

Strengthen Business Foundations

Outside Directors' Roundtable Talk

The Present and Future of RIKEN TECHNOS from the Viewpoint of Outside Directors, Looking Objectively at the Backbone of Management

The role of Outside Directors is to provide advice concerning and screening of business strategies and plans, and monitor and supervise corporate management. Our three Outside Directors discussed the present conditions of RIKEN TECHNOS from their objective viewpoints and the Company's future forecast from the present conditions.



Outside Director and Audit &
Supervisory Committee Member

Aogi Suemura

Outside Director and Audit &
Supervisory Committee Member

Shigeharu Nakamura

Outside Director and Audit &
Supervisory Committee Member

Shigeru Ehara

Viewpoints of Outsiders to Contribute to Sustainable Improvements in Corporate Value

Nakamura: I was appointed as an Outside Corporate Auditor in 2014 and Outside Director serving as an Audit & Supervisory Committee Member in 2016 (to present). In light of my experience, I think that the most important role of Outside Directors is to monitor and supervise management not from a shortsighted viewpoint but from the broad perspectives of shareholders. I think that integrating such perspectives sustainably improves corporate value over the long term.

Ehara: I agree with Mr. Nakamura. Additionally, I have been making sure that we do not dismiss the perspectives of minority shareholders in addition to those of major shareholders.

Suemura: To secure equity, I strive to pay attention to all stakeholders including employees and business partners, not only shareholders. Outside Directors are expected to supervise management objectively, utilizing expertise, from independent positions free from internal affairs to elevate the transparency of management. I therefore endeavor to hold a holistic viewpoint at the Board of Directors.

Ehara: To properly fulfill the duties of Outside Directors by utilizing such multifaceted viewpoints, we must maintain smooth internal communication including management to properly share information. Furthermore, the trends in society made me recognize again the importance of continuously holding a relationship with management that we can directly point things out to even if they are hard to hear.

Diverse Recommendations on the Basis of Expertise at the Board of Directors

Nakamura: It is about evaluating the effectiveness of the Board of Directors as a whole, that is, whether it is effectively fulfilling its roles and responsibilities. RIKEN TECHNOS conducted its first evaluation of the previous year in 2017. The Board of Directors used to spend time on discussions of outward matters such as the number of members of the Board of Directors and the ratio of Outside Directors. Following my recommendation to shift the main focus of discussion to practical aspects, the Board of Directors flexibly accepted it. Other recommendations that have been made include an improvement of IR information disclosure and the publication of an integrated report. I think that such flexibility and an ability to take action are our strengths.

Ehara: As for the effectiveness and governance of the Board of Directors, I think it is functioning well in a comprehensive manner considering that sustainability and growth strategies are being discussed well, and that the highest profits for three consecutive periods have been recorded.

Nakamura: Regarding discussions, the corporate culture "Be Thorough in Discussions" is rooted in RIKEN TECHNOS. Outside Directors participate as observers, repeatedly hold discussions in the Management Committee, roundtable discussions of directors and executive officers, etc. I think that through this process, the Board of Directors has come to operate smoothly.

Suemura: I found it very beneficial to participate in these meetings and be involved in the decision-making process, which has deepened my understanding of RIKEN

Strength in flexibly incorporating
recommendations from Outside
Directors and executing them sincerely.



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TECHNOS. The evaluation of the effectiveness of the Board of Directors is being conducted, and sufficient time is being spent on it. A variety of recommendations are brought forward at the meetings, on which I want to follow up sparing enough time, especially for those that require a long time.

Ehara: From the viewpoint of deepening global management in the future, it would be necessary to discuss the development of organizations and human resources for expanding businesses overseas. Management has its sight on our businesses in Japan and overseas so far, but it may become impossible to always do so along with the business expansion going forward. Accordingly, the development of autonomous organizations and human resources is increasingly important.

Nakamura: That's right. I have a long relationship with President Tokiwa. I have been impressed by his passion and deep understanding of what's going on at the frontline. As the company further grows, what each organization/structure handles will be important indeed.

Suemura: At RIKEN TECHNOS, I think that a well-balanced management system has been established with a clear segregation of roles of CEO and CFO. I also believe that Executive Directors always pay attention to team building to operate organizations in a way that fosters a sense of unity.

Stable Progress of Medium-term Business Plan Penetrated into Each Department

Nakamura: FY2024 is the final fiscal year of the medium-term business plan under the policy of "Challenge Now for Change New 2024." As Mr. Ehara mentioned earlier, we hit the highest profit for three consecutive periods. Targets, such as profits, ROE, and ROS, also have been achieved. Accordingly, I think that the medium-term business plan is progressing well overall.

Suemura: Over the past three years, our revenue and profit continued to increase on both the consolidated and non-consolidated bases. We need to offset and analyze the effects of yen depreciation, but I think we are robustly growing.

Ehara: I also think that the plan is progressing smoothly. The medium-term business plan has been discussed at the Management Committee and other discussion opportunities including Outside Directors, in addition to the Board of Directors. However, our challenges and direction to take are sufficiently shared among management and their scope of discussions extends to on-site activities. Although we naturally need to pay attention to its progress, I believe that we can overcome various challenges.

Suemura: As Mr. Ehara's comment that the scope of discussions extends to on-site activities, the medium-term business plan has been concretely implemented on-site, for example, of quantification of targets to clarify progress toward them and presentation of action plans for each division including the cost division, which I think are good signs.

Sustainability Initiatives to Solve Social Issues

Ehara: One thing to point out as our concern might be the organizational development towards expanding overseas businesses.

Nakamura: To further promote "Intensify global management and generate synergies," one of the strategies of the medium-term business plan, certainly we need to put more effort into developing global human resources and acquiring new markets overseas.

Suemura: Many items related to human capital are included in materiality topics, which have been identified through thorough discussions, sparing sufficient time.

Nakamura: Yes. The materiality topics were identified as part of our sustainability initiatives. As mentioned earlier, I remember that the topics were repeatedly and intensively discussed at opportunities involving Outside Directors.

Ehara: Regarding human capital, with the call for diversity increases, mid-career hiring has become frequent at each site and division. We are also taking a wide range of measures such as human resource allocations addressing global business operations, manpower-saving by DX, and appointments of diverse human resources to managers.

Suemura: Increasing the number of female managers is desirable from a diversity perspective. However, the absolute number of female employees is generally low in the manufacturing industry. I think that developing women for occupations in the scientific field is a social issue. Some data indicates the number of female students who wish to engage in an occupation in the scientific field is increasing. Therefore, I believe that the opportunities for

women sufficiently exist centering around manufacturing.

Nakamura: Under the strategy to "Contribute to a sustainable global environment," we, of course, also work on Scope 1, 2, and 3 CO₂ emissions reduction. Huge differences will emerge depending on whether to handle, as a chemical manufacturer, the climate change risk as a disadvantage or a business chance. Taking it as a business chance, we endeavor to "create new businesses and new products" by utilizing our technologies to solve social issues.

Ehara: The key is to connect solutions to social issues with our business strategies as a chemical and material manufacturer. To do this, I see the important theme for our Company as being to appropriately evolve our business portfolio including overseas sites and new businesses.

Nakamura: We dynamically invest for the future in addition to sincerely devoting ourselves to "the Spirit of Manufacturing" and being committed to human resource development. We would greatly appreciate it if stakeholders watch over the future of RIKEN TECHNOS, which keeps challenging without fear of failing.



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Participation of Outside Directors in executive meetings is very beneficial, deepening understanding of RIKEN TECHNOS.