

"Declaration of Partnership Building"

We hereby declare that we shall promote cooperation, coexistence, and co-prosperity with suppliers in our entire supply chain and all service providers who create value, to establish partnership.

1. **Coexistence and Co-prosperity of the Entire Supply Chain and New Cooperation regardless of Company Size and Business Group**

We shall reach out our sub suppliers through direct suppliers (from "Tier N" to "Tier N + 1") to add and enhance value for entire supply chain. Moreover, we make an effort to coordinate with existing suppliers regardless of size of company and to build coexistent and co-prosperous partnerships with our suppliers. As we have to consider business continuity in the case of natural disaster, other emergencies and work style reform, we will support suppliers to implement telework, formulate BCP and suggest health-oriented management. We will facilitate sharing information using IT and digitalization to improve efficiency in the entire supply chain.

2. **Compliance with "Promotion Standards"**

We shall comply with desirable business practices between parent enterprises and subcontractors (based on "Promotion Standards" under Act on the Promotion of Subcontracting Small and Medium-sized Enterprises), and actively correct the trade and business practices, which prevent us from building partnerships with our suppliers.

(1) Pricing Method

We will not make any unreasonable requests for cost reduction. In deciding compensation for transactions, we shall make time and negotiate with suppliers at least once a year and take labor cost increase into account to appropriately secure subcontractor's profit. In that case, the decision will be made after taking action in accordance with 'Guideline on proper negotiation for labor cost pass-through'. Furthermore, in the event that material and energy cost hike, we will accordingly endeavor to bear 100% of the increase. When signing an agreement, including deciding compensation for the transaction, we shall offer terms and conditions and issue written documents.

(2) Mold Management and other Cost Borne

In accordance with "Concept and Principle for Die and mold transaction" and "Memorandum on Die and Mold of mold transaction" defined at "Report from Die and Mold Transaction Optimization Promotion Committee", we shall address the issue for the transaction, dispose unnecessary die and mold, and not require suppliers to store die and mold free of charge if they have not been used for long period of time.

(3) Payment Terms and Draft

Payment for all the transactions will be made in cash.

Payment terms shall be Net 30.

(4) Intellectual Property and Know-how

We shall adhere to 'Basic concept' and 'Template for agreement' defined "The guideline for intellectual property transaction."

We will not require subcontractors to sign a Non-Disclosure Agreement nor take advantage of our position as buyer and demand to disclose their know-how or transfer their intellectual property rights without compensation.

(5) Negative effects from work-style reforms

We will not place orders with a short lead time nor change specification without advance notice and without reasonable compensation so that supplier will be able to cope with work style reform. In the event of disaster or other emergencies, we will not impose one-sided burden on subcontractors and, upon resuming operation, to the fullest extent, we shall consider maintaining business relationship.

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MITSUBA Corporation Representative Director, President

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