Blue Challenge Report

Overview of Value Creation | Contribution through Core Business | Environmental Protection | Coexistence with Society | Strengthen Business Foundations | Data Section

Overview of Value Creation

Long-term Vision and Materiality Topics

Long-term Vision

Amid a drastically changing business environment, the Group has been working toward achieving 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 the various areas of society that we will become involved with in the future, in addition to the Group's existing business areas and stakeholders.

Mission (Mission and Purpose)

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

Long-term Vision

"Aiming to become the leading provider of comfort for all living spaces"

Materiality Topics

Important topics (materiality) for realization of the long-term vision based on considerations such as the medium- to long-term conditions of the Group's business environment, social issues, and the needs of stakeholders.

Medium-term Business Plan

Strategy 1 Intensify global management and generate synergies

Strategy 2 Stay ahead of customers' expectations

Strategy 3 Take on the challenge toward new businesses and products

Strategy 4 Contribute to solving environmental and social issues

Strategies to grow strengths of businesses

Strategies for future growth

Measures That Support the Four Strategies

Capital investments in manufacturing facilities | Intellectual property and R&D investments | DX investments | Human capital investments | Reinforcement of governance structures

Materiality Topics

The RIKEN TECHNOS GROUP recognizes that responding to issues surrounding sustainability is important. By incorporating these issues into our management, we seek to help realize a sustainable society and enhance our corporate value. In March 2023, we identified important topics (materiality) to be undertaken toward realizing the long-term vision, based on considerations such as the Group's medium- to long-term business environment, social issues, and the needs of stakeholders.

Process for Identification of Materiality Topics

Review of Environmental Changes, Social Issues, and Stakeholder Needs

The Sustainability Committee secretariat, which comprises members selected from the respective divisions, played a central role in identifying relevant key topics with reference to various guidelines, key performance indicators (KPIs), and other information regarding the Sustainable Development Goals (SDGs) and the environment, society, and governance (ESG) to review changes to the Group's medium- to long-term business environment, social issues, and needs of stakeholders and others.

Candidate Selection

Candidate materiality topics for the Group to address were selected based on the key topics identified.

Candidate Evaluation

The candidate topics selected were assessed for materiality along the two axes of importance to the Group and importance to stakeholders.

Deliberation at the Various Levels

Roundtable discussions were held among directors and executive officers for identification of materiality topics by management, including outside directors. Participants discussed the individual candidate materiality topics and their importance. Similar discussions were held in roundtable talks by department managers and those in equivalent posts.

Preparation of Materiality Matrix

Based on the details of the discussions above, the Sustainability Committee revised and made additions to candidate materiality topics and prepared a materiality matrix.

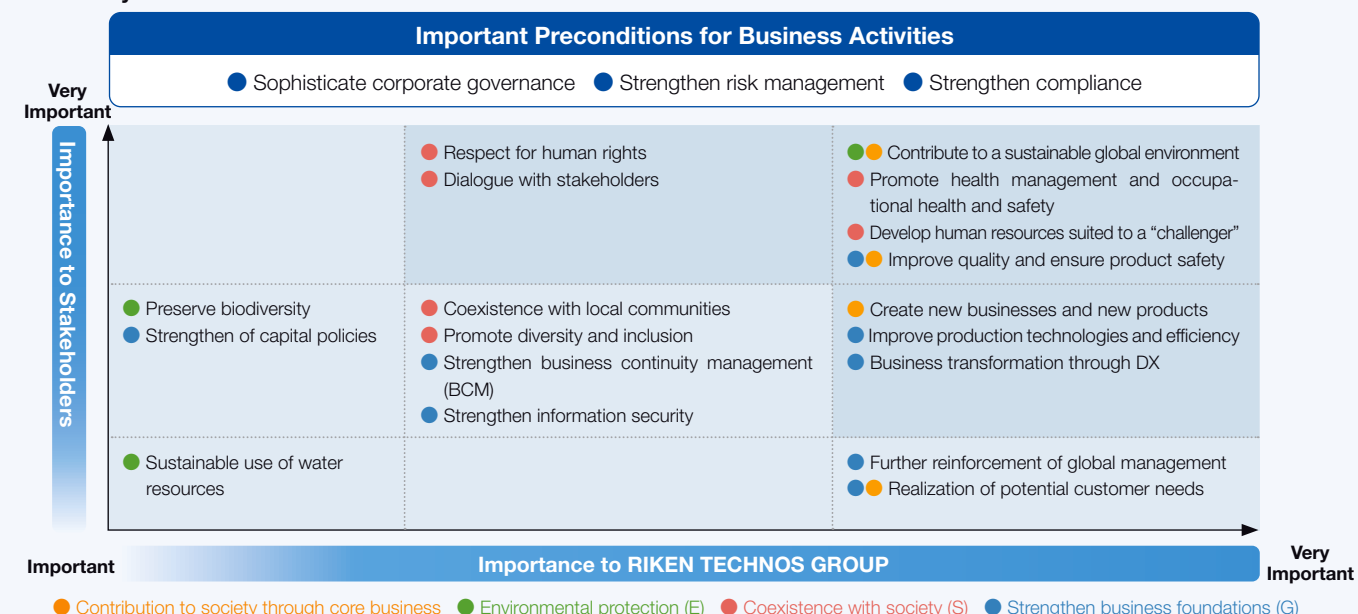**Approval of Materiality Topics by Management**

The content of the materiality matrix was resolved by the Board of Directors.

Materiality Matrix and KPIs

We carried out evaluations in terms of importance to the Group and importance to stakeholders and prepared a materiality matrix. We also established indicators and targets (KPIs) for nine of the selected materiality items that the Group considers are of particular importance.

We are working to achieve our targets, and by managing our progress, we repeat the plan-do-check-act (PDCA) cycle and strive to realize the long-term vision.

Materiality Matrix

Important Preconditions for Business Activities

- Sophisticate corporate governance ● Strengthen risk management ● Strengthen compliance

- Respect for human rights
- Dialogue with stakeholders
- Contribute to a sustainable global environment
- Promote health management and occupational health and safety
- Develop human resources suited to a "challenger"
- Improve quality and ensure product safety

- Preserve biodiversity
- Strengthen of capital policies
- Coexistence with local communities
- Promote diversity and inclusion
- Strengthen business continuity management (BCM)
- Strengthen information security
- Create new businesses and new products
- Improve production technologies and efficiency
- Business transformation through DX

- Sustainable use of water resources
- Further reinforcement of global management
- Realization of potential customer needs

Importance to Stakeholders (Very Important / Important)

Importance to RIKEN TECHNOS GROUP (Important / Very Important)

● Contribution to society through core business ● Environmental protection (E) ● Coexistence with society (S) ● Strengthen business foundations (G)

Indicators and Targets (KPIs)

Materiality Topics	Standards for Evaluation (KPIs)	Results FY2023	Medium- to Long-term Targets FY2024	Medium- to Long-term Targets FY2030	Relevant SDGs
Contribute to a sustainable global environment	Achieving CO_2 emissions reduction targets for 2030 (non-consolidated)	40,859 t	35,446 t	24,139 t (46.2% decrease compared to FY2019)	
	Carbon neutral by 2050 (Group)	86,520 t	-	-	
	Ratio of total waste to total production (non-consolidated)	3.09%	3.3% or less	3.0% or less	
Promote health management and occupational health and safety	Occupational injuries requiring time off work (domestic)[1]	0	0	0	
	Percentage of employees undergoing specified health examinations (domestic)	90.3%	90%	90%	
	Percentage of employees provided specified health guidance (domestic)	61.4%	55%	60%	
Develop human resources suited to a "challenger"	Training costs per employee (non-consolidated)	92,000 yen	117,000 yen	140,000 yen	
Improve quality and ensure product safety	Serious quality incidents requiring recalls (non-consolidated)	0	0	0	
	Serious violations of legal and regulatory compliance regarding use of chemical substances (non-consolidated)	1	0	0	
Create new businesses and new products	Number of patent applications (non-consolidated)	27 (cumulative) (FY2022–2023)	45 (cumulative) (FY2022–2024)	210 (cumulative) (FY2022–2030)	
	Number of collaborations with external parties (non-consolidated)	13 (cumulative) (FY2022–2023)	10 (cumulative) (FY2022–2024)	35 (cumulative) (FY2022–2030)	
Improve production technologies and efficiency	Production capacity (non-consolidated)	-9% (vs. FY2021)	+10% (vs. FY2021)	+33% (vs. FY2021)	
Business transformation through DX	Development of MI human resources (non-consolidated)	4 persons	9 persons	20 persons	
	DX training for all employees (non-consolidated)[2]	97.1%	100% attendance	100% attendance	
Respect for human rights	Human rights and compliance training for all employees (domestic)[2]	100%	100% attendance	100% attendance	
	Implementation of ESG survey to suppliers (non-consolidated)	Once	Once	Once	
Dialogue with stakeholders	Meetings with investors and existing shareholders (non-consolidated)[3]	156 companies	140 or more companies	200 or more companies	
	Implementation of satisfaction survey to customers and business partners (non-consolidated)	Once	Once	Once	

*1 Industrial Accidents which require the sending of a worker casualty report   *2 Including attendees of on-demand training   *3 Total number of companies