

Supply Chain Management

Promotion of CSR procurement

The Toyo Ink Group has established the “Rules for the Purchasing of Raw Materials” and promotes CSR procurement, which conforms to the “Procurement Principles” and the “Criteria for Selecting Suppliers.” Through CSR procurement, we aim to contribute to ensuring legal compliance in the supply chain and improving both the working environment and the global environment. To do this, we have implemented measures to 1) make the Procurement Principles well-known, 2) conduct examinations and audits for our suppliers, and 3) deepen employee understanding about CSR procurement. In addition, we are promoting activities to disseminate the Procurement Principles to overseas sites. In FY2020, we evaluated major suppliers in Japan based on the Criteria for Selecting Suppliers.

We also confirm our efforts to respect human rights in procurement activities, and respond to surveys conducted using third-party platforms, such as EcoVadis and other CSR questionnaire, thereby promoting the development of a supply chain management system together with our customers.

- **EcoVadis assessment (Toyo Ink SC Holdings Co., Ltd.):**
2021 scoring 55 (Silver medal)

 Related policies are shown on our official website.

Measures against conflict minerals and cobalt procurement

The Toyo Ink Group is taking action to avoid the use of minerals (gold, tin, tantalum, and tungsten) that can lead to conflict. Minerals such as these are produced in the Democratic Republic of the Congo and neighboring countries, and serve as sources of funding for local armed groups.

We have confirmed that minerals from these areas have not been used in the raw materials of the suppliers with whom we trade indirectly, as well as those with whom we trade directly. We will continue to investigate and check newly adopted raw materials, and also strengthen our measures to prevent the use of minerals from regions of conflict. We will also continue investigations and confirmations to ensure responsible cobalt procurement.

Participation in the White Logistics Movement

Toyo Ink SC Holdings Co., Ltd. announced its voluntary action declaration in support for the White Logistics Movement launched by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries. In collaboration with raw material suppliers, business partners and logistical operators, we will push ahead with efficient logistical operations based on proper freight transport contracts and joint logistics to establish sustainable logistical operations.

Procurement Principles

- 1. Fair and honest dealings**
We will take a broad view in carrying out procurement for our business activities and conduct our transactions with suppliers on a fair and equal basis.
- 2. Selection of suppliers**
We will select suppliers in accordance with appropriate standards, comprehensively taking into account all factors affecting an economically rational and operationally reliable arrangement, including observance of laws and societal norms, technological capability, product quality, price, delivery terms, creditability, bidding capability, and the ability to provide information.
- 3. Mutual understanding and confidence**
We will strive for greater mutual understanding with suppliers, work to build relationships of mutual confidence, and strive to achieve mutual progress.
- 4. Propriety in procurement activities**
We will conduct our procurement activities with propriety, in accordance with all applicable laws and based on our corporate ethics. We will have no personal interest in any transaction.
- 5. Green procurement**
We will maintain unceasing concern for the preservation of resources and environmental protection in conducting our transactions and will strive to maintain and improve the global environment.
- 6. Maintaining confidentiality**
We will not disclose to any third party confidential business-related or technological information acquired in the course of transacting business with a supplier, without the supplier's approval.
- 7. Supplier CSR**
We will conduct our procurement activities while maintaining an awareness of our social responsibilities as a business enterprise. We designate observance of International Labor Organization labor standards, compliance, and green purchasing as standards for selecting suppliers, and we will request or direct related actions by suppliers.

Standard for Selecting Suppliers

- 1. Observance of laws and societal norms**
The business must observe laws and societal norms (such the prohibition of child labor and forced labor as well as the laws, standards, and treaties of each country).
- 2. Product quality**
The product quality must be stable and satisfy our requirements, and the suppliers must have a quality-control system in place.
- 3. Price**
The supplier must offer prices that are appropriate and economically rational and must be able to compete in terms of prices.
- 4. Stability of supply**
The supplier must satisfy our desired delivery terms and ensure a stable supply.
- 5. Management base**
The supplier must maintain sound enterprise management.
- 6. Business base**
The supplier must possess excellent technological capabilities that contribute to our manufacturing.
- 7. Service capability**
The supplier must provide us with necessary and valid information in a timely and appropriate manner.
- 8. Maintaining confidentiality**
The supplier must be able to maintain the confidentiality of information acquired in the course of transacting business with us.
- 9. Protecting the environment**
The supplier must demonstrate adequate consideration for conservation of resources and environmental preservation.
- 10. CSR efforts**
The supplier must practice corporate social responsibility in business activities.