

Sustainability Policy

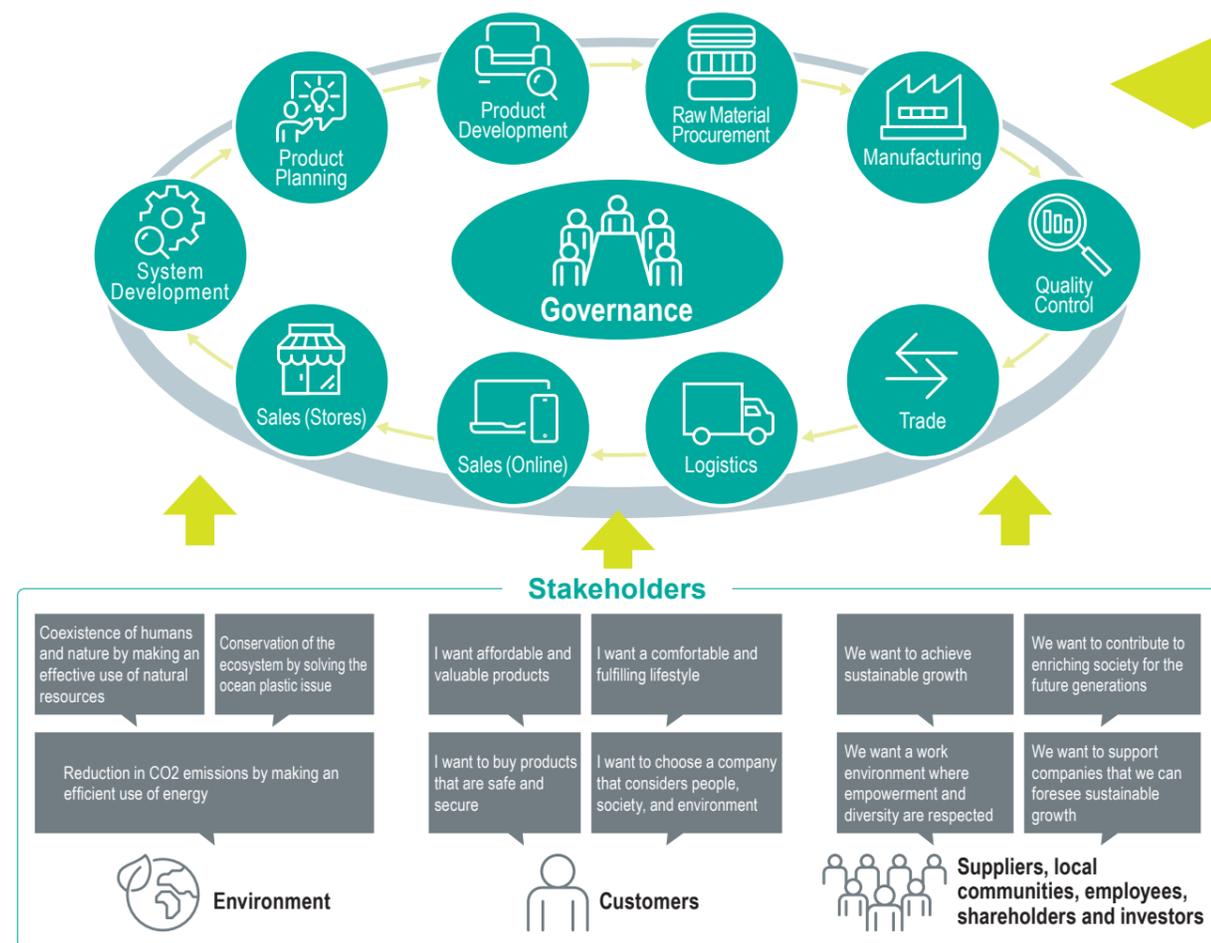
### Taking steps toward achieving our mission while resolving the issues of the world, aiming for a better future.

NITORI Group has continued to maintain its shared corporate philosophy of enriching homes around the world and continues its endeavors as a corporation to provide products and services focused on "offering the unexpected." The Group's unique business model that integrates manufacturing, distribution, IT, and retail was developed precisely during this process.

Applying this business model, we reduced costs drastically, maintained appropriate quality, and developed products and services from the customer's perspective by denying the way we operated in the past and repeating improvement and reform at every stage from planning to manufacturing, logistics, and sales. We pursue contribution to customers' enriched lifestyles by "offering the unexpected," featuring unprecedented affordability, quality (functionality), and coordination.

In addition, NITORI Group takes advantage of the control capabilities, ability to gather information, and know-how throughout the entire supply chain, which are the fruits of our unique business model that controls all aspects. This enables us to carry out every task more efficiently and pursue the right business for the society at all times, based on the idea of optimization for the whole. Such a stance leads to the creation of new value that helps us to address ESG issues, as well as to achieve the SDGs and solve other environmental and social issues.

We will continue to place the highest priority on "resolving customers' frustrations and inconveniences" in our never-ending journey of achieving our mission. By focusing our efforts on the external environment and change in the times and by transforming and challenging ourselves, we will achieve sustainable corporate growth, expand environmental and social value, and work toward a better future, to achieve the sustainable management that suits the characteristic of NITORI Group.



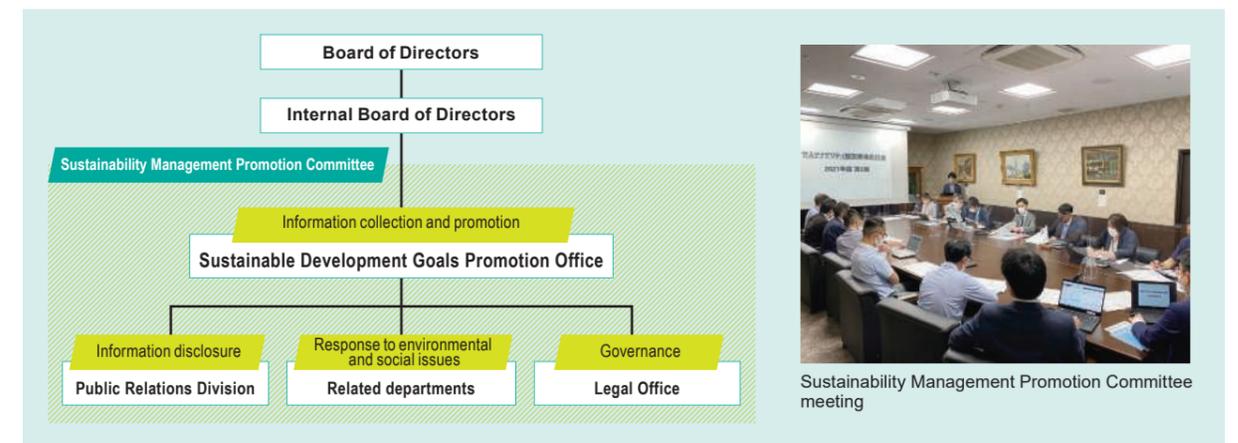
**NITORI Group's customer-oriented, unique business model that integrates manufacturing, distribution, IT, and retail**  
**Resolving issues around the world through our business model**

Mission Statement

Enriching homes around the world



**Sustainability Management Promotion System**



**Building a sustainability management promotion system led by the Board of Directors**

We set up the Sustainable Development Goals Promotion Office to further strengthen NITORI Group's efforts centered on sustainability, ESG, and SDGs.

As global efforts centered on ESG and SDGs accelerate, NITORI Group believes that it is essential for its accelerated global business development and sustainable growth to focus on the external environment and respond in a flexible manner.

Under the management system led by the Board of Directors, the Sustainable Development Goals Promotion Office will take the initiative in collecting and organizing information on past efforts, ensuring appropriate information disclosure, and promoting the expansion of efforts businesses are expected to make to resolve environmental and social issues. We will control initiatives centered on ESG and SDGs in our business activities in a systematic manner and create greater shared value, thereby continuing to pursue sustainability management.

In addition, we launched the Sustainability Management Promotion Committee in fiscal 2019 as a platform to recognize the importance of such initiatives as the entire Group and create opportunities to share information and promote activities. The Committee holds companywide meetings regularly.

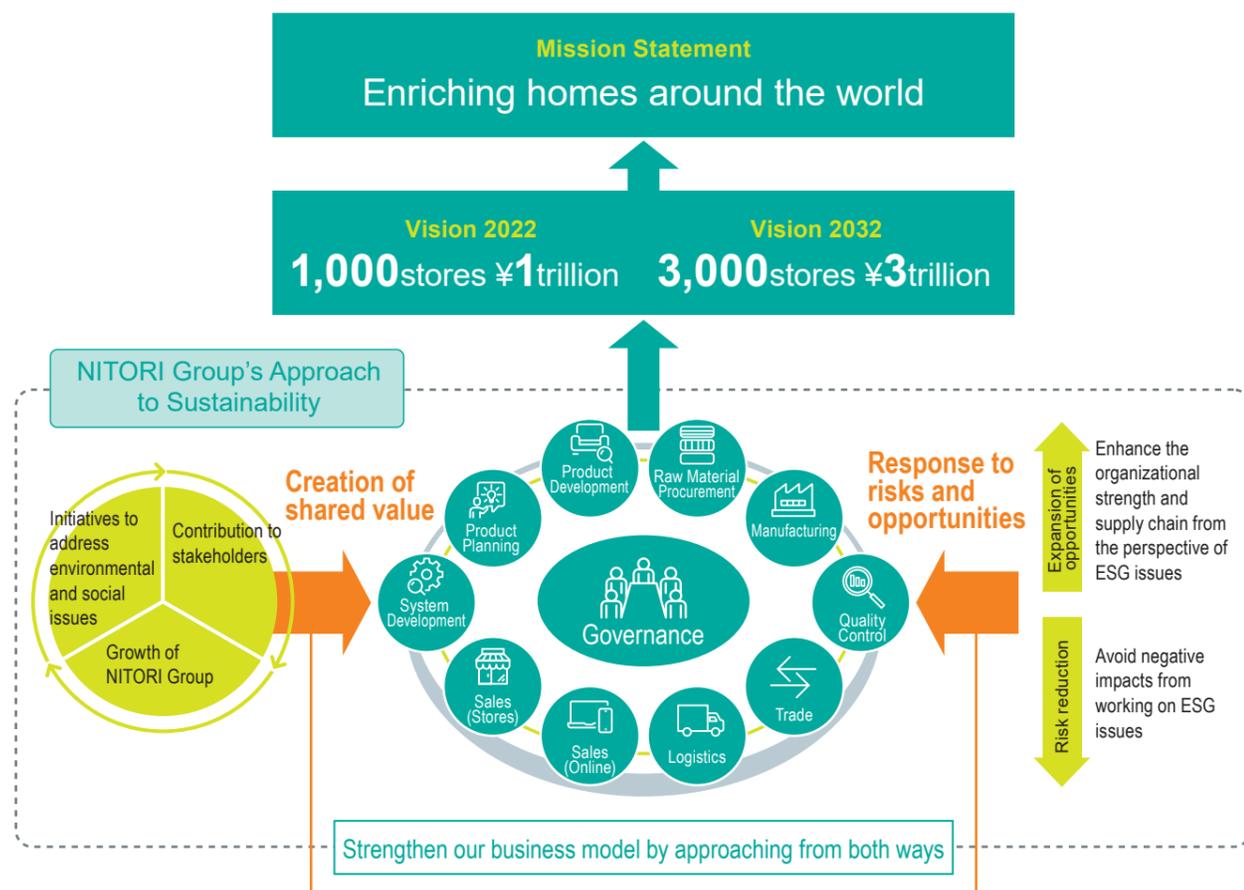
Sustainability Framework

Approach to Sustainability – Strategy to Achieve Our Mission and Vision –

NITORI Group will promote sustainability management as an essential element of corporate strategy to achieve our mission and vision (see p.1 and 16). By taking advantage of our business model that integrates manufacturing, distribution, IT, and retail, we will address social issues throughout the entire supply chain as expected, create value to be shared with our stakeholders, and develop a medium to long-term growth strategy out of the efforts, which will lead to the achievement of our mission and vision.

To achieve sustainable growth in a business environment with increasing uncertainty, it is also important to strengthen the business foundation that supports medium- to long-term growth realized by addressing ESG issues.

In the face of environmental and social issues, such as climate change, we will weigh risks and opportunities, address ESG issues not only in Japan but across the globe, make our business model more resilient, and fulfill our corporate social responsibility.



<b>Planning and Development</b>	Offering new value with products balancing comfort and environmental consciousness	p.33-34	<b>Human Resources Development</b>	Creation of an organization with a wealth of elites	p.43-45
<b>Procurement and Manufacturing</b>	Contribution to environmental preservation and recycling-oriented society with effective use of resources and recycling	p.35-36	<b>Work Environment</b>	Aiming for a comfortable work environment where everyone works in good health	p.46
<b>Procurement, Manufacturing, and Quality</b>	Offering safety and security and achieving sustainable growth with suppliers through correct manufacturing and responsible procurement	p.37-38	<b>Diversity</b>	Respect for human rights and diversity Enhancement of work-life balance	p.46
<b>Logistics and Trade</b>	Reduction of CO2 emissions and realization of comfortable workplace by improving business productivity, such as transportation efficiency	p.39-40	<b>Local Contribution Activities</b>	Hand-in-hand with our customers	p.47
<b>Sales</b>	Contribution to convenient and enjoyable shopping experiences for customers through expansion of store network and promotion of O2O	p.41	<b>Governance</b>	Building a foundation that supports medium- to long-term growth	p.48-59
<b>New Fields of Business</b>	Aiming to be a company that makes comprehensive lifestyle suggestions	p.42	<b>ESG Information</b>	Sustainability data book	p.60-62

Key Sustainability Issues (Materiality)

To link sustainability initiatives more closely with management strategy and achieve its mission and vision (see p.1 and 16), NITORI Group reviewed environmental and social issues based on the importance for stakeholders (see p.29) and the Company and identified key sustainability issues.



**(1) Recognition of issues**  
The Sustainability Management Promotion Committee takes the lead in making a list of a wide range of environmental, social, and economic issues, referring to the GRI Standards (international guidelines for sustainability), SDGs, etc.

**(2) Prioritization**  
Priorities are set based on the Company's ratings given by SRI assessment bodies, impacts on stakeholders, importance to our business, etc.

**(3) Identification**  
Key sustainability issues are identified in light of external experts' opinions and after discussions by the Internal Board of Directors and the Board of Directors.

Key Sustainability Issues (Materiality)

Seven key issues NITORI Group should work on for its sustainability management

No.	Key sustainability issues (materiality)	NITORI Group's approach	Relevant SDGs
1	Contribution to enriched lifestyles by "offering the unexpected"	(1) Pursue affordability, appropriate quality (functionality), and coordination (2) Resolve customers' frustrations and inconveniences (3) Offer new value that further enriches lifestyles (products and services that can lead to solutions to environmental and social issues)	7, 9, 12, 13
2	Product safety and security through comprehensive quality control	(1) Quality control and product safety measures as a manufacturer (2) Share with suppliers ideas and initiatives to build a culture of product safety	8, 9, 12
3	Promotion of environmentally friendly business	(1) Carry out all tasks more efficiently throughout the entire supply chain (2) Make effective use of all raw materials (3) Make effective use of recycled materials through innovation (4) Disclose and reduce CO2 emissions from business activities	7, 9, 12, 13, 15
4	Fair and honest trade and respect for human rights in the supply chain	(1) Supplier contracts based on strict standards and on-site investigations (2) Establish true partnerships with suppliers Fair and honest trade, respect for human rights, work environment creation, etc.	8, 10, 12, 17
5	Contribution to local communities	(1) As a company that offers lifestyle infrastructure, expand the store network and create stores supported by customers (2) Expand into global business (open stores and create employment) (3) Disaster assistance and social action programs in fields other than the main lines of business	4, 8, 9, 11, 13
6	Creation of rewarding work environment and promotion of diversity	(1) Education system that allows employees to realize self-growth (2) Transfer to a variety of occupations in a wide range of business fields (3) Create a comfortable environment where everyone can work in good health with peace of mind	3, 5, 8
7	Effective corporate governance	(1) Build a foundation that supports medium- to long-term corporate growth Create decision-making systems and a basis for active discussions (2) Strict compliance (3) Build a robust risk management system	16, 17

Initiatives centered on SDGs

To achieve our mission and vision, NITORI Group will focus on business activities rolled out through its business model based on the customer's perspective and contribute to the achievement of SDGs through all corporate activities, including value creation with various stakeholders.

Of the 17 goals that constitute SDGs, we judge that there are high relevance and compatibility with 13 goals (3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 15, 16, and 17), and we will thus promote our initiatives aimed at contributing to the achievement of these goals.