

Declaration of Partnership Building

Ryobi Limited hereby declares its commitment to tackling the following items as priority initiatives to promote collaboration and ensure mutual prosperity with its business partners, who together constitute its supply chain, as well as other like-minded corporations striving for value creation, with the aim of building fresh partnerships with them.

1. Mutual Prosperity for All Supply Chain Constituents and Fresh Collaboration Transcending Differences in Corporate Size and Business Affiliation

We will strive to enhance added value delivered by the entire supply chain. To this end, through our direct suppliers, we will reach out to their suppliers (from “Tier N” to “Tier N +1”). Moreover, we will engage in collaboration that transcends existing transactional relationships, differences in corporate size and other restrictions to ensure mutual prosperity with business partners. In the course of doing so, we will also help them introduce remote working systems, provide advice regarding the formulation of business continuity plans (BCPs) and otherwise offer assistance to support their ongoing operations during times of disaster as well as their efforts to promote workstyle reforms.

2. Compliance with “Promotion Standards”

We will comply with standards regarding desirable transactional practices between procuring enterprises and subcontractors (as set forth in “Promotion Standards” stipulated by the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) while proactively striving to correct transactional and business practices that may hinder the development of partnerships with suppliers.

(1) Pricing Methods

We will not demand unreasonable reductions in prices. When determining transaction prices, we will engage with a supplier whenever requested and hold sufficient discussions so that the resulting prices properly reflect, for example, rising labor costs and thus include appropriate profit for said supplier. When entering into a contract to determine transactional prices or other matters, we will present and deliver contract terms and conditions to suppliers in writing.

(2) Mold Management and Other Cost Burdens

We will engage in mold management in reference to the model agreement regarding the handling of molds (compiled by the Ministry of Economy, Trade and Industry) and will not demand the free-of-charge storage of molds that are no longer used for mass production.

(3) Notes and Other Payment Conditions

In principle, we will pay compensation to suppliers in cash and, when we utilize notes or other instruments for such payment, we will not ask suppliers to bear such costs as those associated with the discounting of notes. We will also endeavor to ensure that all payments are due within 60 days.

(4) Intellectual Properties and Know-How

We will engage in transactions in conformity with the “Guidelines on Intellectual Property Transactions” compiled by the Small and Medium Enterprise Agency. Accordingly, we will not ask suppliers to sign unilateral secrecy agreements or otherwise abuse our transactional position to require the disclosure of their know-how or the transfer of their intellectual property rights without due compensation.

(5) Consideration to the Impact of Workstyle Reforms

As we aim to help our suppliers keep up with the ongoing trend toward workstyle reforms, we will abstain from placing orders with extremely short turnarounds or requiring sudden changes in job specifications without ourselves taking on an appropriate cost burden.

When a disaster or other emergency occurs, we will strive to avoid circumstances in which an excessive burden is unilaterally imposed on suppliers. We will also give the utmost consideration to the continuation and/or restoration of transactional relationships with them upon the subsequent resumption of their operations.

3. Other

We will facilitate the understanding of “Promotion Standards” among our workforce by, for example, providing in-house training on the Ryobi Code of Conduct that governs the conduct of each employee in the course of their daily operations.

Furthermore, we will promote green procurement in line with the Ryobi Group Environmental Policy and Environmental Targets.

March 24, 2022

Akira Urakami

President and CEO, Ryobi Limited