

Relationship with Business Partners

Message from the Senior General Manager of the Procurement Division



Takeshi Sugie
Executive Officer
Senior General Manager of Procurement Division & General Manager of Logistics Department
RIKEN TECHNOS CORPORATION

Amid drastic changes in social circumstances including those in logistics brought by market fluctuations caused by raw materials as well as environmental changes, the Procurement Division will build an optimal logistics system aimed at fair and optimal procurement while overseeing the supply chain.

In addition, we are working with our business partners to strengthen actions for new product development and logistics that consider the environment toward “Contributing to Sustainable Societies” which is a major task in our three-year mid-term business plan. At the same time, we will also actively undertake the adoption of new raw materials conforming to such requirements while collaborating with the relevant departments.

The RIKEN TECHNOS GROUP promotes the establishment of supply chains based on global purchasing policies and green procurement standards. In addition, we are expanding our procurement contacts and working to achieve competitive materials procurement in order to continually reduce costs.

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. Whether in Japan or overseas, we seek overall and local optimization from a global perspective.

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 with confidential information from our business partners and procure with a focus on the social norms and relevant laws in each country.

4 Transaction standards

When making a purchase, we will make a comprehensive decision from the perspective of QCD+S*, taking into account the business conditions of the supplier.

5 Global Procurement System

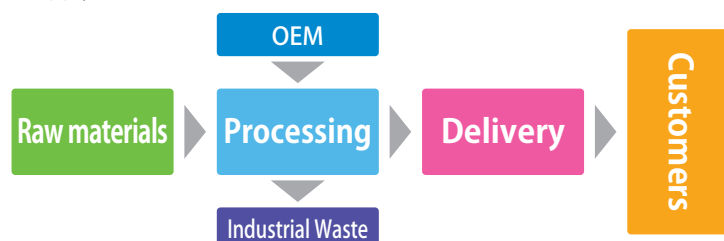
The Purchasing Department of our Head Office Procurement Division and the Purchasing Section in each factory and overseas base carry out RIKEN TECHNOS's procurement operations.

*Quality, Cost, Delivery + Sustainability

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, including our supply chain, with the cooperation of our business partners. In FY2019, we carried out quality audits including environmental matters on two of our transport 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, adhesive materials, and release paper—as well as secondary materials such as packaging materials, and fuels.

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

* See the note on page 32.

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) for low burden on the environment and absence of hazardous substances.

● Operation

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

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 will fulfill our responsibly as a specified consigner in accordance with the Energy Saving Act.
- We are promoting the collection of pallets from customers to reduce the number of new procurements and the transition to plastic pallets to conserve timber resource.

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.

G-Mark Certification

Registration date: December 14, 2017
Expiration date: December 31, 2020

Motegi Co., Ltd.

G-Mark Certification

Registration date: January 1, 2004
Expiration date: December 31, 2023

ISO 9001 Certification

Registration date: May 9, 2003
Expiration date: May 8, 2021

ISO 9001 Certification

Registration date: March 10, 2000
Expiration date: April 1, 2022

ISO 14001 Certification

Registration date: October 29, 2004
Expiration date: April 1, 2022

● Transportation Volume and CO₂ Volumes Generated (Japan)

Transportation	FY2017	FY2018	FY2019
Transportation Volume (tkm)	28,738,308	28,485,895	24,682,013
CO ₂ Amount Generated (t-CO ₂)	4,988	4,944	4,284