

Dear Ms. Akiko Sato & Ms. Betty Yolanda
Business & Human Rights Resource Centre

Thank you for contacting us.
We will answer to your inquiry as follows.

Ryohin Keikaku Co., Ltd. (hereinafter, "Ryohin Keikaku" or "we"), which operates the MUJI brand, does not tolerate any forms of human rights abuse such as forced labor, and is making every effort to respect human rights in accordance with international norms, including the United Nations Guiding Principles on Business and Human Rights.

The article titled "Japan's Muji Stops Short of Ban on Cotton From Xinjiang, Where Forced Labor is Rife" published by Radio Free Asia on 12 February, 2021 stated that Ryohin Keikaku focuses on the Chinese market rather than the US market, and it also stated that we are reluctant to address the issues in the Xinjiang Uygur Autonomous Region, but that is not true at all. We are deeply concerned about the various reports and news coverages on forced labor and ethnic minority discrimination in the Xinjiang Uygur Autonomous Region. Ryohin Keikaku sources cotton from many places around the world including India, Turkey, the United States, and China. In order to verify the source of our suppliers' cotton and prevent human rights abuse in our supply chain, while paying close attention to the above reports, we are implementing the following measures.

We consider "Quest Value" "Positive Spiral" and "Best Partnership" as our corporate philosophy. In accordance with our "Code of Conduct for Production Partners of Ryohin Keikaku", we share our policies related to working environment and the respect for human rights throughout the supply chain with all our partner factories, and we do business only with those factories who pledge to comply with these policies. In addition, for the contract factories that produce MUJI products, we regularly arrange onsite factory audits carried out by third-party organizations. In cases that any non-compliance is detected, we require our business partner factories to take immediate remedial actions. With regard to the implementation of such remedial actions, we ask them to establish an effective program to solve the issues. Further, we carry out continuous monitoring, such as asking for the submission of evidence where the remedial actions are taken. In the unlikely event that our partner factories are proved to contribute to serious human rights abuse such as forced labor, and the situation cannot be improved even if we exercise our leverage, we will take careful and appropriate measures in accordance with our "Code of Conduct for Production Partners of Ryohin

Keikaku”, including considering the cease of business relationship with such business partner or partner factory as an option. Through this process of human rights due diligence, we have been striving to identify and prevent the risk of potential human rights abuses in accordance with the UN Guiding Principles.

In addition, all cotton and yarn used by MUJI have obtained international organic certification confirmed by a third-party organization, GOTS (Global Organic Textile Standard). This certification verifies the source of our suppliers’ cotton and ensures the compliance with labor conditions stipulated by the International Labour Organization (ILO).

We also recently conducted enhanced due diligence for factories in the Xinjiang Uygur Autonomous Region, with whom we are indirectly related through our supply chain. While paying attention to various reports and news coverages, we have carried out this due diligence prudently and extensively following the guidance issued by international organizations and various national governments, including the U.S. government’s Xinjiang Supply Chain Business Advisory and the OECD Due Diligence Guidance for Responsible Business Conduct. We also commissioned an independent audit organization to conduct onsite audits for the due diligence. The results confirmed that at this point, there is no significant issue identified except for those issues that can be corrected by farms or ginning factories taking actions on their own to make immediate improvements. However, in order to prevent human rights abuses in our supply chain, we will rigorously engage with other companies in our supply chain to further improve their working environment, and will continue to carefully gather information and appropriately implement due diligence and any other measures. What is more, we have been receiving advices and supports from Attorney Sakon Kuramoto and Attorney Daisuke Takahashi, specialists in Business and Human Rights and SDGs/ESG, on our initiatives related to Business and Human Rights and SDGs/ESG, including the due diligence process implemented this time.

In addition, we properly complies with laws and regulations issued by each country, including the import bans on cotton products produced in the Xinjiang Uighur Autonomous Region by the Customs and Border Protection Bureau (CBP) of the US Department of Homeland Security as well as other related regulations.

Further, the garment factories that produce MUJI products are not located in Xinjiang Uygur Autonomous Region, and no products are produced in this area. As to "Changji Esquel Textile Co. Ltd," which was mentioned in the report issued by Australian Strategic Policy Institute (ASPI) in March 2020 as having a relationship with Ryohin Keikaku, we confirm that it is not a production partner that produces MUJI products, and there is no transaction between

Changji Esquel Textile Co. Ltd and Ryohin Keikaku.

We will continue to monitor our supply chain to ensure that the rules in our "Code of Conduct for Production Partners of Ryohin Keikaku" are well implemented. We will also further consider other effective methods to effectively exercise our leverage over the supply chain, and strengthen the due diligence process in accordance with the UN Guiding Principles in order to prevent and remedy all forms of human rights abuses such as forced labor and human trafficking.

PR & ESG Division
Ryohin Keikaku Co., Ltd.
1st/March/2021