

Relationship with Business Partners

The RIKEN TECHNOS GROUP endeavors to build better environmental management systems and quality management systems, including in the supply chain. In addition, we are expanding our procurement contacts and working to achieve competitive materials procurement in order to reduce costs.

Message from the General Manager of the Procurement Division



Takeshi Sugie
Executive Officer, General Manager
of the Procurement Division
RIKEN TECHNOS CORPORATION

The Procurement Division carries out its activities pertaining to procurement and logistics while receiving various proposals and cooperation from our business partners. We make effort in being able to trade over the medium and long term as we build up partnerships with our business partners, after taking into consideration QCD (required quality, optimal cost, stable delivery) as well as security, safety and other factors required by RIKEN TECHNOS from a global viewpoint whether in Japan or overseas.

In addition, with the expansion of our overseas sites, we also promote global procurement while taking into consideration local optimization of our overseas sites and overall optimization of the RIKEN TECHNOS GROUP. As we enter the second year of our three-year mid-term business plan, we hope to improve together with all of our business partners in accordance with our management policy of "ACT NOW! ACT TOGETHER! 2018."

Finally, we look forward to receiving all kinds of suggestions and information from our business partners.

► Procurement Policy

1 Fair Procurement Transactions and Selection

We deal with our business partners on an equal footing, offering fair and impartial access opportunities. Ordinarily, we purchase from multiple sources.

2 Creation of Partnerships

We maintain good relationships with our partners, respect human dignity, and avoid unfair discrimination.

3 Observance of Relevant Laws and Regulations and Self-Management

We take care in the handling of confidential information with our business partners, observe social norms and relevant laws and regulations, and purchase material in accordance with the RIKEN TECHNOS GROUP Green Procurement Standard.

4 Business Partners' Status

We take technological strength, competitiveness and managerial effectiveness into consideration when procuring materials.

► Procurement System

The Purchasing Department of our Head Office Procurement Division and the Purchasing Section in each factory carry out RIKEN TECHNOS's purchasing operations.

Procurement Responsibilities

Purchasing Department

Integrated purchasing of raw materials, negative films, fuel, packaging materials, materials related to expensive equipment, etc.

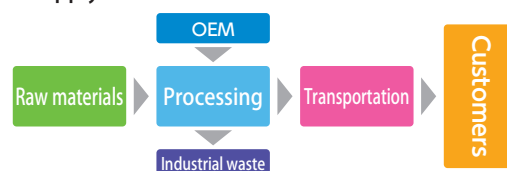
Purchasing Section in each factory

Consumables, inventory goods, materials related to equipment, etc.

► Supply Chain Management

In order to supply safer and more reliable products to our customers, RIKEN TECHNOS is making efforts to build better environmental and quality management systems, with the cooperation of our business partners, including our supply chain. In FY2016, we carried out quality audits including environmental matters of 14 of our raw material suppliers, manufacturing contractors, transport contractors, and industrial waste processing contractors, and improvements were made with their cooperation.

● Supply chain



▶ RIKEN TECHNOS GROUP Green Procurement Standard

In order to provide eco-friendly products, it is indispensable to procure raw materials and secondary materials that place a reduced burden on the environment. In FY2004, RIKEN TECHNOS formulated the Green Procurement Standard regarding environment-related substances and published it on our website. We then added our consolidated subsidiaries within the scope of this standard and changed it to the RIKEN TECHNOS GROUP Green Procurement Standard in August 2009.

* For details, please visit our company website

Scope of Application

Materials that RIKEN TECHNOS's products are directly composed of—such as resin, plasticizer, stabilizer, filler, impact modifier, pigment, film sheet materials, coating materials, and adhesive materials—as well as secondary materials such as packaging materials, release paper, and others.

Requirements

- Establishment of environmental management systems for business partners
- Achievement of environmental performance related to matters such as the management of environment-related substances
- Investigation and reporting on the environment-related substances specified by RIKEN TECHNOS, and submission of measurement data on the ten RoHS2* substances as well as information on chemical substance content required by regulations such as the Chemical Substance Control Law, Industrial Safety and Health Act, and REACH

Implementation

We will procure raw materials and secondary materials that do not contain chemical substances banned by regulations, or those with determined amounts of controlled substances. In addition, we may request business partners to change to raw materials and

secondary materials that are assessed by RIKEN TECHNOS to be safer and more environmentally friendly.

RIKEN TECHNOS GROUP Green Purchasing Standard

We formulated the Green Purchasing Standard with regard to the purchasing of office supplies such as stationery and OA equipment. We promote the purchase of eco-friendly products to the extent possible.

● Scope of Application

Paper, stationery, copying machines, PCs and other OA equipment, automobiles, and others that are purchased at RIKEN TECHNOS's head office, branch offices, sales offices, factories, and R&D centers.

● Requirements

Must satisfy standards in accordance with the Japanese Act Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchasing Law) of low burden on the environment and absence of hazardous substances.

● Operation

We actively ask our business partners to introduce us to environmentally friendly products.

*RoHS Directive: Refer to note on P28.

▶ Environmental Actions Taken in the Logistics Process

- We aim to increase the ratio of loading trips to total trips by using vehicles returning from delivery.
- We are eliminating and consolidating logistics hubs.
- We will fulfill our responsibly as a specified consigner in accordance with the Energy Saving Act. Our objective is to reduce our yearly energy consumption rate by 1% over the

medium to long term.

- By collecting pallets from customers, we aim to reduce the numbers used and promote the transition to plastic pallets to conserve timber resources.
- We will participate in green logistics promotion projects.

Active Pursuit of Quality and Safety

- We recommend that our transportation partners obtain ISO 9001 certification and G-Mark certification (business with excellent safety standards).

Kameyama Kyuso K.K.

Green Management Certification

Registration date: January 19, 2007

Expiration date: January 18, 2019

Motegi Co., Ltd.

G-Mark Certification

Registration date: December 20, 2007

Expiration date: December 31, 2019

● Transportation Volume and CO₂ Volumes Generated

Transportation	FY2014	FY2015	FY2016
Transportation Volume (tkm)	25,248,700	26,898,851	27,139,548
CO ₂ Amount Generated (t-CO ₂)	4,400	4,669	4,711

ISO 9001 Certification

Registration date: May 9, 2003

Expiration date: May 8, 2018

ISO 9001 Certification

Registration date: March 10, 2000

Expiration date: April 1, 2019

ISO 14001 Certification

Registration date: October 29, 2004

Expiration date: April 1, 2019