

Declaration of Partnership Building

We, Nippon Shinyaku, hereby declare that we will focus our efforts on the following matters in order to build new partnerships by promoting cooperation, coexistence and co-prosperity with our supply chain and value-creating business partners.

1. Coexistence and co-prosperity throughout the supply chain, and new cooperation beyond 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”), and we aim to build coexistent and co-prosperous partnerships with our business partners through cooperation that goes beyond the existing trade relationships, corporate scales, etc. In this connection, we will also provide advice and other assistance to help our business partners to introduce teleworking and formulate their business continuity plans from the viewpoint of business continuity in the event of a disaster or other emergency, as well as of work-style reform.

(Individual Items)

- We will work with our business partners to conduct sustainable procurement activities in consideration of compliance, human rights, and the global environment.
- We will promote initiatives related to health and productivity management by providing business partners with know-how related to health and productivity management and jointly implementing health promotion measures.

2. Compliance with “Promotion Standards”

We will comply with desirable trade practices between parent enterprises and subcontractors (“Promotion Standards”) under the Act on Promotion of Subcontracting Small and Medium-sized Enterprises and will actively work to correct trade practices and commercial customs that may hinder the establishment of partnerships with our business partners.

(1) Pricing method

We will not demand unreasonable price reductions. In determining transaction prices, we will consult with subcontractors at least once a year and make decisions after sufficient consultations so that the resulting prices may include proper profits for subcontractors and enable them to improve their working conditions. In doing so, we will make decisions after appropriately taking the actions set out in the “Guidelines for Price Negotiations for Pass-On of Labor Costs.” In addition, in the event of a rise in raw material or energy costs, we will aim to pass on the full amount of the appropriate increased cost. 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.

(2) Cost burden for mold management, etc.

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 Proper Mold Transactions” and promote the disposal of unnecessary molds, and we will not request subcontractors to store molds free of charge.

(3) Terms of payment by bill, etc.

We will pay subcontracting fees in cash as much as practicable.

(4) Intellectual property and know-how

We will conduct transactions based on the Basic Principles and the Contract Model set forth in the Guidelines for Intellectual Property Transactions, and we will not urge our subcontractors to enter into any one-sided non-disclosure agreement or take advantage of our trading position to demand that they disclose their know-how or transfer their intellectual property rights without compensation.

(5) 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)

We have published our “Declaration of Voluntary Action” regarding “White Logistics” and will work to improve logistics based on mutual understanding and cooperation with suppliers, logistics providers, and other related parties to realize highly productive logistics and work style reforms.

April 1, 2025

Nippon Shinyaku Co., Ltd. Representative Director, President, Toru Nakai

Company Name Title/Name (person having the authority of representation)