

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

In 2017, the Procurement Division formulated its Global Procurement Policy related to borderless procurement of raw materials, stock items, etc. With the purpose of increasing global procurement, this policy is being implemented under five key concepts—local procurement, multiple suppliers, stable procurement, integrated purchasing, and information sharing—with BCP measures also added. As for logistics, we are streamlining deliveries and reducing cost with cooperation from our contracted distribution companies. We have also taken steps to improve efficiency within our division by reorganizing the Purchasing Department into the Procurement Planning Group and the Operation Planning and Coordination Group in April last year to improve operational efficiency.

In this last year of our mid-term business plan “ACT NOW! ACT TOGETHER! 2018,” we hope to advance by further strengthening cooperation with all of our business partners.

Procurement Policy

1 Fair Procurement Transactions and Select

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

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.

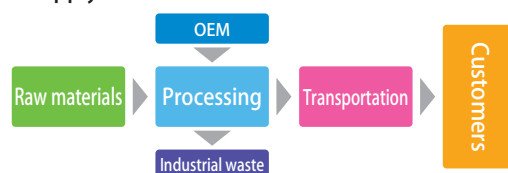
Procurement Responsibilities

Purchasing Department	Integrated purchasing of raw materials, films in process, 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 FY2017, 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 affiliates within the scope of this standard and changed it to the RIKEN TECHNOS GROUP Green Procurement Standard in August 2009, which was later revised in 2015.

* 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 report on the environment-related substances specified by our company

Reporting of measurement data on the ten substances specified in RoHS2*, as well as information on the content of chemical substances subject to laws and regulations, such as the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., the Industrial Safety and Health Act, and the REACH Regulation

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 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 and other stationery, copying machines, PCs and other OA equipment, automobiles, and others that are purchased or leased by our company's head office, branch offices, sales offices, factories, and R&D centers.

● Requirements

Must satisfy standards in accordance with the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Act on Promoting Green Procurement) 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.

* Please see the note on page 26.

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	FY2015	FY2016	FY2017
Transportation Volume (tkm)	26,898,851	27,139,548	28,738,308
CO ₂ Amount Generated (t-CO ₂)	4,669	4,711	4,988

ISO 9001 Certification

Registration date: May 9, 2003

Expiration date: September 14, 2018 (In the process of being renewed)

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