

Declaration of Partnership Building

We, Nippon Steel Corporation, hereby declare that we will concentrate our efforts on the following matters in order to build new partnerships by promoting business tie-ups, and co-existence and co-prosperity, with our supply chain and value-creating business partners.

1. Co-existence and co-prosperity throughout the supply chain, and new business tie-ups transcending corporate scales, affiliations, etc.

We will strive to improve the value added throughout the supply chain by approaching, through our direct suppliers, suppliers that exist beyond them, and aim to build coexistent and co-prosperous partnerships with our business partners through business tie-ups that will go beyond the existing trade relationships, corporate scales, etc. In this connection, we will also give advice and other assistance to help our business partners to introduce teleworking and formulate their business continuity plans from the viewpoint of business continuation in case of a disaster or other emergency, as well as of work style reform.

(Individual Items)

- Expand procurement items contributing to product development and productivity improvement through open innovation
- Make our business operations more accurate and more efficient through system utilization
- Achieve co-existence and co-prosperity through proper assessment of added value of the entire supply chain and fair sharing of increased costs

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 prevent us from building partnerships with our business partners.

(1) Method of setting prices

We will not demand unreasonable price reductions. When we determine transaction prices, we will agree to have discussions upon request of a subcontractor for discussions, and fully discuss prices such as by taking into account possible effects of increased labor costs, so that the resulting prices may include proper profits for the subcontractors. Prior to entering into a contract including determination of transaction prices, we, if acting as a parent enterprise, will indicate and deliver to our subcontractors the relevant contract terms in writing.

(2) Terms of payment by bill, etc.

We will pay subcontracting fees in cash as much as practicable. Should we pay those fees by bill, note or draft, we will never have our subcontractors pay discounts and other fees. We will also endeavor to pay invoices within 60 days after the close of the accounts, in the future.

(3) Intellectual property and knowhow

We will not urge our subcontractors to enter into any unilateral 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.

(4) Consideration for our business partner's work style reforms, etc.

We will not place short-time delivery orders with, or make sudden changes to our specifications for, our subcontractors without sharing appropriate costs, so that our business partners can respond to their work style reforms. In case of a disaster or other emergency, we will give due consideration so that we may not impose commercially unilateral burdens on our subcontractors and, upon resumption of business operations, we may continue to maintain our trading relationships to the extent possible.

December 20, 2021

Makoto FUJINO, Representative Director and President, Nippon Steel Rolls Corporation