



RIKEN *TECHNOS*

RIKEN TECHNOS GROUP

Corporate Social Responsibility Report

2010



RIKEN TECHNOS CORP.

Editorial Policy

RIKEN TECHNOS began presenting the environmental perspective of our business' activities and achievements in October 2002 as the "Environmental Report." Then in October 2005 we published it as our "Environmental Management Report." Since 2007, we have been reporting our efforts and results in working to achieve our company philosophy and commitment, and with an inclusion of the societal aspect, as the "CSR Report," to communicate our activities to all stakeholders.

This fourth edition of "CSR Report" includes a special issue on "The Roots of Manufacturing," to showcase our various activities as a "Material Solution Supplier."

Reporting Coverage

Period Covered

April 1, 2009 to March 31, 2010

In addition, some activities after April 1, 2010 are included.

Organization Coverage

(Please refer to page12 and 13 regarding the sites.)

The organization covered in this environmental report is RIKEN TECHNOS CORPORATION and the twelve following 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.
- PT. RIKEN 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 (2007) 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 2010

(scheduled date of the next issue: October 2011)

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
October 2009	CSR Report 2009



About the Cover

This report cover image shows an integration of the corporate mark of RIKEN TECHNOS CORPORATION and the iris, "renga tsutsuji", which is the representative flower of Gunma 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.

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“Proper Development; Efficient Manufacturing; Reliable Selling”



“The Roots of Manufacturing”

Starting Point of a Venture Business

RIKEN TECHNOS CORPORATION, formerly known as a 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 new industrial material, PVC (Polyvinyl Chloride.) This was the starting point of our venture business, along with excellent technologies, great talent, and some financial backing. The spirit to explore the frontiers, the power of new product developments, and the inventiveness from that time are the legacies that continue to carry on, even after changing the company name to RIKEN TECHNOS CORPORATION in 2001.

The Lecture of Mr. Ryozi Nagai at 1970

Mr. Ryozi Nagai, who was the president at that time, gave a lecture in 1970 when I joined RIKEN TECHNOS CORPORATION. The words he spoke then impacted me greatly. He listed three points that contribute to growth: First, to have all employees possess management skills. Second, to emphasize the importance of having mutual trust. Third, to change ordinary people into creative people by training and mobilizing them for greater, stronger output.

I believe that with mutual trust we can obtain the ability to do great things, and that a bright future lies before RIKEN TECHNOS CORPORATION. The only way to establish this mutual trust is by entrusting all employees with significant task responsibilities. By having such responsibilities we can motivate ourselves to develop innovative new products, and be a leader of in the market.

“Proper Development; Efficient Manufacturing; Reliable Selling”

When revisiting the starting point of our venture business, we realize the importance of “The Roots of Manufacturing.” This directly connects to, “Proper Development; Efficient Manufacturing; Reliable Selling,” which is my management policy. In order to contribute to our society, we must develop mutual trust and solve our customer’s problems. As a result, all the employees of RIKEN TECHNOS CORPORATION become motivated and take great steps toward future growth.

RIKEN TECHNOS GROUP’s Business Principle

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 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.

Management Policy

We are a “Material Solution Supplier.”

RIKEN TECHNOS’ vision is to build a high value-added business structure by leveraging its strong processing technologies to establish the RIKEN TECHNOS brand as a Material Solution Supplier that creates 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 our technologies and the power of our three divisions: technical division, manufacturing division, and sales division.

Management Policy on the Environment

Legal Chemical Substances Control

RIKEN TECHNOS GROUP implements stringent environmental management policies; not merely by obeying the laws and regulations relating to chemical substances control, but by setting our own additional criteria and objectives.

Reduction of the environmental load

Our objectives aim to contribute to global environmental maintenance, in ways such as the reduction of the environmental load and of CO₂ emissions and industrial waste at every stage, from product design to production and delivery.

Information Disclosure

We are making efforts to actively disclose the performance of our activities in order to gain the understanding of our stakeholders, especially the regional residents around our factories.

CSR Report by RIKEN TECHNOS GROUP

This CSR report describes our commitments, and our results, in achieving our philosophy.

It would be greatly appreciated if you would read this report to gain a better understanding our company’s activities, and send us your honest feedback.

Representative Director, President
RIKEN TECHNOS CORPORATION



Board of Directors and Auditors of RIKEN TECHNOS CORPORATION

Under Mr. Shimizu, the president of RIKEN TECHNOS,
we endeavor to practice “Proper Development; Efficient Manufacturing; Reliable Selling.”

We feel committed to responsibly and passionately serving our customers,
and this leads us to re-examine “The Roots of Manufacturing” to inherit RIKEN’s Original Identity.



Technical Division

The Technical Division is the core of RIKEN TECHNOS, and it consists of the R & D Center, the Material Characterization & Analysis Center, and the Intellectual Property Department. This division contributes to society by developing technologies. This division also controls Patent Strategy.

“A paradigm shift can create a new market.”



Mr. Ryoichi Sato

Director and Chief Technology Officer (CTO)
RIKEN TECHNOS CORPORATION

Last year we integrated the Compound R&D center, Film R&D center and Optical Film R&D center. This integration brought us efficiency and an increase in development power, and offers a good environment to train new workers, so that we can provide excellent products developed by our technologies.

Through this integration, workers can communicate with each other and not have conflicts within shared ideas. This paradigm shift can make unique technologies and new markets.

R&D center has the following six offices:

- R & D Office No.1: New Technologies Development
- R & D Office No.2: Cable and Electronics Parts Development
- R & D Office No.3: Automotive Parts and Elastomer Product Development
- R & D Office No.5: PVC and Engineering Plastics Development
- R & D Office No.6: Film Product Development
- R & D Office No.7: Precise Coating Technologies Development

I am managing the Technical Division in a way that will bring growth to RIKEN TECHNOS CORPORATION and make our presence felt in the manufacturing field by cooperating with our other two divisions, the Manufacturing Division and the Sales Division.

Challenge!

I maintain that there are three important principles that need to be in effect in order for us to be trusted by material suppliers, manufacturers and customers. First, we should be coming up with new ideas for the future market. Second, we should have reliable technologies. Third we should be fair. With these three concepts we can define and select appropriate value chains and can build some proper business models. As a result of following these principles, RIKEN TECHNOS has been able to be and will be unique as a synthetic resin manufacturer.

To experience a paradigm shift we have been struggling to ourselves of three negative ways of thinking: passive, egoistic and conservative ways. This struggle helps us rise to the challenge of attaining our dreams and developing our talents, with a strong sense responsibility. I hope our ways of thinking and acting will be supported by the market and by our customers. I also hope that our business continues to grow in the future.



Mr. Michihisa Tasaka

General Manager of R&D Office No.1
RIKEN TECHNOS CORPORATION

Manufacturing Division

The Manufacturing Division consists of three factories: the Saitama Factory, the Mie Factory, and the Gunma Factory.; these factories contain the Manufacturing Innovation Department, Quality Assurance Department and the Engineering Department, that work on manufacturing.

**“Contribute to the environment, society,
and customers by manufacturing precisely.”**



Yoshitaka Okochi

Director and General Manager of
Manufacturing Division
RIKEN TECHNOS CORPORATION

The Manufacturing Division was established in April of this year, and our mission is to reform the manufacturing process in order to bring in good returns. This mission is based on RIKEN TECHNOS' principles: "Proper Development; Efficient Manufacturing; Reliable Selling." Remembering "the roots of manufacturing," we are improving Quality, Cost and Delivery, so that our customers are satisfied with our products.

Also, in order to achieve our Environmental Statement and policy we avoid environment pollution not only in keeping the laws, but also by setting our own environment objectives high each year. In our all factories around the world, we are always considering environmental conservation and safety in operation. To obtain reliance and understanding we disclose information. Our roots of manufacturing are in place in order to maintain our customers' satisfaction, to develop solutions for our society, and for the good of the environment.

Challenge!

The Saitama Factory, RIKEN TECHNOS' main factory, is in 24/7 operation to produce reasonable and high quality products to maintain our customers' safety and satisfaction. I manage the Saitama Factory in a way that establishes the type of system of development, manufacturing and delivery that can fulfill a customer's request rapidly.

As a plastics processing company, we have core technologies of composition, knowledge of material sources and techniques of processing. We manufacture products by the best combination of these elements. As for the environmental aspect, we manage chemical substances appropriately, work to reduce CO₂ emissions, and try to align with Zero Emissions per the ISO 14001 management. We put the environment before everything else.

Mr. Shunichi Isaki

Director and General Manager of
Saitama Factory
RIKEN TECHNOS CORPORATION



Sales Division

The Sales Division acts as the material solution supplier to our customers. To fulfill customers' requests, the sales associates manage projects from development to manufacturing and sales.

“We supply products with the best quality and the most reasonable price in a timely manner.”

The mission of RIKEN TECHNOS' sales associates is to sell our products with passion and responsibility. Why do customers choose our products? That is the question we--not only the sales team but also all the members of RIKEN TECHNOS--have to keep asking ourselves in every aspect, from manufacturing, to accounting, and so on.

Information is the key to success. Any information we obtain is channeled to the applicable division and effectively used as a source for making changes or improvements to our daily works. The sales team does its best to get useful information from customers.

And I am concentrating to establish the circumstances which create customer satisfaction in terms of Quality, Cost, and Delivery. In other words, these Q, C, D mean safety, convenience and reasonable price.

We aim to please all the stakeholders now and forever.



Fumiyoshi Murakami

Representative Director and Senior Managing Director
Head of Sales Division and General Manager of Compound Division
RIKEN TECHNOS CORPORATION

Challenge!

Our film products are applied to various materials, like interiors, home appliances, and electrical devices. As a material solution supplier, we always strive to take care of our customers and try to meet the needs and demands in the market in a timely manner, through development, manufacturing, and sales. Also in the aspects of Quality, Cost, and Delivery, our business should bring customers satisfaction. Starting this term, the Precision Clean Project has merged with the Film Division, and our film business will grow and become more sophisticated as a result. Keeping in mind “the roots of manufacturing,” we are striving to keep satisfying our customers with RIKEN TECHNOS' technologies, including development, manufacturing, and quality.



Mr. Etsunobu Horiguchi
General Manager of Film Division
RIKEN TECHNOS CORPORATION

RIKEN TECHNOS GROUP Business Field and Major Products

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

Compound Products

● Consumer Goods (Hose, Stationary)



● Automotive (Exterior and Interior Parts, ex. Shift Lever Knob)



● Wire and Cable (Automotive, Building Materials, Flat Cable, Appliance Wire)



● Electronic and Optical Components (Semiconductor, Optical Components)



● Medical Equipments and Table wares (Tube, Container Sealing, Toys)



Compound products of RIKEN TECHNOS are used as sealing materials of can containers

● Interior Materials (Window Flame, Gasket)



Film Products

- For Interiors and Furnishings
- For Steel Lamination for Appliance and Bathroom
- Flat Cable
- Film for Optical Instrument
- Glass Glazing for Building
- Glass Glazing for Automotive
- Film for Processing Semiconductor
- Electronic Parts
- For Solar Cell



Film for Optical Instrument



For Steel Lamination for Bathroom



For Kitchen Doors



Glass Glazing

Food Wrapping Products

- For Home use
- For Commercial Use



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



① Head Office



④ Saitama Factory



⑧ R&D Center (Saitama)



⑪ Kyoei Plastics MFG Co., LTD.



⑬ M-I Chemicals Co., LTD.



⑤ Mie Factory



⑨ Shanghai Representative Office



⑫ Kanekon Co., LTD.



② Osaka Branch Office



⑥ Gunma Factory



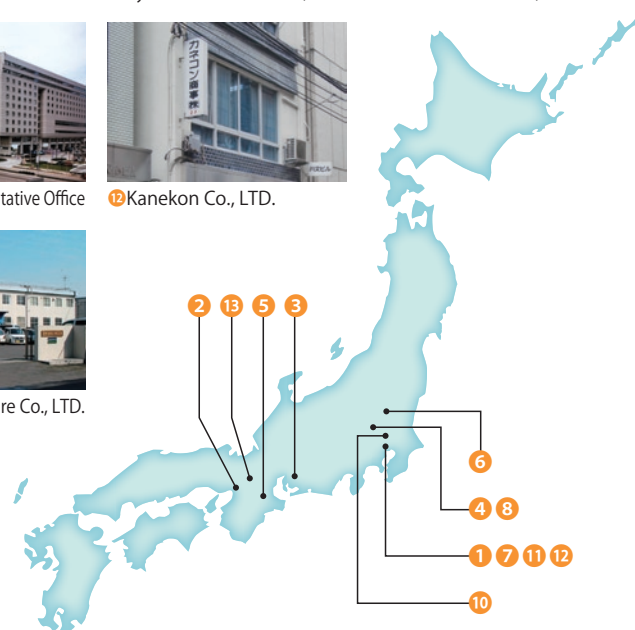
⑩ Shinko Electric Wire Co., LTD.



③ Nagoya Sales Office



⑦ R&D Center (Tokyo)



Site of RIKEN TECHNOS CORPORATION	Main Business Field	Address
① Head Office	Headquarters, sales & marketing of compound, film and food wrapping film	CHUO-KU, TOKYO
② Osaka Branch Office	Sales & marketing of compound, film and food wrapping film	OSAKA-SHI, OSAKA
③ Nagoya Sales Office	Sales & marketing of compound and food wrapping film	NAGOYA-SHI, AICHI
④ Saitama Factory	Manufacturing of compound, film and food wrapping film	FUKAYA-SHI, SAITAMA
⑤ Mie Factory	Manufacturing of compound, film and food wrapping film	KAMEYAMA-SHI, MIE
⑥ Gunma Factory	Manufacturing of high functional film under a clean environment	OTA-SHI, GUNMA
⑦ R&D Center (Tokyo)	Research and development of compound, and technical support to domestic and overseas facilities	OTA-KU, TOKYO
⑧ R&D Center (Saitama)	Research and development of film, and technical support to domestic and overseas facilities	FUKAYA-SHI, SAITAMA
⑨ Shanghai Representative Office	Liaison Office (market research for film and quality/technical support to customers)	SHANGHAI, CHINA

Affiliated Companies in Japan	Main Business Field	Address	Capital Stock	Shareholdings
⑩ SHINKO ELECTRIC WIRE CO., LTD.	Manufacturing and sales of electric wire and cable	IRUMA-SHI, SAITAMA	JPY48 million	100%
⑪ KYOEI PLASTICS MFG CO., LTD.	Manufacturing and sales of profile extrusion plastic products	CHUO-KU, TOKYO	JPY24 million	100%
⑫ KANEKON CO., LTD.	Sales of compound and film	MINATO-KU, TOKYO	JPY10 million	100%
⑬ M-I CHEMICALS CO., LTD.	Manufacturing and sales of compound	KONAN-SHI, SHIGA	JPY300 million	100%

Affiliated companies in Japan are listed head offices only.

Overseas Affiliated Companies



14 RIKEN (THAILAND) CO., LTD.



15 PT. RIKEN INDONESIA



16 SHANGHAI RIKEN TECHNOS CORPORATION



17 RIKEN TECHNOS (JIANG SU) CORPORATION



18 RIKEN U.S.A. CORPORATION



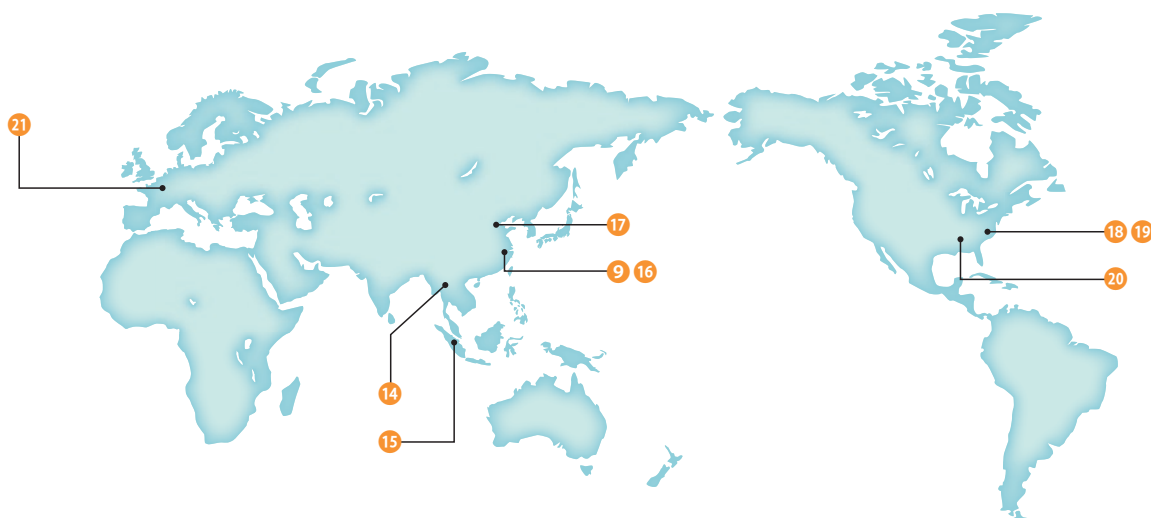
19 RIMTEC CORPORATION



20 RIKEN ELASTOMERS CORPORATION



21 RIKEN TECHNOS EUROPE B.V.



As of August 31, 2009

Overseas Affiliated Companies	Address	Address	Capital Stock	Shareholdings
14 RIKEN (THAILAND) CO., LTD.	Manufacturing and sales of PVC compound	PATHUMTHANI, THAILAND	THB 120 million	40%
15 PT. RIKEN INDONESIA	Manufacturing and sales of PVC compound	WEST JAVA, INDONESIA	US\$ 5.7 million	62%
16 SHANGHAI RIKEN TECHNOS CORPORATION	Manufacturing and sales of PVC compound	SHANGHAI, CHINA	US\$ 7.5 million	70%
17 RIKEN TECHNOS (JIANG SU) CORPORATION	Manufacturing and sales of food wrapping film	JIANGSU PROVINCE, CHINA	US\$ 13.5 million	91%
18 RIKEN U.S.A. CORPORATION	Sales & marketing of film	NJ, U.S.A.	US\$ 7.4 million	100%
19 RIMTEC CORPORATION	Manufacturing and sales of PVC compound	NJ, U.S.A.	US\$ 10 million	51%
20 RIKEN ELASTOMERS CORPORATION	Manufacturing and sales of high functionally compound	KY, U.S.A.	US\$ 10 million	100%
21 RIKEN TECHNOS EUROPE B.V.	Sales & marketing of film	AMSTERDAM, THE NETHERLAND	€400 thousand	100%

Outline of RIKEN TECHNOS GROUP

Corporate Profile

(As of March 31, 2010)

Company Name	RIKEN TECHNOS CORPORATION
Date of Establishment	March 30, 1951
Capital Stock	JPY 8,514 million
President	Hiroshi Shimizu
Number of Employees	768
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.

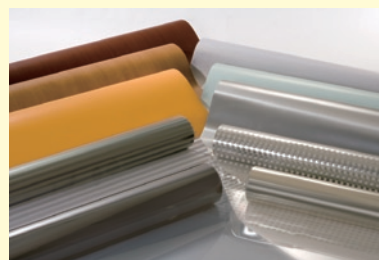


Film Division

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

Film for Interiors and Furnishings, Steel Laminating Film, Polyester Type Film, IR cutting film, Decorative Film for Glazing, Film for Optical Instruments 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.



New Mid-term Business Plan

New Mid-term Business Plan

We started the New Mid-term Business Plan in April 2010. The core of the principle is, "To be reborn as a powerful and energetic manufacturing corporation based on mutual trust, while remembering The Roots of Manufacturing." As the first step toward this plan, the Manufacturing Division was set up in April to improve the Quality, Cost, and Delivery of our products dramatically. The Technical Division, Sales Division and Manufacturing Division all work together to supply products that result in higher customer satisfaction globally, and we aim to expand our business more than ever.

Main themes

1. Reforming the business fundamentals

Reform the business system, including the management process and by developing human resources.

2. Expanding the business to create products with high-level functions and profit.

Be innovative to expand the business to create products with high-level functions and greater profit.

3. Globalization of all aspects of RIKEN TECHNOS' business

Establish the system quickly, in order to gain business opportunities in emerging regions.

Financial Result

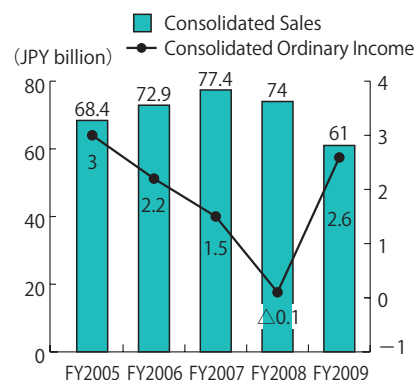
Detailed information is available on the page "Financial/IR" on our website.

FY 2009 Financial Result

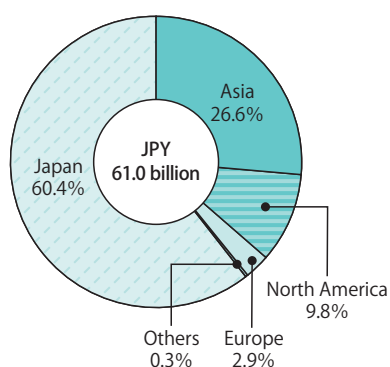
(JPY billion)

	Consolidated	Non-consolidated
Net Sales	61	40
Operating Income	2.5	1.0
Ordinary Income	2.6	1.5
Net Income	1.3	1.0

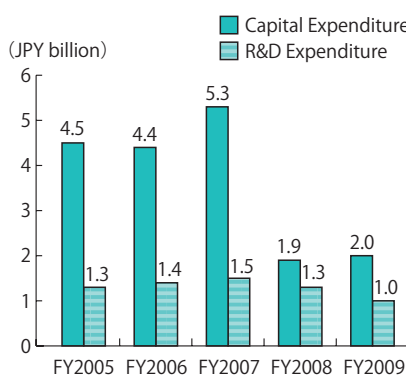
Transition of Consolidated Financial Result



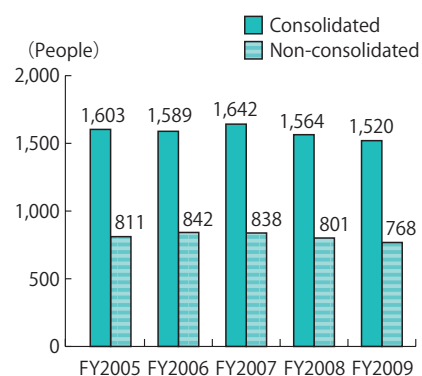
Sales Component Proportion Ratio by Geographic Segment



Capital and R&D Expenditure



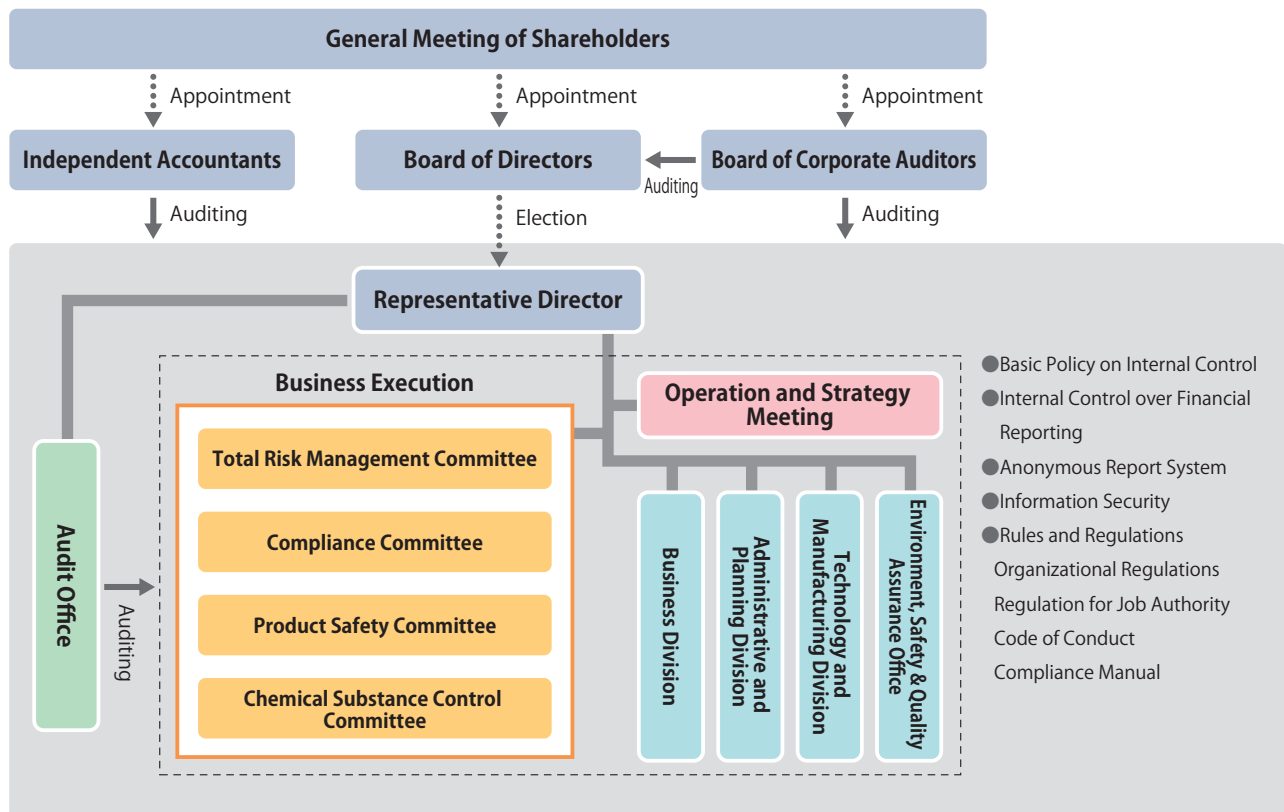
Number of Employees



Corporate Governance

Corporate Governance

The chart shown 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 in compliance with the management system.

In addition, we made pocket-size cards summarizing the Code of Conduct. Each employee carries a card and practices the Code of Conduct.

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 the Management System in Accordance with the Basic Policy on the Internal Control System

Within the "RIKEN TECHNOS GROUP Code of Conduct" over the entire company, we established the "Policy on Internal Control System" in May 2006. 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. We communicate with the auditors every six months, and the auditors 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."

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, which went into effect starting with the settlement of accounts for the March 2009 period.

RIKEN TECHNOS GROUP's internal control over financial reporting for the March 2010 period was deemed effective; therefore RIKEN TECHNOS submitted the internal control report to the Financial Services Agency.

Independent Directors

According to §436-2 of Tokyo Stock Exchange Regulation, RIKEN TECHNOS has two independent directors.

Anonymous Report System

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.

Information Security

RIKEN TECHNOS tries to minimize information security 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.

Relationship to Customers

RIKEN TECHNOS, as “Material Solution Supplier,” supplies products which customers will satisfy with. We regard safety and quality of products are very important, and control chemical substances strictly.

Product Quality Assurance

We introduced the mechanism of ISO9001^{*1} 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. In developing new products we are focusing on the reduction of environmental load.

Strict control of chemical substances for safety

● Protection of Production Line from contamination of specified chemical substances

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.

● Chemical Substances Management Committee

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 reduced the use of suspicious substances such as lead and nonyl phenol, though usage of these substances are not prohibited by law.

Product Development Safety Considerations

● Product Liability Correspondence

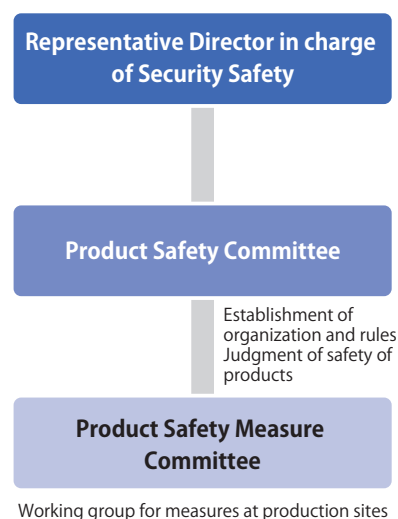
Product safety is the responsibility of the manufacturers, even beyond that of legislation, and we have been keeping this in mind since before 1995. However, taking advantage of the timing of when the Product Liability Law^{*2} was established, we initiated a system to prevent the occurrence of problems due to product

liability in January 1995. The Product Safety Committee heads up the management team that works to secure product safety.

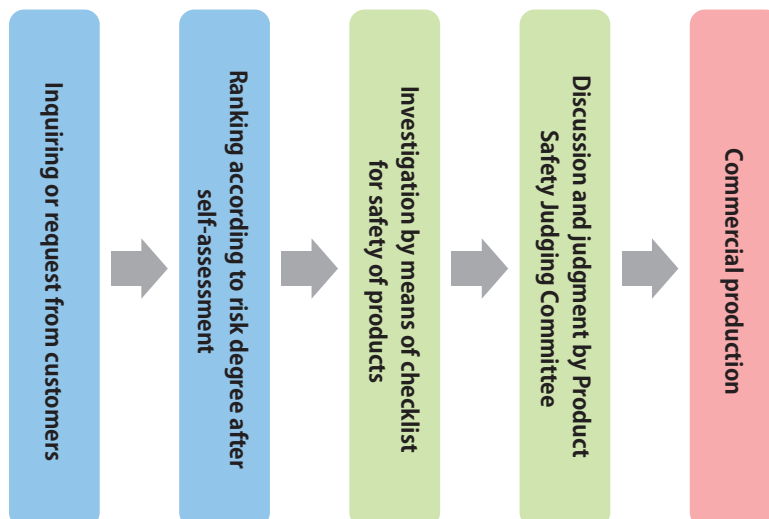
Product Safety Policy (According to Product Safety Standard)

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



*1 ISO9001: Quality Management System by International Organization for Standardization

*2 Product Liability Law: established in 1995 in Japan

Relationship to Business Partners

RIKEN TECHNOS Corp. makes efforts to build a good environment and a quality system. Additionally, we are making efforts to get competitive purchasing power for cost reduction, by maintaining a wide-open purchase window.



Shinetsu Kudo

Managing Director,
General Manager of
Purchasing Division

RIKEN TECHNOS
CORPORATION

Message

Cooperation brings both parties growth and prosperity.

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. Starting this year, we began to build the new basic system to make our work efficient. This new system must be able to integrate the workings of Purchasing, Manufacturing, Sales, and Accounting.

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 from whom we purchase: "Technical Potential," "Competitiveness" and "Management."

Supply Chain Management

In order to supply safer and more reliable products to our customers, RIKEN TECHNOS Corporation is making efforts to help build a good environment and a quality system with the cooperation of our business partners, including our supply chain. In 2009, we carried out our quality and environment inspection with nineteen of our business partners, including our raw material supplier, entrusted manufacturer, transporter, and industrial waste processing company, with their cooperation.

RIKEN TECHNOS Group Green Procurement Standard

Detailed information is available on our website.

Purchasing System

The Purchasing Department at the headquarters, as well as the Purchasing Section in each factory, takes charge of purchasing affairs. The Purchasing Section at each site buys the material that the site uses, such as consumable goods and stored goods.

Mr. Yukio Koike

President / NICHIMO CO., LTD.

We asked RIKEN TECHNOS to develop PVC film for home appliances, like TV and Stereo, and that was the start of our business with RIKEN TECHNOS in the 1960's. Now our film business has expanded to interior fields, the development of which RIKEN TECHNOS was a pioneer. We have built a good partnership through the course of half a century, and we greatly rely on RIKEN TECHNOS' technologies, developments and environmental management.



Relationship to Business Partners

Environmental Actions taken in the Distribution Process

- Improved loading efficiency by devising the most suitable allocation of cars by the automatic allocation system.
- Improved efficiency of car use by bringing back materials on cars returning from delivery.
- Improved efficiency by integrating the distribution points.
- Promotion of modal shift.*1 We switched the transportation of products that are about 100t from trucks to rail trains.
- Set a goal to reduce 1% of energy consumption based on unit. We obey the law for energy-saving as a consigner to reduce energy consumption.
- Decreased the number of the palette purchases by collecting palettes from customers and promoted the change of materials used to make palettes from wood to plastic for the protection of forest resources.

● Quality and Safety Activities

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 ISO9001

Motegi

Certification of G mark
Certification of ISO9001
Certification of ISO14001

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

Social Responsibility

Relationship to Shareholders

Disclosing Information

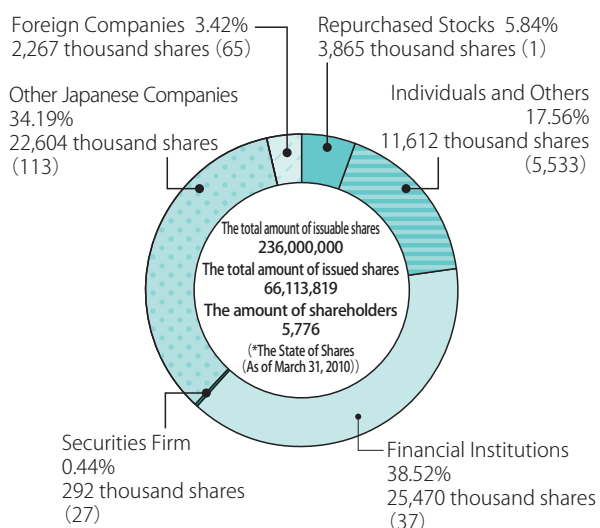
We have always practiced prompt, precise and fair information disclosure from the shareholders' and investors' point of view. We try to actively disclose information beyond the disclosure standards of the Tokyo Stock Exchange to increase general understanding of our business activities and strategies. 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).

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.

The State of Shares and Shareholders Distribution



Fiscal Year (Record Date)	Dividend Per Share		
	Mid-term	End-of-term	Annual
FY2007 (The end of March 2007)	JPY 4.00	JPY 4.00	JPY 8.00
FY2008 (The end of March 2008)	JPY 4.00	JPY 4.00	JPY 8.00
FY2009 (The end of March 2009)	JPY 4.00	JPY 2.00	JPY 6.00
FY2010 (The end of March 2010)	JPY 3.00	JPY 3.00	JPY 6.00

Relationship to Society

RIKEN TECHNOS GROUP is involved in various activities with the local community surrounding each site, to promote mutual prosperity as we coexist, and to obtain understanding for our business activity from the community.

Communication with the Local Community

● Saitama Factory

- Meet with people living near the factory (Once a year)



- Cosmos Festival (co-support and participation)
- Fukaya City Half-marathon (co-support and participation)
- Okabe Fureai Carnival (co-support and participation)
- Festival, held by the Okabe chamber of commerce and industry (co-support)

● Mie Factory

- Meet with people living near the factory and conduct factory tours (twice a year)
- Kameyama City Ekiden Relay and Summer Evening Festival (co-support and participation)
- Factory tours
- Contributions to a parade for children in the neighboring community
- Exhibits at the Kameyama highway rest stop
- Kameyama music festival, "Kameyama Music Jamboree" (co-support)

● Gunma Factory

- Summer Festival, held by the Gunma Chamber of Commerce and Industry (co-support and contributions of food wraps)

● Mie Factory

- Clean up the road around Mie factory and river (twice a year)
- Volunteer for clean up held by Kameyama city (twice a year)
- Co-support "Clean up Operation of River and Sea" and "Campaign to Stop Illegal Dumping" (twice a year) and contribute to the "Green Fund" by Mie Prefecture Tree Planning Promoting Association
- Co-support "Woods of Kameyama Ecology" and volunteer for forest maintenance (once a quarter)
- Participation in the "Light Down Campaign" by the Ministry of Environment

● Gunma Factory

- Clean up around factory by managers (twice a year)
- Recycling Service
- Sort all garbage and waste before disposal



Ekiden Festival co-supported by Mie factory



Mikoshi parade for children (co-supported by Saitama factory)

Protecting the Environment

We participate in various volunteer activities that help in protecting the environment.

● Saitama Factory

- Clean up around the factory (once a month)
- Clean up the road from the factory to JR Okabe station (twice a year)
- Sort all garbage and waste before disposal
- Enforce reduction of engine idling by suppliers and workers



Clean up around Mie factory

Relationship to Society

Contribution to Society

In the US, the employees of RIMTEC CORPORATION and RIKEN ELASTOMERS support the fund-raising campaign "The United Way"^{*1} and contribute to it every year.

*1 The United Way: a large US charity, established in 1918.

Mr. Katsuyoshi Mizushima President / RIKEN U.S.A. CORPORATION

We actively participate in Boy Scouts. The Boy Scouts program not only promotes outside activities, but also teaches the boy to grow up in to gentlemen. Each Troop, often managed by parent volunteers, operates independently in some regions. The Troop contributes in the healthy growth of the children in their local area, and participates in volunteer work like supporting city events, clean-up activity, and so on. It helps develop communication between the people in the neighborhood.



Internship

We have internship opportunities available, in order to raise interest in children and students for the future. We introduced the internship programs in RIKEN U.S.A. CORPORATION and Saitama Factory in 2009.

Ms. Maiko Moki RIKEN U.S.A. CORPORATION

The internship program was a good opportunity for me to gain experience in the USA, since I had worked only in Japan.

Only three people work in our office, so I was able to study all parts of the job. I

have been able to try various types of tasks, and have had good experiences in communicating with customers directly through selling and exhibiting window film products. I am currently preparing for the show in Atlanta, and am working to make my final show worth all the effort.



Voice of Student Participant in Saitama Factory Saitama Kumagaya Technical High School

In the food-wrapping factory I was able to observe the entire manufacturing process, including how to box and how to select the type of food wrapping. Based on the observation, I was able to work smoothly. RIKEN TECHNOS workers instructed me properly when I did not know what to do. I enjoyed the experience of separating motors, which I was able to do on my last day. I learned that from this internship that working is hard but enjoyable.

Voice of Student Participant in Saitama Factory Saitama Kumagaya Technical High School

I was given the job of checking for defects in the food wrapping on the conveyer belt, and of setting boxed and packaged food wrap in boxes. RIKEN TECHNOS workers said, "Good job!" to me when I found some defects in the products. I was nervous at first, but after a while I was able to enjoy the work, with kind support from RIKEN TECHNOS workers. I learned a lot in the factory tour, and saw a lot of new things. In the future I would like to work at good company like RIKEN TECHNOS.

Relationship to Employees

Message



Makoto Kumanomido

Director and
General Manager of
Administrative Division
RIKEN TECHNOS
CORPORATION

RIKEN TECHNOS strives to create a work environment that helps employees attain personal growth and motivation for exciting business opportunities.

RIKEN TECHNOS started from a venture business with a dream to the future possibilities of vision for how PVC could be utilized, and, relying on its own technologies. We have inherited this excellent DNA from the past to develop new technologies and challenge new things. In order to carry on this DNA, we must have a strong sense of our responsibilities, support each other, and advance by working together as a team to succeed, meet challenges, and enjoy new things and endure through difficult times.

RIKEN TECHNOS is working to establish such an environment, and develop a system to that end.

Raising the Next Generation

● “Meeting of considering RIKEN TECHNOS”

To survive for a century, 14 employees who are in their 30's meet to passionately discuss the mission, vision, and strategy of RIKEN TECHNOS for the year 2020.



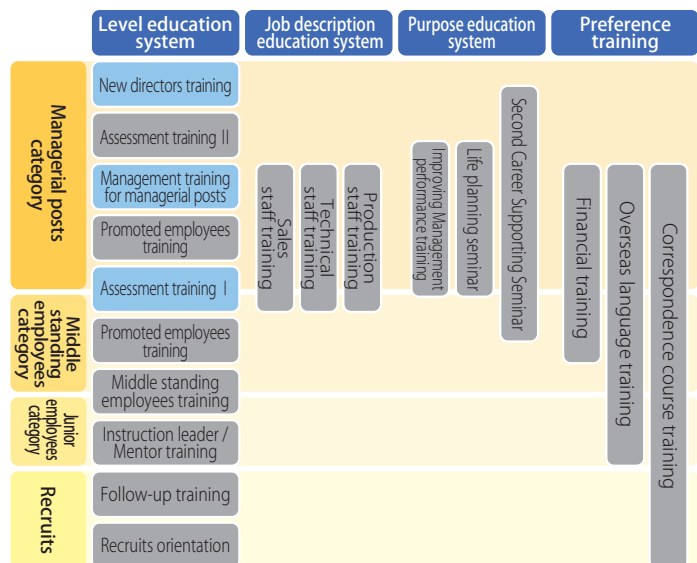
Training Managers

We are giving manager assistants “System Management Training.” In order to learn how to think strategically and learn how process management works, we are applying “Action Learning” to analyze the success of each project.

Concept of Developing Human Resources

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



Relationship to Employees

Mr. Koichi Inoue
RIMTEC CORPORATION

Taking English Lessons Abroad

I took English lessons for two months in Boston before going to work at RIMTEC. Boston is a traditional, safe town, and the people are very kind. My impression of the USA is very good. I really appreciate having this opportunity to learn English in the USA.

Now it is of utmost importance to steadily put a plan into action, though the Lehman Shock has influenced the American economy and material prices are still increasing. I will continue to get accustomed to my new life in the USA and support RIMTEC to help it grow.



Child Care Support

● Leave-of-Absence System for Child-Care

Employees are entitled to take a leave-of-absence for child-care for up to two years (the legal standard is one and a half years), and this policy is applicable to both male and female employees. 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.

Ms. Minako Aota

Osaka Branch Office / RIKEN TECHNOS CORPORATION

Twenty-four hours is not enough time for me to raise a child. I am currently expecting my second baby, so I applied for shorter work hours. I appreciate this system and the concern for working mothers. I would have an even better peace of mind if RIKEN TECHNOS could establish some type of system for when I am absent, because children tend to get sick often. Currently I have a very fulfilling with my children, family and job.



Ms. Reirei Son

Film Division
RIKEN TECHNOS CORPORATION

I took a leave-of-absence to raise my child for thirteen months. I was so exhausted from having a baby, but thanks to my leave-of-absence I renewed my health. It is so difficult to raise a child. With this system, I can spend quality time with my child. Without it, it could have been a very difficult time for raising a baby. I found it very helpful.



● Shorter Work Hours System for Child-Care

Employees taking care of their children may shorten their work hours to six 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. This system is applicable until children enter elementary schools.

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.

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.

Awarded for contribution in 2009

Mr. Masao Oya

Saitama Factory / RIKEN TECHNOS CORPORATION

I appreciated being awarded the certificate of recognition for improvement of quality. The ability of myself and my co-workers—for example the engineers—to come up with solutions, has made it possible. I will do my best to produce high-quality, reliable products for our customers.



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.

Scholarship System

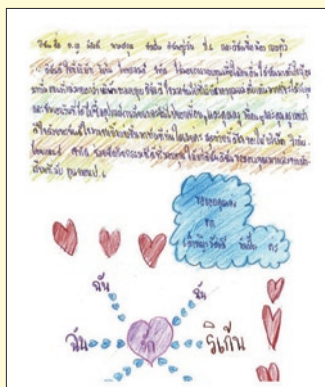
RIKEN (THAILAND) CO., LTD. has a scholarship system for children. The purpose is to support children as they study, and to support employees financially.

Applicants are children of employees who have worked for more than one year, and are in first through sixth grades in elementary school.

Representative Message Scholarship Recipient RIKEN (THAILAND) CO., LTD.



My name is Ratsawadee Kudfun and my nickname is Kwangtung. I am in sixth grade. When my mother told me that I was going to get a scholarship, I was very happy. I was so nervous when I went to RIKEN (THAILAND) where my mother worked. I will buy stationery with the money I got. Everybody said, "Congratulations!" when I told my teacher and friends. I could not help smiling with happiness. I really thank RIKEN (THAILAND.)



Safety and Health Activity

● Concept of Safety and Health Activity

RIKEN TECHNOS considers each worker a "person without substitute," and aim to establish a safe and worry-free workplace.

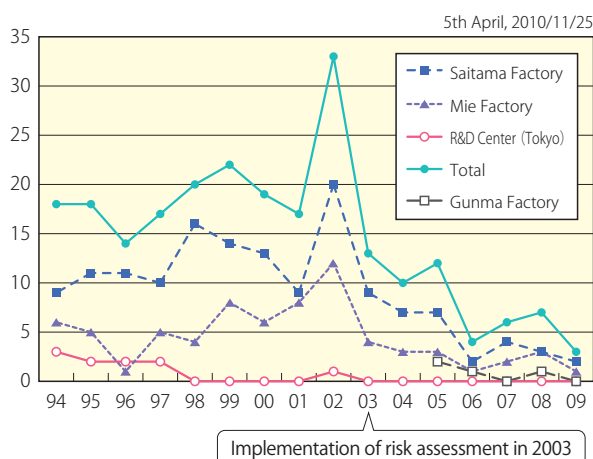
● Eradication of Dangers and Risk Assessment

After implementing risk assessment in 2003, improvement in prevention took root. Everyone cooperated to achieve not only the goal of "No industrial accident," but also the goal of "No risk," which aims to implement improvements in advance.

● Reduced Industrial Accidents and Significant Results

We had three industrial accidents in 2009. It was the least number of accidents recorded for one year, since the start of company operation, though we have not yet achieved the goal of "No industrial accidents."

Leave due to Industrial Accidents (Number of cases)



● Prevention of Industrial Accidents Caused by Human Errors

To achieve the ultimate goals of "No industrial accident," and "No risk," we try to prevent accidents liable to be caused by human errors.

We clarify the root cause for the human error, and we adopt precautionary measures in basic safety and protect against incorrect use.

● Emergency Response

We issue an emergency response manual at every site and section, and conduct regular training. One of our primary concerns is to prevent chemical substance leakage to the outside and fires caused by dangerous flammable substances.

Environmental Management and Action Plans

Environmental Management Policy

We are striving to establish our company as an enterprise in which all stakeholders can place their confidence by operating with an environmentally conscientious approach, and by working to contribute towards building a prosperous society.

Environmental Statement and Policy

Environmental Policy Statement

RIKEN TECHNOS maintains the earth environment and endeavors the sustainable community by harmonizing every phase of the business activities with environment as a plastics company that resolves the customer's theme by proposing materials and processing technologies.

Environmental Policy

RIKEN TECHNOS establishes an environmental management system to concrete the environmental state and executes the following items.

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

Certificate of ISO 14001

All of our Company's divisions have obtained this certification and are implementing environmental activities as part of our company-wide effort.

First registration: October 31, 2001

The term of validity: August 30, 2013

Environmental Management System

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 2009, an internal audit

was carried out at 73 sections, and 66 incidents were pointed out by internal auditors.

We are improving the management system by corrective action.

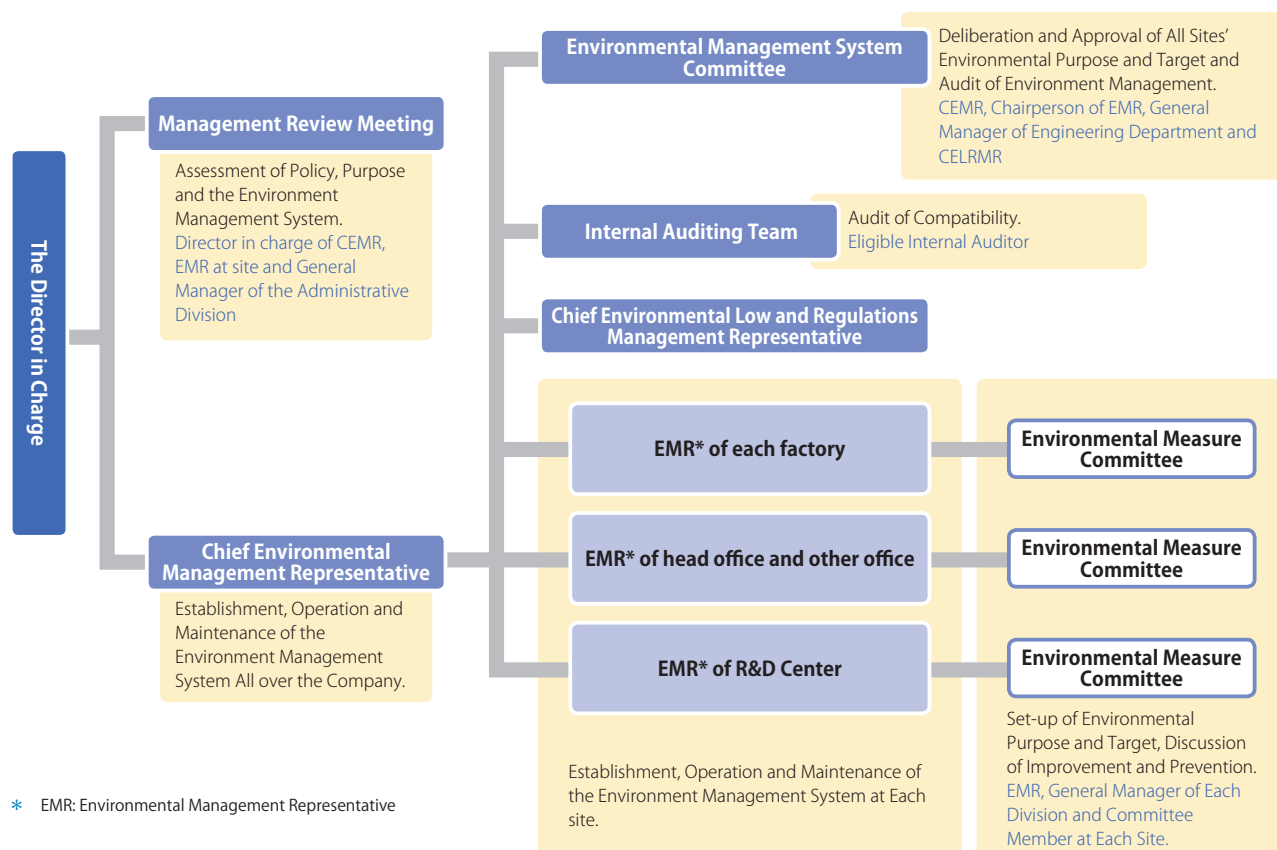
Category	Quality	Environment	Safety products	Common matter
Ratio of indication	42%	29%	11%	18%
Main point of indication	No control for testing equipment No concreteness for program	Deficiency of questionnaire of influence to environment Deficiency of announcement for emergency correspondence	Deficiency of education and announcement	Deficiency of document control Deficiency of education record

(2) External Audit

An external audit is conducted twice a year by NKKKQA. In 2009, 2 incidents of slight non-conformity and 5 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.

Organization Chart of Environmental management System



Education regarding the Environment for Employees

We distributed the questionnaire "Eco-life Day" to our employees, in order to raise employee awareness regarding the importance of energy conservation and global warming. We received 698 responses in the summer and 694 responses in the winter. From the results of the questionnaire, we found that the average amount of CO₂ reduction per person is 858g/day in summer seasons and 561g/day in winter seasons.

Environmental Laws and Agreements 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 2009, we had no violation for Environment Laws and Agreement.

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

Saitama Factory	29	Osaka Branch	2
Mie Factory	27	Nagoya Sales Office	2
Gunma Factory	24	R&D Center	20
Headquarters	3		

Summary of Environmental Action Plans and Results

Environmental Objectives and the Performance in 2009

We promoted the improvement activities by setting yearly objectives that matched the business environment by referring to the environmental policy. We mainly promoted reduction of CO₂ emissions, reduction of industrial waste discharge, and reinforced chemical substances management. In April 2010, we re-set the objectives for 2012 and have commenced activities.

We set a total of 135 objectives in 2009. The results are shown on the right-hand column. Each section made efforts to reduce CO₂ and Waste.

Objectives

	Objectives in 2009	Objectives in 2012
Reduction of CO ₂ emission	Reduce by 9% compared with 2002	Total Reduction of CO ₂ : In 2012, reduce by 4% compared with 2008 Reduction of CO ₂ in a ratio of production quantity: In 2012, reduce by 4% compared with 2008
Reduction of industrial waste discharge	0.5% ratio of simple industrial waste discharge to gross production	Simple industrial waste* discharge per gross production: 0.5% or below Gross industrial waste discharge per gross production: 0.5% or below
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 ₂ emission	48	39 (81%)	We reduced by 13.4% compared with 2002. We reduced by 6.7% compared with 2008.
Reduction of industrial waste discharge	28	25 (89%)	We achieved the objection of 2010 by reducing industrial waste discharge by 0.30% in a ratio of total production quantity.
Chemical substances management	47	43 (92%)	The consumption of chemical substances categorized to Type I was 2,794t, and we reduced by 60% compared with 2001.
Development of environmental awareness products	12	8 (67%)	We practice the product development of biomass plastic and fuel-cell component.
Total	135	115 (85%)	

Status of Environmental Load

The main environment strains caused by our business activities are due to industrial waste discharge, greenhouse gas (CO₂) emissions, and discharge and transportation of chemical

substances. The following data is the status of RIKEN TECHNOS itself.

CO₂ Load Related to Production of Major Products (FY2009)

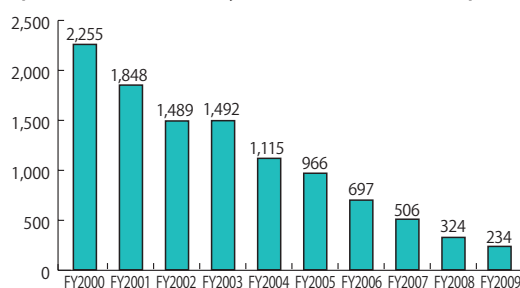
INPUT		OUTPUT		Amount of CO ₂ emission (t-CO ₂ /t)	
Raw material (including paint coating)	90,158t	Compound product	55,419t	Compound	0.216
Packing material	3,173t	Film product	17,430t	Film	1.041
Electricity	64,020MWh	Food wrapping film product	7,213t	Food wrapping film	0.609
Heavy oil	3,393kl	Industrial waste	4,429t		
Service-water	151,554m ³	Amount of drainage	334,063m ³		
Ground water	184,371m ³				
Water for industrial use	8,432m ³				

Reduction of Industrial Waste

One of the main objectives of our environmental 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%

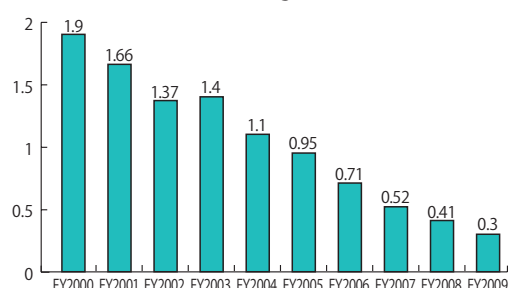
by 2012. We are not only promoting restraint in generating waste at our process for improving yield, but also setting strict classifications for generated waste in to recycled material, RPF (Refuse Paper and Plastic Fuel,) and raw cement material, etc. As a result, the total quantity of simple industrial waste removal by landfill and thermal disposal was reduced by 89.6%, from 2,255t (in 2000) to 234t (in 2009.)

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



* Site: Three factories, Saitama, Mie, and Gunma, R&D Center

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

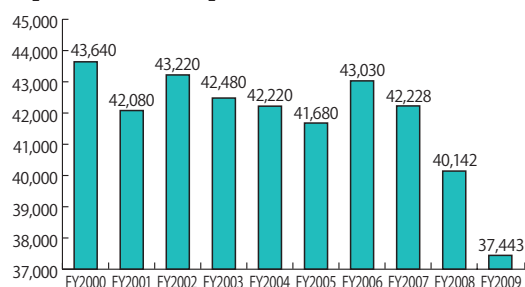


Saving Energy and Reducing Greenhouse Gas Emissions

Two factories, Saitama and Mie, are identified as the Type 1 energy control factory, and Gunma factory is identified as the Type II energy control factory. The main greenhouse gas*¹ generated by our business activities is CO₂. We promote energy-saving tactics such as improving the efficiency of operating facilities, using demand control*² for air conditioning, preventing industrial

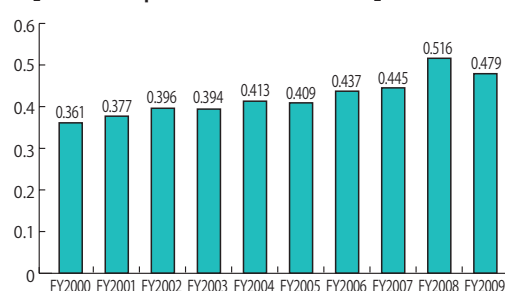
compressed air and steam leakage, and so on. Chlorofluorocarbon is one of the greenhouse gases used for air conditioning refrigerant, and is strictly controlled to prevent leakage while in use and after disposal.

It is imperative that the energy-saving efforts is calculated into the total results of the business, in compliance with the revised Law Concerning the Rational Use of Energy. We tried to save energy and improve energy efficiency, and calculated the data for each site in FY2008. The results showed that total emission of CO₂ in 2009 was 37,443t which was a 13.4% reduction compared to 2002.

CO₂ Emission (t-CO₂)

*¹ Total emission of greenhouse gas is an estimated quantity of CO₂ 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. CO₂ 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.

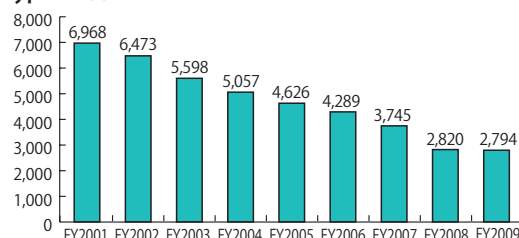
CO₂ Emission per Production (t-CO₂/t)

The Appropriate Management of the Chemical Substances

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

In 2009, the consumption of Chemical Substances Categorized as Type 1 in the "Law PRTR and Promotion of Chemical Management" was 2,794t, which was reduced by 60% compared to 2001. We reduced the use of chemical substances categorized as Type 1 from 26 types in 2008 to 23 types in 2009. We reported consumption of seven types of chemical substances that were over one ton.

Consumption of Chemical Substances Categorized to Type 1 (t)



Summary of Environmental Action Plans and Results

Storing the PCB Waste

In June 2001, the “Law for Promotion of Correct Waste Disposal of Polychlorinated Biphenyl (PCB)” was enforced. Our Saitama Factory, Mie Factory, and R&D Center (Tokyo) 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 transferred six pieces of equipment—equipment that contained PCB waste—from our affiliated companies, in order to promote strict management during 2005. Since there is a strong possibility that electrical apparatuses made before 1989 contain PCB, we are re-examining and analyzing the condensers in use. Currently 19 condensers in use have yet to be analyzed, while 7 Transformers and the Reactors that are in use have been analyzed, and were found to contain a low quantity of PCB.

Sites	PCB Waste		Storage
Saitama Factory	High voltage condensers:	15	Kept in iron containers Kept in the sealed drums in the steel-container
	High voltage transformers:	2	
	Waste water and oil containing PCB:	1,446L	
R&D Center (Tokyo)	High voltage condensers:	12	Kept in iron containers
Mie Factory	High voltage transformers:	4	Kept in iron containers Kept in the sealed drums in the steel-container Kept in the sealed drums in the steel-container
	Waste oil containing PCB:	350L	
	PCB component waste:	300g	

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 soil pollution in the Kamata Factory (the present R&D Center (Tokyo)). We entered a soil modification agreement for JPY 96,680,000 in 2004, and since then have conducted regular examinations and soil modification by infusing agents. We implement routine measurements of environmental items according to the laws and regulations, as well as our voluntary regulation. The items measured are exhaust gas, drainage, groundwater, noise, vibration, smell, radioactive rays, dusts, etc. We are particularly concerned about noise pollution.

Responding to Specified Chemical Substances Restrictions

For material control, in order to fully comply with the many regulations such as REACH, 67/548EEC, 76/769/EEC in Europe, and regulations for chemical substances in Japan, we decided to get the component information. This information contains the data analysis for the 6 substances of RoHS, as well as the trace amounts of remaining chemical substances from our original chemical information sheet. This commenced in August 2009.

※Detailed information of “RIKEN TECHNOS Group Green Procurement” is available on our website.

Environmental Accounting

We have been disclosing accounting data from our environmental preservation activities since 2006.

Criteria for Environmental Accounting in 2009

- Accounting Coverage: RIKEN TECHNOS CORPORATION (non-consolidated)
- Period Coverage: April 1, 2009 to March 31, 2010
- Referenced Guideline: “Environmental Accounting Guidelines (2205 Edition)” (Issued by Ministry of the Environment of Japan in February 2005)

Summary of Environmental Accounting in 2009

Environmental preservation costs in 2009 was approximately JPY 990 million. Investment was approximately JPY 1.155 billion, and expenses amounted to JPY 980 million. Investment items are costs for pollution prevention, global environmental preservation, and circulation of resources. Expenses included a cost analysis to comply with the RoHS Directive, 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 870 million.

Environmental preservation effects resulting from our activities were the following: reduction in quantity of final disposed waste

was 88 tons. Reduction in emission quantity of CO₂ was 2,699 tons from 2008, due to our continuous improvement and decrease in production of waste.

The economic effect, from sale of valuable waste plastics, was approximately JPY 1.05 million.

Environmental Preservation Cost

JPY 1,000

Category	Contents	Total Amount Invested	Expenses
① Business area cost		11,550	84,977
Pollution prevention cost	Construction for air-noise, maintenance of scatter prevention equipment	0	41,860
Global environmental preservation cost	Installation and improvement of energy saving equipment	11,550	0
Recourses circulation cost	Disposal of industrial waste, recycling, etc.	0	43,117
② Upstream/Downstream cost	Analysis of products containing chemical substances	0	16,965
	Recycling of containers and packaging, etc.	0	108
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	8,535
④ R&D cost	Development of products that contribute to environmental preservation	0	871,200
⑤ Social activity cost	Beautification and landscape preservation of our sites, donations	0	846
⑥ Environmental damage cost	-	0	0
合計		11,550	982,631

Environmental Preservation Effect

Category	Environmental Performance Indicators	FY2008	FY2009
Environmental Preservation effect related to resources input into business activities	Total energy input volume (GJ)	779,000	760,706
	Electricity (MWh)	66,479	64,020
	Heavy Oil (KL)	3,733	3,393
	Energy input volume by type		
	Kerosene (KL)	1	0
	Gasoline (KL)	62	53
	Light oil (KL)	14	15
	Input volume of specially controlled substance (t)	2,820	2,794
	Tap water (m ³)	155,287	151,554
	Input volume of water resource		
	Underground water (m ³)	145,719	184,371
	Water for industrial use (m ³)	5,170	8,432
Environmental preservation effect related to waste or environmental impact originating from business activities	Emission of greenhouse gas (t-CO ₂)	40,142	37,443
	Volume of specially-controlled substances discharged (t)	4.7	4.1
	Volume of specially-controlled substances transferred (t)	5.4	12.5
	Total waste discharge volume (t)	5,819	4,429
	Final waste disposal volume (t)	322	234
	Water waste volume (m ³)	294,581	334,063
Environmental preservation effect related to goods and services produced from business activities	Volume of containers and packaging used (t)	3,689	
Other environmental preservation effect	Volume from Transportation of products (tkm)	29,087,836	27,752,000
	Volume of emission of CO ₂ associated with transportation (t)	5,120	4,790

Summary of Environmental Action Plans and Results

Economic Effect Associated with Environmental Preservation Activity

JPY 1,000

Economic Effect	Amount	
	FY2008	FY2009
Benefit from recycling plastic and paper waste, etc.	9,455	5,804
Expenses reduced by energy-saving activities	5,534	1,140
Total	14,989	6,944

● 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 refers to the laws related to the environment; current assessments are shown in the right-hand column.

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	JPY 35 million
Asbestosis Prevention Regulation	Verified the locations using asbestos	JPY 29 million
Soil Contamination countermeasures Law and Ordinance of each local autonomous body	No plan to sell the land	—

RIKEN TECHNOS GROUP Environmental Impact Data for Corporate Activities

● Saitama Factory

- Site area: 80,740m²
- Business field: Manufacturing of Compound, Film, and Food Wrapping Film made from various thermoplastic resin including PVC
- Number of employees: 295

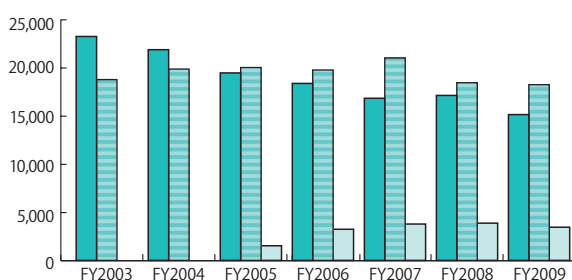
● Mie Factory

- Site area 54,848m²
- Business field: Manufacturing of Compound, Film, and Food Wrapping Film made from various thermoplastic resin including PVC
- Number of employees: 241

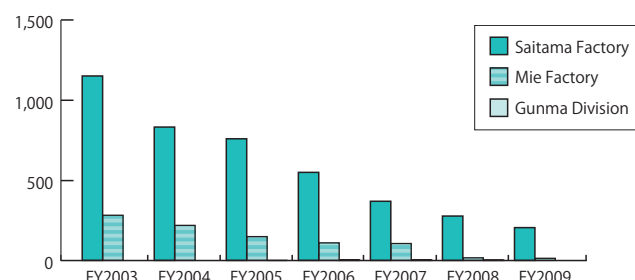
● Gunma Factory

- Site area: 55,903m²
- Business field: Manufacturing and sales of High-Function Film, in a clean environment
- Number of employees: 36

CO₂ Emission (t-CO₂)



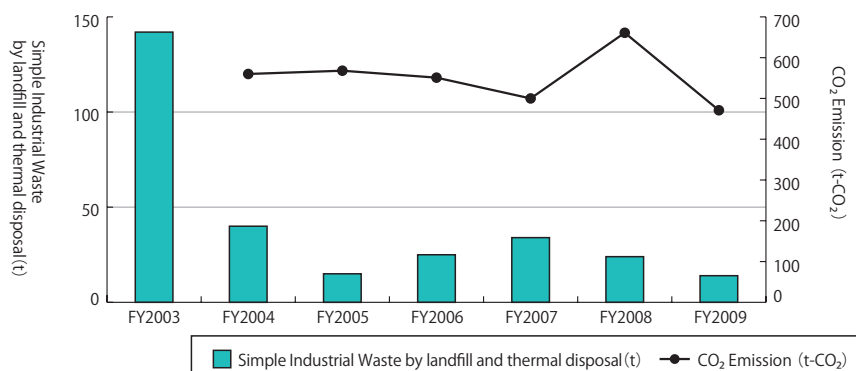
Simple Industrial Waste by landfill and thermal disposal (t)



SHINKO ELECTRIC WIRE CO., LTD.

- Business Place : Head Office and Factory (Saitama)
- Business Field : Manufacturing and sales of electric wire and cable
- Company Profile

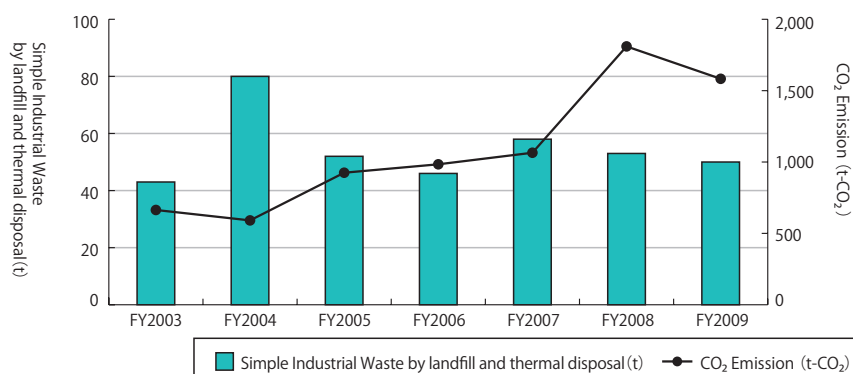
Capital	JPY 48 million
Number of employees	99



KYOEI PLASTICS MFG CO., LTD.

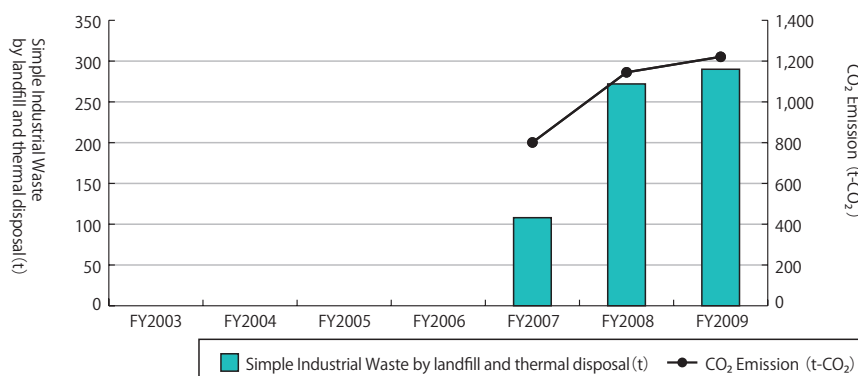
- Business Place : Head Office (Tokyo), Shirakawa Factory (Fukushima), Ibaragi Factory (Ibaragi)
- Business Field : Manufacturing and sales of profile extrusion plastic products
- Company Profile

Capital	JPY 24 million
Number of employees	70

**M-I CHEMICALS CO., LTD.**

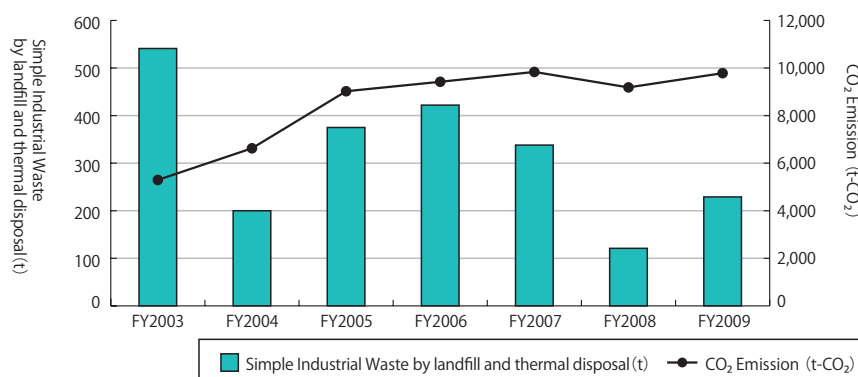
- Business Place : Head Office and Factory (Shiga)
- Business Field : Manufacturing and sales of compound made from various thermoplastic resin including PVC
- Company Profile

Capital	JPY 300 million
Number of employees	37

**RIKEN (THAILAND) CO., LTD.**

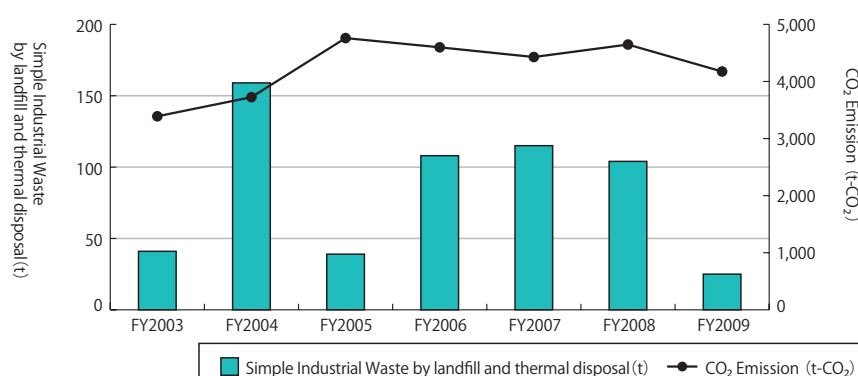
- Business Place : Thailand
- Business Field : Manufacturing and sales of compound made from various thermoplastic resin including PVC
- Company Profile

Capital	THB 120 million
Number of employees	226

**RIMTEC CORPORATION**

- Business Place : New Jersey, U.S.A.
- Business Field : Manufacturing and sales of PVC compound
- Company Profile

Capital	USD 10 million
Number of employees	91

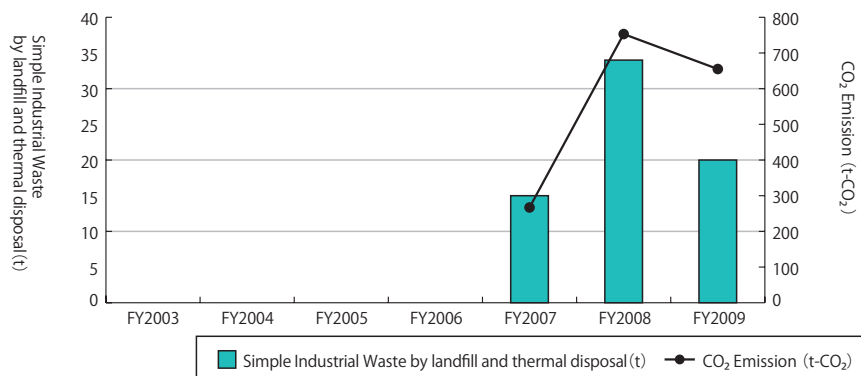


Summary of Environmental Action Plans and Results

RIKEN ELASTOMERS CORPORATION

- Business Place : Kentucky, U.S.A.
- Business Field : Manufacturing and sales of thermoplastic elastomer compound
- Company Profile

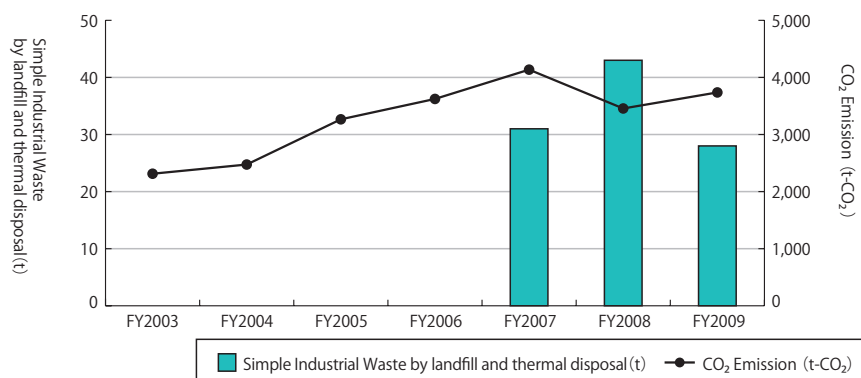
Capital	USD 10 million
Number of employees	13



PT. RIKEN INDONESIA

- Business Place : Indonesia
- Business Field : Manufacturing and sales of PVC compound
- Company Profile

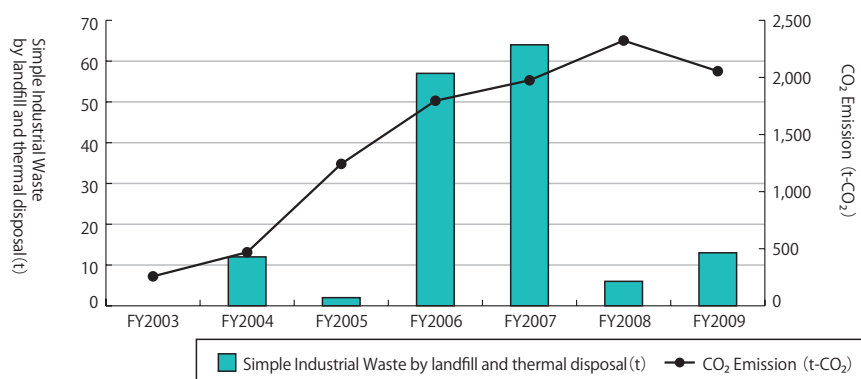
Capital	USD 5.7 million
Number of employees	124



SHANGHAI RIKEN TECHNOS CORPORATION (上海理研塑料有限公司)

- Business Place : Shanghai, China
- Business Field : Manufacturing and sales of PVC compound
- Company Profile

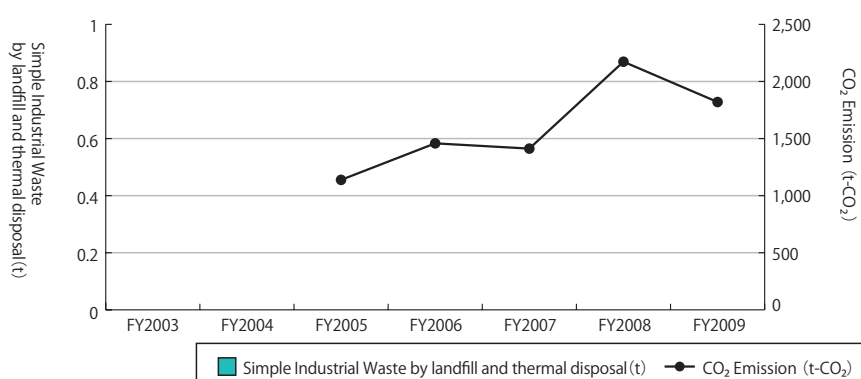
Capital	USD 7.5 million
Number of employees	99



RIKEN TECHNOS (JIANG SU) CORPORATION (理研食品包装 (江蘇) 有限公司)

- Business Place : China
- Business Field : Manufacturing and sales of food wrapping film
- Company Profile

Capital	USD 1.35 million
Number of employees	54



The Expert's Opinion



Masatoshi Ikari

Manager, Chief Consultant
Environmental Risk Sec.
Consulting Department 1
InterRisk Research Institute &
Consulting, Inc.
Part-time lecturer of Seikei University

Riken Technos Group has published its Fourth CSR Report. I give them great credit that while recovering to being in the black in 2009, they also managed-- according to the environmental report which was based on the gross weight compared with the previous year--to achieve their goal of reducing "carbon dioxide discharge," "waste discharge," and "designated chemicals consumption," which were the three objectives of the environmental action. So of 2009, it may be said that Riken Technos Group managed to practice "environmental management" to reduce the environmental load, while increasing profit. In response to a comment I made last year regarding the development of mid-to-long term targets for reducing the amount of the carbon dioxide discharges, Riken Technos Group developed and announced their targets for 2012 in this Environment Report. The actions taken by Development, Production, and Sales were clearly delineated in the special feature of "Proper Development; Precise Manufacturing; Responsible Selling."

The inclusion of more features with communications from various stakeholders, which I pointed out last year, was very substantial this year. There was a comment from a female employee who used the Leave-of-Absence System for Child-Care, a message from the child of an employee who was awarded a scholarship from the local Thailand corporation, a comment from the neighboring technical high school student who interned at the domestic factory, and a comment from the president of a client company who has been a customer for almost half a century. Despite the decrease in the number of pages for this report, compared to the last issue, the editing policy for conciseness and clarity seemed to have been achieved by the facts noted above.

Regarding communication with the neighboring inhabitants of the domestic factory, in addition to current amount of disclosure, even better disclosure of information will be expected.

Riken Technos Group, having a corporate culture that places emphasis on People and Technology, has been continuing their business for over half a century since its establishment. I hope that Riken Technos Group continues to wrestle with CSR activities, by using good bi-directional communication with their stakeholders and in keeping their foundational technology, yet at the same time giving consideration to the worsening global environmental and social issues.

● In Response to the Feedback

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 since 2007 we have been issuing the "CSR Report," which includes additional disclosures concerning corporate social responsibility. This is our fourth issue of the CSR Report.

In 2009, we were able to achieve financial recovery to be back in the black, despite the severe economic situation. I think it is the result of all employees understanding the "The Roots of Manufacturing" and the meaning of "Proper Development; Efficient Manufacturing; Reliable Selling." and responding to work according to these principles.

I was gratified by the evaluation regarding the special feature of "The Root of Manufacturing" from Mr. Ikari, who has been giving us feedback on our CSR Report since the first issue. We added a new way of thinking about the biological diversity into our Management Policy on the Environment. We were able to significantly reduce the discharge of carbon dioxide, despite increase in our production volume. This was mainly due to decreasing steam usage at Saitama factory. Instead of becoming satisfied with what has already been achieved, Riken Technos Group will continue to work toward further reducing "carbon dioxide discharge," "waste discharge," and "designated chemicals consumption." Regarding communications with the neighbors of our facilities, which Mr. Ikari pointed out, we will make an effort to disclose more information. We will proactively promote CSR action in order to protect the global environment, and contribute to the advancement of society and enrichment of daily living.

Editor's Postscript

This report will be the fourth issue of a CSR report. In this issue, we placed an emphasis on communicating how we plan to carry out our responsibility as a "Material Solution Supplier" with the "Roots of Manufacturing."

We reduced the Environmental Load by decreasing the number of pages of this CSR report, compared to the 2009 version, and endeavored to communicate the report content in a clear and concise manner.

We hope you will gain a better understanding of the Riken Technos

Group CSR through reading this report, and we welcome your candid feedback.



(From the left, Hideaki Aoki, Shigeru Tomita: Environment, Safety & Quality Management Office, Yutaka Arai, Sayaka Yoshioka: Corporate Planning Office)

The representative of the departments edited this report: Makoto Kumanomido (Corporate Planning Office)

Material Solution Supplier

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

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