

Medium-term Business Plan

FY 8/2022 - FY 8/2024

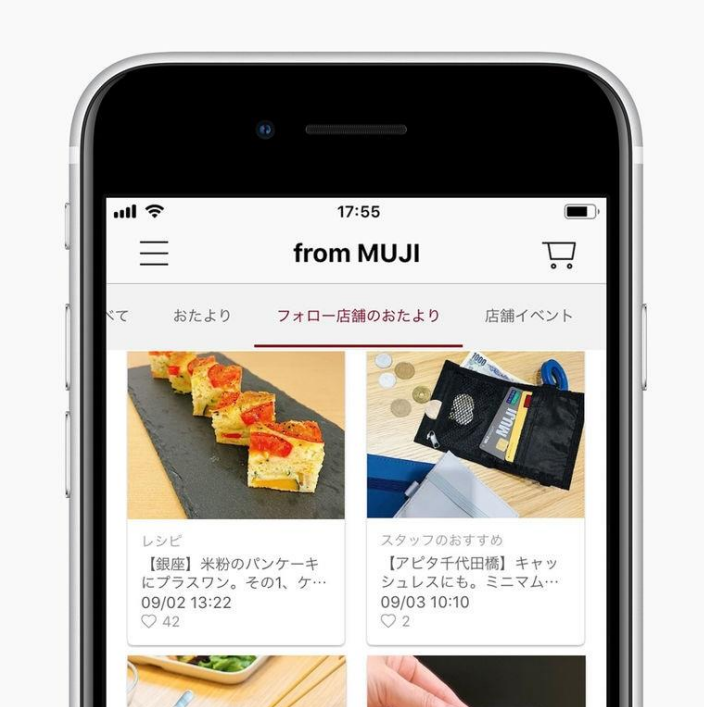
Second Founding

Our Vision of the Future Society

Our Corporate Purpose







Redefining Our Corporate Purpose

- **We are redefining its corporate purpose at this "Second Founding" with the aim to create an even better future for society in 100 years.**

Our Corporate Purpose

- **Our corporate purpose is to take part in realizing “well-being life and society” through our products, services, stores and activities. We have developed this philosophy from the perspective of “ideal relationships among human, nature, and manmade goods”, and “human society that is rich in heart”.**

Our Two Missions

- **Mission 1: To provide products and services that are essential for everyday life, with genuine quality and ethical value, at a reasonable and affordable price.**
- **Mission 2: For our stores together with the local community, to work on the issues of the local area and make a positive impact to the local area by serving as local community centers.**

Our Core Value: To Contribute to Society and People

- **Through our products, services, and activities, we will continue to contribute to the creation of a resource-recycling, environmentally-friendly, and sustainable society. With the core value "To Contribute to Society and People", all of our employees and associates will proactively respond to the issues currently taking place on our planet and society. And also make effort on reducing environmental burdens through the whole life cycle of our products, services and activities, while respecting individual human rights.**

Our Management Policy: Public-interest and People-centered Management

- **We will practice Public-interest and People-centered Management, where the employees with the sense of ownership are placed in the center of our business activities, and each of our employees and associates make a contribution to public interest through the business activities of locally-rooted stores.**

Enhancing Our Corporate Value by creating a positive impact to the society

- **Through our activities, we will create a high-profitability business structure, pay taxes properly, and return profits to shareholders appropriately. Furthermore, we will strive to create the long-term value of the company together with our stakeholders by making a positive impact to society.**

2030 Vision

2030 Vision

- **To be an indispensable part of daily life for people:**

We will become an indispensable part of daily life for people, with the No. 1 mindshare in products and services that are essentials of daily life, such as food, clothing, and household goods, and with a complete store network that allows people to easily obtain quality products and services in every corner of Japan.

- **To contribute to local society:**

We will contribute to local society to solve local issues and improve the local communities working together with local people side-by-side, in order for the residents to have a vibrant and good quality of life.

■ **To practice autonomous store management and co-owned management:**

Each store of MUJI will run autonomously in business operations and social activities as a representative of Ryohin Keikaku in each region, and is trusted and respected in each local community. Each employee will be leading the company's activities as a business owner as well as a representative of Ryohin Keikaku in each region. Ryohin Keikaku Group will be regarded as a successful model of Public-interest and People-centered Management and co-owned Management.

■ **To provide appropriate online services:**

We will provide new services utilizing online platform, with just the right balance between the amount of convenience of online and the amount of warmth and human contacts in store and delivery, by using technology in an appropriate way.

■ **To be a front runner of ESG management:**

We will become a front runner of ESG management, and will be highly regarded as a company supporting the basics of everyday life, contributing to local communities to solve issues, and practicing a new Public-interest and People-centered Management.

2030 Business Vision

■ Business model with locally-rooted stores with autonomous management.

- **To provide the best and strongest products and services that underpin people's everyday life in whole. Realizing the prices affordable to everyone while retaining good quality in products and services. In addition to the reduction of cost of goods, we will strategically work on reduction of prices by reducing gross profit margin while keeping operating profit margin by reducing SG&A.**
- **To open stores with a sales floor area of more than 2000 m² in a residential area next to a local supermarket rooted to the local community, and together with the supermarket and other store, the stores will function as a community center of the local area. MUJI stores are not just a place for shopping, but an essential place to go in people's everyday life.**
- **Store manager and store staff of each store will contribute to the revitalization of the community as a member of the local community by (1) helping to solve local issues centered on foods and agriculture together with local food producers, and (2) solving community issues related to the public interest in conjunction with the local government.**
- **We provide "warm" digital services to support people in the community including mobility/delivery services. As a result, the sales ration of E-commerce has increased to 30-50%.**
- **In order to ensure reasonable profit margin, the strategic reduction in gross profit margin through price revisions is offset by improving cost-effectiveness of facility cost, store operation cost, and logistics cost by opening stores in residential area especially next to supermarket.**

2030 Business Vision

■ Vision for the size of business in each region

- In Japan, over the coming 10 years up to 2030, in order to contribute to people all over the country, we plan an average net increase of 100 stores per year, mainly in locations next to supermarkets whose sales is more than 2 billion yen. In mainland China, we plan an average net increase of 50 stores per year, and an average net increase of 30 stores per year in other regions of Asia.
- In Europe and North America, we will avoid expanding the number of new stores too quickly, and limit ourselves to relocate of existing stores. Also we will create and show how daily life and social conditions in super-matured societies should be, and how MUJI, as a front runner of ESG business, should make cutting-edge contributions to local communities with all local stakeholders.
- Store opening plans:
 - Japan: 450 stores × 600 M yen (1000m²) → 1,500 stores × 1 B yen (2000 m²)
 - Asia: 470 stores × 270 M yen (700m²) → 1,200 stores × 700 M yen (1600 m²)

2030 Front Runner of ESG Management:

- **We will further refine our ESG perspective which we have had for 40 years since the establishment of MUJI in 1980.**
- **As we move toward 2030, we will contribute to realization of ESG, that encourages people to take part in it, and has a positive impact to society.**

- **Actions to take for these goals:**
 - **ESG in products: By adopting circular design for all products and offering them at affordable prices, we will spread the idea of ESG widely to the world.**

 - **ESG in business activities: Along with our stakeholders, we will take actions to reduce social cost and environmental burdens. At the same time, we will contribute directly to solving social issues through our business activities.**

 - **ESG through local society activities: Through our activities in the local communities, we will aim to bring positive social impact that leads to revitalization of the local areas.**

2030 Front runner of ESG management:

- **ESG in products: By adopting circular design for all products and offering them at affordable prices, we will spread the idea of ESG widely to the world.**
 - **Thoroughly practice "Selection of Materials", "Streamlining of Processes" and "Simplification of Packaging" which we have practiced since our founding.**
 - **Reduce environmental impact by promoting the use of organic materials.**
 - **Implement further circular design on products with re-use/ recycling in mind.**
 - **Eliminate plastic in packaging and materials.**
 - **Guarantee genuine quality, ethical procurement and production process.**
 - **Offer the products at affordable prices so that people take part in to practice ESG together.**

Front Runner of ESG Management:

- **ESG in business activities: Along with our stakeholders, we will take actions to reduce social cost and environmental burdens. At the same time, we will contribute directly to solving social issues through our business activities.**
 - **Use of renewable energy**
 - **Adopt renewable energy**
 - **Install solar panels on store rooftops. Promote renewable energy in the local community.**
 - **Cut energy consumption by reducing social burden in logistics.**
 - **Cut energy consumption by practicing shared logistics.**
 - **Cut energy consumption by procuring locally to avoid long-haul transportation.**
 - **Cut energy consumption by promoting reuse of goods.**
 - **Cut energy consumption by promoting reuse of goods through secondary market and recycling as business.**
 - **Promote activities in which people take part such as zero-waste, recycling, upcycling, by cooperation agreement with local governments.**
 - **Realizing multicultural society**
 - **Contributing to establishing multicultural society where every person is respected regardless of difference by cooperating with the government and NPOs.**
 - **Contributing to the economic development of emerging countries through our production activities**
 - **In emerging countries, contribute to the establishment of new industries, economic development, and improvement of local people's lives, through development and production activities.**

Front Runner of ESG Management:

- **ESG through local society activities:** Through our activities in the local communities, we will aim to bring positive social impact that leads to revitalization of the local areas.
 - **Minimize the investment on advertising and invest to region revitalization, in order to contribute the area so that to gain the trust from the residents.**
 - **Building a system to support revitalization of local areas.**
 - **Train community managers who lead the regional revitalization.**
 - **Conclude cooperation agreements with local governments.**
 - **Contribute to development of local community and building of industries.**
 - **Find local items, make them products, and promote sales of them.**
 - **Preserve traditional activities unique to the region, and carry out events related to cultural and artistic activities.**
 - **Create space/opportunities to connect children and elderly. Contribute to community development through events such as children's get togethers, festivals and children's cafeterias.**
 - **Support development of industries by local entrepreneurs with us as community center, such as small businesses and operation of restaurants.**
 - **Establish a platform to support individual/social entrepreneurs.**
 - **Revitalize shopping arcades, and efficient use of houses, school buildings and apartment complexes that are no longer in use.**
 - **Create spaces/opportunities related to medical "prevention", "maintenance" and "treatment" to ensure people's healthy lives.**
 - **Promote recovery of primary industries. Contribute to establishing a system in society, and industrialization of agriculture-foods, and forestry-architecture/space.**

2030 ESG Goals and Evaluation Index

- We will seek the best shape for an enterprise which serve the public interest, by establishing from enterprise philosophy through evaluation index based on ESG perspective, together with governmental authorities and academia.

- Simultaneously, we will establish index and standards to evaluate our contribution to realize “well-being life and society”.

- Examples of index that we will set:
 - The amount of carbon footprint reduction at the logistics partners.
 - Progress in replacing local procurement/consumption.
 - Progress in shared logistics.
 - Scale of business in secondary market and recycling.
 - Level of support for foreign workers.
 - Number of community managers.
 - Number of local governments that have signed cooperation agreements with MUJI.
 - Number of stores that have implemented zero-waste, and food drive activities, and number of participants.
 - Number of revitalized shopping arcades and apartment complex, and their related populations.
 - Number of individuals and social entrepreneurs that we assisted in establishing their business.
 - Scale of business in new industries related to agriculture and foods.

2030 ESG Goals and Evaluation Index

- **By 2030, as the “Global Standard”, we will achieve the following existing index of ESG.**
 - **Eliminate plastic* in packaging and materials: 100%**
 - **Product design aligned with re-use/ recycling: 100%**
 - **Reuse of collected used plastic products: 100%**

 - **Use of organic materials and materials considering animal welfare on all 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 footprint (Scope 1 and 2): 50% reduction**
 - **Stores equipped with renewable energy: 100%**
 - **Stores (independent store building) equipped with rooftop solar panels: 100%**

 - **Diversity & inclusion: Disclose the employee composition of age group, gender and race.**

*Except for the case required for hygiene, quality and safety reasons.

Medium-Term Action Plan To be achieved 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 (825m²) → 300 (990m²)
- E-commerce rate: 10% → 15%

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.**