



Summary of Environmental Action

► Environmental Objectives and Performance in FY2016

RIKEN TECHNOS CORPORATION promotes improvement activities by setting yearly environmental objectives consistent with the business environment, based on the company's Environmental Policy. We also make companywide cross-sectional efforts, under the main themes of promoting reduction of carbon dioxide (CO₂)

emissions, reducing the amount of our industrial waste output, and reinforcing chemical substance management. In FY2016, a total of 156 objectives were set across various divisions in the entire company, and 124 (80%) of them were achieved.

(1) Reduction of Energy Use

Number of Objectives Set	Achieved Objectives	Objectives	Results
66	48 (73%)	(1) Reduction of electricity usage per gross production (2) Reduction of heavy oil usage per gross production (3) Reduction of CO ₂ emissions per gross production (4) Reduction of total CO ₂ emissions	by 4% compared to FY2012 by 4% compared to FY2012 by 4% compared to FY2012 by 4% compared to FY2012 (1) 6.4% reduction (objective achieved) (2) 30% reduction (objective achieved) (3) 6.0% reduction (objective achieved) (4) 0.0% reduction (objective not achieved)

(2) Reduction in Industrial Waste

Number of Objectives Set	Achieved Objectives	Objectives	Results
36	28 (78%)	Simple (landfill and incineration) waste volume per gross production: 0.15% or below Total industrial waste volume per gross production: 4% or below	Achieved with 0.12% for landfill and incineration waste volume per gross production. Achieved with 3.9% for total industrial waste volume per gross production.

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

	Number of Objectives Set	Achieved Objectives	Objectives	Results
①	18	17 (94%)	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 Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law) was 1,968 tons in FY2016, a 4% increase compared to FY2015 levels, but the amount of bisphenol A used in FY2016 was a 79% reduction from FY2015. ② In FY2016, the sales volume of recycling-friendly materials increased by 8% compared to FY2015.
②	22	18 (82%)		

► Status of RIKEN TECHNOS Environmental Load

The main types of environmental burdens caused by RIKEN TECHNOS CORPORATION's business activities are due to industrial waste output, greenhouse gas (CO₂) 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).

● CO₂ Load Per Ton of Products Produced (FY2016)

INPUT		OUTPUT		Amount of CO ₂ emissions (t-CO ₂ /t)	
Raw material (including paint, etc.)	88,000t	Compound products	65,000t	Compound	0.23
Packaging material	2,800t	Film products	14,000t	Film	0.97
Electricity	65,600MWh	Packaging wrap products	8,200t	Packaging wrap	0.55
Heavy oils	2,430kl	General waste	3,600t		
Tap water	132,300m ³	Amount of sewage	271,000m ³		
Ground water	157,000m ³				
Water for industrial use	8,600m ³				

► Preventing Stock Pollution and Environmental Pollution

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 measurements and internal examinations in order to promote understanding of RIKEN TECHNOS's business activities.

▶ Saving Energy and Reducing Greenhouse Gas Emissions

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

The primary greenhouse gas*1 emitted by our business activities is CO₂.

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

Over many years, CO₂ emissions reduction has been our principal objective. Due to a recent major change in the size of the electricity to CO₂ conversion factor, from FY2014, we have made it our objective to achieve 1% reduction each year, with FY2012 as the base year, in energy use per gross production. The volume of electricity used in FY2016 decreased by 6.4% compared to FY2012

against a goal of 4%, and the volume of heavy oils used per gross production decreased by 30%.

A switch from heavy oil boilers to city gas boilers at the end of 2015 led to reductions in heavy oil usage, CO₂ emissions, and air pollution.

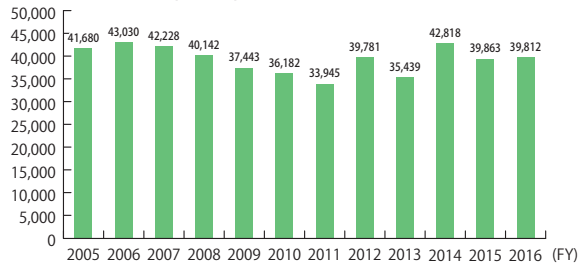
In March 2013, our photovoltaic power plant supplying renewable energy began operating at a site adjacent to the Gunma Factory.

In FY2016, 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)

● CO₂ Emissions (t-CO₂)

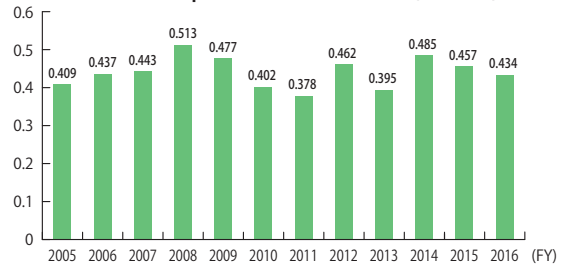


Note: The value is based on emission factors after adjustments from FY2010.

*1 Greenhouse gas is indicated in the quantity of CO₂ 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. CO₂ emissions from Head Office have been added since FY2005, and emissions of each sales site have been added since FY2008. CO₂ 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.

● CO₂ Emissions per Gross Production (t-CO₂/t)



▶ Reducing Industrial Waste

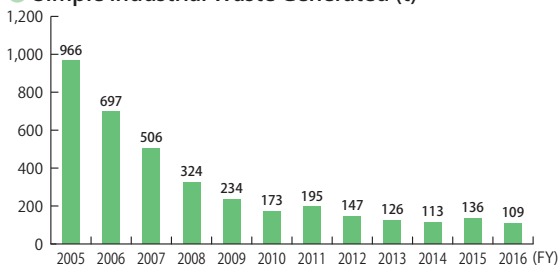
RIKEN TECHNOS CORPORATION considers the reduction of simple (landfill and incineration) waste generated in the manufacturing stage as a main goal of environmental management activities, and in FY2014 the new goal of "keeping simple waste volume under 0.15% as a share of gross production, and total waste 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.

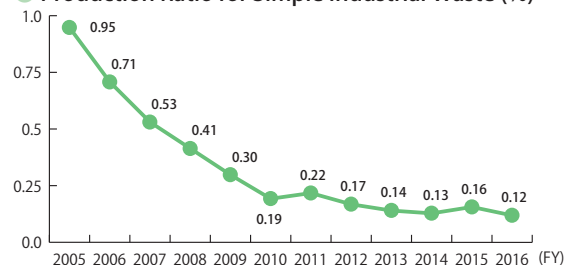
We achieved both goals, with simple waste volume as a share of gross production at 0.12% against a goal of 0.15% or below, while total industrial waste amount per gross production was 3.9% against a goal of 4.0% or below.

● Simple Industrial Waste Generated (t)



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

● Production Ratio for Simple Industrial Waste (%)



▶ Appropriate Management of Chemical Substances

In the past, RIKEN TECHNOS CORPORATION 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. In addition, a system was created for responding to the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law), which came into force in April 2001.

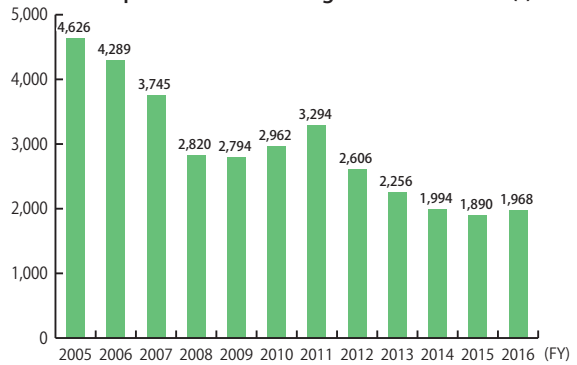
In October 2009, the PRTR Law was amended with changes made to the types of chemicals subject to PRTR, and we acted to respond to the changes.

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 RIKEN TECHNOS's consolidated subsidiaries, 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.

Since FY2012, there has not been any significant increase or decrease. In FY2016, our company used 21 types of chemicals subject to the PRTR Law. Among them, six 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. Treatment for all PCB waste stored at Saitama Factory, Mie Factory, and R&D Center (Tokyo) has been completed.

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)	Treatment completed in FY2016
	High voltage transformers: 2 (low concentration)	
	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 CO₂ emissions). In FY2016, we received many responses from employees and their families (1,267 in summer and 1,365 in winter). The results of the questionnaires showed average CO₂ reductions per person of 950 g-CO₂/day in summer and 1,010 g-CO₂/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 RIKEN TECHNOS CORPORATION as a whole.

	Participants (persons)	Amount of Reduction (g-CO ₂ /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
Summer of FY2016	1,267	950
Winter of FY2016	1,365	1,010

▶ 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 and FY2016, we made efforts to adhere to Japan's Fluorocarbons Emission Control Law. Additionally, we took measures to comply with Saitama

Prefecture's Global Warming Countermeasures Planning System and Target-Setting Emissions Trading System Program, achieving the CO₂ emissions reduction goal in the Phase 1 Plan (6% reduction from the base year). We are also making smooth progress toward the CO₂ emissions reduction goal in the Phase 2 Plan (13% reduction from the base year).

▶ Responding to Specified Chemical Substance Restrictions

For raw materials management, to improve measures in response to Europe's REACH*1 as well as regulatory changes regarding chemical substances in Japan, chemical substance ingredient information sheets were revised. From October 2015, information on measurement data for the ten RoHS2*2 substances (four substances of phthalic esters slated for regulation from July 2019, in addition to the existing six substances in RoHS) and content information for chemical substances under regulation, including trace residual chemicals, have also been collected. Also, the application of these measures to consolidated subsidiaries 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 RIKEN TECHNOS CORPORATION. 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 perspective 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.

*1 REACH: European regulation related to the registration, evaluation, authorization and restriction of chemicals
 *2 RoHS2 Directive: Refer to note on P28.

▶ 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. We participate in activities to maintain the green areas around our factories, as well as volunteer activities for forest environmental maintenance.



▶ Environmental Accounting

RIKEN TECHNOS CORPORATION has been disclosing accounting data from environmental preservation activities since FY2006.

▶ Criteria for Environmental Accounting in FY2016

- (1) Accounting Coverage : RIKEN TECHNOS CORPORATION (non-consolidated)
- (2) Period Covered : April 1, 2016, to March 31, 2017
- (3) Referenced Guidelines : "Environmental Accounting Guideline (2005 Edition)"
 (Issued by the Japanese Ministry of the Environment in February 2005)

▶ Summary of Environmental Accounting in FY2016

In FY2016, the amount invested in environmental preservation costs was approximately JPY 60 million, and expenses were approximately JPY 1.01 billion, making a total of approximately JPY 1.07 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 870 million, was for R&D expenses for environmentally-friendly products.

In terms of the environmental preservation effects resulting from our activities, simple (landfill and incineration) waste volume as a share of gross production was 0.12%, achieving our goal of 0.15% or below. Total industrial waste amount per gross production was 0.39%, achieving our goal of 0.4% or below. With regard to CO₂

emissions, although we conducted continuous energy-saving activities, there was no change and we did not achieve our goal of a 4% reduction from the FY2012 level. The main reason was due to the increase in production volume. On the other hand, our electricity consumption rate (Electricity use (MWh)/Production (t)) was reduced by 6.4%, achieving our goal of a 4% reduction from the FY2012 level. Our heavy oil consumption rate (Heavy oil use (KL)/Production (t)) was also reduced by 30%, achieving our goal of a 4% reduction from the FY2012 level. We believe this is due to energy-saving activities (introduction of energy-saving equipment and measures for efficient production, etc.) An economic effect of approximately JPY 12.0 million was achieved from cost reductions through sales for value, energy savings from waste plastics, and other factors.

Summary of Environmental Action

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Environment

Environmental Preservation Costs

JPY 1,000

Category	Content of Activities on Examined	Total Amount Invested *1	Expenses *2
1. Business area costs		54,617	102,656
* Pollution prevention costs	Construction for noise prevention measures, maintenance of scatter prevention equipment	4,740	52,317
* Global environmental preservation costs	Installation and improvement of energy-saving equipment	49,877	0
* Resources recycling costs	Disposal of industrial waste, recycling, etc.	0	50,339
2. Upstream/Downstream costs	Analysis of products containing chemical substances	5,457	15,600
3. Administration costs	Issuing of CSR Report, maintenance of ISO (including external audit), analysis of drainage and VOC, maintenance of green areas at each site	0	16,664
4. R&D costs	Research and development of environmentally friendly products	0	871,561
5. Social activity costs	Beautification of areas around our sites, donations	0	1,013
6. Environmental damage countermeasures costs	Soil investigation and improvement	0	1,385
Total		60,074	1,008,879

*1 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.

*2 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 2015	FY 2016	
Environmental preservation effect related to resources input into business activities	Total energy input volume (GJ)	745,045	761,599	
	Energy input by type	Electricity (MWh)	63,790	65,600
		Heavy oils (KL)	2,844	2,437
		City gas 13A (km ³)	190	507
		Gasoline (KL)	39	40
		Light oils (KL)	5	4
	Input of PRTR-controlled substances (t)	1,861	1,968	
	Water resources input	Tap water (m ³)	129,489	132,346
		Groundwater (m ³)	154,372	157,046
		Water for industrial use (m ³)	11,229	8,683
Environmental preservation effect related to waste or environmental burdens originating from business activities	Greenhouse gas emissions (t-CO ₂)	39,860	39,800	
	Volume of PRTR-controlled substances discharged (t)	5.0	7.1	
	Volume of PRTR-controlled substances transported (t)	6.8	13.6	
	Total waste discharge volume (t)	3,605	3,550	
	Final waste disposal volume (t)	136	109	
	Amount of sewage (m ³)	268,200	298,075	
Environmental preservation effect related to commodities and services produced by business activities	Volume of valuable materials recycled (t)	1,716	1,801	
Other environmental preservation effects	Volume from transportation of products (t-km)	26,898,800	27,139,500	
	Volume of CO ₂ emissions associated with transportation (t)	4,669	4,711	

Economic Effect Associated with Environmental Preservation Activity

JPY 1,000

Economic Effect	Amount	
	FY2015	FY2016
Benefit from recycling plastic, paper waste, etc.	5,796	5,939
Expenses reduced by energy-saving activities	8,317	6,399
Total	14,113	12,338

Asset Retirement Obligations

As of March 31, 2017 (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	67,814
Cost of asbestos disposal from usage sites	30,608
Cost of renewing equipment using PCB	0
Cost of contaminated soil treatment	59,041
Total	157,463

RIKEN TECHNOS GROUP Environmental Data

RIKEN TECHNOS GROUP Environmental Data by Factory

Saitama Factory

- Site area: 58,739 m²
- Description of business: Manufacturing of compounds, film, and food wrapping film made from various thermoplastic resin, including PVC
- Number of employees: 231

Mie Factory

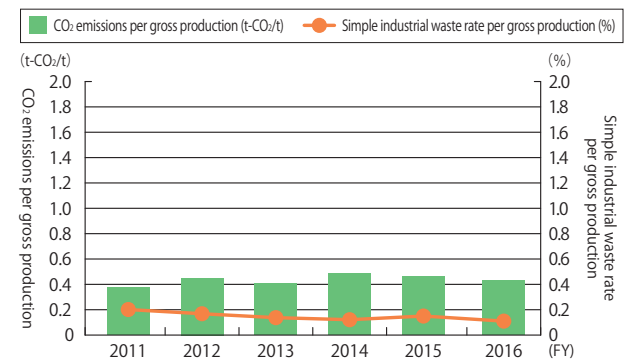
- Site Area: 55,247 m²
- Description of business: Manufacturing of compounds, film, and food wrapping film made from various thermoplastic resin, including PVC
- Number of employees: 211

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

Gunma Factory

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

CO₂ emissions per gross production and simple industrial waste rate per gross production (total for the Saitama, Mie, and Gunma Factories)

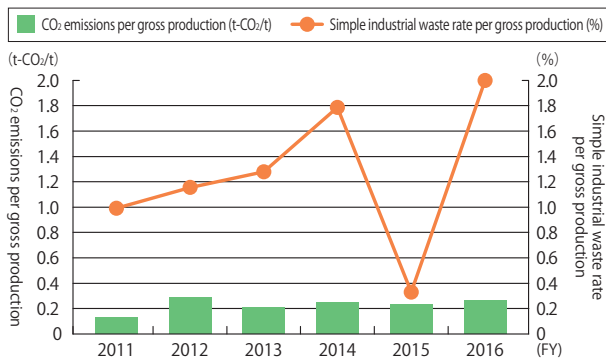


Environmental Impact Data for Consolidated Subsidiaries of RIKEN TECHNOS GROUP

① Compound Production Companies

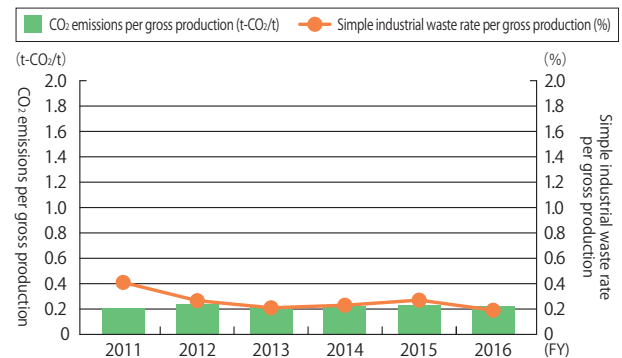
RIKEN CHEMICAL PRODUCTS CO., LTD.

Employees: 59



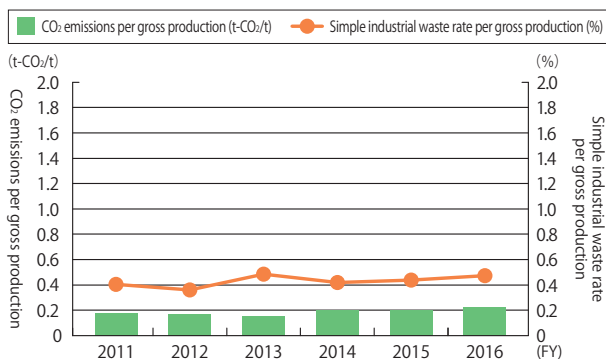
RIKEN (THAILAND) CO., LTD.

Employees: 237



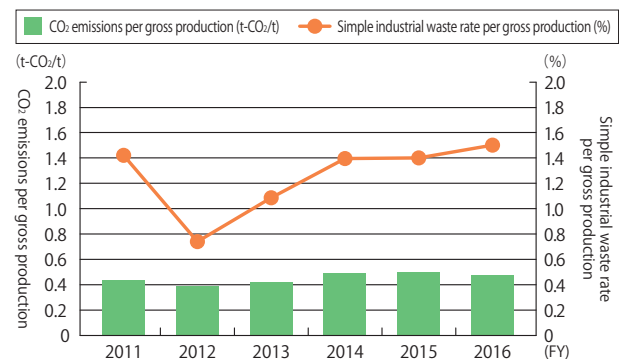
RIMTEC CORPORATION

Employees: 112



RIKEN ELASTOMERS CORPORATION

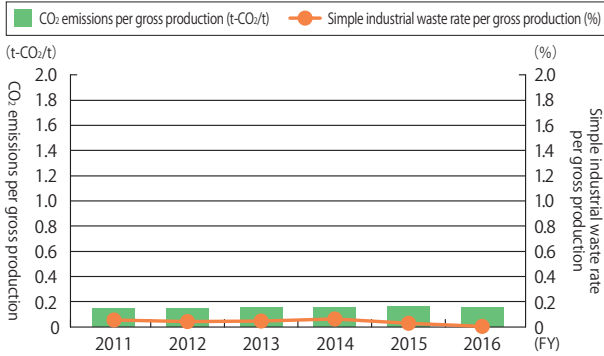
Employees: 29



Summary of Environmental Action

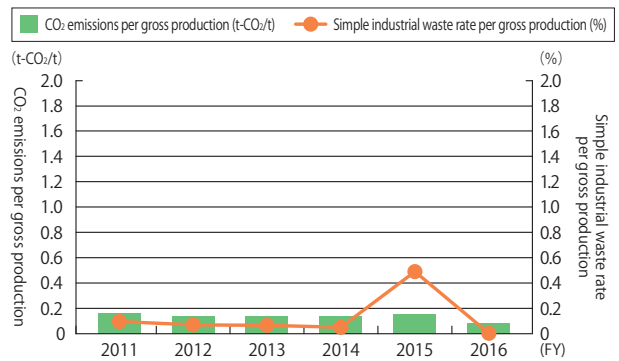
PT. RIKEN INDONESIA

Employees: 202



SHANGHAI RIKEN TECHNOS CORPORATION

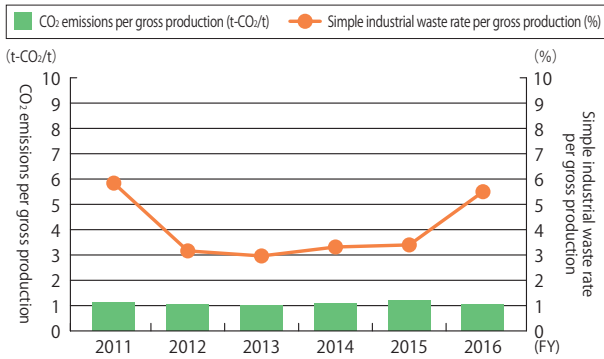
Employees: 115



② Molding Companies

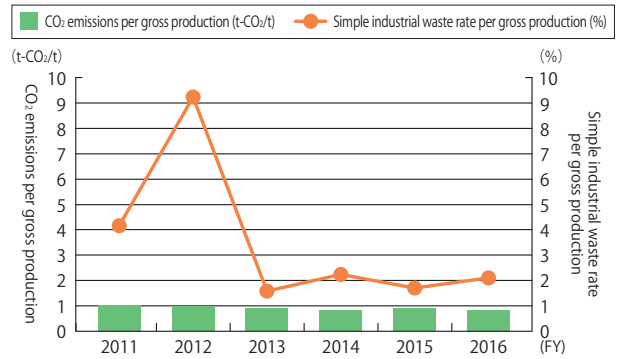
SHINKO ELECTRIC WIRE CO., LTD.

Employees: 72



KYOEI PLASTICS MFG CO., LTD.

Employees: 68



RIKEN TECHNOS (JIANGSU) CORPORATION

Employees: 57

