



RIKEN TECHNOS GROUP

Blue Challenge Report

Integrated Report

2023

RIKEN TECHNOS CORP.
Corporate Planning Department

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RIKEN TECHNOS CORP.



The RIKEN TECHNOS GROUP will continue to provide new value and satisfaction to people, companies, and society as a challenger that stays ahead of customers' expectations.

We were established in 1951 under the name RIKEN VINYL INDUSTRY CO., LTD. with the processing of poly-vinyl chloride (PVC) resin as our core business. As a private company that stemmed from RIKEN, we started as a venture capital with limited funding and based solely on our strength in terms of people and technology.

Using our comprehensive technologies related to synthetic resin processing developed since our establishment, we have taken on and accomplished the challenge of developing, manufacturing, and selling PVC compounds and films, Japan's first wraps for food packaging, and thermoplastic elastomer compounds. Today, these products serve as pillars for our business as materials and products that reduce environmental load, such as contributing toward effective use of resources and energy conservation.

In 2001, we changed our company name to RIKEN TECHNOS CORPORATION. Currently, we are growing into a global company engaging in business within Japan and overseas centered on four market segments: Transportation, Daily Life & Healthcare, Electronics, and Building & Construction.

We have grown from a venture capital into a global company, but our number one strength remains as people and technology. We take on challenges without being bounded by precedents, and our mission to improve the quality of life and create a safe, affluent society has not changed. We want to be a company that is not satisfied with simply exceeding the customers' expectations that can already be seen, but always anticipates the future to stay ahead of the latent customer and market needs which have yet to manifest.

Commemorating our 60th anniversary in 2011, we established the RIKEN TECHNOS WAY as our new corporate philosophy to formalize the challenging spirit, determination toward new product development, and creativity from the days of our establishment. As CEO, my role is to firmly establish the corporate culture stated in the RIKEN TECHNOS WAY—such as “Stay ahead of customers' expectations”—across the entire Group.

In April 2022, we embarked on the three-year medium-term business plan “Challenge Now for Change New 2024.” In addition, to work seriously on the sustainable growth of our business and the solving of social issues, we established a Sustainability Committee and developed a structure for promoting sustainability.

We will engrave the RIKEN TECHNOS WAY in our hearts and bravely take on challenges to realize our long-term vision of “aiming to become the leading provider of comfort for all living spaces.”

I hope you will continue to give us your support in the future.

Kazuaki Tokiwa

President & CEO
Representative Director
RIKEN TECHNOS CORPORATION

Editorial Policy

The RIKEN TECHNOS GROUP has adopted as its long-term vision “aiming to become the leading provider of comfort for all living spaces” in accordance with the RIKEN TECHNOS WAY, our corporate philosophy. To achieve this vision, we identified materiality topics and formulated a medium-term business plan, and we are continuously tackling the challenges of providing new value and happiness to companies, people, and society. Through our business, we seek to provide optimal solutions (comfort), not only in current business segments and to stakeholders, but for all living spaces including various areas of society in which we will likely become involved in the future, thereby contributing to the development of a sustainable society,

Since April 2020, we have collectively referred to the activities of the RIKEN TECHNOS GROUP relating to contribution to a sustainable society as the “Blue Challenge.” The “Blue” in Blue Challenge comes from the RIKEN BLUE of our corporate mark as well as things such as the earth, sea, and sky, while “Challenge” comes from “challenger,” which is in the mission of the RIKEN TECHNOS WAY.

Starting in 2023, we describe in this Integrated Report our efforts to achieve a sustainable society undertaken with stakeholders. It is our hope that readers of this report will gain an understanding of the efforts by the RIKEN TECHNOS GROUP to become the leading provider of comfort for all living spaces.

Date of Issue

September 2023

Period Covered

April 1, 2022 to March 31, 2023

Reference Guidelines

- Ministry of Economy, Trade and Industry, “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation (Guidance for Collaborative Value Creation)”
- Global Reporting Initiative, “GRI Sustainability Reporting Standards”
- Ministry of the Environment, “Environmental Reporting Guidelines”

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<https://www.rikentechnos.co.jp/e/>



Group Companies Covered

- RIKEN CABLE TECHNOLOGY CO., LTD.
- KYOEI PLASTICS MFG CO., LTD.
- RIKEN CHEMICAL PRODUCTS CO., LTD.
- I.M.I Co., LTD.
- RIKEN (THAILAND) CO., LTD.
- RIKEN ELASTOMERS (THAILAND) CO., LTD.
- PT. RIKEN INDONESIA
- SHANGHAI RIKEN TECHNOS CORPORATION
- RIKEN TECHNOS (JIANGSU) CORPORATION
- RIKEN AMERICAS CORPORATION
- RIMTEC CORPORATION
- RIKEN ELASTOMERS CORPORATION
- RIKEN VIETNAM CO., LTD.
- RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
- RIKEN U.S.A. CORPORATION
- RIKEN TECHNOS INDIA PVT. LTD.

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Overview of Value Creation

RIKEN TECHNOS WAY

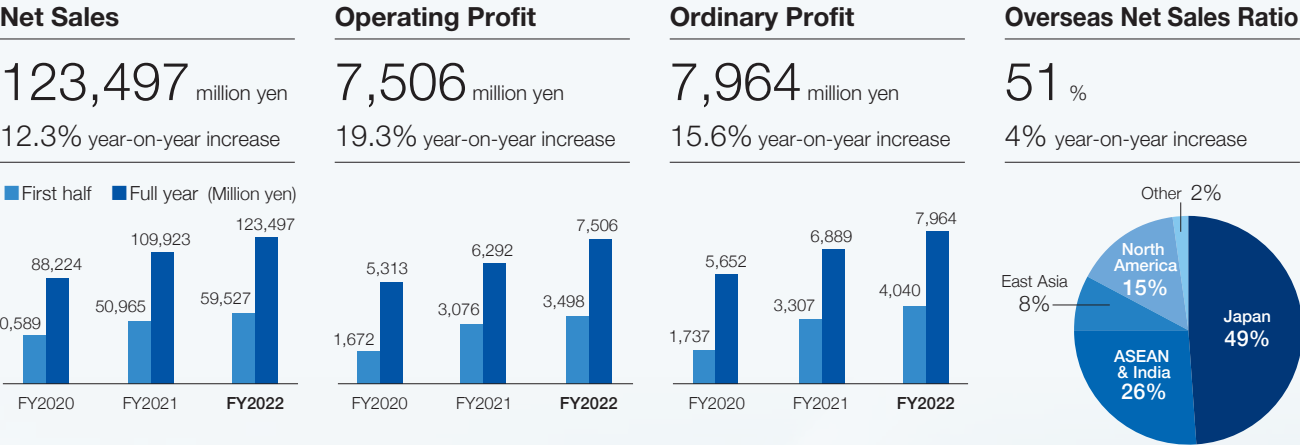
The spirit of venture, which has been passed down since our founding days, represents the very strength of RIKEN TECHNOS and its “RIKEN TECHNOS-ness.” On the occasion of the 60th anniversary of the Company’s foundation, we established the RIKEN TECHNOS WAY, our corporate philosophy, based on this concept of “RIKEN TECHNOS-ness.” The word “challenger” used in our mission statement is meant to convey two meanings—a manufacturer that produces high-quality products and an organization that takes on challenges to create new value and satisfaction for people, companies, and society. To make further advances into the future, we will continue taking on new challenges.



RIKEN TECHNOS at a Glance

Financial Highlights

FY2022 (ended March 31, 2023)



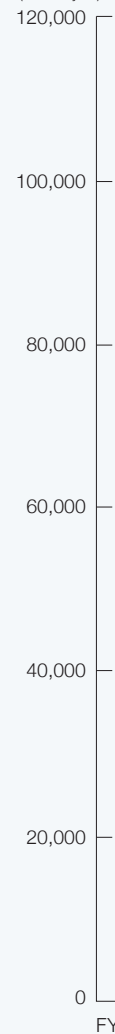
History of RIKEN TECHNOS

1950~

Foundation and Early Era / Establishment of Corporate Foundations

RIKEN VINYL INDUSTRY CO., LTD., the predecessor of RIKEN TECHNOS, got its start in 1949 when basic research on polyvinyl chloride (PVC) compounding technology and investigation of its commercialization began at the Tokyo Institute of Technology. RIKEN VINYL INDUSTRY was established in 1951 as a start-up venture with little funds that relied solely on people and technology and focused on PVC resin processing.

Net sales
(Million yen)



Founding period



The nameplate of the front gate of RIKEN

1951
RIKEN VINYL INDUSTRY CO., LTD. founded

Manufacture of PVC compounds started

1956
Manufacture of calendaring film started

1961
RIKEN VINYL INDUSTRY listed on the second section of the Tokyo Stock Exchange

1966
RIKEN VINYL INDUSTRY developed Japan's first PVC food wrap



1968
Operations started at the Okabe Factory (currently the Saitama Factory)
Film extrusion equipment relocated

1970~

Establishment of Domestic Business Foundations

After the company was established, it developed business primarily in the Tokyo metropolitan area, but in 1973, the Osaka Sales Office was established and operation of the Mie Factory started in response to the increase in customers in the Kansai and Chukyo regions. Production and sales structures were created in the Kanto and Kansai regions, and in 1974, the company was listed on the first sections of the Tokyo and Nagoya stock exchanges with the objectives of increasing trust from customers and securing a stable supply of capital.



Mie Factory

1973
Osaka Sales Office opened (currently the Osaka Branch Office)
Operations started at the Mie Factory

1984
Polymer Research Lab established
Polymer Research Lab & Film Development Center (currently the R&D Center) established

1974
RIKEN VINYL INDUSTRY listed on the first sections of the Tokyo and Nagoya stock exchanges

1989
RIKEN (THAILAND) CO., LTD. established



1979
Nagoya Sales Office opened

1990~

Full-scale Entry into Global Markets

Japanese companies started expanding overseas, but at that time, they faced difficulties procuring high-quality materials locally, and in response to calls from customers, RIKEN (THAILAND) CO., LTD. was established as a full-scale overseas compound production site. This was used as an opportunity to expand production and sales sites in the United States, Indonesia, China, and Europe. The company name was changed to RIKEN TECHNOS CORPORATION in 2001.



1990
RIMTEC CORPORATION established in the United States

1994
Sales of thermoplastic elastomer started

1995
PT. RIKEN INDONESIA established
RIKEN U.S.A. CORPORATION established

2001
Company name changed from RIKEN VINYL INDUSTRY CO., LTD., to RIKEN TECHNOS CORPORATION

SHANGHAI RIKEN TECHNOS CORPORATION established in China

2003
RIKEN TECHNOS (JIANGSU) CORPORATION established in China

2006
RIKEN ELASTOMERS CORPORATION established in the United States



2015~

Intensification of Global Management

With the establishment of overseas production and sales sites, the RIKEN TECHNOS GROUP has built organizational structures based on an awareness of global management encompassing both domestic and overseas sites. By optimizing production structures and enhancing and expanding supply networks, the Group was able to provide uniform "RIKEN TECHNOS quality" globally. In 2022, RIKEN TECHNOS CORPORATION was listed on the Prime Market of the Tokyo Stock Exchange. In the future, we will move forward as a "challenger" that continuously takes on new challenges.

2011
RIKEN ELASTOMERS (THAILAND) CO., LTD. established

2013
RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION established

2014
RIKEN VIETNAM CO., LTD. established

2017
RIKEN AMERICAS CORPORATION established in the United States

2019
RIKEN TECHNOS INDIA PVT. LTD. established

2022
RIKEN TECHNOS listed on the Prime Market of the Tokyo Stock Exchange

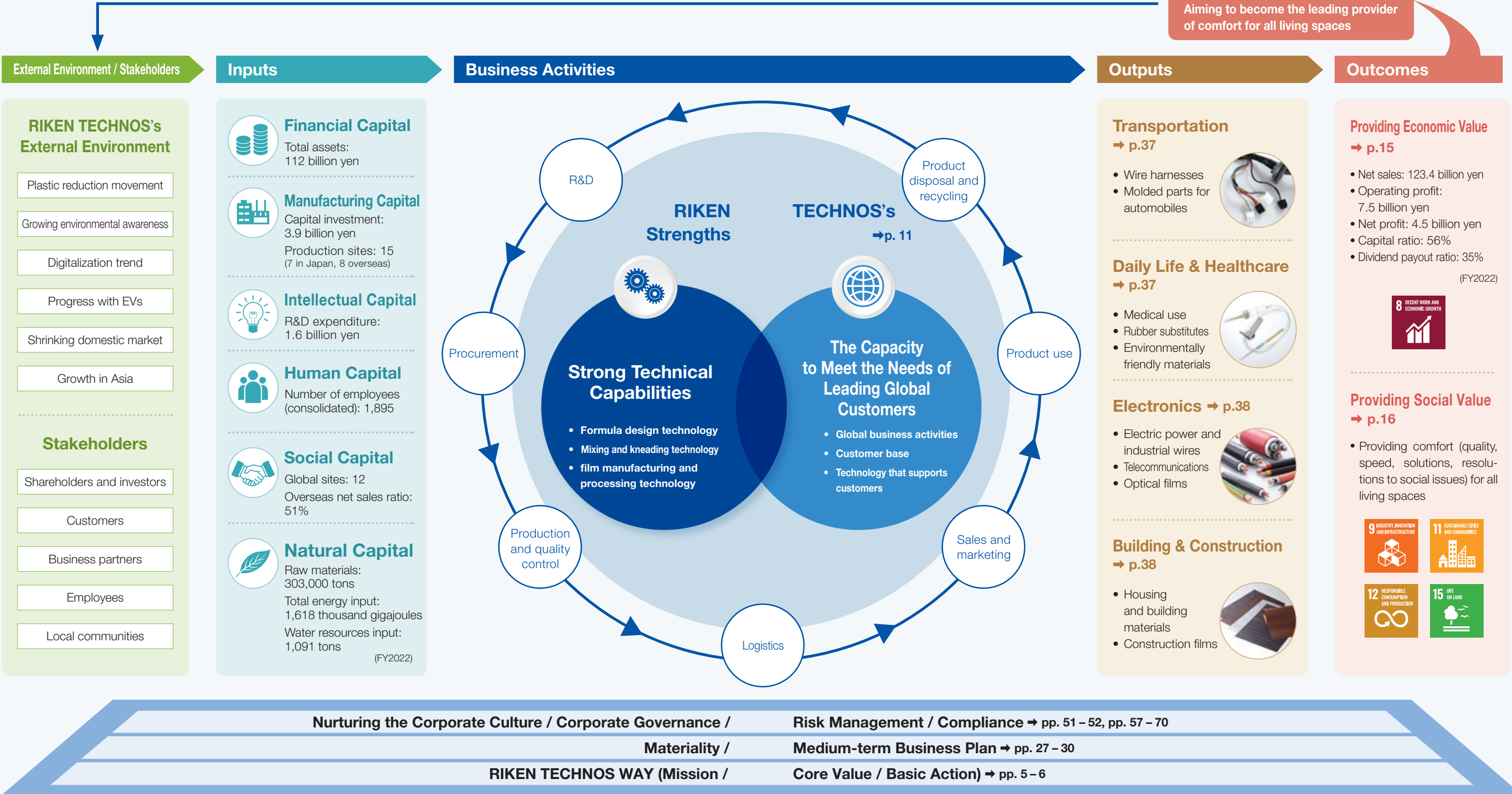
Note: Net sales are the non-consolidated net sales of RIKEN TECHNOS until FY1998 and the consolidated net sales of the RIKEN TECHNOS GROUP from FY1999.

Value Creation Process

The RIKEN TECHNOS GROUP recognizes that responding to issues surrounding sustainability is one of our key corporate challenges. By incorporating these issues into management, we seek to contribute to the development a sustainable society and also enhance our corporate value.

In response to changes in the external environment and demands from stakeholders, we aim to become the leading provider of comfort for all living spaces as our long-term vision, and we will continuously take on the challenges of providing new value by leveraging the Group's strengths.

Long-term Vision → p. 27
Aiming to become the leading provider of comfort for all living spaces



RIKEN TECHNOS's Strengths



Strong Technical Capabilities

Formula design technology

We make full use of various raw materials and create designs that respond accurately to diversifying and increasingly sophisticated needs.

Mixing and kneading technology

To enhance the suitability of processing by customers, we provide compounds with the optimal kneading conditions.

film manufacturing and processing technology

We provide high-value-added functional films through the comprehensive pursuit of film manufacturing, lamination, and coating technologies.



R&D

We anticipate potential needs and conduct R&D in response. To meet the diversifying needs of customers, we have introduced materials informatics (MI) into the development of new formulations for compound products and film products, increasing the efficiency and speed of new product development. We are also developing products that use raw materials with low environmental load as well as plant-derived and biodegradable raw materials.



Procurement

We are leveraging the supply network that we have built and conducting stable procurement of raw materials through collaboration among our sites located around the world so that we can provide safer and more reliable products to customers. We also promote the establishment of sustainable supply chains using requests for cooperation concerning the environment and various communication tools based on our Environmental Policy and Green Procurement Standard.



Production and quality control

Our Product Quality Policy calls for us to always focus on customers first and quality first to supply highly reliable products and services, and we undertake "the spirit of manufacturing" in compliance with ISO 9001. We perform chemical substance management so that we can supply products with stable quality while reducing environmental loads. In addition, we are working to reduce CO₂ emissions and industrial waste by designing products that can be processed with low energy and by creating manufacturing processes that generate no losses.



Logistics

We aim to conduct reliable, safe, and stable product supply to all stakeholders, and we respond to changes in markets and the business environment by building partnerships based on mutual trust with our business partners. Our logistics departments work to enhance product delivery efficiency and perform periodic quality audits that include environmental matters of our transportation partners.



Sales and marketing

We make customer requirements into realities and deliver products globally in a timely manner. We handle compound and film products made from various resins including polyvinyl chloride resins and thermoplastic elastomers. We will respond to the changes of the times together with customers and fulfill our mission as a Material Solution Supplier.



Product use

Our products are processed for diverse applications and are used throughout everyday life including automobiles, construction, health-care, information devices, electric wires, and food packaging. We will continue to develop, manufacture, and sell products with the aim of becoming the leading provider of comfort for all living spaces including various areas of society in which we will likely become involved in the future.



Product disposal and recycling

We position the reduction of simple waste (land-fill and incinerated waste) generated in the manufacturing stage as a priority issue in our environmental management activities. We are working to reduce the amount of waste generated and to effectively reuse generated waste as raw materials for material recycling, refuse plastic fuel, cement, and other applications through strict sorting. Going forward, we will continue our efforts to develop products with minimal environmental load.

Value We Provide Aiming to become the leading provider of comfort for all living spaces

The products of the RIKEN TECHNOS GROUP are positioned as intermediate raw materials. Compound and film products are transformed into various components to support user living spaces. Below we introduce the value that we provide through our strengths and value chain.



The Capacity to Meet the Needs of Leading Global Customers

Global business activities

We have production sites in Japan and many countries around the world including in ASEAN countries, creating a structure that enables us to provide optimal solutions that meet customer needs.

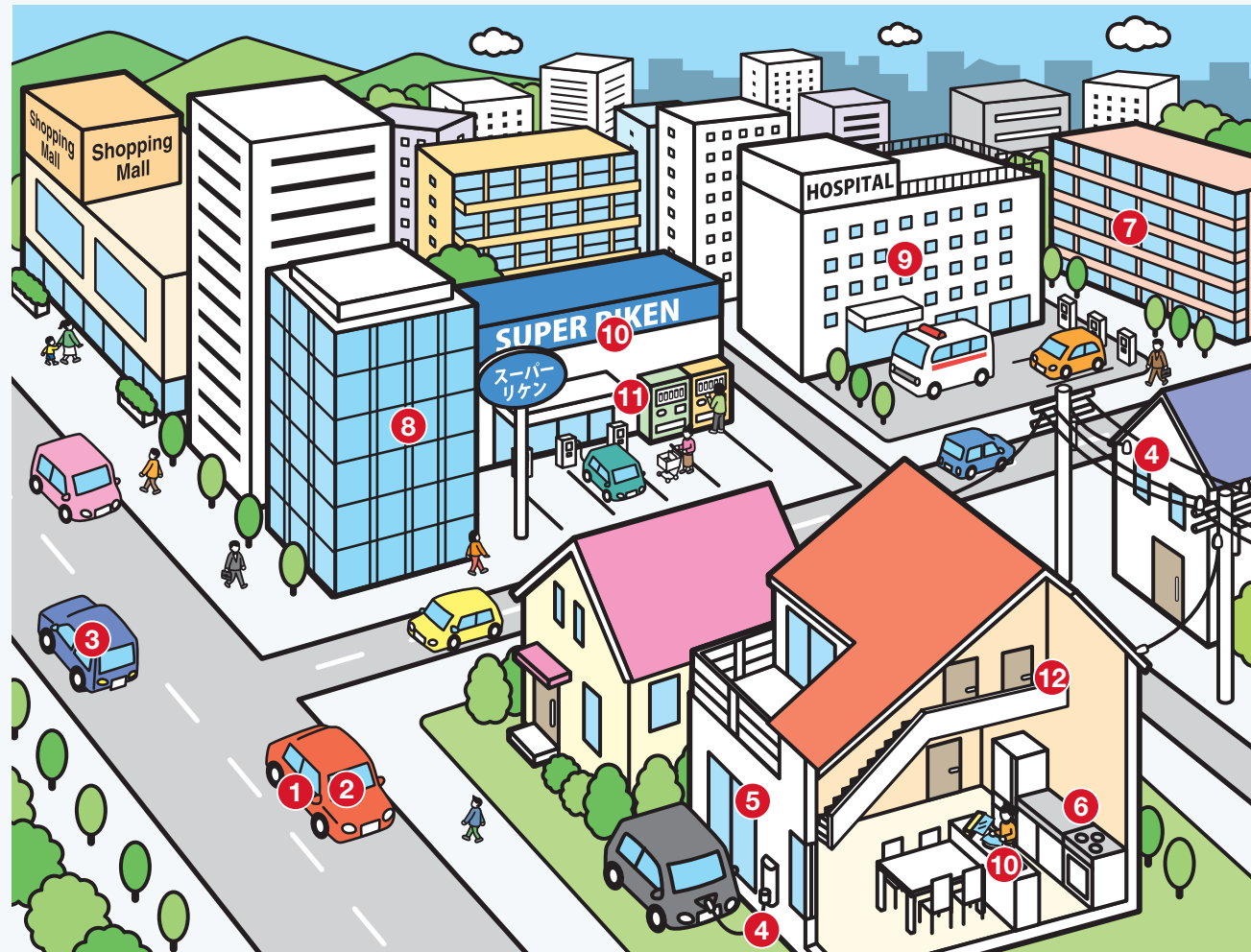
Customer base

We have built good relationships with and supply various products to competitive Japanese companies that conduct business globally and are continuously growing.

Technology that supports customers

Our manufacturing, sales, and technology functions work together seamlessly to respond painstakingly to customer requests and provide products customized for each customer.

Products



1 Compound for wire harnesses

A wire harness is a composite product that bundles multiple electric wires used for power supply and signal communications and performs the role of connecting different devices. Our products boast stable quality and high market shares, supporting automobile and motorcycle production globally.



2 FFC* for airbags

The quality of these films, which are used with airbags, is controlled on a high level. They are used in a reel format so that tangling and disconnection do not occur even when the steering wheel is rotated. Our products satisfy demanding specification requirements and have a long track record.

* Flexible Flat Cable



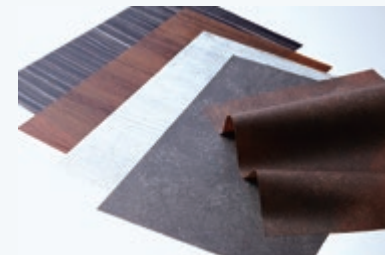
3 Film for automobile windows

This is a thermal barrier film applied to automobile window glass. ICE-μ® features high thermal insulation and transparency, creating a comfortable vehicle interior space. Application on the windows of EVs, for which cooling and heating efficiency is even more important, is expected in the future.



4 Compound for power cable covering materials

Power cables supply electric power. Our products are used as covering materials to protect various cables including general electrical wires as well as cables used with solar power generation and EV charging. We have products with diverse characteristics including fire resistance and heat resistance.



7 High-end wall covering film

These decorative films have functions such as design, weather resistance, stain resistance, antivirus properties, and good workability. They are used in commercial facilities such as hotels as well as many interior spaces to create a beautiful finish.



5 Compound for PVC window frames

These products are used in the resin frames of windows. They feature excellent thermal insulation compared to aluminum sashes, and consequently, have CO₂ reduction effects. Resin sashes are durable and lightweight and provide surface functions with excellent stain resistance as well as design features.



8 Window film

These films are applied to window glass in residential and commercial buildings. We offer grades with various functions such as UV ray reduction, shatter prevention, crime prevention, thermal insulation, hydrophilic properties, antifogging properties, antivirus properties, and decorative functions.



6 Decorative furniture film

These laminated film products, which feature high functionality and a beautiful appearance, are widely used on kitchen doors, refrigerators, cabinets, and other furniture applications. Our products are available in different printed colors, designs, and patterns with different finishes including high-gloss and super-matte, providing a high degree of design freedom.



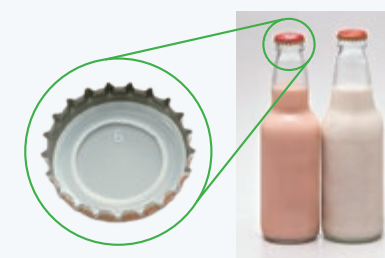
9 Compound for syringe gaskets and tubes for medical applications

These products provide support in the medical field. Our gaskets boast outstanding low-speed sliding resistance, which makes the volume of medicine injected stabilize. Our products for medical tubes comply with various medical standards and have a track record of many years.



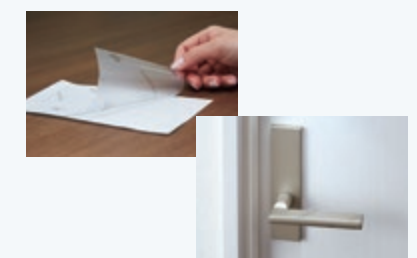
10 Wrap for food packaging

These are films used to package foods and ingredients. The commercial-grade wraps are used primarily in supermarkets to package fresh foods. Small-roll wraps are widely used in settings ranging from household to professional kitchens.



11 Compound for food cap sealing

These food sealing products provide excellent leak resistance and sealing properties. Since the products come into contact with foods, they must be safe and sanitary. LEOSTOMER® is used in a wide range of applications such as beverages and toys for infants.



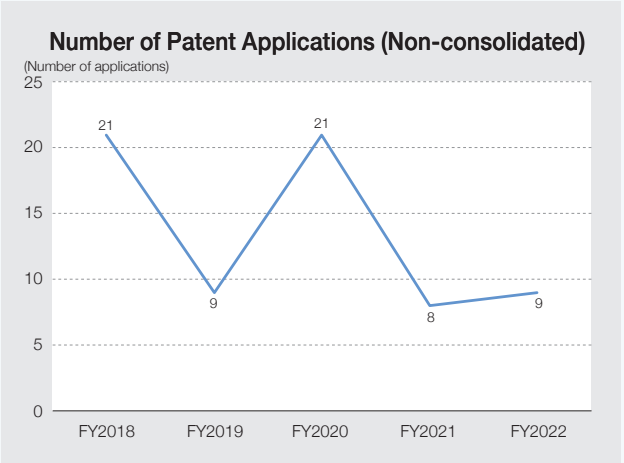
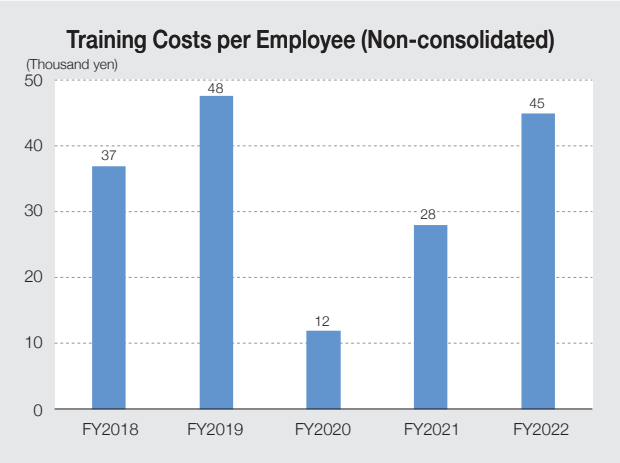
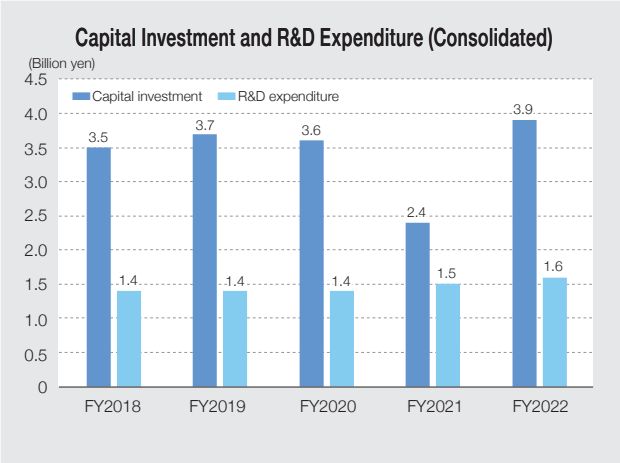
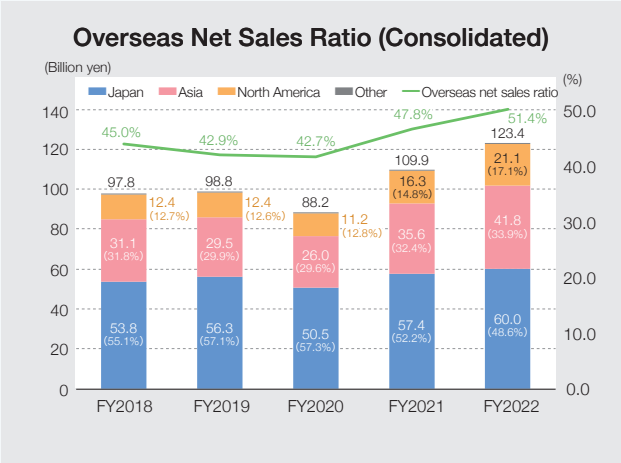
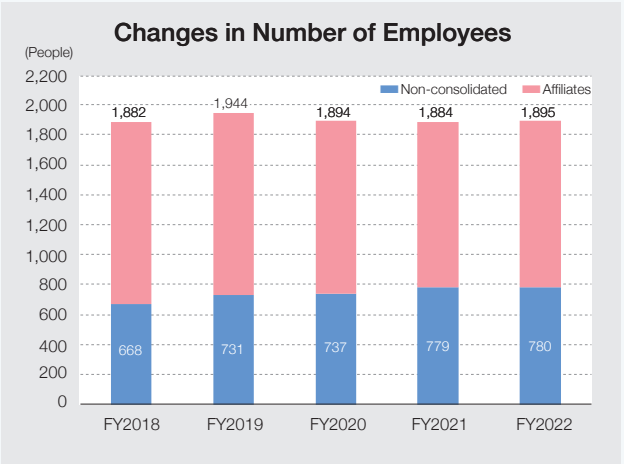
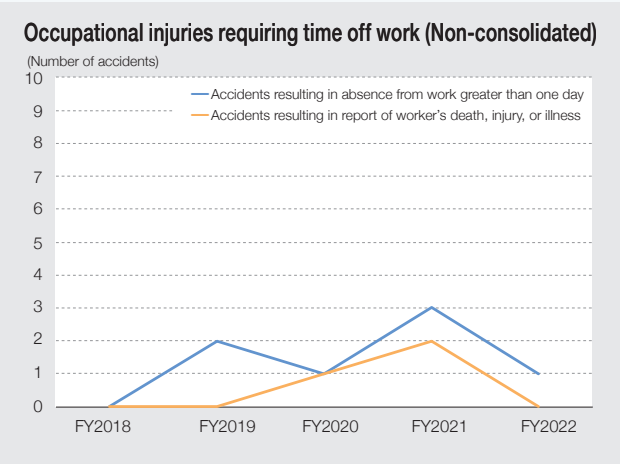
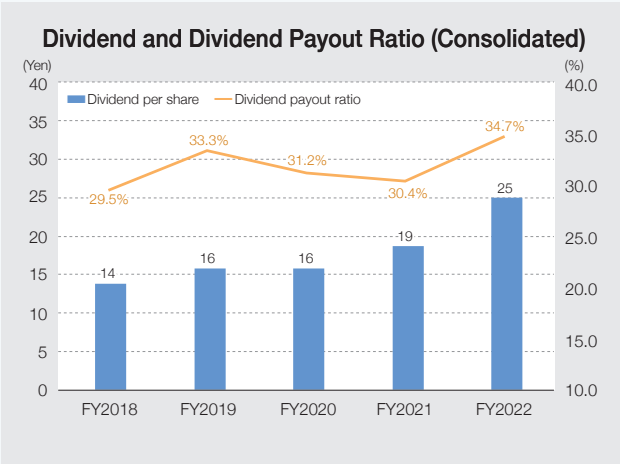
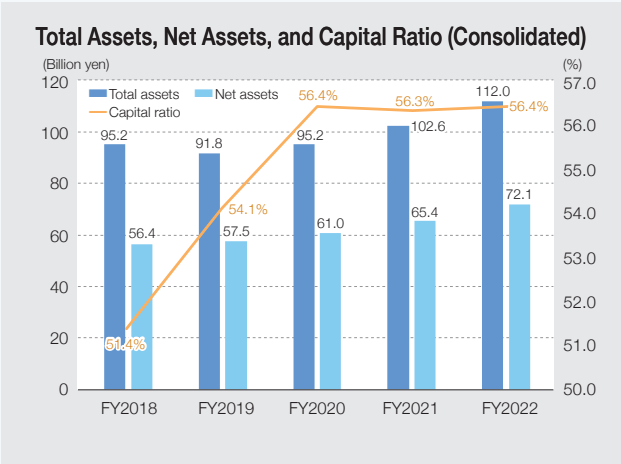
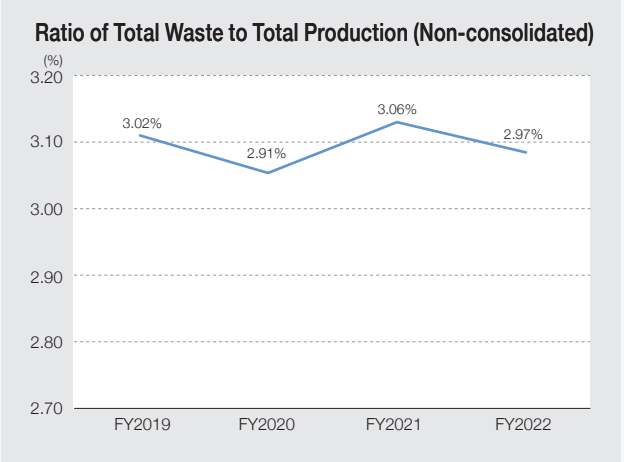
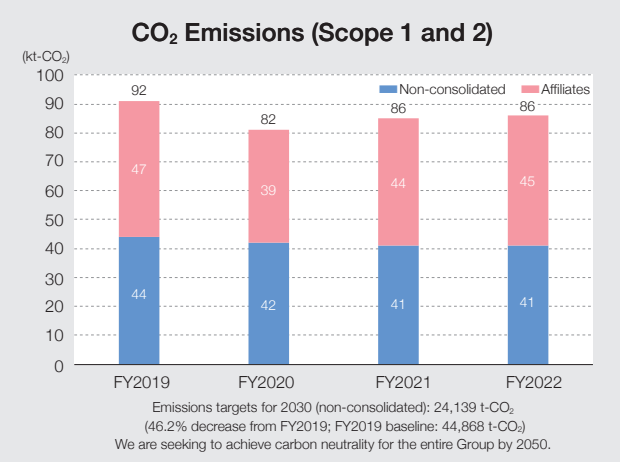
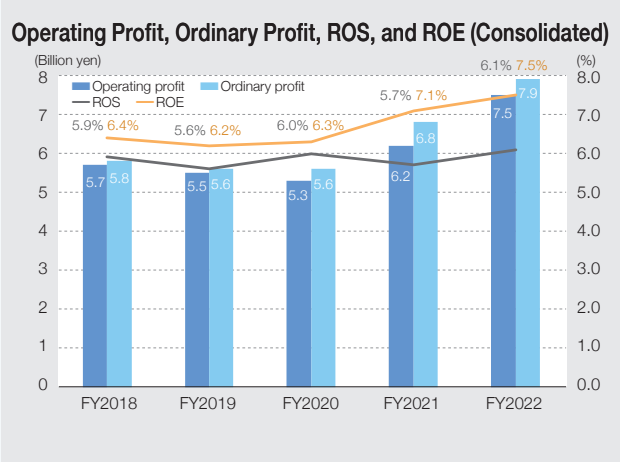
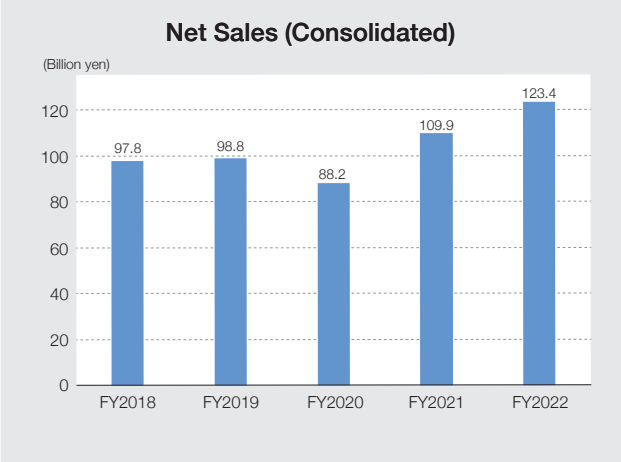
12 Antibacterial and antivirus film

These are films with a function that suppresses the growth of viruses and bacteria. RIKEGUARD® has received SIAA* certification, and we also handle compound-type products. We also have products with insect repellent properties.

* Society of International sustaining growth for Antimicrobial Articles

Financial and Non-financial Highlights

To realize the RIKEN TECHNOS GROUP's long-term vision, we have been promoting efforts by establishing various financial and non-financial indicators and targets (KPIs).





Biomass Plastic

Biomass is a concept representing the quantity ("mass") of biological resources ("bio") and refers to renewable and bio-derived organic resources. Biomass plastics are plastics that utilize renewable organic resources, such as corn and sugarcane, among other plants. Products containing plant-derived carbon do not impact the fluctuation of atmospheric CO₂ during their lifecycles because the amount of CO₂ atmospherically emitted through incineration and other reasons equals the quantity of CO₂ absorbed and fixed through forests and other plant resources, in turn bringing about a state of neutrality. This concept is called carbon neutrality and has been receiving attention in recent years. The use of plastics made with biomass materials allows for the development of eco-friendly products through, for example, fossil fuel conservation, suppression of greenhouse gas increase, and the creation of a recycling-based society.

RIKEBIO® is RIKEN TECHNOS's plastic product that uses biomass materials for mixed resins as well as plasticizers and other additives. The biggest feature of the brand is its applicability to a wide range of hardness requirements and its capability to achieve quality and performance levels equivalent to conventional petroleum-derived products. The newly launched series Natural RIKEBIO® aims to reduce waste by effectively utilizing natural resources, which would otherwise be discarded, as molding materials.

As part of its responsibility as a chemical manufacturer to contribute to achieving a sustainable society, RIKEN TECHNOS is developing products that use renewable biomass materials.

Special Feature: Dialogue among R&D Members

Biomass Plastics Contributing to Realizing a Circular Economy and a Decarbonized Society



In June 2022, RIKEN TECHNOS launched RIKEBIO®, a biomass plastic that utilizes renewable plant-derived materials to contribute to realizing a sustainable society. For the occasion of this Integrated Report, four researchers who were involved in the development of RIKEBIO® brand products came together for a round-table talk. The participants exchanged their views on the social background behind the development of RIKEBIO®, the types of social issues the brand can contribute to solving, and the direction for RIKEN TECHNOS's value creation efforts.

Participants: Hiroaki Wakayama (R&D Center General Manager), Ryota Nakanishi (Group 1, Material R&D Department No. 2), Koichiro Itagaki (Group 2, Material R&D Department No. 2), Shoko Nakajima (Group 3, Material R&D Department No. 2)

Held on June 30, 2023 at RIKEN TECHNOS's R&D Center (Tokyo). The affiliations and titles of the participants are current as of the talk.



Issues in the Development of Products Using Biomass Materials


Nakanishi: The development of RIKEBIO® started by searching for and selecting biomass materials, but there were issues inherent to the plant-derived materials. First of all, we needed to secure a stable capability for supplying biomass as its raw materials. There was also a need to collect information from diverse angles, such as whether the used plants were grown for food. These processes required a lot of effort.

Itagaki: Natural RIKEBIO®, which I was in charge of, contains husks as well as shells of oyster, scallop, and other shellfish which previously had to be discarded. This means that the product doesn't exclusively consist of plant-derived materials, but regardless, we emphasized how to utilize materials that were difficult to dispose of, and that the materials could be procured stably.

Wakayama: The ability to procure materials, however, is a strength of ours, and we have procured various materials throughout our accumulated history. So, I would say that procuring biomass materials is actually an area where we can take advantage of our strong suits.

Nakanishi: The ability to procure such diverse biomass materials might indeed be a characteristic feature of RIKEN TECHNOS. As I mentioned earlier, the next issue was whether the performance of plant-derived materials could bear comparison with petroleum-derived ones. I personally believe that the adjustment technology to achieve a performance level equivalent to petroleum-derived products is precisely where we can best utilize our strengths.

Wakayama: I agree. Anybody can mix different materials together, but where we shine most is our expertise on comparing and evaluating the performance and, accordingly, deciding whether to choose the best material or change chemical compositions.



Hiroaki Wakayama
R&D Center General Manager

Wakayama is involved in the development of compound products designed particularly for use in consumer goods. As the manager, he worked on the development and use of PVC and TPE grades during the development process of RIKEBIO®.

as our theme, I want to discuss our R&D efforts that bring about social sustainability.

Nakanishi: The goal of RIKEBIO® wasn't to be an edgy product that would take consumers by surprise; rather, it was to transition from finite petroleum-derived materials to renewable plant-derived materials. There was no need for edgy features, and instead we aimed for a performance level equivalent to that of petroleum-derived products.

Itagaki: That's right. The genesis of the project was a concept that we came up with through a lively conversation we had around 2019 about making a plastics product containing wasted resources and biomass materials.

Wakayama: In May of the same year, the Japanese government devised the Resource Circulation Strategy for Plastics based on the concept of "3Rs + Renewable." The term "renewable" was a perfect match for our biomass plastics development endeavor, and this was one of the driving factors for our project.

Nakajima: RIKEN WRAP BOTANICAL, which I was responsible for developing, is a product that applied RIKEBIO® to wraps for food packaging. There had been a similar development effort in 2015 but it had stalled. The major reason was consumers'

lack of high demand for environmental friendliness around the time, meaning that the product didn't meet the needs of the times.

Wakayama: The focus of RIKEN WRAP BOTANICAL is the exclusive use of biomass materials and the omission of any petroleum-derived additives. The public probably would not have been calling for this level of environmental friendliness yet in 2015.

Nakajima: Indeed. Today, people regularly carry around their own reusable shopping bags, restaurants offer paper straws, and society regards the environmental load of disposable plastics as a problem, but things were different in 2015. For this initiative, we confirmed that general society had grown more environmentally conscious, and we accordingly decided to develop a design that focuses on biomass content.

Itagaki: RIKEN TECHNOS's basic business model is to offer users a product customized for their desired quality and performance level, which means that it is very important to determine whether there is a need for product development.

Social Background of the Development of RIKEBIO®

Wakayama: The "circular economy" concept has been gaining traction in recent years as a new economic model for achieving a sustainable society. This idea involves utilizing and recycling resources that were conventionally disposed of, without generating waste. RIKEBIO®, which uses renewable plant-derived ingredients as its raw materials, is therefore regarded as a product with which RIKEN TECHNOS can contribute to realizing a circular economy. Today, setting RIKEBIO®



Ryota Nakanishi
Group 1, Material R&D Department No. 2

Nakanishi established the foundation of RIKEBIO® formula designs and was responsible for the table to mass-production scale technical validation processes. He is currently involved in development projects revolving around customization.

Special Feature: Dialogue among R&D Members

Biomass Plastics Contributing to Realizing a Circular Economy and a Decarbonized Society



Nakajima: My issue was the marketing aspect. Wraps for food packaging are products designed for consumers, which means that unlike compound and film products for which we can meet customers in person to ask about their needs, and we had to design and develop the product while looking at the needs of the market. Greenlighting the product launch while reading the trends of the times was no easy task.

Wakayama: There is also a major issue in price-setting for the spread of products in addition to market needs. Since plant-derived materials are costly, they push up product prices. Costs are currently hampering consumers' willingness to act eco-consciously. This is why a trend needs to be created with the national and local governments' support—for instance, offering incentives for the purchase of environmentally friendly products—and we should take proactive action to achieve this kind of society as well.

Nakanishi: More inquiries about RIKEBIO®-related products appear to be coming in, which definitely shows an increasing level of attention from society. Still, the reality is that we have yet to arrange a lineup to move away from all petroleum-derived products. The range of types of biomass materials that we can offer is rapidly growing, so perhaps further boosting the number of our products from here on is another issue.



Shoko Nakajima

Group 3, Material R&D
Department No. 2

Nakajima is an employee who engages in R&D while balancing childcare. She was in charge of the development of wraps for food packaging, and contributed to commercializing RIKEN WRAP BOTANICAL.



RIKEBIO® Series That Can Contribute to Carbon Neutrality and Regional Development

Wakayama: Natural RIKEBIO® definitely contributes to a circular economy, as the series utilizes resources that would have otherwise been discarded. The use of biomass materials fixes the CO₂ that plants have been storing, so we should regard circular economy and carbon neutrality as concepts that go hand-in-hand.

Nakanishi: I agree. RIKEBIO® has its biomass content available to the public as an indicator to promote its environmental performance, and the product has attained the Biomass Mark, a label certified by the Japan Organics Recycling Association (JORA). Biomass content indicates the amount of C14 contained—carbon only found in biologically derived substances—which means the higher the content, the higher the contribution to decarbonization. JORA's website also states that biomass can be used sustainably as it is a plant- and animal-based renewable resource.

Nakajima: RIKEN WRAP BOTANICAL has a 90%-plus biomass ratio design. This fact is clearly indicated on the packaging,

and I think we're successfully promoting to consumers in a readily understandable manner the fact that they can contribute to the environment by purchasing and using the product. RIKEN WRAP BOTANICAL has received the certification from the Japan BioPlastics Association (JBPA) and the certification mark is the equivalent of JORA's mark in terms of biomass content. I think the product represents its environmental performance in an easy-to-understand way with the number "90" on the packaging.

Wakayama: Absolutely. Let's continue our R&D based on an approach that contributes to the achievement of carbon neutrality through the use of biomass materials and the promotion of circular economy-related activities.

Itagaki: I think RIKEBIO® can provide to the world not only environmental but also social value. Natural RIKEBIO® uses many biomass materials whose disposal is regarded as a social issue. For example, illegal scallop shell dumping is apparently a social issue, so we're thinking that producing bioplastics with the shell content could contribute to regional development down the line.



Koichiro Itagaki

Group 2, Material R&D
Department No. 2

Itagaki was involved in the development of Natural RIKEBIO®. To effectively use wasted natural resources, he examined various biomass materials and explored their potential effectiveness as molding materials and developed formulations.

Value Creation That RIKEN TECHNOS Should Aim for

Wakayama: Our discussion so far has allowed each of us to deepen our understanding of the value RIKEBIO® can offer to society. But sustainability entails constant pursuit, so we need to keep creating new value. What kind of R&D project would you like to work on going forward?

Nakajima: Wraps and other products for food packaging are areas that can help solve food loss issues. I hope to work on a design that can decompose or release ethylene gas produced by the ripening and decomposition of fruits and vegetables, and accordingly maintain their freshness to extend their expiration and best-before dates.

Itagaki: As I referred to earlier, I want to contribute to creating a new local industry. If neglected bamboo forests are a problem in a certain region, developing and producing bioplastic products with bamboo powder content and partially using them in local companies' products is one example of what can be done.

Nakanishi: I want to engage in development efforts that align not with conventional approaches but with RIKEN TECHNOS's progress in sustainability management. RIKEN TECHNOS supports the TCFD's recommendations, undertakes initiatives and information disclosure in line with the recommendations, and establishes and manages the progress of materiality topics. I hope to work on R&D that directly ties into such Company-wide movements.

Wakayama: You all are usually involved in different product development projects, but coming together for this discussion and sharing your thoughts and opinions helped to clarify RIKEN TECHNOS's course of value creation. Thank you for sharing your valuable opinions today.



RIKEBIO® Compounds

In these compound products, we have replaced petroleum-derived materials with biomass materials. We have a lineup of PVC and TPE products, and some grades have acquired the Biomass Mark. The biomass content is adjustable based on the application and requirements to develop grades that can obtain the Biomass Mark.

RIKEBIO® compounds are sustainable and practical products, as they can be applied to extensive purposes with performance levels on par with conventional petroleum-derived products. They are establishing a track record through their use in everyday items and industrial material hoses.

RIKEBIO® Films

Utilizing the development of RIKEBIO® compounds, we are expanding the technology into film products and developing new film grades.

Natural RIKEBIO®

Natural RIKEBIO® aims to reduce waste by using our original formulations and manufacturing technologies to compound natural resources that would otherwise be discarded, and effectively utilize them as molding materials. Some types of base resin can contain 50% or higher levels of natural resources, allowing for reduction of the usage volume of petroleum-derived plastics. Adjusting the quantity of added natural resources can add new value while keeping the feel, color, and other original features of natural resources. Other than the development, marketing, and sales promotion activities as to molding materials, we are exploring the possibility of developing sheets by applying film manufacturing technologies.

RIKEN WRAP BOTANICAL

This is a wrap for food packaging that uses sugarcane-derived biomass polyethylene resin to reduce the usage volume of petrochemical raw materials. Designed with over 90% biomass content, we are proposing new ideas applicable to people's daily lives.





Overview of Value Creation

Message from the CEO

Stay Ahead of Customers' Expectations with Our Unchanging Spirit to Take On Challenges

Representative Director
President & CEO
RIKEN TECHNOS CORPORATION

Kazuaki Tokiwa

A Challenger That Stays Ahead of Latent Needs

We are a private company that stemmed from the RIKEN Foundation, and established in 1951 as RIKEN VINYL INDUSTRY CO., LTD. With the processing of polyvinyl chloride (PVC) resin as our core business, we started as a venture capital with limited funding and based solely on our strength in terms of people and technology. Our features since the days of our establishment—including our challenging spirit, creativity, and determination toward new product development—continue to be passed down as important principles even after we changed our company name to RIKEN TECHNOS CORPORATION.

Our spirit of venture passed down continuously over our history of over half a century, our corporate culture developed over the generations with trust at its core, and our vision that we will continue to pursue into the future—when we commemorated our 60th anniversary in 2011, we consolidated these three into our new corporate

philosophy, the RIKEN TECHNOS WAY. RIKEN TECHNOS WAY comprises three layers: our Mission expressing our raison d'être, our Core Value which serves to guide our decisions, and Basic Action that form action guidelines to be practiced by our employees. There are nine specific action guidelines defined under Basic Action, one of which used to be "Exceed customers' expectations" that we have changed this time to "Stay ahead of customers' expectations." The change of wording from "exceed" to "stay ahead of" may look like a minor change at first, but this is because RIKEN TECHNOS wants to be a company that is not satisfied with simply exceeding the customers' expectations that can already be seen, but always anticipates the future to stay ahead of the latent customer and market needs which have yet to manifest. This change in wording incorporates this strong desire.

To always stay ahead and propose new value, we ourselves need to deeply understand the market and our customers. My role as CEO is to develop talented human resources with skills that can achieve this and also firmly

establish the corporate culture of "Stay ahead of customers' expectations" across the entire Group. At the same time, it takes considerable time to change corporate culture, and I understand that this is easier said than done. I will lead by example to set time for transformation and undertake this effort determinedly without sparing any of the resources that I have as the top management.

My Basic Stance in Corporate Management Is to Be Thorough in Discussions

When going about business operation as the top management, I place the utmost emphasis on deriving conclusions after being thorough in discussions. Then, the conclusions arrived at after the process of discussion are shared with everyone for us to move forward together in the same direction and pace. This is my basic stance.

When we formulated the three-year medium-term business plan that started in FY2022, we conducted repeated

discussions with all executive officers about the gist of the plan and, in particular, RIKEN TECHNOS's strengths and weaknesses that serve as the prerequisites of the plan. At the same time, thorough discussions were also carried out at the respective levels of the general managers and managers who are actually responsible for achieving the targets of the medium-term business plan. Through these discussions, we concluded that our two strengths are our strong technical capabilities in formula design, kneading, and film manufacturing as well as our ability to deliver what customers want to a global, blue-chip clientele.

Furthermore, when we identified our materiality topics, we held unreserved discussions, even on days off, at both the level of directors—which included outside directors—and general managers to arrive at the current set of materiality topics.

For discussions related to sustainability, which require a medium- to long-term perspective, it is important to imbue a sense of ownership on young and mid-level employees who will be responsible for RIKEN TECHNOS's future

and not have decisions made just by the directors. The business environment we are in will surely keep changing going forward. The changes at each point in time may be small, but when looked at over a long period of time, their impact may be extremely significant. It is necessary for young and mid-level employees to improve their abilities to sense and adapt to both big changes as well as the small changes in front of them. In a company with a history such as ours, there is a tendency to prioritize the mindset of “this was how we have been doing things” and “we had no issues with doing things this way so far.” However, I think that for RIKEN TECHNOS to continue to achieve sustainable growth going forward, it is absolutely essential that we squarely face the problems occurring in front of us without ignoring them and be thorough in our discussions by fully using the knowledge of everyone to think about how to solve these problems. I hope to lead by example and create an environment where everyone can conduct passionate discussions on all issues related to RIKEN TECHNOS with a sense of ownership.

RIKEN TECHNOS's Growth Comes from the Growth of Each Employee

I myself have worked for a long period of time overseas. In countries with a different lifestyle, culture, and business practices, the implicit understanding between Japanese people does not apply, and being placed in such an environment developed my stance of speaking logically using the proper words. Such experiences form the basis of my management method that pays particular attention to discussions.

When I took over the appointment of president, I told all employees that the growth of people is corporate growth itself. Our basic human resource strategy is for employees and RIKEN TECHNOS to grow together. The Company will provide work and workplace environments that allow each employee to apply their abilities as well as support employees in playing active roles by actively conducting education and training. If employees can demonstrate teamwork under the strong leadership of those in management positions, it should lead to the Company's growth.



In our three-year medium-term business plan, we state three conditions to clearly show the ideal human resources sought by RIKEN TECHNOS. These are: human resources that succeed at global competition, human resources with analytical skills, strategies, and perspectives that stay ahead of customers, and human resources with diverse viewpoints that give birth to new businesses and products. Gathering such human resources is a pressing issue, and the three methods available to us are securing of human resources, human resources development, and reassignment of human resources and improvement of efficiency. In particular, from the perspective of securing human resources, we will actively carry out mid-career recruitment to supplement the areas that we currently lack or are weak in. We will invigorate the Company and create synergy with our human resources development by introducing talents from outside. In addition, we will recruit human resources with global perspectives in our recruitment. We hope to aggressively recruit not only people who were educated in Japan but also those who have experienced education overseas, such as exchange programs.

Today, at 51.4%, overseas net sales account for the majority of our net sales, and our employees have to think with a global perspective that goes beyond the boundaries of Japan. Besides those involved in sales who have to acquire a global sense, employees in manufacturing and technical positions—for which this issue seems unrelated at first—also need to widen their perspectives and realize “the spirit of manufacturing” that can be achieved at overseas sites without being confined to using materials and methods that are indigenous to Japan. I also hope that those in administrative departments will change their mindsets to think of the entire world as our business field, such as thinking about risk management after considering the global situation.

At the same time, those of us in top management have to think about creating more chances for employees to grab opportunities. It is also important to create an atmosphere where employees can voice their opinions and thoughts without hesitation. I think that everything necessary for establishing such an environment that develops people falls under the scope of human resources development, and I hope to make it into a part of us as our corporate culture.

Long-term Growth Strategy and Actions for Improvement of Near-term Profitability

In FY2022, we established the Start-up Office for New Business Development as our growth strategy from a long-term perspective that goes beyond the three-year medium-term business plan. The mission of this department is to give birth to totally new businesses that will become profit pillars in 10 years' time. As an approach different from the past, instead of establishing a new business on our own from zero, we will actively pursue academic-industrial partnerships, industry-industry collaboration, and other such efforts. Depending on the collaboration, we will develop our ability to deepen discussion with people outside the Company, and in the development of new products, we also intend to incorporate the ideas and technologies of our partners without being too particular about our own ideas. The Technical Division has also begun collaboration with academic institutions and industry in various areas ahead of the efforts of the Start-up Office for New Business Development.

At the global level, for the ASEAN region and North America, we have assigned officers who are responsible for the respective regions as a whole. The plan is to improve the region as a whole by appointing human resources capable of looking at all aspects of business—from procurement to design, production, and occupational safety—to this position of regional officer. In the future, we hope to significantly improve the technical capabilities of the respective regions under the regional officers to reach a level where each region can operate independently instead of dispatching human resources from Japan to provide instruction on production technologies.

Several years ago, we started conducting global meetings by department. One of them is the global sales meeting, which is held once each month and attended by the managers of business units in Japan and leaders of sales departments at overseas sites. We launched this series of meetings for the purpose of solving issues occurring in the respective countries and regions by thinking about and solving them at the global level instead of relegating them to being problems unique to each country and region. In FY2022, following the sales departments, the manufacturing departments also launched the global manufacturing meeting. This meeting is attended by

managers of manufacturing sections in Japan while overseas attendees are general managers of factories, who are the leaders of their respective manufacturing departments. These global departmental meetings reflect my firm belief that, in our pursuit of further global reach in the future, it is essential to entrench an approach of seeking overall optimization instead of individual optimization as well as raise the level of all employees globally. In fact, ever since the start of global meetings, there have been more times when I felt that the overall level of the respective regions has increased. Going forward, we are also planning to establish global meetings for our procurement and quality assurance departments.

Investment Policy and Profit Allocation

We see two major tracks for our investment strategy aimed at expanding profitability. One is to invest in PVC compounds—our best performing product—in the ASEAN region. The other is elastomer compounds, which are seeing greater demand on a global scale due to their strong environmental performance. For them, we plan to invest in the overall global market centered on Japan, the ASEAN region, and the Americas without limiting the target market.

We will also carry out continuous growth investment in the three areas of facilities, R&D, and human resources with a view of RIKEN TECHNOS's sustainable growth. In particular, we will focus on capital investment for streamlining and labor saving in anticipation of a shortage in human resources in the near future, and also investment in human resources that includes the raising of wages. Facilities and human resources are actually very tightly related. As we are in manufacturing, productivity is highest when we operate without pause using shifts. At the same time, we need to promote work-style reforms as part of sustainable management. To strike a balance between these two opposing themes, as an example, it will be necessary to manufacture in five days what used to take seven days, and we will require investments in both systems and processes to raise productivity. For systems, we will advance labor saving through automation of manufacturing equipment. At the same time, for processes, we must actively implement digital transformation (DX) and also think about using artificial intelligence (AI)

for tasks that used to rely on humans. Of course, we will also need excellent human resources to be responsible for improving productivity. Therefore, we will expand our investment in human resources, including investment in employee education and mid-career recruitment of highly skilled human resources.

Another key point is shareholder returns. In FY2022, we changed our dividend policy, increasing the dividend payout ratio by 5% from 30% to 35%. We will also further enhance opportunities for communication with shareholders and investors, such as starting to organize shareholder relations (SR) meetings from FY2023.

Toward Solving Social Issues through Our Core Business

RIKEN TECHNOS's PVC compounds and elastomer compounds—our flagship products—are all materials that are friendly to the environment. The main raw material of PVC compounds is PVC resin, and more than half of its composition is salt (sodium chloride), a natural material. Therefore, PVC's environmental load is significantly lower than polyethylene and polypropylene, which are derived from petroleum. With excellent weather resistance, durability, and thermal insulating properties, in recent years, there are also more products that use PVC resin instead of aluminum as window frame materials. There is also data showing that, by simply changing window frames to use PVC, air conditioning efficiency increases by around 40%. Meanwhile, elastomers are materials that are often used as a replacement for synthetic rubber such as in automobile parts. Lighter than rubber, they can help to improve fuel efficiency by making automobiles lighter, and they can also be easily recycled. Therefore, elastomers can significantly contribute toward reducing environmental load as lightweight materials that can be recycled.

Furthermore, as our compounding technologies are technologies for combining various resins and additives, for example, by using organic resources that would usually be discarded—such as scrap wood ground into powder or used tea leaves—as additives, it will be possible to make effective use of resources as well as provide environmentally friendly products. Waste, which serves as the raw materials for biomass materials, can become an issue for society, and using these products for various applications can also help to make effective use of waste.



Incorporating RIKEN TECHNOS's Strengths into Our Corporate Culture

Going beyond listening to the requirements of customers and achieving them to feel joy in delivering products and services that exceed customers' expectations—RIKEN TECHNOS is a company that has such employees, and I believe that this is our corporate culture. However, on reflection, this may also mean that we are acting passively, waiting for the requirements of our customers. Going forward, based on this reflection, we will seek tighter communication with customers to discern even the needs that have yet to manifest and engage in business that stays ahead of customers' expectations. We will incorporate the behavior of further strengthening our strengths and acting in an even more proactive manner to the level that it can

be called our corporate culture, and build a true partnership that creates the future together with our customers. My mission is to change this into a corporate culture that can be seen with the eyes and not let it remain as something in our minds.

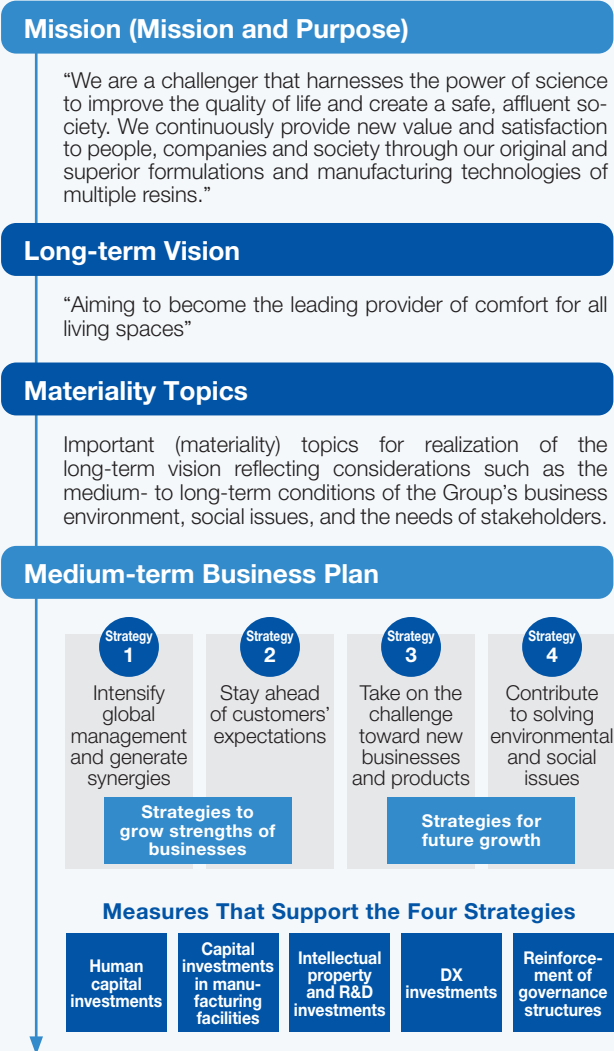
Together with our business being sustainable, going forward, we hope to continue to contribute toward solving various social issues through our core business of resin processing to seek a world where society as a whole is sustainable. We will also increase the recognition of RIKEN TECHNOS and our products in the world of sustainability so that we enhance our corporate value both financially and non-financially. We hope that all of our stakeholders will continue to give us your unwavering support.

Long-term Vision and Materiality Topics

Long-term Vision

Amidst a drastically changing business environment the Group has been working to achieve its long-term vision, “aiming to become the leading provider of comfort for all living spaces” since 2016, and has formulated a medium-term business plan and strategy, and is implementing a variety of measures.

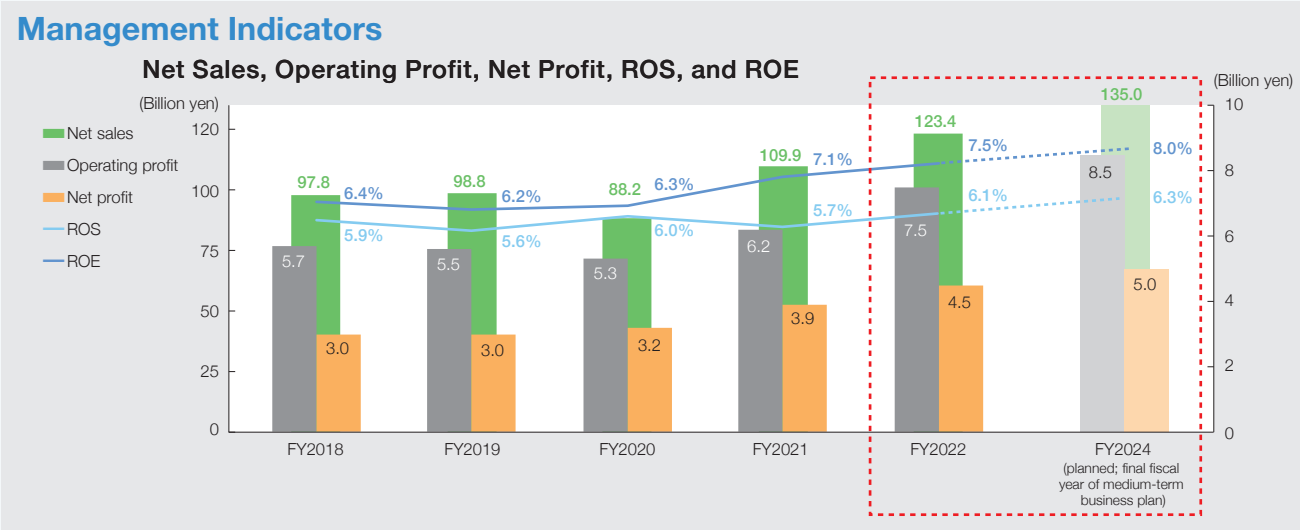
The long-term vision incorporates the concept of delivering optimal solutions (comfort) through our businesses to “all living spaces,” including those areas of society we will become involved with in the future, in addition to existing business areas and stakeholders.



Medium-term Business Plan

In the three-year medium-term business plan that started in FY2022, we are working toward becoming the leading provider of comfort for all living spaces stated in the long-term vision with “Challenge Now for Change New 2024” as the management policy.

All employees are moving forward as one to promote the four strategies in this plan toward achieving the management indicators and accomplishing the plan.



State of Progress

There are four strategies stated in this three-year medium-term business plan: two strategies to grow existing business and two strategies for future growth. In FY2022, the first year of the plan, we focused on establishing organizations and systems required for accomplishing measures based on these strategies.

The first strategy is to “intensify global management and generate synergies.” To pursue Group-wide optimization, we organized global sales and manufacturing meetings that connect domestic and overseas sites and shared information and issues. We also built global structures for quality assurance and procurement. Going forward, we will reinforce global cross-functional management centered on each division.

The second strategy is to “stay ahead of customers’ expectations.” To further strengthen and develop our strength and business model of understanding exactly what the customer wants and quickly providing a solution, we focused on the development of sales human resources with high capabilities in regard to strategic outlook. At R&D departments, we are developing human resources for materials informatics (MI)

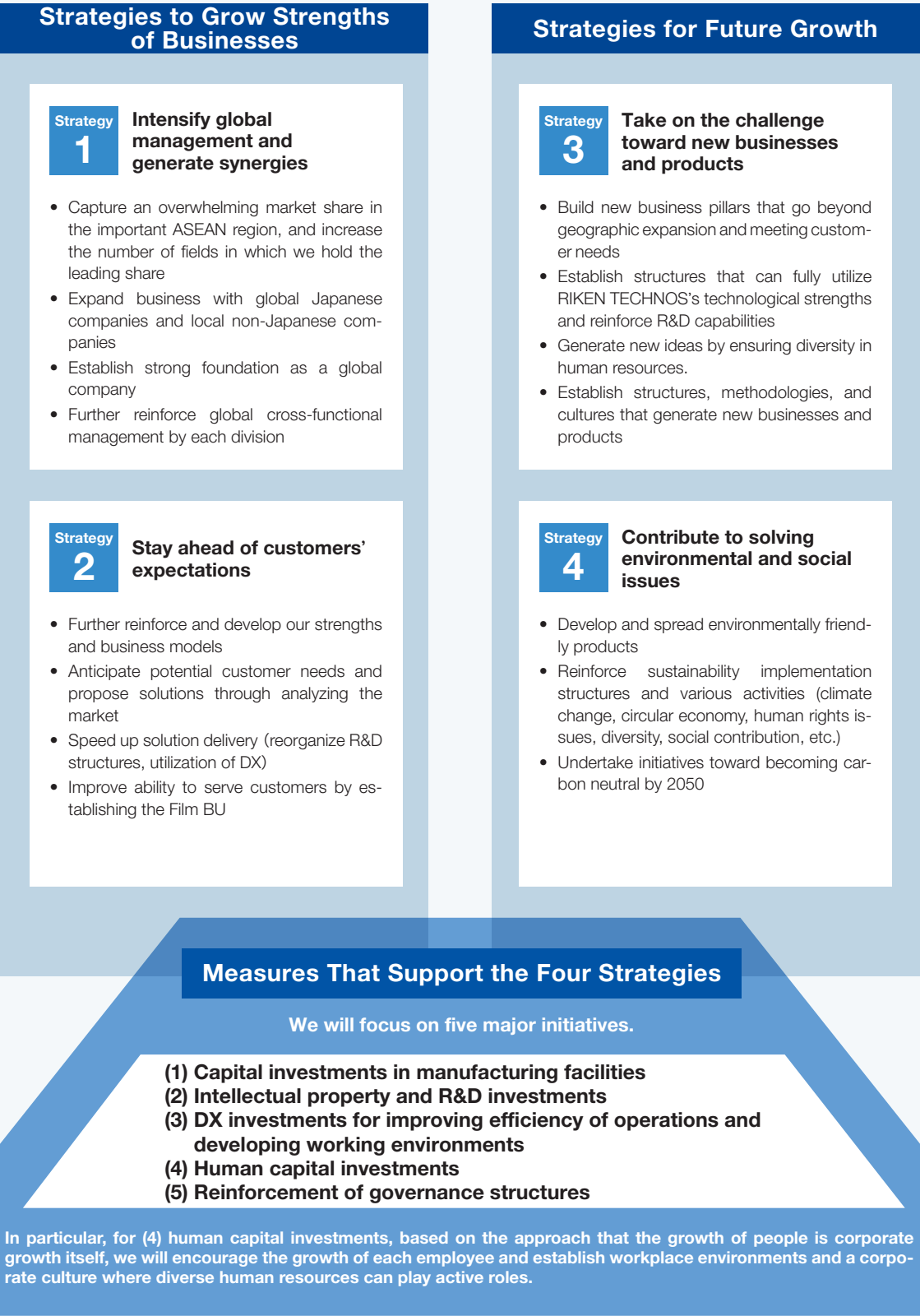
and at the same time, have commenced full-scale system operation.

The third strategy is to “take on the challenge toward new businesses and products.” In October 2022, we established the Start-up Office for New Business Development as an organization directly under the president. The office is searching for themes that may lead to new businesses and products for our future. We also embarked on open innovation through academic-industrial partnerships as well as a review of development processes and implementation of intellectual property (IP) landscaping to generate IP.

The fourth strategy is to “Contribute to solving environmental and social issues.” We established a Sustainability Committee and worked on matters such as addressing climate change and identifying materiality topics. We are also working on the developing of various products that help to reduce environmental load.

From the second year onward, we will further accelerate the implementation of the four strategies by strengthening and utilizing the organizations and systems established in the first year.

Four Strategies





Overview of Value Creation

Message from the Officer in Charge of Financial Affairs

Fully Utilize Our Strengths as a Challenger to Aim for Sustainable Improvement of Corporate Value

Junji Irie

Representative Director
Senior Managing Executive Officer
RIKEN TECHNOS CORPORATION

Looking Back at FY2022

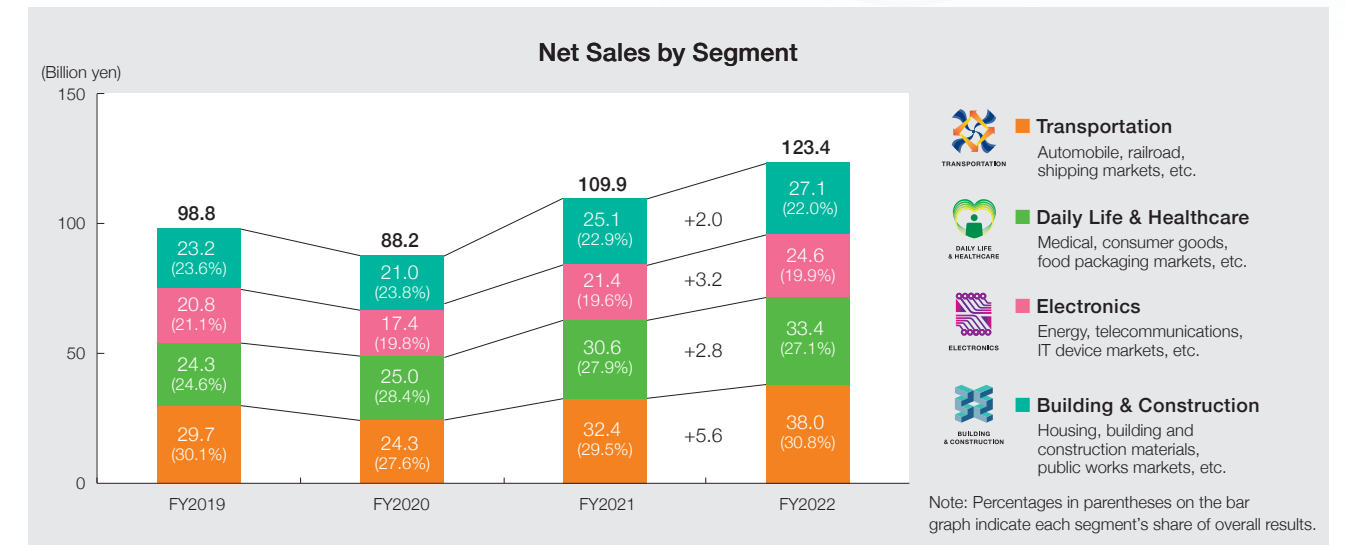
Achieved a new record high in profits amid taking great pains in stable procurement of raw materials

Besides not seeing an end to the impact of COVID-19, FY2022 was a year in which we took great pains in stable procurement of raw materials due to their high prices. Although we passed on the increase in prices after carefully explaining to customers and obtaining their acceptance, looking at the profits and losses during this period, there were certain segments that were affected in terms of profits and losses as prices of raw materials increased before they were passed on. Going into 2023, raw material prices look to be settling down slightly, but they continue to remain high. In addition, from January 2023, high utility costs started to show substantial negative impact. However, looking at our consolidated performance for the full fiscal year, there were also many positive changes in the external environment. As a result, our consolidated operating profit for the fiscal year ended March 31, 2023 was 7.5 billion yen—an increase of approximately 1.2 billion yen from the previous fiscal year—and we achieved a new record high in profits.

Portfolio Management

Implement portfolio management that fully utilizes RIKEN TECHNOS's strengths

In the three-year medium-term business plan that began in fiscal 2022, our consolidated targets are set as net sales of 135 billion yen and an operating profit of 8.5 billion yen in the fiscal year ending March 31, 2025, the plan's final fiscal year. To achieve these targets, we will steadily execute our mission of "being a challenger" and the basic strategies stated in the medium-term business plan—"Intensify global management and generate synergies" and "Stay ahead of customers' expectations"—as well as further improve our portfolio management centered on our strengths, which are the creativity of our employees and our excellent technologies. We hope to secure our superiority in the functional aspect by providing the market with products that have value not found in our competitors' products and enhance our competitiveness in the industry. In the medium-term business plan, we also stated "Actively consider technology acquisitions, equity investments, and M&A to pursue new businesses" as our financial strategy.



At the same time, we will work on enhancing our R&D structure and strengthening our intellectual property strategy. Regarding the strategy for future growth "Take on the challenge toward new businesses and products" in our medium-term business plan, we established the Start-up Office for New Business Development in April 2022 as a specific measure. Together with recruiting engineers that have skills necessary for new businesses, we have also embarked on academic-industrial partnerships to search for themes and seeds for joint research.

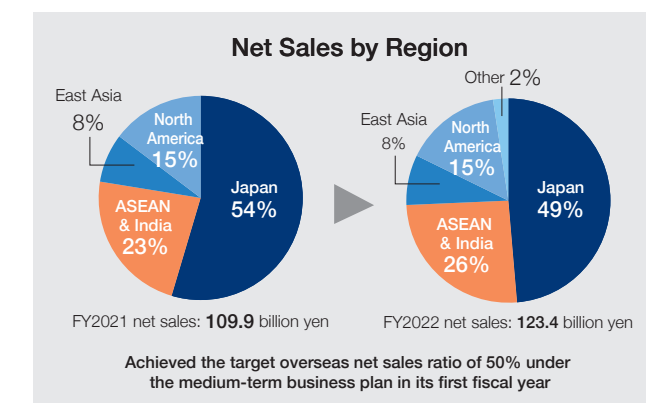
Our segments of Transportation (automobile, railroad, shipping markets, etc.), Daily Life & Healthcare (medical, consumer goods, food packaging markets, etc.), Electronics (energy, telecommunications, IT device markets, etc.), and Building & Construction (housing, building and construction materials, public works markets, etc.) are adopted by market with a user perspective. The key to our portfolio management lies in defining the focus markets—the specific markets out of these four segments where we can expect future potential and global growth—to concentrate our management resources on hand. We have made the automobile, medical, and consumer goods markets in Japan and overseas our priority markets. At the same time, we will also focus efforts on the construction materials markets—given the expectation of vibrant construction demand centered on the ASEAN region—and the telecommunications markets. Particularly, in the ASEAN region where there is a rush to establish infrastructure such as power plants and telecommunication cables and not just

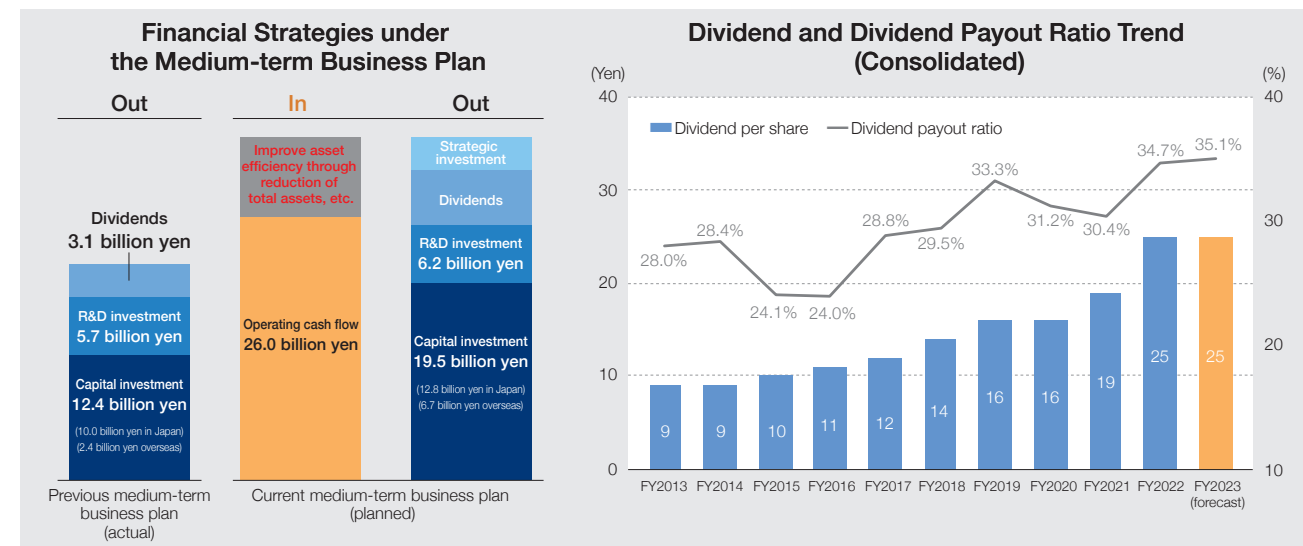
residential and other buildings, due to the high demand for power cable and other electric wires and electrical materials, we will strive to expand our share of covering materials for such products. We have already obtained the number one share for covering materials in Indonesia, and we will take on the challenge of further growing our shares in other regions.

Investment Plan

Undertake aggressive investment in preparation for post-COVID-19 demand recovery and labor shortage

In the three-year medium-term business plan, we are planning a total capital investment of 19.5 billion yen. The investment will be mainly for building manufacturing facilities and systems in Japan and overseas. Our financial strategy also includes investment in R&D, shareholder





returns such as dividends, and strategic investments for promoting M&A and joint projects with partners, and we believe that it will lead to further improvement of our corporate value.

For capital investment, as the stagnant demand within and outside Japan due to COVID-19 has been largely resolved, our production volume in FY2022 recovered to around 90% of its level before the pandemic, and it is a pressing issue to increase our production lines in line with this recovery in demand. We will accelerate capital investment centered on overseas factories for polyvinyl chloride (PVC) compounds such as in the ASEAN region and North America. Meanwhile, we are also adding a new elastomer manufacturing line in Japan due to the ongoing switch from synthetic rubber to elastomer resin—which is lightweight and has less impact on the environment—arising from the increasing needs for eco cars in Japan. We will execute capital investment with a sense of speed that seems to exceed 19.5 billion yen so that we do not lose business opportunities because our establishment of manufacturing lines cannot keep up with the demand.

As for the building for systems, we recognize the necessity of investment for labor saving, manpower saving, and streamlining to prepare for the shortage of manpower in Japan in the near future. In particular, we think it is necessary to promote digital transformation (DX) and use artificial intelligence (AI) to make up for the shortage of human resources. We intend to continue investing aggressively in the building of systems that serve as replacement for human labor.

Recently, investment in human capital is also gaining attention. Since before, I had the idea of accounting for human resources on the balance sheets under the item of human capital. Human resources are important assets to the Company, and it is important to find ways to develop them into human resources with high potential for growth. Therefore, we also establish key performance indicators (KPIs) for investment in our people, and particularly in the education aspect, plan to raise training costs per employee from around 30,000 to 40,000 yen per year to a level exceeding 100,000 yen.

Capital Efficiency and Profit Returns

Pursue stable profit returns that match the improvement of corporate value

At RIKEN TECHNOS, our basic policy is to pay stable dividends to our shareholders and investors while seeking a balance between financial standing and business. From the fiscal year ended March 31, 2023, we have increased our consolidated dividend payout ratio from around 30% to 35%. In addition, we paid a dividend of 25 yen for the fiscal year ended March 31, 2023, an increase of 6 yen compared to 19 yen in the previous fiscal year.

Behind the conduct of such profit returns was performance in the first fiscal year of the medium-term business plan that exceeded expectations, including the setting of new records in net sales and all profit measures. Each segment still has room for growth, and if we can create value not found in our competitors centered on technology as well as stay ahead of customers' expectations and

develop new businesses and products in both aspects of function and price, it may be possible to develop and grow our return on sales (ROS), which is currently at around 7%, to close to double digits. Our return on equity (ROE) has been staying at 7.5% of late, but if we can achieve the targets of the final fiscal year of the medium-term business plan, there is a real possibility that it may exceed 8%. Of course, we do not intend to be satisfied with this, and will also look at exceeding 10% in the near future. If we can generate such a virtuous cycle, the multiplier of our price book-value ratio (PBR) will also naturally increase, and the results will also be reflected in our share prices. To do so, we recognize that it is important to be able to apply our capabilities in innovation that utilize our strengths in people and technology. Going forward, we will continue to strive on improvement of our corporate value using our strengths, and aim to achieve long-term and stable shareholder returns that exceed our cost of equity through raising our dividends and medium- to long-term share prices.

At the same time, to optimize our assets held and enhance financial governance, we are working on to reduce our strategic holding shares, which currently exceeds 10% of our net assets, while verifying if they are shares that match the cost of equity and if there are benefits in holding onto them.

Dialogue with Our Investors

Implement active investor and shareholder relations stemming from RIKEN TECHNOS to seek enhancement of opportunities for dialogue

So far, we have been practicing timely and proper disclosure of financial information—such as management indicators, growth strategies, and business overviews—as well as non-financial information in the environmental, social, and governance (ESG) areas. We have also provided opportunities for dialogue with shareholders and investors to further deepen their understanding of the Company. However, even though opportunities were provided, we did not adopt a stance of seeking active communication stemming from RIKEN TECHNOS, with briefings and such often requiring shareholders and investors to travel. Based on this point of reflection, we started holding shareholder relations (SR) sessions in April 2023 on top of the investor relations (IR) sessions that we had been conducting. We have just embarked this initiative, so we are first targeting leading institutional investors who

are our major shareholders. Being also the Senior General Manager of Administrative Division, I am at these sessions in person as the person responsible, where I explain in detail information that is thought to be of high interest to investors, including our growth strategy and business deployment as well as our 70-year history of value creation since our establishment, ESG initiatives, the environmental contributions of our products, and the roles being played by outside directors in our Board of Directors. These sessions were largely well-received by the attendees, with feedback such as “I could understand RIKEN TECHNOS better than before” and “I think there are more areas that you can draw attention to.” Going forward, our basic stance for both IR and SR sessions is to actively explain to shareholders and investors to strengthen our engagement with them.

RIKEN TECHNOS's strength is that we are a company that is always searching for product development that provides beneficial technologies and functions to customers. In addition to the field of environmentally friendly products, in which we excel, we will also pursue innovation that can help to solve the various social issues raised by the Sustainable Development Goals (SDGs). We will focus management resources on them for continuous improvement of our corporate value from both financial and non-financial aspects. At the same time, we will accelerate active communication stemming from the Company to further enhance our dissemination of information to external parties. I will take the lead and strengthen our commitment, and I am determined to meet the expectations of all stakeholders, including our shareholders and investors.



Business Segments

The RIKEN TECHNOS GROUP conducts business in four market segments: Transportation, Daily Life & Healthcare, Electronics, and Building & Construction.

Through coordination between our sites in Japan and overseas, we are advancing rationalization and efficiency improvement measures throughout our sales, R&D, procurement, manufacturing, and quality control. Furthermore, we accurately meet market and customer needs, developing and steadily implementing strategies to expand our business with Japanese companies active around the world and with non-Japanese companies.

We will continue to strive to stay ahead of customers' expectations, expand sales of our existing products, which are the drivers of our growth, and improve our market share. At the same time, we will work to create new products and businesses that can serve as the pillars of our future business.









Gakuyuki Kajiya
Senior General Manager
Sales & Marketing
Division

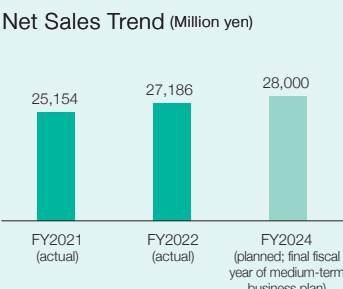
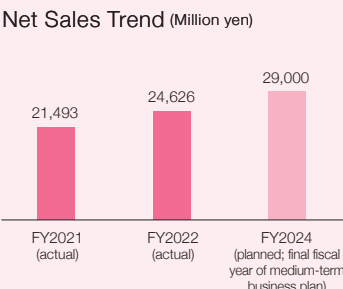
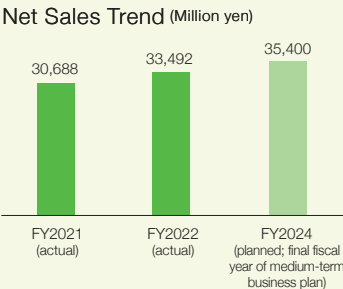
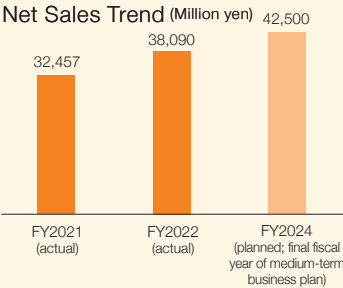
Aiming for the Further Advancement of Our Global Marketing

RIKEN TECHNOS was founded as a challenger over 70 years ago. Even today, we maintain that same spirit of venture throughout our sales and marketing activities. That is why our products are so widely used in a variety of markets. In the future, we will further strengthen our strategic marketing and issue proposals that anticipate customer needs even beyond the levels we have already achieved. We will expand our sales areas throughout the world, going beyond the ASEAN region, which is our priority strategy region.

By developing markets for new products and selling environmental materials, for which there is high demand, we will provide "comfort for all living spaces" through our resin materials.

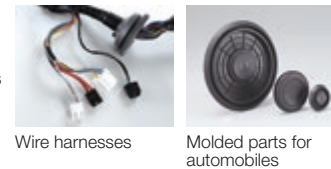


Business Segments		Overview of FY2022	Net Sales / Profit	
 TRANSPORTATION		In the Transportation business segment, our target markets include the automobile, rail-road, and shipping markets. We develop various products such as wire harnesses and molded parts for automobiles.	Revenue increased as domestic and overseas automobile production gradually recovered, raw material price hikes were passed on to product prices, and sales expanded for compounds used for thin-walled electric wires and compounds used for sealing parts and functional parts. Segment profits rose due to expanding sales in Japan and overseas.	Net Sales 38,090 million yen 17.4% year-on-year increase
				Segment Profit 3,858 million yen 40.9% year-on-year increase
 DAILY LIFE & HEALTHCARE		In the Daily Life & Healthcare business segment, our target markets include the medical, consumer goods, and food packaging markets. We develop a variety of products for these markets.	As the Japanese economy began to recover, domestic revenue rose due to expanded sales of compounds for the medical and consumer goods markets. Likewise, overseas revenue grew due to rising sales of compounds in ASEAN medical markets along with the passing on of raw material price hikes to product prices. Segment profits declined due to delays in passing on raw material price hikes for food packaging materials to product prices.	Net Sales 33,492 million yen 9.1% year-on-year increase
				Segment Profit 1,477 million yen 20.4% year-on-year decrease
 ELECTRONICS		In the Electronics business segment, our target markets include the energy, telecommunications, and IT device markets. We develop a variety of products for these markets.	Domestic revenue rose due to higher sales of polyvinyl chloride (PVC) compounds for the electric power and industrial wires market and the telecommunications market. Overseas, revenue increased due to higher sales of PVC compounds in the United States and the ASEAN region along with expanded sales of automobile thermal barrier films in the ASEAN region and China. Segment profits rose due to expanding sales in Japan and overseas.	Net Sales 24,626 million yen 14.6% year-on-year increase
				Segment Profit 996 million yen 127.0% year-on-year increase
 BUILDING & CONSTRUCTION		In the Building & Construction business segment, our target markets include the housing, building and construction materials, and public works markets. We develop a variety of products for these markets.	Domestic revenue rose thanks to increased sales of PVC compounds for window frames attributable to the Japanese government's campaign to promote energy conservation in homes in 2023. This was despite stagnant housing starts. Overseas revenue rose due to higher sales of PVC compounds in North America. Segment profits declined due to a decline in domestic film sales in Japan and delays in passing on raw material price hikes to product prices.	Net Sales 27,186 million yen 8.1% year-on-year increase
				Segment Profit 1,050 million yen 7.1% year-on-year decrease



Transportation

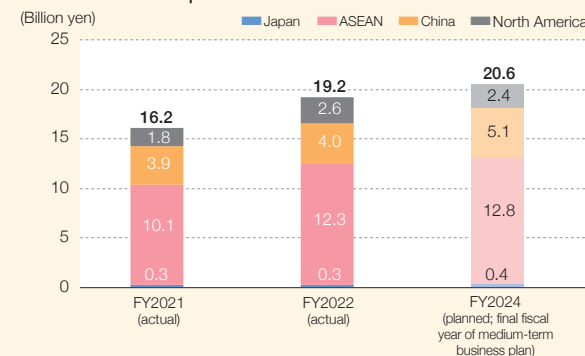
Focus Areas



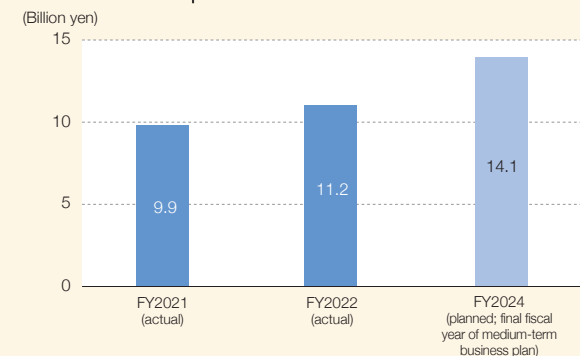
Wire harnesses
Molded parts for automobiles

Wire harnesses and molded parts for automobiles are positioned as focus areas in this segment. In recent years, EV technology development has accelerated, becoming particularly vigorous, so we are developing products that meet diverse needs and specification requirements for the electrical wiring systems and molded functional parts used in automobiles. In the wire harness business area, we are steadily working to capture projects for the growing ASEAN and India markets. We are also expanding sales of thin-walled electric wires and focusing our efforts on the launching of competitive grade products. With respect to molded parts for automobiles, we have begun expanding sales of molding and sealing materials with the aim of increasing adoption by major Japanese parts manufacturers and expanding overseas. Likewise, we will work to increase adoption and expand sales in the functional parts field while promoting material conversion and rubber substitution, launching environmentally friendly products, and expanding overseas. In the final fiscal year of our three-year medium-term business plan (ending March 31, 2025), we plan to reach 42.5 billion yen in net sales and produce 3.6 billion yen in segment profits.

Net Sales of Compounds for Wire Harnesses



Net Sales of Compounds for Molded Parts for Automobiles



Daily Life & Healthcare

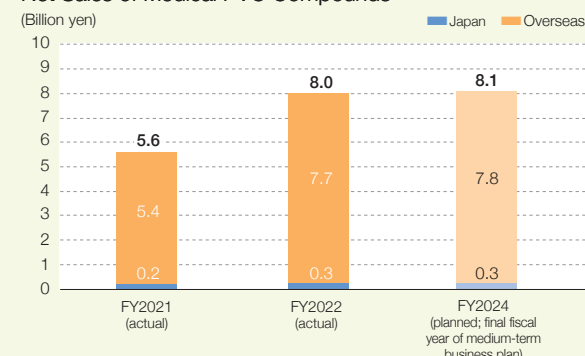
Focus Areas



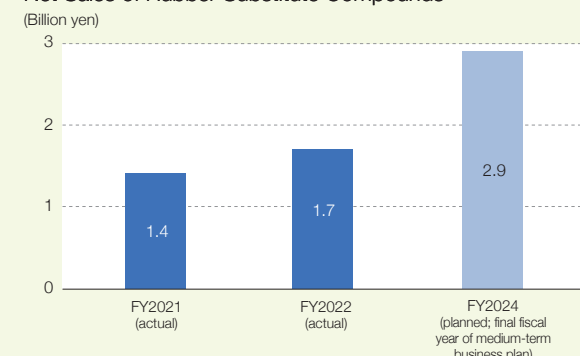
Medical use
Rubber substitutes
Environmental materials

The focus areas for this segment are PVC compounds for medical use, rubber substitute compounds, food packaging materials, and environmental materials. In the field of PVC compounds for medical use, in addition to deepening business with Japanese companies through our supply network of three sites in the ASEAN region (Thailand, Vietnam, and Indonesia), we are also securing new non-Japanese companies as customers using our high level of quality and our ability to provide a stable supply, which is essential for medical products. Furthermore, in the medical and healthcare markets, we are providing our products with greater functionality based on their high hygiene levels as we propose and expand sales of rubber substitute compounds. In the lifestyle and industrial materials markets, we will work on developing rubber substitute compounds and new functional materials, expanding sales of food packaging materials, and expanding applications of environmentally friendly materials, including biomass plastic RIKEBIO® products. In the final fiscal year of our three-year medium-term business plan (ending March 31, 2025), we plan to reach 35.4 billion yen in net sales and produce 2.5 billion yen in segment profits.

Net Sales of Medical PVC Compounds



Net Sales of Rubber Substitute Compounds



See the Special Feature (pp. 17–20) for information regarding RIKEBIO® biomass plastic.

Electronics

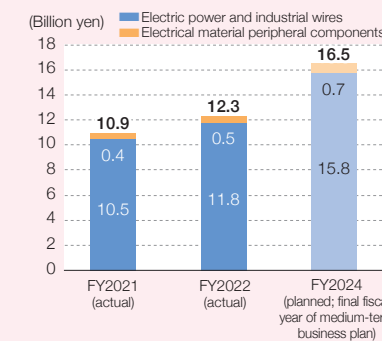
Focus Areas



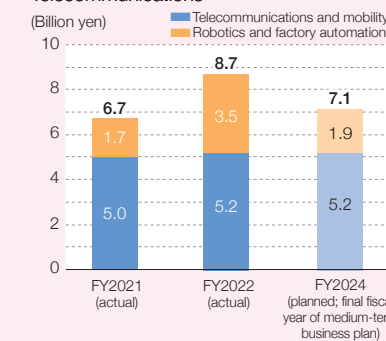
Electric power and industrial wires
Telecommunications
Optical films

Electric power and industrial wires, telecommunications, and optical films are positioned as focus areas in this segment. We will use our superiority, such as the technical strengths, quality control strengths, and raw material procurement strengths that we have developed through our many years of business in the electric power and industrial wires field, to expand our domestic and overseas market share. In the telecommunications and mobility fields, we will expand sales of materials for use in EVs. In the robotics and factory automation markets, we will develop new products that improve material performance and we will expand our sales channels. In the optical films market, we will aim to expand the use of our products in display applications. In the automobile window films field, we will expand sales by strengthening our sales capabilities in ASEAN markets. In the final fiscal year of our three-year medium-term business plan (ending March 31, 2025), we plan to reach 29 billion yen in net sales and produce 1.3 billion yen in segment profits.

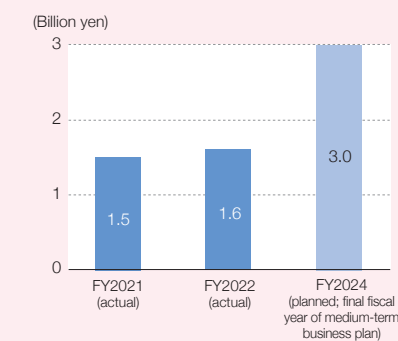
Net Sales of Compounds for Electric Power and Industrial Wires



Net Sales of Compounds for Telecommunications

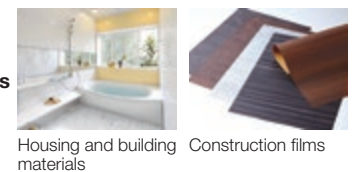


Net Sales of Optical Films



Building & Construction

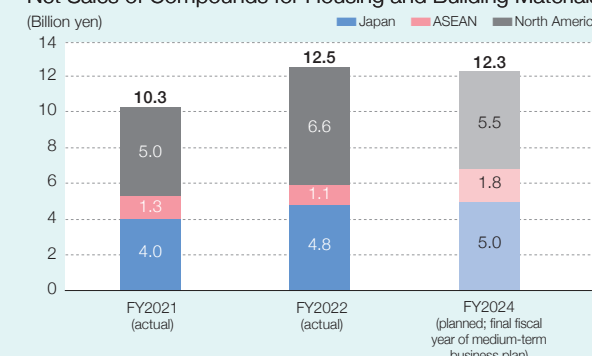
Focus Areas



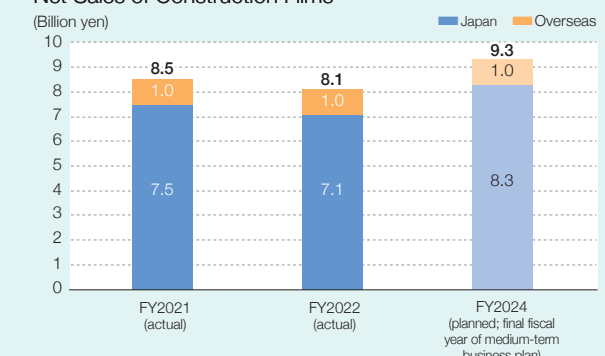
Housing and building materials
Construction films

Housing and building materials as well as construction films are positioned as focus areas in this segment. We will aim to increase our market share in the industry by differentiating our designs, functions, and services and improving our product strengths to stay ahead of customers' expectations. In the housing and building materials field, the domestic market is expected to contract in the future. However, by capturing demand for energy conservation in the housing industry, we will expand our sales of PVC compounds for window frames. We will also promote higher functionality in thermoplastic elastomer compounds used in construction materials, promoting environmental friendliness and rubber substitution. In overseas markets, we will develop the market for rigid PVC compounds in ASEAN markets such as Thailand and expand sales. In the construction films field, we will work to increase domestic adoption and expand sales of high-end wall covering films, focusing on store renovation demand. In overseas markets, we will strive for greater adoption and expanded sales of furniture applications primarily in North America and China. In the final fiscal year of our three-year medium-term business plan (ending March 31, 2025), we plan to reach 28 billion yen in net sales and produce 1.4 billion yen in segment profits.

Net Sales of Compounds for Housing and Building Materials



Net Sales of Construction Films



Note: Assumptions made when calculating figures for the final fiscal year of the three-year medium-term business plan ending March 31, 2025
Naphtha price: 61,000 yen/kL; Exchange rate: 1 U.S. dollar = 114 yen

Create New Products and Technologies

Hitoshi Sugino
Senior General Manager
Technical Division

Continually Taking on New Challenges as We Reinforce Fundamental Technologies to Generate Innovation

In 1951, we began our compound business with the goal of commercializing technologies for processing polyvinyl chloride (PVC) resin, something we had been working on at RIKEN, the Institute of Physical and Chemical Research. When we began, we were truly a venture company, using small-scale equipment of 9-inch rolls to produce 3 to 4 tons each month. After acquiring formulations technologies, we began working on downstream businesses to increase the added value we offered. We used the technologies we developed to move into the rigid resin field with our calendaring films and into the soft resin field with our wraps for food packaging. These became our primary business segments. In the late 1990s, dioxin issues led to PVC-bashing. We saw this as an opportunity to take on new challenges, and expanded our elastomer compound business as a substitute for flexible PVC.

Our three fundamental types of technologies are “formula design technology,” “mixing and kneading technology,” and “Film manufacturing and processing technology.” We believe that getting back to basics and thoroughly embodying “the spirit of manufacturing” is important, so we have defined a technology policy of “reinforcing fundamental technologies to generate innovation.”



R&D Structure

Since 2020, we have sought to enrich our R&D efforts from a hardware perspective through efforts such as improving the environment of our R&D Center. To further deepen our compound and film technologies, we carried out a Building 3 renovation of the R&D Center (Tokyo) with the aim of conducting full-fledged R&D operations through Buildings 1, 2, and 3. We installed film testing equipment in Building 3 and put in place a structure that would enable us to make films and sheets of the compounds we developed and to perform sample work.

In FY2023, we completed a pilot line in Building 2 for new thermoplastic vulcanizate (TPV) production which includes kneading machines for developing TPV compounds that can serve as rubber substitutes. Our goal is to promote the shift from rubbers to TPV compounds. We also plan to launch rubber sheet substitutes made with rubber substitute compounds developed in-house. We will use this pilot line to further advance our production technologies and carry out research aimed at deploying actual equipment in the future.

Formula Design Technology

Product lifecycles are growing shorter and shorter, and customer demands are growing more diverse and complex. To further accelerate our product development and achieve greater formula design efficiency and speed by performing data-driven R&D, we have introduced materials informatics (MI) and begun putting it into operation. In the future, we will also enrich our process efforts so that we can make fuller use of the hardware we have deployed.

Quality Control Technology

We work tirelessly to maintain an appropriate level of quality. This begins with managing the chemical substances of raw materials, so we have put in place a structure for performing quality inspections based on customer demands. We also perform visual checks of products and test the physical properties of products in various ways. We rigorously manage each process to maintain appropriate quality levels.

Analysis Technology

Our advanced structural analysis technologies are essential for product development. We use state-of-the-art analysis equipment to perform material analysis and conduct studies to make future improvements.

Collaboration with External Parties

As part of our open innovation, we carry out joint research with outside R&D organizations. For example, we began working together with the University of Tokyo in joint research into lamination methods for graphene, which has drawn a great deal of attention as a next-generation semiconductor material.

Intellectual Property Strategies

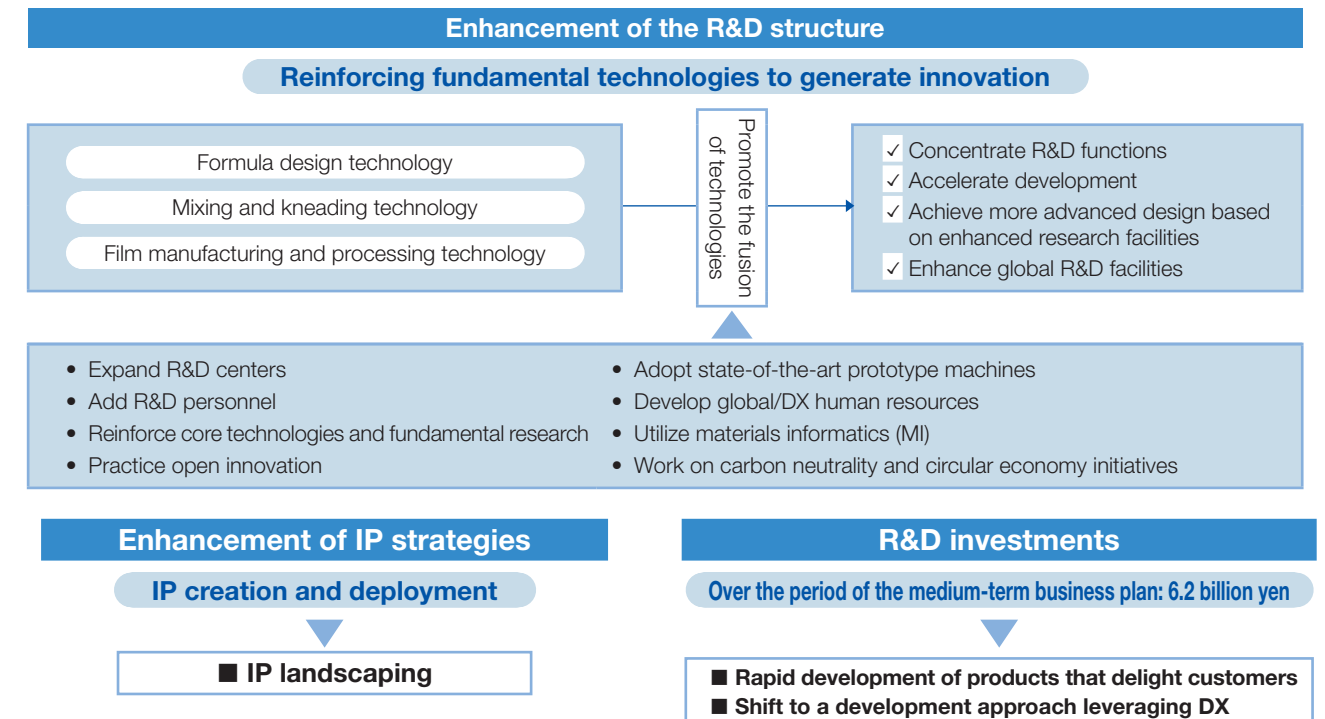
To respond to the recent changes in society, it is vital to leverage intellectual property perspectives in management strategies. We are taking inventory of and visualizing the intangible assets we have accrued through the years to create an environment in which intellectual property is easier to use. We are implementing measures that will facilitate the strategic use of our intellectual property.

Product Development Policies

Significant changes in the market are expected due to the transition to a decarbonized society. The environment surrounding plastics is creating a demand for profound transformation, so in 2019, we developed the biomass plastic RIKEBIO®, followed by a new series, Natural RIKEBIO®, containing natural materials (used tea leaves, husks, shells, and the like) in 2022. We are working with our customers to develop applications and establishing a track record with these products.

Together with expanding the sales of RIKEBIO®, another major issue going forward will be to increase the use of

thermoplastic elastomer (TPE), whose production consumes less energy than synthetic rubber and dramatically reduces CO₂ emissions, as a substitute for synthetic rubber. We do not see these environmental issues as simply being constraints, but also as opportunities for taking on challenges that can be turned to our advantage. No matter how environmentally friendly a material might be, it cannot reduce environmental load if it is not used. We carry out development with a focus on making products useful and reasonably priced for customers so that even more customers will choose them.



Comments from Researcher

Ayako Masuda
Film Group, Core Technology R&D Department

I work in the Core Technology R&D Department, which was established in April 2022, constantly exploring elemental technologies related to film products and coming up with new functional proposals. As an engineer, I am involved in all kinds of processes, from film manufacturing to coating. It is an environment that provides me with countless opportunities for learning and growth. Our development style utilizes information processing technologies, primarily materials informatics. I am enjoying working to enable future development operations that are even more efficient and involve even less wasted labor. I will continue to take on new challenges and work to produce creative new products.



Improve Production Technologies and Efficiency

Tomozo Ogawa
Senior General Manager
Manufacturing Division

Improving Production Efficiency through Global Coordination and Automation

We have launched initiatives related to the “RIKEN Standard,” the foundation of our manufacturing. These initiatives seek to create a deeper understanding of the standard in our sites around the world, improve our manufacturing and quality, share manufacturing-related issues at a global level, and solve them Group-wide.

In Japan, we will actively promote the introduction of automated equipment and predictive management systems for dealing with equipment failures, along with deliberations regarding the rebuilding of our factory utilities equipment. We are focusing on the processes that are the key to our manufacturing and deeply exploring production technologies through collaborations with other companies and academia. We are also accelerating our efforts to define optimal production conditions using process informatics (PI). Through these initiatives, we aim to further improve our quality and reduce our manufacturing costs.



Standardization of Equipment Management

One of the major contributors to the decline of production efficiency levels is having to shut down production lines due to equipment failures. We are standardizing equipment management to achieve our goal of having zero serious equipment failures.

With regard to the standardization of equipment management, based on our policy of total productive maintenance (TPM), we have organized our approaches to corrective maintenance and preventive maintenance and carried out a full revision of our equipment inspection items. We have set monitoring inspection as a daily inspection item, performance retention inspection as a weekly inspection item, and inspection of performance retention, trend management, and change management as a monthly inspection item. We have also defined appropriate status ranges for normal

operation for each item of equipment. Sensors have been installed at points where daily inspections are performed to monitor the status of equipment. This will enable us to reduce the workload placed on operators by revising the frequency of inspections and improving efficiency. It will also help address the issue of production efficiency declines due to equipment operation being suspended to perform inspections. Going forward, we will collect and accumulate status data from equipment that is in operation, focusing on



Comments from the Production Floor

Hiroshi Ito
Compound Production Section
Mie Factory



Deploying sensing technologies has made it possible to notice even tiny changes in equipment conditions. Not only can we gather the latest information at all times through real-time monitoring, but this information can be easily checked by anyone, even someone without work experience, so we can feel secure carrying out production. It has also reduced the amount of time that needs to be spent on confirmation work like inspections and improved work efficiency.

monthly inspection points, and identify appropriate control ranges while at the same time expanding operation ranges. In addition, we will gradually step up our automation and labor-saving efforts in each production process.

Mixing and Kneading Technology

Through our multi-material morphology control and reaction reforming technologies, we are meeting growing needs for high-performance materials. We supply compounds kneaded into optimal condition to improve customer-side processing. We also leverage the technologies we have developed through our many years to provide recommendations regarding optimal molding conditions and solutions to problems customers face related to molding defects. These production

and processing technologies have been passed on to our production sites around the world.

Film manufacturing and processing Technology

The film manufacturing technology used in our thermoplastic resins is world-class, and the surfaces of our films are extraordinarily homogenous, with extremely stable quality. Also, our wide variety of laminating technologies can be used to laminate films with different properties. Coatings can be applied to reform film surfaces, and our coatings can be used to produce films ranging from general-purpose products to high-precision items. Through our continued exploration of the joint possibilities of film manufacturing, lamination, and coating technologies, we can deliver high-value-added functional films.



Improve Quality and Ensuring of Product Safety

Michihisa Tasaka
Senior General Manager
Quality Assurance Division

Promoting DX to Improve Quality and Product Safety

To further deepen our Product Quality Policy “Supply reliable products and services under the concept of Customer-First and Best Quality”, we will leverage information about past cases of manufacturing defects, build up a global bank of big data regarding quality that is available for use by consolidated affiliated companies, including overseas companies, and promote quality improvements in our design and production processes (DR/FMEA*). Our Environmental Policy seeks to take environmental effects into consideration, protect the environment, and realize a sustainable society. To further deepen this policy, we will engage in environmental investment, share information with members of the local community, and work to create a pleasant manufacturing work environment, led by efforts by our Environment Committee.



* Design review (DR): Method used to identify issues in each process, evaluate validity, and determine whether the next process can be initiated
Failure mode and effects analysis (FMEA): Method used to envision potential abnormalities based on edge conditions in each process and to minimize product quality deviations

Quality Assurance Structure

Led by our Product Quality Policy “Supply reliable products and services under the concept of Customer-First and Best Quality”, we engage in manufacturing in compliance with ISO 9001. Thorough quality control over entire processes, from acceptance of raw materials to delivery of products, is conducted by carrying out quality improvement activities in collaboration with all of our production sites, including overseas sites, every week. In addition to preventing the reoccurrence of past defects, we perform root cause analysis and share information regarding new defects.

Quality Improvement Activities

In FY2021, we introduced sensing technologies to visualize change points. This enabled us to discover abnormalities in production processes. Combined with the AI-based shipping inspections we introduced in 2020, these sensing technologies have helped improve our preventive activities, which seek to eliminate defective products or minimize their production.

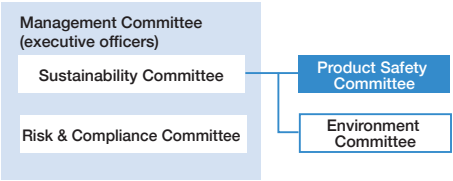
In FY2022, we optimized our digitized tool for discovering quality change points (our Quality Navigator) based on past manufacturing defect case examples, and we prepared a foundation for using big data in global quality control.

Improvement of Product Safety

Product safety is the responsibility of manufacturers, and we have kept this in mind since RIKEN TECHNOS was established. We are further enhancing our product safety measures and complying with the Japanese Product Liability Act. We have not had a single product liability issue with any of our products for which product liability is a special concern (our products for medical use or our products which have received public certification, such as UL certification).

In FY2022, we merged the Product Safety Committee and Chemical Substance Control Committee to establish the new Product Safety Committee. The committee is conducting activities to identify and reduce our risks, including risks involving product liability and chemical substances.

Organization of Product Safety



Procedure for Product Safety Inspections



Takeshi Sugie
Senior General Manager
Procurement Division

Aiming to Achieve Sustainable Material Procurement through Overall Optimization

RIKEN TECHNOS constantly receives a wide range proposals and cooperation from business partners related to procurement and logistics. We comprehensively evaluate quality, price, stable procurement, technical capability, environmental, and safety initiatives and build partnerships based on mutual trust. This makes it possible for us to respond to changes in the market and environment. We are promoting efforts to optimize the entire Group’s raw material procurement. Accurately assessing social changes is also important for achieving sustainable business growth. That is why we select suppliers based on SDGs considerations and engage in activities for responding to changes in the logistics environment, such as the “2024 logistics problem.”



Procurement Structure

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 accordance with our Procurement Policy. We also promote

the establishment of sustainable supply chains by issuing requests for environmental cooperation and using various communication tools based on our Environmental Policy and Green Procurement Standard. In addition, we are expanding our procurement contacts and working to achieve competitive raw materials procurement to continually reduce costs.

Procurement Policy

1	Fair procurement transactions and selection	We deal with our business partners on an equal footing, offering fair and impartial access opportunities. Ordinarily, we purchase from multiple sources. During selection, whether in Japan or overseas, we consider competitive quality, price, and environmental friendliness from a global perspective.
2	Creation of partnerships	We maintain good relationships with our business 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	Realization of a sustainable society	In our procurement, we actively use biomass raw materials and promote further switching over from conventional raw materials to contribute to achieving the SDGs and respond to climate change.
5	Respect for human rights and elimination of unfair discrimination	In conflict and high-risk regions, we do not procure or engage in transactions involving mineral resources that contribute to conflicts or which are obtained through unlawful labor (such as child labor or labor which involves the infringement of human rights).

Actions in Logistics Processes

In FY2022, our logistics departments carried out quality audits, including audits of environmental matters, for two transportation partners.

In April 2024, the Act on the Arrangement of Related Acts to Promote Work Style Reform will limit the maximum number of overtime hours that can be worked by drivers in what is being called the “2024 logistics problem.” To address this, we

are revising our transportation structures, which will include batch delivery, the reorganization of delivery sites, and modal shifting. These changes will improve delivery efficiency and cut CO₂ emissions.

We will also promote the collection of pallets to reduce the amount of new pallet procurement and the transition to plastic pallets to protect forests.

Sustainability at RIKEN TECHNOS

The environment surrounding the RIKEN TECHNOS GROUP is changing dramatically, with increasing environmental awareness, the move away from plastics, and other such interest in social issues and greater demand for solutions to them.

Our Group is developing a new structure for promoting sustainability to pursue sustainable business growth and work seriously on solving social issues. We accurately see the risks and opportunities in business from the perspectives of the Sustainable Development Goals (SDGs) and the environmental, social, and governance (ESG) areas, and incorporate them into our management strategies. In this way, we will continue to provide society with new value and solutions through our businesses and contribute toward solving social issues and realizing a sustainable society. Regarding these initiatives, we will also further enhance information disclosure for our stakeholders.

Sustainability Promotion Structure

Amid dramatic changes in the environment surrounding the Group, we have established the Sustainability Committee as a function linking the frontlines and management in order to further incorporate the expectations of stakeholders into our corporate activities. Chaired by the President & CEO, the Sustainability Committee comprises all executive officers who are members of the Management Committee, with outside directors participating as observers. Led by senior management, we have established an organizational structure that enables expedited management decision-making and implementation of measures.

The Sustainability Committee identifies and reviews key issues (materiality topics) to be undertaken with priority by RIKEN TECHNOS GROUP in the area of sustainability, approves the response policies and targets for the identified key issues, and oversees and evaluates the progress of activities. It also promotes company-wide sustainability-related education and activities to spread sustainability. The Sustainability Committee and the Environment Committee under it deliberate on various important issues (materiality topics) related to sustainability, including climate change, and report their deliberations and findings to the

Management Committee. In addition, deliberations on climate change and other sustainability-related issues by the Management Committee are regularly reported to the Board of Directors. The Sustainability Committee meets at least twice each year, with seven meetings held in FY2022.



Company-wide sustainability-related education and activities to spread sustainability

Initiatives to improve employees' awareness about sustainability

We organized training on the SDGs for young employees as part of our company-wide sustainability-related education and activities to spread sustainability. We invited several activists in social contribution who have previously appeared in "SDGs Lab"—a TV program produced by RIKEN TECHNOS—to talk about their activities and conduct workshops. Other initiatives include the conduct of lectures and discussions about our management policy, including sustainability, for the managers and general managers of our sites. We will continue to promote initiatives to spread and improve our employees' awareness about sustainability.



RIKEN TECHNOS GROUP Code of Conduct & Sustainability Policy

For the creation of a sustainable society

RIKEN TECHNOS CORPORATION and its subsidiaries (hereinafter collectively referred to as the "RIKEN TECHNOS GROUP") shall practice our management philosophy, the RIKEN TECHNOS WAY and serve as an engine toward the creation of a sustainable society considering the responses to global environmental and social issues as one of important management challenges.

To that end, the RIKEN TECHNOS GROUP shall fulfill their social responsibilities in accordance with the following ten principles.

1 Social Mission

With an eye on social and environmental issues, develop and provide safe and secure products through innovation.

6 Fair Activities

Promote fair and free competition, sound trade, and responsible procurement. Ensure relationships and contacts of a sound nature with government agencies and political bodies, preventing bribery and corruption.

2 Involvement in Environmental Issues

Recognize that a positive involvement in environmental issues, including climate change, is an essential part of our activities and our very existence as a corporation, and engage in activities independently and proactively in consideration of the environment.

7 Respect for Human Rights

Respect the human rights of all people when engaging in activities.

3 Relationship of Trust with Customers

Earn the satisfaction and confidence of customers through the provision of appropriate information on goods and products and sincere communication.

8 Respect for Diversity, Human Resource Development, and Improvement of Internal Environment

Respect the diversity of each and every employee and develop human resources to enable them to perform the best of their potential. Develop a safe and healthy internal environment where all employees can work comfortably.

4 Contribution to Society

Contribute to the development of society and communities through business operations and social contribution activities rooted therein.

9 Fair Disclosure of Information and Constructive Dialogue with Stakeholders

Disclose corporate information in an active, efficient, and fair manner, engage in constructive dialogue with wide-ranging stakeholders surrounding a corporation, and strive to increase corporate value.

5 Observance of Laws and Regulations, and Respect for International Norms

Observe laws and regulations of each nation and region, respect the various international norms in place, and manage activities with due consideration of their culture and customs.

10 Thorough Risk Management

Achieve GROUP-wide risk management to prepare appropriate responses to natural disasters, cyber-attacks, anti-social activities, terrorist acts, and other threats to civil life and corporate activities.

Role and Responsibility of Management

Management shall execute business acknowledging that their role is to put the spirit of the Code of Conduct into practice, develop effective governance, and strive to raise awareness within the RIKEN TECHNOS GROUP. In addition, management shall urge the entities constituting the supply chain to take actions in accordance with the principles of this Code of Conduct. Furthermore, in the case of incidents contrary to the principles of this Code of Conduct that degrade society's confidence in the RIKEN TECHNOS GROUP, management shall fulfill its responsibilities by taking the initiative in settling the issues, conducting investigations to determine the causes, and taking preventive and other necessary measures.

Environmental Protection

Environmental Protection Structure

The RIKEN TECHNOS GROUP established our environmental policy and obtains ISO 14001 certification to establish ourselves as an enterprise that contributes to the realization of a prosperous society and responds to the trust of all its stakeholders through environmentally conscious corporate activities.

At the top is the executive officer overseeing the environmental system. Under the direction of the Chief Environmental Management Representative, we appoint environmental management representatives at each site, and build and operate our environmental management system.

ISO 14001 (2015) Certification

Registration date: October 31, 2001
(certification being maintained)

Environmental Policy

For all our business activities, we take into consideration the effects on the environment. To protect the environment and realize a sustainable community, RIKEN TECHNOS CORPORATION established an environmental management system, and all members of RIKEN TECHNOS CORPORATION work to implement the following principles.

1. Through all business activities, RIKEN TECHNOS CORPORATION improves the environmental management levels and the prevention of the environmental pollution by not only observing all environmental regulations and mutual agreements but also setting our own rules and regulations voluntarily.
2. RIKEN TECHNOS CORPORATION supplies the market with various plastics those are given priority on environment such as energy-saving, resource-saving, recycling, and low-influence to the ecological system.
3. RIKEN TECHNOS CORPORATION reduces the influence against the global-environmental and the ecological system by eliminating wastefulness. We reduce the industrial waste by effective use of materials. We reduce CO₂ discharge by effort of saving energy.
4. RIKEN TECHNOS CORPORATION continues the activity approaching the protection of the environment by establishing documents including Environmental Statement and the Environmental Policy, and educating employees.
5. RIKEN TECHNOS CORPORATION sets the concrete objectives and numerical targets of which progress are self-assessed and managed properly to ensure the achievement of the Environmental Policy.
6. RIKEN TECHNOS CORPORATION expands the above-mentioned activities to the activities of the relative companies to ensure the utmost consideration to the protection of the environment and the ecological system and the safety operation at the each site.
7. RIKEN TECHNOS CORPORATION aims to obtain confidence and understanding from society through appropriate and accurate information disclosure.

Taking on the Challenge toward a Sustainable Global Environment

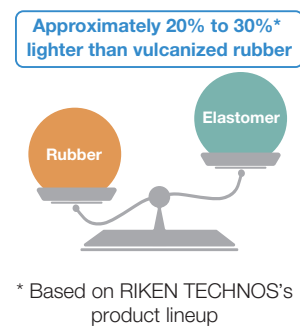
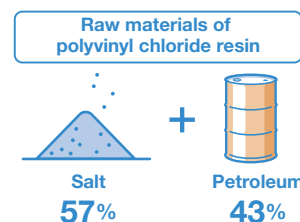
Environmentally Friendly Products

In addition to complying with various laws and regulations on the environment and chemical substances, our Group carries out environmental management at a high level—such as reducing the use of chemical substances with high environmental load and using solar power generation—and work on developing products and improving manufacturing methods aimed at reducing environmental load. We also state “Contribute to solving environmental and social issues” as one of the strategies in our three-year medium-term business plan, and strive to expand sales of the biomass plastic product RIKEBIO®, environmentally friendly materials such as rubber and paint substitutes, and polyvinyl chloride (PVC) and thermoplastic elastomer (TPE) products.

PVC can be said to be a material that has less environmental impact than other general-purpose resins made from 100% petroleum derived raw materials because salt (a natural material) accounts for about 60% of its raw material.

PVC products can be given various functions, such as long life spans, durability, and recyclability. Furthermore, using biomass plasticizers, we seek to reduce environmental load by developing compounds and films that are blended with plant- and nature-derived additives.

TPE has the same elasticity as rubber at room temperature and can be freely molded when heated. It can be molded with less energy than vulcanized rubber, which requires heat and time for function onset, and material recycling is also possible. We are developing high-functionality products by adding functions as necessary for the required application. In addition, it is lower relative density compared to vulcanized rubber, helping to make automotive components lighter and improving fuel efficiency, thereby contributing toward saving energy.



PVC window frames



Hose for construction use



Dust boot (automotive component)



Medical gasket

PVC products with high durability and long life spans

Compared to other resin products, PVC products have long life spans and can be used for ten years to several decades in construction applications, thereby helping to save resources. They have a wide range of applications as they can be used both indoors and outdoors.

Elastomers that are useful as rubber substitutes

Widely used in automotive components such as sealing materials, elastomers also contribute toward making vehicles lighter and improving fuel efficiency. In addition, as they do not require a vulcanization process, they can also be used in medical products that require a high level of hygiene.

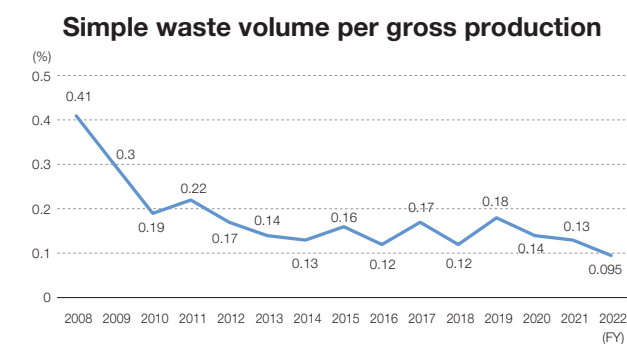
Reducing Industrial Waste

The main types of environmental burdens in our business activities come from greenhouse gas (CO₂) emissions, industrial waste output, and the discharge of chemical substances, and we strive to reduce their emissions and manage them properly.

We consider the reduction of simple (landfill and incineration) waste generated in the manufacturing stage to be one of the main goals of environmental management activities. For RIKEN TECHNOS CORPORATION, based on the scope of ISO 14001 certification, we are working toward the goals of reducing simple waste volume per gross production to 0.1% or lower and reducing total waste per gross production to 3.5% or lower. We are promoting restraint in generating waste by improving yields in our production processes, as well as strictly separating generated waste into material recycling, thermal recycling, Refuse Plastic Fuel (RPF), raw cement material, etc. for conversion to effective use.

In FY2022, the simple waste volume per gross production was 0.095% and the total waste per gross production was 3.44%, and we achieved these goals.

Going forward, we will gradually set the goals for total waste per gross production for RIKEN TECHNOS CORPORATION to be



3.3% or lower in FY2024 and 3.0% or lower in FY2030, and work toward them.

Appropriate Management of Chemical Substances

In the past, RIKEN TECHNOS CORPORATION has been managing chemical substances in accordance with laws such as the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement (PRTR Law), the Industrial Safety and Health Act, and the Fire Services Act. Furthermore, we thoroughly understand and manage the substances used to comply with laws and regulations for diverse chemical substances (such as the Chemical Substances Control Law, Industrial Safety and Health Act, Food Sanitation Act, and the European Union's RoHS Directive and REACH regulation). We also develop a chemical substance management system that allows chemical substances regulated by laws and regulations to be inquired. During product development, we select raw materials based on our internal standards as well as laws and regulations. In addition, we have also established a system that allows us to understand the required level of chemical substance management for products by manufacturing site.


Protecting Bio diversity

We are working to eliminate the usage of Class I and II Specified Chemical Substances and Monitoring Substances under the Chemical Substances Control Law, and reduce the usage of chemical substances designated as Class I under the PRTR Law. Additionally, we comply with the Air Pollution Control Act, Water Pollution Control Act, Industrial Safety and Health Act, and other laws, and take into consideration the effects on people and ecosystems in developing, manufacturing, and marketing our products. We also work on maintaining the green areas around our factories.

Responding to Climate Change

The RIKEN TECHNOS GROUP recognizes that responding to issues surrounding sustainability is one of our key corporate challenges. By incorporating these issues into our management, we seek to help realize a sustainable society and enhance our enterprise value.

Our Group has also announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we undertake initiatives and information disclosure in line with the recommendations.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate-related Financial Disclosures (TCFD)
This is an industry-led task force established in 2015 by the Financial Stability Board (FSB) in response to G20's intention. The task force recommends the evaluation of financial impact of risks and opportunities arising from climate change on management and disclosure in four thematic areas (governance, strategy, risk management, and metrics and targets) (Official website of TCFD: <https://www.fsb-tcfd.org/>)

Governance

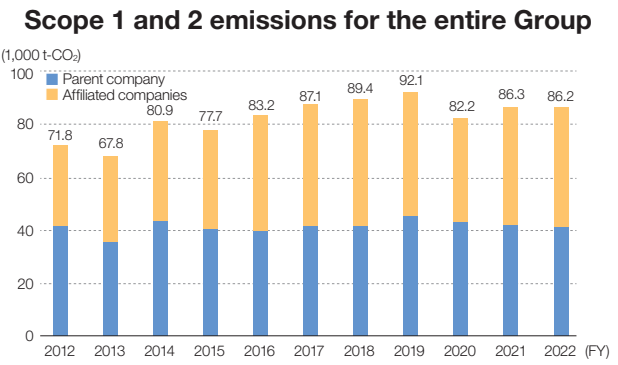
The following climate-related topics are deliberated by the Sustainability Committee.

Main topics deliberated by the Sustainability Committee

- Climate-related scenario analysis
- Identification and materiality assessment of short-, medium-, and long-term climate-related risks and opportunities
- Strategic approach policy for identified significant climate-related risks and opportunities
- Consideration of specific measures for responding to climate-related risks and opportunities
- Management of progress with adopted measures for responding to climate-related risks and opportunities

Metrics and Targets

Greenhouse gas (CO₂) emissions may pose a risk for the Group's overall financial condition, but by developing products acceptable to a decarbonized society, this situation can also lead to business opportunities.



Strategy

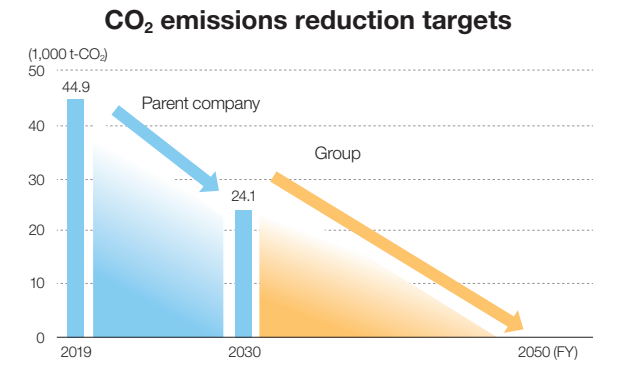
The Group has performed scenario analyses for the years 2030 and 2050 in the context of climate change based on two world views: a 2°C and a 4°C rise in global temperatures by 2100.

In the scenario with a 2°C rise in global temperatures, which is a risk that is expected to have major financial impact, the

Risk Management

Regarding climate change and other risks related to sustainability, we undertake the formulation of policies related to risk avoidance, mitigation, and control, proposal of countermeasures, and other such matters centered on the Sustainability Committee and the Risk & Compliance Committee. On top of that, we conduct Group-wide risk management based on resolutions made at the Board of Directors. We also monitor the implementation state of countermeasures and their effects.

The RIKEN TECHNOS GROUP seeks to achieve carbon neutrality for the entire Group by 2050. In addition to setting medium- to long-term emissions reduction targets for the Group as a whole, we are planning specific initiatives to cut CO₂ emissions and have determined indicators to manage the progress of these initiatives.



introduction of a carbon tax will result in a shift from conventional raw materials to low-carbon raw materials, which is expected to generate or increase costs associated with the development and procurement costs of substitute raw materials.

In the scenario with a 4°C rise in global temperatures, possibilities expected include an increase in the procurement cost of raw materials caused by soaring prices of petroleum-derived raw materials, the need for facility renewal expenditures to comply with environmental regulations, and higher costs of petroleum- and coal-derived raw materials and fuel. Centered on the Sustainability

Committee, we are identifying the short-, medium-, and long-term climate-related risks and opportunities while referencing the results of scenario analyses and evaluating their criticality and financial impact. At the same time, we are studying specific measures for the identified risks and opportunities and managing the progress of our initiatives.

Risks

The Group's performance may be affected by the introduction of policy measures to combat climate change, such as a carbon tax, or by delays in the development of or other action concerning environmentally friendly products.

Risk type	Risk overview	Financial impact		
		2°C	4°C	
Transition risk	Policies and regulation	Increased carbon taxes raise the cost of procuring key raw materials and energy.	Medium	Small
	Policies and regulation	The introduction of a carbon tax results in the substitution of conventional raw materials with low-carbon raw materials, which generates or increases costs associated with the development and procurement costs of substitute raw materials.	Large	-
	Technology	Delay in developing environmentally friendly products; our customers replace our products with low-carbon products from competitors, reducing demand for and sales of our products and services.	Medium	-
	Markets	Prices of petroleum-derived raw materials soar, raising the cost of procuring raw materials.	Medium	Large
	Markets	Delay in responding to our customers' reduced needs for petroleum-derived raw materials and rising needs for non-petroleum-derived raw materials, shifting demand away from our products/services and decreasing our sales.	Medium	-
	Reputation	Delayed action on the environment causes a drop in our stock price due to a decline in investors' assessment of our environmental performance.	Medium	-
Physical risk	Acute	The Company and its supply chain are struck by a disaster; until operations are restored, sales decrease due to the suspension or reduction of business activities, while costs associated with restoration and amelioration rise.	Medium	Medium
	Chronic	The cost of countermeasures for our buildings located near oceans and rivers will increase due to the increased occurrence of flooding caused by overflowing rivers and rising sea levels attributable to extreme fluctuations in rainfall and weather pattern.	Small	Medium

Opportunities

The Group's performance may be affected by the development of products that contribute to energy conservation and the provision of low-carbon type products and materials with added functions.

Opportunity type	Opportunity overview	Financial impact	
		2°C	4°C
Energy sources	Development of products that contribute to energy conservation in the market and the uptake of renewable energy generation technologies and equipment increase sales of our related products.	Small	-
Products and services	Demand for and sales of our products increase due to the development and sale of materials with additional functions and products with fewer petroleum-derived components (low-carbon type products) in response to increased demand for low-carbon type products.	Medium	-
Reputation	Proactive efforts to address climate change earn the trust of stakeholders and enhance our enterprise value.	Medium	-
Resilience	The global expansion of our business sites improves our resilience by providing a stable supply of products to our customers even in an environment of increasing natural disasters, forestalling sales declines and building customer trust, leading in turn to higher sales.	Small	Small

Scenarios used in analysis
2°C: Sustainable Development Scenario (SDS), IEA, 2020, Representative Concentration Pathways (RCP2.6), IPCC, 2014
4°C: Stated Policy Scenario (STEPS), IEA, 2020, Representative Concentration Pathways (RCP6.0, 8.5), IPCC, 2014





Initiatives toward Carbon Neutrality by 2050

<RIKEN TECHNOS's goal>
Carbon neutrality by 2050

Parent company targets for 2030 (Scope 1 and 2)
24,139 t (46.2% decrease from FY2019) * Baseline value of 44,868 tons in FY2019

Current initiatives

- Developed RIKEBIO®.
- Supplied electricity from our own solar power generation facility adjacent to the Gunma Factory.
- Upgraded equipment to energy-efficient boilers.
- Replaced forklift trucks with EV versions and used fuel-efficient company vehicles.



Future Initiatives

- Upgrade equipment at production sites (air conditioning, production equipment, etc.); energy conservation of existing equipment
- Create an energy roadmap.
- Expand the adoption of renewable energy.
- Expand RIKEBIO® series lineup and sales.

Coexistence with Society

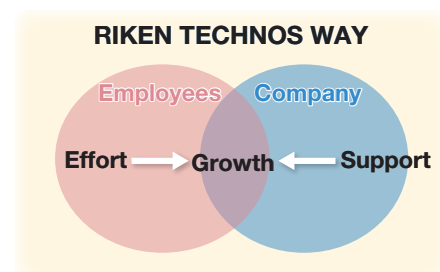
RIKEN TECHNOS believes that employees and the Company have a relationship of mutual growth, and the growth of people is corporate growth itself. Our human resource development policy is one in which each employee puts the RIKEN TECHNOS WAY into practice and grows into the human resource that the Company needs, and in which the Company achieves growth at the same time by uniting the abilities of each individual, leveraging them as the organization's own capabilities. The individual initiatives implemented by the Company are focused on developing human resources suited to a "challenger," and the Company strives to hire and develop the human resources it needs to carry out the strategies defined in the three-year medium-term business plan.

Seeking to become a globally competitive company, we have established a structure and foster a culture in which diverse employees play active roles at work.

Develop Human Resources Suited to a "Challenger"

We provide ideal work and a workplace environment that enables individual employees to demonstrate the abilities required by the Company. We actively develop (invest in) human resources who can succeed in the face of global competition. Through these efforts, we support the growth and active participation of employees. By bringing together the enhanced abilities of individual employees through dialogue and demonstrating the collective strength of the team, we contribute to the further growth of the Company. We believe that the self-driven practice of our corporate philosophy, RIKEN TECHNOS WAY, by each and every employee is the foundation of all our operations, and the Company is responsible for creating the environment in which that takes place.

We advocate being a challenger, so not only are we taking on new challenges as a company, but we have also created a human resource development system in which every employee can set new targets for themselves and develop their own abilities.



Relationship between employees and the Company

Human Resources Needed to Execute Strategies Defined in Three-year Medium-term Business Plan

For sustainable improvement of corporate value, we believe it is vital to see our human resources as capital and to draw out all of their potential value, while at the same time formulating and implementing human resource strategies linked to our management strategies. We carry out a range of initiatives to secure and develop the human resources necessary for executing the strategies of our three-year medium-term business plan.

Medium-term Business Plan Strategies	Human Resources Needed to Execute Strategies
Intensify global management and generate synergies	Human resources capable of executing global business strategies
Stay ahead of customers' expectations	Human resources with analytical skills and strategic perspectives
Take on the challenge toward achieving new businesses and products	Human resources with diverse perspectives

Global Human Resource Development

We carry out various measures for developing human resources capable of executing global business strategies.

Pre-dispatch Global Human Resource Development for Employees Dispatched Overseas

Participants in this training learn sales strategy formulation techniques, marketing, financial accounting, and foreign languages through e-learning and pre-dispatch training.

Selection-based Development of Management and Junior Employees

Selected employees are sent to educational institutions such as an outside school to learn a variety of ways of thinking and to develop usable management skills.

Career Development

We offer various career development programs to enable employees to autonomously develop their own careers, increase their own value, and continue to grow as employees.

Career Development Training

In our career development training for junior employees, participants delve deeply into their own careers and how they can apply them.

Career Development Training for Women's Empowerment

In this training that we conducted in FY2022, we encouraged female employees to learn about social trends, reexamine their future careers in a positive light, and grow to become core human resources.

System of Career Advice from Supervisors to the Personnel for Whom They Are Responsible

We have introduced a system in which, each year, supervisors provide the employees for whom they are responsible with advice regarding medium- to long-term career development and capability development.

Professional System

To develop specialized human resources and provide them with opportunities to play active roles as well as secure human resources with a high level of specialized skills, we introduced a professional system in April 2022.

DX Training

In FY2022, we conducted selective digital transformation (DX) training. We will introduce e-learning and other training, providing basic DX instruction to all employees, creating the foundation for DX promotion, and discovering and developing DX human resources.

Human Resource Development Programs

We carry out various human resource development programs to promote individual employee growth and strengthen our organizational abilities.

Promote Diversity and Inclusion

We recruit and promote diverse human resources without bias with respect to gender, nationality, age, or career history. To accelerate the global expansion of business in the future and to respond with speed to the rapidly changing market environment, we actively recruit and promote human resources with different experiences, skills, and careers, and will continue to work to establish a human resource development system and a work environment in which these employees can play active roles.

Ensuring of Diversity, Including the Women's Empowerment

We have established targets for the percentage of women, foreigners, and mid-career recruits in management positions so that diverse human resources play active roles as the core human resources of the Company.

	March 31, 2023 (actual)	March 31, 2025 (target)
Percentage of women in management positions	2.0%	7.0%
Percentage of foreigners in management positions	1.4%	3.0%
Percentage of mid-career recruits in management positions	31.3%	40.0%

With respect to the empowerment of women, we strive to create workplace environments where women can freely participate based on our action plan under the Act on the Promotion of Women's Active Engagement in Professional Life. For the three years starting from FY2021, we have developed and are implementing the following action plans for our efforts.

In FY2023, we are carrying out projects for further promoting women's empowerment.

New Managerial Staff Training

For managerial staff members working at the frontlines, we conduct training for the purposes of providing them with a solid foundation in management and strengthening their abilities to solve problems, develop the capabilities of the employees for whom they are responsible, and exert leadership. We have also introduced a system in which supervisors provide problem-solving advice to the personnel for whom they are responsible.

New Recruits Training

We overhauled our training program in FY2022. The goal is for employees to have developed the basic conduct they will need to engage in as members of the workforce and the work mentality required in each workplace by the time they are given their work assignments after completing the training. Various departments take part, assisting with the development of new employees.



We also carry out new chief and mid-level employee training.

1. Female recruitment rate of at least 25%
2. 100% attendance in career development training for women (targeting employees in and after their fourth year of employment)
3. At least a rate of 60% for taking of annual paid leave (Plan period: April 1, 2021 to March 31, 2024)

We continue to employ employees who wish to be reemployed after retirement until the age of 65, giving consideration to flexible work styles including job scope and number of days/hours of work. Many of those reemployed play valuable roles, such as guiding young employees and passing on skills developed so far. We see support for the employment of persons with disabilities as part of allowing diverse human resources to play active roles, and we provide opportunities for their active participation at various workplaces. In FY2022, the employment rate of persons with disabilities was 2.84%.

Support for Balancing Work and Childcare / Nursing Care

We have created working environments that are convenient for employees providing childcare or nursing care. Under our childcare and nursing care leave systems, up to 10 days of paid leave can be taken to care for a sick/injured child or to provide nursing care to a family member. The childcare leave system allows employees to take childcare leave for up to two years, including a period of paid leave. In FY2022, the childcare leave usage rate was 63.2% (100% for women and 43.8% for men). In addition, the nursing care leave system allows employees to take up to a total of 93 days of leave.

Comments from
Employees Using
the Childcare
Leave System**Atushi Yagi** Group 1, Material R&D Department No. 2, R&D Center

I took two months of childcare leave and then returned to work. Initially, I was worried about what the environment would be like after coming back, but thanks to the understanding and cooperation of my colleagues and supervisor, I was able to resume work in the same environment as before, for which I am very grateful.

Taking childcare leave and spending every day with my wife and child impressed upon me how difficult taking care of a child is. Being able to spend such a long time with my child was an invaluable experience. I plan to balance my work and home life by working hard while I am in the office, and then at home leveraging the housework and child rearing skills that I improved during my childcare leave period.

**Izumi Kadokawa** Sales Support Group, Food Packaging Business Unit

I took a year and six months of maternity and childcare leave when my second child was born, returning to work in April.

Before coming back to work, I was apprehensive about whether I would be able to raise two children and manage my work as well, but the members of my group have all provided their assistance, and I am very thankful to have been blessed with such a great working environment.

My children rely on me, always calling out “Mom! Mom!” and I will do my best so that sales staff and group members rely on me just as much.



Promote Health and Productivity Management

Health Management

We believe that investing in the promotion of our employees' health invigorates our organization by energizing employees and making them more productive. This contributes to the sustainable growth of the Company. Failing to create environments where our employees can continue to work in good health would render the Company incapable of sustainable growth. That is why the Company and our health insurance union are conducting collaborative health* initiatives, closely connecting the Company's health management (investment) and the health insurance union's data health plan activities.

* Companies and health insurance unions each performing their own roles and meeting their own responsibilities while collaborating together to promote the health of employees

Ensuring of Work-life Balance

We have created various systems, including a flex time system, to ensure that employees can maintain their work-life balance.

System for Accumulating Expired Paid Leave

Paid leave expires after two years. This system allows paid leave to be withheld and accumulated for up to 60 days. The accumulated paid leave can be taken for childcare, nursing care, or when an employee is sick or injured.

System for Half-day Paid Leave and Period for Promoting the Taking of Paid Leave

We seek to promote the taking of paid leave, such as introducing a system where employees can take paid leave for half a day at a time and conducting campaigns for promoting the taking of paid leave.

Support for the Promotion of Employee Mental and Physical Health

We have created a second phase data health plan as an effective and efficient health promotion project (data health) that uses data analysis to assess the health of employees and their family members and addresses health issues. We are monitoring progress on this plan, making improvements, sharing scoring report information with the health insurance union, and revising the plan to make address and resolve health issues.

We have defined specific health checkup and specific health guidance participation rates as a key performance indicator (KPI) in our lifestyle-related disease countermeasures, and we are working to raise participation rates. We have also adopted a comprehensive medical examination system for employees aged 40 and older as a disease prevention measure. In addition, we are enriching our efforts to diagnose cancer, including breast cancer, carrying out diabetes prevention/mitigation and smoking cessation programs, implementing shoulder stiffness and back pain prevention measures, holding “walking challenge” promotion

activities, issuing seasonal magazines and pamphlets to promote health literacy. Through these efforts, we are providing support to help employees change their activity patterns to enjoy mental and physical health.

We are also, of course, conducting stress checks, as specified in the Industrial Safety and Health Act. These stress checks help employees become aware of their own stress and assist them in dealing with them. They also help prevent mental health issues in advance by improving workplace environments. When workplaces are found to have high stress levels, we promptly take steps to make workplace environment improvements.

Percentage of Employees Undergoing Specified Health Examinations (domestic)

Results	Medium- to Long-term Targets	
FY2022	FY2024	FY2030
88.9%	90%	90%

Percentage of Employees Provided Specified Health Guidance (domestic)

Results	Medium- to Long-term Targets	
FY2022	FY2024	FY2030
52.5%	55%	60%

Occupational Health and Safety

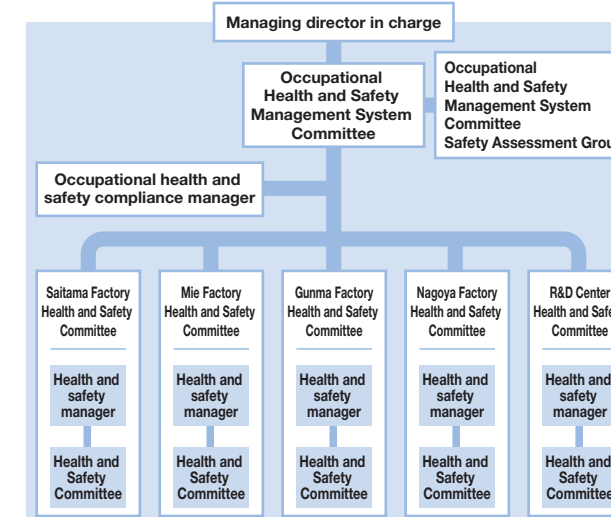
Fundamental Occupational Health and Safety Policy

Based on our belief that safety comes above all else, we consider occupational health and safety to be one of the most important foundations of our business operations, and strive to maintain and improve our healthy and safe working environments.

Occupational Health and Safety Policy

1. Comply with occupational health and safety laws and regulations
2. Maintain and improve our occupational health and safety structure
3. Create comfortable work environments
4. Promote health

Occupational Safety Management Organization Diagram



Occupational Health and Safety Structure

We carry out our business operations with an occupational safety management system in accordance with ISO 45001.

Eradication of Causes of Dangers and Hazards through Risk Assessments

Following the introduction of risk assessments (RA) in 2003, improvement activities to prevent incidents were established to eliminate and separate potential dangers and hazards in the workplace to reduce risks. Going beyond “zero industrial accidents,” all employees work to achieve “zero risks” by participating in safety awareness and risks and systems improvement activities.

Health and Safety Patrols



Factory managers regularly patrol workplaces to confirm that there are no latent risks or unsafe behavior in factories, and that the 5S are being practiced as fundamental behavior. We perform risk assessments of the hazards identified through these activities, and establish work environments which place safety first.

Virtual Reality Safety Education



We introduced educational contents making use of virtual reality (VR) as part of safety education and *kiken yochi training* (KYT: hazard prediction training) activities at the work site involved in dangerous work within the factory. By using VR, operators can experience simulated industrial accidents and dangerous situations, helping to prevent accidents and improve safety awareness.

Sharing of Health and Safety Information

Materials regarding health and safety and information regarding industrial accidents is shared between Group companies, including overseas sites. This helps improve the safety awareness of operators and prevent accidents.

Initiatives at Overseas Factories

Like our domestic sites, our overseas sites are also carrying out health and safety activities to achieve zero industrial accidents.

Case Example: RIKEN VIETNAM CO., LTD.

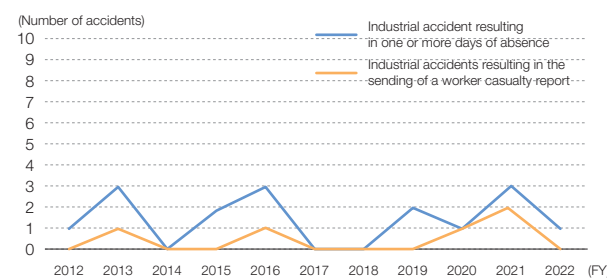
RIKEN VIETNAM held an occupational health and safety seminar led by an outside instructor. The company is also carrying out monthly 5S safety patrols and managing progress on its safety improvements.

**Results of Safety and Health Activities****(1) Mie Factory Achieves Three Zeros for Thousand Days**

Our manufacturing divisions refer to zero industrial accidents, zero quality complaints, and zero serious mechanical failures as the “three zeros,” and all of the members of manufacturing divisions work towards the achievement of these goals. The Mie Factory’s manufacturing division recently achieved three zeros for one thousand days, and those involved in this accomplishment were recognized with an award.

**(2) Incidence of Industrial Accidents**

Our Group has never had a fatal accident.

Occupational injuries requiring time off work**Respect for Human Rights**

The Group considers it absolutely vital to respect the human rights of all that are affected by our business activities so that we can create a sustainable society by practicing our corporate philosophy, the RIKEN TECHNOS WAY, and following the RIKEN TECHNOS GROUP Code of Conduct. Based on this belief, we have set respect for human rights as one of our materiality topics and we are implementing the activities.

We have also formulated the RIKEN TECHNOS GROUP Human Rights Policy for our human rights activities. In formulating this policy, we engaged in discussions with input from outside experts, conducted Sustainability Committee and Risk & Compliance Committee deliberations, and received the approval of the Board of Directors.

We will continue to enhance our efforts to reduce and prevent any negative impact on human rights.

The RIKEN TECHNOS GROUP Human Rights Policy is posted on our website.

<https://www.rikentechnos.co.jp/e/company/humanrights/>

Measures for Fostering Greater Awareness within Group Companies

The RIKEN TECHNOS GROUP Compliance Manual sets forth the rules that officers and employees of Group companies must comply with. It provides explanations of human rights violations such as discrimination and harassment and makes everyone aware that these actions are strictly prohibited.

We also conduct compliance training regarding harassment to improve the employees’ awareness. In addition to providing information regarding the characteristics of harassment and measures for preventing it, this training also informs participants of points that they needed to pay particular attention to given their positions. Through this, we are striving to create workplace environments in which employees respect each other’s human rights and can work with peace of mind.

Procurement Initiatives

We are creating a sustainable supply chain and have defined a Procurement Policy. This policy declares our respect for human rights and our dedication to eliminating unfair discrimination. In conflict and high-risk regions, we do not procure or engage in transactions involving mineral resources that contribute to conflicts or which are obtained through unlawful labor (such as child labor or labor which involves the infringement of human rights).

With respect to selecting suppliers based on standards for Sustainable Development Goals (SDGs), in FY2022 we administered an online ESG and SDGs questionnaire to our suppliers. Based on the results of this questionnaire, we will perform scoring and revise our supplier list.

Coexistence with Local Communities

We are involved in various activities to promote harmonious coexistence with local communities as well as a better understanding of our business activities. This section introduces initiatives being taken in Japan and overseas.

Initiatives in Japan**Donation of RIKEGUARD® Antibacterial and Antivirus Product Sheets**

We donated 1,800 sets of RIKEGUARD® antibacterial and anti-virus sheets and 900 rolls of RIKEN WRAP Tappuri® 100 m wraps for food packaging, both of which are manufactured and sold by RIKEN TECHNOS, to Kameyama City, Mie Prefecture, where our Mie Factory is located. A ceremony to commemorate this donation was held at the city government office in January 2023. RIKEGUARD® has long-lasting antibacterial and antivirus effectiveness, so it is used in public day cares, accredited nursery schools, public nursery schools, elementary schools, and junior high schools within the city.

**Donation of Goods to Food Bank**

Our Osaka Branch Office donated disaster supplies to a non-profit project for the effective use of excess food and the provision of support to welfare organizations.

Support for Environmental Beautification Activities

We support the environmental beautification activities organized by the association of the Konan Industrial Estate, where the Head Office and Shiga Factory of RIKEN CHEMICAL PRODUCTS CO., LTD. are located. These activities include cleaning up the river that flows through town and cleaning the roads around the factory, along with performing regular inspections of facilities such as wastewater and liquid waste facilities within the town and industrial estate.

Initiatives Overseas**RIKEN AMERICAS CORPORATION (U.S.)****Support for Victims of Sexual Assault and Domestic Violence**

Since FY2021, we have been conducting a project in concert with Sanctuary, Inc., a non-profit organization that provides prevention and healing services to victims of sexual assault and domestic violence and offers comprehensive support, including emotional care for the victims of violence. Every month, we provide 200 snack bags to support the organization.

**RIKEN ELASTOMERS (THAILAND) CO., LTD.
Health Promotion and Improvement of Healthcare Environments**

In August 2022, RIKEN ELASTOMERS (THAILAND) took part in a charity marathon on the outskirts of Ayutthaya as part of its corporate social responsibility (CSR) activities.

**PT. RIKEN INDONESIA****Construction of Village Restroom**

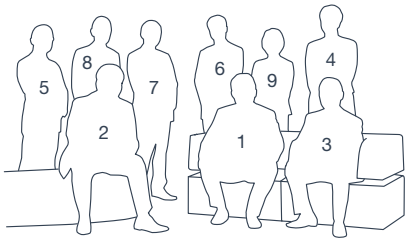
The village of Pantai Sederhana, in the Bekasi Regency of Western Java, is one of the areas where the water sources used in daily life are being threatened. There have been concerns regarding public restroom facilities, so RIKEN INDONESIA constructed a new, clean public restroom for use by children attending local schools and other members of the community, and donated the restroom to the village. The company also donated cleaning supplies and school supplies to village residents and children attending schools in the area around the village.

**RIKEN VIETNAM CO., LTD.****Support for a Social Protection Center**

RIKEN VIETNAM donated disposable diapers, detergent, mops, and other supplies to a social protection center in the Bến Cát area of Bình Dương Province, along with milk and notebooks for children.



Sophisticate Corporate Governance



Management

(as of September 1, 2023)

Directors

1 Kazuaki Tokiwa

Representative Director and President & CEO

March	1983	Joined the Company
April	2002	General Manager, Sales & Marketing Dept., RIMTEC CORPORATION
January	2007	Director, President & CEO, RIKEN ELASTOMERS CORPORATION
October	2011	Deputy General Manager, Compound Div.; General Manager, Compound Sales & Marketing Dept., RIKEN TECHNOS CORPORATION
April	2013	Vice General Manager, Corporate Planning Office
June	2013	Director, General Manager, Corporate Planning Office
April	2016	Representative Director, President & CEO (to present)

2 Junji Irie

Representative Director, Senior Managing Executive Officer, and Senior General Manager of Administrative Division

April	1981	Joined the Fuji Bank, Limited (current Mizuho Bank, Ltd.)
April	2009	Executive Officer; General Manager, Kobuna-cho Branch
May	2011	Join the Company
June	2011	General Manager, Legal & Compliance Office
June	2012	Director; General Manager, Legal & Compliance Office
April	2013	Director; Senior General Manager, Administrative Division; General Manager, General Affairs Dept.
April	2016	Director, Managing Executive Officer; Senior General Manager, Administrative Division; Senior General Manager, Corporate Planning Division
January	2017	Director, Managing Executive Officer; Senior General Manager, Administrative Division; Senior General Manager, Corporate Planning Division; General Manager, General Affairs Dept.
April	2017	Director, Managing Executive Officer; Senior General Manager, Administrative Division; General Manager, General Affairs Dept.
October	2017	Director, Managing Executive Officer; Senior General Manager, Administrative Division
April	2019	Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division; Senior General Manager, Corporate Planning Division
April	2020	Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division
June	2020	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division
April	2022	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division; Senior General Manager, Corporate Planning Division
April	2023	Representative Director, Senior Managing Executive Officer; Senior General Manager, Administrative Division; (to present)

3 Gakuyuki Kajiyama

Director, Managing Executive Officer, and Senior General Manager of Sales & Marketing Division

March	1985	Joined the Company
June	2008	Office Manager, Nagoya Sales Office; General Manager, Compound Vehicle R&D Office
March	2010	Deputy General Manager, Compound Div.
April	2011	Deputy General Manager, Corporate Planning Office
September	2011	Director, President & CEO, RIKEN ELASTOMERS CORPORATION
April	2016	Executive Officer, RIKEN TECHNOS CORPORATION; Director, President & CEO, RIKEN ELASTOMERS CORPORATION
April	2017	Senior Executive Officer; Senior General Manager, Corporate Planning Division, RIKEN TECHNOS CORPORATION
June	2017	Director, Senior Executive Officer; Senior General Manager, Corporate Planning Division
April	2019	Director, Managing Executive Officer; Senior General Manager, Sales & Marketing Division (to present)

5 Masato Koizumi

Director and Full-time Audit & Supervisory Committee Member

October	1997	Joined the Company
April	2006	General Manager, Legal Office
June	2008	General Manager, Corporate Planning Office
April	2010	General Manager, Accounting Department
September	2012	General Manager, Computer System Development Department
January	2016	General Manager, Operational Administration Office
April	2016	Executive Officer; General Manager, Operational Administration Office
January	2017	Executive Officer; General Manager, Operational Administration Office; General Manager, Computer System Development Department
April	2018	Assigned to Sales & Marketing Division
June	2018	Director serving as full-time Audit & Supervisory Committee Member (to present)

7 Shigeharu Nakamura

Outside Director and Audit & Supervisory Committee Member

April	1976	Joined the Saitama Bank, Ltd. (current Resona Bank, Limited)
June	2005	Managing Executive Officer in charge of Finance Div., Resona Bank, Limited
June	2006	Director, Senior Managing Executive Officer in charge of Finance Div. and in charge of Corporate Governance Office
June	2008	Representative Director, Vice President & Executive Officer in charge of Human Resources Division and in charge of Corporate Governance Secretariat (Retired in March 2012)
April	2012	Representative Director & President, Resona Research Institute Co., Ltd.
June	2013	Outside Director and Audit & Supervisory Committee Member, TOYO KANETSU K.K.
April	2014	Advisor, Resona Research Institute Co., Ltd. (Retired in June 2014)
June	2014	Auditor, F-TECH INC. (Retired in June 2022) Outside Corporate Auditor, RIKEN TECHNOS CORPORATION
June	2015	Outside Director and Audit & Supervisory Committee Member, TOYO KANETSU K.K. (to present)
June	2016	Outside Director serving as Audit & Supervisory Committee Member (to present)
June	2018	Outside Director, The Shoko Chukin Bank, Ltd. (to present)

9 Aogi Suemura

Outside Director and Audit & Supervisory Committee Member

October	1992	Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
April	1996	Registered as certified public accountant
August	1999	Joined GOLDCREST Co., Ltd.
January	2002	Joined Sumitomo Shoji Financial Management Co., Ltd.
November	2004	Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)
June	2008	Partner
January	2022	Established Aogi Suemura Certified Public Accountant Firm (to present)
June	2022	Outside Director serving as Audit & Supervisory Committee Member (to present)
March	2023	Outside Audit & Supervisory Board Member, Nippon Denko Co., Ltd. (to present)

4 Hitoshi Sugino

Director, Senior Executive Officer, and Senior General Manager of Technical Division

March	1983	Joined the Company
April	2009	General Manager, R&D Office III, Materials Development Center
January	2014	Deputy Senior General Manager, Technical Division; General Manager, R&D Center; General Manager, R&D Office I
April	2016	Executive Officer; Deputy Senior General Manager, Technical Division; General Manager, R&D Center; General Manager, R&D Office III
April	2019	Executive Officer; Senior General Manager, Technical Division; General Manager, R&D Center
April	2020	Executive Officer; Senior General Manager, Technical Division; Responsible for Manufacturing Division; General Manager, R&D Center
June	2020	Director, Executive Officer; Senior General Manager, Technical Division; Responsible for Manufacturing Division; General Manager, R&D Center
April	2021	Director, Executive Officer; Senior General Manager, Technical Division; General Manager, R&D Center
April	2022	Director, Senior Executive Officer; Senior General Manager, Technical Division; General Manager, R&D Center
April	2023	Director, Senior Executive Officer; Senior General Manager, Technical Division (to present)

6 Takayuki Hayakawa

Outside Director and Audit & Supervisory Committee Member

April	1972	Joined the Taiyo Bank Limited (current Sumitomo Mitsui Banking Corporation)
April	2006	Executive Officer; General Manager, East Japan the 3rd Corporate Marketing Div.; Sumitomo Mitsui Banking Corporation
April	2008	Executive Officer; General Manager, East Tokyo Corporate Marketing Div. (Retired in April 2009)
May	2009	Senior Managing Executive Officer, Ginsen Co., Ltd. (Retired in May 2010)
June	2010	Representative Director & President, Yoei Holding Co., Ltd. (Retired in June 2017)
June	2013	Outside Corporate Auditor, RIKEN TECHNOS CORPORATION
June	2016	Outside Director serving as Audit & Supervisory Committee Member (to present)
May	2017	Outside Director, TKP Corporation
June	2017	Outside Director, Toyo Kosan Ltd. (Retired in June 2021)
May	2019	Corporate Auditor, TKP Corporation (to present)
June	2020	Outside Director, Kyoritsu Maintenance Co., Ltd. (to present)

8 Shigeru Ehara

Outside Director and Audit & Supervisory Committee Member

April	1981	Joined the Yasuda Fire & Marine Insurance Co., Ltd.
April	2011	Executive Officer, General Manager, Commercial Risk Solutions Department, Sampo Japan Insurance Inc.
April	2013	Director, Managing Executive Officer, Sampo Japan Insurance Inc. Managing Executive Officer, NIPPONKOA Insurance Company, Limited Executive Officer, NKSJ Holdings, Inc.
June	2013	Director, Executive Officer, NKSJ Holdings, Inc.
September	2014	Director, Managing Executive Officer, Sampo Japan Nipponkoa Insurance Inc. Director, Managing Executive Officer, Sampo Japan Nipponkoa Holdings, Inc.
April	2016	Director, Senior Managing Executive Officer, Sampo Japan Nipponkoa Insurance Inc. Director, Senior Managing Executive Officer, Sampo Japan Nipponkoa Holdings, Inc.
November	2016	Representative Director, Senior Managing Executive Officer, Sampo Holdings, Inc.
April	2017	CEO, Overseas Insurance and Reinsurance Business, Representative Director, Senior Managing Executive Officer
April	2018	Deputy President and Senior Executive Officer, Sampo Japan Nipponkoa Insurance Inc. (Retired in June 2018)
		Director, Deputy President and Senior Executive Officer, Sampo Holdings, Inc. (Retired in June 2018)
June	2018	Executive Director, General Insurance Rating Organization of Japan (Retired in June 2022)
June	2022	Outside Director serving as Audit & Supervisory Committee Member (to present)

(Notes)

1. The Yasuda Fire & Marine Insurance Co., Ltd., Sampo Japan Insurance Inc., NIPPONKOA Insurance Company, Limited, and Sampo Japan Nipponkoa Insurance Inc. are currently named as Sampo Japan Insurance Inc.
2. NKSJ Holdings, Inc. and Sampo Japan Nipponkoa Holdings Inc. are currently named as Sampo Holdings, Inc.

Executive Officers (not including those on the Board of Directors)



Michihisa Tasaka

Senior Executive Officer
Senior General Manager of Quality Assurance Division
& General Manager of Startup Office for New Business Development



Takeshi Sugie

Executive Officer
Senior General Manager of Procurement Division
& General Manager of Logistics Department



Toshimi Yamanaka

Executive Officer
Regional Officer of North America
President, RIKEN AMERICAS CORPORATION & RIKEN ELASTOMERS CORPORATION



Tomozo Ogawa

Executive Officer
Senior General Manager of Manufacturing Division
& General Manager of Saitama Factory



Hisashi Onozuka

Executive Officer
Deputy Senior General Manager of Sales & Marketing Division
& General Manager of Sales & Marketing Strategy Department
& General Manager of Film Business Unit



Fumitoshi Nakamura

Executive Officer
Deputy Senior General Manager of Sales & Marketing Division
& General Manager of Transportation Business Unit
& General Manager of Nagoya Sales Office



Michio Noishiki

Executive Officer
Senior General Manager of Corporate Planning Division



Akihiro Tamura

Executive Officer
Regional Officer of ASEAN
Managing Director, RIKEN (THAILAND) CO., LTD.

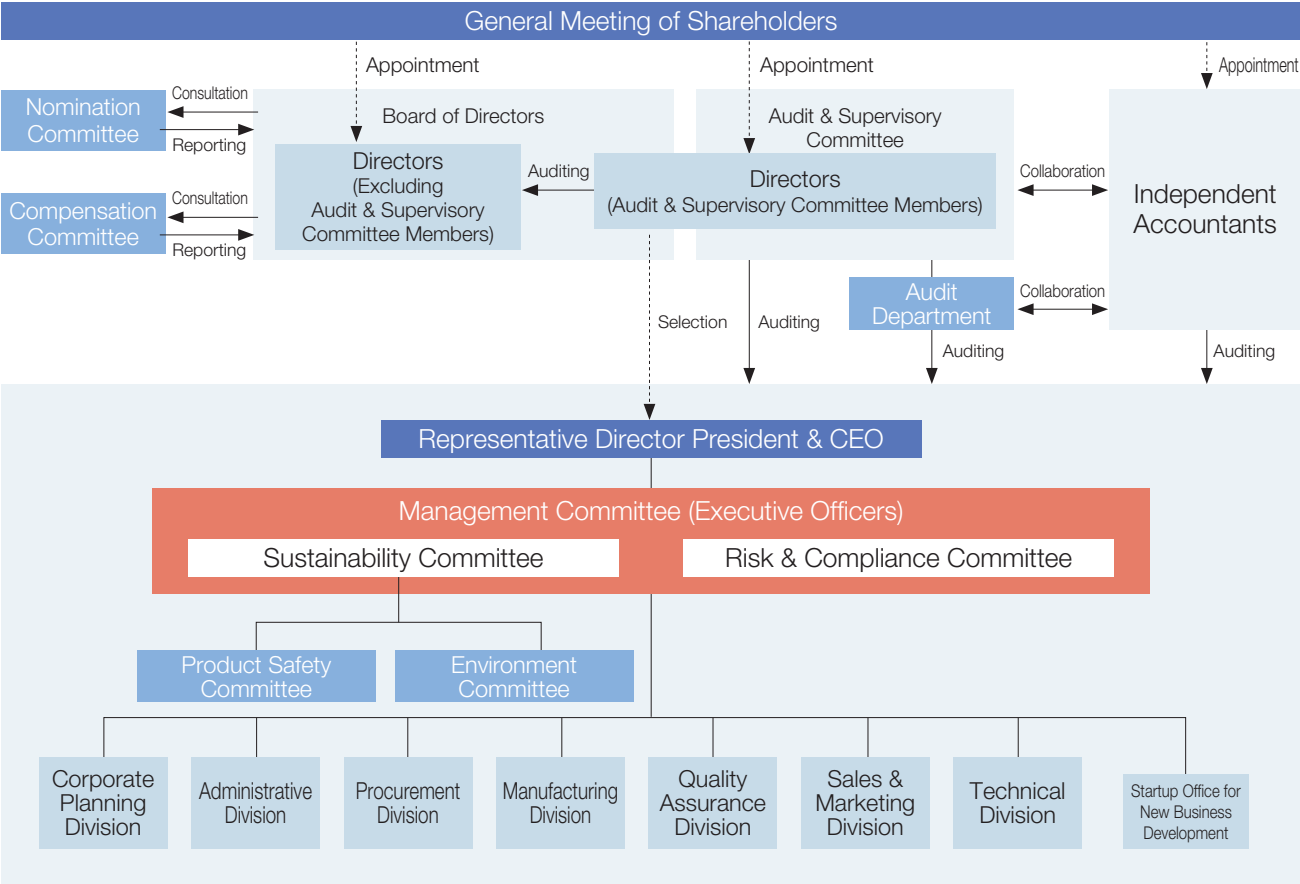
Corporate Governance Policy

Among the materiality topics in management, the RIKEN TECHNOS GROUP positions “Sophisticate corporate governance” as a prerequisite for corporate activities. We will establish effective governance mechanisms across the Group and strive to ensure management transparency and fairness to achieve sustainable growth and improve corporate value over the medium-to-long term through the implementation of the “RIKEN TECHNOS WAY,” its management philosophy. At the same time, we will further advance dialogue with our shareholders and investors.

RIKEN TECHNOS GROUP
Corporate Governance Policy

Chapter 1 General Provisions
Chapter 2 Ensuring Rights and Equality of Shareholders
Chapter 3 Appropriate Collaboration with Stakeholders Other Than Shareholders
Chapter 4 Ensuring Appropriate Information Disclosure and Transparency
Chapter 5 Corporate Governance System
Chapter 6 Dialogue with Shareholders
Chapter 7 Other

Corporate governance structure



Summary table of corporate governance structure

Structural design	Company with an audit and supervisory committee
Number of directors (excluding directors who are Audit & Supervisory Committee members)	4 Directors
Number of directors who are Audit & Supervisory Committee members	5 Directors (of which four are outside directors)
Term of directors	1 year (2 years for Audit & Supervisory Committee members)
Voluntary consultative bodies of the Board of Directors	Nomination Committee and Compensation Committee
Adoption of executive officer system	Yes
Independent accountant	Ernst & Young ShinNihon LLC

Corporate Governance System

Name of meeting	Number of meetings held (FY2022)	Details
Board of Directors	16	Chairperson: President & CEO The Board of Directors comprises four directors (excluding directors who are Audit & Supervisory Committee members) and five directors who are Audit & Supervisory Committee members. To ensure management transparency and soundness, at least one third of the directors are independent outside directors. In addition, given the global business operations of the RIKEN TECHNOS GROUP, directors are appointed so that the Board of Directors has the appropriate scale and composition taking into consideration factors such as the Board's overall balance in knowledge, experience, and capabilities; maintenance of diversity; and invigoration of deliberations.
Management Committee	12	Members: All executive officers The Management Committee comprises all executive officers. Directors who are not concurrently executive officers also attend the meetings from the perspective of management supervision and state their opinions as necessary. In addition, meetings are held ahead of Board of Directors meetings each month to deliberate beforehand issues being put forth to the Board of Directors as well as to deliberate and decide on the execution of important tasks for which authority has been delegated by the Board of Directors.
Sustainability Committee	7	Members: All executive officers Refer to “Sustainability at RIKEN TECHNOS” (p. 45) for details.
Risk & Compliance Committee	2	Members: All executive officers Refer to “Strengthening of Risk Management” (p. 67) for details.
Audit & Supervisory Committee	16	Members: Five Audit & Supervisory Committee members (of which four are independent outside directors) More than half of the Audit & Supervisory Committee members are independent outside directors, and at least one member has considerable expertise related to finance and accounting. In addition, fulltime Audit & Supervisory Committee members are appointed to carry out prompt information collection within the company and closely share information with outside directors.
Nomination Committee	3	Members: President & CEO, Senior Managing Executive Officer, and five Audit & Supervisory Committee members (of which four are independent outside directors) More than half of the members of the Nomination Committee are independent outside directors, and the chairperson is selected from independent outside directors through election by the committee members. The Nomination Committee reports and recommends on matters such as those related to the appointment and dismissal of directors, executive officers, counselors, and advisors; those related to the independence standard for outside directors; those related to the formulation and operation of succession plans for the Chief Executive Officer, etc.; and those related to the creation and renewal of skill matrices for the Board of Directors.
Compensation Committee	3	Members: President & CEO, Senior Managing Executive Officer, and five Audit & Supervisory Committee members (of which four are independent outside directors) More than half of the members of the Compensation Committee are independent outside directors, and the chairperson is selected from independent outside directors through election by the committee members. The Compensation Committee reports and recommends on matters such as details of proposals regarding compensation and other payments (including share-based compensations) of directors being put forth to the General Meeting of Shareholders; compensation system (including share-based compensation systems) for directors (excluding directors who are Audit & Supervisory Committee members), executive officers, counselors, and advisors; details of compensation and other payments (including share-based compensations) of individuals; and matters related to the basic policy for compensation and other payments.
Board of Outside Directors	3	Members: All independent outside directors Independent outside directors take on the roles of providing active advice regarding management, supervision of management in general, and supervision regarding conflicts of interests as well as reflecting opinions of stakeholders at Board of Directors meetings. We appoint people who meet the independence standard for outside directors set by us as independent outside directors. At the same time, they must be able to take on the role of contributing toward our sustainable growth and improvements in medium- to long-term corporate value. In addition, the primary independent outside director is elected by and chosen from among the independent outside directors, and serves as a liaison with the company. At least once every half a year, the Outside Board of Directors comprising only outside directors is held for information exchange and awareness sharing between themselves. * The independence standard for outside directors is defined in the RIKEN TECHNOS GROUP Corporate Governance Policy.

Past Actions toward Sophistication of Corporate Governance

	2014 to 2015	2016	2017 to 2019	2020	2021	2022
Structural design		• Shifted to a company with an audit and supervisory committee				
Voluntary committees		• Established Nomination Committee and Compensation Committee • Established Board of Outside Directors			• Established Risk & Compliance Committee	• Established Sustainability Committee
Composition of Board of Directors	• 9 members RIKEN TECHNOS: 8 Outside: 1	• 8 members RIKEN TECHNOS: 5 Outside: 3		• 9 members RIKEN TECHNOS: 6 Outside: 3		• 9 members RIKEN TECHNOS: 5 Outside: 4 (including 1 female)
Compensation system		• Introduced share-based compensation system				• Formulated policy for determining details of compensation and other payments of individual directors
Others	• Commenced appointment of outside directors	• Introduced executive officer system (separation of supervisory and executive functions)	• Commenced effectiveness evaluation of Board of Directors	• Formulated corporate governance policy • Formulated independence standard for outside directors • Formulated succession plan	• Formulated sustainability policy	• Identified materiality topics • Conducted disclosure based on the recommendations of TCFD

Red indicates an increase from the previous year Blue indicates a decrease from the previous year

Major Matters Deliberated in FY2022

Board of Directors

- Matters of management supervision such as governance
- Identification of materiality topics
- Climate change (disclosure in response to recommendations of TCFD)
- Verification of appropriateness for strategic holding of shares
- Progress confirmation and review of succession plans
- Absorption and merger of consolidated subsidiaries

Nomination Committee

- Matters related to the selection of candidates for directors (excluding directors who are Audit & Supervisory Committee members) and executive officers
- Progress confirmation and review of succession plans

Compensation Committee

- Individual compensation (basic compensation, performance-linked compensation, and stock benefits) for directors (excluding directors who are Audit & Supervisory Committee members) and executive officers

Skill Matrix of the Board of Directors

Name	Position	Gender	Skills									Attendance in FY2022			
			Corporate management/ management strategy	Sales/ marketing	Global experience	R&D/ manufacturing	Finance/ accounting	Legal/ risk management	Personnel/labor affairs/ human resources development	ESG/ sustainability	DX/IT	Board of Directors	Nomination Committee	Compensation Committee	Audit & Supervisory Committee
Kazuaki Tokiwa	Representative Director, President & CEO	Male	○	○	○	○				○		16 out of 16 times★	3 out of 3 times	3 out of 3 times	—
Junji Irie	Representative Director, Senior Managing Executive Officer	Male	○				○	○	○	○	○	16 out of 16 times	3 out of 3 times	3 out of 3 times	—
Gakuyuki Kajiyama	Director, Managing Executive Officer	Male	○	○	○	○				○		16 out of 16 times	—	—	—
Hitoshi Sugino	Director, Senior Executive Officer	Male				○					○	16 out of 16 times	—	—	—
Masato Koizumi	Director, Full-time Audit & Supervisory Committee Member	Male	○				○	○		○	○	16 out of 16 times	—	—	16 out of 16 times★
Takayuki Hayakawa	Primary Independent Outside Director, Audit & Supervisory Committee Member	Male	○				○	○	○			16 out of 16 times	3 out of 3 times★	3 out of 3 times	16 out of 16 times
Shigeharu Nakamura	Independent Outside Director, Audit & Supervisory Committee Member	Male	○		○		○	○	○			16 out of 16 times	3 out of 3 times	3 out of 3 times★	16 out of 16 times
Shigeru Ehara	Independent Outside Director, Audit & Supervisory Committee Member	Male	○		○		○	○	○			13 out of 13 times*	2 out of 2 times*	2 out of 2 times*	12 out of 12 times*
Aogi Suemura	Independent Outside Director, Audit & Supervisory Committee Member	Female					○	○	○			13 out of 13 times*	2 out of 2 times*	2 out of 2 times*	12 out of 12 times*

★ denotes chairperson * Attendance after being appointed on June 17, 2022

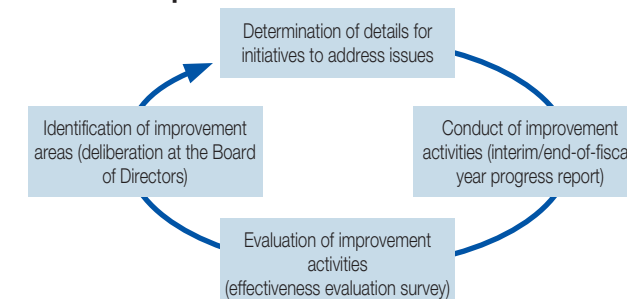
Effectiveness Evaluation of Board of Directors

To improve the functions of our Board of Directors, we conduct evaluation and analysis of its effectiveness each year.

Key points of evaluation for FY2022

- 1.System regarding improvement of knowledge and expertise
- 2.Creation of more sophisticated internal controls and company-wide risk management
- 3.Relationships with shareholders and investors
- 4.Promotion of initiatives to address sustainability issues

Evaluation process



Issues and initiatives for FY2022 (actual)

- Sophistication of corporate governance
We appointed a female director to ensure diversity in the Board of Directors, and increased the number of outside directors by one to enhance the supervisory function of the Board of Directors. In addition, the content of training for directors was fundamentally reviewed, and initiatives were implemented, including the Board of Directors meetings held at factories and laboratories and a revision of how to hold roundtable discussions of directors and executive officers.
- Strengthening Group controls
In order to strengthen the practical aspects of controls of consolidated subsidiaries, we enhanced communication within the Group by holding medium-term business plan briefings and semiannual regular briefings, and launching the global manufacturing meeting. We also took measures to maximize Group synergies, including the merger of consolidated subsidiaries.
- Initiatives to address sustainability issues and active disclosure
Regarding initiatives against climate change, we actively disclosed information, including disclosure through the Carbon Disclosure Project (CDP), in addition to disclosure based on the TCFD recommendations. In addition, the newly established Sustainability Committee led discussions on important issues relevant to the Company from a medium- to long-term perspective, identified materialities, and set KPIs.

Issues and initiatives for FY2023 (planned)

- Discussions will be deepened on the role of the newly established Regional Officer and the group governance/risk management systems to further improve effectiveness of Group controls. We will also strengthen controls by providing further guidance and education to management of consolidated subsidiaries.
- In order to promote constructive dialogue with shareholders and investors, we will proceed with discussions on measures to increase corporate value, and enhance disclosure of both financial and non-financial information. We will also increase opportunities for direct dialogue with shareholders and actively make efforts for investor relations (IR) and shareholder relations (SR).
- We will deepen discussions regarding sustainability issues centered on human capital and intellectual property, and strategically embody the materialities identified in FY2022 in business.

Compensation of Directors

Basic Policy

The compensation of directors (excluding directors who are Audit & Supervisory Committee members) serves as motivation for improving the performance of each fiscal year and improving the corporate value over the medium to long term. In addition, as a compensation system that allows value to be shared with shareholders, the appropriate level of compensation is set according to position and responsibility. To ensure objectivity and transparency when determining these levels, respect is shown to the opinions of the Compensation Committee, where more than half of the members are independent outside directors.

Composition of Director Compensation

Compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) consists of executive compensation and supervisory compensation. Executive compensation consists of a fixed amount of basic compensation (cash) and bonuses as performance-linked compensation (cash and stock benefits). Supervisory compensation consists of a fixed amount of

basic compensation (cash) and a fixed amount of stock benefits.

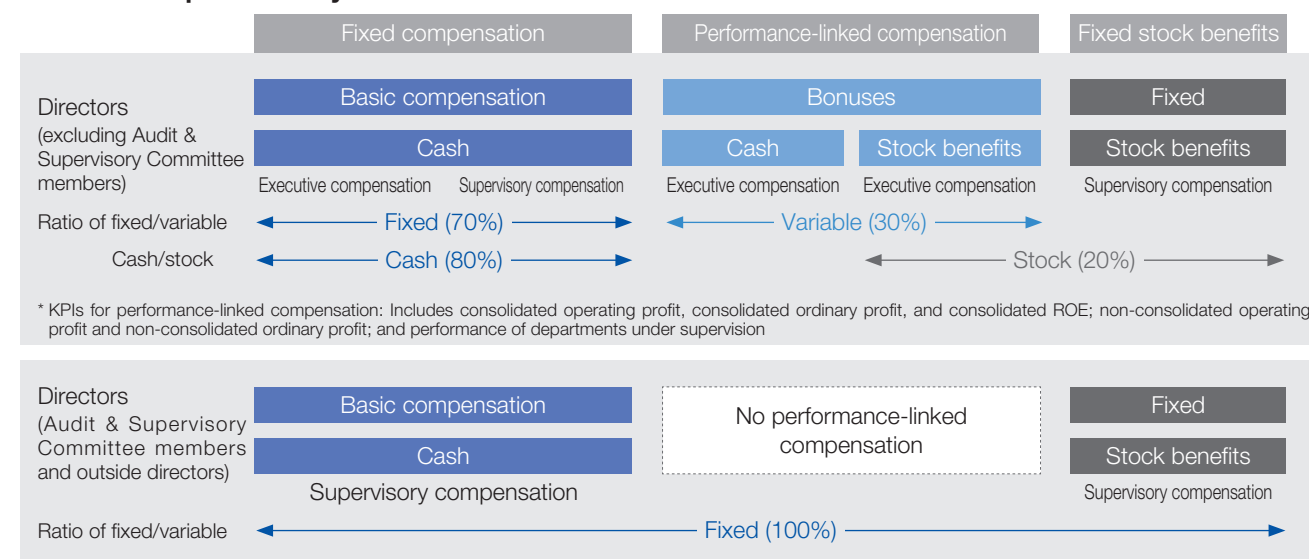
The compensation of directors who are Audit & Supervisory Committee members comprises only fixed compensation not linked to performance (basic compensation) and fixed allocation of shares.

Process for the Determination of Director Compensation

In deciding the amount of compensation for directors (excluding directors who are Audit & Supervisory Committee members), the Board of Directors first consults the Compensation Committee where more than half of the members are independent outside directors. The decision is then made giving due respect to the reply from the committee.

The compensation of directors who are Audit & Supervisory Committee members is decided through deliberation by the directors who are Audit & Supervisory Committee members, within the amount established through resolution at the General Meeting of Shareholders.

Director compensation system



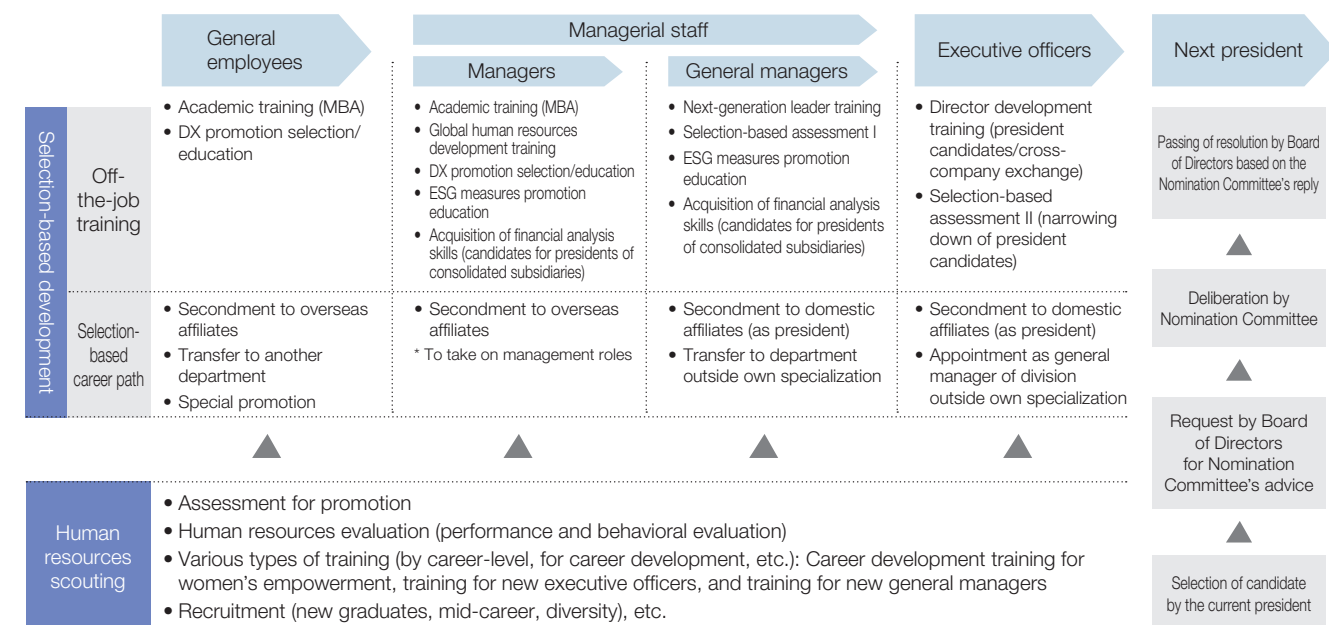
Total amount of compensation, etc. for FY2022

Director classification	Total amount of compensation, etc. (Thousands of yen)	Total amount by type of compensation, etc. (Thousands of yen)				Number of applicable directors
		Fixed compensation	Performance-linked compensation (Bonuses)		Fixed stock benefits	
		Basic compensation	Cash	Stock benefits		
Directors who are not Audit & Supervisory Committee members (excluding outside directors)	192,727	116,241	47,607	13,661	15,217	4
Directors who are Audit & Supervisory Committee members (excluding outside directors)	17,540	16,050	—	—	1,490	1
Outside directors (Audit & Supervisory Committee members)	36,386	33,300	—	—	3,086	5
Total	246,654	165,591	47,607	13,661	19,794	10

Succession Plan

We formulate our succession plan to secure a pool of human resources for the group of management candidates. Taking into consideration our corporate philosophy, management policy, and other factors, so that the development of management

candidates is carried out systematically with adequate time and resources, the Board of Directors and the Nomination Committee will continue to take the initiative to intervene in the plan's implementation and carry out regular supervision.



Dialogue with Shareholders

To encourage constructive dialogue with our shareholders, the Group conducts various initiatives—such as financial results briefings and individual meetings for institutional investors—under the oversight of the executive officer in charge of corporate planning. In FY2022, we conducted financial and management results briefings for institutional investors that were held by our management executives, including the president and relevant executive officers. We also held individual meetings with major shareholders in Japan. With matters such as the progress of the medium-term

business plan as the key themes, the opinions obtained through dialogue were reported to the Management Committee and Board of Directors as necessary. In addition, we started conducting SR interviews with major shareholders (institutional investors) in FY2023.

We will appropriately and effectively reflect the knowledge obtained through the above initiatives in our corporate activities and strive to further improve our corporate value.

Strategic Holding of Shares

With regard to strategic holding of shares, the Board of Directors annually examines specifically whether the purpose of holding is appropriate, and otherwise whether the benefits and risks associated with holding are commensurate with the cost of capital, from a medium- to long-term perspective in order to improve corporate value globally. Our policy is to continue to hold those that we believe are contributing to the improvement of the Group's medium- to long-term corporate value, but for those that we believe are inappropriate to hold, we will consider the disposal of all or part of our holdings, taking into consideration market trends and other factors, and reduce our holdings.

Verification for FY2022 was conducted in November. We verified whether the purpose of holding is appropriate for each stock, including treasury shares of consolidated subsidiaries. In addition, we also verified if the benefits and risks associated with holding are commensurate with the cost of capital, taking into consideration actual transactions and other factors. As a result, we have assessed that it is inappropriate to hold onto some of these stocks, and have decided to consider disposing them.

Messages from Outside Directors



Takayuki Hayakawa

Primary Independent Outside Director
Audit & Supervisory Committee Member

Enhancing R&D Capabilities, Human Capital, and Group Governance toward Advancement of Global Management

FY2022 was the first fiscal year of the medium-term business plan. Amid a harsh environment that included the COVID-19 pandemic, even though the situation was heading toward less restrictions, and high raw material prices, President Tokiwa and all employees united as one to steadily implement detailed initiatives under four strategies. As a result, performance trended strongly, and new record highs were set for both net sales and profits. RIKEN TECHNOS also set forth “Contribute to solving environmental and social issues” as one of the strategies and established the Sustainability Committee, putting in a place a structure that allows further promotion of initiatives both on discussions with a wider range of people.

It was under these circumstances that I attended important meetings, including meetings of the Board of Directors, Management Committee, Audit & Supervisory Committee, Nomination Committee, and Compensation Committee, as an independent outside director. I also actively engaged in exchanges of opinions with the representative directors, remote meetings led by overseas sites during the pandemic, meetings with frontline employees during factory audits, and information exchange with the accounting auditor, among other things.

The Company also actively provides such opportunities, including conducting Board of Directors meetings at factories and R&D Centers followed by organizing discussions on predetermined themes with those in management positions at these sites.

Based on an open, sincere, and hardworking corporate culture of the challenger stated in the Company’s corporate philosophy RIKEN TECHNOS WAY, we will need to continue to focus on strengthening of R&D and technological capabilities as well as to enhance human capital. I hope to provide advice for audits, supervision, and such from a position independent of the management to contribute toward strengthening Group governance, placing importance on the perspectives of our stakeholders while taking into consideration a balance between business expansion—such as an overseas net sales ratio exceeding 50%—and the Group’s internal control.

Toward Further Progress in Global Management and Sustainability Promotion

RIKEN TECHNOS’s mission is stated as “We are a challenger that harnesses the power of science to improve the quality of life and create a safe, affluent society.” The Company has played the role of improving lives in a wide range of fields, using the synthetic resin processing technologies developed since its establishment as its basis. As an independent outside director, with the Company in an environment that is changing at an unprecedented speed and scale, I think we have entered an era where RIKEN TECHNOS’s true value as a challenger will be further tested. Based on this understanding of the situation, let me state two areas that I focus on monitoring.

First is the intensification of global management. In view of the target of an overseas net sales ratio exceeding 50% in the current medium-term business plan, various measures are being implemented under the strategy of “Intensify global management and generate synergies.” A common issue in the manufacturing industry, RIKEN TECHNOS cannot be said to have an abundance of human resources who can evenly manage manufacturing, sales, and administration at high levels at overseas sites. The Company has been working on this issue even before the appearance of voices advocating the importance of human capital and human resources development, and I am focusing on this area given anticipation of even greater advancement of global management.

The second area is sustainability. As a manufacturer undertaking chemistry from a scientific point of view, it will be necessary to address social issues such as environmental problems. Although the antibacterial and antivirus film RIKEGUARD®—which gathered attention due to the COVID-19 pandemic—was a product developed before the pandemic, it came to show a part of RIKEN TECHNOS’s unceasing technological development capabilities against social issues. Sustainability is a vast theme and it is difficult to predict the appearance of new issues, but I hope the Company will hold firm to this stance and carry through its mission toward realizing a sustainable society.



Shigeharu Nakamura

Independent Outside Director
Audit & Supervisory Committee Member



Shigeru Ehara

Independent Outside Director
Audit & Supervisory Committee Member

Undertaking Management Founded on Beliefs Because These Are VUCA Times

RIKEN TECHNOS has a vibrant and open corporate culture. The top management and other officers and employees convey the situation and issues frankly to outside directors, allowing us to participate in Board of Directors and other meetings with a direct sensing about the execution of operations.

Centered on the resin formulations and manufacturing technologies developed in Japan over a period of more than 70 years, the Company is a plastic material manufacturer that also has manufacturing and sales sites in Asia, the United States, and other locations. Today, more than 50% of net sales come from outside Japan. Besides Japan and the United States, going forward, the Company will continue to take on challenges with ASEAN and other Asian countries as the main targets to seek supply growth through the provision of new value and the approach of environmental friendliness. I think this is an appropriate direction. At the same time, the surrounding environment has remained in a state of turbulence called VUCA (volatile, uncertain, complex, and ambiguous) for the past few years, including climate change, the global spreading of a virus, armed invasion, the revolution in green energy, and digital transformation (DX). It will therefore be important to have ideas that are not bound by the past as well as a sense of speed. Under such circumstances, the importance of human capital is fully recognized, various measures are in place to acquire talents through providing opportunities for development and enhancing opportunities and environments that allow employees to play active roles. At the same time, I think the long-term vision and RIKEN TECHNOS WAY will serve as guideposts for the diversifying talents.

For RIKEN TECHNOS to carry out institutional decision making based on its beliefs after taking in an overview of the domestic and international situation, I intend to offer recommendations and advice while also keeping an eye on Group governance that strikes a balance between offense and defense.

Toward Nurturing Remarkable Corporate Governance through Serious Discussions

I was appointed as an outside director in 2022 and attended meetings such as those of the Board of Directors and Management Committee. RIKEN TECHNOS takes proper time to conduct serious discussions about important management issues and strives to strengthen governance. Outside directors make up more than half of the members for both the Nomination Committee and Compensation Committee, guaranteeing fair decision making.

Amid a difficult social situation that includes climate change and COVID-19, companies have to grow their businesses while responding to the Sustainable Development Goals (SDGs) and environmental, social, and governance (ESG) aspects. The spirit of venture passed down since the time of establishment has evolved into the core of the corporate philosophy in the form of the term “challenger.” Based on this spirit, the Company’s Code of Conduct was formulated to realize a sustainable society and improve corporate value, and the medium-term business plan substantiates measures to achieve these goals.

These are VUCA times, and we are required to identify changes and respond to them. Focusing on the development of safe and functional products that are friendly to the environment, the Company enhanced its R&D Centers. Furthermore, it established the Start-up Office for New Business Development and is working on business diversification and expansion.

With an overseas net sales ratio exceeding 50%, the Company recognizes the need for human resources development both in Japan and overseas to promote future globalization. There are various programs in place, such as development of talents for the Company’s future management and female managers, deepening of compliance awareness, and enhancement of health.

Going forward, I will continue to use the experiences gained through being an accountant for more than 30 years, look at the results of the Company’s various measures with a stakeholder perspective, and offer fair and frank opinions that help to nurture remarkable corporate governance. As RIKEN TECHNOS’s first female director, I also hope to support the active participation of women in whatever way that I can.



Aogi Suemura

Independent Outside Director
Audit & Supervisory Committee Member

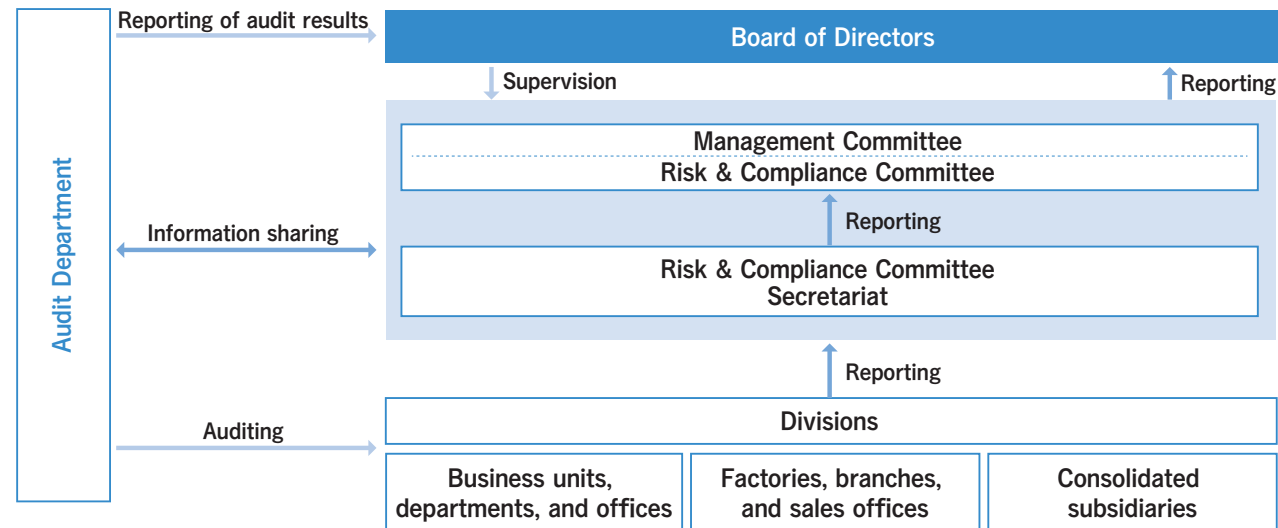
Strengthen Risk Management

The RIKEN TECHNOS GROUP sees factors that affect the achievement of corporate goals as risks, and undertakes thorough risk management. Based on the RIKEN TECHNOS GROUP Basic Policy on Risk & Compliance, our basic policy for risk management and compliance is to practice the RIKEN TECHNOS WAY, comply with the Code of Conduct, ensure the soundness of management, ensure stable business continuity, prioritize human life, instill the spirit of compliance, and eliminate or mitigate factors that hinder stakeholder interests.

Risk Management System

At the RIKEN TECHNOS GROUP, the Risk & Compliance Committee centrally and comprehensively manages risks faced by Group companies to enhance the effectiveness of risk management and further improve compliance. Besides listing, analyzing, and evaluating the Group's overall risks, the committee understands critical risks, identifies risks to be handled with priority, and

formulates countermeasures for those risks. In addition, the committee carries out comprehensive risk management for the Group as a whole, such as confirming the progress of risk countermeasures every six months, making revisions to them, and instructing the relevant departments to carry out improvements as necessary.



Composition of Risk & Compliance Committee	
Chairperson	President & CEO
Vice-chairpersons	Senior managing executive officer and managing executive officer
Members	Executive officers
Observers	Directors who are Audit & Supervisory Committee members

Chaired by the president & CEO, the Risk & Compliance Committee comprises all executive officers who are members of the Management Committee, with outside directors participating as observers. In principle, meetings are held once every six months, and the details of the committee's activities are reported to the Board of Directors as appropriate.

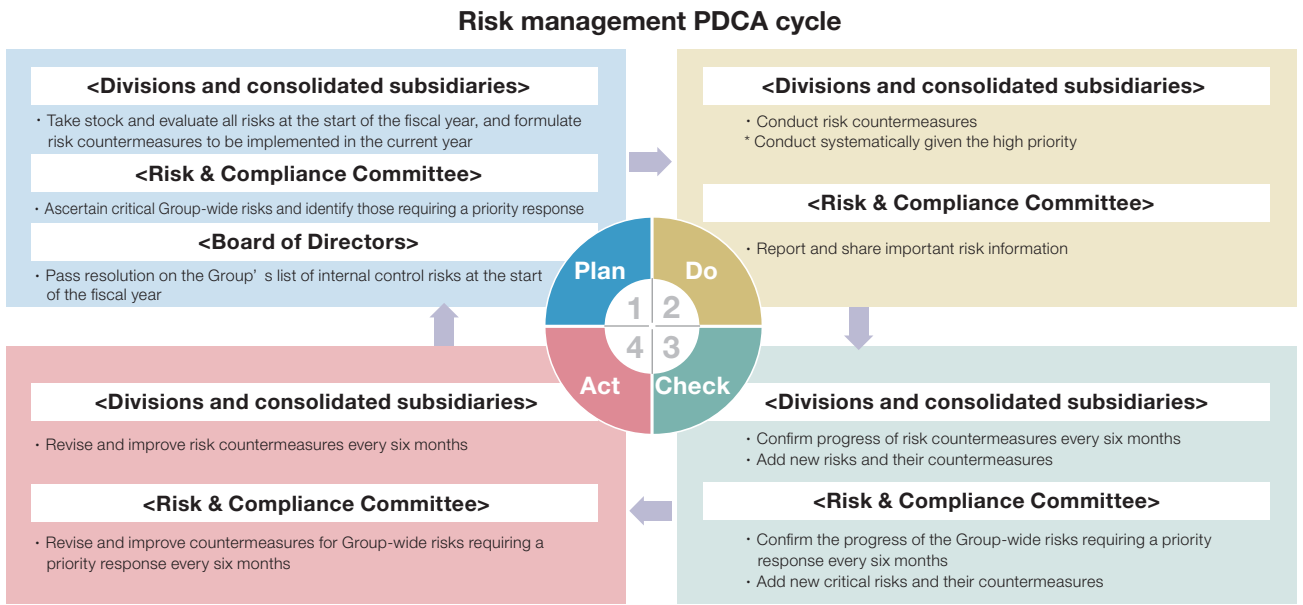
Activities of the Risk & Compliance Committee	
<ul style="list-style-type: none">Establishment of systems related to company-wide risk management and compliance, determination of promotion measures, and raising of awareness about initiativesEvaluation and analysis of progress in risk management, and consideration of countermeasuresDevelopment of compliance manual, and evaluation of implementation state of company regulations, etc.Determination of structures, systems, etc. that are effective for compliance	

Risk Identification Process

At the start of the fiscal year, divisions and consolidated subsidiaries comprehensively derive the risk that may affect their business operations to create a list of internal control risks. These risks are then integrated and evaluated at the Risk & Compliance Committee, after which the committee identifies Groupwide risks to be handled with priority throughout the

fiscal year that should involve the active participation of the management.

To enhance Group governance (internal control), we implement risk management that is consistent Groupwide by understanding risks comprehensively across the entire Group and implementing a PDCA cycle for their countermeasures.



Overview of risks requiring a priority response in the RIKEN TECHNOS GROUP and their countermeasures

Risks requiring a priority response		Risk overview	Countermeasure overview
1	Natural disasters and spread of infectious diseases	<ul style="list-style-type: none">Risk of impediment to business from large-scale natural disasters, the spread of infectious diseases, and other such events as well as adverse impact to the Company's financial state due to significant slowdown in the domestic and global economy	<ul style="list-style-type: none">Establishment of a specific response structure during the occurrence of risks such as natural disasters and spread of infectious diseasesFormulation of plans in preparation for the occurrence of risks
2	System failure and information leakage	<ul style="list-style-type: none">Risk of losing social credibility due to system failure or information leakage caused by cyberattacks and such	<ul style="list-style-type: none">Strengthening of IT security and promotion of IT literacy educationEstablishment of a response structure during the occurrence of an incident
3	Environmental incident	<ul style="list-style-type: none">Risk of difficulty in continuing operations at factories adjacent to private homes due to delay in responding to environmental incidents and such	<ul style="list-style-type: none">Response to environmental issues (odors, noise, vibration)
4	Facility deterioration	<ul style="list-style-type: none">Risk of production disruption due to facility malfunctionRisk of difficulty in repair due to being unable to procure equipment components	<ul style="list-style-type: none">Formulating of medium- to long-term facility renewal plan and facility malfunction responses
5	Delay in responding to environmental issues	<ul style="list-style-type: none">Risk of inadequacies in responding to environmental laws and regulationsRisk of drop in competitive advantage arising from delay in responding to environmental issues	<ul style="list-style-type: none">Improvement of chemical substance management systemReevaluation of CO₂ reduction plan
6	Logistics cost increase and logistics delays	<ul style="list-style-type: none">Risk of delivery cost increase due to a shortage of drivers such as from the "2024 problem" in logisticsRisk of difficult in responding to delivery dates due to reduction in number of delivery trips	<ul style="list-style-type: none">Review of delivery sites and delivery methods

Business Continuity Plan and Business Continuity Plan and Response to Emergency Situations

At the RIKEN TECHNOS GROUP, we formulate our business continuity plan (BCP) in preparation for emergency situations such as natural disasters, fires, and terrorism, stating matters such as priority products and the roles of each department in recovery activities. We also put in place a system for minimizing damage and losses by stating the organizational structure during emergency situations, specific procedures of each employee, and other such matters in the Emergency Response Basic Regulations and Disaster Response Procedural Manual and conducting regular training.



Evacuation training (Mie Factory)

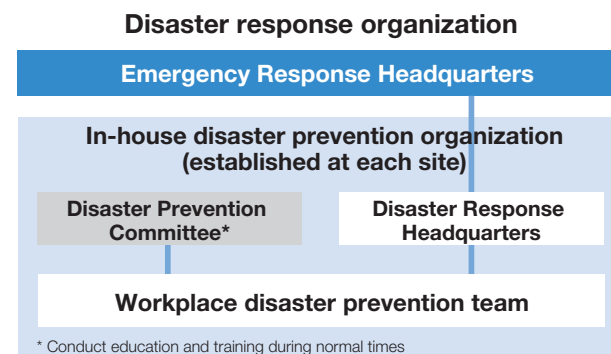
Information Security

To strengthen cybersecurity measures, our Group has formulated the RIKEN TECHNOS GROUP Information System Management Regulations and the RIKEN TECHNOS GROUP Information Security Regulations. We are strengthening IT security and taking measures against the risk of information leakage and other risks. We also try to minimize information security risks through access restriction, data encryption, and other methods, and have installed the latest protection system.

As an initiative to improve employees' literacy, at the IT security lectures conducted annually for all employees, we share measures to prevent information security incidents—such as virus infection and information leakage—and the responses to take when an incident occurs. In addition, we conduct practical education through targeted email attack training.

Management of Consolidated Subsidiaries

The Corporate Planning Division ensures efficiency and soundness of Group management by providing guidance on the building of internal control systems at consolidated subsidiaries and promoting the sharing of information.



Fire-fighting training (Gunma Factory)

Our divisions receive the necessary reports about the situations at consolidated subsidiaries—such as the state of management and the financial situation—based on the RIKEN TECHNOS GROUP Regulations for Management of Consolidated Subsidiaries. The Corporate Planning Division undertakes management and supervision by arranging an operational report meeting attended by the president and relevant executive officers, at least twice a year for domestic consolidated subsidiaries and at least once a year for overseas consolidated subsidiaries. The aforementioned regulations also state the report recipients and reporting method in the event of a risk occurring at a consolidated subsidiary to put in place a system for fast and appropriate response.

Internal Audits

The Audit Office implements a system that allows the conduct of effective and organizational audits by conducting joint audits in Japan and overseas in collaboration with the Audit & Supervisory Committee. Reports on the state of internal audits are provided by the Audit Office to the Audit & Supervisory Committee as well as to the Management Committee and Board of Directors. An effective dual reporting line is also put in place, including giving regular monthly reports to the president & CEO.

Strengthen Business Foundations

Strengthen Compliance

The RIKEN TECHNOS GROUP practices our corporate philosophy, the RIKEN TECHNOS WAY, and serves as an engine toward the creation of a sustainable society considering the responses to global environmental and social issues as important management challenges. To that end, Group companies promise to fulfill their social responsibilities in accordance with the ten principles in our Code of Conduct.

Compliance Education

Compliance training is continuously conducted for officers and employees of Group companies. We strive to nurture awareness about compliance by informing everyone about the RIKEN TECHNOS WAY and the RIKEN TECHNOS GROUP Code of Conduct as well as by conducting education related to compliance issues in daily operations and similar themes.

The RIKEN TECHNOS GROUP Compliance Manual—which explains topics such as the matters to be observed by Group employees and methods of response when an issue has occurred—is made known to our officers and employees as well as Group companies in Japan and overseas, and we make periodic revisions to the manual.



Compliance training for new employees

Compliance training conducted in FY2022

Period	Training	Participants	Scope
First half	Compliance training for new employees	New employees	Fundamentals of compliance; areas to note in work
	Workshop on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors	Relevant departments	Areas to note when handling transactions with subcontractors in the course of work
	Workshop on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	Sales departments	Fundamentals of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and areas to note in daily transactions
Second half	Governance workshop for officers	Directors, executive officers, etc.	Compliance issues in the manufacturing industry
	Workshop on basic transaction agreements	Sales departments	Agreement signing procedures; areas to note when negotiating for the signing of basic transaction agreements
	Compliance training for factories and domestic affiliated companies	Factories and domestic affiliated companies	Overview of typical compliance violations and preventive measures
	Compliance training for employees being promoted to managerial positions	Employees being promoted to manager and general manager positions	Compliance issues that should be noted by managerial staff

Whistleblower System

RIKEN TECHNOS has established a whistleblower hotline which employees can use to receive advice about doubts regarding breaches of laws, regulations, and the Articles of Incorporation. Besides the Audit Department, we have also established for third party contact through a law firm, and taken rigorous measures to prevent whistleblowers from being identified within the company and make sure that no detriment is suffered by whistleblowers.

Bribery Prevention

We formulated the Basic Policy on Bribery Prevention by RIKEN TECHNOS GROUP and our Group as a whole strives to prevent bribery.

Elimination of Antisocial Powers

In the RIKEN TECHNOS GROUP Basic Policy on Internal Control System, we clearly state that Group companies “shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society” and that we “shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations.” We are also part of the Special Violence Prevention Measures Association of the Metropolitan Police Department (Tokubouren) and exchange information with the local police and member companies. At the same time, we also make known our stance of eliminating antisocial powers in the compliance training conducted regularly for our employees.

Financial Information

Trend of Consolidated Financial Results

		FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	(millions of yen)	75,222	73,543	82,855	91,938	90,589	88,300	94,601	97,813	98,808	88,224	109,923	123,497
Operating profit	(millions of yen)	2,353	1,883	3,732	3,652	5,084	5,862	5,399	5,761	5,581	5,313	6,292	7,506
Ordinary profit	(millions of yen)	2,496	2,271	4,016	4,062	4,931	5,834	5,410	5,869	5,670	5,652	6,889	7,964
Profit attributable to owners of parent	(millions of yen)	1,964	1,351	1,925	1,900	2,482	2,716	2,538	3,060	3,064	3,234	3,941	4,557
Ratio of operating profit to net sales		3.1%	2.6%	4.5%	4.0%	5.6%	6.6%	5.7%	5.9%	5.6%	6.0%	5.7%	6.1%
ROE		6.2%	4.1%	5.5%	5.0%	6.2%	6.6%	5.7%	6.4%	6.2%	6.3%	7.1%	7.5%
EPS	(yen per share)	32.32	22.38	32.17	31.74	41.41	45.85	41.64	47.43	48.11	51.22	62.47	72.11
Dividends	(yen per share)	9.00	9.00	9.00	9.00	10.00	11.00	12.00	14.00	16.00	16.00	19.00	25.00
Dividend payout ratio		27.8%	40.2%	28.0%	28.4%	24.1%	24.0%	28.8%	29.5%	33.3%	31.2%	30.4%	34.7%
Purchase of treasury shares	(millions of yen)	296	176	23	1	0	1,428	137	0	1,513	236	0	0
Total assets	(millions of yen)	62,015	68,998	77,208	86,086	84,157	88,345	91,866	95,207	91,868	95,208	102,641	112,002
Net assets	(millions of yen)	35,264	37,814	40,957	45,223	46,746	49,196	54,854	56,478	57,586	61,076	65,448	72,165
Cash and deposits	(millions of yen)	8,116	9,156	12,214	14,122	14,207	14,508	14,790	17,550	18,342	21,106	20,702	23,481
Interest-bearing debt	(millions of yen)	4,256	8,159	10,581	14,545	14,575	15,726	12,500	13,777	11,397	10,244	9,823	10,530
Equity-to-asset ratio		51.7%	49.0%	46.5%	45.8%	47.7%	47.5%	51.4%	51.4%	54.1%	56.4%	56.3%	56.4%
Capital investment	(millions of yen)	4,618	5,713	3,731	4,622	6,110	4,370	3,775	3,573	3,785	3,679	2,499	3,909
Depreciation	(millions of yen)	2,540	2,485	2,509	2,979	3,265	3,177	3,434	3,657	3,886	3,713	3,506	3,597
Research and development (R&D) expenses	(millions of yen)	1,101	1,099	1,221	1,261	1,301	1,309	1,396	1,470	1,448	1,442	1,566	1,631
Ratio of R&D expenses to net sales		1.5%	1.5%	1.5%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	1.6%	1.4%	1.3%

Consolidated Balance Sheet

(thousands of yen)

	Previous consolidated accounting year (as of March 31, 2022)	Current consolidated accounting year (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	20,702,615	23,481,932
Notes receivable - trade	1,785,477	1,306,391
Accounts receivable - trade	21,413,866	22,180,311
Electronically recorded monetary claims - operating	3,145,045	5,008,505
Merchandise and finished goods	9,159,195	9,678,717
Work in process	621,167	961,462
Raw materials and supplies	7,623,661	8,094,251
Other	751,067	1,040,115
Allowance for doubtful accounts	(83,600)	(83,749)
Total of current assets	65,118,496	71,667,937
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,001,105	28,065,624
Accumulated depreciation	(16,085,506)	(17,600,981)
Buildings and structures, net	9,915,598	10,464,642
Machinery, equipment and vehicles	53,866,872	57,404,576
Accumulated depreciation	(45,963,974)	(49,441,055)
Machinery, equipment and vehicles, net	7,902,898	7,963,520
Land	6,331,829	6,439,554
Leased assets	145,713	152,329
Accumulated depreciation	(105,394)	(95,309)
Leased assets, net	40,319	57,020
Construction in progress	364,622	1,512,427
Other, net	5,876,517	6,168,649
Accumulated depreciation	(5,294,914)	(5,528,108)
Other	581,602	640,541
Total property, plant and equipment	25,136,870	27,077,707
Intangible assets		
Goodwill	7,275	5,820
Leased assets	588	5,173
Other	2,098,602	2,275,719
Total intangible assets	2,106,466	2,286,713
Investments and other assets		
Investment securities	7,905,371	8,777,528
Long-term loans receivable	2,526	1,905
Retirement benefit asset	962,148	811,947
Deferred tax assets	428,348	441,121
Other	983,575	940,216
Allowance for doubtful accounts	(2,320)	(2,320)
Total investments and other assets	10,279,650	10,970,399
Total non-current assets	37,522,987	40,334,820
Total assets	102,641,484	112,002,757

(thousands of yen)

	Previous consolidated accounting year (as of March 31, 2022)	Current consolidated accounting year (as of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,075,715	21,193,377
Electronically recorded obligations - operating	521,101	467,511
Short-term borrowings	6,769,296	7,718,267
Current portion of long-term borrowings	488,174	552,457
Lease liabilities	14,444	16,456
Income taxes payable	480,704	640,838
Provision for bonuses	726,155	807,030
Provision for bonuses for directors (and other officers)	97,774	92,721
Other	2,235,955	2,387,457
Total current liabilities	31,409,322	33,876,116
Non-current liabilities		
Long-term borrowings	2,566,512	2,260,070
Lease liabilities	20,774	30,639
Deferred tax liabilities	1,469,124	1,877,146
Provision for share awards for directors (and other officers)	171,386	200,788
Retirement benefit liability	1,136,730	1,157,941
Asset retirement obligations	330,880	335,742
Other	88,252	99,078
Total non-current liabilities	5,783,661	5,961,407
Total liabilities	37,192,984	39,837,524
Net assets		
Shareholders' equity		
Share capital	8,514,018	8,514,018
Capital surplus	6,597,580	6,597,580
Retained earnings	38,200,822	41,463,280
Treasury shares	(466,193)	(406,095)
Total shareholders' equity	52,846,228	56,168,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,255,441	4,904,961
Foreign currency translation adjustment	563,069	2,159,985
Remeasurements of defined benefit plans	97,331	(37,713)
Total accumulated other comprehensive income	4,915,842	7,027,233
Non-controlling interests	7,686,429	8,969,215
Total net assets	65,448,500	72,165,232
Total liabilities and net assets	102,641,484	112,002,757

Consolidated Statements of Income

(thousands of yen)

	Previous consolidated (from April 1, 2021 to March 31, 2022)	Current consolidated (from April 1, 2022 to March 31, 2023)
Net sales	109,923,705	123,497,991
Cost of sales	91,008,539	103,146,236
Gross profit	18,915,166	20,351,754
Selling, general and administrative expenses	12,623,123	12,845,492
Operating profit	6,292,043	7,506,262
Non-operating income		
Interest income	25,510	38,474
Dividend income	196,656	228,727
Foreign exchange gains	344,491	228,486
Other	223,098	190,376
Total non-operating income	789,757	686,065
Non-operating expenses		
Interest expenses	109,206	169,759
Other	83,567	57,664
Total non-operating expenses	192,773	227,424
Ordinary profit	6,889,026	7,964,903
Extraordinary income		
Gain on sale of non-current assets	1,102	2,066
Gain on sale of investment securities	106,010	8,720
Total extraordinary income	107,113	10,786
Extraordinary losses		
Loss on sale of non-current assets	894	32
Loss on retirement of non-current assets	9,394	13,041
Impairment losses	319,144	-
Loss from money transfer scam at foreign subsidiary	187,259	-
Loss on sale of investment securities	3,409	-
Total extraordinary losses	520,102	13,074
Profit before income taxes	6,476,038	7,962,615
Income taxes - current	1,931,105	1,899,962
Income taxes - deferred	(83,716)	144,403
Total income taxes	1,847,389	2,044,365
Profit	4,628,648	5,918,249
Profit attributable to non-controlling interests	687,230	1,360,726
Profit attributable to owners of parent	3,941,418	4,557,523

Statement of Comprehensive Income

(thousands of yen)

	Previous consolidated (from April 1, 2021 to March 31, 2022)	Current consolidated (from April 1, 2022 to March 31, 2023)
Profit	4,628,648	5,918,249
Other comprehensive income		
Valuation difference on available-for-sale securities	255,628	649,165
Foreign currency translation adjustment	1,521,732	2,500,038
Remeasurements of defined benefit plans, net of tax	51,309	(135,045)
Total other comprehensive income	1,828,670	3,014,159
Comprehensive income	6,457,319	8,932,409
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,272,022	6,668,914
Comprehensive income attributable to non-controlling interests	1,185,297	2,263,495

Consolidated Statement of Cash Flows

(thousands of yen)

	Previous consolidated (from April 1, 2021 to March 31, 2022)	Current consolidated (from April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	6,476,038	7,962,615
Depreciation	3,506,091	3,597,533
Impairment losses	319,144	-
Amortization of goodwill	140,205	1,455
Increase (decrease) in provision for bonuses	(2,328)	68,907
Increase (decrease) in provision for bonuses for directors (and other officers)	13,065	(5,053)
Increase (decrease) in allowance for doubtful account	(548)	1,119
Increase (decrease) in retirement benefit liability	(28,458)	(105,953)
Increase (decrease) in provision for share awards for directors (and other officers)	30,745	29,402
Interest and dividend income	(222,166)	(267,202)
Interest expenses	109,206	169,759
Loss (gain) on sale of investment securities	(102,601)	(8,720)
Loss (gain) on sale of property, plant and equipment	(208)	(2,033)
Loss on retirement of non-current assets	9,394	13,041
Decrease (increase) in trade receivables	(2,465,663)	(1,117,158)
Decrease (increase) in inventories	(4,575,823)	(128,164)
Increase (decrease) in trade payables	3,962,068	94,642
Increase (decrease) in accrued consumption taxes	(263,266)	75,836
Other, net	(57,954)	(266,112)
Subtotal	6,846,939	10,113,914
Interest and dividends received	222,638	267,547
Interest paid	(114,103)	(160,236)
Income taxes paid	(2,382,668)	(1,697,103)
Net cash provided by (used in) operating activities	4,572,806	8,524,122
Cash flows from investing activities		
Payments into time deposits	(24,156)	(25,699)
Proceeds from withdrawal of time deposits	24,155	24,156
Purchase of property, plant and equipment	(2,280,827)	(3,675,011)
Proceeds from sale of property, plant and equipment	1,558	3,199
Purchase of intangible assets	(455,439)	(311,637)
Purchase of investment securities	(716)	-
Proceeds from sale of investment securities	317,674	46,880
Proceeds from collection of loans receivable	12,741	518
Other, net	(33,197)	(17,512)
Net cash provided by (used in) investing activities	(2,438,208)	(3,955,106)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(338,306)	557,663
Repayments of long-term borrowings	(474,724)	(617,552)
Repayments of lease liabilities	(20,613)	(18,924)
Purchase of treasury shares	(49)	(94)
Dividends paid	(1,281,289)	(1,281,184)
Dividends paid to non-controlling interests	(831,034)	(975,227)
Net cash provided by (used in) financing activities	(2,946,018)	(2,335,319)
Effect of exchange rate change on cash and cash equivalents	407,952	543,954
Net increase (decrease) in cash and cash equivalents	(403,466)	2,777,651
Cash and cash equivalents at beginning of period	21,080,770	20,677,303
Cash and cash equivalents at end of period	20,677,303	23,454,955

Site Information

The RIKEN TECHNOS GROUP is composed of RIKEN TECHNOS CORPORATION and 16 consolidated subsidiaries. We have actively cultivated markets within Japan and overseas since the establishment of the company, and have worked to spread the RIKEN TECHNOS brand. As a “Material Solution Supplier,” we offer comprehensive solutions for our customers’ issues through collaboration between our domestic and overseas sites.

Japan

● Site

● Manufacturing company

● Sales company

★ ISO 9001 certified

★ ISO 14001 certified

As of September 2023



4 Fukuoka Sales Office



2 Osaka Branch ★★



13 RIKEN CHEMICAL PRODUCTS CO., LTD. ★



3 Nagoya Sales Office ★★

9 Nagoya Factory ★★



5 Sapporo Sales Office



8 Gunma Factory ★★

10 R&D Center (Gunma) ★★



11 RIKEN CABLE TECHNOLOGY CO., LTD. ★★



12 KYOEI PLASTIC MFG CO. LTD. ★



6 Saitama Factory ★★

10 R&D Center (Saitama) ★★



7 Mie Factory ★★

10 R&D Center (Mie) ★★



10 R&D Center (Tokyo) ★★



1 Head Office ★★

14 I.M.I Co., LTD.

RIKEN TECHNOS CORPORATION Sites		Main Business Fields	Address
1	Head Office	Corporate functions, sales and marketing	Chiyoda-ku, Tokyo
2	Osaka Branch	Sales and marketing	Osaka-shi, Osaka
3	Nagoya Sales Office	Sales and marketing	Nagoya-shi, Aichi
4	Fukuoka Sales Office	Sales and marketing	Fukuoka-shi, Fukuoka
5	Sapporo Sales Office	Sales and marketing	Sapporo-shi, Hokkaido
6	Saitama Factory	Manufacturing of compounds, films and food wrapping films	Fukaya-shi, Saitama
7	Mie Factory	Manufacturing of compounds, films and food wrapping films	Kameyama-shi, Mie
8	Gunma Factory	Manufacturing of high-functionality films	Ota-shi, Gunma
9	Nagoya Factory	Manufacturing of food wrapping films	Nagoya-shi, Aichi
10	R&D Center	R&D and technical support for domestic and overseas sites	Ota-ku, Tokyo Fukaya-shi, Saitama Kameyama-shi, Mie Ota-shi, Gunma

Consolidated Subsidiaries in Japan		Main Business Fields	Address	Capital Stock	Shareholding
11	RIKEN CABLE TECHNOLOGY CO., LTD.	Manufacturing and sale of electric wires and cables	Iruma-shi, Saitama	JPY 48 million	100.00%
12	KYOEI PLASTIC MFG CO. LTD.	Molding synthetic resin products and product sales	Nishi Shirakawa-Gun, Fukushima	JPY 24 million	100.00%
13	RIKEN CHEMICAL PRODUCTS CO., LTD.	Manufacturing and sale of polyvinyl chloride and high functionality plastic molding materials	Konan-shi, Shiga	JPY 300 million	100.00%
14	I.M.I Co., LTD.	Floor and wall material wholesale, wall material planning and design services, other construction materials wholesale	Chiyoda-ku, Tokyo	JPY 30 million	89.23%

Only head offices are shown for consolidated subsidiaries in Japan.

Overseas

● Manufacturing company

● Sales company

★ ISO 9001 certified

★ ISO 14001 certified

As of September 2023



16 RIKEN ELASTOMERS (THAILAND) CO., LTD. ★★



26 RIKEN TECHNOS INDIA PVT. LTD.



15 RIKEN (THAILAND) CO., LTD. ★★



22 RIKEN VIETNAM CO., LTD. ★★



17 PT. RIKEN INDONESIA ★★



23 RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION



19 RIKEN TECHNOS (JIANGSU) CORPORATION ★



18 SHANGHAI RIKEN TECHNOS CORPORATION ★★



25 RIKEN U.S.A. CORPORATION



20 RIMTEC CORPORATION ★



21 RIKEN ELASTOMERS CORPORATION ★



24 RIKEN AMERICAS CORPORATION

Overseas Consolidated Subsidiaries	Main Business Fields	Address	Capital Stock	Shareholding
15 RIKEN (THAILAND) CO., LTD.	Manufacturing and sale of polyvinyl chloride molding materials	Pathum Thani, Thailand	THB 120 million	40.00%
16 RIKEN ELASTOMER (THAILAND) CO., LTD.	Manufacturing and sale of high functionality plastic molding materials	Ayutthaya, Thailand	THB 300 million	100.00%
17 PT. RIKEN INDONESIA	Manufacturing and sale of polyvinyl chloride molding materials	West Java, Indonesia	USD 11 million	56.22%
18 SHANGHAI RIKEN TECHNOS CORPORATION	Manufacturing and sale of polyvinyl chloride molding materials	Shanghai, China	USD 7.5 million	70.00%
19 RIKEN TECHNOS (JIANGSU) CORPORATION	Manufacturing and sale of food wrapping films	Jiangsu Province, China	USD 13.5 million	92.59%
20 RIMTEC CORPORATION	Manufacturing of polyvinyl chloride molding materials	New Jersey, United States	USD 13.415 million	62.94% (62.94%)

* RIKEN ELASTOMERS CORPORATION's capital includes capital reserve.
* RIMTEC CORPORATION is RIMTEC MANUFACTURING CORPORATION in the company register.

Overseas Consolidated Subsidiaries	Main Business Fields	Address	Capital Stock	Shareholding
21 RIKEN ELASTOMERS CORPORATION	Manufacturing of high functionality plastic and polyvinyl chloride molding materials	Kentucky, United States	USD 28.741 million	62.94% (62.94%)
22 RIKEN VIETNAM CO., LTD.	Manufacturing and sale of polyvinyl chloride molding materials	Binh Duong, Vietnam	USD 20 million	100.00%
23 RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	Wholesale and import/export of plastic products	Asan, South Korea	KRW 1,800 million	100.00%
24 RIKEN AMERICAS CORPORATION	Sale of high functionality plastic and polyvinyl chloride molding materials	Kentucky, United States	USD 30 million	62.94%
25 RIKEN U.S.A. CORPORATION	Purchasing and sales of functional film products	Michigan, United States	USD 1 million	100.00%
26 RIKEN TECHNOS INDIA PVT. LTD.	Wholesale and import/export of plastic products	Haryana, India	INR 20 million	100.00% (1.00%)

* The figures in brackets in the shareholding column are the ratios of indirectly owned shares, held by our consolidated subsidiaries.

Corporate and Share Information

(As of March 31, 2023)

Corporate Information

Company Name	RIKEN TECHNOS CORPORATION
Address	WATERRAS TOWER, 2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, 101-8336, Japan TEL: +81-3-5297-1650 https://www.rikentechnos.co.jp/e/
Date of Establishment	March 30, 1951
Capital Stock	JPY 8,514 million
Number of Employees	1,895 consolidated employees and 780 non-consolidated employees separately

Share Information

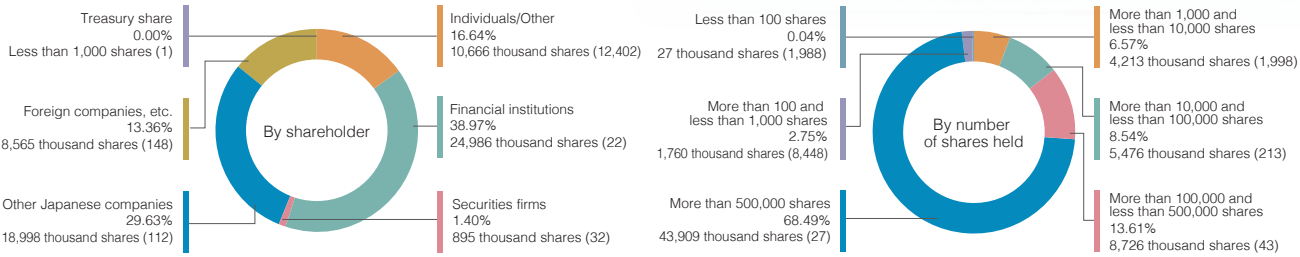
Stock Exchange of Listing	Prime Market of Tokyo Stock Exchange
Securities Code	4220
Shareholder Register Administrator	Mizuho Trust & Banking Co., Ltd.
Total amount of authorized shares	236,000,000
Total amount of issued shares	64,113,819 (including 348 treasury shares)
Total number of shareholders	12,717
Business Year	From April 1 to March 31 of the following year
Share Unit	100 shares

Major Shareholders (10 Major Shareholders)

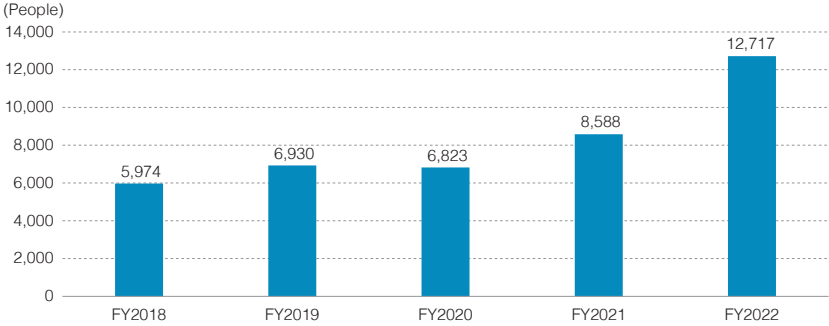
Name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,105	9.52
Shin-Etsu Chemical Co., Ltd.	3,300	5.15
Mizuho Bank, Ltd.	2,907	4.54
Resona Bank, Limited.	2,907	4.53
Sompo Japan Insurance Inc.	2,500	3.90
Marubeni Corporation	2,363	3.69
Mitsubishi Corporation	2,280	3.56
MITSUI & CO., LTD.	2,101	3.28
Sumitomo Mitsui Banking Corporation	1,995	3.11
Custody Bank of Japan, Ltd. (Trust Account)	1,849	2.88

Notes: 1. Treasury shares (348 shares) were excluded in the calculation of shareholding ratio.
2. Treasury shares (348 shares) above do not include 854,300 shares in the Company held by Trust Account E, which was established at the introduction of Board Benefit Trust (BBT) and Stock Benefit Trust (Employee Stockholding Association Purchase-type).

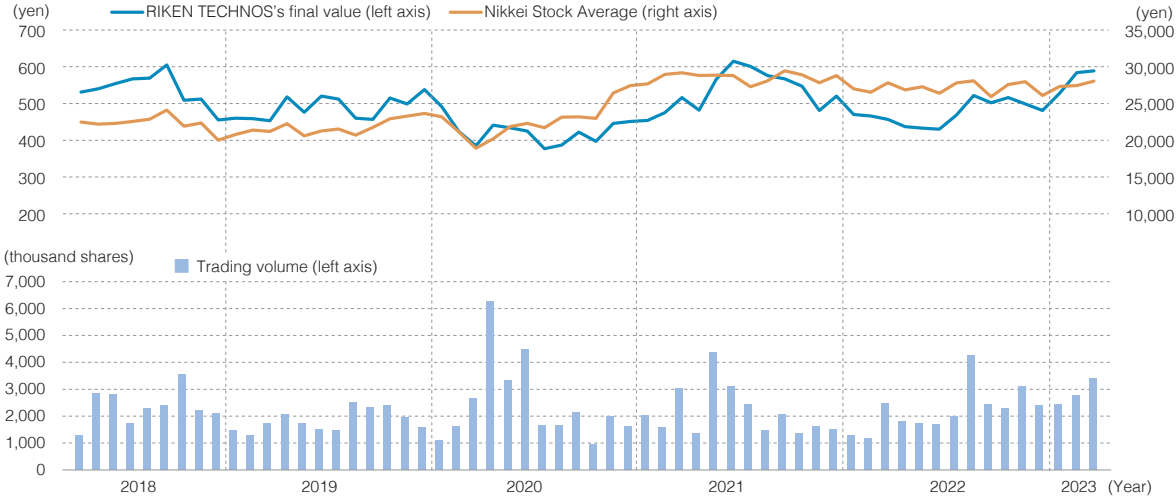
Status of Shares by Shareholder and Number of Shares Held



Trend of Number of Shareholders



Trend of Share Price and Trading Volume



Policy on Distribution of Profits

RIKEN TECHNOS positions shareholder returns, achieved through improvements in medium- to long-term corporate value, as one of its key management issues. As such, we have set a dividend payout ratio of around 35% on a consolidated basis as one of our goals, and our basic policy is to distribute stable dividends while also taking into consideration various factors, such as future business investment and increases in equity capital.

Dividend and payout ratio (consolidated)

