



RIKEN TECHNOS GROUP

# CSRReport

Corporate Social Responsibility Report

# 2016



RIKEN TECHNOS CORP.

## Editorial Policy

As a company with a primary focus on the environment, RIKEN TECHNOS GROUP has published its efforts and results in that regard, commencing in October 2002 in the "Environmental Report," and from 2005 in the "Environmental Management Report." Since 2007, we have been committed to reporting our efforts toward realizing the RIKEN TECHNOS GROUP corporate philosophy from the perspective of Corporate Social Responsibility, including social aspects, in an easy-to-understand way, in our "CSR Report."

This tenth edition of the "CSR Report" has a Featured Article on the new three-year mid-term business plan, and delivers energetic content befitting the first year of the new plan.

### Reporting Coverage

#### Period Covered

April 1, 2015, to March 31, 2016

In addition, some activities after April 1, 2016, are included.

#### Organizational Coverage

(Refer to pages 16 to 19 regarding the sites included.)

The organizations covered in the Environmental Responsibility section of this report are RIKEN TECHNOS CORPORATION and the 18 group companies listed below. Some of the group companies are not included in some topics.

#### Group Companies Covered

- SHINKO ELECTRIC WIRE CO., LTD.
- KYOEI PLASTICS MFG CO., LTD.
- RIKEN TECHNOS INTERNATIONAL CORPORATION
- RIKEN CHEMICAL PRODUCTS CO., LTD.
- RIKEN FABRO CORPORATION
- RIKEN (THAILAND) CO., LTD.
- RIKEN ELASTOMERS (THAILAND) CO., LTD.
- PT. RIKEN INDONESIA
- SHANGHAI RIKEN TECHNOS CORPORATION
- RIKEN TECHNOS (JIANGSU) CORPORATION
- RIMTEC CORPORATION
- RIKEN ELASTOMERS CORPORATION
- RIKEN VIETNAM CO., LTD.
- RIKEN (SHANGHAI) CORPORATION
- RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION
- RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.
- RIKEN U.S.A. CORPORATION
- RIKEN TECHNOS EUROPE B.V.

#### Reporting Fields

This report describes the efforts of RIKEN TECHNOS CORPORATION and its group companies in relation to their business, social and environmental responsibilities.

### Reference Guidelines

The Environmental Reporting Guidelines (2007) and the Environmental Accounting Guidelines (2005) issued by the Ministry of the Environment of Japan, and ISO 26000 were referred to in the preparation of this report.

### Date of Issue

September 2016

(scheduled date of next issue: September 2017)

### History of Issue

FY	Name
October 2005	Environmental Management Report 2005
October 2006	Environmental Management Report 2005
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
October 2012	CSR Report 2012
September 2013	CSR Report 2013
September 2014	CSR Report 2014
September 2015	CSR Report 2015

# RIKEN TECHNOS GROUP Corporate Social Responsibility

### About the Cover

The image on the cover of this report shows a fusion of the corporate mark of RIKEN TECHNOS CORPORATION and goldenrod flowers in full bloom in the state of Kentucky, United States, where RIKEN ELASTOMERS CORPORATION is located.

The corporate mark was changed in 2001, on the 50th anniversary of the company's establishment. Based on the "R" in RIKEN TECHNOS, the mark represents the reliability of our core compound and film business, combined with the shape a bird's wing in flight to symbolize our flight into the future.

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



# Report 2016

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**RIKEN** TECHNOS



## Message from the President



### Profile

#### Kazuaki Tokiwa

Kazuaki Tokiwa was born in Kanagawa Prefecture in 1961. He graduated from the Faculty of Engineering at the Chiba Institute of Technology in 1983, and joined RIKEN VINYL INDUSTRY CO., LTD. (now RIKEN TECHNOS CORPORATION) in the same year. He was appointed Director and President of RIKEN ELASTOMERS CORPORATION (U.S.A.) in 2007; appointed Assistant General Manager of the Compound Division and General Manager of Compound Sales in 2011; appointed Director and General Manager of the Corporate Planning Office in June 2013; then appointed Representative Director, President & COO in April 2016.



# Aiming to Become the Leading Provider of Comfort for All Living Spaces

## Message from the President

### As the new President

This year marks the 66th year since RIKEN TECHNOS was founded. Since its founding, our company has continued to grow despite many hardships, achieving record high consolidated ordinary income in the last fiscal year. This was due entirely to the support of all our stakeholders. I was appointed as the eighth Representative Director, President & COO in April 2016. I am committed to work with all my might to solidly take the baton passed on to me from my predecessor and ensure further progression for our company. I would like to share with you the beliefs I shared with our employees upon accepting the presidency.

### People Growth Is Company Growth

In the 15 years I worked in the United States, starting with my first transfer seven years after joining the company, I faced many challenging situations one after another. Nevertheless, I learned so much because I was given opportunities to challenge unknown worlds together with my colleagues, overcoming cultural and language differences. What I acutely realized from these experiences is that people growth is company growth. This can be easily understood if we think of a company as being like a baseball team. To strengthen a baseball team, the playing skills of the individual players are essential. It's only when the individual players fulfill the roles of their positions that a sense of mutual trust develops and teamwork begins to function well. RIKEN TECHNOS started out as a startup company, dependent only on its people and technologies. Without the growth of its people, the RIKEN TECHNOS GROUP could not have developed and will not continue to develop. By striving to become professionals in our assigned positions and create the best possible teamwork, we can make products that support the technical innovations of the world.

### Freely and Energetically!

Since our company started out as a startup company, it is characterized by a relaxed corporate culture. From now on, however, an aggressive approach will be essential. It is difficult to foresee the rapidly changing world situation and we will be forced to face even stiffer competition. Therefore, I think it is important to build an environment in which all of our employees can work freely and energetically, never satisfied with just the status quo. Our areas of activity are

expanding from Japan to the rest of Asia and the United States. I believe that when all of us widen our perspectives while retaining our own unique viewpoint, we will be able to nurture the flexible capabilities of the RIKEN TECHNOS GROUP, and energetically take actions that correspond to changes in the market.

### Drawing a Conclusion and Executing Instantly

To demonstrate flexible capabilities, it is important to carefully observe and listen to the outside world in order to obtain specific information, that is, the raw information from the actual situation. I encourage all of you to develop the habit of basing your thinking on information obtained on your own, discussing it with other employees, drawing a conclusion and then instantly turning it into action.

## Start of the New Three-year Mid-term Business Plan

### ACT NOW! ACT TOGETHER! 2018

The RIKEN TECHNOS GROUP started its new three-year mid-term business plan in April 2016. Our management policy is "ACT NOW! ACT TOGETHER! 2018 — Aiming to Become a Leading Company that Provides Comfort for All Living Spaces." Possessing at our core the DNA of a startup company full of challenging spirit, which has been continuously passed down since the day of the company's founding, we are striving to provide valuable technologies for creating an affluent future. What is most important for achieving the goals of this new three-year mid-term business plan is our employees. That is one of the reasons why I chose "ACT NOW! ACT TOGETHER!" as our management policy to encourage our employees to take action. This CSR Report includes a Featured Article on the new three-year mid-term business plan. I hope it will provide you with an understanding of the directions we at the RIKEN TECHNOS GROUP are aiming for in the next three years.

We plan to keep moving forward together with our stakeholders and I hope you will continue to give us your support in the future.

**Kazuaki Tokiwa**  
Representative Director,  
President & COO



## Message from the Chairman

RIKEN TECHNOS appointed Kazuaki Tokiwa as its new president in April of this year. I have passed the baton to him as the next generation leader, and the RIKEN TECHNOS GROUP has taken the start of the new three-year mid-term business plan as the opportunity to set sail on a new voyage. As the chairman, I plan to assist the new president in any way I can. Furthermore, as Chair of the Board of Directors, I will also strive to strengthen corporate governance.

As expressed in our new three-year mid-term business plan, the RIKEN TECHNOS GROUP is aiming to globalize its business more than ever. To achieve this goal, it is important for each employee to possess a positive spirit of competition. Possessing a spirit of competition requires being “aware” in all situations because, without awareness, one cannot compete on the global stage. I hope to keep providing advice to our employees from my executive position and pointing out important points that they may have missed.

We at the RIKEN TECHNOS GROUP sincerely look forward to receiving your continued support.

**Hiroshi Shimizu**  
Representative Director  
Chairman & CEO



## RIKEN TECHNOS WAY

### About the RIKEN TECHNOS WAY

The RIKEN TECHNOS WAY is the management philosophy RIKEN TECHNOS formulated in 2011 when marking the 60th anniversary of its founding, with the goal of moving toward its 100th anniversary. The RIKEN TECHNOS WAY adds new dreams and development directions to the “RIKEN-ness,” represented by the startup spirit that has been passed down since our founding days, and consists of “Mission,” “Our Value,” and “Basics.”

#### Mission (embodies the company’s mission and purpose)

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.

#### Our Values (reflects our fundamental 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.

### About CSR

RIKEN TECHNOS GROUP conducts its CSR activities according to the RIKEN TECHNOS GROUP Code of Conduct.

#### RIKEN TECHNOS GROUP Code of Conduct

Member corporations of RIKEN TECHNOS GROUP (hereafter referred to as “Members”) believe that corporations exist not only as economic entities designed to pursue profits through fair competition, but also as social entities which must make a contribution to society at large. Members are expected to respect human rights and to conduct themselves in a socially responsible manner toward the creation of a sustainable society, observe both the spirit as well as the letter of all laws and regulations applying to their activities both in Japan and abroad in accordance with the following principles.

\* For the full text, visit the RIKEN TECHNOS website.



### Directors



**Hiroshi Shimizu**  
Representative Director  
Chairman & CEO



**Kazuaki Tokiwa**  
Representative Director  
President & COO



**Masamitsu Sumiyoshi**  
Representative Director  
Senior Managing Executive Officer  
General Manager of Sales &  
Marketing Division



**Junji Irie**  
Director  
Managing Executive Officer  
General Manager of  
Administrative Division &  
Corporate Planning Division



**Yoshitaka Okochi**  
Director  
Full-time Audit & Supervisory  
committee Member



**Hiroshi Nemoto**  
Director  
Audit & Supervisory  
committee Member



**Takayuki Hayakawa**  
Director  
Audit & Supervisory  
committee Member



**Shigeharu Nakamura**  
Director  
Audit & Supervisory  
committee Member

### Executive Officers



**Hirofumi Otani**  
Senior Executive Officer  
General Manager of Technical  
Division & It & Electronics  
Business Unit



**Michihisa Tasaka**  
Senior Executive Officer  
Managing Director, RIKEN  
(THAILAND) CO., LTD.



**Takashi Shimada**  
Senior Executive Officer  
General Manager of  
Manufacturing Division &  
Quality Assurance Division



**Shunichi Ueyama**  
Executive Officer  
General Manager of  
Compound Planning &  
Coordination Department



**Gakuyuki Kajiyama**  
Executive Officer  
Managing Director, RIKEN  
ELASTOMERS CORPORATION



**Masato Koizumi**  
Executive Officer  
General Manager of  
Administration Office



**Hitoshi Sugino**  
Executive Officer  
Deputy General Manager of  
Technical Division & General  
Manager of R&D Center



**Takeshi Sugie**  
Executive Officer  
General Manager of  
Procurement Division &  
Purchasing Department



**Masashi Tosaka**  
Executive Officer  
General Manager of Film  
Planning & Coordination  
Department



**Toshiyuki Sato**  
Executive Officer  
Managing Director, PT. RIKEN  
INDONESIA



# RIKEN TECHNOS GROUP

## New Three-Year Mid-Term Business Plan

April 2016–March 2019

THE RIKEN TECHNOS GROUP started its new three-year mid-term business plan in April 2016. We at the RIKEN TECHNOS GROUP are striving to contribute to the technical advances in the world by leveraging our “original and superior formulations and manufacturing technologies” that represent RIKEN TECHNOS’ core technologies. In this rapidly changing world, we are earnestly committed to bringing the benefits of the RIKEN TECHNOS GROUP’ s expertise to people, companies, and society.

Our desire is to support leading-edge technologies and industries, as well as the future of Japan and the world.

Toward this goal, we will keep challenging the world of materials for the next three years.

### Materials Supporting Safety and Security

For many years, we have been providing materials for medical devices, such as blood tubing and transfusion tubing. We maintain high standards of hygiene as well as stable quality so that customers can use these products with full peace of mind.

### Materials Supporting Safety and Security

We provide covering materials that protect important electrical wires. Our materials have a high level of safety and robustness, protecting essential utility services and communication networks.

### Materials Supporting Safety and Security

Automobiles use a lot of electrical power. We provide covering materials for the wire harnesses installed in small and hidden places in automobiles which supply this electrical power and enable communication. Our materials are capable of withstanding harsh usage environments and satisfy an extremely high level of requirements.

### Protecting Foods

Since developing the first PVC food wrapping film in Japan, RIKEN TECHNOS has been protecting the safety of foods by providing an extensive product lineup of both commercial and home-use products.

### Energy Efficiency

We have been contributing to energy efficiency in terms of materials, for example, by reducing the size and weight of a variety of products and by improving their recyclability and insulation performance.

### Reducing Environmental Burden

By developing materials that can be easily recycled and providing customers with RIKEN TECHNOS products, we have been improving customers’ productivity and reducing the burden on the environment.

### Global Expansion

By providing materials needed for infrastructure establishment overseas through local affiliates, we have been creating employment.

### Materials Creating an Affluent Society

We have been providing a wide variety of surface decorative film products for use in furniture, construction, automobiles and electrical appliances. These films are not only beautiful but also have features such as scratch resistance, helping create an affluent life space.

## Values We Provide

**Our Strengths**  
Original and superior formulations and manufacturing technologies of multiple resins

1951



# ACT NOW! ACT TOGETHER! 2018

Our goal for the  
next three years

Aiming to become  
the leading provider of  
comfort for all  
living spaces.



## Current Circumstances Surrounding RIKEN TECHNOS

Securing energy and resources

Changes in the global environment  
and frequent natural disasters

International security issues associated with globalization

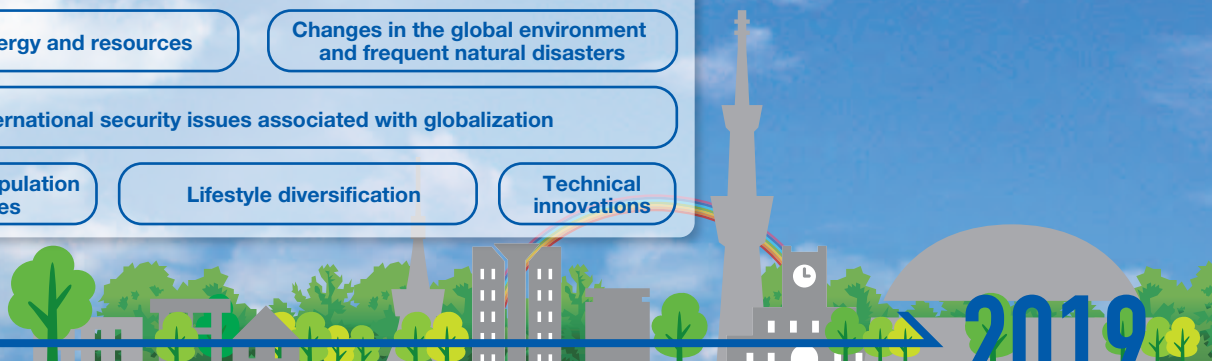
Changes in population  
structures

Lifestyle diversification

Technical  
innovations

2016

2019



# Major Tasks

The new three-year mid-term business plan identifies five major tasks that we must tackle.

## 1 Deepen Global Management of All Businesses

Now that 29 years have passed since RIKEN TECHNOS established its first overseas business, it is time for us to go beyond the stage of concentrating on individual management of each location and deepen our global management.

## 2 Strengthen Profitability and Financial Structure

We made a variety of investments in Japan and elsewhere during the previous three-year mid-term business plan. We will strive to generate concrete returns from these investments, while strengthening the financial structure that supports all of our businesses.

## 3 Create an Innovative Production System

In order to further advance the original and superior formulations and manufacturing technologies that represent RIKEN TECHNOS' core technologies, we will create an innovative production structure.

## 4 Establish Business in the Optics Field

Using the REPTY® DC film glass substitute as a beachhead, we will aim to create products for the future.

## 5 Strengthen the Corporate Foundation through Strategic Human Resource Development

Because we believe that company growth comes only from people growth, we will strive to nurture a vigorous corporate culture and achieve an active self-nomination job posting system for managerial positions.

# Priority Market Segments

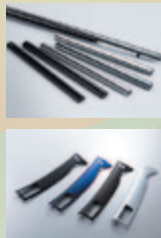
The new three-year mid-term business plan positions the following five markets as high-priority markets on which we must focus.

## Automotive

### Variety of Functional Materials that Help Reduce Vehicle Weight

In order to establish the RIKEN TECHNOS GROUP as a formidable player in the Asian and North American markets, we will expand our commercial supremacy in interior and exterior parts for automobiles and supply new products globally. We will also build a foothold for winning customers not affiliated with Japanese companies.

Goal: Sales revenue increase of 6.9 billion yen (from FY2015)



## Medical and Healthcare

### Lessening the Burden on Medical Personnel and Supporting People's Lives

We plan to stand out in the Asian market by collaborating with the RIKEN TECHNOS GROUP global sites. We will also develop new markets for various products, such as vials, prefilled syringe gaskets, and films for medical applications.

Goal: Sales revenue increase of 3.2 billion yen (from FY2015)



## Optics and Displays

### Aiming to Create Products for the Future by Leveraging Our Latest Technologies

Using the REPTY® DC film, glass substitute as a beachhead, we will aim to create products for the future and create a model case for new business success.

Top: Product example: Curved-surface display for automobiles  
Bottom: Product example: Large touch panel for home appliances

Goal: Sales revenue of 4.0 billion yen



## Food Wrapping Materials

### Food Wrapping Ensures Security and Safety

Because of its various characteristics in addition to safety (stretchability, transparency, gloss, adhesion, etc.), our PVC wrap has been very popular with customers and is the most frequently used wrap in supermarkets and restaurants. We plan to expand this business, primarily by promoting our PVC film for food-wrapping applications.

Goal: 50% share of the commercial PVC wrap market



## Tokyo Olympics-Related Demand

### Providing Comfortable Living Spaces and Helping Establish a Support Infrastructure

To satisfy demand related to the Tokyo Olympics in construction applications, we will expand sales of interior materials for infrastructure, hotels, offices and stores. In electronic material applications, we will expand sales to construction companies and companies selling electronic equipment.



\* Goal: Target value for the last year of the new three-year mid-term business plan (FY2018)



## Regional Strategy

For a long time, RIKEN TECHNOS has been delivering Japanese quality to the world. Because Shoichiro Imatomi, the first president of our company, already began setting his sights on overseas markets soon after the company's founding, he toured the United States in 1957 and began exporting compound materials. Export destinations expanded to include South Korea, Taiwan, China, as well as North America, South America, and Africa. In the film business, RIKEN TECHNOS became the only company to export wind shades to the United States, completed after assigning the company's entire technical staff to its development over three long years. Thereafter, RIKEN TECHNOS specialized in materials for construction and flat cable applications, expanding sales to various countries in Asia, North America, and Europe.

As the first step toward full-scale overseas expansion, RIKEN TECHNOS in 1989 established RIKEN (THAILAND) CO., LTD. as its first overseas production site for compounds. Using this as the starting point, we established sales and production sites one after another in the United States, Europe, Indonesia, and China. Our growth has continued rooted in each of these regions.

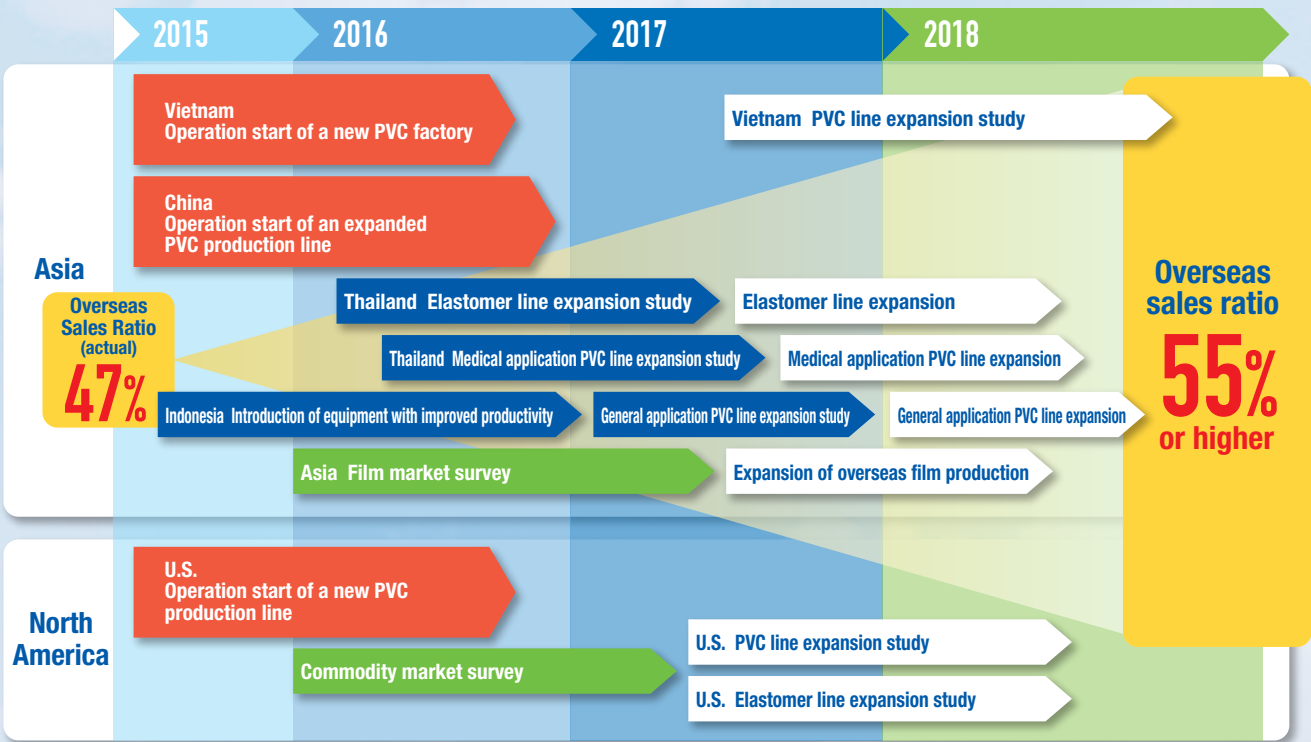
In order to progress from the individually optimized structure we have utilized in the past, the new three-year mid-term business plan aims to deepen global management of all businesses. By gaining a bird's-eye view of the market in each country, we will promote a structure that will supply the most appropriate products. We will also enhance our corporate governance structure and employee education system, uniting the entire Group with the goal of providing RIKEN quality. Specifically, the following three major tasks have been identified:

Expansion of sales (in strategic markets) and building a global network through collaboration with overseas sites

Market surveys in regions that we have not yet explored or entered, and sales expansion to non-Japanese manufacturers

Creation of innovative production structure

## Roadmap




**Asia**



Positioning Asia as the most important market, we will strengthen inter-site collaboration within the RIKEN TECHNOS GROUP, expand sales areas and develop new markets.

**North America**



We will strive to expand our share of the commodity market. We will also aim to enter the Central and South American markets full scale.

We are studying the possibility of entering new regions and markets.

## Management Vision

### 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.

## Management Policy

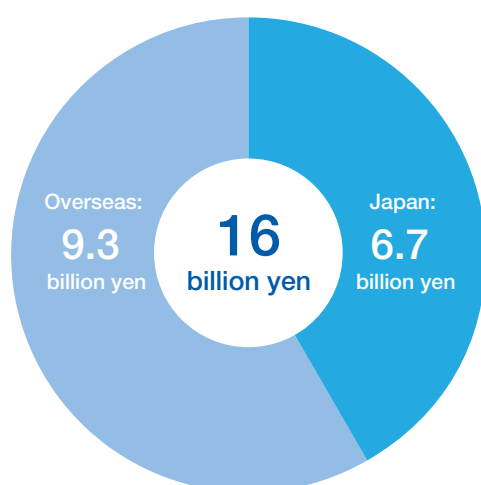
### ACT NOW! ACT TOGETHER! 2018

Aiming to become the leading provider of comfort for all living spaces

## Capital Investment for the Next Three Years

**Total**  
**16 billion yen**

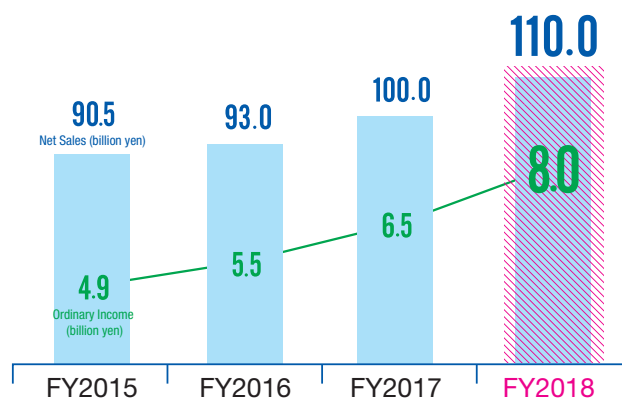
[Capital Investment Plan for the Next Three Years]



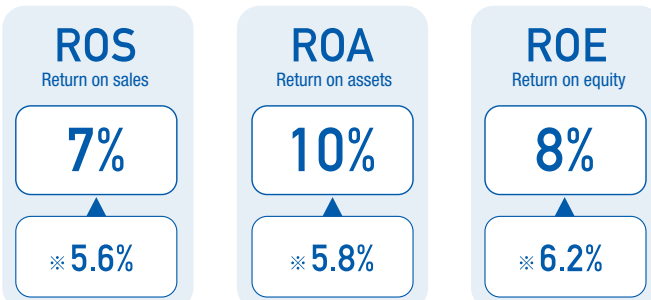
\* Including maintenance

## Numerical goals

Consolidated Net Sales	110 billion yen
Consolidated Operating Income	8 billion yen
Consolidated Ordinary Income	8 billion yen
Consolidated Net Income	4.5 billion yen



## Management Targets



\* Actual figure as of the end of March 2016

## Explanation of the Logo

We created this logo in order to boost the morale of all employees in executing the new three-year mid-term business plan. The logo is designed to help employees intuitively understand our management policy.

The logo symbolizes the process of bringing together and condensing individual power, in order to advance to a higher dimension into the future through timely and superior performance.

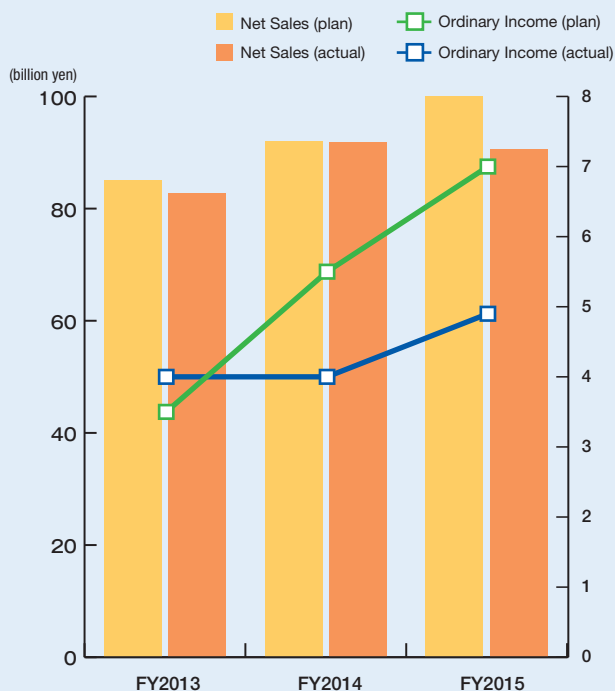


## Review of the Previous Three-Year Mid-Term Business Plan

The previous three-year mid-term business plan ended in March 2016. We implemented measures for each of the five major tasks that were identified, and achieved some level of success. Unfortunately, we did not meet our numerical targets. The factors behind this result included adjustments in product prices due to falling raw material prices; a delay in the recovery of the Japanese economy, which adversely impacted our sales revenue; and an increase in the development costs of optics products. All these factors ended up reducing our profit.



### Financial results (Consolidated base)



### Results for the Five Major Tasks

#### Further Global Expansion of Compound Business

The Indonesian line for medical application went into operation, and the Vietnamese factory construction, the Chinese line expansion, and the North American PVC line construction all began.

#### Drastic Reorganization of Film Business

Stable profitability was achieved in the main business. Active market development started for the optics business and sampling.

#### Commercialization of Solution Business

Aggressive marketing activities were carried out and the product portfolio was streamlined.

#### Construction of Optimal Sales Promotion System

A business unit system, which is a market-specific organization, was introduced and a market-oriented sales approach was implemented.

#### Thorough Cultivation of Human Resources

Young employees were sent to overseas sites and organizational management seminars were held.



# Outline of RIKEN TECHNOS GROUP

## Corporate Profile (As of March 31, 2016)

<b>Company Name</b>	RIKEN TECHNOS CORPORATION	<b>Representative</b>	Kazuaki Tokiwa Representative Director, President & COO (appointed on April 1, 2016)
<b>Date of Establishment</b>	March 30, 1951		
<b>Capital Stock</b>	JPY 8,514 million	<b>Number of Employees</b>	Consolidated 1,765 employees, Non-consolidated 668 employees
		<b>Head Office</b>	WATERRAS TOWER, 2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, 101-8336, Japan

## Business Field

RIKEN TECHNOS CORPORATION 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 the company founding.

RIKEN TECHNOS CORPORATION operates business in Japan and internationally, based on comprehensive plastics processing technology, which has been developed since the beginning with three core business: Compound, Film, and Food Wrapping Film.

RIKEN TECHNOS CORPORATION, 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 Business

Compounds are resin-based mixed 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.

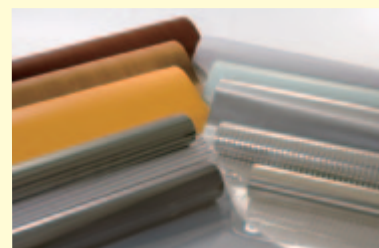


### Film Business

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, window decoration film, Film for Optical Instruments etc.



### Food Wrapping Film Business

As the first company in Japan to develop food wrapping film using 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.



## Financial Results

Although compensation of employees improved slightly, the Japanese economy did not recover fully in FY2015 because of consumer hesitation about spending.

Overseas, the U.S. economy continues to recover, thanks to continued robust personal consumption and private-sector capital investment. The European economy is gradually recovering, but we need to monitor the effects of geopolitical risks. Instability of the financial market brought about by the deceleration of the Chinese economy coupled with declines in crude oil prices slowed economic growth in Asia and emerging resource-rich countries. As for specific industries, the automotive industry in Japan began to show signs of recovery on the whole. In the construction industry, the number of housing starts, which had previously been stagnating, began to show signs of bottoming out, and the appliance industry began to recover as many consumers replaced their older appliances with higher value-added products. Against this backdrop, RIKEN TECHNOS GROUP worked to improve its financial results by accurately identifying customer needs from a global perspective and creating products that lead to the receipt of orders. Furthermore, to reliably satisfy overseas demand, we proceeded to build a new manufacturing subsidiary in Vietnam, and expanded compound factories in both China and North America. As a result, consolidated net sales were 90.589 billion yen (down 1.5% year over year). However, consolidated operating income increased to 5.084 billion yen (up 39.2% year over year), consolidated ordinary income increased to 4.931 billion yen (up 21.4% year over year), and the net income attributable to shareholders of the parent company increased to 2.482 billion yen (up 30.6% year over year), all reaching record high levels.

\* For details of business results, please visit the "IR" page on our website.

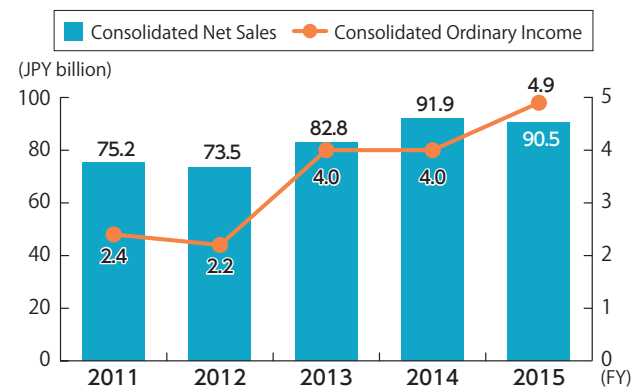
### FY 2015 Financial Results

(JPY billion)

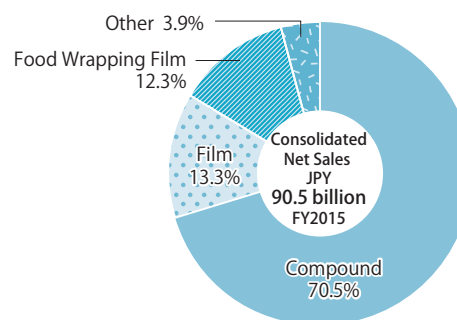
	Consolidated	Non-consolidated
Net Sales	90.5	39.5
Operating Income	5.0	0.8
Ordinary Income	4.9	1.8
Net Income	2.4*	1.6

\* Net income attributable to the shareholders of the parent company

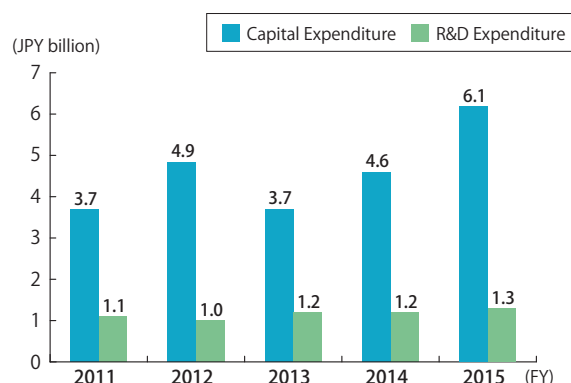
### Changes in Consolidated Financial Results



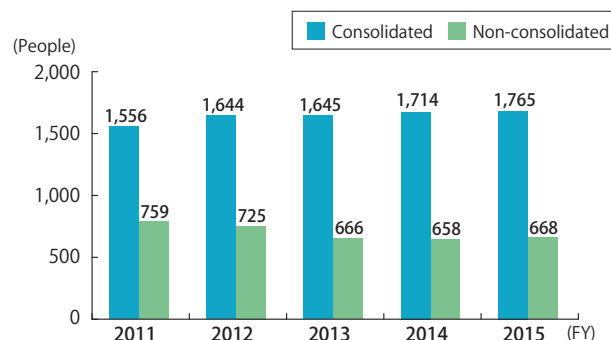
### Consolidated Sales by Segment



### Changes in Consolidated Capital and R&D Expenditure



### Changes in Number of Employees



# Networks

RIKEN TECHNOS GROUP is composed of RIKEN TECHNOS CORPORATION and 18 affiliated companies.

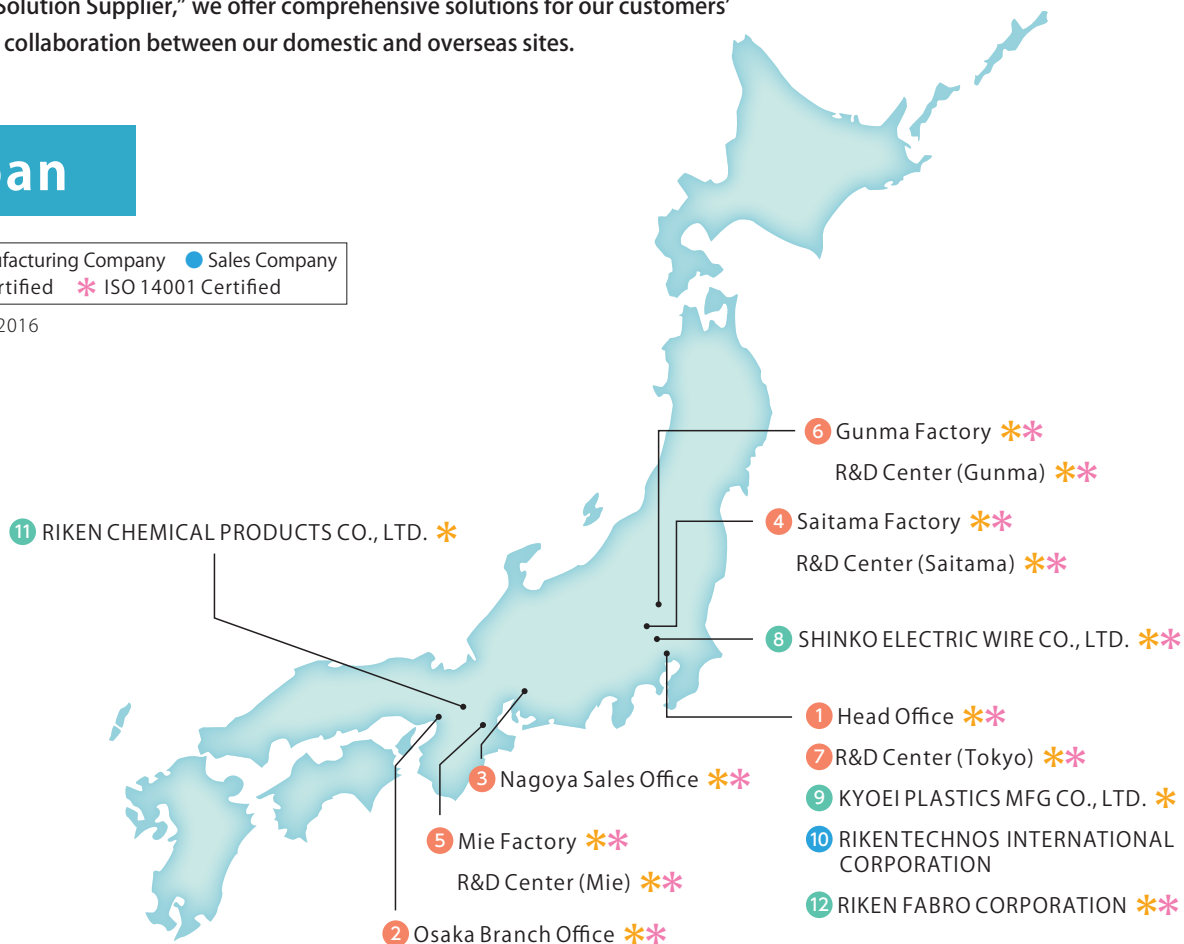
We have actively cultivated markets within Japan and overseas since the establishment of the company, and have worked to spread the RIKEN TECHNOS brand.

As a "Material Solution Supplier," we offer comprehensive solutions for our customers' issues through collaboration between our domestic and overseas sites.

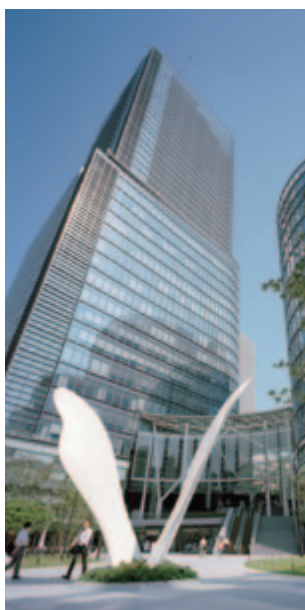
## Japan

- Site    ● Manufacturing Company    ● Sales Company  
✳ ISO 9001 Certified    ✳ ISO 14001 Certified

As of September 2016



## RIKEN TECHNOS CORPORATION Sites and Affiliated Companies in Japan



1 Head Office



2 Osaka Branch Office



3 Nagoya Sales Office



4 Saitama Factory  
R&D Center (Saitama)



5 Mie Factory  
R&D Center (Mie)



6 Gunma Factory  
R&D Center (Gunma)



7 R&D Center (Tokyo)



RIKEN TECHNOS CORPORATION Site	Main Business Fields	Address
① Head Office	Corporate organization, sales and marketing	Chiyoda-ku, Tokyo
② Osaka Branch Office	Sales and marketing	Osaka-shi, Osaka
③ Nagoya Sales Office	Sales and marketing	Nagoya-shi, Aichi
④ Saitama Factory	Manufacturing of compound and film products	Fukaya-shi, Saitama
⑤ Mie Factory	Manufacturing of compound and film products	Kameyama-shi, Mie
⑥ Gunma Factory	Manufacturing of high-functionality film under a clean Environment	Ota-shi, Gunma
⑦ R&D Center	R&D and technical support for domestic and overseas sites	Ota-ku, Tokyo Fukaya-shi, Saitama Kameyama-shi, Mie Ota-shi, Gunma

Affiliated Companies in Japan	Main Business Fields	Address	Capital Stock	Shareholding
⑧ SHINKO ELECTRIC WIRE CO., LTD.	Manufacturing and sale of electric wire and cables	Iruma-shi, Saitama	JPY 48 million	100%
⑨ KYOEI PLASTICS MFG CO., LTD.	Molding synthetic resin products and product sales	Chiyoda-ku, Tokyo	JPY 24 million	100%
⑩ RIKEN TECHNOS INTERNATIONAL CORPORATION	Purchasing and sale of molding synthetic resin products	Chiyoda-ku, Tokyo	JPY 10 million	100%
⑪ RIKEN CHEMICAL PRODUCTS CO., LTD.	Manufacturing and sale of compounds	Konan-shi, Shiga	JPY 300 million	100%
⑫ RIKEN FABRO CORPORATION	Development, manufacturing, and sale of food wrapping films; manufacturing and sale of consumer and miscellaneous goods	Chiyoda-ku, Tokyo	JPY 200 million	100%

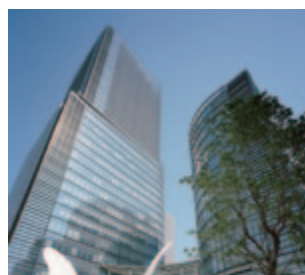
Head offices only are shown for affiliated companies in Japan.



⑧ SHINKO ELECTRIC WIRE CO., LTD.



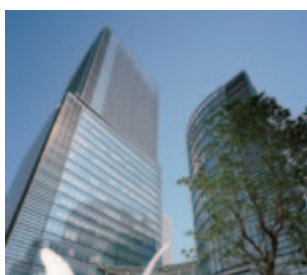
⑨ KYOEI PLASTICS MFG CO., LTD.



⑩ RIKEN TECHNOS INTERNATIONAL CORPORATION



⑪ RIKEN CHEMICAL PRODUCTS CO., LTD.



⑫ RIKEN FABRO CORPORATION

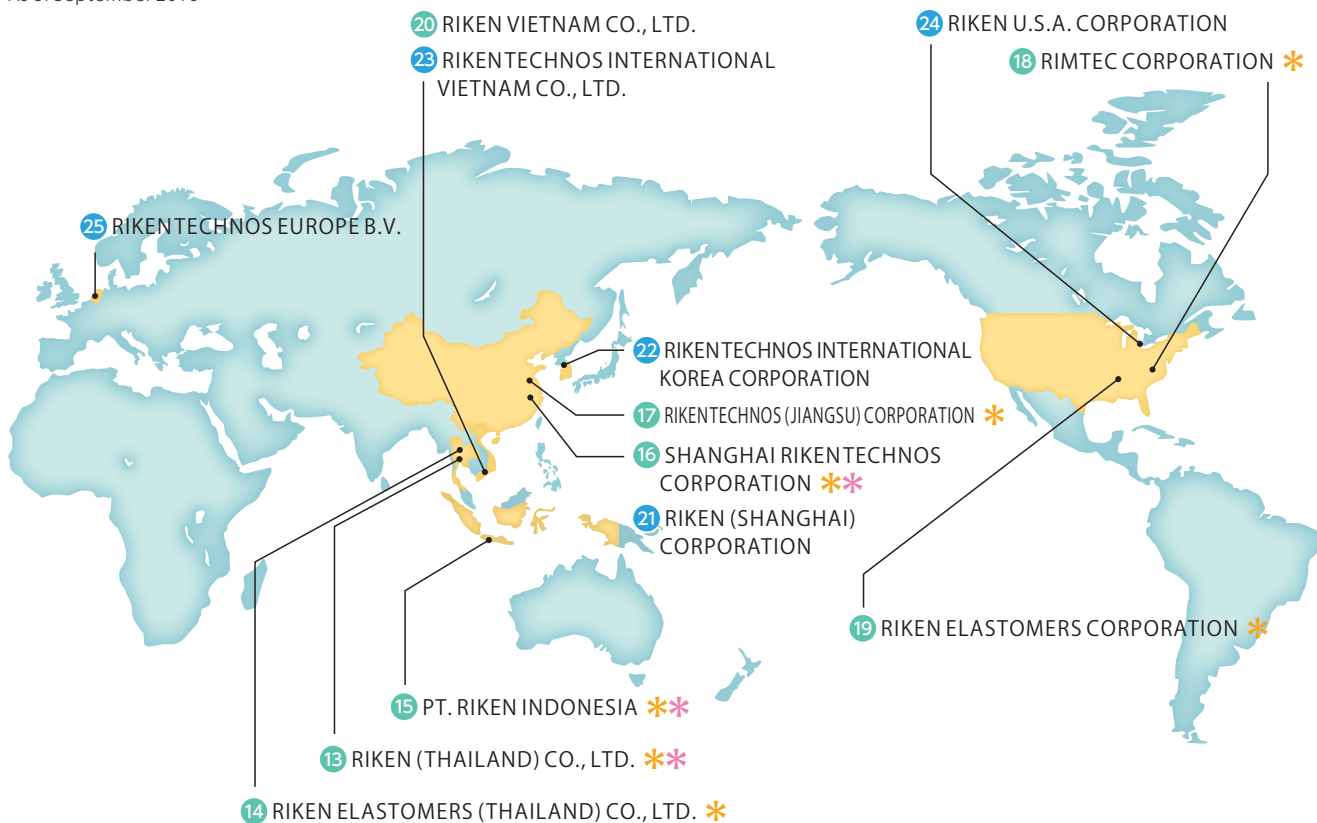
## Networks

RIKEN TECHNOS GROUP has 13 affiliated companies overseas and provides high quality RIKEN TECHNOS products worldwide.

### Overseas

● Manufacturing Company ● Sales Company  
\* ISO 9001 Certified \* ISO 14001 Certified

As of September 2016



### Overseas Affiliated Companies



13 RIKEN (THAILAND) CO., LTD.



14 RIKEN ELASTOMERS (THAILAND) CO., LTD.



15 PT. RIKEN INDONESIA



16 SHANGHAI RIKENTECHNOS CORPORATION



17 RIKENTECHNOS (JIANGSU) CORPORATION



18 RIMTEC CORPORATION



19 RIKEN ELASTOMERS CORPORATION



20 RIKEN VIETNAM CO., LTD.

Overseas Affiliated Companies	Main Business Fields	Address	Capital Stock	Shareholding
13 RIKEN (THAILAND) CO., LTD.	Manufacturing and sale of compounds	Pathum Thani, Thailand	THB 120 million	40%
14 RIKEN ELASTOMERS (THAILAND) CO., LTD.	Manufacturing and sale of high-functionality plastic compounds	Ayutthaya, Thailand	THB 300 million	100%
15 PT. RIKEN INDONESIA	Manufacturing and sale of compounds	West Java, Indonesia	USD 10 million	61.84%
16 SHANGHAI RIKEN TECHNOS CORPORATION	Manufacturing and sale of compounds	Shanghai, China	USD 7.5 million	70%
17 RIKEN TECHNOS (JIANGSU) CORPORATION	Manufacturing and sale of food wrapping films	Jiangsu Province, China	USD 13.5 million	92.59%
18 RIMTEC CORPORATION	Manufacturing and sale of compounds	New Jersey, United States	USD 10 million	51%
19 RIKEN ELASTOMERS CORPORATION	Manufacturing and sale of general-purpose compounds and high-functionality plastic compounds	Kentucky, United States	USD 20 million	75.50%
20 RIKEN VIETNAM CO., LTD.	Manufacturing and sale of compounds	Binh Duong, Vietnam	USD 10 million	100%
21 RIKEN (SHANGHAI) CORPORATION	Wholesaling and import/export of plastic products	Shanghai, China	RMB 5 million	100% (50%)
22 RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	Wholesaling and import/export of plastic products	Seoul, Republic of Korea	KRW 1800 million	100% (16.67%)
23 RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.	Wholesaling and import/export of plastic products	Ho Chi Minh City, Vietnam	USD 100 thousand	100% (100%)
24 RIKEN U.S.A. CORPORATION	Sales and marketing of functional film products	Michigan, United States	USD 1 million	100%
25 RIKEN TECHNOS EUROPE B.V.	Sales and marketing of functional film products	Amsterdam Zuidoost, The Netherlands	EUR 400 thousand	100%

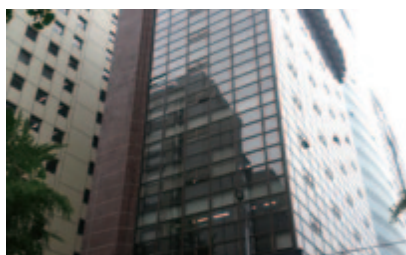
\* The figures in brackets in the shareholding column are the ratios of indirectly owned shares, held by RIKEN TECHNOS subsidiaries.

\* RIKEN TECHNOS INTERNATIONAL THAILAND CO., LTD. is not included among the major subsidiaries because it is in the process of being liquidated.

\* RIKEN TECHNOS INTERNATIONAL PTE. LTD. is not included among the major subsidiaries because it is in the process of being liquidated.



21 RIKEN (SHANGHAI) CORPORATION



22 RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION



23 RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.



24 RIKEN U.S.A. CORPORATION



25 RIKEN TECHNOS EUROPE B.V.

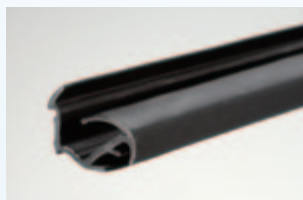


# RIKEN TECHNOS GROUP Products

RIKEN TECHNOS GROUP products are manufactured for various uses that are part of everyday life.

## Automotive (Exterior) Products

- Various molding compounds and metal-tone films
- Compound for glass run channels
- Compound for wire harnesses
- Compound for grommets and boots



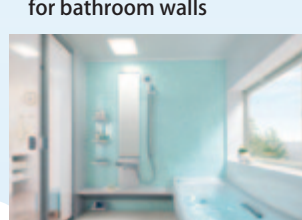
## Automotive (Interior) Products

- ETF-elastomer® sheet for door trims
- Film for windows
- Compound for shift knobs
- Decorative film RIVIC®



## Construction Products Material Products

- High-end wall covering film
- Compound for highly-insulating window frames
- Decorative film for kitchen and furniture doors
- Decorative film for bathroom walls



- Compound for construction products materials and components



Handrails



Cover for curtain rail



Waist-high partition walls

## Medical and Healthcare Products

- Compound for syringe gasket stoppers
- Compound for blood tubing
- Compound for cushion material for pillows



## Electrical Equipment Materials Products

- Compound for electric power cables
- Compound for machinery power cables
- Film for flexible flat cables



## Electronic Materials Products

- REPTY® DC100



Screen strengthening



Screen protectors



Super hard film that can also be formed into 3D shapes

## Consumer Goods Products

- Compound for pen grips
- Grafting tape



- Compound for records



- Compound for cap sealers



- ETF-elastomer® sheet for bags



- Compound for refrigerator gaskets



## Food Wrapping Products

- Wrap for Home and Commercial Use
- Wrap for Commercial Use



- RIKEN BIG WRAP®



- F.O.R. WRAP®



- Blue wrap



- TSUTSUMU



# Corporate Governance

## Message from Full-Time Audit & Supervisory Committee Member



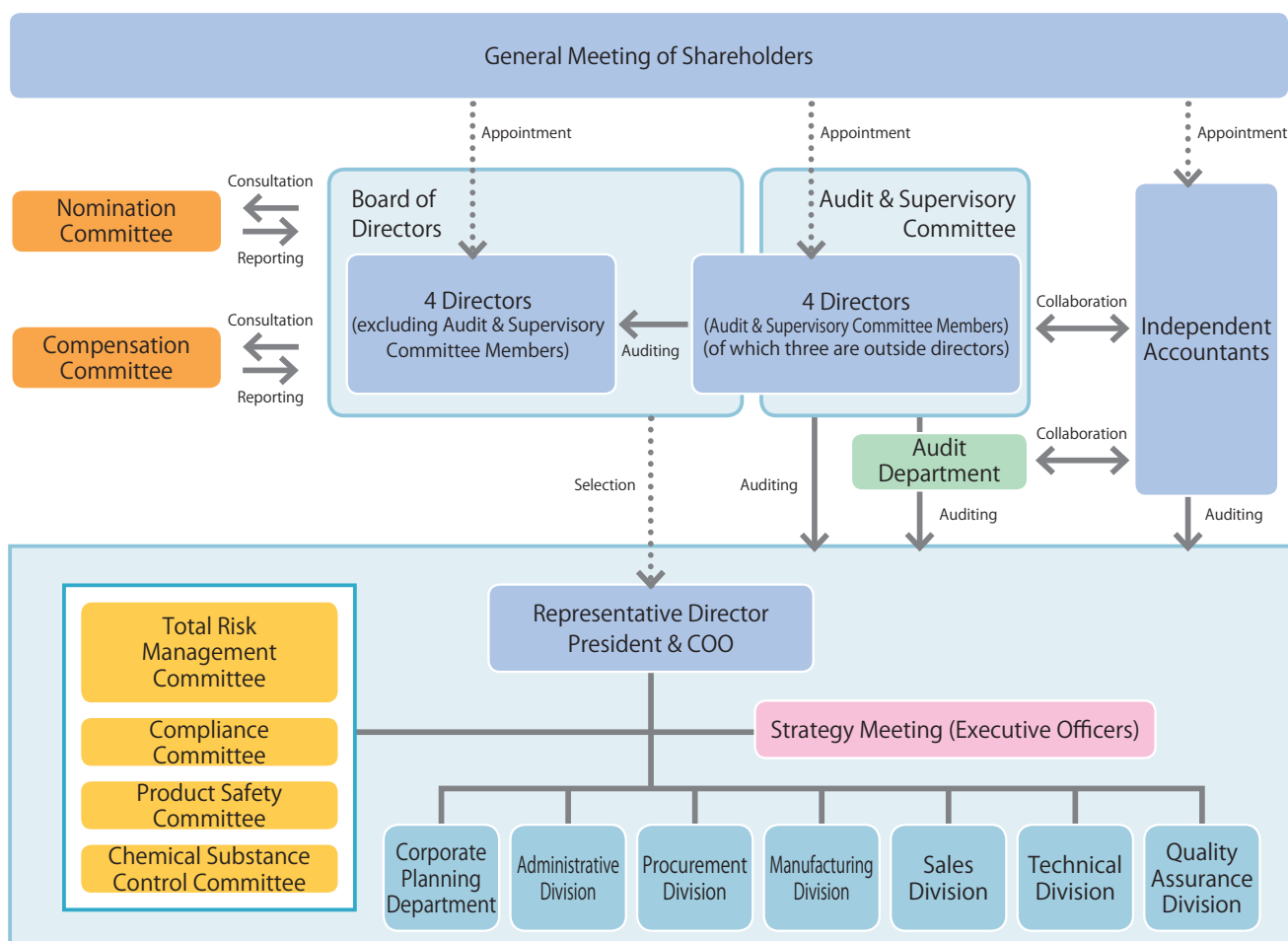
**Yoshitaka Okochi**

Director  
Full-Time Audit & Supervisory  
Committee Member  
RIKEN TECHNOS CORPORATION

The amended Companies Act, which went into effect in May 2015 in Japan, introduced a new system for companies with an audit and supervisory committee. In response, our company also transitioned from having a board of corporate auditors to having an Audit & Supervisory Committee in June 2016. Our company, which has manufacturing and sales locations in seven countries overseas and conducts business globally, has been striving to build an organization that is also easy for overseas investors to understand and possesses a higher level of management auditing functions. In the newly established Audit & Supervisory Committee, three of the four directors who are auditing committee members are independent outside directors. Additionally, we are enhancing the effectiveness of the auditing and supervisory capabilities of the Audit & Supervisory Committee by establishing an audit office that assists with its work and is under its direct control. We are committed to continue strengthening our company's governance system so that the RIKEN TECHNOS GROUP can keep growing and work even harder to fulfill its social responsibilities.

## Corporate Governance System

The 87th General Meeting of Shareholders held on June 24, 2016, approved our company's transition to having an Audit & Supervisory Committee. Starting with the introduction of the executive officer system in April, we have positioned this fiscal year as "the first year of corporate governance," and will strive to improve management transparency and fairness, as well as build an agile and strategic management system.



\* Details are disclosed in the Report on Corporate Governance.

The latest version of the report can be accessed from the RIKEN TECHNOS website or the Corporate Governance Information Search on the Tokyo Stock Exchange website.



## RIKEN TECHNOS GROUP Code of Conduct

To ensure that the RIKEN TECHNOS GROUP is trusted by society, we established the RIKEN TECHNOS GROUP Code of Conduct as our basic policy for promoting corporate social responsibility, and all directors and employees carry out their business activities in accordance with that Code. We also created cards summarizing the Code of Conduct. Each employee carries a card and endeavors to practice the standards in the Code of Conduct.

### From the viewpoint of the primary independent outside director



**Hiroshi Nemoto**  
Primary Independent  
Outside Director  
Audit & Supervisory  
committee Member

Starting this fiscal year, our company transitioned to having an Audit & Supervisory Committee and established a structure in which three of the eight directors are independent outside directors. As members of the Audit & Supervisory Committee, we independent outside directors are committed to diligently fulfilling our monitoring, supervisory and auditing responsibilities, as well as strengthening the governance and internal control systems from a neutral standpoint, while placing importance on the perspectives of our shareholders, suppliers, consumers, etc.

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

The Policy on Internal Control Systems was established to ensure the implementation of the RIKEN TECHNOS GROUP Code of Conduct. For further details, visit the RIKEN TECHNOS website.

### Systems to Ensure the Performance of Directors' and Employees' Duties in Compliance with Laws, Regulations, and the Articles of Incorporation

- All the directors, including the Representative Director and President, ensure that all officers and employees are aware of the fundamental importance of compliance in all business activities with the RIKEN TECHNOS GROUP Code of Conduct, laws and regulations, and the Articles of Incorporation.
- The general manager of the Administrative Division is appointed as the Chairperson of the Compliance Committee, and details of the committee's activities are appropriately reported to the Board of Directors. In addition, the Legal & Compliance Office provides compliance training to all officers and employees.
- Group companies have no relationships whatsoever with any anti-social forces and organizations that threaten the stability and order of civil society. Furthermore, they resolutely refuse to yield to any unreasonable demands by anti-social forces and organizations.

### Systems to Ensure Proper Business Operations in Group Companies

- The Corporate Planning Department manages and supervises the company's subsidiaries, based on the Consolidated Subsidiaries Management Regulations, to ensure that reporting to the company and approvals by the company are appropriately carried out. Risks of loss are also managed by the Corporate Planning Department through this management and supervision.
- The Legal & Compliance Office makes the RIKEN TECHNOS GROUP Compliance Manual widely known to officers and employees of all Group companies, and works to develop Group companies' compliance systems and resolve problems.
- The Audit Department conducts regular business audits of each of the Group companies, and ensures that all the companies' business activities comply with laws and regulations, and are effectively administered in accordance with management standards. It also carries out inspections and assessments to determine whether management standards are functioning appropriately for the purpose of achieving management targets.

### Provisions concerning Employees Assisting the Audit & Supervisory Committee Members, and Their Independence

- As an organization that assists with the work of the Audit & Supervisory Committee, the Audit Department with multiple full-time employees shall be established under the direct control of the committee.
- To ensure the independence of said employees, their supervision shall rest primarily with the Audit & Supervisory Committee, and they shall not be subject to supervision by directors (excluding the directors who are Audit & Supervisory Committee members) or business execution departments. All decisions pertaining to transfers, performance appraisals and disciplinary actions, and so on of said employees must be approved in advance by the Audit & Supervisory Committee.

## Internal Control over Financial Reporting

The RIKEN TECHNOS GROUP has created a basic policy for developing, applying, and evaluating internal control over financial reporting, in accordance with the Financial Instruments and Exchange Act, and the policy has been applied since the settlement of accounts period in March 2009.

The RIKEN TECHNOS GROUP's internal control over financial reporting in the March 2016 settlement of accounts period was found to be effective, and the internal control report was submitted to the Financial Services Agency.

## Independent Directors

In accordance with Rule 436-2 of the Tokyo Stock Exchange Regulations, RIKEN TECHNOS has three independent officers (three outside directors). The primary independent outside director is elected by and chosen from among the independent outside directors, and serves as a liaison with other directors.

## Whistleblower Hotline

RIKEN TECHNOS has established a whistleblower hotline which employees can use to report or receive advice about possible breaches of laws, regulations or rules. In addition, in May 2015, a new system was established for third party contact through a law firm. Anonymity is ensured to prevent informers being identified within the company, and rigorous measures are taken to make sure that no detriment is suffered by informers.

## Information Security

RIKEN TECHNOS tries to minimize information security risks through access restriction, data encryption and other methods, and has installed the latest protection system. Additionally, to protect personal information, we have established and enforce internal rules in accordance with the Act on the Protection of Personal Information and the so-called My Number Act<sup>\*1</sup>.

<sup>\*1</sup> Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures

# Relationship with Customers

As a challenger that harnesses the power of science, RIKEN TECHNOS develops and provides products that fulfill customer needs. We focus on safety and quality, and work to strengthen our management over chemical substances.

## Message from the General Manager of the Sales & Marketing Division



**Masamitsu Sumiyoshi**

Representative Director,  
Senior Managing Executive Officer,  
General Manager of Sales &  
Marketing Division  
RIKEN TECHNOS CORPORATION

The Sales & Marketing Division aims to provide comfort for all living spaces through initiatives with customers.

Our business units—Construction Products Material, Electronic Materials, Automotive, Medical & Consumer Goods, IT & Electronics, and Solution—are striving to provide various values from customer viewpoints in conjunction with the Technical Division, Manufacturing Division, Quality Assurance Division, and Procurement Division. For this reason, it is important for us to be sensitive to what is occurring or about to occur in the market. The Sales & Marketing Division's code of conduct is to "listen to the voice of the market."

## Messages from Officers



**Hirofumi Otani**

Senior Executive Officer  
General Manager of  
Technical Division & IT &  
Electronics Business Unit  
RIKEN TECHNOS  
CORPORATION

Together with our customers, the Technical Division creates new products that anticipate changes in the market along with promoting the development of products that impress and delight customers. To cope with dramatic social changes brought about by the global shift toward the Internet of Things (IoT) in all fields, we promote commercialization of innovation-creating products at the speed of light. Leveraging the REPTY® DC100, a high-strength film for displays in new products in IT and electronics fields that forms the core of our aforementioned initiative, we will continue to create next-generation products to be used globally. Furthermore, to enable us to achieve development at the speed of light, we are forming an innovative matrix structure that will allow the Technical Division to demonstrate its overall capabilities, and are also collaborating with a wide variety of companies to create innovative products that are ahead of the times.



**Shunichi Ueyama**

Executive Officer,  
General Manager of  
Compound Planning &  
Coordination  
Department  
RIKEN TECHNOS  
CORPORATION

The Compound Planning & Coordination Department values its partnerships with customers and strives to increase the number of points of contact with customers so it can address their needs quickly and accurately in collaboration with four of our business units—Construction Products Materials, Electronic Materials, Automotive, and Medical & Consumer Goods. In conjunction with the Technical Division, Manufacturing Division, Quality Assurance Division and Procurement Division, we hope to help our customers advance by providing new products and proposals without missing changes in the market. Together with these four business units and through initiatives with our customers, we provide comfort for all living spaces in all of the markets we serve.



**Masato Koizumi**

Executive Officer,  
General Manager of  
Administration Office  
RIKEN TECHNOS  
CORPORATION

The Administration Office strives to meet customer-requested delivery dates for our products.

This office receives purchase orders from customers, adjusts manufacturing process plans, and coordinates among the various internal and external divisions and departments involved in the production, shipment, and delivery of products, in order to ensure that they are delivered on the customer-requested date.

By fully utilizing the functions of the core system, which has been renovated in stages over the last several years, we are working to execute our operations rapidly at a higher precision level than before in order to satisfy the various requirements of our customers.



### Hitoshi Sugino

Executive Officer,  
Deputy General  
Manager of Technical  
Division & General  
Manager of R&D Center  
RIKEN TECHNOS  
CORPORATION

In line with our company's mission of "continuously providing new value and satisfaction to people, companies and society through our original and superior formulations and manufacturing technologies of multiple resins," the R&D Center promotes research and development activities to create customer-delighting products. Especially for high-priority development projects, we ensure thorough discussion and meticulous delivery date management with the participation of all R&D offices, and work toward developing new products with a high level of completeness. We also plan to develop products that merge compounds with film technologies and to encourage open innovation in order to promote joint development projects with customers.



### Masashi Tosaka

Executive Officer,  
General Manager of Film  
Planning & Coordination  
Department  
RIKEN TECHNOS  
CORPORATION

The Film Planning & Coordination Department oversees sales and marketing activities related to film products. We strive to increase collaboration between our business units in Japan and overseas sales and marketing sites, and to identify market needs as early as possible and satisfy them quickly. Therefore, by developing high-functionality film products in collaboration with the Technical Division, Manufacturing Division, Quality Assurance Division, and Procurement Division, we will work to provide comfort for all living spaces.

## Expositions

To promote its products more widely to customers, RIKEN TECHNOS opens exhibition booths at expositions.

### "Automotive Engineering Exposition 2016"

Date: June 29 to July 1, 2016

Location: Portmesse Nagoya



In the Open Seminar held at the exposition venue, lectures were given focusing on the products and technologies of exhibiting companies, including RIKEN TECHNOS.



### Hiroshi Kawashima

Manager of Automotive Business  
Unit and Sales & Marketing  
Division

### Description of exhibited products



#### ETF-elastomer® sheet

No top coat is needed because of excellent oil and wear resistance. Door trim is being exhibited as an application example of in-mold molding. In the future, we plan to expand the application to interior items such as shift knobs.



#### Metal-tone film for molding

Can produce delicate design expressions, such as plated tone, stainless steel tone, and metal matte tone. Reduces weight by 30–50% compared to molded stainless steel components.

We participated in the exposition held in Nagoya, the center of the automotive industry, for the first time. Many visitors stopped at our company booth, surpassing the number of visitors to our booth at last year's exposition in Yokohama. In the Open Seminar on the last day, I gave a lecture on weight reduction in automotive materials, introducing our company's various initiatives related to elastomer compounds and film materials for automobiles, which can help reduce vehicle weight. RIKEN TECHNOS is committed to continue working with its customers to develop products that lead to vehicle weight reduction and to creating mobile spaces that are comfortable and exciting.



## Relationship with Customers

### Product Quality Assurance

#### Message from the General Manager of the Quality Assurance Division



**Takashi Shimada**

Senior Executive Officer, General  
Manager of Manufacturing Division &  
Quality Assurance Division  
RIKEN TECHNOS CORPORATION

The activities of the Quality Assurance Division are based on our quality policy, which is always focusing on customers first and quality first to provide highly reliable products and services.

We have worked to organize the Quality Assurance Division and enhance the global supply system so that the same RIKEN TECHNOS quality can be provided worldwide. With the goal of reaching zero defects and zero industrial accidents through enthusiasm and thoroughness, we improved our ISO 9001 systems through quality audits in our Japanese and overseas affiliated companies, and implemented promotion of the 5S activities. As a result, we have been able to increase quality awareness and improve customer satisfaction.

Also, we are creating products that are in harmony with the environment and reducing environmentally hazardous substances and waste.

RIKEN TECHNOS uses the ISO 9001 framework. Each production site has a product quality assurance section and carries out thorough quality control over the whole process, from acceptance of raw materials to delivery of products. Additionally, we strive to improve product quality by holding Quality Improvement Committee meetings at each production site and division every month to manage defective products, improvement measures, and the status of improvement initiatives.

Starting from the product development stage, we focus on material designs that can provide stable product quality, and are actively developing new materials and other products that are environmentally friendly in order to satisfy customer requirements.

#### ISO 9001 Certification

Registration date: September 14, 1998; expiration date: September 14, 2018

### Product Development Safety Considerations

#### ● Handling of Product Liability

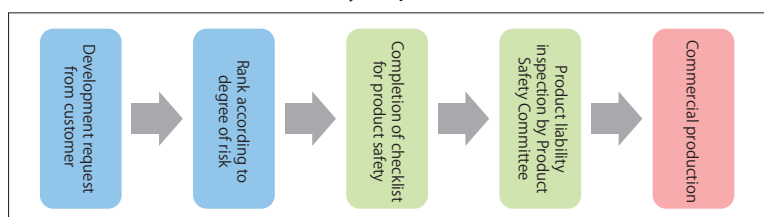
Product safety is the responsibility of manufacturers, and we have kept this in mind since the company was established.

We have been working to further enhance product safety through measures such as initiating systems to prevent the occurrence of product liabilities, prompted by the Japanese Product Liability Act that became effective in January 1995.

#### ● Organization of Product Safety



#### ● Procedure for Product Safety Inspections



### Strict control of chemical substances for safety

#### ● Protection of production lines from contamination by specified chemical substances

Our production lines are designed to prevent contamination by specified chemical substances regulated by ELV and RoHS2 commission directives.

#### ● Chemical Substances Management Committee

We have established Chemical Substances Management Guidelines, and prohibit the use not only of chemical substances banned by laws and regulations, but also those subject to Type I and Type II Monitoring as stated by the Chemical Substances Control Law. We have also voluntarily reduced the use of chemical substances that should be avoided in terms of occupational safety and health.

### Handling of Complaints

In FY2015, we carried out and fully established modification management, conducted process audits at contractors toward complete elimination of logistics-related complaints, and identified potential problems by increasing the frequency of customer visits. We also promoted and gave guidance on the "pointing and calling" procedure for important items, and improved the accuracy of the Quality Control Patrol initiative. As a result, we had no serious quality complaints.

We greatly appreciate the support of our shareholders. We hope for your further support and encouragement in the future.

## Initiatives related to General Shareholder Meetings

RIKEN TECHNOS holds its general shareholder meetings on days when many other companies are not holding their shareholder meetings, to enable as many of its shareholders as possible to attend. Additionally, to ensure that our shareholders fully understand the meeting agenda, we send out the meeting notice early and post it on our website before sending it out. Starting with the FY2016 general meeting of shareholders, voting through the Internet was enabled to help our shareholders exercise their voting rights easily.

## Policy on Distribution of Profits

RIKEN TECHNOS positions shareholder returns, achieved through improvements in medium- to long-term corporate valuation, as one of its key management goals. As such, we have set a dividend payout ratio of around 30% on a consolidated basis as one of our goals, and our basic policy is to distribute stable dividends while also taking into consideration various factors, such as future business investment and increases in equity capital. Based on this policy, the year-end dividend for the fiscal year ended March 2016 was 5 yen per share. As a result, the total annual dividend, including the interim dividend, reached 10 yen per share, up by 1 yen year-on-year.

Fiscal Year (Recorded Date)	Dividend per Share		
	Interim	Year End	Annual
FY2011 (March 31, 2012)	JPY 4.00	JPY 5.00	JPY 9.00
FY2012 (March 31, 2013)	JPY 4.00	JPY 5.00	JPY 9.00
FY2013 (March 31, 2014)	JPY 4.00	JPY 5.00	JPY 9.00
FY2014 (March 31, 2015)	JPY 4.00	JPY 5.00	JPY 9.00
FY2015 (March 31, 2016)	JPY 5.00	JPY 5.00	JPY 10.00

## Information Disclosure

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

A page related to finance and investor relations is provided on our

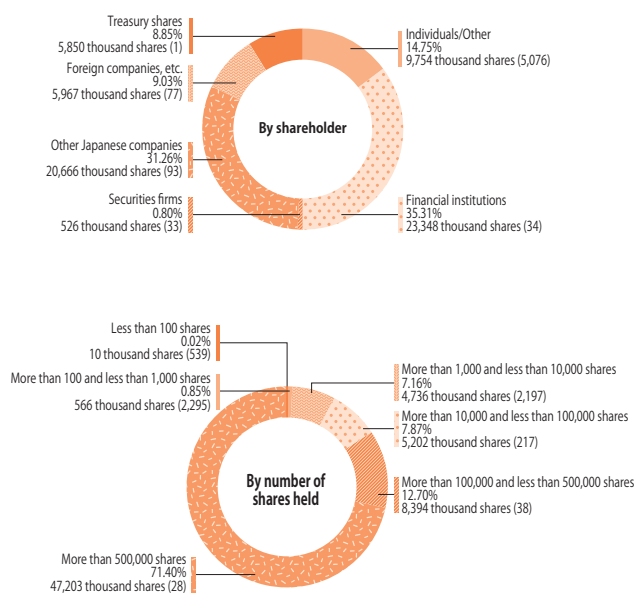
company's website, and following formal disclosure through press releases of the latest financial results summaries, securities reports, and other timely disclosure material, these types of information are listed on the page without delay.

## Status of Shares and Shareholder Composition (As of March 31, 2016)

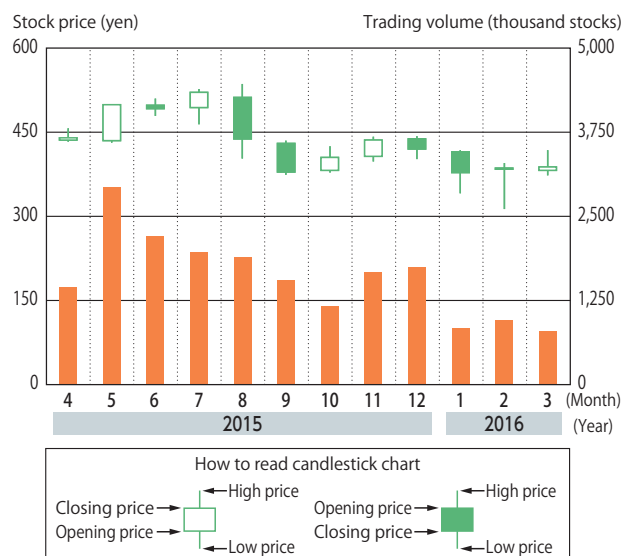
### Status of Shares

Total amount of authorized shares	236,000,000
Total amount of issued shares	66,113,819
Total number of shareholders	5,314

### Status of Shares by Shareholder and Number of Shares Held



### Trends in Stock Price and Trading Volume



# Relationship with Business Partners

RIKEN TECHNOS endeavors to build better environmental management systems and quality management systems, including in the supply chain.

In addition, we are expanding our procurement contacts and working to achieve competitive materials procurement in order to reduce costs.

## Message from the General Manager of the Procurement Division



**Takeshi Sugie**

Executive Officer, General Manager  
of the Procurement Division &  
Purchasing Department  
RIKEN TECHNOS CORPORATION

The Procurement Division carries out its activities pertaining to procurement and logistics while receiving various proposals and cooperation from our business partners. After checking the required quality, stable supply, optimum cost, safety/security, and so on, we work to build give-and-take and win-win relationships with our business partners so that we can engage in medium- to long-term transactions. We also promote global procurement while keeping in mind local optimization of our overseas sites and overall optimization of the RIKEN TECHNOS GROUP. Under the slogan, "ACT NOW! ACT TOGETHER! 2018," which represents our management policy in the new three-year mid-term business plan, we hope to strengthen our relationships with all of our business partners.

## Procurement Policy

### 1 Fair Procurement Transactions and Selection

We deal with our business partners on an equal footing, offering fair and impartial access opportunities. Ordinarily, we purchase from multiple sources.

### 2 Creation of Partnerships

We maintain good relationships with our partners, respect human dignity, and avoid unfair discrimination.

### 3 Observance of Relevant Laws and Regulations and Self-Management

We take care in the handling of confidential information with our business partners, observe social norms and relevant laws and regulations, and purchase material in accordance with the RIKEN TECHNOS GROUP Green Procurement Standard.

### 4 Business Partners' Status

We take technological strength, competitiveness and managerial effectiveness into consideration when procuring materials.

## Procurement System

The Purchasing Department of our Head Office Procurement Division and the Purchasing Section in each factory carry out purchasing operations.

### Procurement Responsibilities

**Purchasing Department** Integrated purchasing of raw materials, negative films, fuel, packaging materials, materials related to expensive equipment, etc.

**Purchasing Section in each factory** Consumables, inventory goods, materials related to equipment, etc.

## Supply Chain Management

In order to supply safer and more reliable products to our customers, RIKEN TECHNOS is making efforts to build better environmental and quality management systems, with the cooperation of our business partners, including our supply chain. In FY2015, we carried out quality audits including environmental matters of 13 of our raw material suppliers, manufacturing contractors, transport contractors, and industrial waste processing contractors, and improvements were made with their cooperation.



## RIKEN TECHNOS GROUP Green Procurement Standard

In order to provide eco-friendly products, it is indispensable to procure raw materials and secondary materials that place a reduced burden on the environment.

RIKEN TECHNOS formulated its Green Procurement Standard regarding environment-related substances in FY2004 and published it on the company's website. We added the affiliated companies within the scope of this standard and changed it to the RIKEN TECHNOS GROUP Green Procurement Standard in August, 2009.

We also formulated the Green Purchasing Standard with regard to the purchasing of office supplies such as stationery and OA equipment. We promote the purchasing of eco-friendly products to the extent possible.

\* For details, please visit our company website

### Scope of Application

Materials that our products are directly composed of such as resin, plasticizer, stabilizer, filler, impact modifier, pigment, film sheet materials, coating materials, and adhesive materials, as well as secondary materials such as packaging materials, release paper, and so on.

### Requirements

- Establishment of environmental management systems for business partners
- Achievement of environmental performance related to matters such as the management of environment-related substances
- Investigation and reporting on the environment-related substances specified by RIKEN TECHNOS, and submission of measurement data on the ten RoHS2\* substances and a chemical substances content information sheet

### Implementation

We will procure raw materials and secondary materials that do not contain banned environment-related substances, or those with determined amounts of controlled substances. In addition, we may request business partners to change to raw materials and secondary materials that are assessed to be safer and more environmentally friendly.

### Green Purchasing Standard

#### ● Scope of Application

Paper and other stationery, copying machines, PCs and other OA equipment, automobiles, and so on that are purchased or leased at our head office, branch offices, sales offices, factories, and R&D centers.

#### ● Requirements

Must satisfy standards in accordance with the Japanese Act Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchasing Law) of low burden on the environment and absence of hazardous substances.

#### ● Operation

We actively ask our business partners to introduce us to environmentally friendly products.

\* RoHS2 Directive: A European directive put into force in 2006 to restrict the use of hazardous substances in electrical and electronic equipment

## Environmental Actions Taken in the Logistics Process

- We aim to increase the ratio of loading trips to total trips by using vehicles returning from delivery.
- We are eliminating and consolidating logistics hubs.
- We will fulfill our responsibly as a specified consigner in accordance with the Energy Saving Act. Our objective is to reduce our yearly energy consumption rate by 1% over the medium to long term.
- By collecting pallets from customers, we aim to reduce the numbers used and promote the transition to plastic pallets to conserve timber resources.
- We will participate in green logistics promotion projects.

### Active Pursuit of Quality and Safety

- We recommend that our transportation partners obtain ISO 9001 certification and G-Mark certification (business with excellent safety standards).

#### Kameyama Kyuso K.K.

##### G-Mark Certification

Registration date: January 19, 2007

Expiration date: January 18, 2017

##### ISO 9001 Certification

Registration date: May 9, 2003

Expiration date: May 8, 2018

#### Motegi Co., Ltd.

##### G-Mark Certification

Registration date: December 20, 2007

Expiration date: December 31, 2019

##### ISO 9001 Certification

Registration date: March 10, 2000

Expiration date: September 14, 2018

##### ISO 14001 Certification

Registration date: October 29, 2004

Expiration date: September 14, 2018

### ● Transportation Volume and CO<sub>2</sub> Volumes Generated

Transportation	FY2013	FY2014	FY2015
Transportation Volume (tkm)	28,189,000	25,248,700	26,898,851
CO <sub>2</sub> Amount Generated (t-CO <sub>2</sub> )	4,911	4,400	4,669

# Relationship to Society

The RIKEN TECHNOS GROUP is involved in various activities to promote harmonious coexistence with the local community, as well as a better understanding of our business activities. This section describes initiatives being taken in Japan and overseas.

## Initiatives in Japan



### Clean-up



#### Saitama Factory

The Saitama Factory cleans up the area along the railroad tracks leading to Okabe Station (twice a year) and around the factory (once a month).



#### Mie Factory

The Mie Factory cleans up around the factory twice a year.

#### R&D Center (Tokyo)



#### Gunma Factory

The Gunma Factory cleans up the public roads around the factory every other month during safety patrols.



### Factory tour for high school students



#### Mie Factory

The Mie Factory hosts a factory tour for local high school students every year.

#### Saitama Factory

Support for Summer Festival held by neighborhood community association



August

September



#### Mie Factory

Support for and participation in the Kameyama City Summer Evening Festival



### Traffic patrols around the factory area



#### Mie Factory

Twice a year, the Mie Factory conducts traffic patrols in the surrounding area to check whether drivers are observing speed limits, stopping at intersections, wearing seatbelts, and staying out of areas closed to traffic.



Support for a local festival held by the Minami-Rokugo 2-Chome Association

#### R&D Center



Interaction



Environment



Contribution



Next generation





## Gunma Factory

Use of renewable energy generated by photovoltaic power generation



Support for and participation in the Kameyama City Ekiden relay



Support for "Kameyama Forests Ecology" forest environmental maintenance activities, and participation in forest environmental maintenance volunteer activities (three times a year)



## Mie Factory

## Mie Factory

## March

## February

## January

## December

## November

## October

## Nagoya Sales Office

Christmas presents to orphanages, etc. through the Nagoya Chamber of Commerce & Industry



Support for and participation in the Fukaya City half marathon race



## Saitama Factory

## Saitama Factory

Participation in the "Indoor fire hydrant operation drill by in-house firefighting team" staged by Fukaya City Bureau of Fire Prevention and Public Safety and Fire Department Headquarters



Mascot of Fukaya City, Saitama Prefecture, "Fukkachan"

Participation in the In-house Firefighting Training Contest hosted by the Kamata Fire Station



RIKEN TECHNOS R&D Center's in-house firefighting team won third place!

## R&amp;D Center (Tokyo)

Appointed a model business site for promoting the use of designated drivers



## Mie Factory

## Internships

We are proactive in hosting workplace experience and internship programs for high school students who will be the workers of the future in society. The programs are offered at both the Saitama and Mie factories, where students can have hands-on experiences with film manufacturing processes and equipment maintenance. Here are the thoughts of two students who participated in the workplace experience event held in the Saitama Factory in January 2016.



Saitama Factory: Student representative (electrical engineering studies, Saitama Prefectural Kumagaya Technical High School)

I was nervous in the beginning but the employees were friendly and treated me kindly, helping me get used to the workplace atmosphere quickly.

On the first day, we toured the film manufacturing factory. Packing film looked simple but turned out to be difficult. On the second day, we learned how to overhaul a motor in the Engineering Department, and learned to connect electrical wires to the motor and run it. We also learned arc welding and many other things. On the third day, we learned how to check the operation of electrical wiring and toured the entire factory. I hope to put the experiences I gained during these three days to good use.

Saitama Factory: Student representative (mechanical engineering studies, Saitama Prefectural Kumagaya Technical High School)

It gave me an opportunity to think about working in a factory and I learned a lot. Before I only had a vague idea about factories and had never thought about the specific details of factory work.

However, this internship experience helped solidify my view about factories and strengthened my desire to try working in a factory. I want to carefully consider what kind of department would be most suitable for me and put that information to use when I look for a job.

During the internship, I made an effort to be fully alert even during simple tasks, because there is always a risk of accidents. These three days of work experience were really meaningful to me.





## Relationship to Society

### Initiatives Overseas

This section describes initiatives at U.S. firm RIKEN ELASTOMERS CORPORATION and at RIKEN (THAILAND) CO., LTD.

#### Message from an Officer



**Gakuyuki Kajiyama**

Executive Officer  
Managing Director, RIKEN  
ELASTOMERS CORPORATION

Since its establishment in 2006, RIKEN ELASTOMERS CORPORATION has always striven to maintain a close relationship with the local community. A company cannot stand alone and can only operate successfully if it has excellent relationships with the local community and society. I feel this to be true more now that I live in the United States than I did in Japan. Regional development also leads to the growth of human resources, which in turn can vitalize corporations. I believe this circle maintains a healthy society. Specifically, both our company and employees are engaged in fund-raising campaigns for United Way, a well-known charitable organization. Some of our employees support local schools by serving on boards of education. Furthermore, we also participate in a career program that teaches students about corporate activities. Since companies are made of people, I believe it is imperative that companies contribute to their local communities.

### Initiatives at RIKEN ELASTOMERS CORPORATION

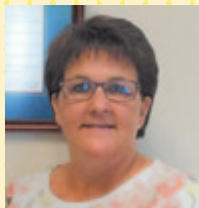
At RIKEN ELASTOMERS CORPORATION, employees contribute to the local community through a variety of activities.

Featured below are some activities by Laura Thomas and Linda Keller.



**Laura Thomas**

Human Resources  
Manager



**Linda Keller**

Logistics and Purchasing  
Specialist

#### Career guidance activities (Career Day)

Each year RIKEN ELASTOMERS CORPORATION (REC) participates in Career Day for students at Pembroke Elementary School. Students from third to sixth grades learn about different careers from local businesspeople. The photograph to the right shows students looking at products made by REC and RIKEN TECHNOS. In addition to showing the products the company makes, Ms. Thomas explains the various careers in manufacturing, as well as the education and training needed for each.



Laura Thomas giving an explanation to children

#### Activities at the Gateway Academy

Laura Thomas was invited to participate as part of a panel to assess a project at The Gateway Academy to Innovation and Technology in the City of Hopkinsville. The new Pre-engineering Academy has implemented Project Based Learning that connects the Pre-Engineering, Math, and English courses. The assignment she was invited to assess was a Bridge Design Project. In addition, Ms. Thomas participated in a program to help teach students the soft skills necessary to be successful in the workplace. The program is part of the school's strategy to help students learn critical thinking skills, soft skills, work ethic, and collaboration.



Laura Thomas,  
seated second  
from left



Laura Thomas and  
Gateway Academy students

#### Board of Education

Linda Keller has served on the Christian County Board of Education in the City of Hopkinsville, Kentucky, for the past eight years. For the past three years, she has served as Chair of the Board. She will be running for re-election in November this year for a third term. Education is extremely important to her community. She believes it is her duty as a citizen of the community to work to maintain policies and programs that help provide a quality education to the children of Christian County.



Fourth from the left is Linda Keller,  
a Logistics and Purchasing Specialist at  
RIKEN ELASTOMERS CORPORATION

## Message from an Officer



**Michihisa Tasaka**

Senior Executive Officer,  
Managing Director, RIKEN  
(THAILAND) CO., LTD.

This year marks the seventh year since RIKEN (THAILAND) CO., LTD. established its scholarship system. It was established to support the education of children, who will play an important role in the future. Since it is crucial to give people as many opportunities as possible to study when they are young, we would be delighted if our scholarship system can help children. Our hope is that the children awarded scholarships will study hard and grow up to be respectable citizens who will help Thailand advance. We also hope they will become members of a generation that will act as a bridge between Thailand and Japan and engage in cross-cultural communication with people overseas. We asked all of the children who have been awarded scholarships to write down their dreams in a letter format, and have included them below.

## RIKEN (THAILAND) CO., LTD. Scholarship System

RIKEN (THAILAND) CO., LTD. has established a scholarship system to support the education of children of its employees.

This year is the system's seventh year, and 10 children were awarded scholarships in FY2016.

### Children Awarded Scholarships in FY2016 by RIKEN (THAILAND) CO., LTD.

**Miss  
Warintorn Prachanog**



Second  
grade  
student

Father:  
Mr. Uthith Prachanog  
Technical/QA

**Miss  
Nuengruthai Kongchang**



Third  
grade  
student

Father:  
Mr. Akalak Kongchang  
Production/General

**Miss  
Kornwarin Numthong**



Fifth  
grade  
student

Father:  
Mr. Suchat Numthong  
Logistics/Finished Goods

**Master  
Natanon Phuengto**



Fifth  
grade  
student

Father:  
Mr. Manoch Phuengto  
Production

**Miss  
Wipawee Phuviphak**



Sixth  
grade  
student

Father:  
Mr. Virut Phuviphak  
Production/Medical

**Miss  
Sayamol Kamdee**



Seventh  
grade  
student

Father:  
Mr. Thanawuth Kamdee  
Production/Medical

**Miss  
Natchaya Wongcharoenthawon**



Eighth  
grade  
student

Mother:  
Mrs. Sunantha Jaicharoen  
Personnel & GA/GA.

**Miss  
Rinrada Sangmanee**



Eighth  
grade  
student

Mother:  
Ms. Juthamard Khuntawon  
Logistics/Finished Goods

**Miss  
Auntika Ankahard**



Tenth  
grade  
student

Father:  
Mr. Chusit Ankahard  
Engineering

**Miss  
Rasawadee Khudfun**



Vocational  
school

Mother:  
Mrs. Panlakha Khudfun  
Engineering

## Messages from Scholarship Recipient

- I am very proud to be a recipient of the RIKEN (THAILAND) scholarship. There were 15 people applying for 10 spots, so I was worried that my grades weren't good enough for a scholarship. I was really happy when my mother told me I was going to get a scholarship. I was very lucky. I'm going to study hard to be worthy of this scholarship. I'm planning to save this scholarship and use it for my future education. I have been given RIKEN (THAILAND) scholarships three times in elementary and junior high school. Thank you very much, RIKEN (THAILAND). Now that I'm getting this scholarship, I'm going to study hard and always behave well. I drew a picture on the back of this letter [the picture to the right].

**Natchaya Wongcharoenthawon**



## Relationship to Society

### Supporting the Next Generation

To support the next generation, RIKEN TECHNOS has been producing a TV program called "YUME Lab" ("Dream Laboratory") since April 2015. The students featured in the program are all full of energy and have high ambitions. But what is it that drives them? Where did their dreams originate? These are the questions that the program tries to answer.

These students are still on the journey of fulfilling their dreams, and Yume Lab looks at the ways they are moving forward through trial and error.

We are watching these students closely, wondering what kind of future they will create. RIKEN TECHNOS will continue to support these students as a challenger that harnesses the power of science.



#### Masahiro Kasuya

##### ① Thoughts after appearing in a YUME Lab episode

I thought it was extremely meaningful that the program discovers and actively introduces people who are involved in distinct activities. I'm grateful for having been introduced in this way because it is difficult to increase our name recognition, especially in this early phase of our activities.

##### ② Current and future activities

I am part of the team at Meltin MMI, where we create prosthetics using cybernetics. Our biggest activity will be the world's first Cybathlon, which will be held in October 2016. This event, which will be the third biggest international sports event following the Olympic and Paralympic Games, allows participants to use computer and motor support, which are not allowed in the Paralympic Games. As a result, people who haven't previously been allowed to participate in sport events will be able to do so. For example, a person whose legs are paralyzed will be able to compete in cycling races. Meltin MMI will compete in the Powered Arm Prosthesis Race and Functional Electrical Stimulation (FES) Bike Race at the Cybathlon, and we are carrying out daily development work in preparation. Meltin MMI received venture capital funding in 2015, and our media exposure has also been increasing. For example, we were invited to give a keynote address at an IBM event, covered in a front-page newspaper article, and featured in a TV special. Ahead of the Cybathlon, NHK (Japan Broadcasting Corporation) will air a documentary produced by following us closely over a six-month period. This year, in addition to competing in the Cybathlon, we plan to release a prosthetic device that the wearer can move using biological signals. We will continue to widen our perspective and ambitiously engage in activities.



Visit this page for more information on their activities.

[www.yume-lab.jp](http://www.yume-lab.jp)

#### Naomi Iwazawa

##### ① Thoughts after appearing in a YUME Lab episode

YUME Lab gave me a precious opportunity to talk about my thoughts and activities. The need to communicate my thoughts to many people within a limited time helped me take a retrospective look at myself. The program gave me the chance to consider questions such as: "Why did I come to think this way?" "What was I like as a child?" I was happy to know that my experiences in the past have made me who I am now. Aside from thinking about my own issues, appearing in the program also enabled me to connect with many other people who appeared in YUME Lab segments to talk about their own experiences. Learning things I didn't know and exchanging views with people with different values to me was an extremely valuable experience. I will value the connections I made with these people as I continue my activities.

##### ② Current and future activities

I have a dream. My dream is to help create a society that accepts diversity and embraces differences. My organization, Culmony, conducts non-profit activities under this vision, with the involvement of about 500 people. We provide children with English conversation classes combined with intercultural understanding, as well as local opportunities for international exchange. Culmony has also been running a home tutoring business that delivers a unique multicultural education program to children. Modern Japanese society is full of cultural clashes, so there is a lot we can do to improve it. I believe that if Culmony can expand educational programs that nurture children's ability to embrace diversity, we can develop people who will be able to create a more vibrant rich society while cooperating with others within the global society. I want to grow so that I can manage Culmony well, and continue to work hard to expand it after graduating from university.





## Students who have appeared in the program in the past

<p>"I want to make the world happy with four-leaf clovers"</p>  <p><b>#01:Aiko Ikizawa</b> Visitory Arts Vocational School &gt;1st year student</p>	<p>"I want to make people happy through clothing"</p>  <p><b>#02:Masako Yokoi</b> Kyo University Graduate School &gt;Ph.D. student</p>	<p>"I want to spread the appeal of developing countries to more people"</p>  <p><b>#03:Ryoya Tasai</b> Yokohama National University &gt;4th year student</p>	<p>"I want to keep on challenging various things"</p>  <p><b>#04:Kota Inui</b> Kobe University School &gt;3rd year student</p>	<p>"I want to create a society that embraces diversity"</p>  <p><b>#05:Naomi Iwazawa</b> Woods University School &gt;3rd year student</p>
<p>"I want to create chances for people to change their lives"</p>  <p><b>#06:Kazuki Obata</b> Wakayama University Faculty &gt;2nd year student</p>	<p>"I want to let the world know about my artificial hand"</p>  <p><b>#07:Masahiro Kasuya</b> The University of Electro-Communications &gt;Ph.D. student</p>	<p>"I want to create a school that nurtures students' sensitivity through real experiences"</p>  <p><b>#08:Arika Shiga</b> International Christian University &gt;3rd year student</p>	<p>"I want to make Japanese agriculture appealing to young people"</p>  <p><b>#09:Ryuya Kaneko</b> Kansai University Hirose School &gt;4th year student</p>	<p>"I want to spread disaster-prevention education to protect those important to us through food"</p>  <p><b>#10:Aya Takeda</b> Kansai University &gt;2nd year student</p>
<p>"I want to make volunteering seem cool"</p>  <p><b>#11:Taro Eto</b> Nihon University College &gt;2nd year student</p>	<p>"I want to make neighborhoods that bring people together"</p>  <p><b>#12:Nami Asakura</b> Matsuyama Women's University School &gt;3rd year student</p>	<p>"I want to become a fun teacher who is excited to talk to in the world"</p>  <p><b>#13:Yusuke Sugihara</b> Osaka University School &gt;2nd year student</p>	<p>"I want to make aerospace one of the key industries of Japan"</p>  <p><b>#14:Ayano Kido</b> Tokyo Metropolitan University Department &gt;2nd year student</p>	<p>"I want to make an impact on society by doing what no-one else has even done"</p>  <p><b>#15:Yoshinori Hanawa</b> Hiroshi High School &gt;3rd year student</p>
<p>"I want to become a news reporter who can express the appeal of local areas"</p>  <p><b>#16:Marino Omori</b> Kansai University &gt;2nd year student</p>	<p>"Open Japan! I want to bring Japan closer to other countries through Japanese culture"</p>  <p><b>#17:Ryo Yoshida</b> University of Tokyo &gt;4th year student</p>	<p>"I want to become someone who can express the appeal of space, which I love, to even more people"</p>  <p><b>#18:Haruka Inoue</b> Osaka University &gt;2nd year student</p>	<p>"I want to tell the whole world about the possibilities of Wajima lacquer"</p>  <p><b>#19:Kohei Kirimoto</b> Nihon University &gt;4th year student</p>	<p>"I want to create equal opportunities through the power of IT"</p>  <p><b>#20:Shinya Kaneko</b> Kanagawa University &gt;4th year student</p>
<p>"I want to increase the number of people who can bring happiness to those around them through sweets"</p>  <p><b>#21:Yuri Matsumoto</b> Japan Women's University &gt;Master's student</p>	<p>"I want to create a world-leading jeans brand from Setouchi factories"</p>  <p><b>#22:Shunsuke Shimada</b> Osaka University &gt;3rd year student</p>	<p>"I want to make a world that links the happiness of women and the earth"</p>  <p><b>#23:Ayaka Nagai</b> Kansai Gaidai University &gt;4th year student</p>	<p>"I want to make a society in which many people can follow their true interests and passions"</p>  <p><b>#24:Yoshiki Seki</b> Sophia University &gt;1st year student</p>	<p>"I want to participate in developing a robot that can live with humans"</p>  <p><b>#25:Yuya Masumura</b> Osaka University &gt;3rd year student</p>
<p>"I want to express the culture and appeal of Japanese breweries"</p>  <p><b>#26:Ryoma Otake</b> Tokyo University &gt;3rd year student</p>	<div style="text-align: center;">  <p><b>RIKEN TECHNOS</b></p> </div>			

See pictures from the show on the official website [www.yume-ra-ba.jp](http://www.yume-ra-ba.jp)

Host: **Reina Nagata**  
YUME Lab Theme Song "Yumeiro" by Ryo Onuki

**夢らぼ**  
DREAM LABORATORY

BROADCAST EVERY SATURDAY at 6:55 p.m.  
Produced by BS12ch Twenty / RIKEN TECHNOS CORPORATION / YADOMARU PROJECT Co., Ltd.

**BS12**  
トゥエルビ

As a challenger that harnesses the power of science, RIKEN TECHNOS supports students doing their best!

# Relationship with Employees

RIKEN TECHNOS GROUP aims to have each employee “attain personal growth through their job,” and in order to create a better working environment, a number of different programs have been established.

## Message from the General Manager of the Administrative Division



**Junji Irie**

Director  
Managing Executive Officer  
General Manager of Administrative  
Division & Corporate Planning  
Division

The new three-year mid-term business plan, which started in FY2016, identifies strengthening the corporate foundation through strategic human resource development as one of our major tasks.

The overseas sales ratio in the FY2015 consolidated settlement of accounts was 47%. The RIKEN TECHNOS GROUP is aiming to increase this ratio to at least 55% during the period covered by the new three-year mid-term business plan, meaning that the development of global human resources is an especially important management task.

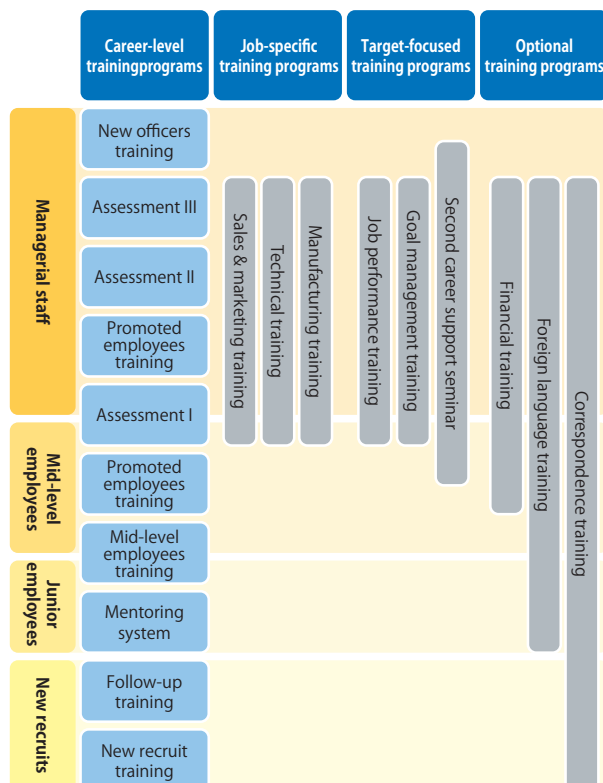
We will promote the creation of a structure that nurtures a vigorous organizational culture, including using a self-nomination job posting system for managerial positions and providing promotion opportunities to younger employees. In this way, we develop human resources that will solidly support our company's global expansion.

Since the greatest asset of a company is its people, we are moving forward with the belief that our ability to increase the corporate value of the RIKEN TECHNOS GROUP depends on whether we successfully develop our human resources.

## Approach to 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 encouraging dedicated workers under the slogan, “We support employees who aim to grow!” As a part of these measures, we have introduced a personal assessment program, with an interview process to understand the desires, requests, and aspirations of each employee. This will help us to create a better environment for growth. We describe our ideal employee as a person who is independent, creative, and practical. Additionally, to ensure that each employee can carry out his or her role, a job performance assessment program has been introduced into the personnel system to encourage employees to “grow through their work.” By means of these activities, we aim to create a high value-added corporate foundation through the growth of each employee.

### RIKEN TECHNOS Training Programs





## Management Training

RIKEN TECHNOS is also focusing on management training. In FY2015, we sent some of our managers to the Globis Management School to provide them with opportunities to hear a variety of viewpoints and learn practical management skills.



**Hiroyuki Sekine**

Group Leader of the Corporate Management Group, Corporate Planning Department

After being assigned to the Corporate Planning Department, I took three courses at the Globis Management School to learn basic management-related knowledge. In the critical thinking course, I learned the importance of engaging in discussions without forgetting what issues need to be addressed at the moment. In the accounting basics course, I learned how to read corporate financial statements and studied management accounting, which proved to be extremely useful in my current job. Lastly, in the marketing basics course, which I really enjoyed and found the most interesting, lectures on subjects such as methods of analyzing market environments and strategic planning continued to help the “scales fall from my eyes.” Weekend preparation and reviews were really challenging, but I learned a lot that I am putting to use in my current job. I believe the nine months I spent at the school were very meaningful.

## Developing Global Human Resources

### Foreign language training

With the goal of developing global human resources, RIKEN TECHNOS provides overseas language training, in-house English conversation classes, and so on.



**Akira Tsunetsugu**

Plant Coordinator RIMTEC CORPORATION

After it was decided I would be transferred to RIMTEC CORPORATION in June 2016, I attended language training at the New England School of English in a suburb of Boston for four weeks starting in May of the same year, experiencing life without the Japanese language. The class consisted of three segments—grammar, conversation, and composition—and lasted from 9:00 am until a little past 3:00 pm. There were many first-time experiences for me, including writing essays. I am very grateful for this valuable opportunity. I hope to capitalize on this experience while working at RIMTEC CORPORATION from now on.

### In-house English conversation classes

RIKEN TECHNOS holds in-house English conversation classes at various sites. These classes address a variety of our employee needs, such as wanting to stop feeling nervous about speaking English, wanting to raise TOEIC scores, and wanting to learn practical English expressions. They offer content that everyone from beginners to advanced students can continue to enjoy studying.



In-house English conversation class at the Saitama Factory



English conversation class at the Mie Factory



In-house English conversation school at the Head Office



## Relationship with Employees

### Inheriting “The Spirit of Manufacturing”

RIKEN TECHNOS provides training to the local staff hired by our overseas affiliates to ensure that products of uniform quality can be made at any production site overseas. The goal of the RIKEN Global Production Summit, which has been held since 2015, is to “strengthen the competitiveness of the entire RIKEN TECHNOS GROUP by sharing information on the 5S and production improvement activities of both Japanese and overseas sites and learning about other sites’ initiatives.” This is a completely new attempt in which employees from Japanese and overseas manufacturing divisions gather together and present the improvements they worked hard to come up with and implemented on their own initiative, as well as the results of their 5S activities. Each time the summit is held, the circle of friendship expands and more information is shared, leading to improvements throughout the RIKEN TECHNOS GROUP. We hope to continue holding this summit in the future.



Scenes from the RIKEN Global Production Summit

#### Naritaka Hattori

Compound Production Section 1, Mie Factory

We are honored that Compound Production Section 1 of Mie Factory received the first prize at the second RIKEN Global Production Summit. We thought hard about the best way to communicate our activities and made a presentation on our productivity improvements and 5S activities. While practicing our presentation, we found so many areas requiring improvement that we had to revise the speaker notes numerous times. As a result, we were able to accurately convey the initiatives we had taken in our section and I think the activities we have been carrying out for a year were appreciated. Under the slogan “ACT NOW! ACT TOGETHER! 2018,” which represents our company’s management policy in the new three-year mid-term business plan, everyone in our section will unite and work on our activities at full speed and as hard as possible.

#### First Prize



Members of Compound Production Section 1, Mie Factory  
From left: Naritaka Hattori, Mitsuru Toyoda, President Kazuaki Tokiwa, Hiroya Sawada, and Koji Mimura



#### Gerald Bennett

General Supervisor, Production Department  
RIKEN ELASTOMERS CORPORATION

First, I would like to thank our President Gakuyuki Kajiyama and our managers in Hopkinsville for the honor of representing RIKEN ELASTOMERS CORPORATION at the RIKEN Global Production Summit in Japan.

We would like to congratulate the Mie Factory on their first-place finish. I thought every single company showed great progress from 2015 to 2016 in their presentations. It is apparent that those in leadership at these businesses have certainly emphasized progress in continuous improvement in their shops. Together, as a team, we can achieve great things. Our strength will be in our international teamwork.

#### Award of Excellence

## Message from an Officer



**Toshiyuki Sato**

Executive Officer  
Managing Director, PT. RIKEN  
INDONESIA

At the RIKEN Global Production Summit meeting, which has been held since 2014, the production division of PT. RIKEN INDONESIA came in second in 2014 and received the Best Impression Award in 2015. Furthermore, at the World Skill Olympics (blending part) started last year, our team won the gold medal, which has become a great motivating factor for our employees. One advantage we have over other sites is the fact that we have been sending production personnel to Japan for training on a regular basis since 2010. This year marks the fourth year of this training, and the continuation of this system of training our employees at the mother factory in Japan has been steadily increasing both the quality and productivity of our production.

### Bambang Setiawan S

Production Section Manager, PT. RIKEN INDONESIA

### Best Impression Award

The annual RIKEN Global Production Summit is extremely significant both for me personally and for PT. RIKEN INDONESIA. In the course of preparing for the summit initiative, we gain a lot of knowledge and experience.

Actually, I think that this preparation is not just for the contest, but for expanding our perspective. The summit allowed me to meet people from the United States, China, Japan, and Thailand from a variety of different cultural backgrounds. Furthermore, I learned about elastomer and film production processes, which I could not have experienced at PT. RIKEN INDONESIA.



From left: President Kazuaki Tokiwa and PT. RIKEN INDONESIA presenters Bambang Setiawan S and Winanto.

## Support for Raising Children

### ● Leave of Absence System for Childcare

All employees, including men, can take 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. Currently, two employees are using this system.

### ● Shorter Working Hours System for Childcare

Employees with childcare responsibilities are entitled to reduce their working hours to six hours a day. They can choose their manner of working to suit home and nursery school schedules, as well as other individual circumstances. This system can be used until the children begin elementary school. Currently, two employees are using this system.

## Diversity of Employees

We respect the diversity, personality, and individuality of our employees, and consider human rights and giving equal employment opportunities. Our company implements various initiatives to enable female employees to be active in business, and currently some of our female employees have reached managerial positions. We are also actively engaged in recruiting overseas employees.

## Re-employment System

Having employees working beyond our official retirement age of 60 years old offers benefits to both the employees and our company. For the company, it facilitates the transfer of technical skills, and for employees, it provides financial security. Therefore, we introduced a re-employment system from FY2006 aimed at union members and management.

## Commendation System

We have established commendation regulations and an employee inventions system. Commendations are given for improvement suggestions that help improve work efficiency, reform business structures, or enhance employee motivation as well as for new technological inventions.

President's Award ceremony

From left: Hideo Osawa (Group 1, R&D Office 2, R&D Center), President Kazuaki Tokiwa, Keijiro Daikuhara (Manager, Electronic Materials Business Unit), and Atsushi Sato (Compound Production Section, Saitama Factory).



Kosuke Tanahashi

## Relationship with Employees

### Ingraining Our Management Philosophy

The company has established four systems for ingraining our management philosophy, the “RIKEN TECHNOS WAY,” among our employees. One of them is the “Thank You Card” system, in which employees express their feelings of gratitude to each other. This is also being introduced in our overseas sites. We also give commendations to employees who have received the most Thank You Cards.

Hiromitsu Osaki (Film Production Section, Mie Factory) receiving an award from General Manager Hirohito Koshimizu of the Mie Factory.  
Mr. Osaki received the largest number of “Thank You Cards” in FY2015.



### Safety and Health Activities

#### ● Concept of Safety and Health Activities

RIKEN TECHNOS, based on respect for people, considers occupational health and safety to be the most important foundation in business operations, and strives to maintain and improve a healthy and safe working environment. Therefore, we carry out our business operations according to a labor safety management system similar to the occupational safety and health management systems (OSHMS).

#### ● Eradication of Causes of Dangers and Hazards through Risk Assessments

Following the introduction of risk assessments in 2003, prevention improvement activities were established to reduce potential dangers and hazards in the workplace through elimination and separation. All employees work to achieve “zero accidents” from “zero risks” by participating in safety awareness and risks and systems improvement activities.

#### ● Review of Activities

In FY2015, we carried out risk assessment with the goal of achieving “zero accidents.” Additionally, we implemented various activities with the full participation of our employees, including a questionnaire-based survey for the purpose of raising the safety awareness level, safety education using dangerous equipment, and reassessment of the “pointing and calling” procedure.

In FY2016, we will conduct more risk assessments, including one for chemical substances, in order to achieve “zero accidents.” We will also ensure that workers routinely use pointing and calling and do stretching exercises before starting work.

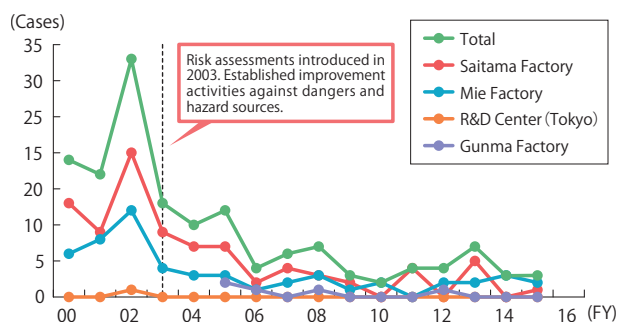
#### ● Emergency Response

We have created an emergency response list and operational standards for every site and division, and conduct regular training sessions. One of our primary concerns is to prevent the discharge of chemical substances and oils to areas outside our company sites and fires caused by dangerous flammable substances designated by the Japanese Fire and Disaster Management Act. In FY2015, we had a minor leakage of plasticizer from an indoor metering tank, but it did not extend outside the factory and was handled as instructed in training.

#### ● Total Industrial Accidents

The number of industrial accidents in recent years was six cases in 2013, three cases in FY2014, and three cases in FY2015.

#### ● Company-wide Trends in Industrial Accidents (absences and non-absences)



Safety education using imitated dangerous equipment



Safety education using imitated dangerous equipment



## Understanding CSR

### Our New Employees in 2016

To help new employees, who will be among those responsible for the future of RIKEN TECHNOS, gain a better understanding of corporate social responsibility, they receive a simple lecture during a follow-up training session three months after joining the company.

At that time, to help them work with the awareness of being members of the RIKEN TECHNOS GROUP, we ask our new employees to fill in the blank in the sentence : "If \_\_\_\_\_, I would be very enthusiastic," introducing the theme "We enjoy our work and love what we do," which is included in our core values under the RIKEN TECHNOS WAY.



# Environmental Management Action

## Message from the General Manager of the Manufacturing Division



**Takashi Shimada**  
Senior Executive Officer,  
General Manager of Manufacturing  
Division & Quality Assurance Division

In line with our policy of “making products with the RIKEN TECHNOS universal quality that are competitive in both Japan and overseas,” the Manufacturing Division is striving to deliver our products with stable quality, proper pricing, and short lead times. We are also working hard to develop human resources who can succeed globally through the active dispatch of employees to overseas sites, participation in the WorldSkills Competition, and promotion of 5S and improvement activities, as well as enhanced equipment maintenance. Furthermore, we are building innovative production systems and continuously providing new value and satisfaction to people, companies, and society through our original and superior formulations and manufacturing technologies of multiple resins. In terms of environmental initiatives, we are focusing on energy conservation, industrial waste reduction, and appropriate management of chemical substances.

## Environmental Policy

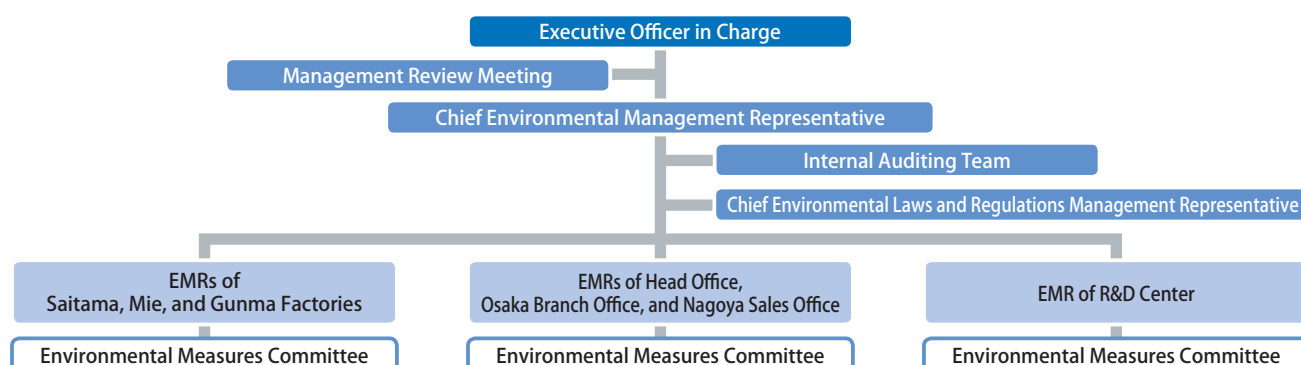
For all our business activities, we take into consideration the effects on the environment. To protect the environment and realize a sustainable community, RIKEN TECHNOS CORPORATION established an environmental management system, and all members of RIKEN TECHNOS CORPORATION work to implement the following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

- 1 Through all business activities, RIKEN TECHNOS CORPORATION improves the environmental management levels and the prevention of environmental pollution by not only observing all environmental regulations and mutual agreements but also setting our own rules and regulations voluntarily.
- 2 RIKEN TECHNOS CORPORATION supplies the market with various plastics that are environmentally friendly, such as energy-saving, resource-saving, recycling, and low-influence to the ecological system.
- 3 RIKEN TECHNOS CORPORATION reduces the influence against the global environment and the ecological system by eliminating wastefulness. We reduce industrial waste through effective use of materials. We reduce CO<sub>2</sub> discharge by effort of saving energy.
- 4 RIKEN TECHNOS CORPORATION carries out ongoing environmental conservation activities by establishing documents including the Environmental Statement and the Environmental Policy, and by educating employees.
- 5 RIKEN TECHNOS CORPORATION sets the concrete objectives and numerical targets 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 the each site.
- 7 RIKEN TECHNOS CORPORATION aims to obtain confidence and understanding from society through appropriate and accurate information disclosure.

## Environmental Management System

### Environmental Management System Organization Chart

The Executive Officer in Charge heads up the system and the Chief Environmental Management Representative is appointed to establish the environmental management system under his direction by designating an Environmental Management Representative (EMR) at each site.



## Implementation of System

In order to promote our environmental management system, we have clearly defined the members and functions of the primary meetings, committees, and so on.

Meeting/Committee	Members	Functions
Management Review Meeting	All directors, Chief Environmental Management Representative	Environmental policy, objectives, and the environmental management system
Internal Auditing Team	Qualified internal auditors	Compatibility Audit
Environmental Measures Committee	Environmental Management Representative, general manager of each division, committee members at each site	Setting of environmental objectives and targets, deliberation on corrective and preventive actions, and deliberation on environmental problems

## Role of the Chief Environmental Management Representative and Environmental Management Representatives

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

Representative Name	Name of title	Role
Chief Environmental Management Representative	General Manager of Management System Department	Establishment, operation and maintenance of the environmental management system for the entire company
Chief Environmental Laws and Regulations Management Representative	General Manager of Management System Department	Management of environmental laws and regulations
Environmental Management Representative	Site Manager (General Manager of Factory, etc.)	Establishment, operation and maintenance of the environmental management system for each site

## Environmental Audit Systems

### (1) Internal Audits

Under the direction of the Chief Environmental Management Representative, internal audits of the environmental management system, including quality, product safety, and chemical substances management are carried out annually by approximately 100 internal auditors. In FY2015, audits were carried out in 58 departments, 35 requests for corrective actions were issued, and there were 235 issues pointed out, including matters for monitoring. Among them were a number of cases related to inadequate document control and equipment management. We are continuing to improve and enforce the management system through the implementation of corrective actions.

### (2) External Audits

Periodical audits were conducted at our Head Office, Osaka Branch Office, R&D Center (Tokyo) and the Mie Factory site by an external ISO 9001/14001 certification body. Five minor nonconformance issues and six issues requiring improvement were pointed out. Improvements were made on issues such as sharing complaint information and preventing the toppling of waste oil drums.

In FY2015, we also received 15 customer audits, and made appropriate improvements on all issues pointed out.

## Emergency Response

We have created an emergency response list for every site and division, based on possible emergency situations, and conduct regular training sessions.

We buy and use as raw materials many chemical substances designated as dangerous by the Fire and Disaster Management Act. For that reason, one of our primary concerns is to prevent discharge of chemical substances to outside company sites and fires caused by dangerous flammable substances. In FY2015, we had a minor leakage of plasticizer, but it did not extend outside the factory and was handled as instructed in training. There were no complaints from the residents of nearby communities.

## ISO 14001 Certification

Through environmentally-conscious corporate activities, we strive to establish our company as an enterprise that contributes to the realization of a prosperous society and responds to the trust of all its stakeholders.

Our Environmental Policy has been established, and all our company divisions have obtained this certification.

Initial Registration: October 31, 2001

Date of Expiration: September 14, 2018



# Summary of Environmental Action

## Environmental Objectives and Performance in FY2015

We promoted improvement activities by setting yearly environmental objectives consistent with the business environment, based in the company's Environmental Policy. We also made companywide cross-sectional efforts, in particular to promote reduction of CO<sub>2</sub> emissions, reduce the amount of our

industrial waste output, and reinforce chemical substances management.

In FY2015, a total 125 objectives were set throughout respective divisions in the entire company and 103 (82%) of them were achieved.

### (1) Reduction of Energy Use

Number of Objectives Set	Achieved Objectives	Objectives	Results
62	54 (87%)	(1) Reduction of electricity usage per gross production (2) Reduction of heavy oil usage per gross production (3) Reduction of CO <sub>2</sub> emissions per gross production (4) Reduction of total CO <sub>2</sub> emissions	by 3% compared to FY2012 by 3% compared to FY2012 by 3% compared to FY2012 by 3% compared to FY2012 (1) 3.8% reduction (objective achieved) (2) 13.6% reduction (objective achieved) (3) 1.5% reduction (objective not achieved) (4) 0.8% reduction (objective not achieved)

### (2) Reduction in Industrial Waste

Number of Objectives Set	Achieved Objectives	Objectives	Results
32	25 (78%)	Landfill and combustible industrial waste amounts per gross production: 0.3% or below Total industrial waste amount per gross production: 4% or below	As the landfill and combustible waste amount per total gross production was 0.16%, achieving our objective, while the total waste amount per gross production was 4.16%, we will make further efforts to reduce waste.

### (3) ① Reinforcement of Chemical Substances Management and ② Development of Environmentally-friendly Products

	Number of Objectives Set	Achieved Objectives	Objectives	Results
①	10	9 (90%)	Reduction of use of independently specified chemical substances, and development of environmentally-friendly products.	① Usage of chemical substances designated as Class I under the Act on Confirmation, etc. of Amounts of Release of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law) was 1,890 tons in FY2015, a 5% reduction compared FY2014 levels. ② In FY2015, the production volume of recycling-friendly materials increased by 7% compared to FY2014.
②	21	15 (71%)		

\* Simple industrial waste: waste that was simply added to landfill or incinerated.

## Status of RIKEN TECHNOS Environmental Load

The main types of environmental burdens caused by our business activities are due to industrial waste output, greenhouse gas (CO<sub>2</sub>) emissions, and the transport and discharge of chemical substances. We are working on the reduction of emissions and proper management of various substances. The following data is the status of the companywide environmental load of RIKEN TECHNOS itself (by substance).

### CO<sub>2</sub> Load Per Ton of Products Produced (FY2015)

INPUT		OUTPUT	
Raw material (including paint, etc.)	80,000t	Compound products	59,000t
Packaging material	2,800t	Film products	13,000t
Electricity	63,700MWh	Packaging wrap products	7,000t
Heavy oils	2,840kl	General waste	3,600t
Tap water	129,400m <sup>3</sup>	Amount of sewage	268,200m <sup>3</sup>
Ground water	154,300m <sup>3</sup>		
Water for industrial use	11,200m <sup>3</sup>		

Amount of CO <sub>2</sub> emissions (t-CO <sub>2</sub> /t)	
Compound	0.24
Film	0.95
Packaging wrap	0.55

## Preventing Stock Pollution and Environmental Pollution

In 2001, as a result of investigations at each of our factories and offices, we found soil contamination at the former Kamata factory. We subsequently continued to improve the soil and monitor its condition. The land was sold in FY2011 in a contamination-free state, through soil works. Meanwhile, the R&D Center was moved to the neighboring building where soil contamination was also found. Measures are being taken in part of this land to prevent the diffusion of contaminants. We implement routine measurements of environmental items at

each site in accordance with laws and regulations as well as our own regulations monitoring.

The items include exhaust gas, groundwater, noise, vibration, bad odors, radiation, and dust, with particular concern for noise pollution. We conduct regular meetings with residents around our sites, in which we disclose results from our environmental measured values and internal examinations in order to promote understanding of our business activities.

## Saving Energy and Reducing Greenhouse Gas Emissions

Two factories, Saitama and Mie, are designated as Type 1 energy control factories, and the Gunma Factory is designated as a Type 2 energy control factory.

The primary greenhouse gas \*1 emitted by our business activities is CO<sub>2</sub>.

We promote energy-saving tactics, such as improvement in efficiency of operating facilities, using heat storage-type deodorizing furnaces, using demand control \*2 for air conditioning, and preventing leakage of compressed air and steam for industrial use.

Over many years, CO<sub>2</sub> emissions reduction has been our principal objective. Due to a recent major change in the size of the electricity to CO<sub>2</sub> conversion factor, from FY2014, we have worked to achieve the objective of 1% reduction each year, with FY2012 as the base year, in energy use per gross production. The volume of electricity used in FY2015 decreased by 3.8% compared to

FY2012, and the volume of heavy oils used per gross production decreased by 13.8%.

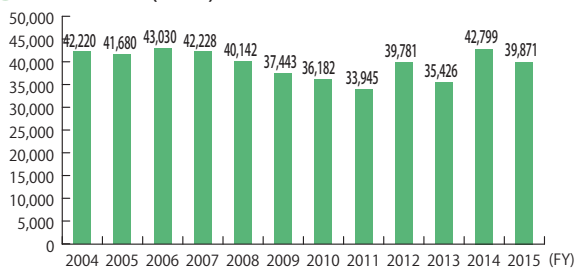
A switch from heavy oil boilers to city gas boilers at the end of 2015 led to reductions in heavy oil usage, CO<sub>2</sub> emissions, and air pollution.

In March 2013, our photovoltaic power plant supplying renewable energy began operating at a site adjacent to the Gunma Factory. In FY2015, approximately 70,000 kWh of power was supplied to the Gunma Factory, with approximately 720,000 kWh sold externally.



Photovoltaic power plant of RIKEN TECHNOS CORPORATION (within the Gunma Factory site)

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

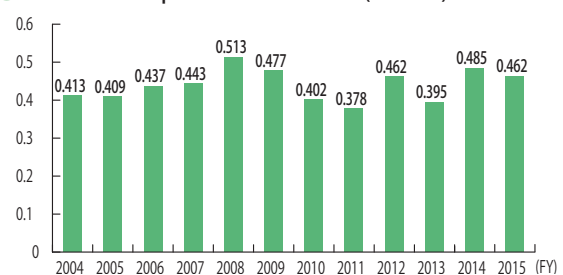


\* The value is based on emission factors after adjustments from FY2010.

\*1 Greenhouse gas is indicated in the quantity of CO<sub>2</sub> calculated to be emitted by consumption of electricity and heavy oils consumed at the Saitama Factory, Mie Factory, Gunma Factory, R&D Center, and Head Office, as well as each sales site. CO<sub>2</sub> emissions from Head Office have been added since FY2005, and emissions of each sales site have been added since FY2008. CO<sub>2</sub> emissions from fuel consumed by logistics are omitted.

\*2 Air conditioning demand control is a method of reducing electricity consumption by automatically stopping compressors when a maximum value of agreed with the supplier is approached.

### CO<sub>2</sub> Emissions per Gross Production (t-CO<sub>2</sub>/t)

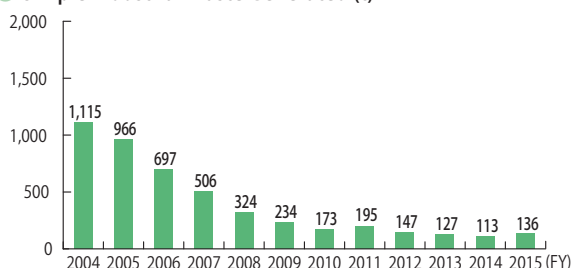


## Reducing Industrial Waste

Our company considers the reduction of landfill and incineration of waste generated in the manufacturing stage as a main goal of environmental management activities, and in FY2013 the new goal of "keeping simple waste volume under 0.3% as a share of gross production, and total waste amount under 4% of gross production" was established. We are promoting restraint in generating waste by improving yields in our production

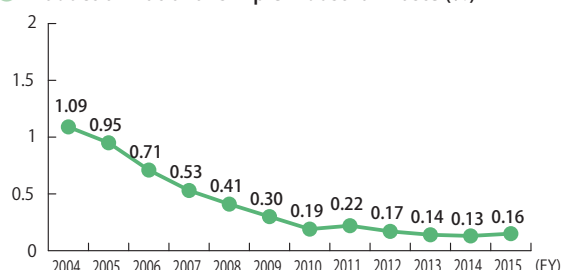
processes, as well as strictly separating generated waste into material recycling, thermal recycling, Refuse Plastic Fuel (RPF), raw cement material, etc. for conversion to effective use. Simple waste volume as a share of gross production increased from 0.13% in FY2014 to 0.16% in FY2015. We have set a goal of 0.15% or less for this fiscal year and are taking measures to further reduce waste and improve recycling.

### Simple Industrial Waste Generated (t)



\* Sites: Three factories (Saitama, Mie, and Gunma), and R&D Center (Tokyo)

### Production Ratio for Simple Industrial Waste (%)



## Summary of Environmental Action

### Appropriate Management of Chemical Substances

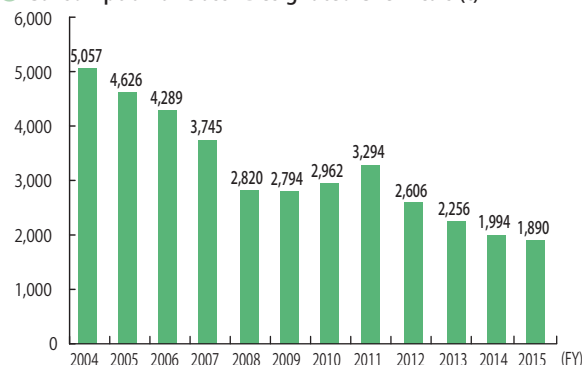
In the past, our company has been managing chemical substances in accordance with laws such as the Chemical Substances Control Law, the Industrial Safety and Health Act, and the Fire Services Act. In FY1999, a totalization system was established to enable thorough management, and a system was created for responding to the Act on Confirmation, etc. of Amounts of Release of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law), which came into force in April 2001.

In October 2009, the PRTR Law was amended, including changes made to the types of chemicals subject to the PRTR Law.

Consequently, the usage and emission volumes of newly subject chemical substances were totaled beginning in FY2010, and in FY2011, the usage volume of methylnaphthalene contained in A heavy oil was added. In FY2011, one of our group companies, RIKEN (THAILAND) CO., LTD., was affected by flood disasters and

production assistance was implemented in Japan. As a result, the usage volume of chemical substances designated as Class I under the PRTR Law increased dramatically by 3,294 tons, but has declined since FY2012. In FY2015, our company used 28 types of chemicals subject to the PRTR Law. Among them, 10 types with usage of more than one ton were reported to the Japanese government.

#### ● 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) came into force. To improve management control over the entire group, in FY2005 we moved six pieces of scrap equipment containing PCB that were held by affiliated companies to the Saitama Factory for storage. The status of storage and treatment at the Saitama Factory, Mie Factory and R&D Center (Tokyo) are shown in the following table. In addition, because there is a high probability that heavy electrical equipment from before 1989 used insulating oil containing small amounts of PCB, we are examining and analyzing all condensers and transformers currently in use.

Site	PCB Wastes	Status of Storage and Treatment
Saitama Factory	High voltage condensers: 15 (high concentration)	Kept in iron containers Awaiting communication on treatment from the government
	High voltage transformers: 2 (low concentration)	Treatment completed in FY2015
	Waste water and oil containing PCB: 1,446 L (low concentration)	Treatment completed in FY2015
Mie Factory	High voltage transformers: 4 (low concentration)	Treatment completed in FY2014
	Waste oil containing PCB: 350 L (low concentration)	
	PCB component wastes: 300 g (low concentration)	
R&D Center (Tokyo)	High voltage condensers: 12 (high concentration)	Treatment completed in FY2013
	High voltage transformers: 1 (low concentration)	
	Waste oil containing PCB: 330 L (low concentration)	
	PCB component wastes: 15 kg (low concentration)	

### Status of Employees' Environmental Education and Awareness-Raising

Since FY2008, we have made a practice of distributing the "Eco-life Day" questionnaire to our employees and their families about their daily lives in order to raise awareness regarding energy conservation and global warming (reduction of CO<sub>2</sub> emissions). In FY2015, we received many responses from employees and their families (1,497 in summer and 1,365 in winter). The results of the questionnaires showed average CO<sub>2</sub> reductions per person of 920 g-CO<sub>2</sub>/day in summer and 960 g-CO<sub>2</sub>/day in winter. In addition, we distributed the CSR report to every employee to increase

understanding of how results of each individual's activities have an impact on the entire company.

	Participants (persons)	Amount of Reduction (g-CO <sub>2</sub> /person per day)
Summer of FY2013	1,432	837
Winter of FY2013	1,576	750
Summer of FY2014	1,474	760
Winter of FY2014	1,480	960
Summer of FY2015	1,497	920
Winter of FY2015	1,365	960

### Environmental Laws and Agreements related to Our Business Activities

We have clarified the environmental laws and agreements to be complied with by each production site and office and summarized them in the Environmental Laws Application Standards, and we stringently comply with environmental laws. In FY2015, we were slightly delayed in starting implementation of the measures required by Japan's Fluorocarbons Emission Control Law, but we

completed implementation.

Additionally, we took measures to comply with Saitama Prefecture's Global Warming Countermeasures Planning System and Target-Setting Emissions Trading System Program, achieving the CO<sub>2</sub> emissions reduction goal in the Phase 1 Plan (6% reduction from the base year).



## Responding to Specified Chemical Substance Restrictions

For raw materials management, to improve measures in response to Europe's REACH<sup>\*1</sup> as well as regulatory changes regarding chemical substances in Japan, chemical substance ingredient information sheets were created, and from August 2009 information on RoHS2<sup>\*2</sup> six substances measurement data and content information for chemical substances under regulation, including trace residual chemicals, have also been collected. Also, the application of these measures to affiliated companies was clarified as part of the RIKEN TECHNOS GROUP Procurement Standards.

It is the mission of manufacturers to provide safe and reliable products to customers, and ensuring the safety of chemical substances used is considered to be one of the main concerns of our company. In FY2006, a Chemical Substances Management

Committee was newly established as a companywide organization. Also, a Chemical Substances Management Standard was established and, in addition to chemical substances prohibited by law from being manufactured and used, we decided to prohibit the use of chemical substances marked for monitoring under the Chemical Substances Control Law. We also clearly declared our intention to reduce the use of chemical substances such as lead and toluene that are not prohibited from usage but are considered safer to avoid from the point of view of industrial safety and health. Also, chemical substances newly under consideration for usage are subject to reviews, and a framework for providing products where safety comes first has been established companywide.

<sup>\*1</sup> REACH: Regulation related to the registration, evaluation, authorization and restriction of chemicals

<sup>\*2</sup> RoHS2 directive: European directive put into force in 2006 to restrict the use of hazardous substances in electrical and electronic equipment

## Biodiversity

We are working to eliminate the usage of Class I and II Specified Chemical Substances and Monitoring Substances under the Chemical Substances Control Law, and reduce the usage of chemical substances designated as Class I under the PRTR Law. Additionally, we comply with the Air Pollution Control Act, Water

Pollution Control Act, Industrial Safety and Health Act, and other laws, and take into consideration the effects on people and ecosystems in developing, manufacturing, and marketing our products.

## Environmental Accounting

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

### Criteria for Environmental Accounting in FY2015

- (1) Accounting Coverage : RIKEN TECHNOS CORPORATION (non-consolidated)
- (2) Period Covered : April 1, 2015, to March 31, 2016
- (3) Referenced Guidelines : "Environmental Accounting Guideline (2005 Edition)"  
(Issued by the Japanese Ministry of the Environment in February 2005)

### Summary of Environmental Accounting in FY2015

In FY2015, the amount invested in environmental preservation costs was approximately JPY 90 million, and expenses were approximately JPY 0.93 billion, making a total of approximately JPY 1.02 billion. Investment amounts are the costs for pollution prevention, global environmental preservation, and resources recycling. Expenses included a cost analysis to comply with the RoHS Directive, and ISO maintenance activities. A very large proportion of the costs, amounting to approximately JPY 810 million, was for R&D expenses for environmentally-friendly products.

In terms of the environmental preservation effects resulting from our activities, the final waste disposal volume was 136 tons, which is a 23-ton increase from last year due to increases in policies and

so on. However, with regard to CO<sub>2</sub> emissions, our continuous energy-saving activities helped reduce total emissions by 2,928 tons from last year's level to 39,877 tons. This was due to a slight decrease in the conversion factor for electricity to CO<sub>2</sub> emissions. Our electricity consumption rate (Electricity use MWh/Production (t)) was reduced by 3.8%, whereas the goal had been a 3% reduction from the FY2012 level; our heavy oil consumption rate (Heavy oil use KL/Production (t)) was also reduced by 10.8%, whereas the goal had been a 3% reduction from the FY2012 level. An economic effect of approximately JPY 14.1 million was achieved from cost reductions through sales for value, energy savings from waste plastics, and other factors.

# Summary of Environmental Action

## Environmental Preservation Costs

JPY 1,000

Category	Content of Activities on Examined	Total Amount Invested <sup>*1</sup>	Expenses <sup>*2</sup>
1. Business area costs		88,095	85,514
* Pollution prevention costs	Construction for noise prevention measures, maintenance of scatter prevention equipment	4,345	42,387
* Global environmental preservation costs	Installation and improvement of energy-saving equipment	83,750	0
* Resources recycling costs	Disposal of industrial waste, recycling, etc.	0	43,127
2. Upstream/Downstream costs	Analysis of products containing chemical substances	0	15,600
3. Administration costs	Issuing of CSR Report, maintenance of ISO (including external audit), analysis of drainage and VOC, maintenance of greenbelt at each site	0	15,268
4. R&D costs	Research and development of environmentally-friendly products	0	813,402
5. Social activity costs	Beautification of areas around our sites, donations	0	1,013
6. Environmental damage countermeasures costs	Soil investigation and improvement	0	1,883
Total		88,095	932,680

<sup>\*1</sup> Total amount invested: The invested amount intended to be used for environmental preservation during a set period. Its effect continues for a number of set periods and is then calculated as the cost for that timeframe.

<sup>\*2</sup> Expenses: The cost or loss that occurs from the consumption of goods and services intended for environmental preservation.

## Environmental Preservation Effects

Environmental Preservation Effect Category	Environmental Performance Indicators	FY 2014	FY 2015
Environmental preservation effect related to resources input into business activities	Total energy input volume (GJ)	771,617	745,045
	Energy input by type	Electricity (MWh)	65,600
		Heavy oils (KL)	3,260
		Kerosene (KL)	0
		Gasoline (KL)	45
		Light oils (KL)	8
	Input of PRTR-controlled substances (t)	1,970	1,861
	Water resources input	Tap water (m <sup>3</sup> )	137,000
		Groundwater (m <sup>3</sup> )	160,000
		Water for industrial use (m <sup>3</sup> )	9,800
Environmental preservation effect related to waste or environmental burdens originating from business activities	Greenhouse gas emissions (t-CO <sub>2</sub> )	42,816	39,860
	Volume of PRTR-controlled substances discharged (t)	6.2	5.0
	Volume of PRTR-controlled substances transported (t)	5.1	6.8
	Total waste discharge volume (t)	3,660	3,605
	Final waste disposal volume (t)	113	136
	Amount of sewage (m <sup>3</sup> )	268,300	268,200
Environmental preservation effect related to commodities and services produced by business activities	Volume of containers and packaging recycled (t)	396	425
Other environmental preservation effects	Volume from transportation of products (t-km)	25,253,800	26,898,800
	Volume of CO <sub>2</sub> emission associated with transportation (t)	4,394	4,669

## Economic Effect Associated with Environmental Preservation Activity

JPY 1,000

Economic Effect	Amount	
	FY2014	FY2015
Benefit from recycling plastic, paper waste, etc.	4,761	5,796
Expenses reduced by energy-saving activities	5,851	8,317
Total	10,612	14,113

## Asset Retirement Obligations

As of March 31, 2016 JPY 1,000

Asset Retirement Obligations accounting began on April 1, 2010. Asset Retirement Obligations in accordance with environment-related laws are currently as follows.

Costs	Expenses
Cost of restoring buildings	66,746
Cost of asbestos disposal from usage sites	30,120
Cost of renewing equipment using PCB	0
Cost of contaminated soil treatment	57,973
Total	154,839

## RIKEN TECHNOS GROUP Environmental Data

### RIKEN TECHNOS GROUP Environmental Data by Factory

#### Saitama Factory

- Site area: 58,739 m<sup>2</sup>
- Description of business: Manufacturing of compounds, film, and food wrapping film made from various thermoplastic resin, including PVC
- Number of employees: 237

#### Mie Factory

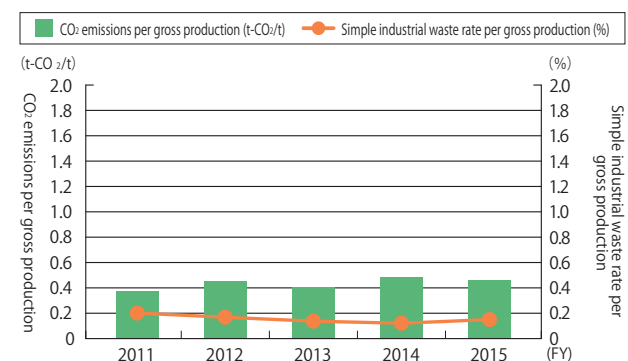
- Site Area: 55,247 m<sup>2</sup>
- Description of business: Manufacturing of compounds, film, and food wrapping film made from various thermoplastic resin, including PVC
- Number of employees: 212

\* Figures for Saitama Plant and Mie Plant include activities from RIKEN FABRO CORPORATION.

#### Gunma Factory

- Site area: 55,904 m<sup>2</sup>
- Description of business: Manufacturing of high functional film in a clean environment
- Number of employees: 42

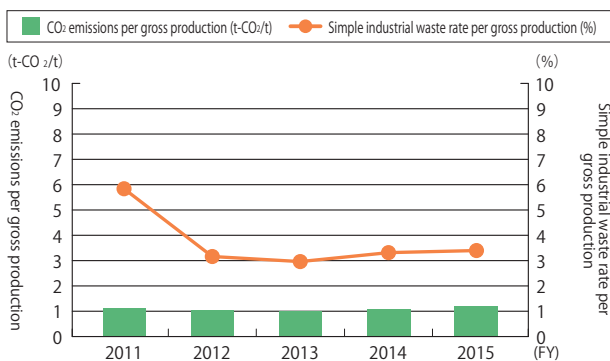
#### CO<sub>2</sub> emissions per gross production and simple industrial waste rate per gross production (total for the Saitama, Mie, and Gunma Factories)



### Environmental Impact Data for Affiliate Companies of RIKEN TECHNOS GROUP

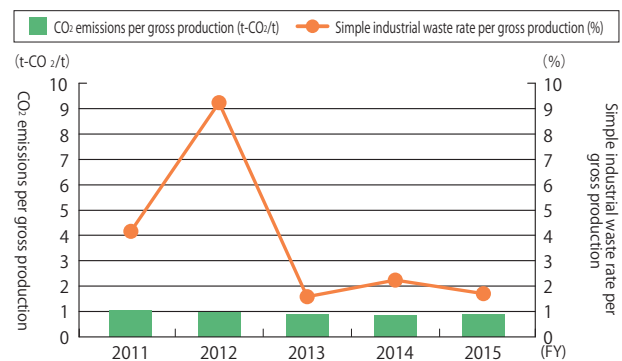
#### SHINKO ELECTRIC WIRE CO., LTD.

Employees: 67



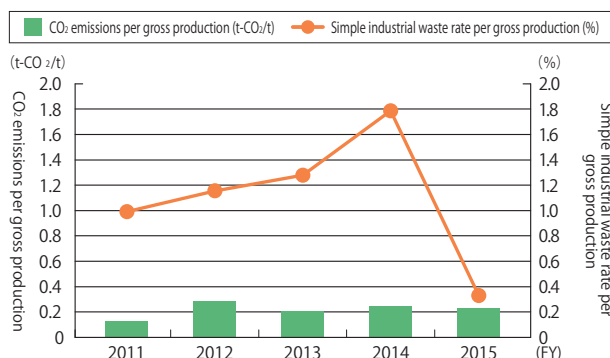
#### KYOEI PLASTICS MFG CO., LTD.

Employees: 52



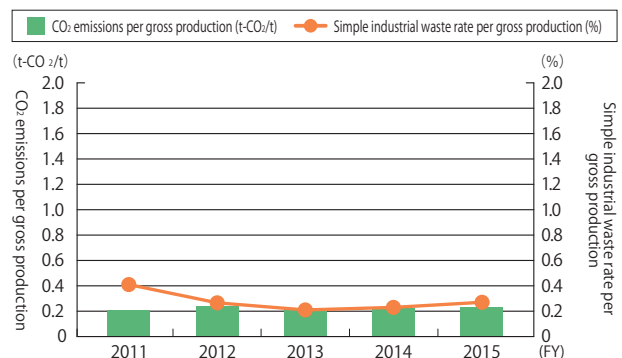
#### RIKEN CHEMICAL PRODUCTS CO., LTD.

Employees: 53



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

Employees: 230

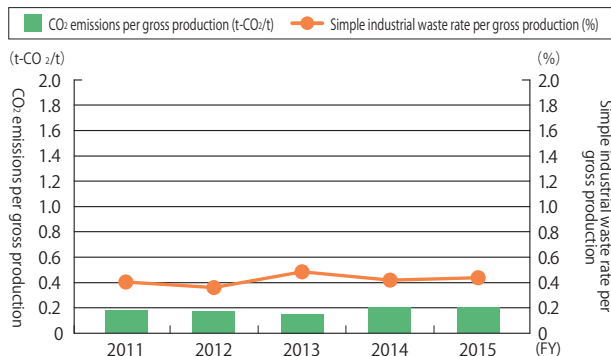




# Summary of Environmental Action

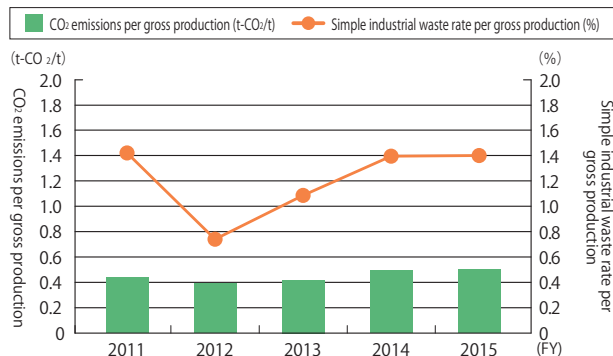
## RIMTEC CORPORATION

Employees: 112



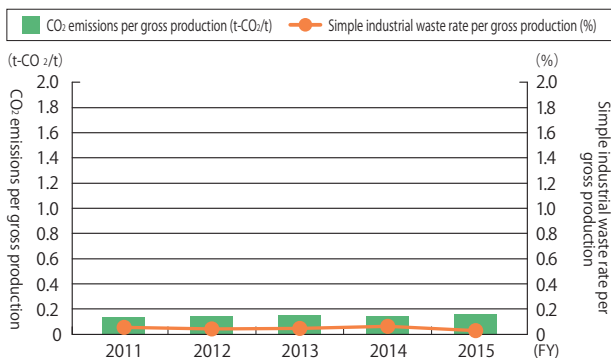
## RIKEN ELASTOMERS CORPORATION

Employees: 26



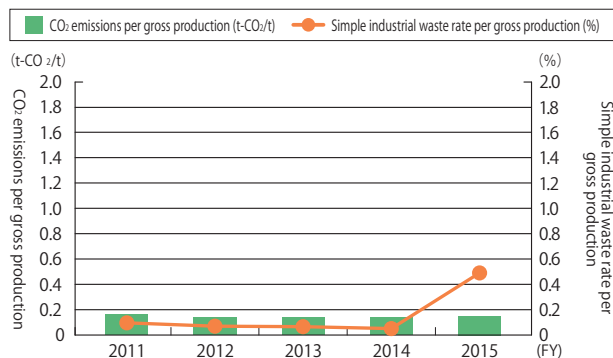
## PT. RIKEN INDONESIA

Employees: 201



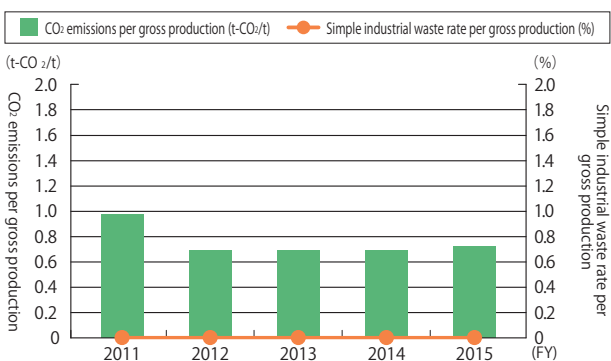
## SHANGHAI RIKEN TECHNOS CORPORATION

Employees: 105



## RIKEN TECHNOS (JIANGSU) CORPORATION

Employees: 42



## The Expert's Opinion



**Youichi Inomata**

Senior Consultant  
Environmental Strategy Support Team  
Environmental Strategy Design Group  
AMITA Holdings Corporation

This is the first time I am providing an expert opinion on the RIKEN TECHNOS GROUP CSR Report. The Message from the President mentions that Mr. Tokiwa has been newly appointed as president, and I myself also feel some connection to him. In his message, Mr. Tokiwa clearly states that his company's strength lies in its people and technologies. Last year's Featured Article focused on "people" and included round table discussions by employees. In contrast, this year's report focuses on the new three-year mid-term business plan, making clear the company's determination to keep developing new markets. I assume that, capitalizing on President Tokiwa's 15 years of experience in the United States, the company will be energetically attacking overseas markets in the future. Because of my job, I have the opportunity to read many CSR reports. The RIKEN TECHNOS GROUP CSR Report clearly conveys the image of a conscientious company with its "formulations and manufacturing technologies" at its core. The technical capabilities and human resources that started with PVC resin compounds have been continuously passed down to the present, and I think that the new three-year mid-term business plan in the Featured Article excellently shows the direction your company is headed. We hear the term "ESG investment" often these days. For investors, CSR reports are an important resource for making decisions. Materials such as the message from the president, the governance report and the mid-term business plan are extremely important when judging a company's sustainability, which cannot be ascertained from financial statements alone. Furthermore, the activities of the YUME

Lab (P34-35), which supports the next generation, are a true reflection of your company's commitment to develop next-generation human resources as a "challenger that harnesses the power of science," stated in the corporate mission statement. I hope you will actively continue this initiative as the external expression of your company's CSR activities. Last year's expert opinion mentioned as one of the suggested improvements the need for disclosing the coordination and linkage between the mid-term business plan and the CSR initiatives (i.e., CSR management), and I also felt that this issue is still in the process of being improved. Although your company is tackling the core issues along ISO 26000, the report ended up leaving the impression of trying to please everyone. I think your company should firmly determine the importance level (materiality) of the various CSR issues based on which areas your company can impact and the expectations of your stakeholders. When your business becomes more globalized as mentioned in the "Message from the President," your company will be increasingly required to comply with international standards. Especially in the area of information disclosure, reporting will be required that complies with international guidelines such as those advocated by the Global Reporting Initiative (GRI) and International Integrated Reporting Council (IIRC). It would be worthwhile to consider incorporating these perspectives as the next step for the report. Lastly, this CSR Report describes the new three-year mid-term business plan. How about reassessing your company's business operations by backcasting from the lifestyle projected to be prevalent under future environmental restrictions? A variety of environmental problems and social issues are currently taking place in the world. To address these issues, it is also important to leverage your company's strength of "formulations and manufacturing technologies of multiple resins" in commercializing Creating Shared Value (CSV), which is CSR addressed in your main business. I sincerely hope that your company will work on new CSV businesses.

## Listening to Expert's Opinion

**Kazuaki Tokiwa**

Representative Director President & COO RIKEN TECHNOS CORPORATION

Our new three-year mid-term business plan started in April 2016. Positioning automotive, medical healthcare, optical field/display and food packaging materials as the focal markets in our business strategy, we plan to help solve the social and environmental issues in these markets from our company's perspective. We also consider it important to clearly define the importance of CSR issues based on initiatives with

customers while promoting our mid-term business plan.

We sincerely accept Mr. Inomata's suggestions and will continue actively promoting our CSR activities, as we strive to establish an even more solid relationship of trust with all our stakeholders, in order to "continuously provide new values and satisfaction to people, companies and society."

## Editors' Postscript

This report primarily focused on the new three-year mid-term business plan, which started in April 2016. Under the management policy of "ACT NOW! ACT TOGETHER! 2018," which incorporates our new president's belief "People Growth is Company Growth," we employees of the RIKEN TECHNOS GROUP are determined to unite and solve various issues. We hope that this report has helped readers better understand the RIKEN TECHNOS GROUP's initiatives and look forward to receiving frank and candid opinions on this report.

### Representative of the department in charge of this report

Junji Irie : Director, Managing Executive Officer  
General Manager of Administrative Division & Corporate Planning Division

Koichi Inoue, Hitoshi Kurihara : Management System Department, Quality Assurance Division

Sayaka Yoshioka, Kaori Miyamura : Corporate Branding Group, Corporate Planning Department



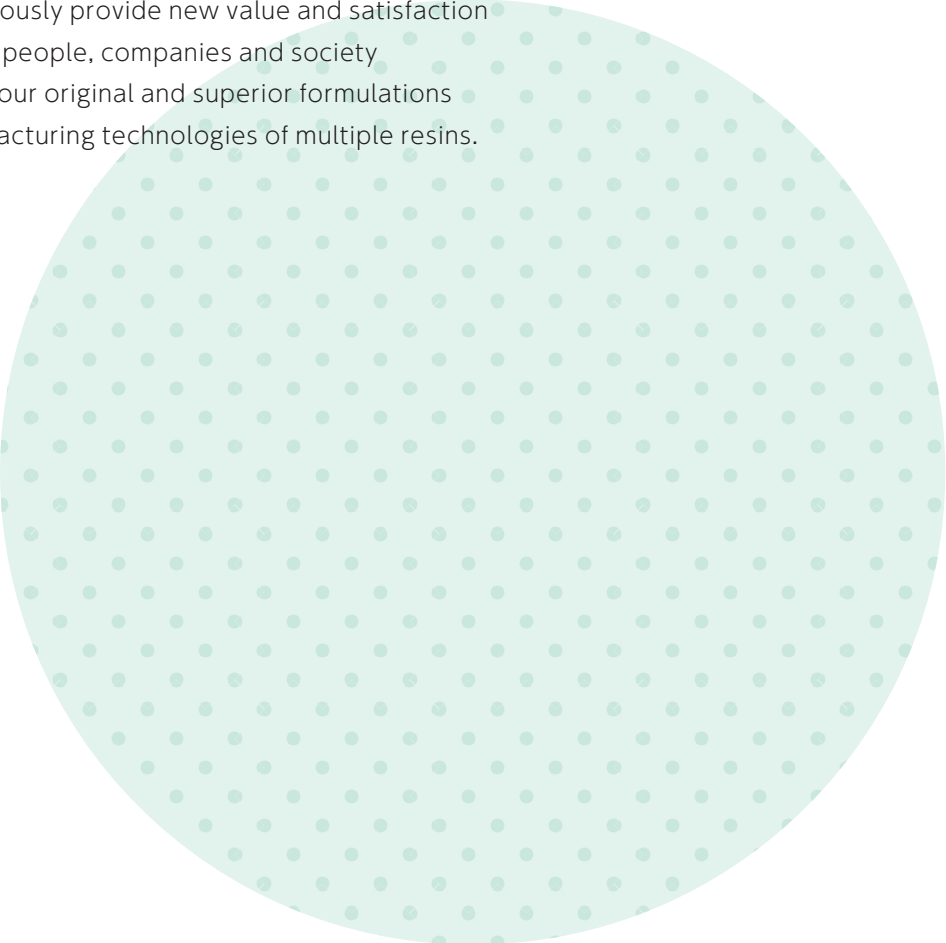


## RIKEN TECHNOS WAY

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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 CORP.

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