

Declaration of Partnership Building

Harima Chemicals Group hereby declares commitment to the following undertakings in order to continue to build strong ties with our supply chain partners and value-creating businesses, through mutually beneficial collaboration.

1. Mutually beneficial collaboration with existing and potential business partners across the supply chain, beyond scale or affiliation, etc.

We enhance added value throughout the supply chain by encouraging our direct partners to collaborate with their own business partners (from "Tier N" to "Tier N+1"), and continue to promote mutually beneficial collaboration with existing and potential partners, beyond scale or affiliation. To this end, we also offer assistance in implementing telework systems and other workstyle reforms, as well as establishing business continuation plans that improve resilience during disasters and other emergencies.

(Details)

- Digitalize business processes and assist with IT system implementation
- Promote fair and equitable practices in the supply chain, in line with "Harima Chemicals Group Procurement Guidelines"
- Jointly conduct activities and provide knowhow related to employee health management and health promotion initiatives

2. Compliance with promotion standards

We adhere to desirable trading practices between main subcontracting enterprises and subcontracting businesses ("Promotion Standards" in accordance with the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises), and actively rectify practices that hinder our partnerships.

① Pricing methods

We refrain from making unreasonable demands on our subcontractors to lower prices. We consult subcontractors at least once a year when determining transaction prices, taking into consideration subcontractor requests to accommodate increased labor costs so that prices include appropriate profit margins. In making such decisions, we take appropriate action as set forth in the Guidelines on Price Negotiations for Appropriate Shifting of Labor Costs. In

the event of significant increases in raw material or energy prices, we aim to reflect related costs in transaction prices. When entering into contracts that determine transaction prices, we address and specify relevant terms and conditions in writing.

② **Payment terms**

We pay subcontracting fees in cash whenever possible. When fees are paid through draft, we account for additional fees and pay invoices within 60 days.

③ **Intellectual property and knowhow**

We adhere to the Guidelines for Intellectual Property Transactions, and refrain from enforcing one-sided nondisclosure agreements, taking advantage of our position to seek disclosure of knowhow or demand transfer of intellectual property rights without compensation.

④ **Consideration for workstyle reforms**

To encourage workstyle reforms at subcontractor businesses, we do not place orders with unreasonable delivery times or change specifications on short notice without appropriate compensation. In the event of a disaster or other emergency, we refrain from imposing unfair burdens on subcontractors and, upon resumption of operations, maintain business relationships to the extent possible.

3. Other

We continue to work in close collaboration with our worldwide suppliers and conduct operations with the highest integrity and consideration for people, society and the environment, in line with "Harima Chemicals Group Procurement Guidelines", as well as international laws and regulations.

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Yoshihiro Hasegawa
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