



RIKEN TECHNOS

RIKEN TECHNOS GROUP

**Corporate
Social Responsibility
Report**

2012



RIKEN TECHNOS CORP.

Editorial Policy

RIKENTECHNOS 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 sixth edition of "CSR Report" includes a special issue on "Thriving Asia," to showcase our various activities in Asia."

Reporting Coverage

Period Covered

April 1, 2011 to March 31, 2012
In addition, some activities after April 1, 2012 are included.

Organization Coverage

(Please refer to page 12 and 13 regarding the sites.)
The organization covered in this environmental report is RIKEN TECHNOS CORPORATION and the fourteen 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.
- RIKEN (SHANGHAI) CORPORATION
- RIKEN ELASTOMERS (THAILAND) CO., LTD.

Reporting Fields

This report describes the efforts of RIKENTECHNOS 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 are issued by Ministry of the Environment of Japan.

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

Date of Issue

October 2012 (scheduled date of the next issue: October 2013)

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
October 2010	CSR Report 2010
October 2011	CSR Report 2011

About the Cover

This report cover image shows an integration of the corporate mark of RIKENTECHNOS CORPORATION and the "Phalaenopsis amabilis", which is the national flower of the Republic of Indonesia, where PT. RIKEN INDONESIA 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.

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



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Overcoming Disaster and Continuing to Take on New Challenges



A handwritten signature in black ink, appearing to read 'H. Shimizu', is placed over a white rectangular background.

Hiroshi Shimizu
Representative Director President
RIKEN TECHNOS CORPORATION

Globalization and Risk Management

Globalization

More than fifty years have passed since RIKEN TECHNOS first set its sights on overseas markets and began exporting compound products. While seeking to expand our presence overseas, after we established the first production site in Thailand in 1989, the growth of RIKEN TECHNOS was strongly tied to the context of Asian economic growth. We have responded to the mounting demand for PVC products, to keep pace with the phenomenal rate of growth within Asia. As a result, RIKEN TECHNOS has grown to occupy a key position in the global market, in tandem with the growth of Asian nations. Our wish is to help provide "improved quality of life, safety, and affluence" to these developing Asian nations, as we grow together in the future.

Our Approach to Attaining Supply Stability

In 2011, we witnessed devastating natural disasters, such as the Great East Japan Earthquake in March and the Thai flood in October, which caused severe damage to Japanese enterprises. The Thai flood in particular dealt direct damage to our enterprise, forcing RIKEN (THAILAND) CO., LTD. to close down for approximately four months. During this period, our greatest difficulty was supplying medical compounds. With only two production facilities for medical compounds, in Japan and in Thailand, and with most of these products being manufactured in Thailand, conditions made it extremely difficult to meet customer demand. Since the products were of critical importance to human lives, we quickly brought Thai employees to Japan to work on alternate production systems, and thus we somehow managed to fulfill our supply responsibilities. As globalization becomes pervasive, the issue of how to decentralize risk is becoming increasingly important. After reflecting on the events of the disaster, RIKEN TECHNOS decided to build a new medical compound production line at PT. RIKEN INDONESIA, and is endeavoring to launch the line next spring, to assure a stable supply of products that are in great social demand. And, we will further our efforts to strengthen our business continuity plan (BCP).

Proper Development, Efficient Manufacturing, and Reliable Selling

While the RIKEN TECHNOS GROUP continues to pursue a globalization and more efficient productivity, we will also make efforts to decentralize potential risks resulting from unexpected natural disasters, political unrest, and other contingencies. During ordinary times it is important for us to get back to the "Roots of Manufacturing" and practice "Proper Development, Efficient Manufacturing, and Reliable Selling." Putting these principles into practice should help us win the trust of our customers, overcome difficulties, and grow, as we address such contingencies. We will continue working with our customers to resolve problems, based on a principle of mutual support, as we continually undertake challenges to help provide the improved quality of life, safety, and affluence to society.

Featured article: "Thriving Asia"

The Thai flood helped shed light on the growing number of Japanese enterprises that have expanded their businesses into Thailand. The Asian market has been growing, and continues to grow, at a phenomenal pace. As stated earlier, our full-scale expansion into the Asian market dates back to 1989, 23 years ago, when RIKEN (THAILAND) CO., LTD. was established. We have since set up five production sites in Thailand, Indonesia, and China, with both sales and the number of locally recruited employees rising at a favorable rate. These sites share the pace of growth of the Asian nations in which they are located, as they carry on locally based corporate activities. These production sites form the core of the RIKEN TECHNOS GROUP, as we intensify activities to expand into India and Central and South America in the future. In this issue of our CSR, we have titled the featured article "Thriving Asia," to provide a retrospective review of the history of the RIKEN TECHNOS GROUP's activities in Asia and our plans for progress into the future.

New Management Philosophy: "RIKEN TECHNOS WAY"

RIKEN TECHNOS WAY, established last year at the sixtieth anniversary of our founding, has been gradually pervading the consciousness of our employees over the past year. We can say that the efforts made by the RIKEN TECHNOS GROUP to pull through the Thai flood crisis together were an exceptional example of the RIKEN TECHNOS WAY being put into practice. At that time, each of our employees successfully fulfilled their job responsibilities in their respective roles, following the guiding principle of "trust and work for the benefit of all." I hold a profound sense of pride in these employees, and I am also sincerely grateful to all our stakeholders who supported the restoration of RIKEN (THAILAND) CO., LTD., and respectfully request further assistance and encouragement from you in the future.

Mission (representation of the company's mission and raison d'etre)

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

Our Value (representing our basic sense of values)

We establish a bond of trust and work for the mutual benefit of all.
We create new value.
We continually push ourselves to achieve more.
We enjoy our work and love what we do.
We work together to find solutions and produce the best results for everyone.

The Corporate Philosophy

We are a Challenger

We are working to create a framework -with our technical division, manufacturing division, and sales division all working together- built around a core of technology, in line with the principles of the RIKEN TECHNOS WAY. More specifically, we are continuing to pursue our globalization policy at a higher level, to build a better value-added corporate structure that leverages our advanced processing technologies. We are committed to delivering advanced, high-quality products created by RIKEN TECHNOS GROUP to more customers around the world. It is our mission as a challenging manufacturer to think free from any stereotype, and take on any challenges along the way.

Management Policy on the Environment

Legal Chemical Substances Control

The 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 Environmental Load

Our objectives are to contribute to global environmental management, for example, the reduction of environmental load, CO₂ emissions, and industrial waste at every stage, from product design to production and delivery.

Information Disclosure

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

CSR Report by RIKEN TECHNOS GROUP

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

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



Directors and Audit & Supervisory Board Member of Riken Technos Corporation



Featured Article

Thriving Asia

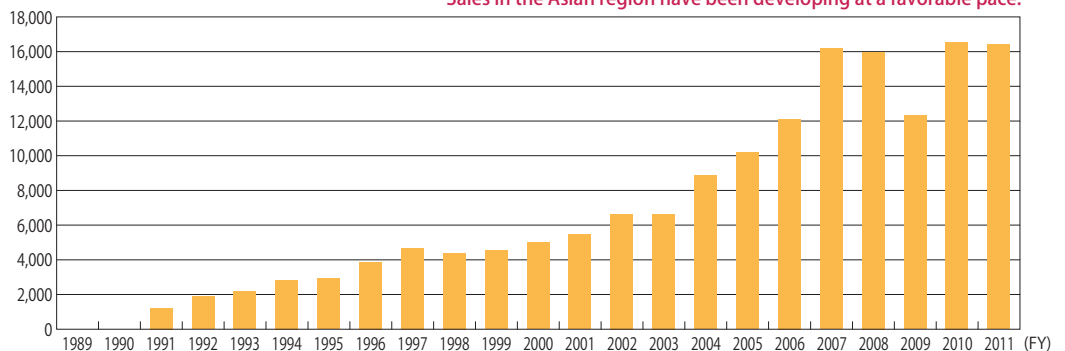


Contributions and Breakthroughs

The full-scale expansion of RIKEN TECHNOLOGICAL into the Asian market dates back to 1989, when RIKEN (THAILAND) CO., LTD. was established. During the 23 years since then, RIKEN TECHNOLOGICAL has established six sites in Asia, including five production sites in Thailand, Indonesia, and China. Each of our sites conducts corporate activities that reflect the characteristics of the locality in which it is based. We take pride in their contribution to the national growth of their respective countries. The RIKEN TECHNOLOGICAL GROUP will continue to grow along with the Asian nations in which it is based, as a "Challenger using the Power of Science."

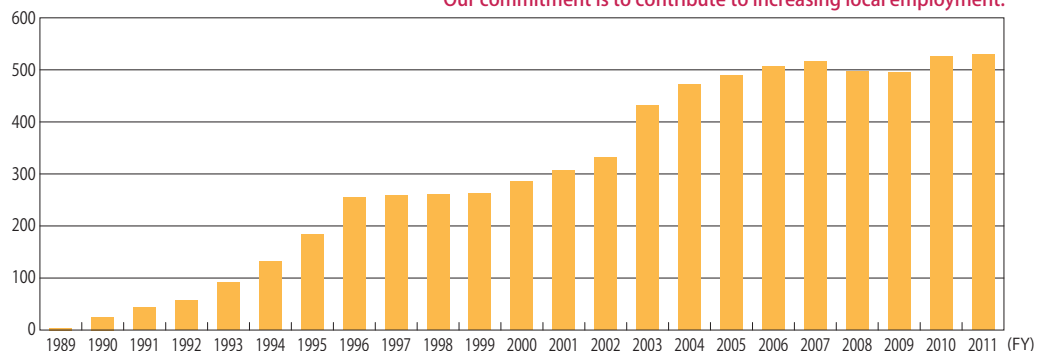
Changes in Sales from Asian Sites (simple totals) (millions of yen)

Sales in the Asian region have been developing at a favorable pace.



Changes in the number of locally recruited employees (personnel)

Our commitment is to contribute to increasing local employment.



RIKEN (THAILAND) CO., LTD.

Established : 1989 Shareholding : 40% Capital : THB 120,000,000
 Line of business : Manufacturing and sales of PVC compounds



Supporting Thailand in its national vision to grow into an Asian Detroit overcoming flood damage, and aiming to become a flagship site in Southeast Asia

Twenty-three years have passed since RIKEN (THAILAND) CO., LTD. came into existence in 1989 as RIKEN TECHNOS' first site for PVC compound manufacturing and sales in Asia. The company successfully launched production focusing on medical PVC compounds, and continues to play a key role as the only supplier of medical PVC compounds in the Asian region. Since the early 2000s, the company has also contributed to the automotive industry, taking a role in support of the nation's initiative to become the "Detroit of Asia."

Though RIKEN (THAILAND) CO., LTD. started operation with a staff of only four, it has now grown to around 230 employees and has developed along with the Pathumthani Province in the northern suburbs of Bangkok, where the company is located. In 2009, an in-house scholarship program was implemented to grant scholarships to the children of employees who have attained outstanding academic accomplishments. Children are a valuable

national asset in every country, and we hope that this initiative will contribute to encouraging education.

Although we have confronted a number of difficulties in the past 23 years, including currency crises in the latter half of the 1990s, one of the most unforgettable disasters was on October 20, 2011, when RIKEN (THAILAND) was submerged during the Thai floods. After being struck by this nightmarish disaster, rehabilitation efforts began in early December when water levels stabilized, with partial resumption of production on February 10, 2012 and full restoration of all production lines by March 2012. Though still halfway along the path to restoration of sales, we are confident in the potential to overcome this hardship and get back on the track of vibrant growth. It is our commitment to grow together with our employees and thus to contribute the growth of Thailand, as well as all of Asia.

Managing Director : Yukiteru Minowa



Entrance



Product PVC compounds



Medical equipment in which medical compounds are used



Songkran festival (New Year's Day in Thailand)



Soup-run during cleaning work as part of the flood damage recovery efforts



Restoration work directed in person by President Shimizu



Warehouse restoration work



After work



PT. RIKEN INDONESIA

Established : 1995 Shareholding : 62% Capital : USD 5.7 million
Line of business : Manufacturing and sales of PVC compounds



Factory Superintendent Koshimizu on the left in the front line, and President Yokohashi on the right

We are committed to continue helping develop the infrastructure, and will soon fulfill our responsibility to supply PVC compounds for medical equipments, both now and in the future.

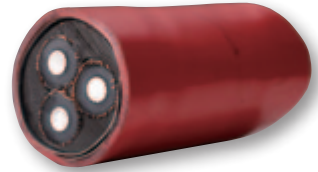
Seventeen years have passed since the establishment of PT. RIKEN INDONESIA in April 1995. Since then, we have gradually expanded and grown, presently having 150 employees and boasting Indonesia's largest PVC compound production capacity. The company's name goes by the nickname of "RAPINDO" in Indonesia's compound product industry, and have been widely praised for Riken's quality. In particular, our advanced compounds have attained an exceptionally high user rating, resulting in a large number of orders.

Indonesia has followed a steady path of growth, overcoming political and economic uncertainties sparked by the Asian currency crises in 1998, followed by the collapse of the Suharto Administration and resultant democratization, and the Lehman Shock in 2008. Indonesia spans a vast expanse of land stretching 5,000 km from east to west, with a

population of 240 million. However, its infrastructure, including highways, is not yet adequate to support the country's needs.

RAPINDO high-quality PVC compounds have been produced in large quantities for use as

covering material for electric power cables in power plants that are under construction, to help develop the electrical infrastructure. In addition, our compound products are used extensively in the components of automobiles and motorcycles, establishing a deep connection to the livelihood of the people in the country. The company has begun construction of a plant that is to be RIKEN TECHNOS' third medical PVC compound production site, after Japan and Thailand. Production and delivery in this facility are scheduled to begin next spring. Further efforts will be directed at continuing to help provide improved quality of life, safety, and affluence to a greater proportion of the people in the country through our corporate activities under RAPINDO.



Electric power cable using a RAPINDO PVC compound

President : Ken Yokohashi



Electric Power Cables

SHANGHAI RIKEN TECHNOS CORPORATION

Established : 2001 Shareholding : 70% Capital : USD 7.5 million
Line of business : Manufacturing and sales of PVC compounds



Employees of SHANGHAI RIKEN TECHNOS (President Terakawa on the left in the center)

We Will Provide a Stable Supply of High-Quality Products

SHANGHAI RIKEN TECHNOS CORPORATION is a PVC compound production site established in August 2001. Last year, a decade after it was established, the company launched a new production line to address growing customer needs. As is commonly known, China is said to be the world's factory. Our compounds are used in a diverse range of applications, including automotive applications; electrical wires; industrial material applications, such as hoses; and home appliance applications. These products are delivered not only to China, but directly and indirectly to the entire world as well. Our company is in the Xinhuang Industrial Zone, about a forty-minute drive from the Shanghai Hongqiao International Airport; it is a very convenient location in terms of logistics. Although the company has only around 100 employees, some of them have been with the company since our

inauguration, and some hold key posts, such as department chief. We are also proud of our very high rate of employee retention, which attests to our excellent corporate climate.

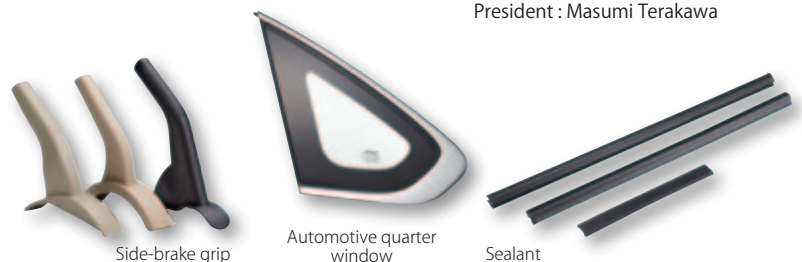
In addition to assuring a stable supply of high-quality compound products, as a member of the RIKEN TECHNOS GROUP we also develop cost-efficient product solutions, based on high production efficiency and the local procurement of raw materials. Because of this, we have been met with a favorable reception from our customers.

Facing increasing demand for both quality and lower cost, which are requirements for modern Chinese products, we at SHANGHAI RIKEN TECHNOS will continue offering compounds that combine high quality with low cost, in our efforts to contribute to the growth of China and other Asian nations.

President : Masumi Terakawa



November 11, 2011 Ceremony held to celebrate the tenth anniversary of the establishment of SHANGHAI RIKEN TECHNOS CORPORATION (97 employees)



Side-brake grip

Automotive quarter window

Sealant

RIKEN TECHNOS (JIANG SU) CORPORATION

Established : 2003 Shareholding : 92.6% Capital : USD 13.5 million
 Line of business : Manufacturing and sales of food packaging stretch films



RIKEN WRAP Supporting Safe and Comfortable Living

RIKEN TECHNOS (JIANG SU) CORPORATION was established in the city of Jiangyin, Jiangsu, China, in 2003 as a manufacturer dedicated to making food wrapping films. With 60 employees, the company not only supplies products to mainland China, but also exports to East Asia and the US. Our day-to-day activities focus on providing PVC wrap products with Japanese quality at Chinese prices, by taking advantage of the expertise that RIKEN TECHNOS has cultivated over many years.

While tray packaging is taken for granted in stores in Japan, back when the company was established, products were typically sold unpackaged in Chinese marketplaces, because supermarkets were not yet common. With the growing prevalence of supermarkets, food packaging has started to

become common practice in China.

Located in East China, a region with an especially fast pace of growth in this rapidly developing country, RIKEN TECHNOS (JIANG SU) sells its products not only in Shanghai, but in other major cities across the country. Most of our employees are local residents and many of those who have been working for the company since its early days now hold managerial positions. We value our relationship with local employees and actively participate in local events.

RIKEN TECHNOS (JIANG SU) will continue its efforts to deliver safer, more comfortable living to the people of Asia.

President : Masamichi Watari

RIKEN (SHANGHAI) CORPORATION

Established : 2011 Shareholding : 100% Capital : RMB 5 million
 Line of business : Wholesale, export and import of plastic products



Decorative films for cabinets



Aiming to Expand Sales in the Building Material and Automotive Markets

RIKEN (SHANGHAI) CORPORATION is a Chinese distributor established in June 2011 to boost the sale of our film products in China. Our major products are building material films, FFC (flexible flat cable) film, optical films, layer films on steel sheet. Our building material films evolved from vacuum-formed sheets, with more than twenty years of solid performance in kitchen furniture applications in Europe and the US. They have won special favor in the Chinese market as meticulously designed products tailored to specific market needs. Our FFC film products have been forged by applying our expertise in compound technology, cultivated through long years of manufacturing products for consumer applications. We have applied this technology to vehicle-mounted equipment and vehicle security component applications, which demand high heat resistance and high durability. Our optic films, which meet strict specifications, are used in large display

devices. In the future, we hope to address a wider range of applications for various functional films that are under development. Above all, we would like to contribute to environmental conservation by introducing energy-saving ecological products in building material and automotive applications. In the ten years since the opening of our former representative office, continuous market studies of building materials, home appliances, and electrical material markets have helped us attain the results described above. To accommodate Chinese market expansion driven by domestic demand, RIKEN (SHANGHAI), now nearly a year after incorporation, is preparing to contribute to the growth of the RIKEN TECHNOS GROUP, by leveraging its trading capability in the delivery of various raw materials and products, together with the importation and sale of film products.

President : Hiroshi Matsuura

RIKEN ELASTOMERS (THAILAND) CO., LTD.

Established : 2011 Shareholding : 99.9% Capital : THB 300 million
 Line of business : Manufacturing and sales of engineering plastic compounds



The First Elastomer Compound Production Site Built in Asia

RIKEN ELASTOMERS (THAILAND) CO., LTD. is the first elastomer compound production facility ever built in an Asian country outside of Japan. It is also the first overseas manufacturer established as a company wholly owned by RIKEN TECHNOS. We are not only targeting domestic sales in Thailand, but also plan to extend exports to India, Indonesia, and South China, covering a large part of Asia. Though construction was temporarily suspended due to the Thai floods, it has since resumed and we are striving to complete the facility for commissioning by the end of 2012.

When completed, it will be part of a global framework for elastomer delivery in conjunction with production sites in Japan and the US.

Because our key customers are automakers, we are gearing up to accommodate the growing demand for automobiles in Asia, while actively promoting sales for building materials and applications for household goods. As a first step towards the goal of achieving the top status as an elastomer compound manufacturer in the growing Southeast Asian market, we will strive to create a company where customers in Asia can honestly say, "I am so glad that this company is here," our Thai employees will exclaim, "I am grateful to be an employee of this company," and the employees of the RIKEN TECHNOS GROUP will proclaim, "I am glad to have built such a company."

Managing Director : Keiji Daikuhara

Outline of RIKEN TECHNOS GROUP

Corporate Profile (As of March 31, 2012)

Company name	RIKEN TECHNOS CORPORATION
Date of Establishment	March 30, 1951
Capital Stock	JPY 8,514 million
President	Hiroshi Shimizu
Number of Employees	759
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 founding.

RIKEN TECHNOS operates business in Japan and internationally

based on comprehensive plastics processing technology, which has been developed since the beginning with three core businesses: Compound, Film, and Food Wrapping Film.

RIKEN TECHNOS, as a “challenger that harnesses the power of science” based on the new corporate philosophy introduced as “RIKEN TECHNOS WAY,” 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.

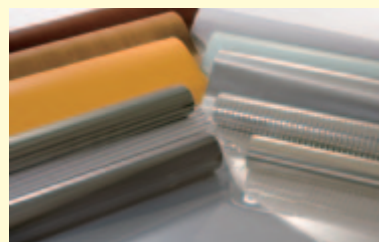


Film Division

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 Type Wraps and Poly Olefin Type Wraps etc.



Mid-Term Business Plan

Mid-Term Business Plan

The Mid-term business plan we began in April 2010, will be concluded in this fiscal year. 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."

While respective divisions are undertaking various activities in order to meet objectives, the take over of the major food wrap business enterprise, Mitsui Chemicals Fabro, Inc. is a comprehensive approach towards strengthening our business within Japan as mentioned in our plan.

In the Asia market, we newly established production plants for medical PVC compounds in PT. RIKEN INDONESIA, which will start operation in the spring of 2013. We will arrange systems for stable supply of products for medical apparatus to accommodate the expanding demands.

As for high functional products, we will especially dedicate efforts to the film division. We will use our unique technology that we have cultivated over the years and apply them to more business fields other than construction materials.

We will continue to accelerate our efforts in coming up with measures towards solving the tasks set out by our objectives.

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

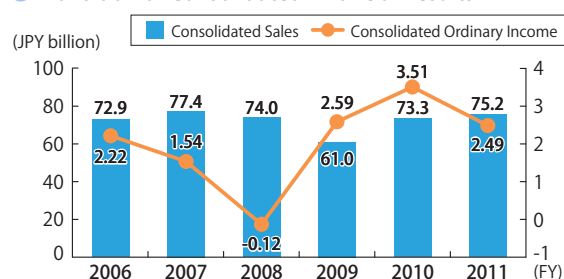
Detailed information is available on the page "Financial/IR" on our website.

FY 2011 Financial Result

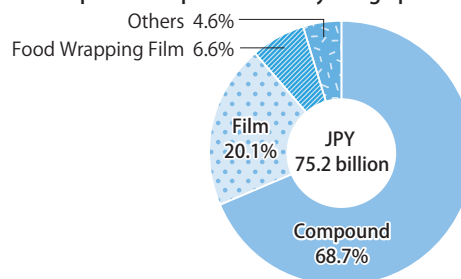
(JPY billion)

	Consolidated	Non-consolidated
Net Sales	75.2	49.1
Operating Income	2.35	0.89
Ordinary Income	2.49	1.32
Net Income	1.96	1.58

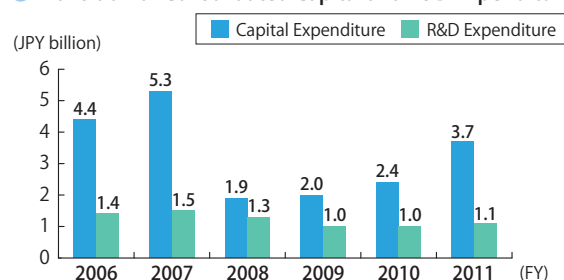
Transition of Consolidated Financial Results



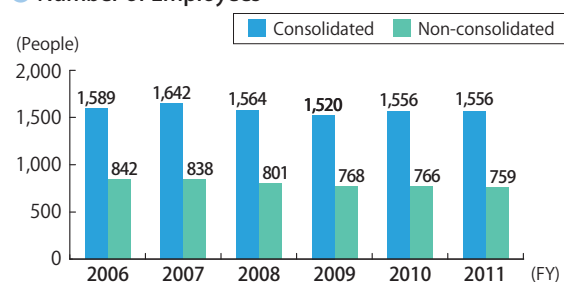
Sales Component Proportion Ratio by Geographic Segment



Transition of Consolidated Capital and R&D Expenditure



Number of Employees



Networks

RIKEN TECHNOS GROUP is composed of RIKEN TECHNOS CORPORATION and 15 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 customer' issues through collaboration between domestic and foreign facilities.

RIKEN TECHNOS CORPORATION's Site and Affiliated Companies in JAPAN

● Manufacturing Company ● Sales Company
* ISO9001 Certified * ISO14001 Certified

As of 1 October 2012

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		
Affiliated Companies in Japan	Main Business Field	Address	Capital Stock	Share Holding
9 SHINKO ELECTRIC WIRE CO., LTD.	Manufacturing and sales of electric wire and cable	IRUMA-SHI, SAITAMA	JPY 48 million	100%
10 KYOEI PLASTICS MFG CO., LTD.	Manufacturing and sales of profile extrusion plastic products	CHUO-KU, TOKYO	JPY 24 million	100%
11 KANEKON CO., LTD	Sales of compound and film	MINATO-KU, TOKYO	JPY 10 million	100%
12 M-I CHEMICALS CO., LTD.	Manufacturing and sales of compound	KONAN-SHI, SHIGA	JPY 300 million	100%
13 RIKEN FABRO CORPORATION	Manufacturing and sales of food wrapping films, consumer and miscellaneous goods	CHIYODA-KU, TOKYO	JPY 200 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



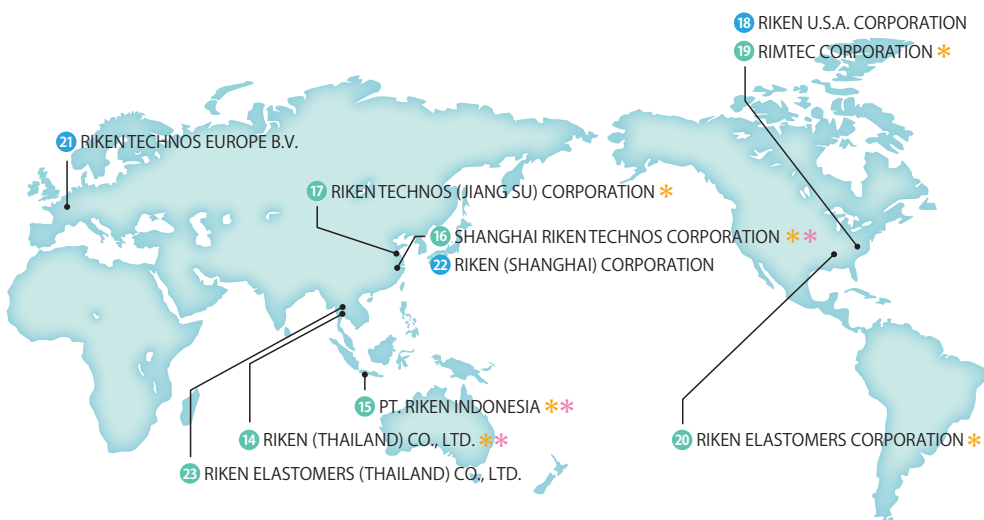
21 RIKEN TECHNOS EUROPE B.V.



22 RIKEN (SHANGHAI) CORPORATION



23 RIKEN ELASTOMERS (THAILAND) CO., LTD. Completed Image



● Manufacturing Company ● Sales Company
* ISO9001 Certified * ISO14001 Certified

As of 1 October 2012

Overseas Affiliated Companies	Main Business Field	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	USD 5.7 million	62%
16 SHANGHAI RIKEN TECHNOS CORPORATION	Manufacturing and sales of PVC compound	SHANGHAI, CHINA	USD 7.5 million	70%
17 RIKEN TECHNOS (JIANG SU) CORPORATION	Manufacturing and sales of PVC compound	JINAGSU PROVINCE, CHINA	USD 13.5 million	91%
18 RIKEN U.S.A. CORPORATION	Sales and marketing of functional film products	NJ, U.S.A.	USD 7.4 million	100%
19 RIMTEC CORPORATION	Manufacturing and sales of PVC compound	NJ, U.S.A.	USD 10 million	51%
20 RIKEN ELASTOMERS CORPORATION	Manufacturing and sales of high functional compound	KY, U.S.A.	USD 10 million	100%
21 RIKEN TECHNOS EUROPE B.V.	Sales and marketing of functional film products	AMSTERDAM, THE NETHERLANDS	EU 400 thousand	100%
22 RIKEN (SHANGHAI) CORPORATION	Import, export, and marketing of plastic products	SHANGHAI, CHINA	RMB 5 million	100%
23 RIKEN ELASTOMERS (THAILAND) CO., LTD.	Manufacturing and sales of high functional plastic compounds	AYUTTHAYA, THAILAND	THB 300 million	99.9%

RIKEN TECHNOS GROUP Business Field and Major Products

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

Compound Products

- **Automotive**
(Exterior Moldings, Shift Lever Knobs)



- **Wire and Cable**
(Automotive, Building Materials, Flat Cables, Appliance Wires)



- **Electronic and Optical Components**
(IC Carriers, Sealing Materials)



Materials of Packing for Semiconductor



- **Interior Materials** (Window Frames, Gaskets)



- **Consumer Goods** (LP Records, Stationary)



Erasers

- **Medical Equipment and Tableware**
(Tubes, Container Seals, Toys)





Film Products

- Interiors and Furnishings
- Steel Lamination for Appliances and Bathrooms
- Film for Flat Cables
- Film for Optical Instruments
- Glass Glazing for Buildings
- Glass Glazing for Automotives
- Film for Processing Semiconductors
- Electronic Parts
- For Solar Cells



"OPTIA," a Decorative Glass Glazing Film



Film for Cabinets with the Appearance of Brushed Stainless



Film for Steel Lamination for Bathroom Walls



Film for Optical Instrument

Food Wrapping Products

- For Home Use
- For Commercial Use



RIKEN WRAP sticks to tableware so tightly that even liquid is difficult to spill



RIKEN CURL can be easily pulled out of its box when opened



Corporate Governance

A Message from the Head of Legal & Compliance Office



Junji Irie
Director and General Manager
of Legal & Compliance Office
RIKEN TECHNOS CORPORATION

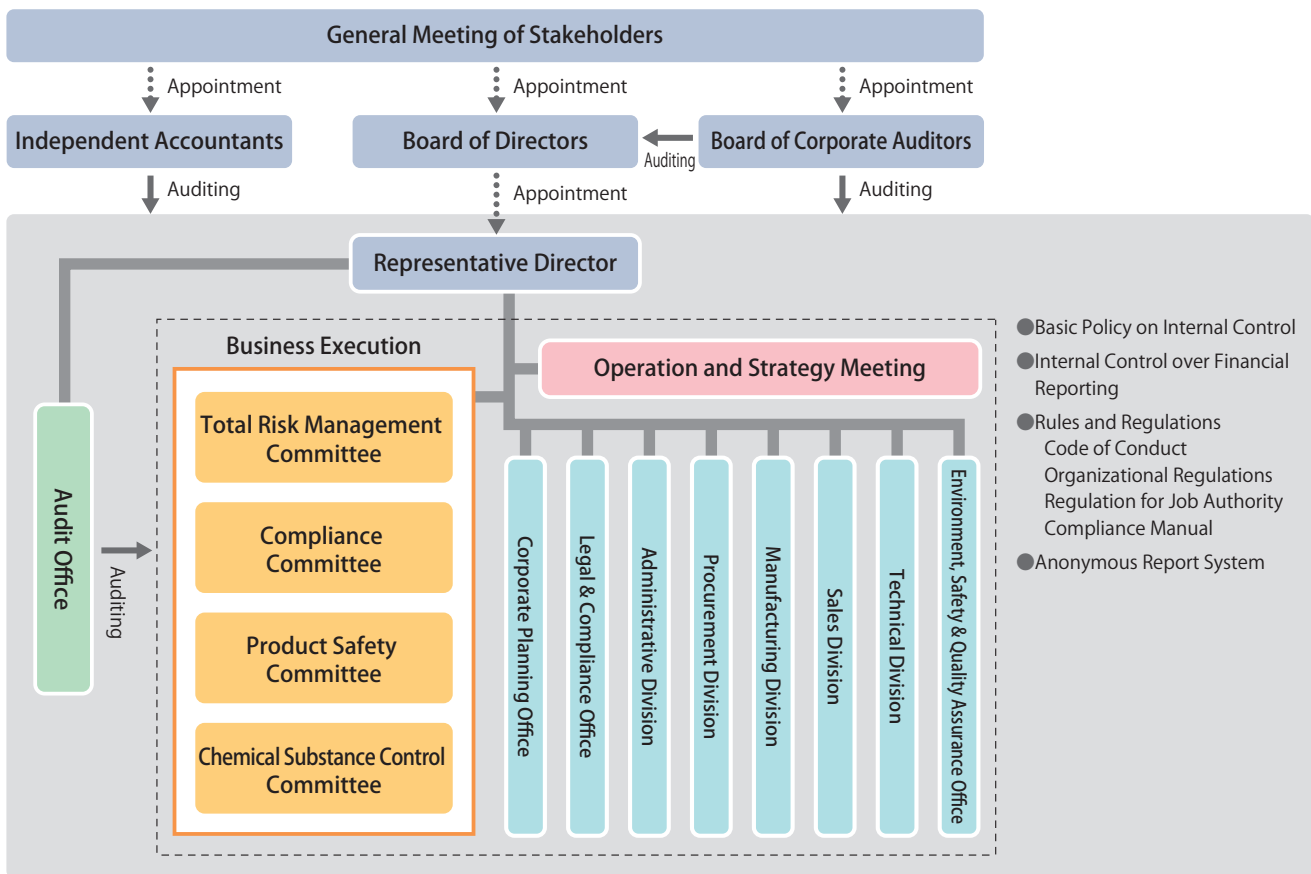
Three Commitments

1. The abidance of law and practice of compliance in business
2. Enhancement of risk sensitivity and management
3. Foster an intense and active company environment

At RIKEN TECHNOS and Group affiliated companies, we undertake tasks to respond to the trust and expectations of society; such as those of customers, shareholders, and local societies. Not mentioning the abidance law, we will thoroughly implement compliance through efforts such as Compliance Training in order to sustain the activities with the heightened awareness of all employees. In addition, for Risk Management we will attentively spread our "Antenna towards the Age," precisely locate "The Whereabouts of Risks" and work to "Avoid Risks." Our stance is to take the royal road with complete solidarity towards creating an enterprise that is beneficial to all of our stakeholders.

Corporate Governance System

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 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.

(<http://www.rikentechnos.co.jp/CompanyInfo/corporatebehaviornorms.html>)

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 and 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 system 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 Internal Control System, and to ensure that the all divisions are given the same information, in both quality and quantity to make certain that the 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 a 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 2012 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 of the following (but not limited to): ID and password login systems to PCs; limitation in access permission, according to the importance 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 "Regulation for Handling of Personal Information," in accordance with the Personal Information Protection Act in Japan enforced in April 2005.

Relationship to Customers

RIKENTECHNOS works to develop and deliver products that guarantee customer satisfaction, as a “challenger that harnesses the power of science.” We value product safety and quality and adhere to stringent chemical substances control standard.

A Message from the Head of the Sales Division



Fumiyoshi Murakami
 Representative Director
 Senior Managing Director
 Head of Sales Division
 RIKENTECHNOS CORPORATION

Three Commitments

1. Creation of a new market with customers in pursuit of further potentials.
2. Innovation from product-out to market-in stances
3. Establishing a worldwide supply chain.

Our growth would not be possible without our customers growing. As a “challenger that harnesses the power of science,” RIKENTECHNOS CORPORATION will pursue business possibilities together with customers. Our company seeks to transition from product-specific sales and marketing to customers’ business-specific sales and marketing, rethinking strategies from a customers’ standpoint. RIKENTECHNOS will further enhance its worldwide networks of development, production and sales activity in respect of the line of products that demand state-of-the-art technologies, such as automobiles, transport equipment, electronic and information processing equipment and medical and health-care apparatus, and also consolidate personnel and systems that enable to deliver services to customers swiftly. With these goals in mind we will “continuously provide a new value and satisfaction to people, companies and society” around the world.

A Message from the General Manager, Osaka Branch Office



Shunichi Isaki
 Director
 General Manager of Osaka Branch Office
 RIKENTECHNOS CORPORATION

Three Commitments

1. Offering precise solutions to customers’ needs with many years of our experience in superior formulations and manufacturing technologies
2. Work in close coordination with Technical Div. and factories to speed up the time needed to deliver information sought by our customers
3. Thrust market development for new products in cooperation with our customers

While many of our customers in Western Japan are those involving electric wires, general merchandise and building materials, we offer them the products manufactured with our strong point, “our original and superior formulations and manufacturing technologies of multiple resins” or put simply, we offer them full support for their “manufacture of products that attain the satisfaction from customers of their own.” Our salespeople work in close coordination with the technical division and factories to expedite the process of creating unrivaled, ingenious product solutions that address the needs of the customers, by taking advantage of RIKENTECHNOS’ technology and analytical abilities. As everyone anticipates the full recovery from the Great East Japan Earthquake, it is our hope we may contribute to the rehabilitation from the earthquake damages through customers implementing of our materials in their product.

A Message from the General Manager of Technical Division



Ryoichi Sato
 Director
 General Manager of Technical Division
 RIKENTECHNOS CORPORATION

Three Commitments

1. Providing new values with products created through new technologies.
2. Driving the development of products involved with recycling, energy conservation and environmental friendly sources of energy to realize a recycling-oriented society, and exploring the possibilities of developing technologies based on nonpetroleum-based raw materials.
3. Developing safety-guaranteed products free of harmful substances.

RIKENTECHNOS aims to develop products that focus primarily on fulfilling its corporate social responsibility and delivering comfort and safety to its customers. RIKENTECHNOS undertakes the development of products; constantly taking into account of any environmental impact it may have, and deliver products with cutting edge technology to its customers. Our research department pursues improvement and development believing their mission to be in the realization of products that improve social growth and the affluence of people’s lives through the implementation of plastic materials. For products related to the environment, our research engineers are working on the development of solar light and wind power generation products, electric vehicle charging cables, heat shield sheets and nonpetroleum-based materials. Some of these have already been made available to customers and are receiving a high reputation.

Taking on New Challenges

RIKENTECHNOS is developing an extensive range of products tailored to increasingly diversified needs by utilizing our cutting edge technologies as a “challenger that harnesses the power of science.”

This report introduces the products put on display at the Automotive Engineering Exposition 2012, an event for announcing state-of-the-art technologies in the automotive industry, and at the Highly-functional Film Technology Expo, an event gathering cutting edge film processing technologies.

Exposition Profiles

Automotive Engineering Exposition 2012
Dates : May 23 to 25, 2012 Site : PACIFICO Yokohama, Yokohama

Third Highly-functional Film Technology Expo
Dates : April 11 to 13, 2012 Site : Tokyo Big Sight, Tokyo

Automotive Engineering Exposition 2012

The automotive engineering exhibition for technicians and researchers working on the front line of the automotive industry has been scaling up year after year. The 2012 exhibition was represented by 436 exhibiting companies, attracting over 50,000 visitors. As a "challenger that harnesses the power of science," RIKEN TECHNOS is developing various products designed to fulfill the diversified needs of customers through leveraging cutting edge technologies.

Here, we will introduce some of our products put on display at this exhibition.



Our booth at the Automotive Engineering Exposition

◆ Functional Compounds and Engineering Plastic Compounds

The development of modern vehicles, including hybrid cars, trends to merge with electrical equipment and telecommunications in a bid to offer advanced urban conveniences. STATICMASTER and engineering plastic materials are presented as solutions to guard advanced electrical equipment in process or during transit against electrostatic hazards and electromagnetic interference.



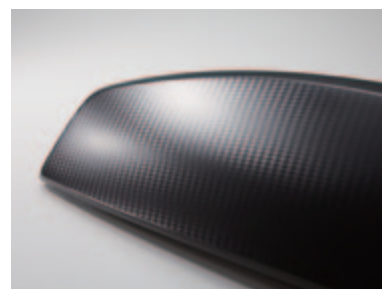
Automotive Engineering Exposition

◆ ETF-Elastomer

Micro-dispersion of highly crosslinked rubber has resulted in the development of ETF-Elastomer, which realizes tactile sensation not available with the existing thermoplastic elastomers (TPE) while staying resistant to both abrasion and oils. ETF-Elastomer might be combined with foaming to achieve greater weight reductions while taking advantage of its own properties. It is used in interior surface coverings, such as shift knob grip and side brake grip.

◆ High-Grade Design Films for Automotive Interiors and Exteriors

Ornamental panels, which accentuate automotive interiors, constantly dictate design differentiation and textured appearance. RIKEN TECHNOS has developed embossed decorated films on an extension of the design film technology fostered in the fields of building materials and home appliance. These films are already used as automotive interior parts. Exterior photoluminescent films are utilized in a growing number of vehicle models as they gathered attention as a means of reducing weight of car bodies by replacing the metallic materials used in the past.



Interior decorative films

Highly-functional Film Technology Expo

RIKEN TECHNOS exhibited its products at the Highly-functional Film Technology Expo to demonstrate the engineering capabilities and new product solutions that have been developed over many years to date. A few of the products put on display at this exhibition are introduced below.

◆ [KIZCURE] that self-heals scratches

KIZCURE is a film that self-heals surface scratches. Scratches left on a KIZCURE-treated surface by rubbing a brass brush or the like against it will disappear over time as long as they scratches are light. KIZCURE can be coupled with films made of various materials, such as PET, PVC and polyolefins. Currently, it is being used in luxury wall covering materials. We intend to expand its applications to automotive interior and exterior covering.

◆ [AQUATECT]: Highly Hydrophilic Hardcoat Film

A highly hydrophilic hardcoat film, AQUATECT washes dirt off instantly with water. Even if an AQUATECT-treated surface is splashed with water drops do not remain on the surface, preserving visibility. Fingerprints can also be wiped off completely.

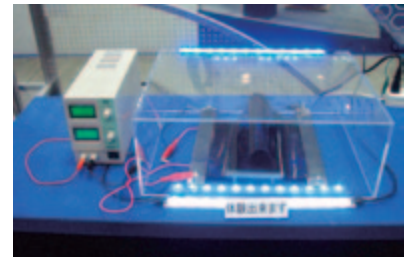


AQUATECT-treated on the left, untreated on the right

Relationship to Customers

◆ Conductive Film

This conductive film is flexible and because the entire film is conductive, instead of just the surface, it is capable sustaining stable conductivity even if it is subject to scratches or deformation. This film can be created with several types of base resin and can be designed to fit the functional demands that customers seek.



Illumination using conductive film

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.

Product Development Safety Considerations

◆ Product Liability (PL *2) Correspondence

Product safety is the responsibility of manufacturers, even beyond that of legislation, and we have been keeping this in mind since 1995. However, taking advantage of the timing of when the Product Liability Law *3 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.

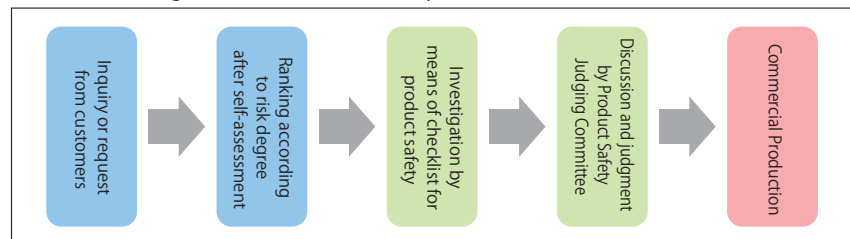
Product Safety Policy (According to Product Safety Standard)

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

Organization of Product Security



Procedure of Judgment about Product Safety



Strict Control of Chemical Substances for Safety

◆ Protection of Production Line from contamination of specified chemical substances

We expanded the raw material auto-way 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 also established a Chemical Substances Management Criterion, and declared our intent to prohibit the use of chemical substances not only banned by the laws and regulations but also subject to Type I and Type II Monitoring stated by Chemical Substances Control Law, and voluntarily reduced the use of suspicious substances that should be avoided in terms of occupational safety and health.

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

* 2 PL: Product Liability

* 3 Product Liability Law: Established in Japan in July 1995.

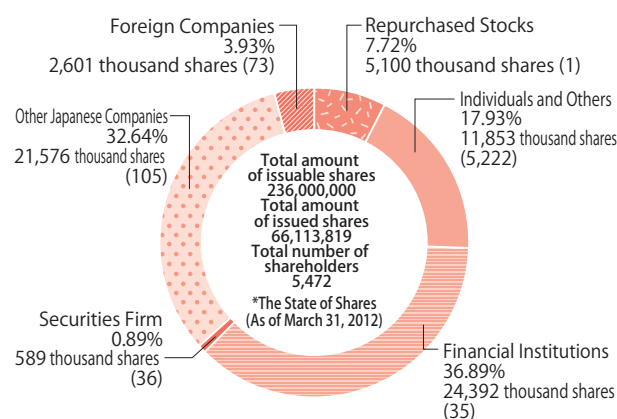
Relationship to Shareholders

We greatly appreciate the supports from our shareholders. We do hope you will give us further guidance and encouragement in the future.

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 material for timely disclosure, on the site after disclosure (press release).

The State of Shares and Shareholders Distribution



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 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. For the dividends for March of 2012, as a commemoration of our 60th anniversary, we added JPY 1 to amounting to JPY 5 per stock to a total to JPY 9 for annual dividends with the mid-term dividend included.

Fiscal Year (Record Date)	Dividend Per Share		
	Mid-term	End-of-term	Annual
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
FY2011 (The end of March 2011)	JPY 4.00	JPY 4.00	JPY 8.00
FY2012 (The end of March 2012)	JPY 4.00	JPY 5.00	JPY 9.00

◆ The early delivery of convocation notices

We make sure for early delivery of convocation notices to shareholders so they can fully deliberate new propositions.

◆ Avoidance of concentrated days for ordinary shareholders meeting

In order for as many shareholders to participate in the meetings, we avoid concentrated days for shareholder meetings.

Relationship to Business Partners

RIKENTECHNOS Corp. makes effort to build a better management environment system and quality management system. Additionally we are making effort to get competitive purchasing power conscious of stable procurement.

A Message from the General Manager of Procurement Division



Masamitsu Sumiyoshi
Director, General Manager of
Procurement Division
RIKENTECHNOS CORPORATION

Three Commitments

1. Mutual trust
2. Coexistence and co-prosperity
3. Providing fair and impartial opportunity

I believe that the importance of essential materials support production in order to succeed in our company's mission goes without mentioning. Our supply chain is supported by advanced delivery system that securely, swiftly, and safely delivers products to customers. In this manner, it is crucial to have a base of mutual trust between our company and business partners who take part in the supply chain. I believe that prosperity and growth cannot be attained with business partners who do not strive for coexistence and co-prosperity. Furthermore, there is a demand for our company to establish a BCP (Business Continuity Plan) that accommodate various environmental changes and other advancements such as the proper measures towards globalizing our supply chain. Due to these factors, we not only make extensions of preconceived ideas of trade, but also provide fair and impartial opportunities for propositions for the future and new entries. We hope to continue to be a needed presence by the society through our products and solutions, and would like to prosper together with all of our business partners.

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 "RIKENTECHNOS GROUP Green Procurement Standard".

Purchasing System

The Purchasing Department, 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.

Division in charge of Purchasing

Purchasing Department Raw materials, negative films, fuel, packaging, materials related to valuable facilities for integrated purchasing

Respective Factory Operation Divisions Expendable materials, inventory materials, materials related to facilities etc.

Supply Chain Management

In order to supply safer and more reliable products to our customers, RIKENTECHNOS 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 2011, we carried out our quality and environment inspection with twenty-five 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

Since August of 2009, the scope of "RIKEN TECHNOS GROUP Green Procurement Standard" has been broadened to include affiliates.

For details, please visit our website.

◆ Scope of Application

Materials those compose our product directly such as resin, plasticizer, stabilizer, filler, impact modifier, pigment, film sheet materials, coating materials, adhesive materials and also include the packing materials, release paper, etc.

◆ Requirements

- a. Establishment of environmental management systems for business partners
- b. Achievement for environmental performance related to those such as the management of environment related substances

c. To investigate and report about the environment-related substances specified by RIKEN TECHNOS CORPORATION and submitting "Information of measured value or max content of RoHS 6 substances" and "Information sheet of Chemical substances."

◆ Implementation

We will procure base materials and secondary materials that do not contain banned environment-related substances, or the amounts of controlled substances are determined. In addition, we may request for business partners to transition base materials and secondary materials to safer and with less environmental load.

Environmental Actions Taken in the Distribution Process

- Improving loading efficiency by automatic transportation management system.
- Improving ratio of loading trips to total trips by bringing back materials on trucks returning from delivery.
- Elimination and consolidation of freight transport hubs.
- Fulfilling set requirements, as one of the specified shippers, under the provisions of the Act Concerning the Rational Use of Energy (Energy Conservation Law). Our goal is to achieve our mid and long-term targets of an annual rate of 1% reduction per unit of energy consumption.
- Decreasing the number of the palettes purchased by collecting palettes from customers and promoting the change in materials used to make palettes, from wood to plastic, for protection of forest resources
- Participation in the Green Logistics Promotion Business
- ◆ **Active pursuit of Quality and Safety**
- We recommend our transportation partners to obtain the certification of ISO9001 and G-mark (safety excellence enterprise).

For Kameyama-kyuso

G-Mark Certificate

Registration date: January 19, 2009

Expiration date: January 18, 2013

ISO9001 Certificate

Registration Date: May 9, 2003

Expiration Date: May 8, 2015

For MOTEGI Co., LTD.

G-Mark Certificate

Registration date: December 20, 2007

Expiration date: December 31, 2015

ISO9001 Certificate

Registration date: March 10, 2000

Expiration date: April 1, 2013

ISO14001 Certificate

Registration date: October 29, 2004

Expiration date: October 28, 2013

Relationship to Society

RIKENTECHNOS 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

◆ At Saitama Factory

- Conduct a group meeting with residents living near the factory (once a year)
- Internships
- Support and participation in local events (Cosmos Festival, Fukaya City Half-marathon, Okabe Fureai Carnival, Children's Mikoshi etc.)
- Support of locally held Summer Festival
- Blood Donation (twice a year)

◆ At Mie Factory

- Conduct a group meeting and a factory tour with residents living near the factory (twice a year)
- Provide work experience opportunities for junior high school and high school students
- Support and participation in the Kameyama City Ekiden relay and Summer Evening Festival
- Support for the Sekijuku Summer Evening Fireworks Festival
- Donation to Children's Festival held by local communities
- Blood Donation (twice a year)
- Supply exhibits for Kameyama Highway Oasis
- Donation to Red Feather Community Chest (once a year)
- Support to Music Festival in Kameyama city (Kameyama Music Jamboree)
- Community traffic patrols around the factory area
- Received the Best Traffic Safety Organization Award at the 52nd National Traffic Safety Exercise, Central Rally (43 competitors in Japan)

◆ Gunma Factory

- Support and contribution of food wrap to the Summer Festival held by Gunma chamber of commerce and industry



Saitama Factory Cosmos Festival



Saitama Factory supported and employees participated in Fukaya City Half-marathon



Mie Factory was invited to participate in the National Traffic Safety Exercise, Central Rally



Mie Factory blood drive



Mie Factory Traffic Safety Training Session

Protecting the Environment

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

◆ At Saitama Factory

- Clean up around the factory (once a month)
- Clean up for the road from the factory to JR Okabe station (twice a year)
- Pursuit of complete separation and disposal of waste
- Enforce car idling reduction plan among suppliers and workers

◆ At Mie Factory

- Cleanup the road around Mie Factory and river bed (twice a year).
- Participation in volunteer cleanup activities held by Kameyama City (support "Cleanup Operation of River and Sea" and "Campaign to Stop Illegal Dumping, twice a year)
- Contribution to the "Green Fund" by Mie Prefecture Tree Planting Promotion Association (twice a year: spring and fall)
- Support to "Woods of Kameyama Ecology" and volunteer in forest maintenance (4 times a year)
- Participation in the "Light Down Campaign" by the Ministry of Environment

◆ At Gunma Factory

- Regular patrol by Safety and Health Committee, and clean up around the factory
- Pursuit of the separation and recycling garbage
- Employees participate in clean up and resource recovery in their residential areas



Cleanup around Saitama Factory



Roadside cleanup around the Mie Factory



Eco-no-kai in Mie Factory

Contribution to Society

In the US, the employees of RIMTEC CORPORATION and RIKEN ELASTOMERS CORPORATION support the fund-raising campaign "The United Way"*1 and contribute to it every year. Additionally, RIKEN ELASTOMERS not only participate and give donations to the Backpack Program, but also provide educational support by tutoring math, reading and writing.

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



Tutoring session at Pembroke Elementary School, a partner school. Bradley and Ms. Laura Thomas from RIKEN ELASTOMERS CORPORATION, Human Resources Division.

Relationship to Society

Internships

We are proactive in hosting job participation and internship programs for children and students who are looking ahead for their futures. The programs are offered at both Saitama and Mie factories, which offer hands-on experiences with household wrap manufacturing and other processes.



Two photos above show students participating at the Saitama Factory



Students participating at the Mie Factory

Following is the summary of a student job participation program at Saitama Factory conducted in 2012. Participants were given a hands-on experience with film products, household wrap manufacturing processes, and equipment maintenance.

Voice of Student Participant in Saitama Factory Saitama Kumagaya Technical High School First Group, Machinery Department

On the first day of the workshop experience tour, we joined the production in pairs to replenish food wrapping film exterior boxes and peel off food wrapping film. I found that the work required quite a bit of physical strength. We did the same job on the second day but were able to get it done more efficiently than the first day as we got accustomed to it. On the last day, we serviced an electric motor under the guidance from a supervisor; and to my delight, the motor was restored to normal. I am most grateful for this opportunity, because it allowed me to experience various things that I would not learn in school.

Voice of Student Participant in Saitama Factory Saitama Kumagaya Technical High School First Group, Machinery Department

On the first day, we peeled off food wrapping film and replenished food wrapping film exterior boxes. We did the same job on the second day, except that I had to get the job done alone, without a buddy. The job seemed simple at first but soon turned out to be quite difficult. The maintenance work for the electric motor was quite difficult because of the unfamiliar machinery, but I enjoyed it a lot.

The four-day workshop experience was very educational to me. I would like to get the best out of what I have learned on this internship in the future. I am sincerely grateful for this experience.

Relationship to Employees

RIKENTECHNOS GROUP aims to have each employee “attain personal growth through his or her job,” and in order to create a better work environment, a number of different programs have been made available.

A Message from the General Manager of Administrative Division



Makoto Kumanomido
Director and General Manager
of Administrative Division
RIKENTECHNOS CORPORATION

Three Commitments to Developing Group's Human Resources

Provide workplaces for employees to “Take charge and enjoy your work.”

Provide opportunities for employees to “We continually push ourselves to achieve more.”

Provide an environment in which “Come with smile and leave with smile.”

RIKENTECHNOS CORPORATION came into existence as a venture 60 years ago. Its new management philosophy formulated last year as RIKENTECHNOS WAY is the result of inquiring each other in quest of what can be done for RIKENTECHNOS to stay as a manufacturer in dynamic motion. People will abundantly learn and grow when they pursue assignments on their own initiative and undertake challenges without fear of failure. What the supervisor in charge of human resources development activity must do, is to provide the PLACE and OPPORTUNITY to undertake challenges to as many employees as possible. Pursuant to a project team methodology, whereby cross-functional teams are formed to come up with business solutions, a number of project teams are presently up and running in RIKENTECHNOS GROUP. Apart from the formation of these teams, the “Challenging Project Program” will be launched to encourage employees to form project teams voluntarily to approach their own goals. This scheme should enable the employees to take charge and enjoy their work and continually push ourselves to achieve more. Ultimately, our goal is to create an organization in where employees work actively and are provided new challenges daily, so they “come with smile and leave with smile.”

Forwarding Projects

At RIKENTECHNOS, many tasks are performed by project teams. Team members are chosen from various organizations and are expected to achieve results within a set time frame. Project

members grow through working together to come up with a business solution. Here are some of the projects underway.

◆ PT. RIKEN INDONESIA

Project for Building a New PVC Compound for medical equipment Manufacturing Plant”



Manufacturing Innovation
Department
Mr. Kazuhiko Kobayashi
Project Leader

I have been assigned to work on a project for building a new PVC compound for medical equipment manufacturing plant in Indonesia. The project is meant to serve dual purposes: to respond to the growing demand for PVC compounds for medical equipment in Southeast Asia and to spread the risks of centralization of the compound production at RIKEN (THAILAND). I believe my involvement in this project offers me a good opportunity to take

advantage of my job experience from working at PT. RIKEN INDONESIA. The team will work together establish operation by next March.

◆ RIKEN FABRO Consolidation Project



Corporate Planning
Department
Mr. Masaji Kawai
Project Leader

The RIKEN FABRO Consolidation Project aims at consolidating Mitsui Chemicals Fabro, Inc., a wholly owned subsidiary of Mitsui Chemicals, Inc., into RIKEN FABRO CORPORATION and establishing operation of the new company by October 1.

While more than 10 working committees have been opened to up to this point, the project is also receiving extensive support from the PJ members to start up RIKEN FABRO CORPORATION.

Harmonization between the two companies holds the foremost importance to make for a successful consolidation. The present consolidation poses a huge investment burden on our company; however, it should also offer us a chance to attain the position as the top leader in the food wrapping film industry, which is currently placed in exacting conditions. The startup, scheduled for October 1, is a stepping stone for us on our path to this leap and we would like to do our best as a member of the project in highlighting the presence of newborn RIKEN FABRO.

Relationship to Employees

◆ The BCP Project



Sales and Marketing Department
Industrial Material Group
Hiroshi Kawashima
Project Leader

The BCP project is being implemented with the concept of “Building a system that minimizes effects from various environmental changes that involve our company to the compound business field, and can produce and sell products within a month.” Project members are working as one to forward the creation of a Model Case that can be implemented throughout the company and manualize it so that its utilization can be sustained.

◆ Performance Briefing Project



Accounting Department
Kiyotaka Ochi
Project Member

Starting this year, it has been decided to hold Performance Briefing for corporate investors and I also participated in this project. Amidst not having the knowledge of what kind of information professional investors seek, the gathering of information and discussion between project members was a great stimulation to me. What I felt about the current project was that we must value the sense of “listed companies are constantly being

watched from the outside.” Keeping this in mind, I would like strive creating even better informational meeting on account settlements.

◆ Saitama Factory, “Strong Manufacturing Facility Project”

Manufacturing Innovation Department, Film Group
Toshimi Morishita Project Leader

It has been over 40 years since the installation of manufacturing equipment in the Film Department at the Saitama Factory, and they have slowly begun to deteriorate. Striving to be a 100 year enterprise, we have launched project activities in greater effort more than ever to achieve “Strong Manufacturing.” In our project activities we discard stereotypical methods, not being held back by the past, and deliberate with all project members on next generation production techniques and facility layouts by leveraging methods learned within in-house training. Currently, we are undertaking new challenges together and enjoying our work at the same time.



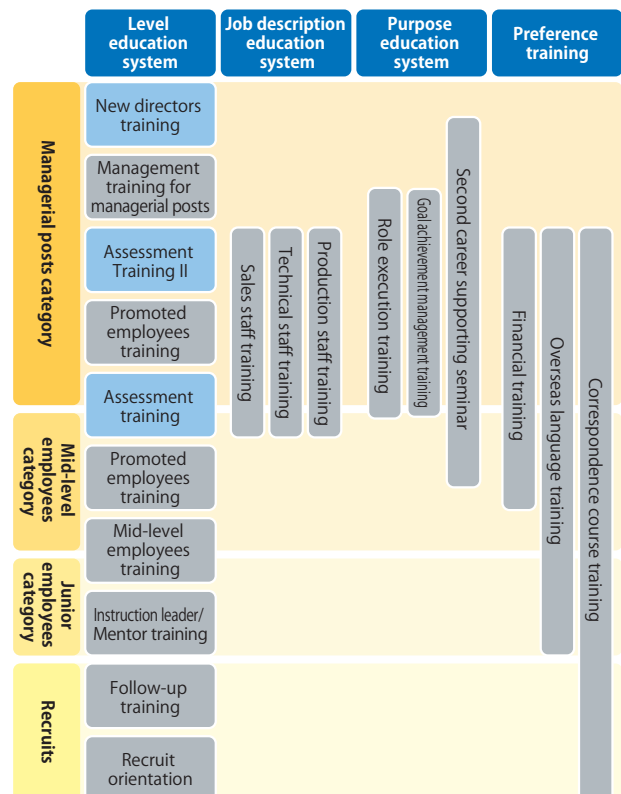
Training Manager

We are in the process of conducting “Organization Management Training” for our assistant managers. In order to learn how to think strategically and how to process management work, we are applying “Action Learning” to help each project succeed.

Concept of Developing Human Resources

The growth of a company is supported by the growth of each of its employees. We are building a system that fosters mutual growth for both the company and its employees by supporting dedicated workers, under the slogan, “We support employees who aim to grow!” As a part of this system, we have introduced a voluntary application program, with an interview process to assess the hopes and aspirations of each employee, in order to create a better environment for growth. We describe our ideal employee as a person who is independent, able to create, and able to implement. Additionally, to ensure that each employee can carry out his or her role well, a job performance assessment program has been introduced into the personnel system to encourage employees to “grow through work.” All these activities aim to build a better value-added corporate structure through the growth of each employee.

RIKEN TECHNOS Education Program



Child Care Support

◆ Leave-of-Absence System for Child-Care

Employees (male and female) are granted a leave for up to two years. The first three days of the leave are paid, and the system has been made more accessible to male employees.

◆ Shorter Working Hour System for Child-Care

Employees raising children are entitled to cut their working hours up to six hours a day. They are free to tailor their work hours to suit home and kindergarten schedules. This system can be used until the children begin elementary school. Currently three employees are utilizing this system.

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 or directors.

Re-employment System

Re-hiring skilled employees who are willing to work after our official retirement age of 60 years old, offer merit to both the employee and our company: 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 extended up to 65 years old in the amendment of April 1, 2009.

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.

Safety and Health Activities

◆ Concept of Safety and Health Activities

RIKEN TECHNOS, based on the concept of human dignity, considers occupational health and safety as the most important basis in business operation, and strives to sustain and improve a healthy and safe working environment.

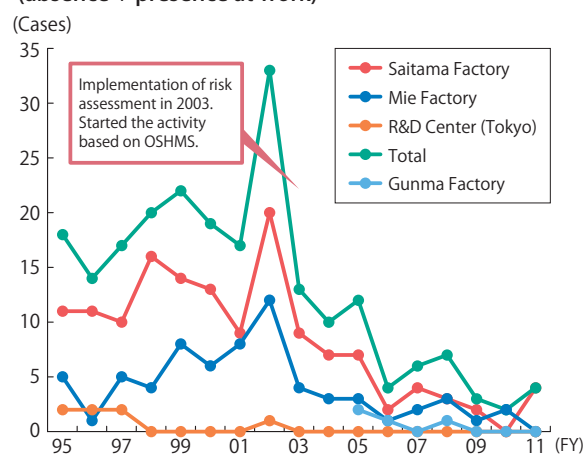
◆ Eradication of Dangers and Cause for Hazards through Risk Assessment

After implementing risk assessment in 2003, improvement in prevention took root. Through such an improvement, danger and harmful factors hidden in workplaces become separated and eliminated, and risks are cut down. 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.

◆ Total Industrial Accidents

The number of industrial accidents amounted to 3 cases in 2009, 2 cases in 2010, and regrettably 4 cases in 2011. Of special note, the Mie Factory (250 employees) achieved to have zero industrial accidents.

Trend in Industrial Accidents throughout the Company (absence + presence at work)



◆ Prevention of Industrial Accidents Caused by Human Errors

To achieve the ultimate goal of "No industrial accidents," 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 adopt precautionary measures in basic safety and protect against incorrect operation.

◆ Emergency Response

We issue an emergency response list at every site and section, based on possible emergency situations and also hold regular training sessions. We especially are undertaking the preventive measures against leakage of chemical substances and prevention of fires by dangerous flammable substances specified by the Fire Service Act.

Relationship to Employees

Scholarship System

At RIKEN (THAILAND) CO., LTD., we have a scholarship system for the children of our employees.

In FY2012, 16 elementary school students were awarded.

Scholarship Award Ceremony 2012 at RIKEN (THAILAND) CO., LTD.



Awarded students

Thitima Meeutsar
First grade student

father =
Mr. Poowadon
Meeutsar
Quality Assurance
Section



Vipawee Phoviphak
Second grade student

father =
Mr. Virut Phoviphak
Medical Product
Manufacturing
Section



Janjira Teerapong
Second grade student

mother =
Miss Narumol
Rungchaipaiboonsuk
Manufacturing
Management
Section



Wasiporn Somapee
Second grade student

mother =
Mrs. Walairat
Somapee
Logistics Section



Chutikan Umpai
Third grade student

father =
Mr. Prawit Umpai
Quality Assurance
Section



Thanandorn Polsen
Third grade student

mother =
Mrs. Wassana Polsen
Manufacturing
Management
Section



Nutchaya Wongcharoenthaworn
Fourth grade student

mother =
Miss Sunantha
Jaicharoen
Administration
Section



Artaya Thongkam
Fourth grade student

mother =
Mrs. Sathanakamol
Thongkam
Shipping and
Handling Section



Passorn Puttasim
Fourth grade student

father =
Mr. Chaiyakorn
Puttasim
Medical Product
Manufacturing
Section



Rinrada Sangmanee
Fourth grade student

mother =
Miss Juthamard
Khuntaworn
Shipping Section



Tawanchay Srijuisai
Fourth grade student

father =
Mr. Surasak Srijuisai
Medical Product
Manufacturing
Section



Chutimon Muangngan
Fourth grade student

father =
Mr. Sukpraditt
Muangngan
Engineering
Section



Sarocha Choomchart
Fifth grade student

father =
Mr. Montree
Choomchart
Medical Product
Manufacturing
Section



Weerapat Prachyaboon
Fifth grade student

father =
Mr. Suthiporn
Prachyaboon
Medical Product
Manufacturing
Section



Nattapat Yodtana
Fifth grade student

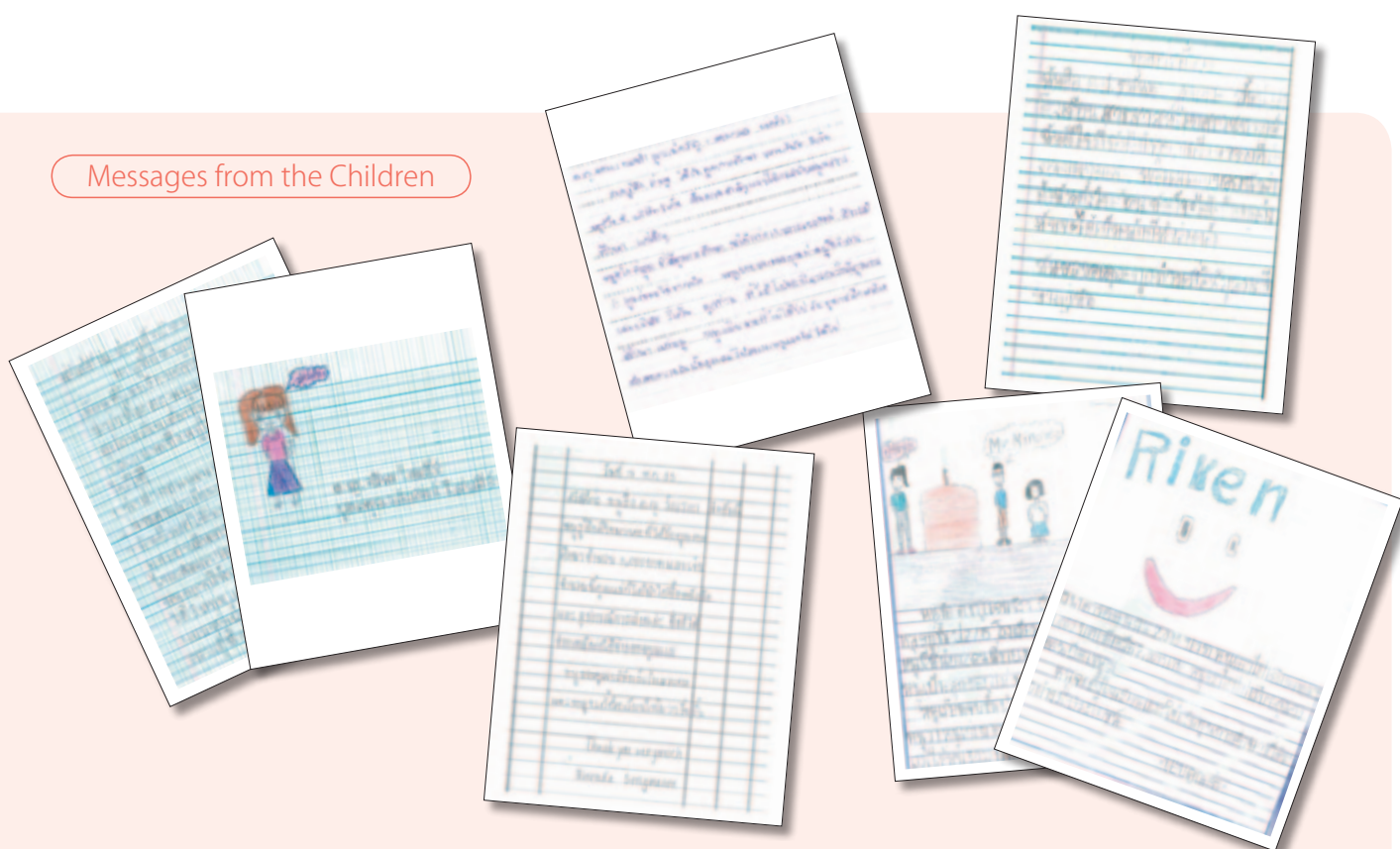
father =
Mr. Winai Yodtana
Medical Product
Manufacturing
Section



Tararat In-ngam
Fifth grade student

father = Mr. Preecha In-ngam
Medical Product Manufacturing Section

Messages from the Children



● My name is Janjira Teerapong. I am 8 years old. I am in second grade. I have one older brother. In the first grade I got an A on my grades. My mother said she was very proud of me. When my mother said that she would apply for a scholarship for me at her workplace to get 3,000 baht, I was very happy. I am putting 1,000 baht in the bank, using 1,000 baht for my computer class fees, and the other 1,000 baht will be for going to a tutoring center called Kumon during my school vacation. I am planning to study hard and use my scholarship money wisely. Thank you very much.

● My name is Wasiporn Somapee. I am in second grade. Thank you so much for my scholarship of 3,000 baht. Out of the 3,000 baht, I put 1,000 baht in the bank, and another 1,000 baht was used to pay for my computer class fees. I used the remaining money to pay for school supplies and for transportation to go to my weekend Thai dance lessons. I hope that the other children will receive the scholarship and use the money wisely like me. I will study hard, as the manager taught me to do.

● Hello, I am Thanandorn Polsen. I am a third grader. I am so happy to have received a scholarship from the company where my parents work. My parents taught me that if I study hard I can become a great person. Thank you to all the people who gave me the scholarship.

● Hello, my name is Rinrada Sangmanee. I am very happy to receive the 3,000 baht scholarship. My mother used the money to buy my books and school supplies. I am glad that I was able to help my mother with expenses. RIKEN (THAILAND), thank you so much. I plan to study even harder than before.

● I am Artaya Thongkam. I am very glad that RIKEN (THAILAND) promotes education for the children of its employees. It is not a large amount, but I am so happy that I can help my mother financially in any small way. I was disappointed to not be able to attend the award ceremony due to my mother not feeling well, but thank you management team at RIKEN (THAILAND), for giving me the scholarship.

(Translated into Japanese by local Japanese staff)

Environmental Management and Action Plans

Environmental Policy

For all our business activities, we take into consideration the effects on the environment. To protect the environment and realize a sustainable community, RIKEN TECHNOS CORPORATION established an environmental management system, and all members of RIKEN TECHNOS CORPORATION work to implement the following principles.

- 1 Through all business activities, RIKEN TECHNOS CORPORATION improves the environmental management levels and prevention of environmental pollution by not only observing all environmental regulations and mutual agreements but also setting our own rules and regulations voluntarily.
- 2 RIKEN TECHNOS 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-environment 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 CORPORATION continues the activity approaching the protection of the environment by establishing documents including the Environmental Statement and Environmental Policy, and educating employees.
- 5 RIKEN TECHNOS CORPORATION 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 CORPORATION 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 each site.
- 7 RIKEN TECHNOS CORPORATION aims to obtain confidence and understanding from society through the appropriate and accurate information disclosure.

Certification of ISO14001

All of our company divisions have set environmental policies and have obtained this certification.

We strive to establish our company as an enterprise that responds to the trust of all stakeholders through operating with

environmentally conscious approach and contributing to building a prosperous society.

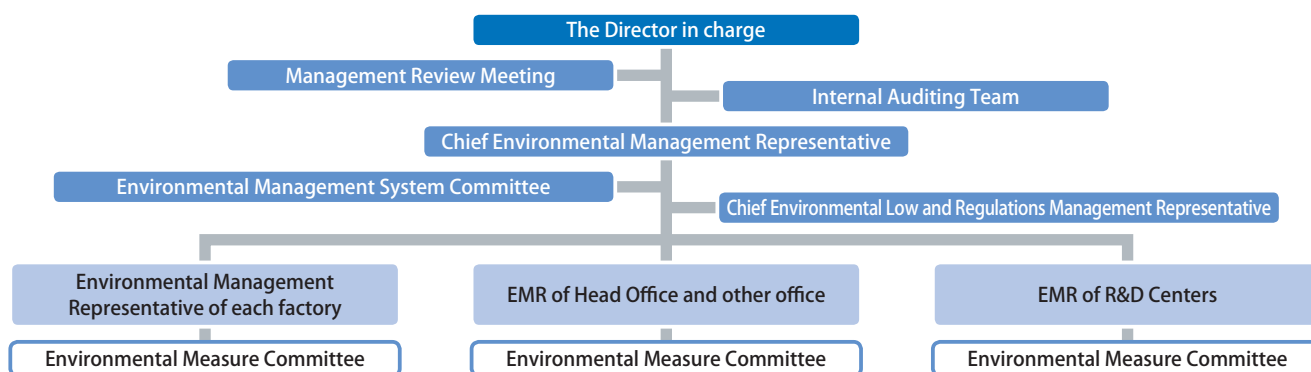
Initial Registration: October 31, 2001

Date of Expiration: August 30, 2013

Environmental Management System

Organization Chart of Environmental Management System

The Director in charge heads up the system and the Chief Environmental Management Representative (CEMR) is appointed to establish the environment management system under his direction by designating an environmental management representative at each site.



System for Implementation

Here we will introduce the primary meetings, committees, members and their roles.

Meeting, Committee	Members	Function
Management Review Meeting	All Directors, Chief Environmental Management Representative	Assessment of policy, purpose and the Environmental Management System
Internal Auditing Team	Qualified Internal Auditor	Audit of compatibility
Environmental Management Committee	Chief Environmental Management Representative, Head of Environmental Measure Committee, General Manager of Engineering Division, Chief Environmental Law and Regulations Management	Deliberation and approval of Environmental Purpose and Target of all sites in addition to auditing Environmental Management
Environmental Measure Committee	Environmental Management Representative, General Manager of each Division, Committee Member at each site	Setup of Environmental Purpose and Target, deliberation of improvement and prevention, and deliberation of environmental problem

The Role for the Chief Environmental Management Representative and Environmental Management Representatives

We have clarified the responsibility each site and general management for the entire company.

Representative Name	Name of Executive Post	Role
Chief Environmental Management Representative	General Manager of Environment, Safety & Quality Management Office	Establishment, operation and maintenance of the Environmental Management System for the entire company
Environmental Management Representative	Site Manager (General Manager of Factory etc.)	Establishment, operation and maintenance of the Environmental Management System for each site

Environmental Audit System

(1) Internal Audit

Once a year, an internal audit for quality assurance and environmental management system is conducted by approximately 100 internal auditors with instructions from the CEMR. In FY2011, an internal audit was conducted in 68 divisions resulting in 21 correction requirement reports, and 85 observed incidents. Most of the cases involved management of paperwork and management of records. We will continue to work on improving the management system by corrective action.

(2) External Audit

An external audit was conducted by NKKKQA at the Head Office, the Saitama Factory, and the Gunma Factory. In FY2011, one minor non-conformity and 16 items for improvements were noted by the auditor. It was pointed out that the current status left difficulty for achieving Environmental Goals and we have since undertaken improvement. Additionally, we received audits from 8 of our customers and did not receive any items to be noted or requests.

Environmental Education for Employees and Status of Promoting Edification

Since FY2008, we have made a practice of distributing the "Eco-life Day" questionnaire to our employees and their families in order to raise awareness regarding the importance of energy conservation and global warming. In FY2011, we received many (summer: 1,083, winter: 899) responses from employees and their families. The results of the questionnaires showed that CO₂ reduction of 962g-CO₂/day in the summer and 840g-CO₂/day. In addition, we handed out this CSR report to every member of a company, and edified the understanding of the effects of activity results of each individual has on the entire company.

	Participants (persons)	Amount of Reduction (g-CO ₂ /person and day)
Summer of 2008	509	792
Summer of 2009	698	858
Winter of 2009	694	800
Summer of 2010	945	721
Summer of 2011	1,083	962
Winter of 2011	899	840

Emergency Response

We issue an emergency response manual at every site and division, based on the possible emergency situations and hold regular training sessions. As we buy and use many chemical substances and materials designated as dangerous by the Fire and Disaster Management Act, one of our primary concerns is to

prevent the leakage of chemical substances to the outside and fires caused by dangerous flammable substances. In FY2011, we had a minor leakage of resin and plasticizer, but did not reach outside of the factory and all tasks were handled as taught in training.

Environmental Laws and Agreements related to Our Business Activities

Environment laws and agreements 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 a result of our activity in FY2011, we had no violation of environmental laws and agreement.

The number of Environmental Laws and Agreements for Each Site to be observed

Saitama Factory	31	Osaka Branch Office	3
Mie Factory	28	Nagoya Sales Office	3
Gunma Factory	24	R&D Center	21
Head Office	4		

Summary of Environmental Action Plans and Results

Environmental Objectives and the Performance in FY2011

We promoted the improvement activities by setting yearly objectives that match the business environment by referring to the environmental policy. We mainly promoted reduction of CO₂ emissions, reduction in the amount of produced industrial waste,

and reinforced chemical substances management. In FY2011, a total 152 objectives were set throughout respective divisions in the entire company and 103 (68%) of them were achieved. Details are as follows:

(1) Reduction of CO₂ Emissions

Number of Set Objectives	Achieved Objectives	Objectives	Results
48	32(68%)	Total amount of emissions reduced: 3% less than FY2008 levels Reduction of CO ₂ per gross production: 3% less than FY2008 levels	The FY2011 CO ₂ emissions amounted to 38,934t-CO ₂ , 3% less than FY 2008 levels. Reduction of CO ₂ per gross production: 0.434t-CO ₂ /Product (t), 15% less than FY2008 levels.

(2) Reduction in Industrial Waste Discharge

Number of Set Objectives	Achieved Objectives	Objectives	Results
22	9(31%)	Simple industrial waste discharge per gross production: 0.5% or below Total industrial waste discharge per gross production: 5% or below.	Industrial waste discharge per gross production: 0.22% cleared the objectives in FY2011. Total industrial waste discharge per gross production was 4.83%.

(3) ① Reinforcement of Chemical Substance Management and ② Development of Environment-conscious Products

	Number of Set Objectives	Achieved Objectives	Objectives	Results
①	65	54(83%)	Reduction or ban of uniquely specified chemical substances. Development of Environment-conscious Products.	Usage of chemical substances categorized as Class I (on PRTR Law) was 3,335t, 53% less compared FY2001 levels.
②	10	8(80%)		

* Simple industrial waste discharge: waste discharges simply buried and burnt.

A Message from the General Manager of Manufacturing Division



Yoshitaka Okochi
Director, General Manager of Manufacturing Division
RIKEN TECHNOS CORPORATION

Three Commitments

1. Strengthening approaches towards saving energy
2. Reduction of CO₂ emission (Environmental Objective: 4% less than FY2008)
3. Reduction of industrial waste (Environmental Objective: Total discharge of 5% or less)

Our business activities produce green house gases and industrial waste. We hold the reduction of these as objectives and undertake activities to reduce environmental load. In addition, due to this year's summer power shortage, electrical costs for April dramatically increased and now we have taken up the reduction of power usage as one of our primary tasks. For reasons such as these we will reinforce our activities in saving power more than last year. We will continue to reduce power consumption by turning of inessential illumination in each division and closely managing heating as we have done as same as last year during the power shortage due to effects from the Great East Japan Earthquake. As for the manufacturing division, we will actively implement of energy saving equipment, and promote energy saving operation. Specifically speaking, we will change illumination to LED and replace low efficiency motors. In addition, in further effort to reduce CO₂ and power consumption, we are deliberating installing equipment for solar power, a renewable energy source.

Status of Environmental Load

The main environmental strain caused by our business activities are due to industrial waste, greenhouse gas (CO₂) emission, and the transport and discharge of chemical substances. We are working for the reduction of dispersion and proper management of various substances. The following data is the status of RIKEN TECHNOS itself.

CO₂ Load Related to Production of Major Products (FY2011)

INPUT		OUTPUT		Amount of CO ₂ emission (t-CO ₂ /t)
Raw material (including paint and coating)	86,000t	Compound Products	62,000t	
Packing material	3,200t	Film products	12,000t	
Electricity	68,575MWh	Wrapping products	7,200t	
Heavy oils	3,425KL	Industrial waste	4,300t	Compound 0.22
Tap water	131,999m ³	Amount of sewage	286,700m ³	Film 0.90
Ground water	145,824m ³			Packaging wrap 0.40
Water for industrial use	8,879m ³			

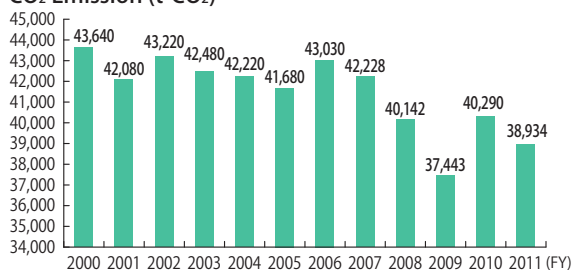
Saving Energy and Reducing Greenhouse Gas Emission

Two factories, Saitama and Mie, are identified as Type 1 energy control factories, and the Gunma Factory is identified as a Type 2 energy control factory. The primary greenhouse gas emitted by our business activities is CO₂. We are working to achieve our objective of reducing 4% of emissions from FY2008 levels by FY2012. We promote energy-saving tactics, such as the improvement in efficiency of operating facilities, using demand control ^{*1} for air conditioning, preventing industrial compressed air and steam leakage, etc. Furthermore, chlorofluorocarbon, one of the greenhouse gases used for air conditioning refrigerant, is strictly controlled to prevent leakage while in use and after disposal.

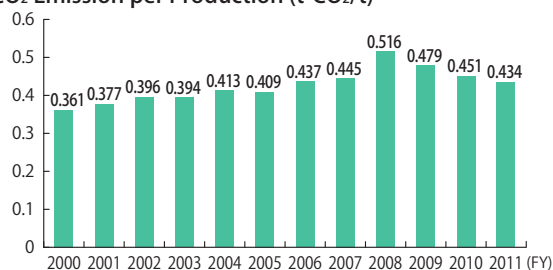
Due to effects from the Great East Japan Earthquake, we operated production equipment in a rota system, stopping operation during weekdays and operating on weekends in order to avoid peak hours of power usage at the Saitama Factory, and also partially transferred production to the Mie Factory. In addition, throughout the entire company we implemented energy-saving equipment and as for offices we shut off unnecessary illumination. As a result, though attaining virtually the same amount of production, we reduced CO₂ emission.

In FY2011, the total emission was 38,934 tons (conversion of CO₂), 3% less compared to FY2008 and 9.9% less compared to FY2002. We are also deliberating to implement equipment for solar energy, a renewable power source.

CO₂ Emission (t-CO₂)



CO₂ Emission per Production (t-CO₂/t)



- * 1 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.
- * 2 Total emission of greenhouse gas is an estimated quantity of CO₂ emitted which is calculated by consumption of electricity and fuel oil used at the Saitama Factory, Mie Factory, Gunma Factory, R&D Centers and Head Office, as well as each site. CO₂ emissions from the head office have been added since 2005, and emissions of each business site since FY2008. CO₂ discharged by fuel consumed by logistics is omitted.

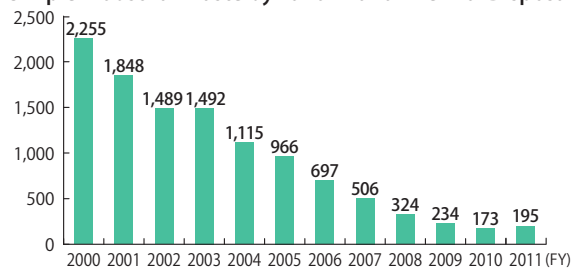
Reducing Industrial Waste

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 FY2012. We are not only promoting restraint in generating waste by improving our production processes, but also setting

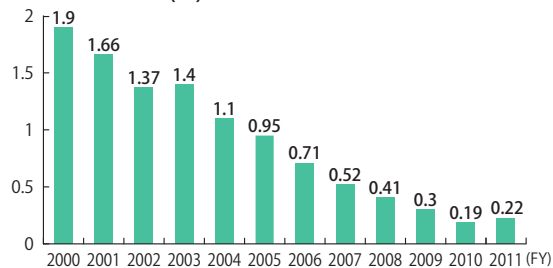
strict classifications for generated waste, so that waste will be sorted into recyclable material, RPF (Refuse Paper and Plastic Fuel), raw cement material, etc. for effective re-use.

As a result, the total quantity of simple industrial waste disposed by landfill or incineration was reduced by 91.4%, from 2,255t (in FY2000) to 195t (in FY2011).

Simple Industrial Waste by Landfill and Thermal Disposal (t)



Production Ratio (%)



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

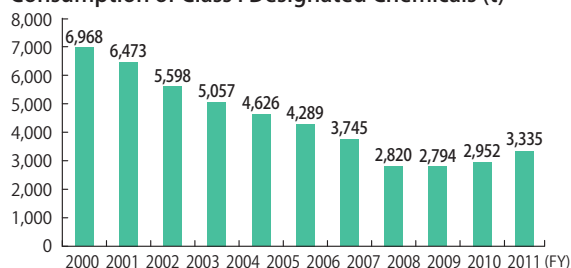
Summary of Environmental Action Plans and Results

The Appropriate Management of Chemical Substances

In the past our company has been managing chemical substances in accordance to laws such as the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., Industrial Health and Safety Act, and Fire and Disaster Management Act. However in April of 2001, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (Pollutant Release and Transfer Register Law; PRTR Law) was enacted. In order to reinforce management of chemical substances our company also constructed an aggregate calculation system in 1999. In October of 2009, due to the amendments of the act, the subject chemical substances of the PRTR Law were modified and the aggregate calculation of these newly designated chemical substances began in FY2010. In FY2011, we added 41 tons of Methyl-naphthalene, which is found in bunker A heavy oils, to our aggregate calculation of used chemicals. The amount of Class I Designated Chemical Substances used in FY2010 was 3,335 tons, 53% less

compared to FY2001. The reason for the increase in these substances from FY2010 is due to the addition of Methyl-naphthalene as a designated chemical substance, and substitute production for our group company, RIKEN (THAILAND) CO., LTD. (Affected by the Thai Flood). The number of Class I Designated Chemicals used in FY2011 amounted to 25 types; among them we reported 7 types to the government for usage of more than 1 ton.

Consumption of Class I Designated Chemicals (t)



Storing PCB Waste

In July 2001, the "Act on Special Measures concerning Promotion of Proper Treatment of Polychlorinated Biphenyl (PCB) Wastes" (Special Measures ACT on PCB *1) was enforced. In 2005, six pieces of equipment containing PCB waste was transferred from our affiliate companies to the Saitama Factory to reinforce management. Our Saitama Factory, Mie Factory, and R&D Center (Tokyo) store and control condensers as PCB waste. In August of 2012, stored material with high concentration of PCB was disposed at the R&D center (Tokyo) in accordance to national specifications. We plan for proper disposal at other sites as well. Additionally, due to the strong possibility of electrical apparatuses

made before 1989 containing PCB, we are re-examining and analyzing condensers currently in use.

Sites	PCB Wastes	Storage Method
Saitama Factory	High voltage condensers: 15 (high concentration) High voltage transformers: 2 (low concentration) Waste water and oil containing PCB: 1,446L (low concentration)	Kept in iron containers
R&D Center (Tokyo)	High voltage transformers: 1 (low concentration) Waste oil containing PCB: 330L (low concentration) PCB component wastes: 15kg (low concentration)	Kept in iron containers
Mie Factory	High voltage transformers: 4 (low concentration) Waste oil containing PCB: 350L (low concentration) PCB component wastes: 300g (low concentration)	Kept in iron containers

* 1 PCB: Polychlorinated Biphenyl

Preventing Stock Pollution and Environmental Pollution

In 2001, during the investigation over all factories and offices, we found soil pollution at the Kamata Factory (presently R&D Center, Tokyo). Since then we have conducted regular examinations and soil modification. The land was sold in August 2011 in a pollution-free state, completed through soil modification. Meanwhile, the R&D Center (Tokyo) was moved to the neighboring building where soil pollution was also found. A section of this land is currently quarantined in order to prevent the diffusion of pollutants.

We implement routine measurements of environmental items according to laws and regulations, as well as our own regulations. The items measured are exhaust gas, drainage, groundwater, noise, vibration, smell, radioactive rays, dusts, etc., with particular concern for noise pollution. We conduct regular meetings with the residents around our facilities, where we disclose results from our environmental measurements and internal examinations in order to gain support and understanding from our surrounding communities.

Responding to Specified Chemical Substance Restrictions

Regarding material control, in order to fully comply with the many regulations, such as REACH in Europe, and regulation for chemical substances in Japan, we formulated a chemical substances information sheet, listing all substances used by our company. Starting in August 2009, we decided to procure the data analysis for the 6 substances of RoHS, as well as the trace amounts of remaining chemical substances, to be included in our substance information sheet. We made this information sheet a part of our "RIKEN TECHNOS GROUP Green Procurement," which is applicable to all our affiliated companies. Our mission as a manufacturer is to provide safe and secure products. For this reason we see acquiring safety over the

chemicals we use as a priority task and so we established the cross-sectional organization, "Chemical Substance Management Committee" in FY2006. We also implemented the internal policies on chemical substance management, where we voluntarily reduce the usage of not only substances banned for production or use by law but ban the use of chemical substances designated by the PRTR Law and though lead and toluene is not illegal, reduce the usage of such materials known to be hazardous to occupational health and safety. We will examine new chemical substances and work in a concentrated effort to establish a system that manufactures products with safety as the top priority.

Biodiversity

We will work to eliminate the usage of Class I and II Specified Chemicals Substances in the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and reduce the usage of Class I Chemical Substance designated by the PRTR

Law. Additionally, adhere to the Air Pollution Control Act, Water Pollution Control Act, Industrial Health and Safety Act etc. and make considerations towards the effects on people and the ecosystem in the development of products, manufacture, and marketing.

Environmental Accounting

We have been disclosing accounting data from our environmental preservation activities since FY2006.

Criteria for Environmental Accounting in 2010

- (1) **Accounting Coverage** : RIKEN TECHNOS CORPORATION (individual)
- (2) **Period Covered** : April 1, 2011 to March 31, 2012
- (3) **Referenced Guideline** : "Environmental Accounting Guideline (2005 Edition)"
(Issued by the Ministry of the Environment of Japan in February 2005)

Summary of Environmental Accounting in FY2011

Environmental preservation costs for 2011 was approximately JPY 1.15 billion. Investment amount was approximately JPY 140 million, and expenses mounted by JPY 1.01 billion. Investment items are the costs for pollution prevention, global environment 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 environment-conscious products, etc. One of the biggest costs in the environment preservation was R&D costs for environment-conscious products,

which amounted to approximately JPY 810 million. The results from environmental preservation effects are as follows: the increase in PRTR Designated Chemical Substance was due to the substitute production for the RIKEN (THAILAND) CO., LTD. that was affected by the Thai Flood. As for CO₂ emissions, though production was equivalent to that of the previous year, it was reduced by 1,356t. The economic effect, from sale of valuable waste plastics and our energy-saving efforts towards cost reduction, was approximately JPY 17 million.

Summary of Environmental Action Plans and Results

Environmental Preservation Cost

JPY 1,000

Category	Content of Activity on Examination Subjects	Total Amount Invested	Expenses
1. Business area cost		140,130	104,843
*Pollution prevention cost	Construction for noise prevention equipment, maintenance of scatter prevention equipment	0	64,656
*Global environmental preservation cost	Installation and improvement of energy-saving equipment	140,130	0
*Recourses circulation cost	Disposal of industrial waste, recycling, etc.	0	40,187
2. Upstream/Downstream cost	Analysis of products containing chemical substances	0	15,860
	Recycling of containers and packaging, etc.	0	93
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	15,306
4. R&D cost	Development of products that contribute to environmental preservation	0	813,402
5. Social activity cost	Beautification and landscape preservation of our sites, donations	0	377
6. Environmental damage recovery cost	Soil investigation and improvement cost	0	61,628
Total		140,130	1,011,509

Environmental Preservation Effect

Environmental Preservation Effect Category	Environmental Performance Indicators	FY2010	FY2011	
Environmental preservation effect related to recourses input into business activities	Total energy input volume (GJ)	828,900	807,323	
	Energy input by type	Electricity (MWh)	70,172	68,575
		Heavy oil (KL)	3,592	3,425
		Kerosene (KL)	0	0
		Gasoline (KL)	49	49
		Light oils (KL)	15	25
	Input of PRTR-controlled substances (t)	2,952	3,294	
	Water resource input	Tap water (m ³)	143,497	131,999
		Ground water (m ³)	191,139	145,824
		Water for industrial use (m ³)	14,778	8,879
Environmental preservation effect related to waste or environmental impact originating from business activities	Emission of greenhouse gas (t-CO ₂)	40,290	38,934	
	Volume of PRTR-controlled substances transported (t)	2.6	3.6	
	Volume of PRTR-controlled substances discharged (t)	11.7	18.7	
	Total waste discharge volume (t)	4,579	4,336	
	Final waste disposal volume (t)	173	194	
	Water waste volume (m ³)	336,743	286,700	
Environmental preservation effect related to goods and services produced by business activities	Volume of containers and packaging used (t)	3,222	3,200	
Other environmental preservation effects	Volume from transportation of products (km)	30,075,000	31,320,894	
	Volume of CO ₂ emission associated with transportation	5,220	5,438	

Economic Effect Associated with Environmental Preservation Activity

JPY 1,000

Economic Effect	Amount	
	FY2010	FY2011
Benefit from recycling plastic, paper, etc.	6,296	6,226
Expenses reduced by energy-saving activities	2,763	10,697
Total	9,059	16,923

◆ Asset Retirement Obligations

As of March 31, 2012 JPY 1,000

Asset Retirement Obligations began in April 1, 2010. Asset Retirement Obligations refers to the laws related to the environment, current assessments are as follows.

Items	Expenses
Cost for restoring buildings	26,689
Cost of asbestos disposal	32,968
Cost of renewing equipment using PCB	3,729
Cost of soil modification of land	53,891
Total	117,278

RIKEN TECHNOS GROUP Environmental Impact Data for Corporate Activities

RIKEN TECHNOS GROUP Environmental Impact Data by Factory

◆ Saitama Factory

- Site area: 58,739 m²
- Description of business: Manufacture of compound, film, and food wrapping film made from various thermoplastic resin, including PVC
- Number of employees: 283

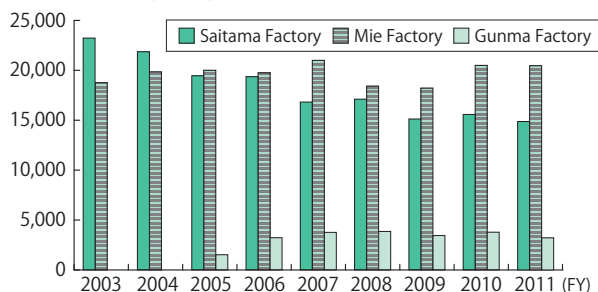
◆ Mie Factory

- Site Area: 54,848 m²
- Description of business: Manufacture of compound, film, and food wrapping film made from various thermoplastic resin, including PVC
- Employees: 246

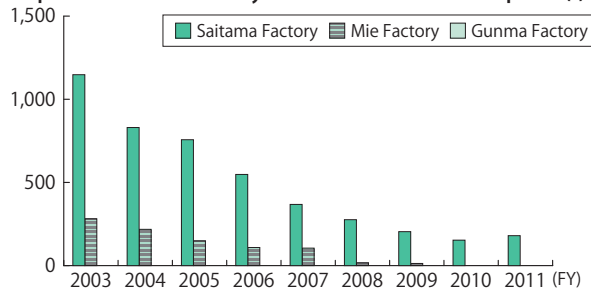
◆ Gunma Factory

- Site area: 55,904 m²
- Description of business: Manufacturing and sales of high functional film in a clean environment
- Number of employees: 39

CO₂ Emissions (t-CO₂)

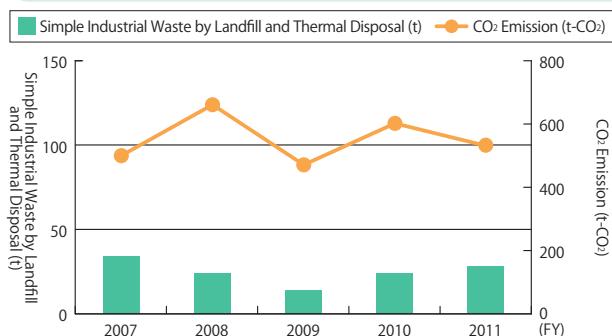


Simple Industrial Waste by Landfill and Thermal Disposal (t)

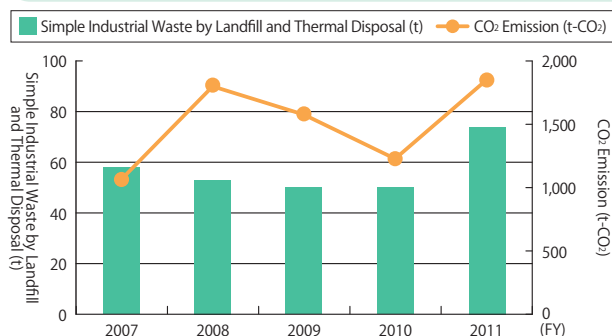


Environmental Impact Data for Affiliate Companies of RIKEN TECHNOS GROUP

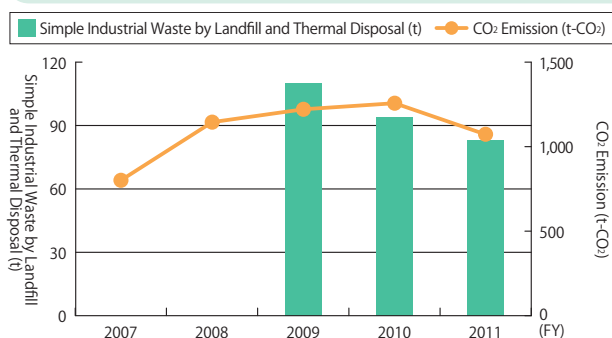
SHINKO ELECTRIC WIRE CO., LTD. Employees: 61



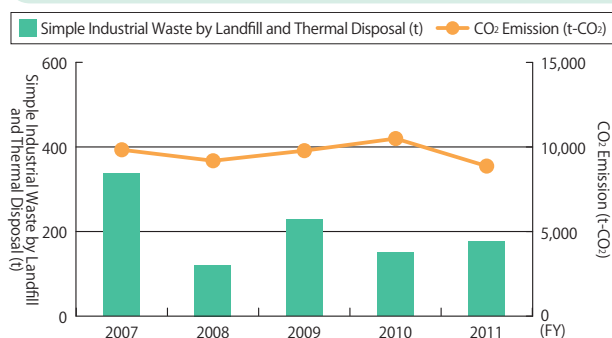
KYOEI PLASTICS MFG CO., LTD. Employees: 45



M-I CHEMICALS CO., LTD. Employees: 48



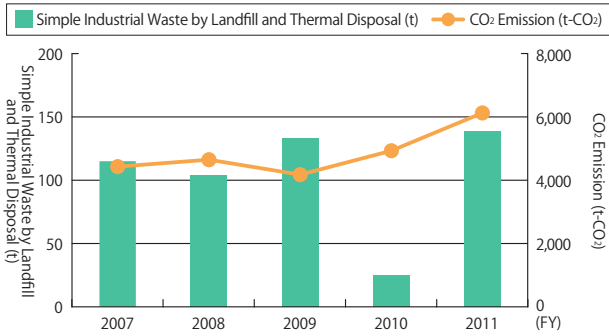
RIKEN (THAILAND) CO., LTD. Employees: 227



Summary of Environmental Action Plans and Results

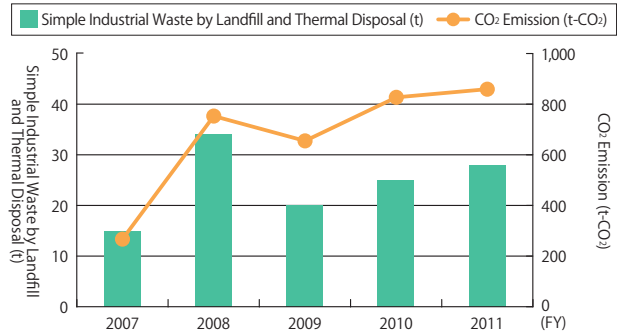
RIMTEC CORPORATION

Employees: 96



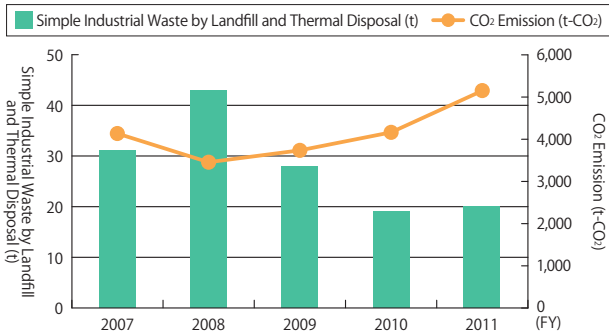
RIKEN ELASTOMERS CORPORATION

Employees: 16



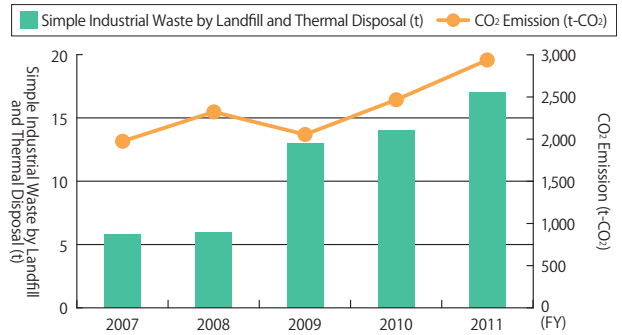
PT. RIKEN INDONESIA

Employees: 146



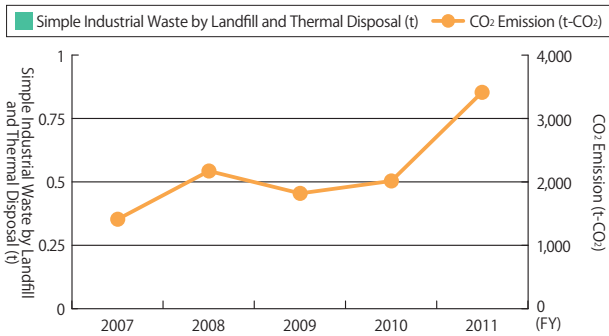
SHANGHAI RIKEN TECHNOS CORPORATION

Employees: 98



RIKENTECHNOS (JIANG SU) CORPORATION

Employees: 25



The Expert's Opinion



Masatoshi Ikari

Manager, Senior Consultant
Environmental Risk Sector
Consulting Department I
InterRisk Research Institute & Consulting, Inc.
(IRRIC)
Part-time lecturer of Seikei University

This is the sixth edition of the CSR Report by the RIKEN TECHNOS GROUP. Last year, I recommended reconsidering the focal points and challenges in CSR management from a more global perspective. Titled "The Burgeoning of Asia," the feature article in this year's issue offers you an insight into the yearly growing sales at the Asian sites of RIKEN TECHNOS, the number of locally hired employees and events during Thai flood in October 2011, which became a management task from the BCP standpoint. All the topics covered in the CSR Report, as I understand them, appear closely related and synchronized with one another; the four-page feature article, the significance of the opening message from the President titled "Globalization and Risk Distribution," the journey of supportive Thai workers to Japan to aid in alternate production, the inauguration of the exemplary "Project for Building a New Medical PVC Compound Manufacturing Plant" at PT. RIKEN INDONESIA, and words of sincere thanks expressed by Thai elementary school students for the scholarships (in "Social Responsibility" section). I believe that even third parties can see from reading these articles on how key concepts of the RIKEN TECHNOS GROUP's new management philosophy (Proper Development; Efficient Manufacturing; Reliable Selling) and Core Value (We establish a bond of trust and work for the mutual benefit of all.) have been put into practice.

A fundamental and vital framework is described in our corporate governance given in "Outline of RIKEN TECHNOS GROUP." Here, "sensitivity to risks," "trust and expectations (of stakeholders)" and "antenna to monitor the times" are among the key terms that caught my eyes. In this regard, I applaud the disclosure of negative information, such as the slight increase of industrial accidents, small traces of leaked chemical substances, stock contamination and that of asset retirement obligations. However, I believe a more elaborate explanation of the individual events, cause, analyses and preventive measures may better respond to the trust and expectation of stakeholders.

As for the environmental report, I greatly admire those involved with the success of reducing total carbon dioxide emissions while keeping the production virtually equivalent to that of the previous year despite the invocation of the regulation for power usage issued in the summer of 2011, the first in 37 years. On the other hand, I was disappointed that I could not find an explanation on the cause for the slight increase in the waste output from the previous year. In conclusion, I find the KPIs (Key Performance Indicators) given in the environmental report adequately presented but would like to encourage your further effort to present the social responsibility report with more objective figures.

Listening to Expert's Opinion

Hiroshi Shimizu

Representative Director President
RIKEN TECHNOS CORPORATION

In 2011 the world was struck by a chain of devastating natural disasters such as the Great East Japan Earthquake and the Thai flood, which also greatly affected business activities of RIKEN TECHNOS. We see the preparation towards such contingencies, like these relentless forces of nature, as a key management task. RIKEN TECHNOS will accelerate the ongoing pace of globalization to disperse its production sites while streamlining production workflow and establishing countermeasures towards risks. In particular, we have hastened the establishment of additional lines for manufacturing products vital to human lives, such as medical compounds.

In regard to these global policies, we have featured the overseas sites of RIKEN TECHNOS GROUP in the CSR Report for the first time. The coverage of this issue focuses on the rapidly growing Asian sites. More than 20 years have past since RIKEN TECHNOS' first production site overseas was established, which was in Thailand in 1989, and we hope that this report offers a glimpse into the corporate activities that the RIKEN TECHNOS GROUP that has evolved in pace with the Asian nations.

As pointed out by Mr. Ikari, in response to the slight increase in waste output in comparison to the previous year, we are working to reduce the output of waste through enhancing production efficiency, such as by increasing yields. I would like to add that the total waste output (simple landfilled and incinerated waste output + recycled waste output) has been reduced by 5% from the previous fiscal year. In regards to the KPIs (Key Performance Indicators), RIKEN TECHNOS expects to carry on a customer satisfaction survey this fall and include the results in next year's report.

As last year's 60th anniversary as another chapter in our history, RIKEN TECHNOS GROUP is beginning challenges to shape a new future. We continue to actively promote our CSR activities in order to sustain our relationship of "We establish a bond of trust and work for the mutual benefit of all." in the days to come.

Editors' Postscript

For the first time, this report focuses on the RIKEN TECHNOS GROUP's Asian sites as the feature article. The editors hope that the report will help deepen your understanding of our CSR activities and would also like to have your honest, outspoken opinions about us.

Hideaki Aoki, Hitoshi Kurihara:
Environment, Safety & Quality Management Office

Yutaka Arai, Sayaka Yoshioka:
Corporate Planning Office

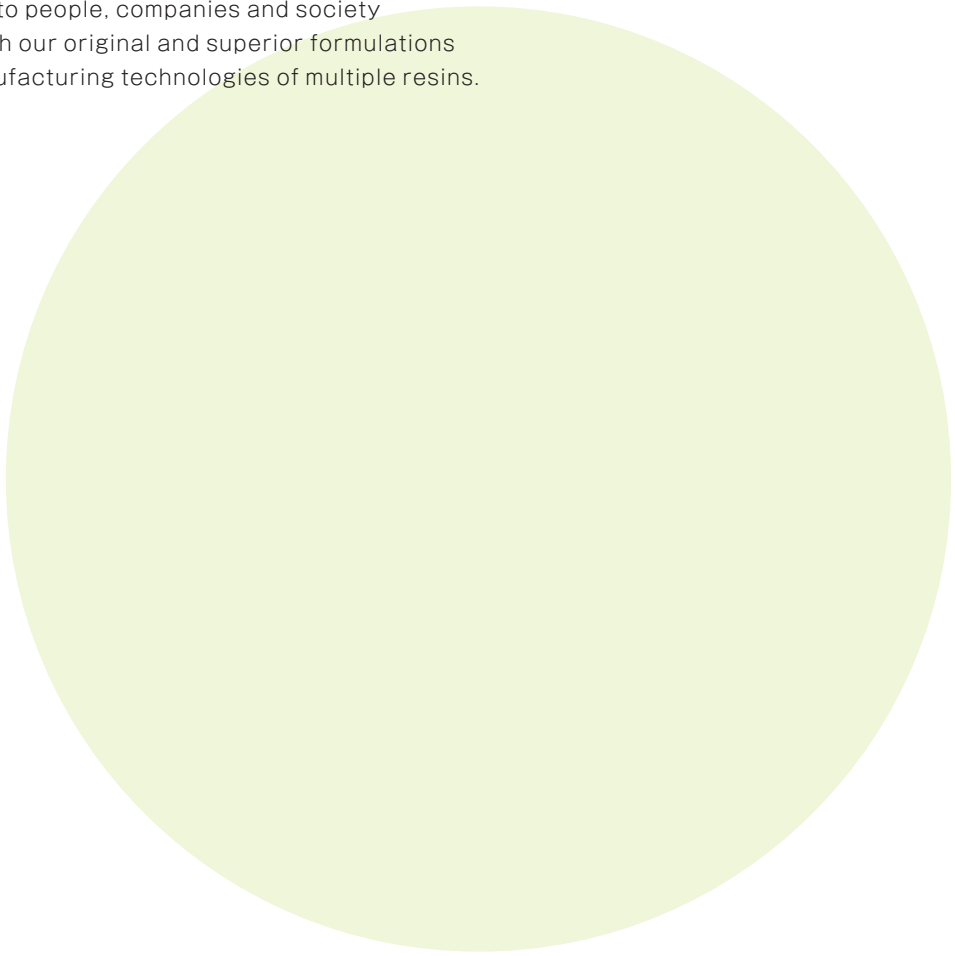
Makoto Kumanomido, Corporate Planning Office:
Representative of the department in charge of report handling





RIKEN TECHNOS WAY

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



RIKEN TECHNOS CORPORATION

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