

Regarding a Cease and Desist Order and a Surcharge Payment Order to Harley-Davidson Japan K.K. (Summary of Violations)

Harley-Davidson Japan
(HDJ)



Abuse of Superior
Bargaining Position

Specified Dealers

HDJ unilaterally set RSOs for the specified dealers that could only be achieved through self-registration as described in ① below, and then compelled those dealers to conduct business activities in accordance with these RSOs through methods such as those described in ② below.

① Unilateral Setting of RSOs

HDJ

- (1) Sending Agreements with RSO proposals (each January)
- (2) Requiring signature, seal, and submission of the Agreements

Specified Dealers

RSO
Unilateral
Setting

(2023 RSO: approx. 130% of previous year's RSWR; 2024 RSO: approx. 138%)

Specified dealers received Agreements without prior consultation or an opportunity to express opinions
Specified dealers recognized the difficulty of achieving RSO targets solely through customer sales, yet:
→ HDJ failed to provide a sufficient explanation of the calculation basis, and other details
→ HDJ made no downward revision to the RSO proposal

② Specific Methods Compelling Specified Dealers to Conduct Business Activities in Accordance with the RSOs

➤ Specified dealers with low **RSO achievement rates** faced the possibility of **NGS evaluations and non-renewal of their contracts**. HDJ engaged in the following actions:

HDJ Sales
Representative

There's only one day left this month, and you're still short of the target by X units. How many more can you sell?

It's hard to find new customers at this point ... The only way to meet the target is self-registration...

✓ Strongly request that the achievement rate for the month be raised by the end of month

Specified Dealers

↓ To the Specified dealers who received an NGS evaluation

HDJ Sales
Representative, etc.

Please build up results as promised in your improvement plan.

It's hard to achieve the goal in the improvement plan through customer sales alone. The only way to reach it is self-registration...

✓ Instructions to create and submit an improvement plan for the achievement rate, and a commitment to implement it

Specified Dealers

Glossary



HD Vehicles

- Harley-Davidson brand motorcycles (including motor trikes).
- HDJ holds the top market share in Japan for new registrations of imported small motorcycles (2023 and 2024).

RSO (Retail Sales Outlet)

- The annual retail sales target for HD vehicles that dealers should sell at each sales **outlet** during the period from January 1 to December 31 of each year. (including breakdowns by quarter or month).

RSWR (Retail Sales Warranty Registration)

- Registration performed by dealers to initiate the manufacturer's warranty for HD vehicles.
- **RSWR counts are recorded as performance metrics for RSO**

Self-Registration

- Among RSWRs, those registered by a dealer itself or its employees as the registered owner, without any actual sale or prospect of sale to that owner.

NGS (Not in Good Standing) Evaluation

- A low evaluation given to dealers whose Bar & Shield Program points (a standard for evaluating dealers based on RSO achievement rates, etc.) fall below certain standards.
- In addition to the above, in fiscal year 2023, **dealers whose monthly RSO achievement rate fell below 80% one or more times received an NGS evaluation.**

Number of Times	Actions
Once	• Reward payment is withheld, etc.
Two Consecutive Times	• Reward payment will be revoked • Possibility of non-renewal of the dealer contract • Possibility of being requested to transfer business operations related to HD product sales, etc.