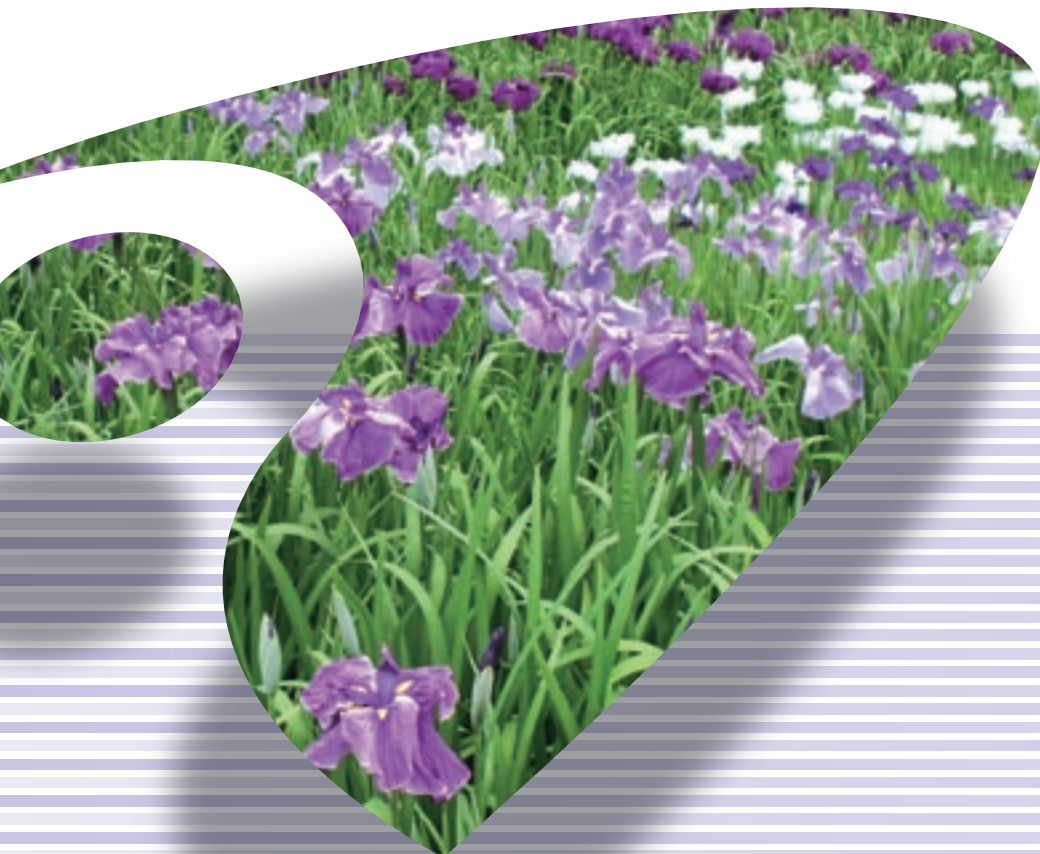


**RIKEN** TECHNOS

RIKEN TECHNOS GROUP

## **Corporate Social Responsibility Report**

# 2009



**RIKEN TECHNOS CORP.**

# Editorial Policy

RIKEN TECHNOS has been presenting the activities and achievements of our business from an environmental perspective, first in October 2002 with our "Environmental Report," then in October 2005 as our "Environmental Management Report." Since 2007, with regard to the societal aspect, we have been reporting our activities and results in achieving our company philosophy and commitment from a CSR perspective as a "CSR Report."

This third edition of "CSR Report" includes a special issue on various CSR activities at our R&D Center, which is a central part of RIKEN TECHNOS CORPORATION as a "Material Solution Supplier."

## Reporting Coverage

### Period Covered

April 1, 2008 to March 31, 2009

In addition, some activities after April 1, 2009 are included.

### Organization Coverage (Please refer to pages 8 and 9 about the sites)

The organization covered in the environmental reports in this report is RIKEN TECHNOS CORPORATION and the following 12 affiliated companies.

Some of the affiliated companies are not included in some cases.

### Affiliated Companies Covered

- SHINKO ELECTRIC WIRE CO., LTD.
- KYOEI PLASTICS MFG CO., LTD.
- KANEKON CO., LTD.
- M-I CHEMICALS CO., LTD.
- RIKEN (THAILAND) CO., LTD.
- P.T. RIKEN ASAHI PLASTICS INDONESIA
- SHANGHAI RIKEN TECHNOS CORPORATION
- RIKEN TECHNOS (JIANG SU) CORPORATION
- RIKEN U.S.A. CORPORATION
- RIMTEC CORPORATION
- RIKEN ELASTOMERS CORPORATION
- RIKEN TECHNOS EUROPE B.V.

### Reporting Fields

This report describes the efforts of RIKEN TECHNOS CORPORATION and the affiliated companies in relation to the economic activity, social responsibility and environmental responsibility.

## Referenced Guidelines

Environmental Reporting Guidelines (Fiscal Year 2007 Version) and Environmental Accounting Guidelines 2005 issued by Ministry of the Environment of Japan.

(Please refer to our website about the comparison with Environmental Reporting Guidelines)

## Date of Issue

October 2009 (scheduled date of the next issue : October 2010)

### History of Issue

Date of issue	Name
October 2002	Environmental Report 2002
September 2003	Environmental Report 2003
October 2004	Environmental Report 2004
October 2005	Environmental Management Report 2005
October 2006	Environmental Management Report 2006
October 2007	CSR Report 2007
October 2008	CSR Report 2008



### About the Cover

This report cover image shows an integration of the corporate mark of RIKEN TECHNOS CORPORATION and the iris, "hana shobu", which is the representative flower of Mie Prefecture, where one of our factories is located.

The corporate mark was changed when the corporation's name was changed in commemoration of the 50th anniversary of the company being founded. Based on the "R" of RIKEN TECHNOS, the mark is meant to symbolize the reliability of our core business, namely compound and film, and the shape of the sweeping wing of a bird in flight symbolizes our flight into the future.

RIKEN TECHNOS GROUP, along with all our stakeholders, aims to conduct business in a way that will help achieve a sustainable society.

# CONTENTS

## Editorial Policy

### Message from the President 4

### Outline of RIKEN TECHNOS GROUP

Outline of RIKEN TECHNOS GROUP	6
Networks	8
RIKEN TECHNOS GROUP	
Business Field and Major Products	10
Corporate Governance	12

### Feature : R&D Center / A New Approach

R&D Center	
(Office No.1 — Office No.7)	14

### Social Responsibility

Relationship to Customers	22
Relationship to Business Partners	24
Relationship to Shareholders	26
Relationship to Society	27
Relationship to Employees	29

### Environmental Responsibility

Environmental Management and Action Plans	33
Summary of Environmental Action Plans and Results	36

### The Expert's Opinion 43

### Editor's Postscript 43

# Message from the President



We contribute to the development of society and the enrichment of people's lives with our sophisticated technology.

RIKEN TECHNOS CORPORATION, formerly known as RIKEN VINYL INDUSTRY CO., LTD., was established in 1951 as a start-up venture originating from RIKEN (Rikagaku Kenkyusho), basing the business on blending technologies with the then new industrial material, PVC (Polyvinyl Chloride).

In 2001, our company's 50th anniversary, we changed our name to "RIKEN TECHNOS," combining the words "RIKEN," "TECHNOLOGY," and "SUPPLIER." The name change signified our shift of focus in developing into a "Material Solution Supplier" company that suggests solutions to customers using our sophisticated technology. Since then we have been steadily building our business, expanding globally—mainly in North America, Europe and Asia—and contributing to the development of society and the enrichment of people's lives.

As the context in which our company operates changes with the progress of society, the needs of our customers have also changed and grown. We have persistently met such needs by continually developing our products, using the properties of various resins—starting with and including PVC—to the fullest advantage. We have been especially noted by our customers for developing environmentally conscious products; a result of the collaborative efforts of our R&D center, Production Division, and Sales Division.

In all our activities, we strive to never forget RIKEN TECHNOS GROUP's business principle: "Achieve sustainable enhancement of enterprise value through fair and profitable business activity."

As the President, I explain this philosophy as follows;

1. RIKEN TECHNOS GROUP, as a responsible member of society, complies with all laws, regulation and rules, and contributes to the development of society.
2. RIKEN TECHNOS GROUP, while using wide variety of resin and additives, takes high-level measures to protect environment; including the development of environmentally conscious products and of manufacturing technologies.
3. RIKEN TECHNOS GROUP shares the long-term vision with all directors and employees, consistently acts in accordance with

We are a "Material Solution Supplier".

the core principles no matter how small the action, and strives to patiently act with cooperation and correct direction until reaching the desired end.

4. RIKEN TECHNOS GROUP, while respecting the self-discipline of each employee, most strongly emphasizes good teamwork.
5. RIKEN TECHNOS GROUP practices innovation with the cooperation of all directors and employees, with speed, and with our passion.
6. RIKEN TECHNOS GROUP trains its employees continuously to embody this philosophy.

This philosophy, detailed above, is the foundation of our business management to which we are committed.

This "RIKEN TECHNOS GROUP CSR Report" describes our commitments and results in achieving our philosophy. Since I started my term as President in April 2009, we have been promoting our business management from the perspective of going back to "the basics of manufacturing." We believe that "the basics of manufacturing" is developing good rapport with our customers, developing good rapport with employees by respecting each person in our company, and manufacturing products with which our customers are satisfied through collaboration with our R&D Center, Production Division, and Sales Division. This report is the third issue of CSR Report. The special feature in this particular issue is a report about our R&D Center, one of the mainstays of our "basics of manufacturing." It would be greatly appreciated if you would read this report in order to better understand our company's activities, and send us your honest feedback.



Representative Director, President  
RIKEN TECHNOS CORPORATION

### Management Policy

RIKEN TECHNOS' vision is to build a high-value-added business structure by leveraging its strong processing technologies, and establish RIKEN TECHNOS brand as a Material Solution Supplier creating unique and individualized value, in order to build a stable position in the industry, both in Japan and internationally. RIKEN TECHNOS will continue to promote a more global strategy and provide our company's high quality products to customers all over the world, based on three core business : Compound (Creation of new markets and new business possibilities) , Film (Development through high and innovative processing technologies) , and Food Wrapping Film (Enlargement and strengthening of business alliances) .

### Management Policy on the Environment

We are a manufacturing company that processes various plastics. Therefore we stringently implement environmental management at high levels; not merely by obeying the laws and regulations relating to chemical substances control, but also by setting our own criteria and objectives. Our objectives aim to contribute to global environmental maintenance, in ways such as: reduction of environmental load at every stage from product design until production and delivery, and reduction of CO<sub>2</sub> emissions and industrial waste. In addition, we are making efforts to actively disclose the performance of our activities in order to gain the understanding and comprehension of our stakeholders, especially regional residents around our factories.



Directors and Auditors of RIKEN TECHNOS CORPORATION



# Outline of RIKEN TECHNOS GROUP

## Corporate Profile

(As of March 31, 2009)

Company Name	RIKEN TECHNOS CORPORATION
Date of Establishment	March 30, 1951
Capital Stock	JPY 8,514 million
President	Hiroshi Shimizu
Number of Employees	801
Head Office	3-11-5, Nihonbashi-Honcho, Chuo-ku, Tokyo 103-8438, Japan

## Business Field

RIKEN TECHNOS was established as "RIKEN VINYL INDUSTRY CO., LTD." (former company name) in 1951 to produce and sell the Poly Vinyl Chloride (PVC) compound.

The company name was changed to "RIKEN TECHNOS CORPORATION" (a melding of the words "RIKEN", "TECHNOLOGY" and "SUPPLIER") in 2001, the 50th anniversary of company being founded.

RIKEN TECHNOS operates business in Japan and internationally based on comprehensive plastics processing technology which has been developed since being founded with three core business : Compound, Film and Food Wrapping Film. RIKEN TECHNOS, as a "Material Solution Supplier", produces high quality products and technologies to meet the increasingly diverse and sophisticated needs of our customers and of society.

### Compound Division

Compounds are mixtures resin-based with several different additives, which produce novel properties. Compounds are mainly used in extrusion and injection molding.

#### Major Products

Polyvinyl Chloride Compounds, Thermoplastic Elastomers, Electro-conductive Compounds, Anti-static Compounds and Biomass Plastics Compounds etc.

### Film Division

The high quality film is produced through optimum formulas for novel properties of blended resin. Moreover, by laminating some films and coating functional paint on the surface of films, we improve design and functionality of the films.

#### Major Products

Thermo-formable Foil, Steel Laminating Film, Polyester Type Film, Decorative Film for Glazing etc.

### Food Wrapping Film Division

As the first company in Japan to develop food wrapping film used PVC resin, we produce a variety of wraps that range from home use to commercial use –that have both quality and function– and have been developing wraps suited for food and automatic packaging machines.

#### Major Products

Polyvinyl Chloride Types Wrap and Poly Olefin Type Wraps etc.

## Financial Result

Detailed information is available on the page "Financial/IR" on our website.

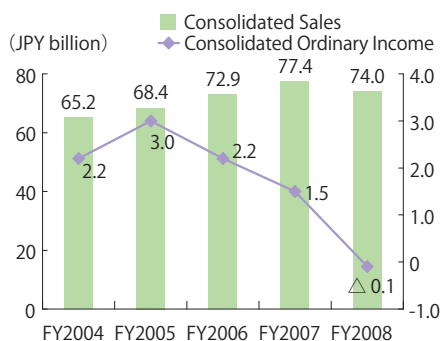
URL [http://www.rikentechnos.co.jp/e/Finance/f\\_seiseki.html](http://www.rikentechnos.co.jp/e/Finance/f_seiseki.html)

### FY 2008 Financial Result

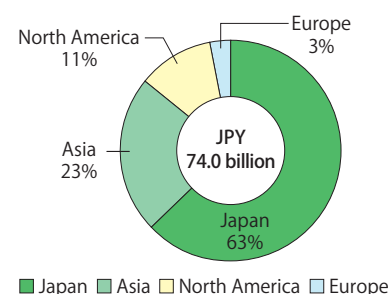
(JPY million)

	Consolidated	Non-consolidated
Net Sales	74,011	44,673
Operating Income	△ 80	△ 1,191
Ordinary Income	△ 122	△ 758
Net Income	△ 3,714	△ 4,057

### Transition of Consolidated Financial Result



### Sales Component Proportion Ratio by Geographic Segment



## Mid-term Business Plan

### “Plan ff Phase II” (From April 2006 to March 2009)

#### Summary

While the capital investment went according to plan, it did not bring about the desired effect due to a steep rise in the price of raw and processed materials which continued almost the whole term of Plan ff Phase II, as well as a large-scale decline of global economy which occurred in the late 2008.

#### Plan Direction and Result

##### “Globalization of PVC Products Business”

The expansion of production capacity went according to plan with the installation of additional production lines of PVC compound in Thailand and China, and PVC food wrap lines in China. However, the food wrap production is behind schedule in expanding the market and in establishing product superiority.

##### “Expanding the Business for Products with High-level Functions”

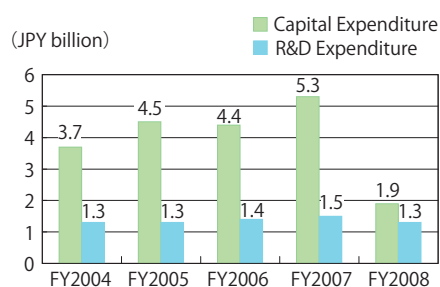
Despite the installation of additional production lines in Japan and commencing operation of RIKEN ELASTOMERS CORPORATION in the US for producing Thermoplastic Elastomers for automotive parts, there have been delays in achieving the plan's goal due to the global decline in production in the automobile industry.

In addition, though the production capacity was set up and a concentration of management resources were sent to the recently (April 2007) established commercial manufacturing Gunma Division, the Film Division –the key to expanding the business for products with high-level functions– has yet to reach the plan goal due to delay in establishing the business model.

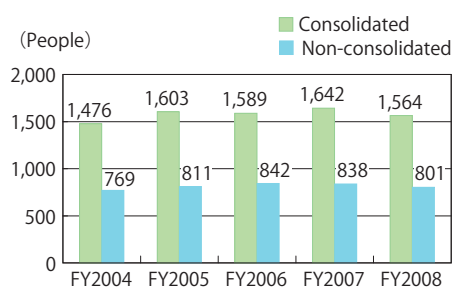
#### Measure of Fiscal Year 2009

Realizing that the results above summarize our challenges, we, as a manufacturer, will work to quickly establish a system with the collaboration of three sections : R&D, Production, and Sales, to solve these issues, by working to collect and understand the customers' needs accurately, develop and manufacture products in accordance to customers' needs, and supply the products with our customers' desired timing and pricing. More specifically, the R&D Center was reorganized in April 2009 from an organizational structure classified by business categories to a cross-sectional organization, which brings all of our technologies regarding plastic resin processing under one umbrella, in order to synthesize and leverage the sum power of our technologies. For the Production Division, we reinforced the production technologies. For the Sales Division, while keeping the conventional business management style of classification by business categories, we strengthened the functions of the Sales Division and changed the organization to be able to comprehensively respond as a manufacturer of plastic resin to meet customer needs. We are aiming for a business management structure that enables us to reach decisions quickly with the collaborative efforts of R&D, Production and Sales.

Capital and R&D Expenditure



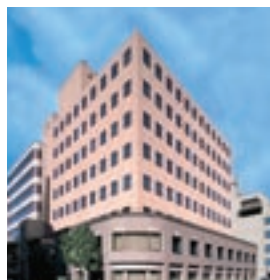
Number of Employees



# Networks

RIKEN TECHNOS GROUP is composed of RIKEN TECHNOS CORPORATION and 12 affiliated companies. We have actively cultivated overseas markets since the beginning of operations, and worked to establish the RIKEN TECHNOS brand. As a "Material Solution Supplier", we offer one-stop solutions for our customers' issues through collaboration between domestic and foreign facilities.

## RIKEN TECHNOS CORPORATION's Site and Affiliated Companies in JAPAN



Head Office



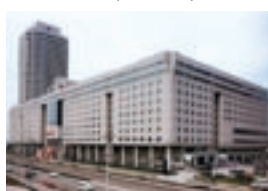
Saitama Factory



R&D Center (Saitama)



Mie Factory



Shanghai Representative Office



Osaka Branch Office



Gunma Factory



Nagoya Sales Office



R&D Center (Tokyo)



Shinko Electric Wire Co., LTD.



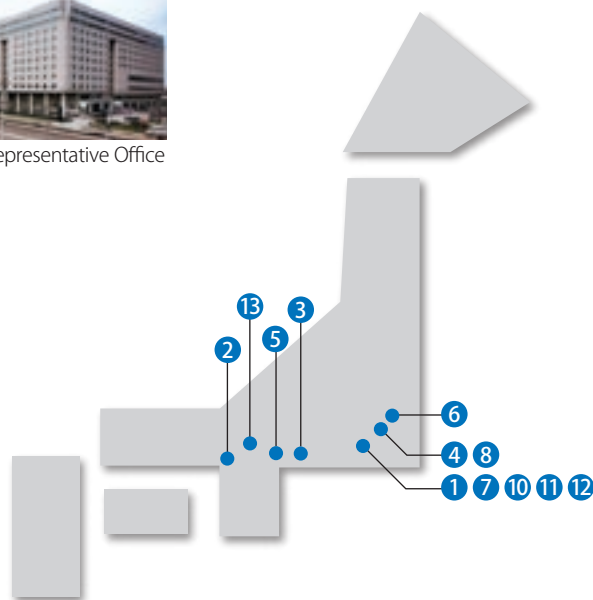
Kyoei Plastics MFG Co., LTD.



Kanekon Co., LTD.



M-I Chemicals Co., LTD.



Site of RIKEN TECHNOS CORPORATION	Address	Main Business Field
① Head Office	3-11-5 NIHONBASHI-HONCHO, CHUO-KU, TOKYO 103-8438 JAPAN	Headquarters, sales & marketing of compound, film and food wrapping film
② Osaka Branch Office	4-11-23 NISHITENMA, KITA-KU, OSAKA-SHI, OSAKA 530-0047 JAPAN	Sales & marketing of compound, film and food wrapping film
③ Nagoya Sales Office	2-9-3 SAKAE, NAKA-KU, NAGOYA-SHI, AICHI 460-0008 JAPAN	Sales & marketing of compound and food wrapping film
④ Saitama Factory	2058 OKA, FUKAYA-SHI, SAITAMA 360-0295 JAPAN	Manufacture of compound, film and food wrapping film
⑤ Mie Factory	522 SUGAUCHI-CHO, KAMEYAMA-SHI, MIE 519-0132 JAPAN	Manufacture of compound, film and food wrapping film
⑥ Gunma Factory	451-12 KAMITAJIMA-CHO, OTA-SHI, GUNMA 373-0044 JAPAN	Manufacture of high functional film under a clean environment
⑦ R&D Center (Tokyo)	2-37-1 MINAMIROKUGO, OTA-KU, TOKYO 144-0045 JAPAN	Research and development of compound, and technical support to domestic and overseas facilities
⑧ R&D Center (Saitama)	2058 OKA, FUKAYA-SHI, SAITAMA 360-0295 JAPAN	Research and development of film, and technical support to domestic and overseas facilities
⑨ Shanghai Representative Office	ROOM 10A89 SHANGHAI MART, No.2299, YAN AN ROAD (W) , SHANGHAI 20336 CHINA	Liaison Office (market research for film and quality/technical support to customers)

Affiliated Companies in Japan	Address	Capital Stock	Shareholdings	Main Business Field
⑩ SHINKO ELECTRIC WIRE CO., LTD.	14-6 NIHONBASHI-KODENMACHO, CHUO-KU, TOKYO 103-0001 JAPAN	JPY48 million	100%	Manufacture and sales of electric wire and cable
⑪ KYOEI PLASTICS MFG CO., LTD.	7-16 NIHONBASHI-KODENMACHO, CHUO-KU, TOKYO 103-0001 JAPAN	JPY24 million	100%	Manufacture and sales of profile extrusion plastic products
⑫ KANEKON CO., LTD.	4-2-4 SHINBASHI, MINATO-KU, TOKYO 105-0004 JAPAN	JPY10 million	100%	Sales of compound and film
⑬ M-I CHEMICALS CO., LTD.	2-4 OIKE-CHO, KONAN-SHI, SHIGA 520-3213 JAPAN	JPY300 million	100%	Manufacture and sales of compound

Affiliated companies in Japan are listed head offices only.



## Overseas Affiliated Companies



RIKEN (THAILAND) CO., LTD.



P.T. RIKEN ASAHI PLASTICS INDONESIA \*1



SHANGHAI RIKEN TECHNOS CORPORATION



RIKEN TECHNOS (JIANG SU) CORPORATION



RIKEN U.S.A. CORPORATION



RIMTEC CORPORATION



RIKEN ELASTOMERS CORPORATION



RIKEN TECHNOS EUROPE B.V.



As of August 31, 2009

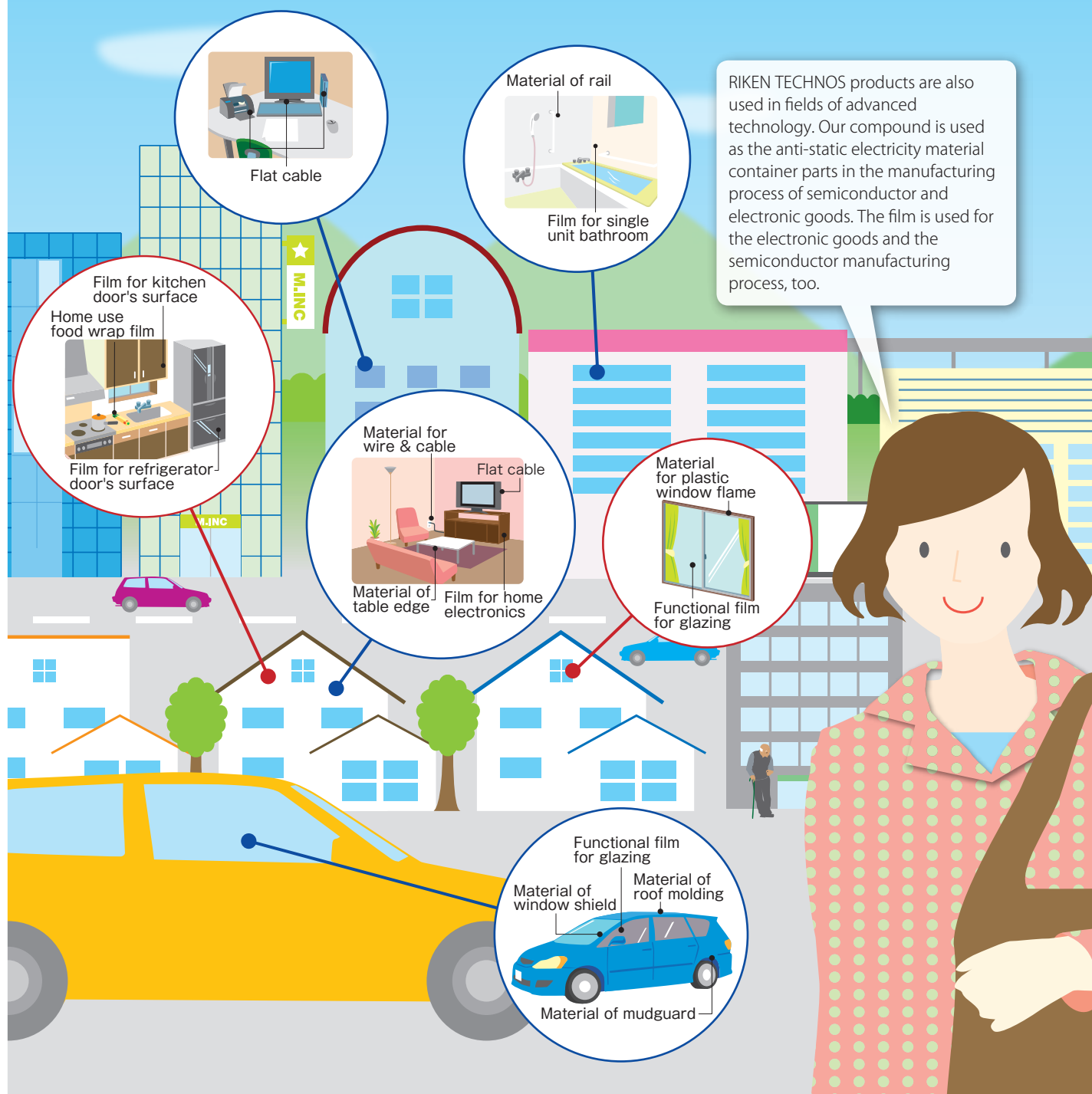
Overseas Affiliated Companies	Address	Capital Stock	Shareholdings	Main Business Field
14 RIKEN (THAILAND) CO., LTD.	143 MOO 5 BANGKADI INDUSTRIAL PARK, TIVANOND ROAD, BANGKADI, MUANG-PATHUMTHANI, PATHUMTHANI 12000 THAILAND	THB 120 million	40%	Manufacture and sales of PVC compound
15 P.T. RIKEN ASAHI PLASTICS INDONESIA *1	MM2100 INDUSTRIAL TOWN BLOK H-9, CIKARANG BARAT BEKASI 17520 WEST JAVA, INDONESIA	US\$ 4.7 million	75%	Manufacture and sales of PVC compound
16 SHANGHAI RIKEN TECHNOS CORPORATION	No.3700 JINDU ROAD, MINHANG DISTRICT, SHANGHAI 201108 CHINA	US\$ 5.5 million	70%	Manufacture and sales of PVC compound
17 RIKEN TECHNOS (JIANG SU) CORPORATION	HUANG TANG INDUSTRIAL PARK, XIA KE TOWN, JIANGYIN CITY, JIANGSU PROVINCE, 214407 CHINA	US\$ 5 million	61%	Manufacture and sales of food wrapping film
18 RIKEN U.S.A. CORPORATION	1702 BEVERLY ROAD, BURLINGTON, NJ 08016 U.S.A.	US\$ 7.4 million	100%	Sales & marketing of film
19 RIMTEC CORPORATION	1702 BEVERLY ROAD, BURLINGTON, NJ 08016 U.S.A.	US\$ 10 million	51%	Manufacture and sales of PVC compound
20 RIKEN ELASTOMERS CORPORATION	340 RIKEN COURT, HOPKINSVILLE, KY 42240 U.S.A.	US\$ 10 million	60%	Manufacture and sales of high functionally compound
21 RIKEN TECHNOS EUROPE B.V.	BURGEMEESTER STRAMANWEG 105 1101AA AMSTERDAM ZUID-OOST, THE NETHERLANDS	€400 thousand	100%	Sales & marketing of film

\*1 Company name will be changed to P.T RIKEN INDONESIA within 2009.

## RIKEN TECHNOS products and technologies are everywhere

RIKEN TECHNOS is a Material Solution Supplier, striving to improve the lives of people, daily living, and the environment, by our products.

Our products are manufactured to be used in various ways and as a part of your everyday life.



Compound Division



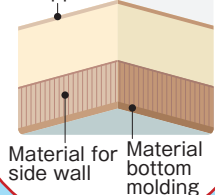
Film Division



Food Wrapping Film Division



Material for upper frame



Material for side wall  
Material bottom molding

Food wrap film for commercial use



SUPER MARKET

SUPER MARKET

SALE  
5% OFF

Material of assist grip



Material of shift lever knob and armrest

Decorative film for glazing



Restraurant

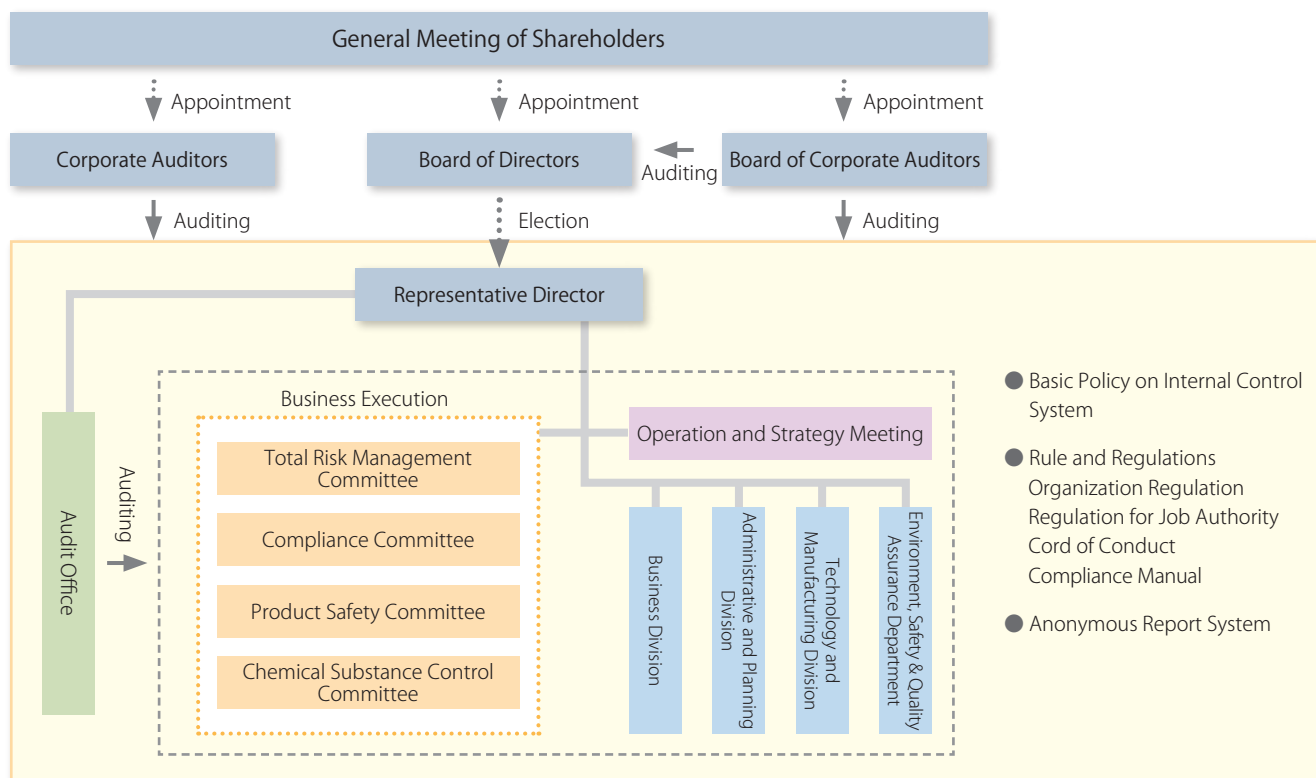
Material of pen grip



# Corporate Governance

## Corporate Governance Philosophy

The chart shown on the below is the RIKEN TECHNOS Corporate Governance System.



## RIKEN TECHNOS GROUP Code of Conduct

RIKEN TECHNOS GROUP established the "RIKEN TECHNOS GROUP Code of Conduct" in April 2005. We declare that all directors and employees promote business activities in accordance with laws and regulations, social norms and internal rules. We also declare that we direct all our energies to establish the business ethics of RIKEN TECHNOS GROUP

and compliance with the management system.

In addition, we made pocket-size cards summarizing the Code of Conduct. Each employee carries the card, and practices the Code of Conduct to establish social reliability and affinity.

**リケンテクノスグループ企業行動規範**

**基本宣言**

私たちは、この企業行動規範を遵守し  
公正な競争や適正な取引を通して企業活動することを誓います。  
私たちは、この企業行動規範に反するような行為を見つけた場合は、  
すみやかに適切な報告を行い改善に努めます。

署名日

従業員署名

**企業行動規範**

- 1 個人情報の保護に十分配慮し、顧客の満足と信頼を獲得します。
- 2 公正・透明・自由な競争ならびに適正な取引を行います。
- 3 企業情報は、積極的かつ公正に開示します。
- 4 ひとり一人の従業員を尊重し、安全で働きやすい環境を確保します。
- 5 環境問題に自主的・積極的に取り組みます。
- 6 社会貢献に積極的に取り組みます。
- 7 反社会的勢力には断固として対決します。
- 8 国際的な事業活動には、国際ルール・現地の法律を遵守します。

## Adjustment of Management System in Accordance with Basic Policy on the Internal Control System

RIKEN TECHNOS established "RIKEN TECHNOS GROUP Code of Conduct" as a policy in order to establish reliability, respond to corporate social responsibility, and to declare that we run our business through fair competition and trade. While encouraging thorough enforcement of the code of conduct over the entire company, we established the

"Policy on Internal Control System" in May 2006. We are in the process of adjusting our management system in accordance with this policy. Since the "Policy on Internal Control System" covers a wide variety of items to be accomplished, we highlighted the following items as the top priority.

### 1. System to ensure directors' and employees' perform duties in compliance with laws and Article of Incorporation

All directors make known to every employee that observing the Code of Conduct and ensuring that performance of duties are in compliance with laws and the Article of Incorporation is of top priority in all business activities. However, the Compliance Committee manages the entire company overall, while the department in charge of legal affairs gives the directors and employees instructions necessary for compliance with laws and regulations, and we have also established the Anonymous Report System. In addition, we declare that we do not have relationships with antisocial organizations.

### 2. Rules and systems for Risk Management

We established the Total Risk Management Committee, chaired by the President, in order to prevent and reduce the effects of various potential risks; in particular, the risks that could have a large effect on the business. We are in the process of developing an action plan in case such events occur.

### 3. Systems to ensure proper business operation of RIKEN TECHNOS GROUP

The department in charge of corporate planning has been given the responsibility to instruct the entire company in how to establish a policy on the Internal Control System, and to ensure that the all divisions are given the same information, in both quality and quantity, to make certain that correct business operation is conducted over the entire company.

### 4. System to ensure audits are conducted independently and effectively

The Corporate Auditors must confirm that corporate decisions are being made appropriately, by attending important meetings, and by examining the minutes and the written applications for an approach taken from the meetings, both of which are automatically submitted to them. In order to ensure that the audits conducted by the Corporate Auditors are executed effectively, the Corporate Auditors hold regular meetings with the Representative Directors to exchange ideas and information, and are entitled to interview any director and employee any time, at their discretion.

The Audit Office, established in April 2004, is in charge of internal auditing. In order to achieve the purpose of Internal Control, such as "Effectiveness and Efficiency of Operations," "Reliability of Financial Reporting," "Compliance with Applicable Laws and Regulations," and "Safeguarding of Assets," from the perspective of six elements, namely "Control Environment," "Risks Assessment," "Control Activities," "Information and Communication," "Monitoring," and "Use of IT."

## Anonymous Report System

RIKEN TECHNOS set up the Anonymous Report System in April 2005. Through an anonymous report hotline that goes directly to the Audit Office, our employees can easily report or receive advice regarding any suspicious activities contrary to the laws, rules, and regulations, including "RIKEN TECHNOS GROUP Code of Conduct." To prevent informers from suffering any negative effects for being an informant, the anonymity and privacy of the informers are strictly protected.

## Internal Control over Financial Reporting

RIKEN TECHNOS GROUP devised a policy to maintain, run, and evaluate internal control over financial reporting, based on Financial Instruments and Exchange ACT (concluded in June 2006), which went into effect starting with the settlement of accounts for the March 2009 period. In addition, RIKEN TECHNOS GROUP's internal control over financial

reporting for the March 2009 period was deemed effective; therefore RIKEN TECHNOS submitted the internal control report to the Financial Services Agency.

## Information Security

As Information Technology, such as the internet, continues to make rapid progress, the risks,—for example, leakage of important information, including personal information, and illegal external access— have been increasing.

RIKEN TECHNOS tries to minimize such risks by means following (but not limited to) : ID and password login system to PCs; limitation in access permission, according to the importance of data; and if necessary, encryption of data. In addition, we have installed the latest protection system against illegal external access.

To protect personal information, we established the "Statue of Personal Information Protection," and detailed regulations in the "Regulations for Handling of Personal Information," in accordance with the Personal Information Protection Act in Japan enforced in April 2005.



# Feature R&D Center / A New Approach

## Introducing : The R&D Center and its Objective

The R&D Center (Research and Development Center) is the new organization established in April 2009 by merging previously two separate organizations : Material R&D and Film R&D.

Our goal is to combine all our technologies to develop products that meet customer needs, to develop new technology, and to educate internal personnel.

### Purpose of Merge : Consolidation of all RIKEN TECHNOS technologies

The consolidated R&D Center was established in order to appeal to the market by highlighting RIKEN TECHNOS as a manufacturer that combines compound formulation technology, kneading technology, sheeting technology, adhesion processing technology, as well as display the sophistication of our technology, which we have been developing for many years.

The level of capabilities required from plastic material grows continually, while the customer needs become more complicated, and the competition intensifies with other companies. How to respond to customer needs and clarify the distinction between our products from others will become important strategies in securing continuous profit. Managing the balance well, between producing existing products while developing new products, will become the driving force behind company growth. Maintenance and development of the core technology will become the base for evolution of the existing technology and the foundation for developing new technology, both of which are crucial to the company's earning power. From these ideas, plus the fundamental initiative to continually advance the RIKEN TECHNOS technology, and after rethinking and reforming the organizational structure that was making synthesizing technical power difficult due to lack of talent and information sharing, the R&D Center was born. The R&D Center will orient its operations on the three following key phrases :

1. Exhibit power of synthesized technology
2. Strengthening next generation development
3. Establish a technical strategic committee



RYOICHI SATO, General Manager of R&D Center

### The Technical Strategic Committee's Role

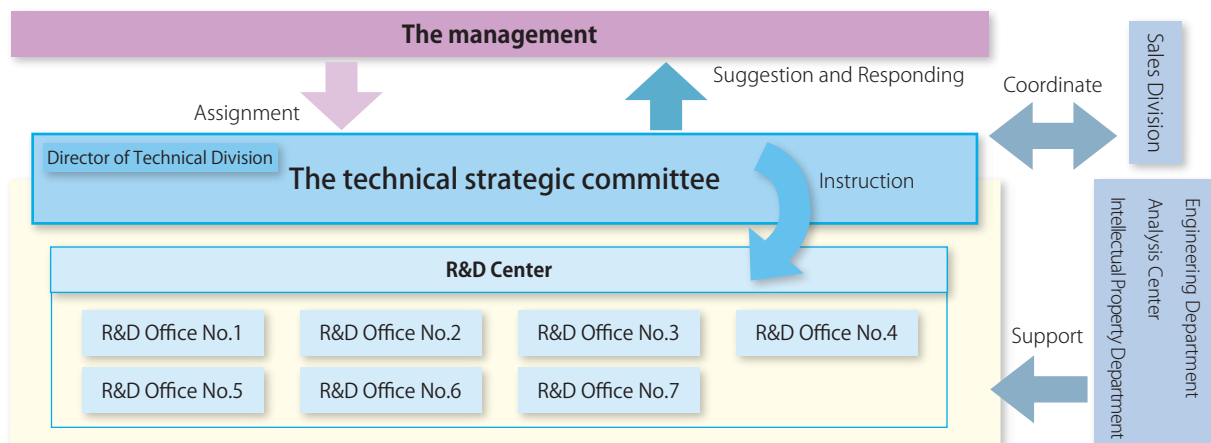
The technical strategic committee is the core management of the R&D Center, and the decision-making body for anything regarding the following three matters :

- ① **Act as communication window to management by making suggestions about technical strategy, and responding to assignment from management.**
- ② **Coordinate with the Sales Division regarding technical strategy, and use the synthesized technical power to develop technologies that will lead to profit.**
- ③ **Manage the development theme**

The organization of R&D Center has 7 offices. An outline of the organization is shown below. (See organization chart)

By practicing the RIKEN TECHNOS company philosophy of integrating manufacturing, sales, and development, and having the skills of development, the R&D Center will move forward by cooperation between the operating divisions to advance the development of technology with efficiency.

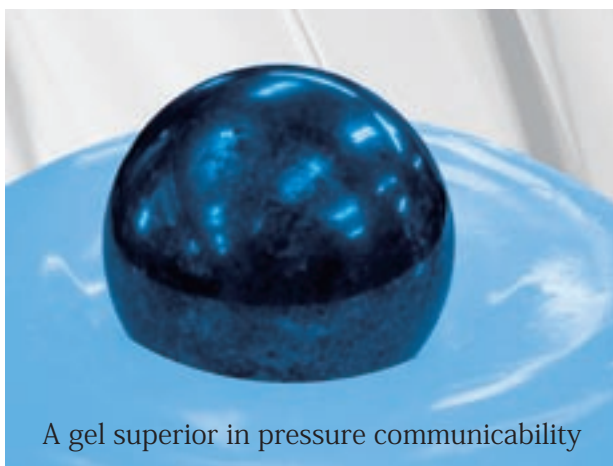
### New R&D Organization As of October 1, 2009



## Feature ① Development for next generation products and molding process

### R&D No.1 Office

R&D No.1 Office is engaged in developing the state-of-the-art and freely at the market of energy, environment, food, and medical field with RIKEN's all technologies regarding compound and film. We develop the products meeting to customer needs using various acquaintances with an obedient heart, not to fall the self-satisfaction.



A gel superior in pressure communicability

The latest forecast : ACTYMER® GEL



#### Michihisa Tasaka, General Manager of R&D Office No.1

R&D Office No.1 is the marketing and development section for compound and film markets, in energy, environment, food, and medical care, which are expected to start up within 3-5 years. We devote ourselves to developing the cutting- edges materials and entering a new market with our core technology such as PVC compound and PVC sheeting technology for the next generation. In order to achieve this purpose, we need to forget the concept of mass production and mass consumption, and need to specify a theme that defines the significance of our business. Our thinking is that the developments created from a cooperation of marketing, with manufacturing, sales, and development is more important than any other R&D unit.

#### Latest forecast product : "Flexible Transparent Elastomer"



#### Incubation Team : Leader, Masaki Enomoto

Aside from polyvinyl chloride, we advocate thermoplastic elastomer as the core technology, and offer unique and original product to various fields. We are now in the process of suggesting the new elastomer compound to our customers. Our new Elastomer has good wear-ability, flexibility, processing ability, and transparency; and can also have various special functions at the same time. We want to solve people's prevalent challenges in various forms through our specialty functional compound and film.

#### Latest forecast product : "Dynamic Vulcanized Thermoplastics Elastomer : Has good processing ability"



#### Incubation Team : Chief Research Engineer, Koichi Yamamoto

Since the Dynamic Vulcanized Thermoplastic Elastomer (TPV) can simplify a molding process and be recycled, it expanded into the market as the replacement for vulcanized rubber and PVC. The problem with TPV was the occurrence of resin incrustation on the die during the extruding process. As the result of our studying the kneading process of compound and material formulation in order to solve this problem, we succeeded in developing a new TPV that is largely reduced incrustation compared to the current TPV.

#### Latest forecast product : ACTYMER® GEL



#### Pro-active Team : Leader, Akihiro Tamura

Actymer® Gel is an ultra soft material that achieved its specialized softness by technology based on our formulation technology for thermo plastics elastomer. It is possible to supply this material in a pellet shape due to low-levels of stickiness, despite its level of hardness being less than 10 degrees by the Asker C scale. We can design several formulations to match the application or need, yielding various characteristics such as vibration control, heat conductance, adhesiveness, and foaming. Therefore, we would like to begin introducing our new functional materials into diverse areas, including medical device, medical care, and environmental fields.

## R&D Office No.2

R&D Office No.2 manufactures products in the electric wire and wiring system field using the collective effort of the global RIKEN TECHNOS Group. As a responsible material solution supplier, we manufacture our products by "conveying our heart," "training our staff," "imparting technology," and "exhibiting human effort."



### Hirofumi Otani, General Manager of R&D Office No.2

R&D Office No.2 is development team for compound and film use of electric wire and wiring system. We develop the products based on the timely needs from many customers, such as electric wire manufacturer who makes power supply cable, and wiring system manufacturer who makes wire harness for automotive and supplies globally.

## Electric Wire field



### Shinichi Kishimoto, Team leader of electric wire development

We develop poly-vinyl chloride (PVC) material and halogen-free material for electric wire application, such as general wire cable, home use, building wire, machinery use, automotive use, and optical fiber. Of the features of halogen-free material, we mainly handle Trinity® FR that is improved heat resistance and anti-scratch by dynamic vulcanization. Additionally, as the control tower for material development to the overseas facilities, we develop PVC material for electric wire application.



Optical fiber cable



Wiring in machinery for pressure welding



Building wire



Power supply cable

## Wiring System field



### Hiromasa Sanada, Team leader of wiring system development

We develop various materials for the parts of harnesses, such as harness tube, tape, and grommet. We also develop the film for the flexible flat cable in machinery. We promote development corresponding to various needs, such as high-level function and lightweight material, in the field of thermo plastic elastomer as replacement of vulcanized rubber.



Corrugate tube for wire harness



Baler twine for wire harness



Baler tube for wire harness



Lightweight elastomer for grommet



Film for flexible flat cable used in machinery (OA device)

## R&D Office No.3

R&D Office No.3 performs material development and technical services for compound and functional film.



### Hitoshi Sugino, General Manager of R&D Office No.3

Our thermo plastic elastomer (TPE) for automotive application was adopted for automotive exterior parts, and it was our first generation material that was modified for automotive application based on Actymer® and Multi-use Leostomer®. Recently, lightweight materials were being focused on for automotive application to improve mileage, and Oleflex® and Leostomer®, our second generation material, have been widely adopted for environmental vehicles such as the hybrid car. We are currently developing Leostomer® SE and Actymer® G as our third generation material that have recycle-ability and are even more lightweight, to be adopted after 2011. Our third generation materials have been forecast as the replacement for rubber, due to their recycle-ability and lightweight properties. Additionally, we are developing a replacement for paint for improving work environments, and new film for vehicles for VOC \* countermeasure.

\* VOC : Volatile Organic Compound

### Roof Mole material for vehicle



#### Takeshi Yuasa

After 2000, Roof Mole material for vehicle has been changing from PVC to TPE because of the vehicle weight reduction requirement. However, we had to solve some problems that occurred when trying to replace PVC with TPE, such as appearance, migration due to multi-layer structure of material, and processing ability. Now, we have solved those problems, and our TPE materials have been adopted for vehicle parts, and the ratio of TPE use is rising over ratio of PVC use.



Roof Mole

### Quarter Window material



#### Tomozo Ogawa

Replacing PVC with TPE is currently in progress in the automotive market due to the vehicle weight reduction requirement for mileage improvement purposes. However, use of TPE material for quarter window material has certain problems, such as flow mark, scratch mark, and oil bleeding. Our newly developed TPE material solves these issues, and has been adopted for use in environmental vehicles.



Quarter Window

### Decorative film for automotive interior parts



#### Yasuhiro Suzuki

On one hand, the design for automotive interior parts has advanced and become diverse; on the other hand, reduction of VOC in paint and substitute techniques for plating is in demand due to environmental considerations. The surface decorating method of using design and functional film can fulfill both of these requirements from the market. We are expanding the existing decorative film technology for automotive exterior parts, and also strengthening the development of vacuum-forming decorative film for automotive interior parts. The vacuum-forming machine has been installed at the R&D Center for applied development and finding a suitable molding condition. We are making an effort to responding to customer needs by suggesting both materials, and its suitable molding condition.



Decorative Film



## R&D Office No.5

R&D Office No.5 concentrates our efforts into developing compounds and its core process. As a responsible material solution supplier, we manufacture our products by “conveying our heart,” “training our staff,” “imparting technology,” and “exhibiting human effort.”



### Hiromune Kondo, General Manager of R&D Office No.5

R&D Office No.5 develops all of the materials other than electric wire and automotive material. Therefore, we handle a wide-range of materials, such as PVC –our core technology–, bio-plastic, general plastic, and super engineering plastic. We strive to respond to customer needs by composing and functionalizing the materials. R&D Office No.5 is the only department in the organization that has a trial manufacture team and molding support team.

### Life Science Team



### Kazuya Tsukada, Team leader of Life Science

The Life Science Team handles development for PVC that has a wide range of hardness. The application of PVC diverges into many branches, such as use in building, food, toys, and medical fields. We are continually adjusting and making new developments based on novel ideas. For example, in the medical field, responding to the introduction of using  $\gamma$ -ray sterilization as the new sterilization method; reviewing the additives being used to meet law revision for food and toy by changing the stabilizer to a lead-free version; and developing environment friendly PVC for building use. Recently, phthalate plasticizer and organic tin stabilizer –important additives for PVC– are regulated by the EU commission directive. We will make certain that we understand all the information correctly regarding this regulation, and will respond appropriately.

### Engineering Plastic Development Team



### Yohei Kuroda

We tackle the development of functionalizing engineering plastic that has a high-level of heat resistance and high-degree of strength and are also in the process of expanding in the market of high conductive material and metal replace material. Static Master®, an eternal anti-static charge material, has also been wide-spread in the market that requires anti-electrostatic discharge, such as electronic parts and building parts.

### Core Process Team for Molding



### Gaku Uchida, Team leader of Core Process for Molding

We take care of technical support for injection molding technique as one of the plastics processing methods by evaluating our material internally, providing customer service for trouble-shooting and making processing conditions recommendations to the customer based on which of our materials the customer is using. We are available for customer follow up via e-mail and phone as well as trial conducting visits, and/or taking a sample of the material to conduct testing. We support our customers in creating good products efficiently by helping them choose the best processing condition that matches the material's characteristics.

### Core Process Team for Trial Manufacturing



### Hideyasu Onishi, Sub-leader of Core Process for Trial Manufacturing

We develop the compounding technology for many types of plastics to meet to customer needs. We spend a lot of time on developing a compounding process for brand-new material, but we are also making efforts to improve our development speed and quality in order to supply our material to the market more quickly.



## Feature ⑤ Feature development of film products

### R&D Office No.6

R&D Office No.6 develops technology for film performance enhancement by film formation, multi-stratification, composition, and surface reforming.



#### Yasuo Kasahara, General Manager of R&D Office No.6

R&D Office No.6 handles the development of all of film besides those for electric wire and automotive use. We develop the decorative film and functional film that is used in many fields, such as building, electric, furniture, machinery, and food wrapping. We understand customer needs and develop the film to meet such needs in a timely manner.

#### Building Film Development Team



#### Shuji Kitahara, Team Leader of Building Film Development

We develop building film as our main film products, such as plywood use, steel sheet use, and wall film use. Recently, the demands for halogen-free, VOC-free, and petroleum resin-free film are increasing, so we are forecasting that the need for development of environment friendly products will rise.

#### Functional Film Development Team



#### Yutaka Sekine, Team Leader of Functional Film Development

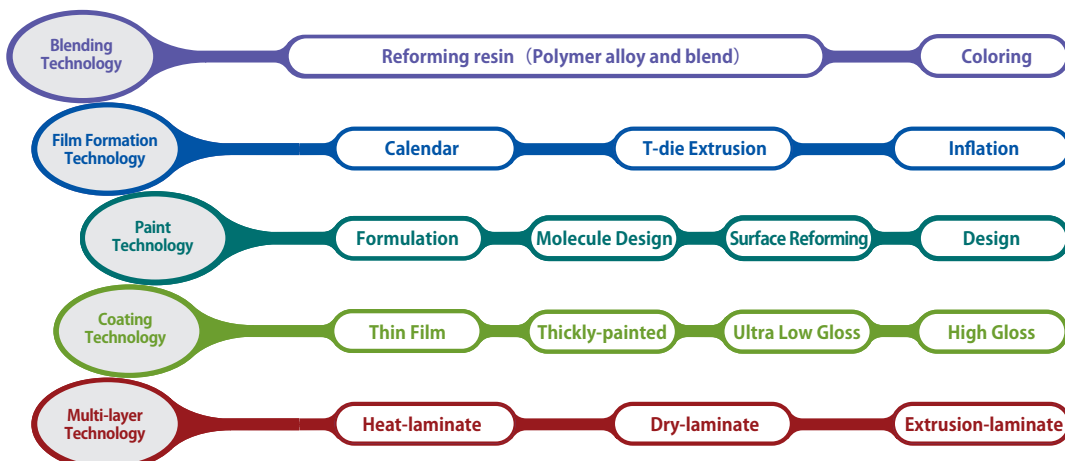
We develop decoration film for household appliance and functional films. We are able to make suggestions on highly competitive products using our material knowledge, formula technology, design technology, and consistent services from film forming to end process.

### Material Solution ( Solve dissatisfaction by material)

We strive to understand the customer's need correctly, and by using all of our technology elements shown on following matrix, suggest the most appropriate material to use.

We work toward offering the best possible product by having the know-how that blends technology from collective efforts and film formation technology with abundant material knowledge based on compounding technology. We are in the process of developing high value-added and high-level processing product that combines surface decoration technology, coating technology, multi-layer technology, and start-to-finish production.

#### Solution Technology



## R&D Office No.6

### Wrestle to the development for environment

Generally said, the countermeasures for CO<sub>2</sub> reduction are being taken, but it is also reality that in the evaluation of implementing such measures, Japan has a strict assessment. These past several years, the word “Eco,” meaning “Ecology” has become popularized, raising a high-level of awareness, and so we recognized that development of countermeasures is an urgent matter.

Plastic, which we deal with, has high degree of dependence on petroleum and the cause of CO<sub>2</sub> emission if plastic is burned. Since use of plastic seems to be quickly drawing to an end, its use should be limited to when it is impossible to use an alternative material, or only when producing durable goods and goods that will be recyclable. Such use of plastic is our direction of product development. We think it is essential to reinforce the research and development of products that use new energy, and actively use materials made from non-petroleum in the post-petroleum society. In the existing fields, we have now, more than ever, been designing products with the focus on recycling.

We are trying to research and develop useful products with full consideration of the environmental effects at every stage, from raw material to waste disposal.



Example for adoption of RIVESTAR®



Example for adoption of RIVESTAR®

## R&D Office No.4

R&D Office No.4 was established as brand-new division on Oct. 1, 2009 as part of the reorganization.



### Yasushi Tokunaga, General Manager of R&D Office No.4

Our strength as a company is in our formula technology and high processing technology. At this time, R&D Office No.4 was established to further improve our processing technology. Our main objectives are as follows :

- ① Smoothly transitioning from design/planning to the production line
- ② Stabilizing the quality of mass production from product design to facilities
- ③ Improving manufacturing technology
- ④ Cost reduction

By working toward these objectives, we aim for high quality, no waste, and stable process in manufacturing.

## R&D Office No.7

R&D Office No.7 is taking care of the development of products with clean facility. We add the anti-scratch performance and/or anti-static electricity performance to the film, and supply this functional film to the customer.



### Hiroyuki Tomomatsu, General manager of R&D Office No.7

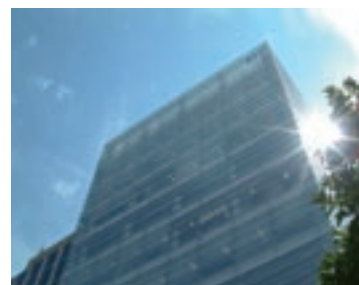
The film is required to have plural functions. Previously we laminated a couple of different films together, and achieved the plural functions we desired. However, we now add several functions on the single sheet of film using our high precision processing technology. This minimizes use of resources and helps to reduce energy use for the customer. In the future, we will improve and combine each function, and develop multi-functional film with our high precision processing technology, and work alongside the customer as Material Solution Supplier.

## Glass Film "RIVEX"



### Kazutomo Yasui

In wrestling with the issue of achieving energy reduction and environmental consideration, we developed an ultraviolet and infrared rays interception window glass film that has ceramic fine particle on polyester-type film. This film can cut 80% of infrared rays, restraining increase in room temperature by infrared rays, and effectively reduces electricity use on air conditioning. Additionally, it can intercept 99% of ultraviolet rays that is harmful to the human body. This film has special treatment on the surface effective in preventing scattering of broken glasses, as well as being anti-scratch.



Glass Film "RIVEX"

## Tape for defect inspection on the film "PSA185"



### Takashi Suzuki

Dimpling and iris effects are the defects expected in processing transparent film. The dimpling is too small to find, and the iris also is hard to detect due to interference from backside of film, requiring labor, time, and skill in inspecting the film with a special method, such as painting black ink on the backside of the film and putting the film on the black board. Our tape helps simplify inspection and stabilizes quality, because the defect detection becomes very easy when the tape is put on the backside of sample film.

Additionally, the handling of this tape was improved by adjusting the level of stickiness, and the iris detection was also improved by adjusting the blackness to a darker shade.



Iris Check Tape

# Relationship to Customers

## ■ For Our Customers

RIKEN TECHNOS regards safety assurance and quality of product as one of the most important issues for us as a manufacturer. The needs of safety and quality have been increasing more and more, in a variety of ways. We make certain that the safety of the chemical materials that we are using are up to standard, and pursue manufacturing of products that increases customers' sense of assurance and satisfaction.



**Fumiyoshi Murakami**  
Managing Director, General Manager of  
Sales Division  
RIKEN TECHNOS CORPORATION

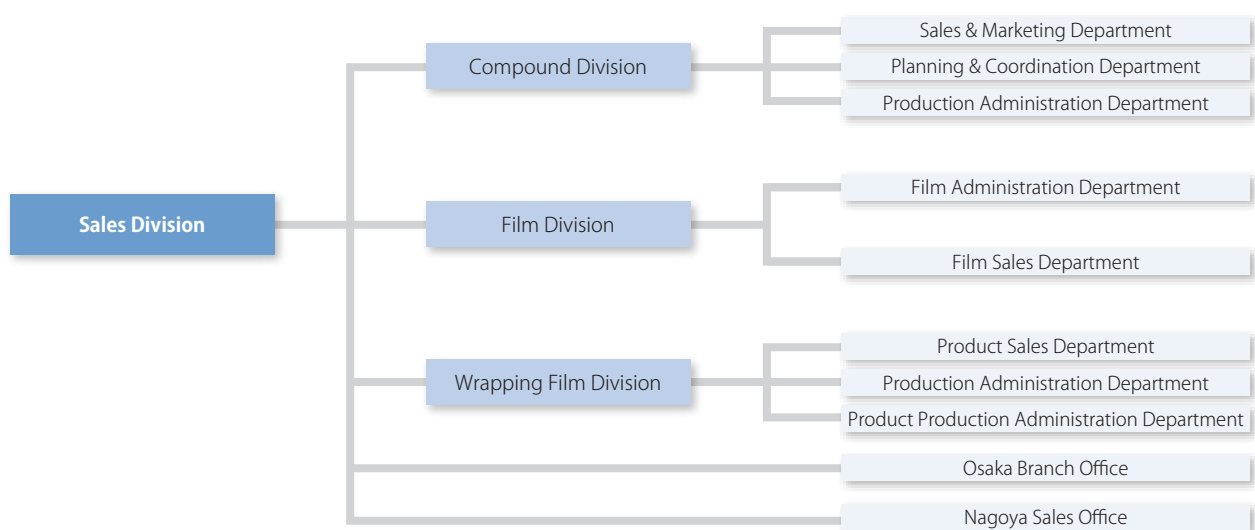
### Message

Developing superior products  
through collaboration  
with customers.

RIKEN TECHNOS Group, in working with our customers for over 50 years, has learned the great importance of developing and supplying quality products. Everyday, our employees work with the mindset of a salesperson who takes pride in taking great care of the customer. Our employees, not only in Japan but in many parts of the world including the United States, Europe, and Asia, all have the same attitude and approach, and make efforts to consistently supply high quality products on time.

I believe this is our expression of "RIKEN-ism." We will always value our business with the customer, and make efforts to satisfy all stakeholders of RIKEN TECHNOS Group.

## Organization Chart of Sales Division



## Product Quality Assurance

We introduced the mechanism of ISO9001 over the entire group by a cross-sectional method. Each production site has its own QA/QC (Quality Assurance/Quality Control) Section that tracks the quality control over the whole process, including the understanding of customer request regarding product quality, design, production and product delivery. Additionally, we are striving to improve product quality by having the Quality Improvement Committee on each production site or division every month to control defective products and the implementation status of practicing improvement measures. The Production Liability Law in Japan was put in effect in 1995 and we have been taking various actions, mainly under control of the Product Safety Committee, to further ensure the safety of our products. In developing new products we are focusing on the reduction of environmental load, using, for example, new materials that are suitable for recycling.

## Product Development Considering Safety : Product Liability Correspondence

Argument over liability for damages caused by product defect has made many developed nations establish a Law concerning Product Liability. Japan established its Product Liability Law in July 1995. Product safety is the responsibility of the manufacturers, in spite of legislation, and we have been keeping this in mind since before 1995. However, taking advantage of the timing of the establishment of the Product Liability Law, we initiated a system to prevent occurrence of problems due to product liability in January 1995. The Product Safety Committee heads the management team that works to secure product safety.

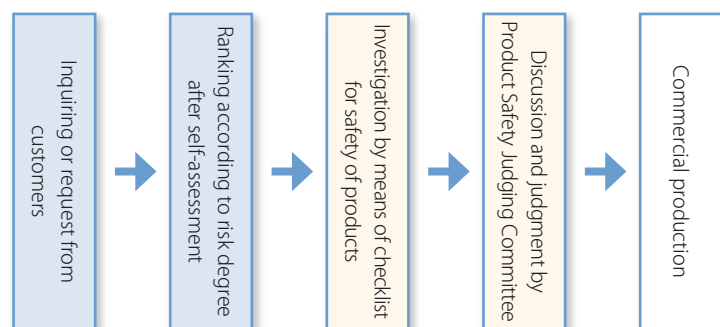
### Product Safety Policy (According to Product Safety Standard)

We secure product safety from the product development stage to the delivery to customers in order to prevent occurrence of liability issues.

#### Organization of Product Security



#### Procedure of Judgment about Safety of Products



## Responding to specified chemical substances restrictions

Our products are used for as a compound for power supply cable and building, and lead stabilizer is used for a part of these applications. Therefore we expanded the raw material auto-weigh system in the production line and reviewed the working procedure in order to protect the production line from contamination by chemical substances regulated by ELV and RoHS commission directive. In the product inspection process at our Saitama and Mie factories, we introduced the Fluorescence X-ray Analyzers to analyze every lot of object products. We have the Inductively-coupled Plasma Atomic Emission Spectrometry at the Analysis Center on our Kamata site and at our Mie factory to implement detailed analysis on products, in response to customer request.

We issued 'Green Procurement Standard' regarding raw materials, based on the JGPSSI, requesting suppliers to investigate whether the material includes restricted chemical substances or not, and to provide Non-use Certification and Information Sheet of specified chemical substances.

However, in order to fully corresponding to many regulations such as REACH, 67/548/EEC, 76/769/EEC in Europe, and regulation for chemical

substances in Japan, we decided to get the component information that contains the analysis data of the 6 substances of RoHS and trace amounts of remaining chemical substances with our original chemical information sheet. This was started in August 2009. This became our "RIKEN TECHNOS Group Green Procurement," and was fully implemented in every area of RIKEN TECHNOS Group.

It is the mission of manufacturers to provide customers with secure and safe products, and one of our main themes is securing the safety of our materials. Therefore, in 2006 we established the 'Chemical Substances Management Committee.' We established a Chemical Substances Management Criterion, and declared our intent to prohibit the use of chemical substances according to not only the laws and regulations, but also voluntary restraints decided by our committee, and voluntarily reduce the use of suspicious substances such as lead and nonyl phenol, use of which is not prohibited by law. Furthermore, we are planning to set up a system to prioritize providing safe products through whole company, by implementing a screening of any newly adopted chemical substances.



# Relationship to Business Partners

In order to supply safer and more reliable products to our customers, RIKEN TECHNOS Corp. makes effort to build a good environment and quality system, with cooperation from our business partners, including supplier-chain. Additionally, we are making effort to get competitive purchasing power for cost reduction, by maintaining a wide-open purchase window.



**Shinetsu Kudo**  
Director, General Manager of  
Purchasing Division  
RIKEN TECHNOS CORPORATION

## Message

**Creating partnerships  
based on mutual trust  
with our business partners.**

The value of our products is not only based on our know-how about formula and production, but also based on quality, safety, and cost for purchasing materials. Some of the purchased materials are customized for us only, so we make an effort to have a stable long-term business with the supplier. To supply products that fully satisfy customer requests, it is necessary that our business partners, including our suppliers, make every effort in quality improvement, and cost reduction, as well as innovation of technology, just as we do. Through this cooperation, business partners and our company can build a good partnership based on mutual trust, which brings both parties both growth and prosperity.

## Purchasing Policy

### ① Fair Purchase Trade and Selection

We deal with our business partners on an equal playing field, offering unprejudiced, fair and open-bidding. Ordinarily, we purchase from multiple sources.

### ② Creation of Partnership

We based our business on having a good relationship with our partners, respecting human dignity, and endeavoring to not discriminate unfairly.

### ③ Observance of Relevant Laws and Self-management

In purchase affairs, we observe the social and relevant laws and regulations by practicing discretion with confidential matters. In terms of environmental preservation, we purchase material in accordance with the "RIKEN TECHNOS Group Green Procurement Standard".

### ④ Condition of Business Partners

We take into consideration the following items in selecting business partners to purchase from:

- "Technical Potential" ..... Level of technology, manufacturing capacity, sales force, and environmental responsibility
- "Competitiveness" ..... Price, stable supply & delivery, and proposal for cost reduction
- "Management" ..... Management condition, affiliation, position and reputation in the industry segment, and cooperation on sales of our products

## Purchasing System

The Purchasing Department at headquarters, and the Purchasing Section in each factory, take charge of purchasing affairs. The Purchasing Department acquires various materials, such as raw materials, fuel, and packaging materials. The Purchasing Section at each site buys the material that the site uses, such as consumable goods and stored goods. Additionally, each Purchasing Section arranges equipment purchase at that factory. However the Purchasing Department at headquarters will conduct negotiations on pricing for high-price equipment.

## Supply Chain Management

In order to supply safer and more reliable products to our customers, RIKEN TECHNOS Corp. is making effort to help build a good environment and quality system with the cooperation of our business partners, including our supplier-chain. In 2008, we carried out a quality and environment inspection for 39 business partners, including our raw material supplier, entrusted manufacturer, transporter, and industrial waste processing company, with their cooperation. In particular, we received chemical information based on the "RIKEN TECHNOS Group Green Procurement Standard" from raw material suppliers, and passed this information on to our customers.

## RIKEN TECHNOS Group Green Procurement Standard Scope

Raw materials such as resin, plasticizer, stabilizer, filler, film, matrix, coating agents, and adhesives that constitute our products, as well as subsidiary material such as packing materials and release-paper that RIKEN TECHNOS Group purchases.

### Requirements

- Supplier must have an environmental management system structure
- Achieve management performance regarding environment-related substances
- Investigate and report regarding our specified environment-related substances, and provide "Nonuse Certificate" and "Information Sheet of Specified Chemical Substances"



**Green Procurement Standard**  
Established in August 1, 2009

### Implementation

We procure the raw materials and subsidiary materials, only if

- they contain no Substances banned by the environment-related regulations, and
- when they do contain regulated substances, such content is identified. We may request an improvement to use safer materials, according to the evaluation results.

## Green Purchasing Criterion Scope

Stationery and OA machinery such as photocopiers, personal computers, and automobiles we purchase or lease

### Requirements

Satisfying the criterion to be of low environment load and not to contain harmful substances, according to the "Law concerning the promotion of procurement of Eco-Friendly Goods and Services by the States and Other Entities" (Green Purchasing Law)

### Implementation

We request suppliers to proactively introduce eco-friendly goods.

## Environmental Actions taken in Distribution

Our company outsources all of our distribution process. We have started to evaluate the quantity of CO<sub>2</sub> emission due to transportation, in order to save energy, since 2006. We recognize from the data that transportation puts a large strain on the environment, and we promote the various activities of environmental preservation and quality safety with our transporter partners.

Transportation energy	FY2006	FY2007	FY2008
Ton-kilometer	32,383,450	30,558,340	29,087,836
Quantity of CO <sub>2</sub> emission (ton)	5,690	4,870	5,120

## Environmental Preservation Activity

- Improving loading efficiency by devising the most suitable allocation of cars by the automatic allocation system.
- Improving efficiency in car use by bringing back materials on cars returning after delivery.
- Improving efficiency by integrating the distribution points.
- Promotion of eco-driving with cooperation of transporter partners, and recommending that they obtain the certification of ISO14001 or Green management.
- Promotion of modal shift. \*1 We switched the transportation of products that are about 100t from trucks to rail trains.
- Setting an objective to reduce 1% of energy consumption based on unit. On April 1st 2006 the revised law for energy-saving was established and the report of setting an energy-saving plan, energy consumption, energy consumption based on unit, and performance of implementing saving related to consignment transportation was imposed. We obey this law as a consigner to reduce energy consumption.
- Decreasing the number of the palette purchases by collecting palettes from customers, and promoting change of palette materials from wood to plastic for protection of forest resources.

## Quality and Safety Activity

- We recommend that our transporter partners obtain the certification of ISO9001 or G mark (Safety excellence enterprise).

### Kameyama-kyuso



Certification of G mark



Certification of ISO 9001

### Motegi



Certification of G mark



Certification of ISO 9001/ISO 14001

\*1 Modal shift : Changing the way of transportation to reduce environmental load

# Relationship to Shareholders

## General Shareholders Meeting

We hold a general shareholders meeting during the month of June of each year. We regard a general shareholders meeting as an occasion for candid dialogue between the shareholders and our Executives. Accordingly, we strive to answer questions from shareholders clearly and precisely, to facilitate their understanding of RIKEN TECHNOS.

## Disclosing Information

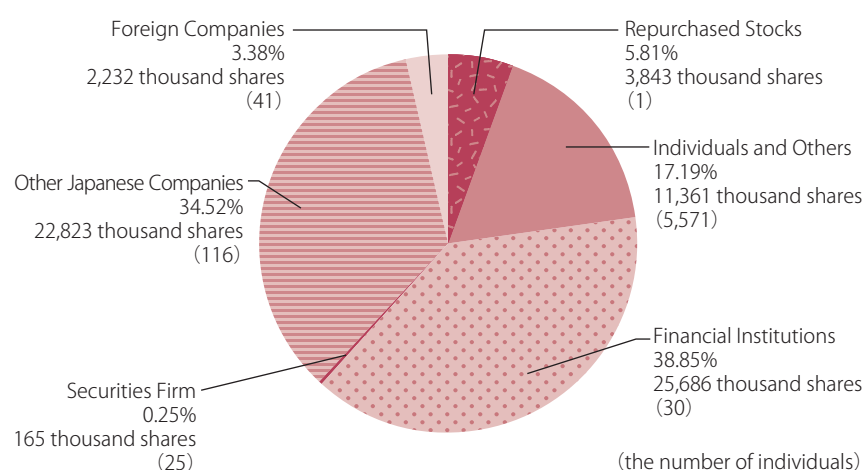
We have always practiced prompt, precise and fair information disclosure from the shareholders' and investors' point of view. We try to actively disclose information beyond the disclosure standards of the Tokyo Stock Exchange to increase general understanding of our business activities and strategies. Also, we have finance and IR pages posted on our website, and promptly post updated information, such as the financial statements and the material for timely disclosure, on the site after disclosure (press release).



## The State of Shares (As of March 31, 2009)

The total amount of issuable shares	236,000,000
The total amount of issued shares	66,113,819
The amount of shareholders	5,784

## Shareholders Distribution (As of March 31, 2009)



## Policy on Distribution of Profits

For the benefit of our shareholders, it has been our policy to pay dividends consistently and continuously. Regarding the distribution of the profits, including purchase of our own stocks, it has been decided by our board meeting to fulfill both requirements, namely, benefit our shareholders and lay a sufficient foundation for further investment.

Fiscal Year (Record Date)	Dividend Per Share			Payout Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	Mid-term	End-of-term	Annual		
FY2003 (The end of March 2004)	JPY 3.00	JPY 3.00	JPY 6.00	43.0%	1.2%
FY2004 (The end of March 2005)	JPY 3.00	JPY 3.00	JPY 6.00	25.1%	1.1%
FY2005 (The end of March 2006)	JPY 3.00	JPY 5.00	JPY 8.00	21.2%	1.4%
FY2006 (The end of March 2007)	JPY 4.00	JPY 4.00	JPY 8.00	49.5%	1.3%
FY2007 (The end of March 2008)	JPY 4.00	JPY 4.00	JPY 8.00	—	1.4%
FY2008 (The end of March 2009)	JPY 4.00	JPY 2.00	JPY 6.00	—	1.3%

# Relationship to Society

## Communication with the Local Region

RIKEN TECHNOS GROUP promotes various activities for coexistence and the mutual prosperity with the local community surrounding each site. We aim to obtain the understanding for our business activity from the community through round-table conference, factory trip, environment beautification activities around the factories, and support community events. We give students opportunities to experience actual work as a part of education. We hope that their experience at our sites will contribute to broadening their social horizons.

Activities of our affiliated companies in Japan : KYOEI PLASTICS MFG CO., LTD. participated in a fire brigade in Shirakawa Factory, supported and helped sponsor a neighborhood association of juvenile wholesome cultivation in Ibaraki Factory; and M-I CHEMICALS CO., LTD. belongs to the Konan industrial estate conference and participated voluntarily in an environmental, safety and health activity held by the conference.

Activities of our overseas affiliated companies : P.T. RIKEN ASAHI PLASTICS INDONESIA, in Indonesia, participated in various activities, mainly in the industrial park including factory tours; and RIKEN ELASTOMERS CORPORATION (REC) , in the US, participated in a community beautification activity.

## Social Contribution by the Employees' Voluntary Activities

In the US, The employees of RIMTEC CORPORATION support the fund-raising campaign "the United Way<sup>\*1</sup> of Burlington County Campaign" and contribute to it every year. 40 nonprofit institutions organize the campaign and the funds raised go to providing healthcare for individuals and the social services.

RIKEN ELASTOMERS CORPORATION (REC) is also a strong supporter of the United Way. REC had 100 percent of their employees give to the 2009 campaign. REC received the "100% Participation Award" from the United Way.

<sup>\* 1</sup> The United Way : a large US charity, established in 1918.

## Internship

We give students of universities and graduate schools the opportunity to intern, in order to foster accessibility to the chemical industry through experiencing the manufacturing process of the plastic products.

The "RIKEN TECHNOS Internship 2008" held at the R&D Center, was the sixth year of offering an internship at R&D Center for five days - from August 25, 2008 to August 29, 2008, and had five student participants.

The students get the opportunity to experience manufacturing by processing resins. Also, it is a good occasion for the students to learn what it means to be a member of society and a research engineer through interacting with our research engineers.

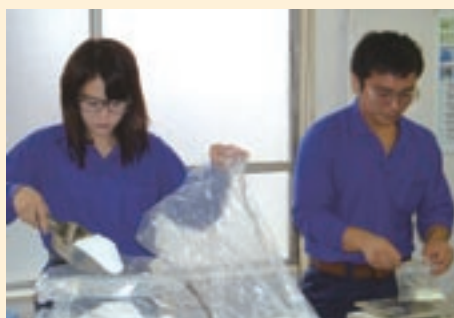
### Voice

#### Yutaka Hayashi

Chief  
Personnel Group,  
General Affairs Department  
RIKEN TECHNOS CORPORATION

Although there are many opinions concerning an internship, I think the one common keyword is "a catalyst or a trigger."

Job hunting is one of the turning points in a person's career. We believe that an internship is the great opportunity for students, by being a catalyst in starting his or her journey.





## Relationship to Society

### Communication with the Local Community

#### Communities' Environment Beautification Activities around the Factory

As a volunteer activity at the Saitama Factory, we clean up the road from the factory to JR Okabe station—which employees use when commuting—twice a year, and clean up the area around the factory twice a month. At the Mie Factory, we clean up the roads near the factory and the open space around the riverbed twice a year.



Saitama Factory



Mie Factory

#### Support for Community Events

We willingly build relationship with the surrounding communities through our cooperation with and participation in various events. We cooperated with and joined various community events in 2009 at the Saitama Factory and Mie Factories as follows;

##### Participation in 2008 :

###### 【At Saitama Factory】

- Cosmos festival
- Okabe Fureai carnival
- Fukaya city half-marathon
- Festival, held by the Okabe chamber of commerce and industry
- Okabe area athletics meets

###### 【At Mie Factory】

- Kameyama City summer evening festival
- Kameyama City Seki-shuku summer firework festival
- Kameyama City Ekiden relay
- Mikoshi parade for children in the neighboring community



Saitama Factory



Saitama Factory



Mie Factory



Mie Factory

#### Work Experience for the Junior High School and High School Students

We give local junior high and high school students an opportunity to gain work experience at the Mie Factory at any given time. In 2008, two junior high school students and two high school students in Kameyama city came to experience working at the factory.





# Relationship to Employees

RIKEN TECHNOS aims to cultivate a motivating atmosphere in the company by offering employees training and support in advancing their abilities, and improving various systems.



**Makoto Kumanomido**  
 Director, Administrative Division  
 General Manager  
 RIKEN TECHNOS CORPORATION

### Message

Establishing a foundation that encourages each employee to actively enjoy work and develop oneself.

RIKEN TECHNOS GROUP believes that the corporate social responsibility is in practicing of our group philosophy “Achieve a sustainable enhancement of enterprise value through fair and profitable business activity”.

In order to ensure “fair business activity,” it is essential to establish various systems to promote “fair business activity” in our organization, and to educate our employees continuously so that each employee fully understands and practices our group philosophy. The most important thing for a company is the training of employees, because an enterprise consists of its workers.

In RIKEN TECHNOS GROUP, the spirit of “a passion for manufacturing,” and enthusiasm to create products that delight our customers have been ingrained in our corporate culture. Based on this foundation of “a passion for manufacturing,” we practice various activities so that all employees have high moral standards, work actively, and continually develop themselves.

## For Employees

### Concept of Developing Human Resources

The progress of a firm comes from how each employee develops him or herself. The personnel group adopted the slogan : “We support employees who aim to grow!” and accordingly, we support those who are making an effort to develop him or herself, which in the end brings an overall progress to our group. To accomplish our goal of mutual progress between the company and the employees, we conduct private interviews with many employees, in order to understand each person's thoughts and wishes and reflect on their ideas to cultivate a motivating atmosphere in the company.

We also raised three elements of a model employee : “autonomous,” “creative,” and “able to put things into practice,” and introduced a “Role-Action-Evaluation” in the human resource system so that employees are able to develop themselves through their roles in the work place. Through these activities, each employee will be able to progress, and with the strengthened human resources, we will achieve our goal to be a high-value-adding corporation.

### Enhancing the Employee Ability Development Support System

We integrated our previous ability development system into “RIKEN TECHNOS training program”. This program is composed of four training systems : the training classified by age and position in the company is called the “Level education system”; trainings designed to improve one's expertise and/or advance an individual career goal are called, “Job description education system,” “Purpose education system,” and “Preference training.”

We have adopted the slogan, “We support employees who aim to grow!” and concentrate our efforts on the trainings in the “Level” and “Preference” categories.

RIKEN TECHNOS Education System

	Level education system	Job description education system	Purpose education system	Preference training
Managerial posts category	New directors training			
	Assessment training II			
	Management training for managerial posts			
	Promoted employees training	Sales staff training	Technical staff training	Production staff training
Middle standing employees category	Assessment training I		Improving Management performance training	Life planning seminar
	Promoted employees training			Financial training
	Middle standing employees training			Overseas language training
Junior employees category	Instruction leader / Mentor training			Correspondence course training
Recruits	Follow-up training			
	Recruits orientation			

## Relationship to Employees

### Law for Measures to Support the Development of the Next Generation

We set the first-term action plan as follows according to “the Law for Measures to Support the Development of Next Generation” (the Next Generation Law) which went in to effect in April 2005.

#### Leave-of-Absence for Child Care System

Employees are entitled to take leave-of-absence for child care up to two years (the legal standard is one and a half years), and this is policy applicable to both male and female employees. The leave-of-absence term was extended so that their children can enter nursery schools smoothly. Additionally, we regard the first three days as paid leave, and improved the system to make it easier for male employees to apply for this policy as well.

**The state of Taking the Leave-of-Absence before and after Childbirth and for Child Care**

Fiscal Year	FY2004	FY2005	FY2006	FY2007	FY2008
Number of Employee	1	1	1	0	3

#### Shorter Work Hours for Child Care System

Employees taking care of their children may shorten their working hours to six and a half hours a day. Employees can choose how to set up the work schedule according to individual circumstances, including domestic reasons and the nursery school schedule. In 2007, this system is made applicable until children enter elementary schools.

### Environmental Education for Employees

The Environmental Safety & Quality Assurance Department is in charge of global and domestic environmental education and environment management system education. We educate new employees, and employees on the sites that have newly joined the environmental management system. We implemented the new employee education, education in management program creation, and product safety education in 2008.



### Diversity of Employees

We respect the diversity, personality and individuality of employees, and consider human rights and giving equal employment opportunities. Though we implement various practices so that female employees can be active in business, regrettably, we currently do not have any female managers and directors now.

## Creating a Comfortable Working Environment

### Re-Employment System

Re-hiring skilled employees who are willing to work after our official retirement age of 60 years old, allows both parties to enjoy some clear advantages : for the company, by utilizing the technological skills and know-how of the employee; for the employee, a stable income. Therefore we introduced the re-employment system in 2006. This system was recently amended; previously the employment age was only up to the age of 63, but the system was amended in April 2009 to extend the employment age up to 65 years old.

### Recognition System

We have introduced the Internal Recognition Rule and the Recognition & Compensation System, which recognizes and compensates our employees for innovative proposals and inventions. With 826 operational improvement proposals from the Saitama Factory, and 1,500 proposals from the Mie Factory in 2008, the employees' awareness level to improve operations and business seems to be going up. In 2008, six certificates of recognition were awarded for contribution to the business performances.

## Scholarship system

RIKEN (THAILAND) CO., LTD. has a committee of employee benefits and welfare, formed by representatives of employees. The committee asked the company to establish a scholarship system, and as a result of the discussion in the committee, the company established the scholarship system and awarded the first scholarship.

### Voice

#### Yoshitaka Okochi

Managing Director  
RIKEN (THAILAND) CO., LTD.

The scholarship system is a prevalent system in Thailand. Many companies give out scholarships, and award employees' children who make good grades at school, according to set scholarship guidelines. We established the scholarship system and decided to give out a scholarship, totaling 30,000 baht a year. We asked employees to apply for the scholarship, and we had sixteen applicants. We selected six children and decided to give 5,000 baht scholarship a year per person.

In May, we held a ceremony of the presentation of scholarship and out of the six children, invited the three children who lived near enough to our site to come to our office. The picture below was taken at the ceremony.



## Column

Report of overseas business training in

### RIKEN ELASTOMERS CORPORATION

Hirobumi Okura

A year has been passed since I was sent to RIKEN ELASTOMERS CORPORATION (REC) from RIKEN TECHNOS CORPORATION as an overseas business trainee on August 5, 2008. I feel a sense of fulfillment everyday, working with the warmhearted employees of REC. My training is mainly focused on sales activities, and as I have become accustomed to the sales system of REC recently, I visit customers by myself, in accordance with my training program. I usually drive to visit a customer. Relatively speaking, the location of many customers is concentrated in central United States, but as I sometimes have to drive over 300km to visit a customer, I realize the vastness of the United States. Due to the travel distance, I am continually trying to devise ways of making the business trip efficient, so I may sometimes leave Kentucky in the evening on weekday or go in advance during the weekend in order not to waste time. I endeavor to understand not only customers but also understand the related market as I pursue my daily practice sales activities. Two years have passed at REC since its establishment in 2007, and as of July 2009, has 13 employees. Teamwork, and RIKEN TECHNOS' production system that we keep in mind, have both been well-established, and all employees work hard in order to not be outdone by the economic recession which started in the fall of 2008, and the workplace overflows with vigor everyday. While in Japan, I was a member of one division in a large-scale operation, while this plant is operated with only 13 people. This has been giving me the chance to take a look at the entire



Tokiwa, President Okura Baba, Manager

operation as a whole, allowing me to learn information and gain insight regarding the overall operation of the company. Many local Japanese representatives have gone back to Japan to work for Japanese companies related to automotive manufacturing since the end of 2008, due to the economy crisis. Because of this, opportunities of communicating in English have become even more frequent. Sometimes it is a struggle for me to understand the US culture and nuances of particular words when I have a meeting with the domestic staff. I am learning to have perseverance, because in order to have a conversation, at times I have to keep repeating a question until I understand, or keep repeating my explanation until the partner understands. I believe that this training in the US will lead to building my confidence for further sales activity, and will endeavor to further my knowledge during the rest of my training period.

# Relationship to Employees

## Safety and Health Activity

### Statement of Safety and Health

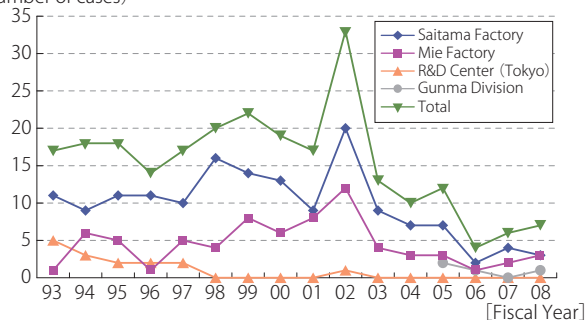
According to the Statement of Health and Safety : "Our first priority is to keep employees healthy and safe at all work sites," RIKEN TECHNOS CORPORATION promotes the health and safety activities, which thoroughly comply with the laws and regulations as well as the Management System for the Occupational Safety and Health, in order to improve the levels of the health and keep workplaces safe.

### Reinforcement of Health and Safety Activity

Though we took precautionary measures for risk reduction by examining hazards and harmful effects prevalent in the workplace, we still had seven industrial accidents in 2008.

The main causes for these industrial accidents were either violation of the rules, and/or human errors. Because it is easy for people to forget and make a mistake, merely alerting employees to the dangers and to taking precautionary measures to prevent recurrence proved insufficient. In order to achieve our health and safety objective, "No industrial accident," we implemented risk assessment, incorporating the conception on fail safe<sup>\*1</sup>, and pointed out all risks lurking in workplaces. We are now working on improving the situation by practicing the danger prevention training and by continuing to promote our health and safety activities to achieve "No risk."

**Industrial Accident Leave**  
(Number of cases)



### Example of improvement : The industrial Fail Safe Robot



1. Safety measures were installed around the robot. The fence was designed so that the opening in the fence was narrow enough to prevent hands and fingers from getting in.
2. Installed a system to ensure that if the inside of the fence is unmanned and if the doors are not closed, the robot will not move.

<sup>\*1</sup> fail safe : A design concept of creating a device for minimizing damage, based on the premise that the failure will occur.

### Emergency Response

We identify potential emergency situations at every site and section, issue an emergency response manual, and conduct regular training. Since our company purchases and uses large quantities of chemical substances and substances deemed dangerous by Fire Service Law as our raw material, we are working to prevent chemical substance leakage to the outside and fires caused by dangerous flammable substances as our primary concerns.



# Environmental Management and Action Plans

## ■ Certificate of ISO 14001

Since being established in 1951, we have been giving top priority to the prevention of pollution. The 1992 Rio Summit spurred a heightened awareness regarding the importance of corporate environmental management. Amidst these circumstances, the ISO 14001 international standard for environmental management system was created in 1996. Based on the conclusion that we also must further enhance our environmental management, on October 31, 2001, we obtained the ISO 14001 certification at the Saitama Factory, Mie Factory and Film R&D Center through an inspection conducted by Nippon Kaiji Kentei Quality Assurance Limited (NKKKQA). Currently, all of our Company's divisions have obtained this certification and are implementing environmental activities as part of our company-wide efforts.



**The attestation of conformity**      **Particulars of the organization**  
The first registration : October 31, 2001      The term of validity : August 30, 2010

## ■ Environmental Management Policy

Our policy, as a Material Solution Supplier that provides customers with solutions based on the fusion of our accumulated processing technology and new technology, is 'the high value-added nature of business based on high-level processing technology'. In addition, by operating with an environmentally conscientious approach, and by working to contribute towards building a prosperous society, we are striving to establish our company as an enterprise in which all stakeholders can place their confidence.



## Environmental Statement and Policy

### ■ Environment statement

As a plastics processing company that endeavors to propose materials and processing technology solutions, we will work to develop environment-friendly technologies that will help maintain the earth's environment.

### ■ Environment Policy

RIKEN TECHNOS has designed an environmental management system in order to concretely execute the following principles :

- (1) In business, RIKEN TECHNOS will not only observe all environmental regulation and mutual agreements, but set its own rules and regulations voluntarily in order to improve the environmental management levels and prevent environmental pollution.
- (2) After ensuring the safety of raw materials and the chemical substances, RIKEN TECHNOS endeavors to supply the market with various plastics that are environmentally-friendly, such as energy conserving and resource-saving products.
- (3) In order to lighten the burden on the environmental, RIKEN TECHNOS strives to reduce inefficiency, develop a more

effective production system, minimize energy use, and reduce emissions of both CO<sub>2</sub> and industrial waste.

- (4) RIKEN TECHNOS educates its employees with the help of various documents, including our Environmental Statement and Environmental Policy, in order to continuously work to protect the environment through our operations.
- (5) To ensure the achievement of the Environmental Policy, RIKEN TECHNOS will determine the concrete purpose and numerical goal of environmental regulations and mutual agreements, and track progress and check for proper management through regular self-assessments.
- (6) RIKEN TECHNOS will implement the above-mentioned activities into the operations of the entire corporation to ensure that the utmost considerations are given to conserving the environment and safe operation at each site.
- (7) RIKEN TECHNOS aims to obtain the confidence and understanding from the community through appropriate and accurate information disclosure.

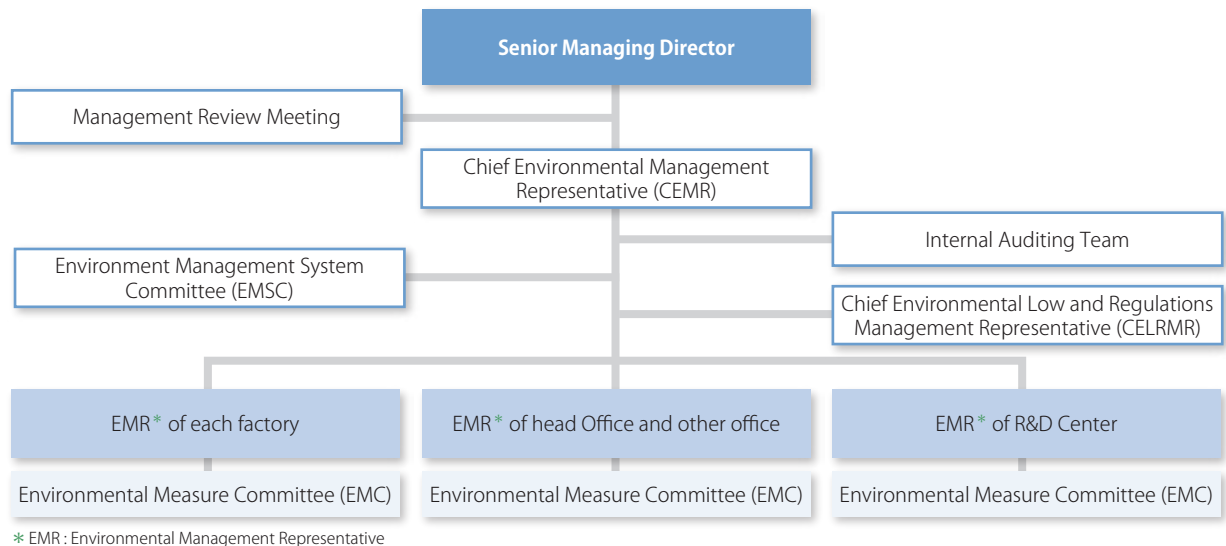


# Environmental Management and Action Plans

## Environmental Management System

### Organization Chart of Environmental Management System

Senior Managing Director heads up the system and a chief Environmental Management Representative (CEMR) is appointed to establish the environment management system under his control by designating an environmental management representatives at each site.



### Implementation System

Indicates necessary meetings regarding environmental management, committee member, and the committee function.

Committee/Conference	Member	Function and Purpose
Management Review Meeting of the Environment Management System	Director in charge of CEMR, EMR at site and General Manager of the Administrative Division	Assessment of Policy, Purpose and the Environment Management System
Internal Environment Auditing Team	Eligible Internal Auditor	Audit of Compatibility
EMSC	CEMR, Chairperson of EMR, General Manager of Engineering Department and CELRMR	Deliberation and Approval of All Sites' Environmental Purpose and Target and Audit of Environment Management
EMC	EMR, General Manager of Each Division and Committee Member at Each Division	Set-up of Environmental Purpose and Target, Discussion of Improvement and Prevention

### Role of CEMR and EMR

Clarifies the role of CEMR and EMR.

Representative	Position	Role
CEMR	General Manager of Environment, Safety & Quality Assurance Department	Establishment, Operation and Maintenance of the Environment Management System All over the Company
EMR	Each Site's Representative (Such as Factory General Manager)	Establishment, Operation and Maintenance of the Environment Management System at Each Site

## System of Environmental Audit

### (1) Internal Audit

Once a year, internal audit for quality assurance and environmental management system is conducted by approximately 100 internal auditors with instruction from the CEMR. In 2008, an internal audit was carried out at 78 sections, and 110 incidents were pointed out by internal auditors.

#### Ratio of indication by internal audit

Category	Ratio of indication	Main point of indication
Quality	37%	No control for testing equipment No concreteness for program
Environment	19%	Deficiency of questionnaire of influence to environment Deficiency of announcement for emergency correspondence
Safety products	14%	Deficiency of education and announcement
Common matter	30%	Deficiency of document control Deficiency of education record

We are improving the management system by corrective action.

### (2) External Audit

An external audit is conducted twice a year by NKKKQA. In 2008, 4 incidents of slight non-conformity and 14 incidents of improvement items were noted by the auditor. Based on the indications, we reinforced the environmental extraction issue and the tracking of the industrial waste company's license expiration date. Also, 15 of our customers audited us for environmental issues, and cited chemical substances being used in our products and co-material in 2008.

## Education of environment for employees

We distributed a questionnaire, "Eco-life Day" to our employees, in order to raise employee awareness regarding the importance of energy conservation and global warming, and received 509 responses. From the results of the questionnaire, we found that the average amount of CO<sub>2</sub> reduction per person is 792g/day. Additionally, we handed out the CSR Report to all employees to foster understanding of how our activity influences the company.

## Environment Laws and Agreement Related to Our Business Activities

Environment Laws and Agreement related to each factory and office are clarified and summarized as the standard of environment law, and we stringently enforce observance of the environment laws. As the result of our activity in 2008, we had no violation for Environment Laws and Agreement.

#### The number of Environment Laws and Agreement for each site to be observed

Saitama Factory	22	Headquarters	3	R&D Center	15
Mie Factory	21	Osaka Branch	2		
Gunma Factory	19	Nagoya Sales Office	2		

## "Carbon-Foot-Printing"

Carbon-Foot-Print means the indication of the amount of CO<sub>2</sub> discharge that occurs during manufacturing, from start of the process to end in waste. We cooperated with the consumer to calculate the amount of CO<sub>2</sub> discharge from food wrapping film that we supply.

### 30cmX50m food wrap film



CO<sub>2</sub>  
954g

Exhibited at Eco-products 2008  
Provisional indication of Carbon-Foot-Print

Purchase raw material	62%
Manufacturing	12%
Transport and sales	8%
Use and maintenance	Non
Waste and recycle	18%
CO <sub>2</sub> discharge amount per meter 19g	

### 30cmX20m food wrap film



CO<sub>2</sub>  
488g

Exhibited at Eco-products 2008  
Provisional indication of Carbon-Foot-Print

Purchase raw material	64%
Manufacturing	13%
Transport and sales	9%
Use and maintenance	Non
Waste and recycle	15%
CO <sub>2</sub> discharge amount per meter 24g	

# Summary of Environmental Action Plans and Results

## ■ Environmental Objectives and the Performance in 2008

We promoted the improvement activities by setting yearly environment objectives that matched with business circumstances, referring to the environmental policy. We promoted reduction of CO<sub>2</sub> emissions, reduction of industrial waste discharge, and reinforcement of chemical substances management as the main themes.

We set a total of 187 objectives in 2008. The results are as shown on the right. The decrease in order and in production caused by severe change in business climate has affected the results of each environmental objective.  
(Refer to details about environmental load data following)

### Objectives

	Objectives in 2008	Long-Term Objectives
Reduction of CO <sub>2</sub> emission	Reduce by 8% compared with 2002	In 2010, reduce by 10% compared with 2002
Reduction of industrial waste discharge	0.7% ratio of simple industrial waste discharge to gross production	In 2010, 0.5% ratio of simple industrial waste discharge to gross production
Reinforcement of chemical substances management	Reduce and stop using the chemical substances according to independent control Develop environmental awareness products	

\* Simple industrial waste : Industrial wastes disposed by landfill or incineration.

### Achievement

	Number of Objectives	Number of Achievement	Note
Reduction of CO <sub>2</sub> emission	56	40 (71%)	We reduced by 12.8% compared with 2002. We reduced by 10.7% compared with 2007.
Reduction of industrial waste discharge	46	43 (94%)	We reduced by 0.41% ratio of simple industrial waste discharge to gross production that already surpassed the objectives in 2010.
Chemical substances management	70	66 (94%)	The consumption of chemical substances categorized to Type I* was 2,826t, and we reduced by 59% compared with 2001.
Development of environmental awareness products	15	8 (53%)	We practice the product development of biomass plastic and fuel-cell component.
Total	187	157 (84%)	

\* Chemical substances categorized to Type I is provided in the Law for PRTR and Promotion of Chemical Management

## ■ Status of Environment Load

The main environment strains caused by our business activities are due to industrial waste discharge, greenhouse gas (CO<sub>2</sub>) emissions, and discharge and transportation of chemical substances. The following data is the status of RIKEN TECHNOS itself.

### Load of CO<sub>2</sub> Related to Production of Major Products

INPUT		OUTPUT	
Raw material	79,950t	Compound product	50,100t
Packing material	3,689t	Film product	14,200t
Electricity	66,479MWh	Food wrapping film product	7,500t
Heavy oil	3,733kl	Industrial waste	5,819t
Service-water	155,287m <sup>3</sup>	Amount of drainage	294,581m <sup>3</sup>
Ground water	145,719m <sup>3</sup>		
Water for industrial use	5,170m <sup>3</sup>		

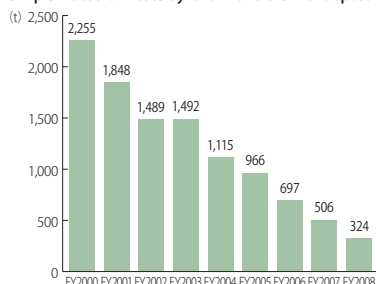
Amount of CO <sub>2</sub> emission (t-CO <sub>2</sub> /t)	
Compound	0.215
Film	1.038
Food wrapping film	0.626

### Reduction of Industrial Waste

One of the main themes of our environment management activity is reduction of buried and burnt industrial waste that is generated during our production process. We set the goal of reducing industrial waste discharge from total production by 0.5% in 2010. We are promoting not only restraint in generating waste at our process for improving yield, but also strict classification of generated waste in to recycled material, RPF (Refuse Paper and Plastic Fuel), and raw cement material, etc.

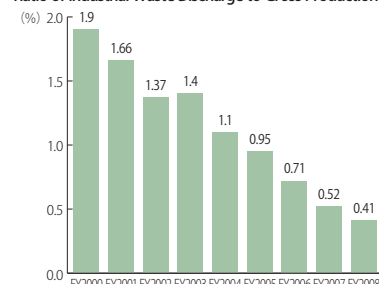
As a result, the total quantity of simple industrial waste by landfill and thermal disposal was reduced by 85.6%, going from 2,255t (in 2000) to 324t (in 2008).

Simple industrial waste by landfill and thermal disposal\* (t)



\* Site : Two factories, Saitama and Mie, the Gunma Division, the R&D Center

Ratio of Industrial Waste Discharge to Gross Production(t/t)

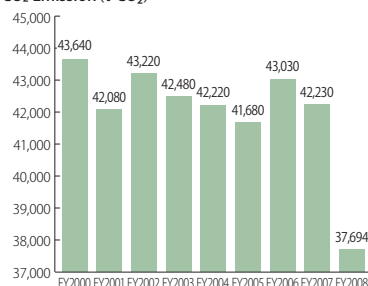


## Energy Saving and Reduction of the Greenhouse Gas Emissions

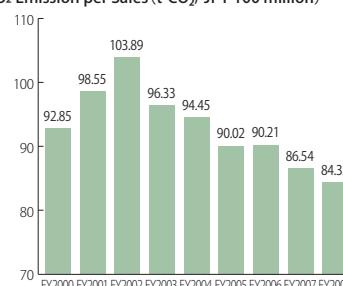
Two factories, Saitama and Mie, are identified as the designated Type I energy control factory, and the Gunma Division is identified as the designated Type II energy control factory. The main greenhouse gas\*<sup>1</sup> generated by our business activities is CO<sub>2</sub>. We promote energy saving tactics such as improving the efficiency of operating facilities, demand control\*<sup>2</sup> of air conditioning, leakage prevention of industrial compressed air and steam, and so on. Chlorofluorocarbon is one of the greenhouse gases, used for refrigerant of air conditioner, and is strictly controlled to keep from leaking while in use and after disposal.

It is imperative that the Energy Saving efforts as an enterprise is calculated for total results, in compliance with the revised Law Concerning the Rational Use of Energy. We tried to save energy and improve energy efficiency, and calculated each site data in FY2008. The results showed that the total emission of CO<sub>2</sub> in 2008 was 37,694t which was a 12.8% reduction compared to 2002.

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



CO<sub>2</sub> Emission per Sales (t-CO<sub>2</sub>/ JPY 100 million)



\* 1 Total emission of greenhouse gas is an estimated quantity of CO<sub>2</sub> discharge with is calculated by the consumption of electricity and fuel oil used at two factories, Saitama and Mie, the Gunma Division, the R&D Center and Head Office. CO<sub>2</sub> discharged by transportation and at our branch and sales office is omitted and on the other hand that of our Head Office has been increased in the above statistics since 2005.

\* 2 Demand control system made it possible to reduce electricity of air compressors by automatic stop and go operation to work them within the maximum electric power agreed with the supplier.

## The Appropriate Management of the Chemical Substances

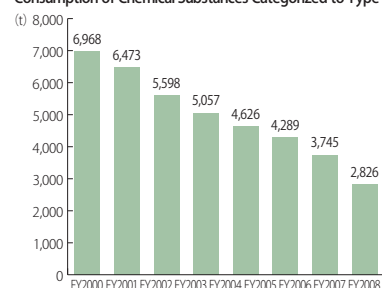
We have been implementing chemical substances management based on, "Law Concerning the Evaluation of Chemical Substances and Regulation of Their Manufacturing, etc.," "Industrial Safety and Health Law," and "Fire Serving Law," etc. "Law PRTR and Promotion of Chemical Management" was enforced in April 2001. We built up a calculating system in 1999 for thorough management.

In 2008, the consumption of Chemical Substances Categorized as Type I\* in the Law PRTR and Promotion of Chemical Management was 2,826t, which was reduced by 59% compared with 2001.

We reduced the use of chemical substances categorized as Type I from 29 types in 2007 to 26 types in 2008, since stopped using ethylene glycol, decabromodiphenyl ether and maleic anhydride. We reported consumption of ten types of chemical substances that was over one ton.

\* There is a provision in the Law for PRTR and Promotion of Chemical Management for chemical substances categorized as Type I

Consumption of Chemical Substances Categorized to Type I (t)



## Storing the PCB Waste

In June 2001, the "Law for Promotion of Correct Waste Disposal of Polychlorinated Biphenyl (PCB)" was enforced. The Saitama Factory, the Mie Factory, the R&D Center (Tokyo), and KYOEI PLASTICS MFG, CO., LTD which is one of our affiliated companies, store and control condensers as PCB waste. We plan for proper disposal in the processing institution in the Kanto district and Kansai district. The Saitama Factory received six pieces of equipment which contained PCB waste from our affiliated companies to promote strict management during 2005. As electrical apparatus made before 1989 has a strong possibility containing a particle of PCB, we re-examined the condensers we are using. As a result, we found 41 total condensers from the Saitama Factory and the Mie Factory, and reported them to the appropriate authorities. We will plan for proper replacement and disposal.

Sites	PCB Waste	Storage
Saitama Factory	High voltage condensers : 15 High voltage transformers : 2 Waste water and oil containing PCB : 1446 ℓ	Kept in iron containers Kept in iron containers Kept in the sealed drums in the steel-container
R&D Center (Tokyo)	High voltage condensers : 12	Kept in iron containers
Mie Factory	High voltage transformers : 4 Waste oil containing PCB : 350 ℓ PCB component waste : 300g	Kept in iron containers Kept in the sealed drums in the steel-container Kept in the sealed drums in the steel-container
KYOEI PLASTICS MFG CO., LTD. (Ibaragi Factory)	High voltage condensers : 3 (RIKEN TECHNOS CORPORATION's property)	Kept in iron containers

\* PCB : Polychlorinated Biphenyl

## Prevention of Stock Pollution and Environmental Pollution

We investigated the existence of three heavy metal substances (hexavalent chromium, cadmium, lead) and chlorinated organic cleaning agents (trichloroethylene, 1,1,1-trichloroethane, dichloromethane) inside of each factory and site in 2001. As a result, we found the pollution of soil in Kamata Factory (the present R&D Center (Tokyo)). We entered an agreement for the modification of soil for JPY 96,680,000 in 2004, and since then have conducted regular examination and soil modification by infusing agents. We implement the regular measuring of environmental items according to the laws and regulations, as well as our voluntary regulation. The items are exhausted gas, drainage, groundwater, noise, vibration, smell, radioactive rays, dusts, etc. We are particularly concerned about noise pollution. Each factory holds the regular round-table conference with the committee of neighboring inhabitants. We have successfully obtained their understanding through accurate disclosure of the environmental data and on-the-spot inspection of the factory.

# Summary of Environmental Action Plans and Results

## ■ Environmental Accounting

We are disclosing the accounting data from our environmental preservation activities in 2006.

### Collecting Criterion of Environmental Accounting in 2008

- (1) Accounting Coverage : RIKEN TECHNOS CORPORATION  
(non-consolidated)
- (2) Period Coverage : April 1, 2008 to March 31, 2009
- (3) Referenced Guideline : "Environmental Accounting Guidelines  
(2005 Edition) "  
(Issued by Ministry of the Environment of  
Japan in February 2005)

### Summary of Environmental Accounting in 2008

Environmental preservation costs in 2008 amounted to approximately JPY 1,260 million. Investment was approximately JPY 16 million, and expenses were JPY 1,240 million. Items of investment are costs for prevention of pollution, global environmental preservation, and circulation of resources. Expenses included a cost analysis for RoHS Directive compliance, maintenance costs for ISO activity, and R&D costs for environmental awareness products, etc. One of the largest costs in environmental preservation was R&D costs for environmental awareness products, which were approximately JPY 1,130 million. Environmental preservation effects resulting from our activities were the following : Reduction in quantity of final disposed waste was 182 tons. Emission quantity of CO<sub>2</sub> was reduced 4,500 tons from 2007, due to our continuous improvement and decrease in production. As an economic effect, sale of valuable waste plastic gave us approximately JPY 15 million.

### Environmental Preservation Cost

(JPY 1,000)			
Category	Contents	Total Amount Invested	Expenses
1. Business area cost		15,870	82,498
* Pollution prevention cost	Construction for air-noise, maintenance of scatter prevention equipment	2,050	50,825
* Global environmental preservation cost	Installation and improvement of energy saving equipment	13,820	0
* Recourses circulation cost	Disposal of industrial waste, recycling, etc.	0	31,673
2. Upstream / Downstream cost	Analysis of products containing chemical substances	0	16,250
	Recycling of containers and packaging, etc.	0	86
3. Administration cost	Issuance of CSR Report, maintenance of ISO (including external audit) , analysis of drainage and VOC, maintenance of greenbelt at each site	0	13,613
4. R&D cost	Development of products that contribute to environmental preservation	0	1,127,640
5. Social activity cost	Beautification and landscape preservation of our sites, donations	0	1,161
6. Environmental damage cost	—	0	0
Total		15,870	1,241,248



## Environmental Preservation Effect

Category	Environmental Performance Indicators		Unit	FY2007	FY2008
Environmental Preservation effect related to resources input into business activities	Total energy input volume		GJ	867,938	779,000
	Energy input volume by type	Electricity	MWh	73,431	66,479
		Heavy oil	kℓ	4,397	3,733
		Kerosene	kℓ	0	1
		Gasoline	kℓ	66	62
		Light oil	kℓ	15	14
	Input volume of specially controlled substance (PRTR)		t	3,745	2,826
	Input volume of water resource	Tap water	m <sup>3</sup>	174,297	155,287
		Underground water	m <sup>3</sup>	156,341	145,719
		Water for industrial use	m <sup>3</sup>	3,868	5,170
Environmental preservation effect related to waste or environmental impact originating from business activities	Emission of greenhouse gas		t-CO <sub>2</sub>	42,230	37,694
	Volume of specially controlled substances discharged		t	6.7	4.7
	Volume of specially controlled substances transferred		t	12.6	5.4
	Total waste discharge volume		t	6,180	5,819
	Final waste disposal volume		t	506	324
	Wastewater volume		m <sup>3</sup>	310,750	294,581
Environmental preservation effect related to goods and services produced from business activities	Volume of containers and packaging used		t	5,076	3,689
Other environmental preservation effect	Transport volume of products		tkm	30,558,340	29,087,836
	Volume of emission of CO <sub>2</sub> associated with transport		t-CO <sub>2</sub>	4,870	5,120

## Economical Effect Associated with Environmental Preservation Activity

(JPY 1,000)

Economic Effect	Amount	
	FY2007	FY2008
Benefit from recycling of plastic and paper waste, etc.	11,323	9,455
Expenses reduced by energy saving activities	5,672	5,534
Total	16,995	14,989

## Asset Retirement Obligations

Asset Retirement Obligations will start on April 1, 2010. RIKEN TECHNOS is preparing to comply with the accounting standards for Asset Retirement Obligations.

Asset Retirement Obligations concerning the laws related to the environment, which we are currently assessing are as shown on the right.

Laws Related to the Environment	Present condition	Expenses
Law for Promotion of Correct Waste Disposal of PCB *	Reported the amount of PCB waste to each local autonomous body	Waiting our term of disposal Expenses are not yet final and conclusive.
Asbestosis Prevention Regulation	Verified the locations using asbestos	Retirement of tangible fixed asset is not yet final and conclusive.
Soil Contamination countermeasures Law and Ordinance of each local autonomous body	No plan to sale the land	—

\* PCB : Polychlorinated Biphenyl

# Summary of Environmental Action Plans and Results

## RIKEN TECHNOS GROUP Environmental Impact Data for Corporate Activities

### RIKEN TECHNOS CORPORATION

#### Saitama Factory

**Site area**  
80,740m<sup>2</sup>

**Business field**  
Manufacture of Compound, Film and Food Wrapping Film made from various thermoplastic resin including PVC

**Number of employees**  
327

#### Mie Factory

**Site area**  
54,848m<sup>2</sup>

**Business field**  
Manufacture of Compound, Film and Food Wrapping Film made from various thermoplastic resin including PVC

**Number of employees**  
248

#### Gunma Division

**Site area**  
55,903m<sup>2</sup>

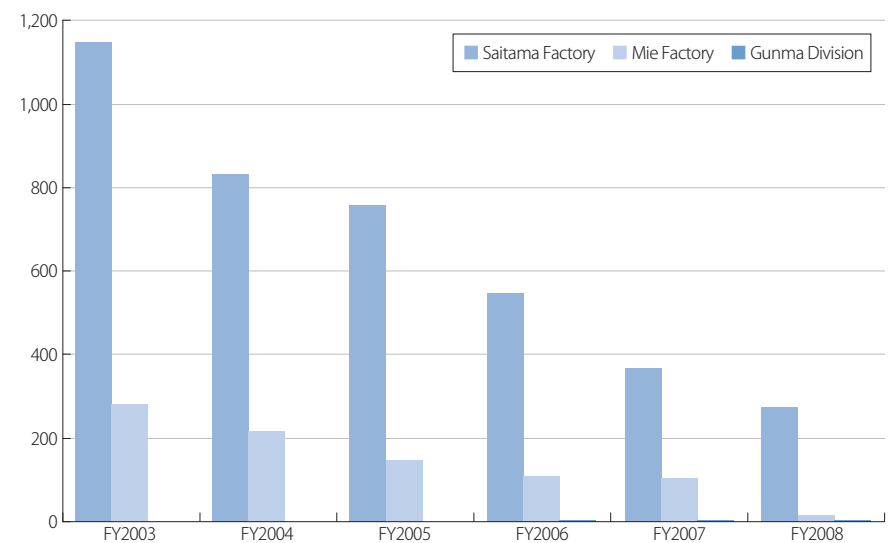
**Business field**  
Manufacture and sales of High-Function Film, in a clean environment

**Number of employees**  
37

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



### SHINKO ELECTRIC WIRE CO., LTD.

#### Business Place

Head Office (Tokyo) , Saitama Factory (Saitama)

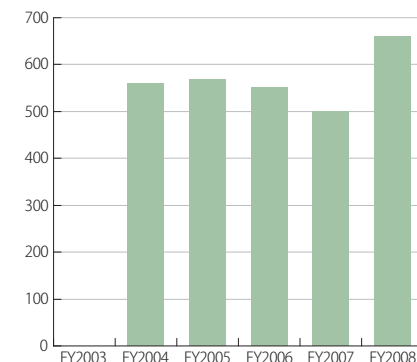
#### Business field

Manufacture and sales of electric wire and cable

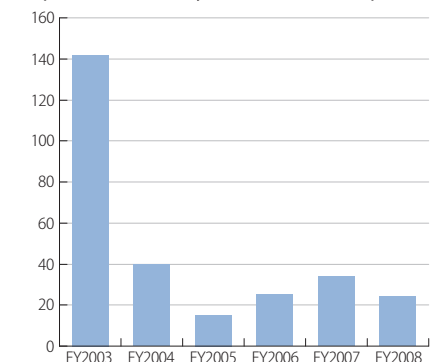
#### Company profile

Capital : JPY 48 million  
Number of employees : 93

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



## KYOEI PLASTICS MFG CO., LTD.

### Business Place

Head Office (Tokyo) , Shirakawa Factory (Fukushima) , Ibaragi Factory (Ibaragi)

### Business field

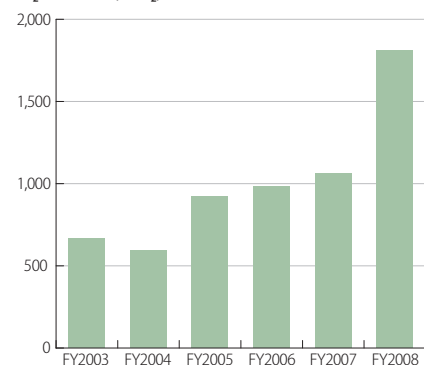
Manufacture and sales of profile extrusion plastic products

### Company profile

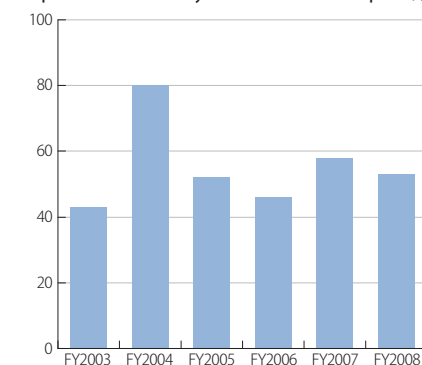
Capital : JPY 24 million

Number of employees : 71

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



## M-I CHEMICALS CO., LTD.

### Business Place

Head Office and Factory (Shiga)

### Business field

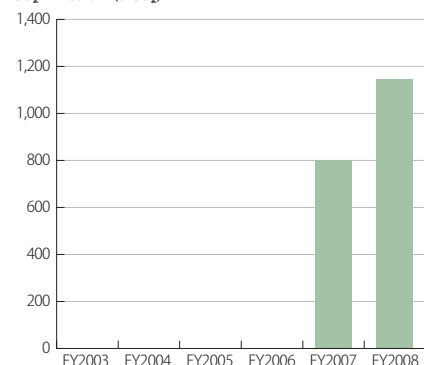
Manufacture and sales of compound made from various thermoplastic resin including PVC

### Company profile

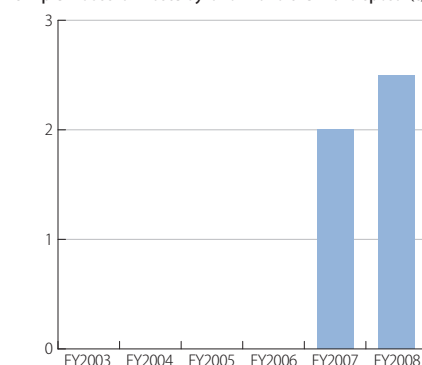
Capital : JPY 300 million

Number of employees : 33

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



## RIKEN (THAILAND) CO., LTD.

### Business Place

Thailand

### Business field

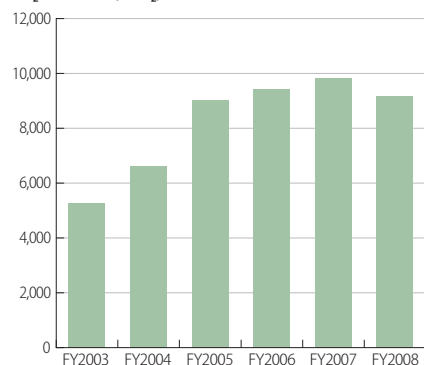
Manufacture and sales of compound made from various thermoplastic resin including PVC

### Company profile

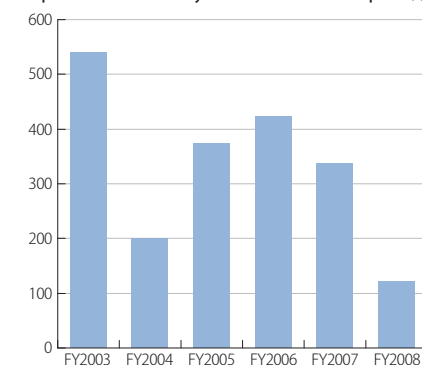
Capital : THB 120 million

Number of employees : 232

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



## P.T.RIKEN ASAHI PLASTICS INDONESIA

### Business Place

Indonesia

### Business field

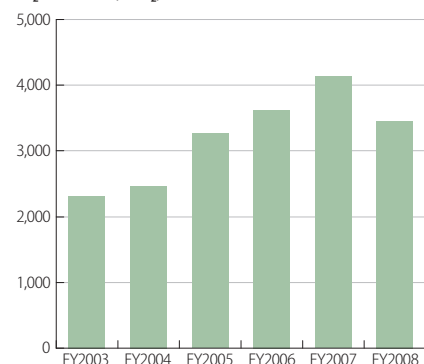
Manufacture and sales of PVC compound

### Company profile

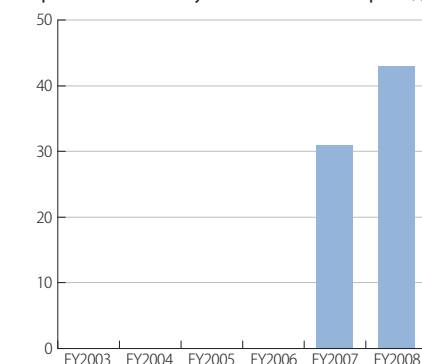
Capital : USD 4,700 thousand

Number of employees : 121

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



# Summary of Environmental Action Plans and Results

## RIMTEC CORPORATION

### Business Place

New Jersey, U.S.A.

### Business field

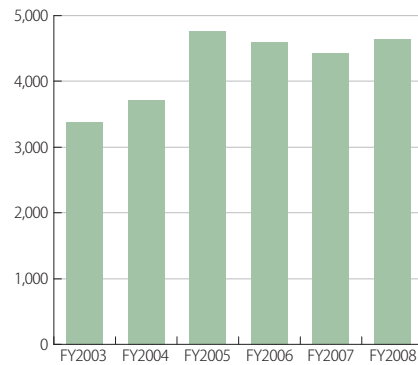
Manufacture and sales of PVC compound

### Company profile

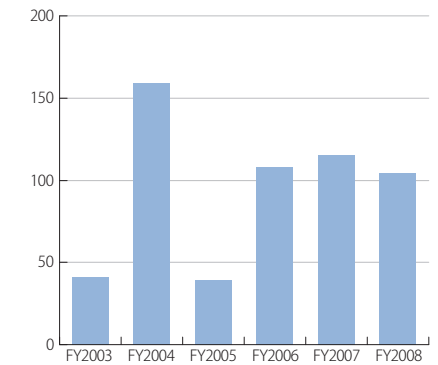
Capital : USD 10 million

Number of employees : 102

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



## RIKEN ELASTOMERS CORPORATION

### Business Place

Kentucky, U.S.A.

### Business field

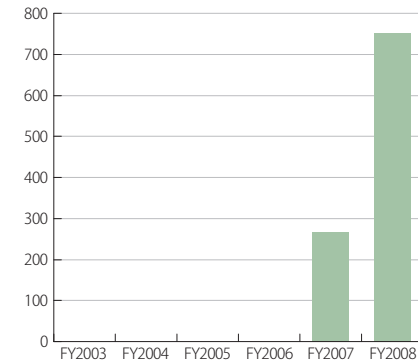
Manufacture and sales of thermoplastic elastomer compound

### Company profile

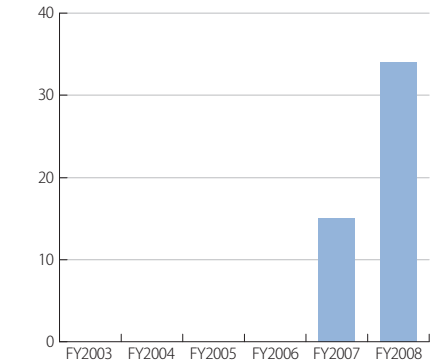
Capital : USD 10 million

Number of employees : 15

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



## SHANGHAI RIKEN TECHNOS CORPORATION

### Business Place

Shanghai, China

### Business field

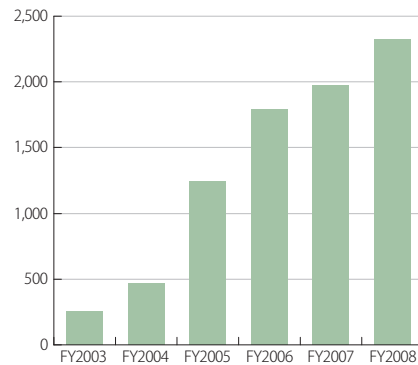
Manufacture and sales of PVC compound

### Company profile

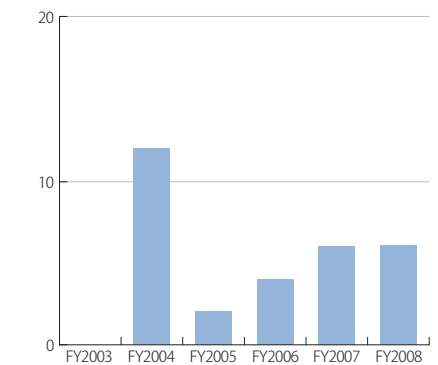
Capital : USD 5,500 thousand

Number of employees : 85

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



## RIKEN TECHNOS (JIANG SU) CORPORATION

### Business Place

China

### Business field

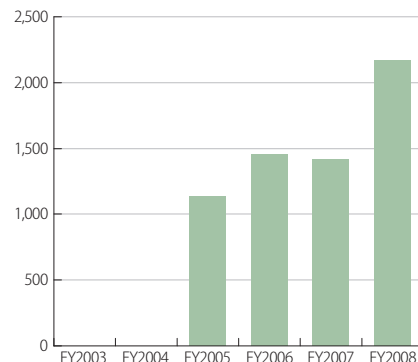
Manufacture and sales of food wrapping film

### Company profile

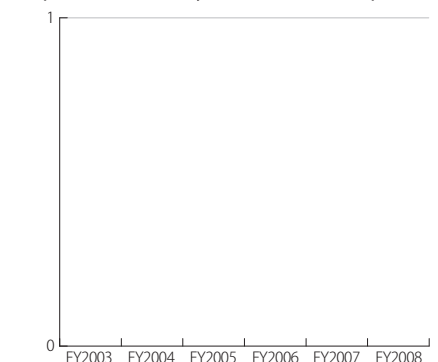
Capital : USD 5 million

Number of employees : 65

CO<sub>2</sub> Emission (t-CO<sub>2</sub>)



Simple Industrial Waste by landfill and thermal disposal (t)



# The Expert's Opinion



## Masatoshi Ikari

Manager  
Senior Consultant  
Consulting Department 1  
InterRisk Research Institute & Consulting, Inc.  
CEAR Registered Environmental Lead Auditor  
Part-time Lecturer of Seikei University

This is the third issue of the CSR Report as RIKEN TECHNOS GROUP. An economic crisis that hit in the second half of 2008 had a major impact on your production volume, sales amount, and our business result. Because a CSR report is categorized as non-financial affairs, I give you much credit for being consistent in issuing the CSR report despite the circumstances.

The CSR report of this year features the R&D Center, based on company policy that attaches importance to developing high performance, environmentally conscious products by collaboration with R&D Center, Production Division, and Sales Division. A special feature in this report introduces many employees at the R&D Center with their comments and pictures, and succeeds in highlighting your high-levels of technologies used both within and outside of your company. However, this report left me with an impression that it may not be easy to attract a reader's attention, due to the description of the high performance, environmentally conscious product characteristics being difficult to understand, and the exhaustive introduction of theme and professional description not allowing the product characteristics to stand out.

As each Director inserted a message regarding social responsibility, I would have them consider changing the focus and structure to reviewing the past year's activities, extracting the challenges in the last year, and the policies and action plans for this year, being conscious of the PDCA cycle that is being reviewed. In the environmental report, the amount of CO<sub>2</sub> discharge was greatly reduced in 2008 due to the violent change of the economic situation. However, the amount of CO<sub>2</sub> discharge seems to increase with the improvement in the economic situation. The current CO<sub>2</sub> discharge reduction plan will be finished in 2010, and therefore I think it may be necessary to develop the mid-term, keeping the plan development for reaching the reduction target as one of the management issues, based on the post-Kyoto Protocol and environment policy in this country.

Overall, since this CSR report is cited as important tool to facilitate communication with each stakeholder, it may be good to include comments from one of the main stakeholders, other than an employee, such as a customer, a community member, or a business partner, in order to reflect the bi-directional communication in this CSR report.

## In receiving the opinion

## Hiroshi Shimizu

RIKEN TECHNOS CORPORATION  
Representative Director, President

We have reported on our activities and results for environmental activities as the "Environment Report" or "Environmental Management Report" since 2002 and currently issue the "CSR Report", which includes additional disclosures concerning corporate social responsibility, since 2007, and this is third issue of the CSR Report. I believe the CSR Report is indispensable to gain accurate understanding and support from the stakeholder for RIKEN TECHNOS, even if under very severe management circumstances.

We have received an opinion regarding our CSR Report from Mr. Ikari since the first issue. The opinion from an expert is indispensable for advancing CSR activities, and we desire to continuously receive feedback in order to do PDCA for our improvement.

Mr. Ikari's point, to introduce comments from a main stakeholder other than employee, such as a customer, a community member, or a business partner to facilitate bidirectional communication, will be effective in improving our CSR activities. Therefore, we will be sure to include it in the next issue.

We tried to implement a new action in environmental management in this year, such as the establishment of the new standard to expand Green Procurement Criterion for all of our affiliated companies and distributing a questionnaire to our customers. We are continuously active in working toward enforcing chemical substances control and achieving zero industrial waste.

RIKEN TECHNOS GROUP operates in collaboration with the R&D Center, Production Division, and Sales Division in order to contribute to the advancement of society and enrichment of daily living, and will proactively promote CSR actions.

## Editor's Postscript

The CSR Report, the successor series to the "Environmental Report" (since 2002) and the "Environmental Management Report" (since 2005), describes the entire business activities from the perspective of Corporate Social Responsibility (CSR). This report is the third issue of our CSR Report. We mentioned our business activities regarding to social, environmental and economic aspects as simply and clearly as possible in this report, and we also featured various activities in our R&D section as the foundation of a manufacturer. From the viewpoint of the reader, we adopted a "Color universal design" for this issue in order to display our message correctly to the reader who may be color sensitive. During the stage of hearing the activities of entire RIKEN TECHNOS

GROUP, we recognized that our activities have been making progress toward our goal. We will continue to promote our CSR activities to achieve even higher goals. Along with gaining a better understanding of RIKEN TECHNOS GROUP CSR through the reading of this report, we would be very much obliged for your candid feedback.

(Hideaki Aoki : Environment, Safety & Quality Assurance Department  
Yutaka Arai : Corporate Planning Office)



The representative of the departments edited this report : Masato Koizumi (Corporate Planning Office)



## Material Solution Supplier

---

We are a “Material Solution Supplier”, solving issues through the proposition of materials and processing technologies.

### **RIKEN TECHNOS CORPORATION**

☐ **Corporate Planning Office**  
3-11-5, Nihonbashi-Honcho, Chuo-ku,  
Tokyo 103-8438, Japan  
TEL : +81-3-3663-7996 FAX : +81-3-3663-7997  
URL : <http://www.rikentechnos.co.jp/>