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Gunze Group Sustainable Procurement Guidelines

April 2021

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1. Introduction:

Gunze: Founded on the Spirit of Contribution to the Community

Gunze was founded in 1896 in the district of Ikaruga (now Ayabe City), Kyoto. The founder was determined to contribute to enriching his hometown community through the development of local industry. This was more important to him than focusing exclusively on profits for a private company. He believed that this should be a policy of Ikaruga, so he named this company Gunze Silk Manufacturing Co., Ltd., later renamed Gunze Limited. ("Gunze" means the "policy of the district" in Japanese.) Based on its concept of the "policy of the district," Gunze has consistently lived up to its founding philosophy of "Striving for harmonious coexistence with all stakeholders surrounding the company through a people-oriented approach and a commitment to quality."

In recent years with the increasing globalization of business, the environment in which our corporate activities are found has undergone dynamic changes. These changes have resulted in our stakeholders showing increasing interest than ever before in sustainability, demanding that we conduct management practices that will help in achieving sustainable growth as we uphold our corporate principles.

The global community is increasingly involved with initiatives aimed to create a sustainable society, including efforts to meet the Sustainable Development Goals (SDGs) adopted by the United Nations. As we also put our principles into practice to respond to global sustainability initiatives, we see that these actions must extend beyond our own company to encompass the entire supply chain as well.

In addition, reflecting the recent rapid changes in our business environment, we recognized the need for presenting our policy for sustainability, covering the entire supply chain, to our suppliers and business partners in a more concrete manner. As such, we established the Gunze Group Sustainable Procurement Guidelines, which should help our suppliers and business partners to better understand the Gunze Group's sustainable procurement activities and to continue to cooperate with this policy.

It is our hope that Gunze suppliers and business partners will fully understand and support the objectives of these guidelines. We also believe they will observe all requirements of the Gunze Group Supplier Code of Conduct, and take the necessary actions and measures to meet them. Moreover, we ask our suppliers and business partners to instill the concept and practices of our Sustainable Procurement Guidelines throughout their supply chains as well.

We at the Gunze Group are determined to continue working together with our suppliers and business partners toward building a sustainable society. We look forward to your continued support as we pursue this endeavor.

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2. Gunze Group Environmental Charter (Established: May 1997, Revised: May 2010)

As part of the global community, Gunze Group is fully aware of our responsibility to safeguard and preserve the Earth and its resources for future generations. Gunze is a responsible corporate citizen, committed to building a prosperous global society that enjoys sustainable development. To support our efforts, we will actively address environmental issues to minimize the environmental impact of our activities and implement necessary measures to improve and maintain the environment. In accepting our social responsibility to help solve environmental problems, we have established a basic environmental philosophy and action guidelines.

Basic Environmental Philosophy

By offering environmentally responsible products and services, we aim to contribute to the development of an affluent and sustainable global society. We fully understand our reliance on the gift of nature, so we strive to maintain a harmonious relationship with the global environment and promote the preservation of biodiversity.

Environmentally Responsible Action Guidelines

1. We will direct our efforts toward minimizing the environmental impact of all our corporate activities, considering the impact on biodiversity inside and outside of Japan, and on the local communities related to our business.
2. We will comply with all related laws and regulations, but will also strive to upgrade the level of our environmental management by establishing internal voluntary standards.
3. We will promote effective use of resources, including raw materials and energy, in order to reduce greenhouse gas emissions.
4. We will reduce waste, by promoting recovery and recycling for recirculation of resources.

5. We will promote research and development of environmentally sound products as well as manufacturing and environmental technologies to lessen the environmental impact of our activities.
6. We will implement programs to increase the environmental awareness of our employees, encouraging them to cooperate and contribute to environmental preservation efforts of local communities.
7. We will advance environmentally conscious practices and promote the transfer of environmental technologies to our overseas operations.
8. We will immediately take action to reduce any damage in the event of an environmental accident.

3. Gunze Group Activity Guidelines (Established: November 1998, Revised: March 2003)

Chapter 1

Gunze endeavors to contribute to society through its corporate activities and to fulfill its responsibility as a corporate citizen.

1. We shall develop useful, safe products and services, for society and deliver relief and satisfaction to our customers.
2. We shall proactively pursue environmental health issues in our corporate activities, and work to co-exist with the global environment.
3. We shall support and participate in community activities, as well as social activities, and contribute to society.
4. We shall educate and enlighten all members of the company so that they can be good corporate citizens. We shall respect human rights, personality, and individuality in all corporate activities.
5. We shall value communication with society and disclose corporate information in a positive and fair manner to ensure transparency.

Chapter 2

Gunze is determined to promote activities in conformance with fair and internationally accepted rules.

1. We shall comply with the rules of society, and conduct business activities with fair and free competition.
2. We shall comply with the law and maintain high ethical standards. We shall not condone unethical or illegal behavior.
3. We shall show a resolute attitude and take a firm stance against unethical organizations and forces.
4. We shall comply with international rules. We shall respect the culture and customs of countries where we operate, and conduct business activities that earn trust.
5. When a problem occurs within the company, top management shall conduct a thorough investigation to determine the cause in a timely manner, clarify responsibilities, and take strict action in accordance with regulations, along with measures necessary to prevent a recurrence, and disclose the

information on a timely and accurate basis.

Chapter 3

Gunze shall strongly accept any challenges and meet them with a sensible course of action.

1. We shall always work quickly, responsibly, and with self-awareness in order to think about the customers' point of view and to meet their expectations.
2. We shall pursue proper management of the information and property of the company while acting as rational members of society, who do not allow ourselves or others to behave dishonestly or mix private and public matters. We shall transmit the information quickly to stakeholders including the top management when we recognize a situation against the Code of Conduct.
3. We shall realize corporate objectives, our own dream, and study energetically through self-development training, suggestions or discussions, and challenge ourselves without fear of failure.
4. We shall actively participate in social and community activities as a corporate citizen and build friendly relations with society.
5. We shall value compassion and assistance, respecting the human rights of each other.

4. Gunze Group Sustainability Policy (Established: April 2007, Revised: March 2010, Revised: April 2021)

Gunze's corporate philosophy, corporate motto, and activity guidelines are the elements that create the "warp yarn" of its corporate fabric. Based on these key elements, Gunze strives to provide for the needs and expectations of all stakeholders in a sensitive, flexible and sincere manner. Gunze is also determined to demonstrate fairness and integrity in corporate activities, and to fulfill its obligations to society. By doing so, Gunze aims to promote the continued growth of the company while contributing to the sustainable development of society and the protection of the Earth.

1. For Customers

To enhance the satisfaction of economic interaction, we will consistently maintain the customer's point of view as we work to provide quality products and services. Our first priority is quality. At the same time, we will emphasize safety, security, comfort, and customer satisfaction in the development and supply of products and services that are friendly for the environment and people. The eventual goal is to promote the sustainable development of society.

2. For Suppliers and Business Partners

We will strive to achieve mutual growth and prosperity with our suppliers and business partners. To ensure fair and free dealings, we comply strictly with the Antimonopoly Act, Subcontract Act, and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, and other related laws, while also striving to conform to the underlying spirit of these laws. We will never accept or offer money, gifts, or entertainment that could bring into question our fundamental fairness. We will also demand that suppliers and business partners avoid discrimination in employment and prohibit forced, compulsory, and child labor.

3. For Local Communities

We will actively participate in social activities and build a friendly relationship with communities, working to promote the sustainability of the global environment and society.

4. For Employees

We will provide equal employment opportunities and treatment free from discrimination to all current and potential employees. While respecting the human rights of all engaged in our business activities, we will never become involved in forced, compulsory, or child labor. By assigning the right people to the right jobs and promoting employee skill development programs to empower diverse people, we aim to nurture personnel who can contribute to society. We also value the freedom of association for employees, including the right to form a labor union of their own initiative, and the right to collective bargaining unless forbidden by law.

5. For the Global Environment

We will aggressively implement measures to protect the global environment, including the maintenance of biodiversity, and reduce CO₂ emissions in all our business processes. We aim to help build an environmentally conscious society by providing eco-friendly products and services throughout our business operations.

6. For Shareholders and Investors

We will work unceasingly to earn the trust and confidence of our shareholders and investors by promoting Sustainable practices. We proactively offer corporate information in a fair and appropriate manner to fulfill their expectations.

5. Gunze Group Sustainable Procurement Policy (Established: January 2019, Revised: April 2021)

The Gunze Group is committed to fulfilling its social responsibilities by complying with all applicable laws and regulations, while also globally promoting comprehensive Sustainable procurement practices integral to its environmentally conscious activities. In collaboration with our suppliers and business partners, we seek to strengthen our Sustainable commitment across our entire supply chain, by meeting the requirements in the areas of the environment, labor conditions, and human rights, along with quality, pricing, and delivery schedule. To this end, we will conduct surveys, inspections, and monitoring of our suppliers and business partners to assess their current status of Sustainable procurement across the supply chain as necessary. Should any nonconformance with our Sustainable procurement policy be discovered, and no corrective action taken, we will take the appropriate measures.

Our Sustainable Procurement Policy is as follows:

1. We provide all suppliers with fair and equal trade opportunities based on the principle of free competition, disregarding nationality, scale, or past trading performance.
2. When purchasing parts, materials, and/or services, we select suppliers based on criteria including quality, pricing, delivery schedule, environmental preservation, technological capabilities, business management system, and other factors, in a fair and ethical manner, and pursuant to related laws, regulations, and social norms both in and out of Japan.
3. We procure parts, materials, and services from suppliers in the most appropriate locations, selected from among those worldwide by maintaining a global perspective.
4. We conduct purchase and procurement activities that help preserve the global environment and lessen environmental impact. We also employ parts and materials that do not use any hazardous chemical substances in order to

promote green procurement that contributes to the reduction of environmental harm.

5. While maintaining a high sense of ethics, we comply with all laws, regulations, and social norms related to procurement and purchase activities, as we seek to build a strong partnership with our suppliers.
6. We appropriately control and strictly protect any information we have obtained or accessed during purchasing transactions.

6. Gunze Group Supplier Code of Conduct (Established: March 2010, Revised: January 2019)

As specified in the Gunze Activity Guidelines, the Gunze Group's basic policy is to comply with fair and internationally accepted rules as we conduct business activities. The Gunze Group Supplier Code of Conduct declares that Gunze expects suppliers and business partners that make up our supply chain to accept and uphold the Group's policies concerning legal and regulatory compliance, development and supply of safe, beneficial products and services, environmental preservation, and respect for human rights, personality, and individuality, as follows:

Article 1. Legal and Regulatory Compliance

1. Promote corporate activities through fair and free competition by strictly observing social rules.
2. Adhere to applicable laws and regulations. Maintain sound ethics, avoiding any unethical behavior.
3. Observe international rules, while respecting the culture and conventions of each country of operation, in order to promote corporate activities that earn a high reputation.

Article 2. Supply of Quality Products

Maintain a commitment to develop and supply socially beneficial and safe products and services throughout our corporate activities.

Article 3. Environmental Preservation

Actively address environmental issues in corporate activities and strive to promote harmonious coexistence with the global environment.

Article 4. Human Rights

1. Respect human rights and individual character, never engage in discrimination based on ethnic group, nationality, gender, or other non-performance-related attributes in hiring practices and work.
2. Never use child, forced, or compulsory labor, nor engage in unjust and inhumane labor practices, including harsh punishment.

3. Recognize and respect the rights of employees to freedom of association and collective bargaining, unless prohibited by law.

Article 5. Labor Practices

1. Provide a safe and healthy working environment, by giving due consideration to employee health.
2. Comply with all applicable laws in the country of operation concerning hours of work, wages, and employee benefits.
3. Comply with all applicable laws and regulations when hiring foreign workers or migrant workers (including technical interns) and avoid unfair labor practices that could infringe upon the human rights of these workers.

Article 6. Confidential Information and Intellectual Property

We shall continue to take appropriate measures to prevent disclosure of confidential or personal information, including technological or trade information obtained or accessed through business transactions, and respect intellectual property rights.

Article 7. Gifts and Entertainment

We shall not offer money, gifts, or entertainment for the purpose of receiving unjustified benefits.