

The Expert's Opinion



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This is the third year I am writing a third-party opinion about RIKEN TECHNOS. The first year, 2016, was the year President Tokiwa was appointed Representative Director and the three-year mid-term business plan began. In 2015, two epoch-making events had occurred that would dramatically change corporations. These were the Paris Agreement and the SDGs. Their effects began to accelerate ESG investment in Japan and drastically change what is required of corporations from CSR to sustainability.

While you were greatly evolving your report into one that takes into account global standards such as ISO 26000 and SDGs in response to the needs of the times, I made two recommendations in last year's third-party opinion—(1) Coordination and linkage between the mid-term business plan and CSR initiatives, and (2) Visualization of CSR issues in your supply chain.

I believe you took last year's recommendations to heart. I greatly appreciate that this year's report includes a featured article on value chains. Also in the message from Chairman Shimizu, I recognize that you are actively implementing sustainable policies, such as taking steps to address the issue of future petroleum depletion, which poses the greatest risk to your company, and developing environmentally friendly products. Additionally, regarding work-style reform, which has recently become a hot topic, I can see that you are engaged in productivity improvement activities designed to create an atmosphere in which everyone can discuss issues frankly by crossing manager-subordinate boundaries. This really made me realize that you have begun taking steps to address the issue of declining birth rate and aging population, which is a serious social issue in Japan. I am convinced that this initiative will become the driving force for you in the future. In addition, I was able to catch a glimpse of an

area that seems to be moving toward "Coordination and linkage between the mid-term business plan and CSR initiatives," which I recommended last year. I was able to understand that you are giving priority to CO₂ emissions reduction, industrial waste reduction, and chemical substances management among the environmental issues. In this year's report, you demonstrated materiality in the environmental field, but in the next mid-term business plan, I think you should consider including clear indexes for the entire CSR.

As I just mentioned, this year's report gave due consideration to the SDGs. To further communicate your corporate identity in the future, I would like to make two recommendations for next year. First, as we saw in this past summer's abnormal weather, addressing environmental problems will likely become a pressing issue. As President Tokiwa mentions in his message, active steps to respond to environmental problems are being implemented. For example, the restaurant industry itself has recently declared its intention to restrict use of plastics. The fact that an increasing number of companies are disclosing data related to climate change problems, through initiatives such as CDP, SBT, and RE100, is probably a sign of this trend. Shouldn't you also lay out your environmental measures?

Second, I think you should take a greater step toward shifting from CSR-oriented management to sustainability-oriented management. Although many corporations are currently increasing their desire to work on the SDGs, whether such a desire is substantially integrated with business management is questionable. This year's report describes the SDGs, but I got the impression that the 17 goals are merely assigned to the existing business operations or products. How about taking this one step further and adopting an outside-in perspective, describing what social and environmental problems you consider important and how you are going to capitalize on your strengths to solve those problems? You should be able to reorganize your business operations and products using those problems as the starting point. I think that would likely lead to creating a sustainable society and developing you into a sustainable company. I look forward to reading next year's report.

Listening to Expert's Opinion

Kazuaki Tokiwa

Representative Director, President & COO RIKEN TECHNOS CORPORATION

In the featured article of our CSR Report for 2018, we introduced the value our company provides in its large value manufacturing chain and the issues we are tackling. I hope readers will be able to understand the roles the RIKEN TECHNOS GROUP is playing in its value chain.

Furthermore, as pointed out by Mr. Inomata, we consider it extremely important to link social and environmental issues to the way we manage our company. We are currently formulating the next three-year mid-term business plan and are planning to make it a business plan that can contribute to society with the goal of sustainable management.

Editors' Postscript

This CSR Report for 2018 is for the last year of the three-year mid-term business plan. Relevance to the SDGs, which is becoming more and more important for corporations, is positioned on the top part of the odd pages in the latter part of the report. In "Relationship to Society" in particular, we increased the number of allocated pages to further enhance its content. We also included easy-to-understand diagrams and photos to help readers better understand our company's value chains. We hope that this report has helped readers to better understand the RIKEN TECHNOS GROUP's initiatives. We look forward to receiving frank and candid opinions on this report.

Representative of the department in charge of this report

Gakuyuki Kajiyama: Director, Senior Executive Officer
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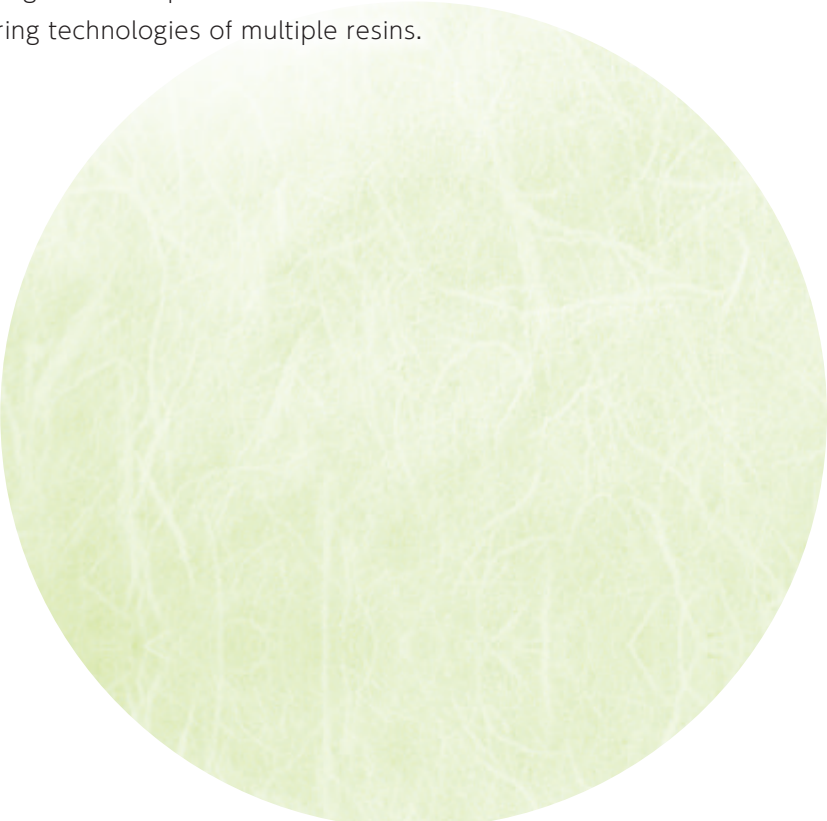
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RIKEN TECHNOS WAY

We are a challenger
that harnesses the power of science
to improve the quality of life
and create a safe, affluent society.
We continuously provide new value and satisfaction
to people, companies, and society
through our original and superior formulations
and manufacturing technologies of multiple resins.



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