Action Policy for Fiscal 2024

As the influence of the COVID-19 pandemic declined gradually last year and our life is slowly getting back to normal, a proper response to structural changes continues to be considered essential. In this situation, new online methods are routinely used when we hold meetings and seminars.

Accordingly, we continue to implement our action policy this year based on the "Recommendations for a Desirable Shape of Our Industry in 2030".

The Japan Textile Federation (JTF) published in 2020 the "Recommendations for a Desirable Shape of Our Industry in 2030" that depicts "a desirable shape" of the Japanese textile industry. Since then, we have worked on various problem-solving efforts through organizing our common challenges to be solved and directions, making such challenges and directions known to the textile and other industries and cooperating with our member organizations, in order to realize the "desirable shape".

In our action policy this year, we categorize our major activities into two large themes: "Response to Sustainability" and "Support for Small and Medium Businesses".

The theme "Response to Sustainability" is divided into three items: (1) Securing Human Resources, (2) Response to Circular Economy, and

(3) Trade Optimization.

The theme "Support for Small and Medium Businesses" is divided into two items: (4) Response to Digital Revolution and (5) Support for Overseas Business Expansion. Moreover, (6) Active Approaches to Cope with Trade Issues, (7) Strengthening of Information Transmission Capability and Brand Power, and (8) Response to Taxation Issues continue to be tackled as our major activities.

In addition, we developed and published the "Guidelines for Responsible Corporate Conduct in Textile Industry" in collaboration with the ILO Tokyo Branch Office in 2022, recognizing the necessity to earnestly address human rights issues including proper operation of the Technical Intern Training Program in the entire Japanese textile industry. We continuously work to make the Guideline well known to our industry through our member organizations in this year as well.

JTF will make every effort for further development of the textile industry by recognizing that the trust from the society on the textile industry is important and sharing responsibilities in the overall supply chain, while further strengthening the trust-based mutual relationships between our member organizations. Also, JTF will reinforce its activity basis through continuously making active policy proposals to the government.

Based on the basic concept outlined above, JTF will carry out its activities for development of the Japanese textile industry in accordance with the eight policies shown below:

Response to Sustainability (Securing Human Resources)

For securing sufficient human resources in the current labor shortage situation, we will work to create a better working environment for women, elderly people as well as foreigners, in addition to dedicating efforts to improve productivity.

Specifically, we aim to create a better business environment, strive to add other industrial areas to the "Specified Skilled Workers Program", and appropriately cope with the revision of the "Technical Intern Training Program" and the "Specified Skilled Workers Program", through increasing the companies in the textile industry that declare to implement the "Responsible Corporate Conduct" and trying to disseminate the "Guidelines for Responsible Corporate Conduct". As a result, such companies fulfill their social responsibilities including respect of human rights of those who work in their own companies as well as suppliers and vendors.

Response to Sustainability (Response to Circular Economy)

Environmental issues (including responsive measures for global warming, resource recycling society, etc.) that are closely related to sustainability are a common challenge for the textile industry. Accordingly, we collect the related information both at home and abroad and provide our member organizations with such information.

Response to Sustainability (Trade Optimization)

Since trade optimization is a significant issue in terms of corporate survival, respect of human rights in supply chain and wage hike, we continue our efforts for ensuring proper business transactions with the cooperation with our member organizations through follow-up programs including the voluntary action plan, etc. in coordination with the Fashion Industry SCM Promotion Association. Furthermore, we will promote our newly prepared voluntary action plan to address severe

situations in physical distribution industry that emerge as the "2024 problem".

Support for Small and Medium Businesses (Response to Digital Revolution)

We will promote various activities for small and medium businesses (SMBs) as a main target that have limited knowledge on specific responsive measures and are less advanced in efforts to cope with digitalization, including (1) introduction of appropriate measures that can be easily implemented in SMBs, (2) matching with vendors that have developed simplified and affordable systems for SMBs, and (3) matching with consulting organizations regarding IoT.

Support for Small and Medium Businesses (Response to Digital Revolution)

We will strive to build a support network for small and medium businesses. Specifically, together with our member organizations, we facilitate the use of the existing support networks with public assistance organizations playing a core role to create an environment for such businesses as a main target that are indispensable for the textile industry to gain necessary support more easily.

Active Approaches to Cope with Trade Issues

JTF will further take advantage of regional economic partnership agreements including RCEP.

Also, JTF continues to hold the Japan-China-Korea Textile & Clothing Conference annually in cooperation with the China National Textile and Apparel Council and the Korea Federation of Textile Industries to exchange the information broadly.

Strengthening of Information Transmission Capability and Brand Power

JTF will put its efforts into information transmission activities including appeal of high-quality, high-sensitivity and high-functional materials that incorporate sophisticated technology and sensibility of the Japanese textile industry through cooperation in "J ∞ QUALITY Product Certification Project" and other events.

Furthermore, in collaboration with the "Cool Japan Strategy" implemented by the government, JTF will work on the related organizations in order to allow textile products ranging from fashion goods to functional goods to be promoted widely both at home and abroad.

Response to Taxation Issues

We will request the ruling parties and the relevant ministries for appropriate revision of taxation systems related to the whole textile industry.