

TSI Holdings Group

Business Partners' Code of Conduct

We aim to be the happiest fashion company in the world for all stakeholders
(society, environment, customers, shareholders & employees).

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TSI Holdings Group Business Partners' Code of Conduct

Introduction

We at the TSI Holdings Group (hereinafter referred to as the "TSI Group") have adopted a group company system composed of business companies with TSI Holdings Co., Ltd. as the holding company. The TSI Group focuses its business on fashion apparel, and we are deeply aware that we must face up to the impact of our business on global environmental, social and other factors and reduce these impacts. We expect not only the employees of the TSI Group but also all business partners of the TSI Group to do so.

The purpose of this TSI Holdings Group Business Partners' Code of Conduct (hereinafter referred to as the "Code of Conduct") is to ensure that not only business operators that deal with the TSI Group in its supply chain but also all other business operators that have business relationships with the TSI Group (hereinafter collectively referred to as "Business Partners") establish a work environment in which human rights and other basic rights are protected so that all people can work with a sense of security, carry out ethical and sincere corporate policies, and engage in sustainable and sound business activities that have no impacts on the global environment.

In order to achieve the goals mentioned above, the TSI Group has formulated the TSI Holdings Group Code of Conduct (hereinafter referred to as the "TSI Code of Conduct"), announced separately, which states a set of action guidelines that it should follow, and has promised to all Business Partners and society as a whole that it will act in accordance with the TSI Code of Conduct.

The TSI Group calls upon Business Partners to understand the purpose of the Code of Conduct and cooperate with it in creating a sustainable society through dealings with the TSI Group. The TSI Group hopes to forge lasting relationships with Business Partners through fair transactions in the future.

Tsuyoshi Shimoji, Representative Director and President

TSI Holdings Co., Ltd.

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Purpose

In its sustainability statement, the TSI Group has declared that under the corporate philosophy “We create value that shines the hearts of people through fashion and share the happiness of living tomorrow together with society,” it will work with all stakeholders to help build a sustainable society through business activities in the future. This Code of Conduct has been formulated to make clear a minimum set of rules that it asks Business Partners to follow in order to realize a sustainable society as mentioned above and to engage in dialogue on the support and better methods needed for practice.

Applicability

The TSI Group expects personnel of all Business Partners whom it deals with to follow the Code of Conduct. To that end, it asks not only Business Partners’ personnel with whom it has direct contractual relationships but also those who are indirectly involved in the TSI Group’s businesses to follow the Code of Conduct.

Revision of the Code of Conduct

The TSI Group plans to revise the Code of Conduct following social demands and environmental changes in the future. The TSI Group will announce its revisions of the Code of Conduct on its website. All Business Partners concerned are requested to confirm such revisions on the website as required. Individual Business Partners may be informed of the revisions depending on the content of the revisions made.

Text of the Code of Conduct

1. Human Rights

As a member of society, the TSI Group has declared in its human rights policy that it supports and respects all international standards related to human rights, including the “International Bill of Human Rights” in which the United Nations stipulates fundamental human rights that all people in the world should enjoy; the “ILO Declaration on Fundamental Principles and Rights at Work” in which the International Labour Organization (ILO) prescribes fundamental rights at work; various conventions on the human rights of workers such as wages and working hours; “the Convention on the Elimination of All Forms of Discrimination against Women”; the OECD Guidelines for Multinational Enterprises; “the United Nations Declaration on the Rights of Indigenous Peoples”; and UNICEF’s “Children’s Rights and Business Principles”. The TSI Group calls upon all Business Partners to support this basic policy of the TSI Group.

(1) Prohibition of assisting violations of human rights

Business Partners are required to pay attention to protecting and respecting human rights and not to directly or indirectly assist violations of human rights.

(2) Prohibition of discrimination

The TSI Group forbids Business Partners from all forms of discrimination and harassment based on differences in race, ethnicity, nationality, social status, family origin, gender, sexual orientation, gender identity, disabilities, health condition, thoughts and beliefs, religion, or job type or the form of employment. Business Partners are also required to respect the culture and tradition of countries and regions, including the rights of indigenous peoples, and prohibited from unjust discrimination based on regional culture and tradition.

(3) Prohibition of child labor

Business Partners are prohibited from letting children aged less than 15 engage in dangerous or harmful labor in a way that prevents them from receiving compulsory or minimum education.

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2. Securing the Rights of Workers

The basic policy of the TSI Group is to ensure that all people who are involved in its businesses in the appropriate work environment and under the appropriate working conditions indicated by international standards. Irrespective of reason, the TSI Group does not allow any of the people involved in any of the businesses in which it has a stake to be forced to work or engage in hard labor against their will nor does it allow any of the restrictions such as those on the freedom of leaving a job to be placed on them. The TSI Group calls upon Business Partners to support this basic policy of the TSI Group.

(1) Prohibition of discrimination in employment

Business Partners are required to strive not to discriminate against job seekers based on race, nationality, gender, sexual orientation, age, family lines, religion, ethnicity, or other unreasonable elements that are irrelevant to the aptitude for the job type applied for and are not socially accepted as appropriate when they employ them.

(2) Respect for the freedom of association and the right of collective bargaining

Business Partners are required to fully recognize that their employees have the freedom to organize trade unions and other associations and the right to join trade unions and other associations and bargain collectively and not to obstruct these rights of workers.

(3) Securing appropriate working conditions

Please ensure legal and appropriate working conditions for your suppliers' employees. The term "working conditions" here refers not only to minimum wages, working hours, and other conditions stipulated by law, but also to average and standard working conditions required by society in general, and suppliers must not allow their employees to work under illegal or unfair conditions.

(4) Prohibition of forced labor

Business Partners are prohibited from letting their employees work against their will or taking actions such as requiring them to deposit security money and keeping their identification cards. Business Partners are also required to allow their employees to leave

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their jobs freely if they notify properly.

(5) Consideration to foreign workers

If they employ workers of foreign nationality, Business Partners must respect their cultural customs as much as possible and must not discriminate against the employee because of the employee's foreign nationality. Business Partners must not involve themselves directly or indirectly in human trafficking. The TSI Group urges Business Partners to strive to introduce a system to check whether employees have the right to work (such as whether they have a working visa) in the department to which they are assigned.

3. Ensuring the Health and Safety of Employees and Securing an Appropriate Work Environment

The TSI Group recognizes that various parties are involved in its businesses with Business Partners and that it must be conducted in a safe, stable, and continuous way. To that end, the basic policy of the TSI Group is that Business Partners need to comply with relevant laws and ordinances and strive to protect the life and body of workers, maintain a work environment in which they can work with a sense of security, and ensure the continuity of businesses. The TSI Group calls upon Business Partners to support this basic policy of the TSI Group.

(1) Provision of a safe and hygienic work environment

Business Partners must minimize hazardous factors peculiar to the work environment as much as possible and take appropriate measures to prevent accidents and trouble that are attributed or related to work and those that are likely to occur during work.

(2) Implementation of measures to reduce disaster risks

The TSI Group urges Business Partners to strive to take necessary measures to protect employees, subcontractors, and visitors from disaster risks whether they are in their precincts, dormitories, or other residential areas. The TSI Group also urges Business Partners to strive to minimize damage if a disaster occurs by taking all possible measures such as displaying evacuation routes and making evacuation procedures known to the parties concerned.

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(3) Implementation of safety and disaster prevention drills

Business Partners are required to conduct safety and disaster prevention drills and keep records thereof.

(4) Making sanitary facilities and drinking water available

Business Partners are required to make clean, sanitary facilities and drinkable water available and prepare food storage equipment as needed.

(5) Making lodging and other facilities available

Business Partners are required to prepare clean and safe facilities that meet the basic needs of employees if they need accommodations.

(6) Creation of a favorable workplace that considers employees who have special needs

Business Partners must adopt policies and take measures that take the special needs of physically disabled and pregnant employees into consideration.

(7) Consideration to mental health

Business Partners are required to do their utmost to help employees maintain, promote, and protect their health to the maximum extent possible, give them protection from mental diseases attributed to the work environment, and make all-out efforts to provide employees suffering from mental diseases with support at the workplace.

(8) System establishment and education and training

The TSI Group calls upon Business Partners to establish systems to minimize accidents and other irregularities that may occur in their businesses, including possibilities of their occurrence, and respond to them properly if they occur, make the systems known to their employees, and educate and train them so that they can take appropriate actions if a disaster occurs.

4. Compliance and Prevention of Corruption

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The basic policy of the TSI Group is to comply with all relevant laws and ordinances that apply to its businesses and engage in fair transactions as expected by society, including prevention of bribery and corruption, maintenance of fair competition in markets, and elimination of relationships with antisocial individuals and groups. The TSI Group calls upon Business Partners to support this basic policy of the TSI Group.

(1) Prevention of unfair transactions

The TSI Group urges Business Partners to strive to establish partnerships based on mutual understanding by following commercial and other practices and properly fulfilling socially accepted roles and functions in their businesses. The TSI Group also calls upon Business Partners not to involve themselves in coercion and corruption and fully investigate whether any of the third parties are involved in coercion or corruption in dealing with third parties when providing the TSI Group with products and/or services, and take sufficient measures to prevent coercion and corruption mainly by giving employee training to prevent such inappropriate practices. In particular, Business Partners are required to maintain appropriate relationships with public officials by following the laws and ordinances of the country concerned when giving them gifts, entertaining them, and providing other monetary benefits to them.

(2) Exclusion of antisocial forces

Business Partners are required to pledge that they do not have relationships with crime syndicates, mafia, and other individuals and groups that are criticized as antisocial irrespective of their naming nor will they do so in the future.

(3) Use of third parties' intellectual property without permission

Business Partners must comply with all relevant laws and ordinances that apply to them and must not violate any of the rights of third parties other than the TSI Group and its Business Partners to property and other possessions as well as their use rights and other claims, their copyright, patent rights, trademark rights, and other intellectual property rights, and all other rights that belong to them.

(4) Fair advertising

Guaranteeing the legality of publicity and advertising activities

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When Business Partners place advertisements for consumers in their businesses with the TSI Group, the TSI Group calls upon them to comply with all relevant laws and ordinances and strictly refrain from placing advertisements that may lead consumers to misunderstanding or cause excessive mental and moral damage to children.

(5) Contacts for external complaints and consultation

Business Partners and employees who work for them as well as business operators that have business relationships with Business Partners involved in businesses with the TSI Group (hereinafter collectively referred to as "Stakeholders") can directly consult with the TSI Group about how to correct matters that violate or may violate the Code of Conduct if such matters occur in their businesses with the TSI Group. The TSI Group pledges that it will strictly protect the confidentiality of those who seek advice and ensure that they do not receive disadvantageous treatment before and after they do so. If employees of Business Partners or other Stakeholders violate or may violate the Code of Conduct in businesses with the TSI Group, the TSI Group urges the Business Partners and other Stakeholders to strive to install a section to contact for advice on correction of such violations. Business Partners and other Stakeholders must strictly protect the confidentiality of those who seek such advice and must not give disadvantageous treatment to them.

(6) Corrective action

If they find that they themselves or their Stakeholders violate laws and ordinances, commercial practices, or other guidelines, Business Partners must swiftly report such violations to the TSI Group and sincerely discuss about measures to correct them. What the TSI Group considers most important is to be sincere and conduct businesses with Business Partners and other Stakeholders appropriately, and not to condemn Business Partners that have inadvertently involved themselves in inappropriate practices. If it receives reports, the TSI Group promises to fully cooperate in taking corrective action and give consideration so that relevant information is properly managed. It should be noted in advance that if Business Partners intentionally neglect to report as mentioned above, the TSI Group may discontinue dealing with them.

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5. Supply Chain

The basic policy of the TSI Group is to ensure that the responsibilities stipulated in the Code of Conduct and the TSI Code of Conduct are fulfilled throughout the supply chain in which the TSI Group's products are produced and that raw materials that may have impacts on the environment or cause war or conflict are not used so that a sustainable society is built. The TSI Group strives to make this basic policy widely known inside and outside its organization. The TSI Group calls upon Business Partners to support this basic policy of the TSI Group.

(1) Cooperation in monitoring

Under the above-mentioned basic policy for the supply chain, the TSI Group conducts audits in writing or using other methods for all Business Partners included in the supply chain in which its products are produced and urges them to cooperate when it conducts such audits.

6. Product Quality and Safety

In its governance policy, the TSI Group expressly states that it emphasizes the three points listed below in its relationships with customers. The TSI Group calls upon Business Partners to support this basic policy of the TSI Group.

- Strive to enhance customer satisfaction by providing fashion entertainment making the most of the distinctive features of a wide range of brands
- Consider the global environment with focus on the quality and safety of products and establish a quality and safety management system to provide products and services that customers can use with a sense of security and promote the system
- Make efforts to communicate appropriately with customers and provide enriched training programs to employees in order to ensure that accurate product and brand information is conveyed to customers

(1) Business Partners are required to ensure that they conform to the quality standards the TSI Group establishes for products and services it handles and raw materials used for them, if any.

(2) Business Partners are required to provide customers with accurate product and brand information in an appropriate, easy-to-understand way.

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- (3) If it is found that there is or may be a problem with the quality and/or safety of a product, Business Partners are required to swiftly provide information on it to the TSI Group and cooperate with the TSI Group in making investigations to identify the cause of the problem and restore the product to the condition in which it conforms to the standards.

7. Initiatives for the Global Environment

The TSI Group calls upon Business Partners to support the environmental policy it adopts and carry out business activities in accordance with the laws and ordinances enacted by the government for environmental protection, government policies and administrative practices, and international environmental guidelines and agreements on targets, responsibilities, and standards. The TSI Group also urges them to have a keener awareness of the need to prevent environmental impacts and hazards irrespective of whether or not it is stipulated by law to do so and take measures to prevent them in the manufacturing process for raw materials with the requirements and standards for environmental protection in mind.

(1) Management of chemical substances

The TSI Group calls upon Business Partners to strive to remove hazardous substances in the trading of products and the manufacturing process and devise management measures to eliminate or reduce hazardous substances or treat them safely. Business Partners are required to make all-out efforts to manage chemical substances by working to prevent the air and soil from being contaminated by them and are prohibited from using in the manufacturing process chemical substances whose use is forbidden by laws and ordinances. Business Partners are also required to manage the chemical substances specified by laws and ordinances that are contained in products and record all chemical substances used and their suppliers in the latest inventory of chemical substances for proper management. Business Partners must define procedures to handle chemical substances safely and train workers in these procedures and the danger of exposure to chemical substances. In addition, Business Partners must strictly manage all processes from the reception of chemical substances to their disposal in accordance with the laws and ordinances of countries in

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which they are manufactured. Business Partners are also required to separate hazardous substances from non-hazardous ones and dispose of both types of substances in a safe and lawful way.

(2) Sustainable and efficient use of resources

In order to effectively use water, raw materials, forests, and energy, which are all limited natural resources, the TSI Group urges Business Partners to strive to grasp the status of, and improve the efficiency of, their use. In order to ensure appropriate management of water resources, Business Partners are expected to monitor their use and discharge, minimize the effects of wastewater on the source from which water is taken and the area to which wastewater is discharged by giving necessary treatment to wastewater before it is discharged in order to prevent the generation of contaminated water, and save water consumption by monitoring water sources, the amount of water taken in, and that of wastewater discharged. Business Partners are also expected to work to use energy efficiently for energy conservation and promote the use of energy with less environmental impacts in their supply chain.

(3) Management of wastewater, sludge, and exhaust gases and reduction of their generation

The TSI Group urges Business Partners to work hard to comply with the standards established by the laws and ordinances of the country where production takes place, prevent the occurrence of environmental pollution, and reduce the amounts of wastewater, sludge, exhaust gases, and other pollutants discharged by monitoring and controlling them in the manufacturing process.

(4) Reduction of greenhouse gas (GHG) emissions

Business Partners are expected to grasp the amount of carbon dioxide and other GHG emissions discharged and strive to reduce it in the manufacturing process.

(5) Identification, management, and reduction of waste and its responsible disposal and recycling

Business Partners are expected to set voluntary reduction targets and work to reduce final waste.

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Business Partners are also expected to work toward achieving responsible and systematic waste disposal and recycling by establishing disposal and recycling systems through management of waste.

(6) Initiatives for biological diversity

Business partners are expected to investigate the direct and indirect impacts of their business activities on ecosystems and strive to protect biodiversity and use ecosystems sustainably.

8. Information Security

The basic policy of the TSI Group is that it has responsibility for appropriately managing and protecting information obtained through business activities and taking measures to protect information from threats on its computer networks. Business Partners are expected to support this basic policy of the TSI Group.

(1) Establishment of information security systems

Business Partners are expected to strive to establish information security systems, put risk management systems in place and implement measures to minimize risks, and build systems to prepare for the occurrence of incidents. Business Partners are also expected to make efforts to promote measures to minimize risks not only within their organization but at their business partners and subcontractors in the supply chain as well.

(2) Protection of personal information and privacy

Business Partners are expected to strive to establish organizational structures to protect personal information and privacy. Business Partners are also expected to comply with relevant laws and ordinances and other guidelines and obtain, manage, and use personal information appropriately. If personal information is leaked or similar accidents occur, Business Partners are required to swiftly report them to the person in charge at the TSI Group and take measures to prevent the spread of damage.

(3) Prevention of inappropriate use of confidential information

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Business Partners are expected to strive to establish systems to protect confidential assets and information they obtain through dealings with the TSI Group.

9. Coexistence with local communities

In its social policy, the TSI Group adopts co-creation with local communities as one of its materiality issues. The TSI Group calls upon Business Partners to support this basic policy of the TSI Group.

(1) Initiatives to reduce damage to local communities and the health and safety of their residents

Business Partners are expected to strive to reduce damage to the local community in which they operate and their residents, including damage caused by noise, chemical substances, and accidents.

(2) Initiatives for sustainable development, including contribution to and collaboration with local communities and indigenous peoples

Business Partners are expected to strive for job creation, skill development, purchase of local products and services, and so forth in the local community in which they operate.