

## Environmental Protection

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## Environmental Protection Structure

The RIKEN TECHNOS GROUP aims to keep being a company that contributes to the realization of a prosperous society and responds to the trust of all its stakeholders through environmentally conscious corporate activities. For this objective, we have established an environmental protection structure to perform activities based on our Environmental Policy and sustain our ISO 14001 certification.

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 environmental management levels and the prevention of 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 that prioritize the environment such as those that are energy-saving, resource-saving, recyclable, and that have low-impact on biodiversities and ecological systems, while using guaranteed safe raw materials.
3. RIKEN TECHNOS CORPORATION reduces its impact on the global-environmental, biodiversities and ecological systems by eliminating wastefulness wherever possible. We reduce industrial waste by using materials effectively, and CO<sub>2</sub> discharge by making efforts to save energy.
4. RIKEN TECHNOS CORPORATION continues environmental protection activities by establishing documents including the Environmental Policy, and by educating employees.
5. RIKEN TECHNOS CORPORATION sets concrete objectives and numerical targets of which progress is regularly self-assessed and managed properly to ensure the achievement of the Environmental Policy.
6. RIKEN TECHNOS CORPORATION implements the above-mentioned activities Group-wide to ensure the utmost consideration to the protection of the environment, biodiversities and ecological systems and the safe operation at each site.
7. RIKEN TECHNOS CORPORATION aims to obtain confidence and understanding from society through appropriate and accurate information disclosure.

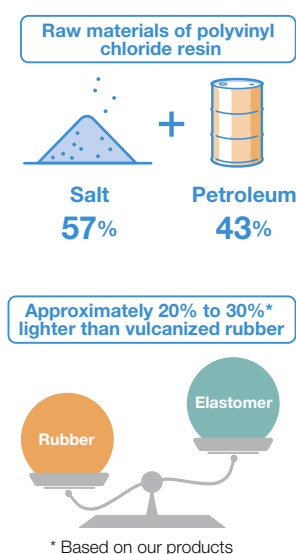
## Taking on Challenges toward a Sustainable Global Environment

## 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 by prohibiting/reducing the use of chemical substances with high ecological load, and works on improving our product development and manufacturing methods aiming to reduce environmental impact. 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 increase sales of environmentally friendly materials including the biomass plastic product series RIKEBIO® and rubber and paint substitutes, and polyvinyl chloride (PVC) and thermoplastic elastomer (TPE) products. In FY2023, we reinforced the RIKEBIO® series, started selling RIKEN WRAP BOTANICAL, and developed and launched reform materials for recycled rigid polyvinyl chloride (PVC).

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 durability, long life spans, 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 Civil Engineering Use

Dust Boot  
(Molded Component for Automobiles)

Syringe 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.

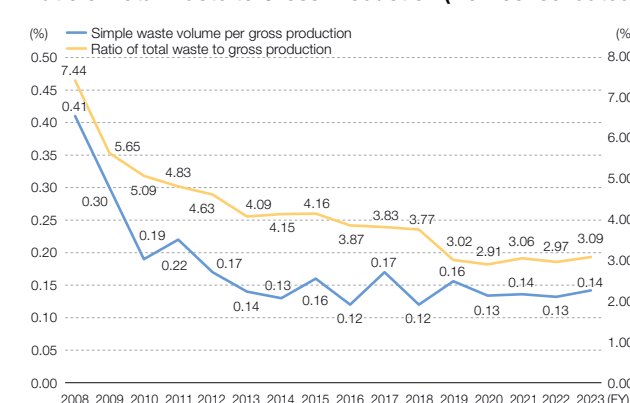
## Reducing Industrial Waste

The main types of environmental burdens in our Group's business activities come from greenhouse gas (CO<sub>2</sub>) emissions and the discharge of industrial waste and chemical substances, and we strive to reduce and manage them properly.

Based on the scope of ISO 14001 certification, we consider the Company's non-consolidated reduction of simple (landfill and incineration) waste generated in the manufacturing stage to be one of the main goals of environmental management activities, and have been 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.

Since FY2023, we have been working on reducing the total waste per gross production volume by 0.1% annually toward the RIKEN TECHNOS CORPORATION's goal to limit the figure to 3.0% or lower by FY2030, and will continue to work toward this goal.

## Ratio of Total Waste to Gross Production (Non-consolidated)



## Appropriate Management of Chemical Substances

RIKEN TECHNOS CORPORATION has been managing chemical substances in accordance with laws such as the Act on the Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Industrial Safety and Health Act, and the Fire Services Act. Furthermore, we thoroughly check and manage the chemical substances we use 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 have developed a chemical substance management system that we can refer to about chemical substances regulated by laws and regulations. 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 Biodiversity

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 Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof. 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 ecological systems in developing, manufacturing, and marketing our products. We also work on maintaining the green areas around our factories.

## Environmental Protection Environmental Protection

## Responding to Climate Change

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

corporate 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 (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-tcfid.org/>)

## Governance

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

## Main Topics Deliberated by the Sustainability Committee

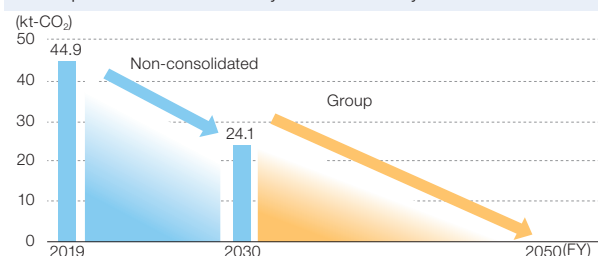
- Climate-related scenario analysis
- Identification and materiality assessment of short-, medium-, and long-term climate-related risks and opportunities
- Strategic approach policy for identified significant climate-related risks and opportunities
- Consideration of specific measures for responding 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 (CO<sub>2</sub>) emissions may pose a risk to the Group's overall financial condition, but they can also lead to business opportunities following the development of products acceptable to a decarbonized society.

CO<sub>2</sub> Emissions (Scope 1 and 2) Reduction Target

- 46.2% decrease by RIKEN TECHNOS CORPORATION by FY2030 compared to FY2019
- Group-wide carbon neutrality achievement by FY2050



## Strategy

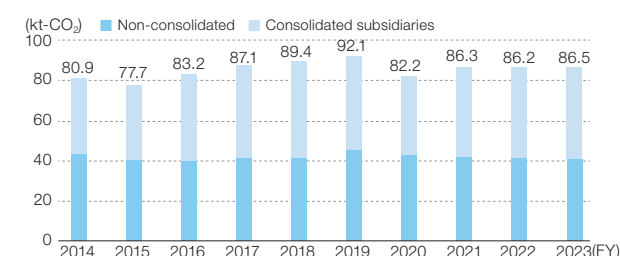
The Group has performed scenario analyses for the years 2030 and 2050 in the context of climate change based on two world views: a 2°C and a 4°C rise in global temperatures. Furthermore, we reviewed each risk and opportunity identified under the world view of a 1.5°C temperature rise.

With the scenario with a rise in global temperatures by less than 1.5°C, we presume, as risks with substantial financial impacts, emergence and increases in development and procurement costs associated with the introduction of a carbon tax and shifts from conventional raw materials to low-carbon raw materials. With the scenario with

## 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 how the countermeasures are being implemented 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 have been planning specific initiatives to reduce CO<sub>2</sub> emissions and have determined indicators to manage the progress of these initiatives.

CO<sub>2</sub> Emissions (Scope 1 and 2)

a 4°C rise in global temperatures, potential risks include increases in the prices of raw materials derived from petrochemicals, raw material procurement costs, expenses to address environmental regulations, and costs associated with petroleum- and coal-derived raw materials and fuels, among others. Centered on the Sustainability Committee, we identify the short-, medium-, and long-term climate-related risks and opportunities to assess their materiality and financial impacts, formulate specific measures against identified risks and opportunities, and manage the progress of such measures.

## 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.

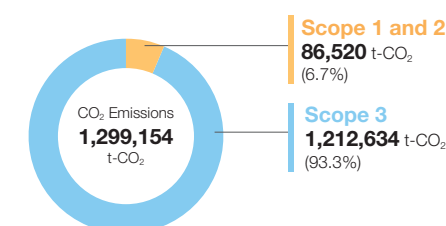
Risk Type		Risk Overview	Financial Impact	
			1.5°C	4°C
Transition Risk	Policies and regulation	Increased carbon taxes raise the cost of procuring key raw materials and energy.	Medium	Small
	Policies and regulation	The introduction of a carbon tax results in the substitution of conventional raw materials 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.	Small	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	
		1.5°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 1.5°C : World Energy Outlook (WEO), IEA, 2023; Net Zero Emissions by 2050 (NZE) ; Shared Socio-economic Pathway (SSP1-1.9), IPCC, 2021  
4°C : Stated Policy Scenario (STEPS), IEA, 2020; Representative Concentration Pathways (RCP6.0, 8.5), IPCC, 2014

Our Group's CO<sub>2</sub> Emissions (FY2023)■ Our Group's CO<sub>2</sub> Emissions■ CO<sub>2</sub> Emissions from Our Group's Supply Chain (Scope 3)

Category No.	Category Name	Emissions (t-CO <sub>2</sub> )
1	Purchased goods and services	965,765
2	Capital goods	13,750
3	Energy not Included in Scope 1 or Scope 2	10,033
4	Upstream transportation and distribution	989*
5	Waste generated in operations	690
6	Business travel	248
7	Employee commuting	872
9	Downstream transportation and distribution	5,141*
12	End-of-life treatment of sold products	215,146

\* Category 4 and 9 emissions concern RIKEN TECHNOS CORPORATION only.

## Carbon Neutrality Initiatives

In addition to developing and enriching our environmentally friendly products such as the RIKEBIO® series, we are working on renewals of factory lighting and manufacturing-related facilities to those with less energy consumption, the introduction of EV forklifts, and the use of fuel-efficient vehicles.

■ Formulation of Energy Road Map toward the Achievement of CO<sub>2</sub> Emissions Reduction Targets

Following the Energy Road Map for RIKEN TECHNOS CORPORATION, we have been working on the formulation and implementation of measures to reduce CO<sub>2</sub> emissions.

We refer to the internal carbon pricing system introduced in FY2023 for capital investments expected to reduce CO<sub>2</sub> emissions in making our investment decisions to promote emissions reduction further.

We also determined to introduce solar power generation systems to factory buildings of a consolidated subsidiary in Thailand as an investment in the renewable energy field.

## ■ Future Initiatives

- Refining of the Energy Road Map
- Boiler energy conversion
- Introduction of additional solar power generation facilities
- Upgrades of equipment at production sites and energy conservation of existing equipment
- Expansion and increased sales of environmentally friendly products

