainland China.**
- ③ Improve store cost efficiency by opening new stores within living circle and implementing autonomous store management. Offset the strategic reduction in gross profit margin stemming from price review .**
- ④ Establish new digital organization and store linking services. Such as agricultural & food-related business or second markets. Evolve from regular online stores**

3. Develop an organizational culture in which all associates work proactively, and each store, each country, and each region begins to grow autonomously.

- ① Build a management framework that can implement the *second founding*.**
- ② Nurture next generation elite and management talents through recruiting, training scheme reviews and promotions.**
- ③ Conduct activities to maintain and pass on the MUJI purpose to all members of the company.**
- ④ Switch to a culture of proactivity , autonomy, and teamwork.**
- ⑤ Implement a system to realize co-ownership.**

4. Build business infrastructure to support a business centered on autonomous management of individual stores and contribute to the communities.

- ① Strengthen the headquarters administration (finance, human resources, systems, logistics, legal affairs, auditing, etc.) and improve efficiency.**
- ② Strengthen IT organizational structure and introduce a core global information system.**
- ③ Build a procurement & store logistics system, and last mile system that are efficient from a social cost perspective.**
- ④ Construct platforms (payment and finance, administrative cooperation, human resource support, etc.) to support stores' business activities and contribute to the communities.**
- ⑤ Establish a risk management system.**

Numerical Plan

Medium-term Business Plan Figures

■ Forecast for FY ending August 2021

■ Sales:	490 billion yen (Japan 300 billion yen, overseas 190 billion yen)
■ Operating profit:	49 billion yen
■ Operating profit margin:	10%
■ ROA/ROE*:	13%/18%

■ Plan for FY ending August 2024

■ Sales:	700 billion yen (Japan 450 billion yen, overseas 250 billion yen)
■ Operating profit:	75 billion yen
■ Operating profit margin:	11%
■ ROA/ROE*:	15% or over/15% or over

■ Premises:

■ Growth of existing stores:	102%/year
■ Number of stores:	980 → 1300
■ Average area (tsubo):	250 (825m ²) → 300 (990m ²)
■ E-commerce rate:	10% → 15%

*ROA = Return on Assets, ROE = Return on Equity

Targets

■ Targets for FY ending August 2030

- Sales: 3 trillion yen
- Operating profit: 450 billion yen
- Operating profit margin: 15%
- ROA/ROE*: 15% or over/15% or over

■ Premises:

- Number of stores: 980 → 2500
- Average area (tsubo): 250 (825m²) → 550 (1,815m²)
- E-commerce rate: 30%

*ROA = Return on Assets, ROE = Return on Equity

(Below: details)

1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.

(1) Achieve No. 1 competitiveness in basic products by reviewing the selection, price, and meaning of products from the perspective of every part of day-to-day life.

- **With a lineup of 100 products that underpin the basics of day-to-day life, refine prices, quality, meaning, and sales spaces to achieve No.1 mindshare.**
- **Revise prices. Price basic products sufficiently below the competitor's prices, while maintaining product quality.**
- **Provide all necessary daily necessities, including daily consumables and medicines.**
- **Taking the perspective of everyday consumers, enhance the selection of basic products that are used repeatedly every day, while reducing the number of surplus SKUs.**
- **Make products fully sustainability compliant. Elimination of plastics, recycling, environment, production labor environment.**
- **Taking the consumer's perspective, develop products that are unique to MUJI that will become new product categories.**

1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.

(2) Reduce the cost of products by establishing a Development & Production Division and contribute to solving social issues in production areas.

- **In order to upgrade production management, launch a Development & Production Division and a Development & Production Office, and make them into a 100-person organization.**
- **In order to achieve appropriate quality and cost reduction, ensure that each product group is procured and produced in the right place.**
- **Go deep into the manufacturing process and standardize production in factories to improve efficiency. At the same time, implement in-season production adjustments.**
- **Develop primary and secondary industries in production areas and improve local living standards, thus contributing to local economic development.**

1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.

(3) Prevent shortages or excesses by professionalizing the Sales and Purchase Plans Control Division, setting it into full operation, and by implementing stronger supply chain management.

- **Strengthen the Sales and Purchase Plans Control organization through professional recruitment. Become able to deploy 20 people to overseas businesses.**
- **For each item group, rebuild inventory bases and standard inventory quantities in line with sales volume fluctuations, lead times, and costs.**
- **Eliminate shortages and excesses by fully linking management plans to sales plans, production plans, and procurement plans on a SKU-by-SKU basis.**
- **Have the Sales and Purchase Plans Control Division educate store managers on sales planning and purchase orders to eliminate shortages and excess products in individual stores.**
- **Conduct a large-scale reorganization and restructuring of the planning information system to meet the needs of increasingly sophisticated operations.**

1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.

(4) Establish agricultural and food businesses that are synchronized with solutions to local issues.

- **Create a manufacturing and retailing industry that is connected to agriculture, conducted on a regional basis, in conjunction with the government, and with a focus on food.**
- **Launch a food delivery business by using preservation techniques such as manufacturing and freezing. Tie this into community monitoring services.**

1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.

(5) Launch a spatial design office, whose main business is space design and renovation, ranging from forest issues to lifestyles.

- **Launch design, renovation, interior design, construction management, and construction of homes, corporate offices, and public facilities as a business.**
- **In addition to architectural space design, make it a space design business that contributes to the design of ways of living, regional regeneration, and ways of working.**
- **In cooperation with the government and the forestry industry, take steps into the procurement and production of materials and turn it into a business. This will also contribute to solving forest issues.**
- **Enrich human resources capable of implementing the above by hiring professionals and collaborating with business partners.**

1. Complete a procurement and production system for a lineup of top-class, finest-quality products that underpin the basics of daily life.

(6) Launch a group of services to help people organize their lives, such as tidying up and healthcare.

- **Commercialize the laundry, repair, cleaning, and moving services that we started as *MUJI support* at individual stores.**
- **In addition to selling medicines in stores, launch health care and health-related services useful to the community.**
- **Launch services that help in decluttering, end-of-life support, zero waste, and reuse of unwanted items.**

2. Create a community-based business model centered on autonomous management of individual stores and step up the opening of new stores throughout Japan while maintaining profitability.

(1) Establish a community-based business model by setting up Regional Business Units.

- **The concept is to have one *full lifestyle store* of 2,000 tsubo (6,600m²) (2.5 billion yen in sales) offering all products and services for a population of 600,000, six standard stores of 600 tsubo (1,980m²) (1 billion yen in sales) next to food supermarkets, plus stores in front of stations, bases at convenience stores, and new home delivery services, for total sales of 9 billion yen.**
- **The Regional Business Unit Manager will appoint a person from among the executive officers, department manager-level personnel, and section chiefs who has a deep enthusiasm for the region and will be responsible regional initiatives as a whole, including new store openings, commerce, agriculture and food, community integration, new services such as decluttering and moving, new home delivery, mobile retail, etc.**
- **Each store will contribute to the revitalization of the local community through the purchase and sale of local products and *Tsunagaru-ichi*, connected markets, and to the resolution of public interest issues such as zero waste, recycling collection, and prevention of food loss, in cooperation with the government.**
- **Initially this will be rolled out in 10 locations, including Kyoto/Nara/Southern Osaka, Chiba, Southern Yokohama, Hiroshima City suburbs, and Hokkaido.**

2. Create a community-based business model centered on autonomous management of individual stores and step up the opening of new stores throughout Japan while maintaining profitability.

(2) Double the pace of store development by opening new stores within living circle.

- **By 2024, roll out store openings at a pace of a net increase of 100 stores per year in Japan, and a net increase of 50 stores per year in mainland China.**
- **Standard stores will be 600 tsubo (1,980m²)–800 tsubo (2,640m²) in size, and will be located next to locally supported food supermarkets with over 2 billion yen in sales.**
- **Launch *full lifestyle stores* of 2,000 tsubo (6,600m²)–3,000 tsubo (9,900m²). These will also be used as regional depots. Aim to open five of these each year.**
- **In urban areas where railways are central to daily life, the goal is to open stores in the 100-tsubo (330m²) class evenly along rail lines, in station buildings or nearby.**
- **Launch new channels such as tie-ups with convenience stores and roadside service areas.**
- **In addition to the personnel involved in the development of new stores at headquarters, personnel at stores will be involved in the development of local communities and the regeneration of towns.**

2. Create a community-based business model centered on autonomous management of individual stores and step up the opening of new stores throughout Japan while maintaining profitability.

(3) Improve store cost efficiency by opening new stores within living circle and implementing autonomous store management. Offset the strategic reduction in gross profit margin stemming from price revisions.

- **Remake in-store personnel systems and training to encourage all staff to participate in store management. Increase salaries of store staff who contribute to store management and increase productivity through autonomous management.**
- **Optimize work schedules. Increase productivity by reallocating personnel to busy days and busy times.**
- **Reduce the number of tasks performed in stores to improve efficiency. Simplify the checkout process by installing and using RFID tags on all products.**
- **Lower investment costs by opening low-investment, high-sensitivity stores in living circle to reduce expenses relating to facilities and rent. Shift from percentage rent to fixed rent, and shift to a structure in which the rent ratio decreases as monthly sales by floor area (tsubo) increase.**

2. Create a community-based business model centered on autonomous management of individual stores, and step up the opening of new stores throughout Japan while maintaining profitability.

(4) Professionalize the digital organization and go beyond regular E-commerce to build new services linked to stores, such as agriculture and food businesses and secondary markets.

- **Hire 100 professional personnel and transform into an organization that develops and operates digital services that go beyond E-Commerce.**
- **Create a website and app that works perfectly as a sales floor, catalog, and information source.**
- **Digitize all logistics-related services, such as home delivery, customer orders, and receipt of goods, so that they can be completed using apps.**
- **Finalize E-commerce and services linked to stores, such as online consultation and live commerce.**
- **Build mechanisms and systems to support direct communication with customers by individual stores.**
- **In order to commercialize agriculture and food, build infrastructure (websites, payments, logistics) that directly connects producers and customers.**
- **Build infrastructure (websites, payments, return logistics) to support secondary markets, recycling, and repair.**

3. Develop an organizational culture in which all associates work proactively, and each store, each country, and each region begins to grow autonomously.

(1) Build a management framework that can implement the *second founding*.

- **Improve the quality of company-wide management by hiring executives and department manager-level personnel and giving targeted promotions to young associates.**
- **Create a management team for the China business. Hire local managers to produce management teams that can conduct expansion properly and autonomously.**
- **Build management structures for Korea, Taiwan, Hong Kong, and Thailand. Bring in strong local associates to join local management teams.**

3. Develop an organizational culture in which all associates work proactively, and each store, each country, and each region begins to grow autonomously.

(2) Nurture next generation elite and management talents through recruiting, training scheme reviews and promotions.

- **Hold company information sessions throughout the year and hire 150 store manager candidates, including new and recent graduates, throughout the year.**
- **Provide a career path where the standard is to become a store manager after two years of employment. Outstanding candidates can become executive officers regardless to their age.**
- **Train 100 community managers, who contribute to the resolution of local public interest issues, per year.**
- **Introduce a personnel system where stores are the star player. Aim to promote a community-manager to become an executive officer.**
- **Hire about 30% of the headquarters' workforce, about 200 people, to collaborate with the existing staff and professionalize the entire workforce.**
- **Educate all associates on product management, store management, and administrative management, all of which are necessary for a retail business operator.**
- **In each country and region, hire local candidates as store managers and train them to become future management executives.**

3. Develop an organizational culture in which all associates work proactively, and each store, each country, and each region begins to grow autonomously.

(3) Conduct activities to maintain and pass on the MUJI purpose to all members of the company.

- **Launch an education program conducted by advisory board members.**
- **Implement MUJI's purpose of contributing to the revitalization of local communities by discovering and developing local products in all stores.**
- **Implement tangible social initiatives to make MUJI's purpose a reality, such as the regeneration of shuttered shopping streets.**

3. Develop an organizational culture in which all associates work proactively, and each store, each country, and each region begins to grow autonomously.

(4) Switch to a culture of proactivity, autonomy, and teamwork.

- **Create a system in which associates are evaluated on their ability to plan, exercise leadership, and produce results at their own responsibility.**
- **Start QC/IE activities as spontaneous improvement activities initiated on site.**

3. Develop an organizational culture in which all associates work proactively, and each store, each country, and each region begins to grow autonomously.

(5) Implement a system to realize co-ownership.

- **Introduce a large-scale ESOP to improve associates' sense of ownership.**
- **Reinvent associate conference. Create venues where all associates can share management information, discuss company-wide management, and exercise governance over management.**
- **In addition to the standard governance model, create a system that enables four forms of governance to operate: Board of Directors, Advisory Board, associate shareholders, and local communities.**

4. Build business infrastructure to support a business centered on autonomous management of individual stores and contribute to the communities.

(1) Strengthen the personnel system for headquarter administration (finance, human resources, systems, logistics, auditing, and legal affairs) and improve headquarters efficiency.

- **Recruit executive and department manager-level personnel in the administrative field and have them collaborate with the existing staff to professionalize the entire workforce.**
- **Separate Japan-based business from the Global Headquarters. Refine the global organization structure.**
- **Aim to keep global headquarter expenses at 5% of sales. Allow the business situation to be transparent and make sure governance works.**

4. Build business infrastructure to support a business centered on autonomous management of individual stores and contribute to the communities.

(2) Strengthen IT organizational structure and introduce a core global information system

- **Hiring professional personnel, triple the number of associates in the IT organization to 80.**
- **Introduce the global IT system and corresponding basic operations in each country and region. Also provide suitable training to all associates.**
- **Introduce operations and systems for store sales planning, store ordering, and store purchasing as an operational platform to support stores' autonomous business activities. Provide training on product management.**

4. Build business infrastructure to support a business centered on autonomous management of individual stores and contribute to the communities.

(3) Build a procurement logistics system, store logistics system, and last mile system that are efficient from a social cost perspective.

- **Restructure the COGS structures, including the production sites and logistics management. Avoid transporting any unnecessary air.**
- **Collaborate with other delivery companies to reduce cost to the company and the society.**
- **Establish a logistics system (distribution centers, delivery) with a culture of autonomous productivity improvement in the field.**
- **Establish one *full lifestyle store* of 2,000 tsubo (6,600m²) – 3,000 tsubo (9,900m²) in each area as a regional logistics depot to be used for the last mile delivery.**
- **Set up a transportation network and repair workshop network to handle secondary markets, recycling, and collection of unwanted items.**

4. Build business infrastructure to support a business centered on autonomous management of individual stores and contribute to the communities.

(4) Construct platforms (payment and finance, administrative cooperation, human resource support, etc.) to support stores' business activities and contribute to the communities.

- **Introduce a new payment systems as common social capital that is mutually good for both consumers and producers.**
- **Establish a system of finance, personnel dispatch and human resource development to support social entrepreneurs and industry creation.**
- **Create a system to support the implementation of projects related to urban development, such as the regeneration of shuttered shopping streets.**
- **Establish cooperation agreements with the government and collaborate with NGOs and NPOs.**

4. Build business infrastructure to support a business centered on autonomous management of individual stores and contribute to the communities.

(5) Establish a risk management system.

- **Establish risk management system in the supply chain, including upstream suppliers of raw materials.**
- **Achieve constant transparency of finance plans, including inventory and orders, by introducing the global IT system.**
- **Establish a level of personal information management that is GDPR-compliant in all countries where we operate business.**
- **Address geopolitical risks. Establish a business structure in which the operating company in each countries and regions can operate autonomously.**
- **Establish a management system to prevent breaches of laws and regulations and compliance violations in each country and region where we operate business.**