

Declaration of Partnership Building

Our company hereby declares its commitment to building new partnerships by promoting collaboration and mutual prosperity with suppliers across the supply chain and with business partners engaged in value creation. We will focus on the following key initiatives.

1. Mutual Prosperity Across the Supply Chain and New Collaborations Beyond Scale and Affiliation

We aim to improve the value added throughout the supply chain by approaching, through our direct suppliers, suppliers that exist beyond them ("Tier N" to "Tier N+1"). Through collaboration that transcends existing business relationships and company size, we strive to build mutual prosperity with our partners. In doing so, we also support our suppliers in implementing telework and developing Business Continuity Plans (BCPs), especially from the perspectives of disaster preparedness and work style reform.

(Specific Initiative)

- We prioritize purchasing products and services with low environmental impact and from companies actively engaged in environmental conservation or demonstrating excellence in environmental initiatives.

2. Compliance with the "Promotion Standards"

We strictly adhere to the desirable business practices between parent companies and subcontractors as defined by the "Promotion Standards" under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises. We actively work to correct any business practices that hinder partnership building. This approach also applies to non-subcontracting business relationships where there may be a hierarchy in bargaining positions.

① Price Deciding Method

We do not make unreasonable cost reduction demands. We hold discussions with subcontractors at least once a year to determine fair compensation that includes appropriate profit margins and enables improvement of working conditions. Pricing decisions are made in accordance with the "Guidelines on Price Negotiation for Appropriate Pass-Through of Labor Costs." In cases of rising raw material or energy costs, we aim to fully reflect the increased costs. All contract terms, including pricing, are clearly documented and provided in writing.

② Cost Burden for Mold Management, etc.

Mold transactions are conducted based on the "Basic Concept and Principles of Mold Transactions"

and the “Memorandum on Mold Handling” outlined in the “Report by the Council for Promoting Proper Mold Transactions.” We promote the disposal of unnecessary molds and do not request subcontractors to store molds without compensation.

③ **Payment Terms Including Conditions for Promissory Notes and Bills of Exchange**

Subcontractor payments will be made in cash whenever possible. If payment is made by promissory note or bill of exchange, we ensure that discount fees are not borne by the subcontractor and aim to keep the payment term within 60 days.

④ **Intellectual Property and Know-how**

Transactions are conducted in accordance with the basic viewpoints and contract templates set forth in the “Guidelines for Intellectual Property Transactions.” We do not demand unilateral confidentiality agreements, disclosure of know-how, or free transfer of intellectual property rights by taking advantage of our position in the transaction.

⑤ **Negative Impacts from Work Style Reforms, etc.**

To support our partners in adapting to work style reforms, we avoid placing undue burdens such as short delivery deadlines or sudden specification changes without appropriate cost coverage. In times of disaster or business disruption, we refrain from imposing unilateral demands and strive to maintain business relationships during recovery.

3. Other

- We strictly adhere to fair trade practices based on the OSG Group’s Procurement Basic Policies.
https://www.osg.co.jp/en/about_us/procurement/

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OSG Corporation