

Declaration of Partnership Building

We hereby declare that we will focus on the following matters in order to build new partnerships by promoting cooperation, coexistence, and co-prosperity with our suppliers in the supply chain and businesses seeking to create value.

1. Coexistence and co-prosperity of the entire supply chain and new cooperation that transcends business 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”). We also aim to build coexistent and co-prosperous partnerships with our suppliers through cooperation that goes beyond the existing business relationships and company size. We will provide advice and other support, including helping our suppliers introduce teleworking and formulate their Business Continuity Plan (BCP), from the perspective of business continuity in the event of a disaster or other emergency and of work-style reforms.

(Individual item)

- We regularly visit our suppliers to provide guidance on quality control methods.
- By providing information terminals to our suppliers in their production processes, we share data with them and train their IT staff.

2. Compliance with the “Promotion Standards”

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

1) Pricing method

We will not demand unreasonable price reductions. When determining transaction prices, we will agree to engage in and hold sufficient discussions upon request of a subcontractor, giving consideration to the impact of increased labor costs, so that the resulting prices will include proper profits for the subcontractor. 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) Mold management cost

We promote “proper mold management”. We clearly divide molds into two categories: those to be

stored and those to be disposed of. We will fully discuss and agree with subcontractors to bear the management costs of the former and promote the disposal of the latter.

3) Terms of payment by draft, etc.

We pay our subcontractors in cash whenever possible.

4) Intellectual property and knowhow

We will not urge subcontractors to enter into any one-sided non-disclosure agreement or take advantage of our trading position to demand that they disclose their knowhow 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)

- Our suppliers are important partners for us as we have minimum production facilities. We strive to build relationships of trust and cooperation with them and to fulfill the social and moral responsibilities required of our supply chain.

YUSHIN PRECISION EQUIPMENT CO., LTD.

Representative Director and President

Takayo Kotani

August 17th, 2022

** Disclaimer:*

This English version is not an official translation of the original Japanese document. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. YUSHIN PRECISION EQUIPMENT CO., LTD. shall accept no responsibility or liability for damages or loss caused by any error, inaccuracy, misunderstanding or misspelling with regard to this translation. This translation may be used only for reference purposes. YUSHIN PRECISION EQUIPMENT CO., LTD. maintains the right to claim compensation from violators for any damage or loss it may suffer from the violation of these conditions.