

Relationship with Business Partners

Message from the Senior General Manager of the Procurement Division



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RIKEN TECHNOS CORPORATION

The Procurement Division builds partnerships based on mutual trust and strives to enable medium- to long-term transactions while regularly receiving all kinds of proposals and cooperation from business partners related to procurement and logistics.

In addition, regarding the aspect of “Contributing to a Sustainable Society,” we will respond accurately to environmental changes and contribute toward the realization of a sustainable society. Specifically, we will undertake initiatives such as the promotion of sustainable green procurement and reduction of CO₂ and energy consumption in logistics.

We will continue to cooperate with business partners to promote initiatives and fair business activities across the entire supply chain.

The RIKEN TECHNOS GROUP promotes the establishment of supply chains using various communication tools such as Global Procurement Policy and Green Procurement Standard. 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 sources.

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

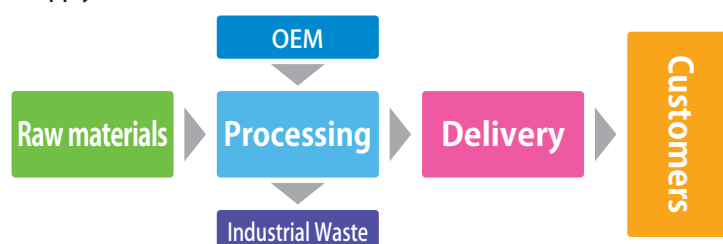
RIKEN TECHNOS GROUP's procurement operations are carried out by the procurement departments of sites in Japan and overseas, centered on the Purchasing Department of the Procurement Division.

*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 fiscal 2020, we carried out quality audits including environmental matters on six transportation partners, 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 fiscal 2004, 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

Raw materials, secondary materials, etc. that products of RIKEN TECHNOS GROUP's affiliates are composed of.

Requests

- Establishment of environmental management systems for business partners
- Achievement of environmental performance related to matters such as the management of environment-related substances
- Report on changes to production process, raw materials being used, etc. and product abnormalities discovered after delivery
- Investigation and report on the environment-related substances specified by our company
Reporting of measurement data on the ten substances specified in RoHS2*1, 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*2 Regulation

*1 See the note on page 47.

*2 See the note on page 53.

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 will fulfill our responsibly as a specified consigner in accordance with the Energy Saving Act.
- We aim to increase the ratio of loading trips to total trips by using vehicles returning from delivery.
- 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, 2024

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, 2024

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 Amount Generated (Japan)

| Transportation | FY2018 | FY2019 | FY2020 |
|-------------------------------------------------------|------------|------------|------------|
| Transportation Volume (tkm) | 28,485,895 | 24,682,013 | 20,252,279 |
| CO ₂ Amount Generated (t-CO ₂) | 4,944 | 4,284 | 3,515 |