

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN
SUPPLY CHAINS
2023 ANNUAL REPORT

The logo for uni-ball, featuring the brand name in a bold, white, lowercase sans-serif font centered within a solid red square.

uni-ball

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I. ABOUT THIS REPORT

This report has been prepared on behalf of uni-ball Corporation (the “**Corporation**”) in accordance with section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, S.C. 2023, c. 9 (the “**Act**”) for the financial year ended December 31, 2023 (the “**Reporting Period**”).

In this report, unless the context otherwise requires, the terms “**we**,” “**us**,” “**our**,” “**ours**,” and “**Uniball**” refer to the Corporation. As the context requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. Additionally, throughout this report, the use of the term “**modern slavery**” encompasses both forced labour and child labour.

This report constitutes the first and only report submitted by the Corporation with respect of the fiscal period ended December 31, 2023.

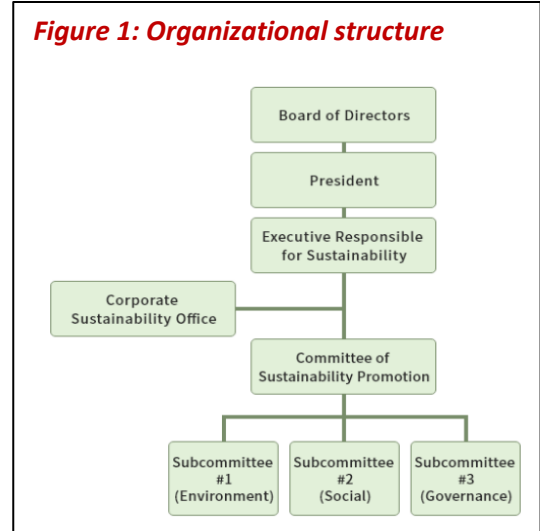
II. OUR BUSINESS

Structure

Uniball is an American company incorporated under Illinois’ *Business Corporation Act of 1983* with its head office in Wheaton, Illinois. The Corporation is part of the Mitsubishi Pencil Group, composed of: (i) Mitsubishi Pencil Company, Limited (the “**Parent Company**” or “**Mitsubishi Pencil**”), a limited liability company incorporated under the laws of Japan and headquartered in Tokyo; and (ii) its twenty-six (26) wholly owned subsidiaries which are located on three (3) different continents (collectively with the Parent

Company, the “Group” or “Mitsubishi Pencil Group”). Although the Parent Company is not classified as an “entity” under the Act and therefore is not subject to reporting obligations, this report summarizes the policies, procedures, and due diligence processes it has implemented, as they are intrinsically linked to those of the Corporation.

The corporate governance of the Mitsubishi Pencil Group is managed by the Parent Company through a Sustainability Committee and its three subcommittees (see Figure 1). The Sustainability Committee is responsible for implementing and enforcing sustainability policies across the entire Mitsubishi Pencil Group and overseeing the activities of each subsidiary, whereas the subcommittees develop structures and processes and monitor activities related to one specific ESG factor.



In 2023, the Mitsubishi Pencil Group employed a total of 2,587 people located in over 10 different countries. Of that number, 34 are employees of the Corporation. Although most of Uniball’s employees are in the United States, two (2) work in Canada.

Activities

The Corporation imports into the United States, Canada, and Mexico uniball pens (i.e. gel, ball-point, and water base pens) and Posca markers manufactured by Mitsubishi Pencil at seven global manufacturing facilities located in Japan, China, and Vietnam. During the last Reporting Period, we imported into Canada merchandise amounting to 2,738,000 USD from our distribution facilities located in the United States and 494,000 USD from China. Additionally, our Canadian sales volume for the Reporting Period amounted to 5,912,912 CAD.

Overview of our supply chain

Most of our procurement activities occur through the Mitsubishi Pencil Group. The pens and markers we import into Canada and sell to Canadian resellers are manufactured at sites located in Japan, China, and Vietnam. The merchandise Uniball imports into Canada ships from warehouses in Illinois and Shanghai owned and operated by the Mitsubishi Pencil Group. Packaging supplies are procured through several American and Canadian suppliers.

The materials used in the production of uniball pens and Posca markers, such as plastics, resin, and ink, are procured from Japanese suppliers by the Parent Company and its Japanese subsidiaries. The Group’s main plastics and resin supplier, located in Japan, has implemented due diligence processes, measures and policies expressly prohibiting the use of forced labour and child labour in its own activities and in its supply chains.

While more than half of the Group's products are entirely manufactured in factories located in the Yamagata, Gunma, and Kanagawa prefectures, some raw materials are shipped to the Group's factories in China and Vietnam for processing and partial assembly. These partially assembled products are then sent back to the Japanese factories for final assembly into finished goods.

III. STEPS TO PREVENT AND REDUCE RISKS OF MODERN SLAVERY

During the Reporting Period, the Mitsubishi Pencil Group has taken the following steps to prevent and reduce the risks of modern slavery within the Group's supply chains and activities:

- Implementation of a Human Rights Policy, which expressly addresses the issue of modern slavery;
- Development of a new *Supplier Code of Conduct*, which was formally adopted in January 2024, prohibiting the use of forced labour and child labour;
- Implementation of a whistleblowing system ensuring protection against reprisals and harassment for anyone reporting suspected misconduct of a supplier.

IV. POLICIES AND DUE DILIGENCE PROCESSES

Charter of Corporate Behavior: Basic Rules on Compliance

The Parent Company has established a *Charter of Corporate Behavior* (the "**Charter**") which applies to the whole organization. The Charter establishes the *Basic Rules on Compliance* to be followed by all members of the Mitsubishi Group. The Basic Rules are divided in three sections, each corresponding to an ESG aspects: the [Environment Basic Rules](#), the [Society Basic Rules](#) and the [Governance Basic Rules](#).

The Charter reaffirms the Group's commitment to conducting ethical business operations and outlines the guidelines that employees, directors, and officers of each company within the Group are expected to follow.

The Society Basic Rules explain the whistleblowing system implemented by the Group as a means of notifying the Parent Company of any conduct that violates the Basic Rules, or any other of the Group's policies. The system consists of an internal and external helpline and a point of contact for harassment. In addition, we report the status of the operation of the system to the Parent Company's Board of Directors once a year.

Additionally, the Basic Rules demonstrate the Group's commitment to fulfil its social responsibilities with respect to its global supply chains, including respecting human rights, reducing environmental impact, and ensuring the safety and security of the products manufactured and sold by the Group, by conducting procurement and supply activities in accordance with laws, regulations, and social norms.

All business partners receive a copy of the Basic Rules and Supplier Code of Conduct when a new contract is concluded.

Human Rights Policy

On July 27, 2023, the Group adopted the [Mitsubishi Pencil Group Human Rights Policy](#) (the “**Human Rights Policy**”) outlining its commitment to conducting its business activities in compliance with the human rights norms stated in the International Bill of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact, and the Guiding Principles on Business and Human Rights. Furthermore, the Group endeavors to comply with the laws and regulations of each country in which it operates.

To demonstrate the importance the Group places on respecting human rights in conducting its business activities, the Group declared that the provisions set out in the Human Rights Policy prevail over provisions of the Group’s *Basic Compliance Rules* and *Supplier Code of Conduct*.

Through this policy, the Group covenants to “work to maintain and promote safe and healthy work environments, prohibit forced labor and child labor, and prohibit discrimination and inhumane treatment in employment practices.”

Supplier Code of Conduct

The Mitsubishi Pencil Group has established a [Supplier Code of Conduct](#) promoting responsible and ethical procurement activities respecting human rights and the environment. All suppliers within the Group’s supply chains are required to comply with the code and ensure that their subcontractors do the same.

Among other things, this code prohibits (i) discrimination based on race, gender, age, nationality, ethnicity, religion, disability, or other factors; (ii) the use of forced and child labour; (iii) hindering employees’ right of association under applicable law; (iv) inhumane treatment violating individuals’ dignity; (v) imposition of excessive working hours and underpaid labour.

The Group reserves the right to ask suppliers to answer questions from external agencies and a company within the Group to monitor suppliers’ compliance with the Code.

Additionally, we require that our suppliers comply with all applicable laws and regulations relevant to their location. Our procurement contracts with major suppliers include contractual provisions to that effect.

V. FORCED LABOUR AND CHILD LABOUR RISKS

We consider that the risks of forced labour and child labour within our activities in North America is low. All employees of the Corporation are recruited in conformity with applicable local labour laws and regulations. In accordance with the Basic Compliance Rules, we take all necessary actions to ensure the safety, security, and health of our personnel.

To date, the Corporation has not conducted an in-depth analysis of its supply chain. Considering all the due diligence processes, measures, and policies implemented by the Mitsubishi Pencil Group, we consider that the risk of modern slavery in our supply chain is low.

VI. REMEDIATION MEASURES

As of the publication of this Report, Uniball has not identified any situations where forced labour or child labour is or is likely to be used in its activities and supply chain. Consequently, we have deemed required to implement any remedial measures concerning modern slavery or any loss of income remedial measures for the most vulnerable families due to measures taken to eliminate modern slavery in our activities and supply chain.

Should such a discovery be made, Uniball will conduct appropriate investigations and take necessary measures to eliminate the use of modern slavery within its supply chain. Depending on the gravity of the situation, the Corporation may terminate its business relationship with the defaulting supplier. Following the *Human Rights Policy*, Uniball covenants to address any direct or indirect negative impacts resulting from its business activities.

VII. TRAINING

The Parent Company conducts various training programs, including position-based human resource development training. Additionally, it actively dispatched personnel to its overseas sales and manufacturing subsidiaries, including to the Corporation, to develop future management executives.

The Group's personnel training programs, geared towards fostering both employee development and organizational growth, encompasses a variety of initiatives. These initiatives include cross-industrial business leadership workshops, cross-industrial dispatch training, management training, leadership development training, teaching training, business skills training, business management skills training, training for new employees, business school (distance education) and a program encouraging the acquisition of qualifications.

As of the publication of this report, we do not offer specific training to our personnel on forced labour and child labour.

VIII. ASSESSING EFFECTIVENESS

The Corporation, in alignment with the Mitsubishi Pencil Group, is firmly committed to upholding ethical and responsible business practices, ensuring that our operations remain free from modern slavery and any other human rights violations. However, as of the date of publication of this report, the effectiveness of the policies and processes put into place has not been assessed, nor has any assessment measure been put into place.

IX. APPROVAL AND ATTESTATION

The Report has been duly reviewed and approved by the board of directors of uni-ball Corporation in accordance with paragraph 4(a) of Section 11 of the Act.

As required by paragraph 11(5) of the Act, I, the undersigned, attest that the information contained in this report has been thoroughly examined and verified by the board, and that, to the best of our knowledge and after having exercised due diligence, the information contained herein in is true, accurate, and complete in all material respects for the Reported Period specified above.

I have the authority to bind uni-ball Corporation.

Per:



Mike Parker

President of uni-ball Corporation

May 30, 2024