

## **“Declaration of Partnership Building”**

We declare that in order to build new partnerships through cooperation, co-existence and mutual prosperity with our supply chain business partners and other value-creating suppliers, we will make concerted efforts to be proactive about the following items.

### **1. Coexistence and mutual prosperity throughout the supply chain and cooperation beyond corporate scale and association**

We will work to add value to the supply chain as a whole by working through our direct business partners to their partners beyond them (from “Tier N” to “Tier N+1”), aiming to build co-existence and mutual prosperity with these parties through collaboration that transcends factors such as existing business relationships and corporate scale. In doing so, we will also support our business partners from the perspective of work style reforms and business continuity during disasters, such as by advising them on the introduction of work-from-home and the development of business continuity plans (BCPs).

### **2. Compliance with the “Promotion Standards”**

We will adhere to sound trade practices between main subcontracting enterprises and subcontractors (the “Promotion Standards” established under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) and actively work to correct trade and commercial practices that hinder the establishment of partnerships with our business partners.

#### **① Pricing methods**

We will not make unreasonable requests to subcontractors for cost reductions. In determining the price to be paid for a transaction, if a subcontractor makes a request to negotiate the matter with us, we will respond to them and hold sufficient discussions to include appropriate benefits for the subcontractor, taking into account the impact of increased labor costs among other factors as needed. In concluding contracts, including determining the transaction price, we will clearly state and deliver the terms and conditions of the contract in writing or through similar means.

#### **② Cost burden mitigation for die management**

We will consult thoroughly with subcontractors to encourage the disposal of dies that are no longer needed and will not request subcontractors to store them free of charge.

#### **③ Terms of payment for notes payable**

We pay subcontract proceeds in cash whenever possible. When payment is made in notes, we will ensure that the subcontractor does not bear the discount on notes and work toward making the term of payment to be within 60 days in the future.

#### ④ **Intellectual property and expertise**

Our transactions will be conducted in accordance with the Guidelines for Intellectual Property Transactions, and we will not seek to conclude one-sided confidentiality agreements, disclose expertise by taking advantage of our superior bargaining position, or transfer intellectual property rights without compensation.

#### ⑤ **Impacts of work style reforms**

To ensure that our business partners are also able to adapt to work style reforms, we will not place orders with short delivery times or make sudden changes in specifications without bearing the appropriate costs. In the event of a disaster or other emergency, we will not impose a one-sided burden on subcontractors in relation to business transactions, and after business resumes, we will give the utmost consideration to the maintenance of business relationships.

### **3. Others**

We have published our “Basic Transaction Principles” and strive to conduct fair transactions with our business partners. We will provide ongoing company-internal education to ensure that the contents and purpose of the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and the “Promotion Standards” are thoroughly understood.

June 10, 2022

YKK AP President Representative Director

Hidemitsu Hori