

"Declaration of Partnership Building "

The Declaration of Building Partnership Buildings is declared by representatives of companies to build new partnerships by promoting collaboration and co-existence and co-prosperity among business partners in the supply chain and businesses that seek to create value.

1.Coexistence and co-prosperity of the entire supply chain and new cooperation that transcends business scale and affiliation

We will strive to increase the value added throughout the supply chain by reaching out, through our direct suppliers, to their suppliers (from "Tier N" to "Tier N + 1"). We also aim to build coexistent and co-prosperous partnerships with our suppliers through cooperation that goes beyond the existing business relationships and company size. We will provide advice and other support, including helping our suppliers introduce teleworking and formulate their Business Continuity Plan (BCP), from the perspective of business continuity in the event of a disaster or other emergency and of work-style reforms.

(Individual items)

a.TechnologyTechnical Provision

We aim to increase the added value of the entire supply chain by providing our business partners with unique proprietary technologies (measurement devices, etc.).

b.Environmental Initiatives

In cooperation with our business partners, we aim to realize a sustainable society by converting each base to renewable energy and improving the efficiency of transportation and delivery.

2.Compliance with the "Promotion Standards"

We will comply with desirable trade practices between parent enterprises and subcontractors ("Promotion Standards" under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises), and we will actively correct trade practices and commercial customs that may hinder the establishment of partnerships with our suppliers.

①Pricing method

We will not demand unreasonable price reductions. When determining transaction prices, we will agree to engage in and hold sufficient discussions upon request of a subcontractor, giving consideration to the impact of increased labor costs, so that the resulting prices will include proper profits for the subcontractor. When entering into a contract, including the determination of transaction prices, we, if acting as a parent enterprise, will indicate and deliver to the subcontractor the relevant contract terms in writing.

②Terms of payment by draft, etc.

We will pay subcontracting fees in cash as much as is practical. Should we pay those fees by draft, we will never have subcontractors pay discounts or other fees. We will also endeavor to pay invoices within 60 days.

③ Intellectual property and knowhow

We will not request information that is not necessary in light of the original purpose of the consignment, such as not urge subcontractors to enter into any one-sided non-disclosure agreement or take advantage of our trading position to demand that they disclose their knowhow or transfer their intellectual property rights without compensation.

④ Consideration for work-style reforms at subcontractors

We will not require subcontractors, without proper cost compensation, to complete subcontract work in unreasonably short time periods, nor will we request sudden changes to the specifications of subcontract work, so that subcontractors can also pursue work-style reforms. In the event of a disaster or other emergency, we will not impose a one-sided burden on subcontractors in terms of transactions, and upon the resumption of business operations, we will give consideration to the continuation of business relationships as much as possible.

3. Other (optional description)

Through co-creation and collaboration with ZOZOTOWN store-opening brands and business partners who compose our supply chain, we aim to realize our sustainability statement "Fashion Connects and Leads us to a Sustainable Future." by conducting business while giving due consideration to environmental and social impacts.

September 26, 2022

SAWADA Kotaro
Representative Director, President and CEO
ZOZO, Inc.