

“Partnership Building Declaration”

We declare that we will focus our efforts on the following initiatives to build new partnerships by promoting collaboration, coexistence and mutual prosperity with our supply chain partners and businesses that seek to create value.

1. Coexistence and mutual prosperity throughout the supply chain and new collaboration that transcends enterprise scale and affiliation

We aim to increase added value throughout the supply chain by engaging with upstream and downstream business partners through direct business partners (from “Tier N” to “Tier N+1”) and to build co-existence and mutual prosperity with our business partners through collaboration that transcends existing business relationships and enterprise scale. In doing so, we will also provide support to our business partners from the perspective of business continuity and work style reform in the event of a disaster, such as by providing them with advice on the implementation of telework and the formulation of business continuity plans (BCPs).

(Individual Initiatives)

- a. We will share our production information with our business partners and seek to increase productivity and efficiency.
- b. We will provide products and services that contribute to the sustainable development of society by engaging in improvement activities with our business partners and share our legacy of craftsmanship.
- c. Initiatives related to health management (provision of know-how related to health management, joint implementation of health promotion measures, etc.)

2. Compliance with “Promotion Standards”

We will comply with desirable business practices between large procuring enterprises and subcontractors (the “Promotion Standards” established under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) and actively work to rectify trading practices and business practices that hinder the building of partnerships with our business partners.

(1) Price determination method

We will not make unreasonable requests for cost reductions. In determining transaction prices, we will consult with subcontractors at least once a year and will make decisions after sufficient discussion to ensure fair profits for subcontractors and to allow for the improvement of working conditions for subcontractors. Such decisions will be made after appropriately taking the actions set forth in the “Guidelines on Price Negotiations for Appropriately Passing on Labor Costs.” Furthermore, in the

event of an increase in the costs of raw materials or energy, we aim to fully pass on appropriate cost increases. In concluding contracts, including determining transaction prices, we will clearly state and provide the terms and conditions thereof in writing.

(2) Cost burden for mold management

We will conduct mold transactions based on the “Basic Concept and Basic Principles of Mold Transactions” and the “Memorandum on Handling of Molds” set forth in the “Report of the Council for Promotion of Appropriate Mold Management.” At the same time, we will promote the disposal of unnecessary molds and will not request subcontractors to store molds free of charge.

(3) Payment terms for notes payable

We will pay subcontractor fees in cash whenever possible. When payment is made in notes, we will ensure that the subcontractor does not bear the discount on notes and endeavor to set the payment terms to within 60 days.

(4) Intellectual property and know-how

We will conduct transactions in accordance with the “Basic Policies” and the “Model Contract” set forth in the “Guidelines for Intellectual Property Transactions.” We will not require the conclusion of unilateral non-disclosure agreements and will not take advantage of our trading position to require the disclosure of know-how or the transfer of intellectual property rights free of charge.

(5) Burden resulting from work style reforms

To ensure that our business partners can also respond to work style reforms, we will not place short-term orders with, or make sudden specification changes for, subcontractors without bearing appropriate costs. In the event of a disaster or other emergency, we will take care not to impose unilateral burdens on subcontractors in transactions and will also ensure that we can maintain business relationships as much as possible when resuming business operations.

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mitsui miike machinery company, limited

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