

**RIKEN** TECHNOS

RIKEN TECHNOS GROUP

# **CSR** Report

Corporate Social Responsibility Report

# 2018



RIKEN TECHNOS CORP.

## Editorial Policy

As a company with a primary focus on the environment, the 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 fiscal 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 twelfth edition of the CSR Report features an article on what roles the RIKEN TECHNOS GROUP plays in its large manufacturing value chain and how it is addressing the various issues there. We hope readers will gain an understanding of the RIKEN TECHNOS GROUP’s efforts in “aiming to become a leading company that provides comfort for all living spaces.”

## Reporting Coverage

### Period Covered

April 1, 2017, to March 31, 2018

In addition, some activities after April 1, 2018, 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 19 group companies listed below. Some of the group companies are not included in some topics.

### Consolidated subsidiaries covered

- RIKEN CABLE TECHNOLOGY CO., LTD.  
(formerly 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 AMERICAS CORPORATION
- 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 below were referred to in the preparation of this report.

- Environmental Reporting Guidelines (2018) issued by the Ministry of the Environment of Japan
- Environmental Accounting Guidelines (2005) issued by the Ministry of the Environment of Japan
- ISO 26001

## Sustainable Development Goals (SDGs)



The Sustainable Development Goals (SDGs) stated in the “2030 Agenda for Sustainable Development” were adopted by more than 150 member states during the United Nations summit in September 2015. They comprise 17 goals and 169 targets aimed at realizing a sustainable world, and show the vision for the world’s outlook in 2030. As a member of the international community, the RIKEN TECHNOS GROUP also references these trends as we strengthen our efforts for a sustainable society.

# 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 tea flowers in full bloom in Iruma City, Saitama Prefecture, where RIKEN CABLE TECHNOLOGY CO., LTD.

(formerly SHINKO ELECTRIC WIRE CO., LTD. in April 2018) 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 of a bird's wing in flight to symbolize our flight into the future.

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



## Date of Issue

September 2018

(scheduled date of next issue: September 2019)

### History of Issue

FY	Name
2002	Environmental Report
2003	Environmental Report
2004	Environmental Report
2005	Environmental Management Report
2006	Environmental Management Report
2007	CSR Report
2008	CSR Report
2009	CSR Report
2010	CSR Report
2011	CSR Report
2012	CSR Report
2013	CSR Report
2014	CSR Report
2015	CSR Report
2016	CSR Report
2017	CSR Report

# Report 2018

## CONTENTS

Editorial Policy .....	2
RIKEN TECHNOS WAY .....	4
Message from the President .....	6
Featured Article	
Our Roles in Value Chains .....	10
Outline of RIKEN TECHNOS GROUP	
Outline of RIKEN TECHNOS GROUP .....	14
Networks .....	16
RIKEN TECHNOS GROUP Products .....	20
Corporate Governance .....	22
Social Responsibility	
Relationship with Customers .....	24
Relationship with Shareholders .....	27
Relationship with Business Partners .....	28
Relationship to Society .....	30
Relationship with Employees .....	38
Environmental Responsibility	
Environmental Management Action .....	44
Summary of Environmental Action .....	46
The Expert's Opinion .....	53
Editors' Postscript .....	53



# RIKEN TECHNOS WAY

The start-up spirit, which has been passed down since our founding days, represents the very strength of RIKEN TECHNOS CORPORATION and its "RIKEN-ness."

The RIKEN TECHNOS WAY, our company's management philosophy, was formulated based on this "RIKEN-ness."

The word "challenger" used in our company's mission statement is meant to convey two meanings—a manufacturer that produces high-quality products and an organization that takes on challenges to create new value and satisfaction for people, companies, and society.

To make future leaps, we will keep taking on new challenges, unconstrained by conventional wisdom.

## Mission

### 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.

## Core Value

### Fundamental Values

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

# RIKEN TECHNOS GROUP Code of Conduct

## —For the creation of a sustainable society—

RIKEN TECHNOS CORPORATION and its subsidiaries (hereinafter collectively referred to as the “RIKEN TECHNOS GROUP”) shall achieve sustainable growth by practicing the RIKEN TECHNOS WAY and serve as an engine toward the creation of a sustainable society under the principle of fair and free competition. To that end, the RIKEN TECHNOS GROUP shall fulfill their social responsibilities with high ethical standards while observing 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 ten principles.

### 1. Social Mission

Develop and provide socially beneficial and safe goods and products through innovation and thereby strive to achieve sustainable economic growth and solve social issues.

### 2. Fair Activities

Promote fair and free competition, sound trade, and responsible procurement.  
Ensure relationships and contacts of a sound nature with government agencies and political bodies.

### 3. Fair Disclosure of Information and Constructive Dialogue with Stakeholders

Disclose corporate information in an active, efficient, and fair manner,  
engage in constructive dialogue with wide-ranging stakeholders surrounding a corporation,  
and strive to increase corporate value.

### 4. Respect for Human Rights

Respect the human rights of all people when engaging in activities.

### 5. Observance of Laws and Regulations, and Respect for International Norms

Observe laws and regulations of each nation and region,  
respect the various international norms in place,  
and manage activities with due consideration of their culture and customs.

### 6. Relationship of Trust with Customers

Earn the satisfaction and confidence of customers through  
the provision of appropriate information on goods and products and sincere communication.

### 7. Work-style Reforms and Comfortable Workplaces

Realize work-style reforms with a view to enhancing employees' abilities  
and respecting diversity, individuality, and differences,  
and develop comfortable workplaces with due care to health and safety.

### 8. Involvement in Environmental Issues

Recognize that a positive involvement in environmental issues is an essential  
part of our activities and our very existence as a corporation,  
and engage in activities independently and proactively in consideration of the environment.

### 9. Contribution to Society and Communities

Actively participate in society and communities as “good corporate citizens”  
and contribute to their development.

### 10. Thorough Crisis Management

Achieve thorough organizational crisis management to prepare appropriate responses  
to anti-social activities, terrorist acts, cyber-attacks,  
natural disasters and other threats to civil life and corporate activities.

### Role and Responsibility of Management

Management shall execute business acknowledging that their role is to put the spirit of the Code of Conduct into practice, develop effective governance, and strive to raise awareness within the RIKEN TECHNOS GROUP. In addition, management shall urge the entities constituting the supply chain to take actions in accordance with the principles of this Code of Conduct. Furthermore, in the case of incidents contrary to the principles of this Code of Conduct that degrade society's confidence in the RIKEN TECHNOS GROUP, management shall fulfill its responsibilities by taking the initiative in settling the issues, conducting investigations to determine the causes, and taking preventive and other necessary measures.

## ● ACT NOW! ACT TOGETHER! 2018

### Three-year Mid-term Business Plan

The RIKEN TECHNOS GROUP started its new three-year mid-term business plan in April 2016, and this year was the last fiscal year of this plan. Under our management policy “ACT NOW! ACT TOGETHER! 2018—Aiming to Become a Leading Company that Provides Comfort for All Living Spaces,” we have been tackling five major tasks. Since the RIKEN TECHNOS GROUP’s products can be utilized in a wide variety of fields all over the world, such as automotive, consumer electronics, electric wires and cables, housing, consumer goods, and medical equipment, our management philosophy is to “provide comfort for all living spaces.” Solving our management issues one by one leads directly to social contribution. Therefore, we will strive to build a stronger partnership with all of our stakeholders and unite with all RIKEN TECHNOS GROUP employees to solve the various issues under the policy of “ACT NOW! ACT TOGETHER!”

## ● Our Responsibilities as a Member of the International Community

### Toward a Sustainable Society

Initiatives toward realizing a sustainable society are picking up speed, as exemplified by the Sustainable Development Goals (SDGs), which are universal goals of the 2030 Agenda for Sustainable Development adopted at a UN Summit, and a strategy for recycling plastic resources drawn up by Japan’s Ministry of the Environment. Since the RIKEN TECHNOS GROUP is producing high-functionality plastic products, most of them are sorted as industrial waste at the end of their useful life and are disposed of or recycled. Therefore, we are committed to fulfilling our responsibility by

working with the trends in the international society. For example, we are actively developing products with disposal and recycling in mind, as well as products that place a reduced burden on the environment through fuel efficiency improvements.

### Together with All Our Stakeholders

To maintain a rewarding and affluent society into the future, the RIKEN TECHNOS GROUP has up till now been moving forward together with all our stakeholders—such as customers, business partners, employees, shareholders, and people from the local communities—to work on solving issues faced by society.

The RIKEN TECHNOS GROUP has reached its present-day existence and level of growth by building trusting relationships with all our stakeholders through various forms of involvement.

Moving ahead, there will not be any change to this stance.

This CSR report will provide descriptions of our involvement with all the stakeholders supporting the RIKEN TECHNOS GROUP.

Please take time to look through the report.

### Featured Article

The featured article in this CSR report describes the roles the RIKEN TECHNOS GROUP is playing in its large manufacturing value chain, which culminates in the delivery of our various products to our customers. We hope readers will gain an understanding of the initiatives we are taking to reduce our environmental impact while aiming to become the leading provider of comfort for all living spaces.

We plan to keep moving forward together with our stakeholders for the realization of a sustainable society. I hope you will continue to give us your support in the future.

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





#### 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 Managing Director 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 April 2013; then appointed Representative Director, President & COO in April 2016.

## Message from the Chairman



Our CSR Report for 2018 features an article on our value chain. As the article describes, most of our company's products are made from petroleum-derived resins. In light of the risk of depletion of petroleum resources in the future, developing products based from non-petroleum-based raw materials is one of the major themes for the RIKEN TECHNOS GROUP. Currently, however, non-petroleum-based raw materials are more expensive than petroleum-based raw materials. Nevertheless, in order to create a sustainable global environment, it is essential to diversify raw material sources, that is, to actively proceed with developing non-petroleum-based raw materials. Therefore, our company must also engage in environmentally conscious activities so that the SDGs can be achieved. As Japan undergoes reform, the RIKEN TECHNOS GROUP also wants to enhance work-style reform. We believe that allowing each employee to complete work efficiently will lead to work-style reform. If we are to proceed at a speed that feels like twice the current speed, we need to build an appropriate framework, and to do so will require utilization of various tools, techniques, and expertise. We must also review how we run our meetings. We are aiming to achieve more efficient operation with the goal of creating an atmosphere in which everyone can discuss issues frankly by crossing manager-subordinate boundaries. Furthermore, it is most important for employees themselves to look beyond the present and take appropriate actions. First, when they observe their surroundings, catch information, analyze it, and put the results into proactive actions, their actions will become efficient instead of haphazard, deepening relationships of mutual trust with customers. I am convinced that changes in our employees' work styles in many situations will lead to implementation of the RIKEN TECHNOS WAY.

We at the RIKEN TECHNOS GROUP are committed to keep forging ahead unafraid of change, and sincerely look forward to receiving your continued support.

**Hiroshi Shimizu**  
Representative Director  
Chairman & CEO

A handwritten signature in black ink, appearing to read 'H. Shimizu', written in a cursive style.

## 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



**Gakuyuki Kajiya**  
Director  
Senior Executive Officer  
General Manager of  
Corporate Planning Division



**Masato Koizumi**  
Director  
Full-time Audit & Supervisory  
committee Member



**Takayuki Hayakawa**  
Outside Director  
Audit & Supervisory  
Committee Member



**Shigeharu Nakamura**  
Outside Director  
Audit & Supervisory  
Committee Member



**Kazuma Shibata**  
Outside Director  
Audit & Supervisory  
Committee Member

## Executive Officers (excluding concurrent directors)



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



**Michihisa Tasaka**  
Senior Executive Officer  
General Manager of Quality  
Assurance Division



**Takashi Shimada**  
Senior Executive Officer  
Managing Director, RIKEN  
AMERICAS CORPORATION  
& RIKEN ELASTOMERS  
CORPORATION



**Shunichi Ueyama**  
Executive Officer  
Managing Director, RIKEN  
(THAILAND) CO., LTD.



**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



**Masashi Tosaka**  
Executive Officer  
General Manager of Film  
Planning & Coordination  
Department & Manager of  
Construction Products Material  
Business Unit



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



**Hirohito Koshimizu**  
Executive Officer  
General Manager of  
Manufacturing Division

# Our Roles in Value Chains

Major Environmental Tasks Being Tackled by the RIKEN TECHNOS GROUP throughout All Value Chains

Reducing CO<sub>2</sub> emissions

Values being provided by the RIKEN TECHNOS GROUP

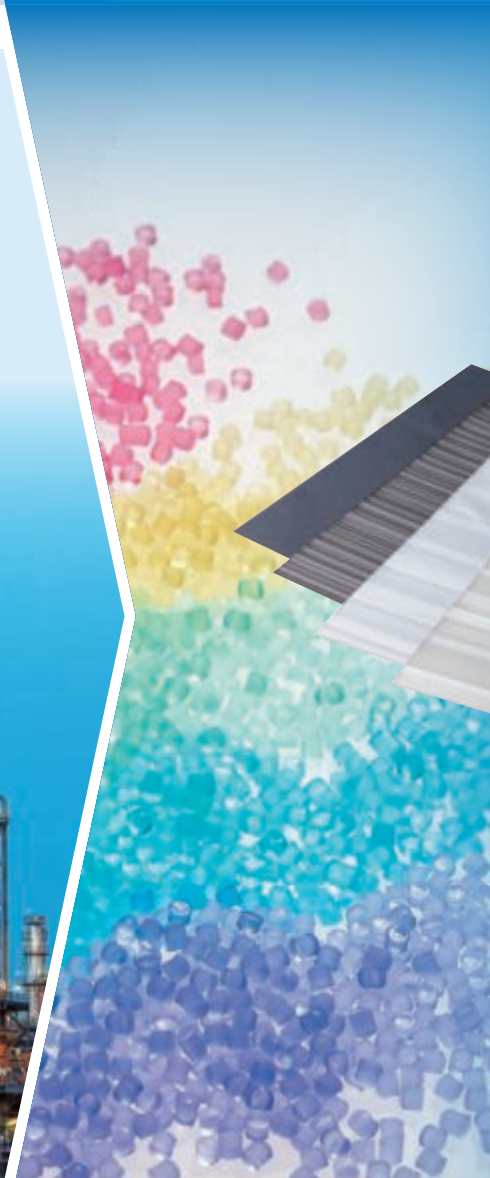
Procurement
R&D
Production
Quality control
Sales and marketing

- Using raw materials that comply with regulations in each country
- Developing products that use raw materials with low environmental risk
- Constantly searching for a variety of raw material sources
- Developing products that use plant-derived raw materials
- Developing products that use biodegradable raw materials

- Reducing CO<sub>2</sub> emissions
- Reducing industrial waste
- Managing chemical substances

## Raw Material Suppliers such as Petroleum Companies

Crude oil is procured stably from oil-producing countries. A variety of chemical compounds are mixed in with crude oil, which are sorted out to extract naphtha, a petrochemical raw material. A variety of plastic raw materials are created from naphtha.



RIKEN TECHNOS GROUP's products are positioned as intermediate raw materials. Compound products and film products are transformed into many parts to support people's living spaces. This featured article describes the environmental issues that the RIKEN TECHNOS GROUP is tackling and the value we are providing throughout value chains for a variety of industrial products.

## Reducing industrial waste

- Designing products that meet customers' performance requirements
- Designing products that can be processed using less energy
- Loss-less manufacturing processes

## Managing chemical substances

The major environmental tasks are selected based on the initiatives for tackling the five major tasks specified in the Mid-term Business Plan, as well as the results of ISO-based management review of the notable environmental aspects at each business site.

- Providing RIKEN TECHNOS products that satisfy performance requirements
- Providing RIKEN TECHNOS products that are lighter in weight to improve fuel efficiency
- Supplying RIKEN TECHNOS products that can be easily processed and lead to energy conservation
- Supplying RIKEN TECHNOS products that are less likely to produce loss during processing

## RIKEN TECHNOS

We combine various resins, plasticizers, stabilizers, etc. procured from raw material suppliers, and process them into compounds, films, food-wrapping films, and other products.

As a rule, we design our products according to customers' desired specifications. We manufacture our products by taking advantage of RIKEN TECHNOS' proprietary formulation and processing technologies for raw materials.

## Molding companies

Compounds and films, which are plastic products processed by the RIKEN TECHNOS GROUP, are molded into a variety of parts at molding companies.



# Our Roles in Value Chains

Major Environmental Tasks Being Tackled by the RIKEN TECHNOS GROUP throughout All Value Chains

Reducing CO<sub>2</sub> emissions

Values being provided by the RIKEN TECHNOS GROUP

Procurement

R&D

Production

Quality control

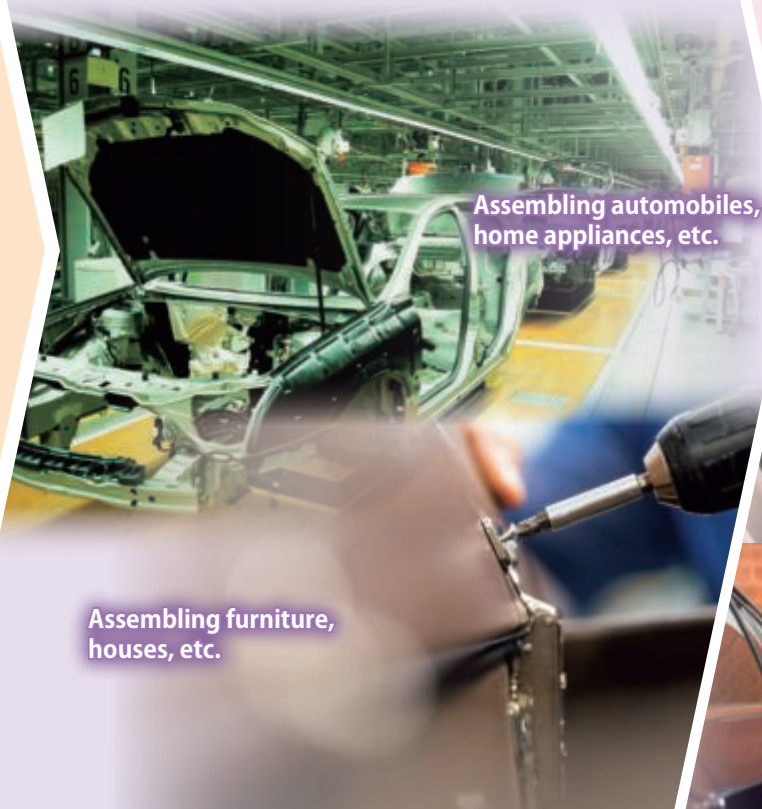
Sales and marketing

- Providing RIKEN TECHNOS products that satisfy performance requirements
- Providing RIKEN TECHNOS products that are lighter in weight to improve fuel efficiency
- Supplying RIKEN TECHNOS products that can be easily processed and lead to energy conservation
- Supplying RIKEN TECHNOS products that are less likely to produce loss during processing

- Finished products are delivered to consumers.

## Final assembly companies

Various parts procured from molding companies are assembled into final products, such as automobiles, medical equipment, and houses, by final assembly companies.



Assembling automobiles, home appliances, etc.

Assembling furniture, houses, etc.

## To consumers

### Automotive field

RIKEN TECHNOS GROUP's products are used in a variety of parts, helping realize comfortable driving and vehicle spaces.

The shift towards greater use of electric vehicles makes cables that ensure safe charging essential. The RIKEN TECHNOS GROUP will provide high-performance compounds we developed for use as covering materials for cables.



RIKEN TECHNOS GROUP's products are positioned as intermediate raw materials. Compound products and film products are transformed into many parts to support people's living spaces. This featured article describes the environmental issues that the RIKEN TECHNOS GROUP is tackling and the value we are providing throughout value chains for a variety of industrial products.

## Reducing industrial waste

## Managing chemical substances

The major environmental tasks are selected based on the initiatives for tackling the five major tasks specified in the Mid-term Business Plan, as well as the results of ISO-based management review of the notable environmental aspects at each business site.

- The RIKEN TECHNOS GROUP will continue development work with the aim of becoming the leading provider of comfort for all living spaces.

- We are aiming to develop and sell products that can be easily recycled.
- We will continue developing products that place a reduced burden on the environment during disposal.

### Electronic materials field

We are providing a variety of covering materials for electrical wires. Since electricity is indispensable in modern infrastructure, houses, and automobiles, etc., many compounds for covering materials made by the RIKEN TECHNOS GROUP are being used, supporting peoples' everyday life from behind the scenes.

### Medical and healthcare field

We are globally providing safe products for use in medical equipment parts. These products help patients use the equipment with peace of mind and also reduce the workload of medical personnel.

### Housing field

RIKEN TECHNOS GROUP's products are being used in construction parts and decorative film for furniture, etc. Our aim is to provide comfortable living spaces.

### IT & Electronics field

We are changing displays from glass to film. This reduces weight and prevents breakage. We will continue developing completely unique products.

## Disposal and recycling

# Outline of RIKEN TECHNOS GROUP

## Corporate Profile (As of March 31, 2018)

<b>Company Name</b>	RIKEN TECHNOS CORPORATION
<b>Date of Establishment</b>	March 30, 1951
<b>Capital Stock</b>	JPY 8,514 million
<b>Representative</b>	Kazuaki Tokiwa Representative Director, President & COO
<b>Number of Employees</b>	Consolidated 1,844 employees, Non-consolidated 655 employees
<b>Head Office</b>	WATERRAS TOWER, 2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo, 101-8336, Japan

## Business Field

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, electroconductive compounds, anti-static compounds and biomass plastics compounds etc.

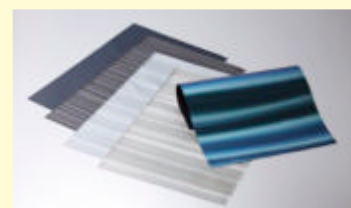


### Film Business

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

For fiscal 2017 (ending March 2018), in the Japanese economy, recovery in production activities took a break, but exports recovered gradually. Personal spending also began to recover gradually, backed by a robust employment situation. Against this backdrop, the RIKEN TECHNOS GROUP worked to improve its financial results by thoroughly and accurately identifying customer needs from a global perspective, efficiently utilizing domestic and overseas management resources, and creating products that lead to the receipt of orders. As a result, although consolidated sales increased from the preceding fiscal year, consolidated operating income, consolidated ordinary income,

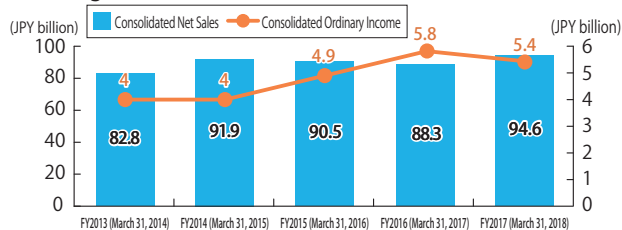
and net income belonging to the shareholders of the parent company all decreased from the preceding fiscal year, ending the year with a revenue increase and a profit decrease.

### FY2017 (ending March 31, 2018) Financial Results (JPY billion)

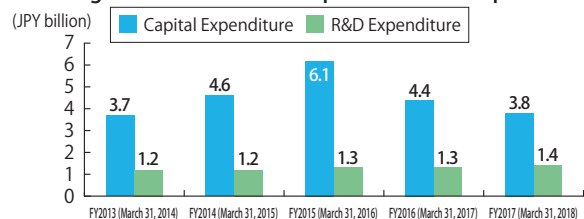
	Consolidated	Non-consolidated
Net Sales	94.6	40.8
Operating Income	5.3	1.3
Ordinary Income	5.4	3.0
Net Income*	2.5	2.5

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

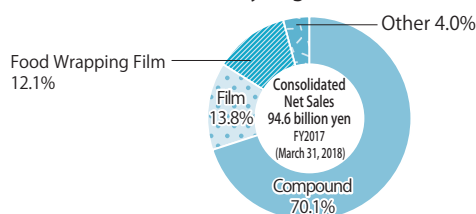
### Changes in Consolidated Financial Results



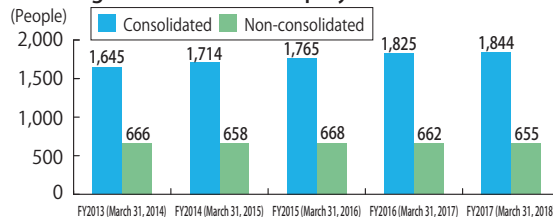
### Changes in Consolidated Capital and R&D Expenditure



### Consolidated Sales by Segment



### Changes in Number of Employees



## Mid-Term Business Plan

For the RIKEN TECHNOS GROUP, FY2018 is the last year of its three-year mid-term business plan "ACT NOW! ACT TOGETHER! 2018—Aiming to Become a Leading Company that Provides Comfort for All Living Spaces." All of us at the RIKEN TECHNOS GROUP will forge ahead in a united manner toward completing the five major tasks that were set.

### Management Policy

ACT NOW! ACT TOGETHER! 2018

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



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.

### Numerical Targets

	Targets for FY2018 (final fiscal year)
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

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

### Management Targets

	ROS Return on sales	ROA Return on assets	ROE Return on equity
Targets for FY2018 (final fiscal year)	7%	10%	8%

### Major Tasks

#### 1. Deepen Global Management of All Businesses

Two factories in Thailand and a compound factory in Indonesia will begin operating, and capital investment will also be made in Japan. Moving ahead, we will utilize our invested facilities efficiently and continue our global expansion.

#### 2. Strengthen Profitability and Financial Structure

To strengthen profitability and improve ROS, ROA, and ROE, we will use overseas facilities we invested in to improve operation rates at an early stage.

#### 3. Create an Innovative Production System

Capitalizing on the high quality of our products recognized worldwide, we will further enhance our competitiveness and build a globally competitive organization.

#### 4. Establish Business in the Optics Field

By improving the mass production efficiency for large-volume orders received and applying the benefits to other fields as well, we will strive to improve our revenue and profit.

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

We strive to nurture a vigorous corporate culture through initiatives such as a review of our personnel system, efforts to reform working styles, and an active self-nomination job posting system for managerial positions.

# Networks

The RIKEN TECHNOS GROUP is composed of RIKEN TECHNOS CORPORATION and 19 consolidated subsidiaries.

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 1, 2018



11 RIKEN CHEMICAL PRODUCTS CO., LTD. ✱



3 Nagoya Sales Office ✱✱

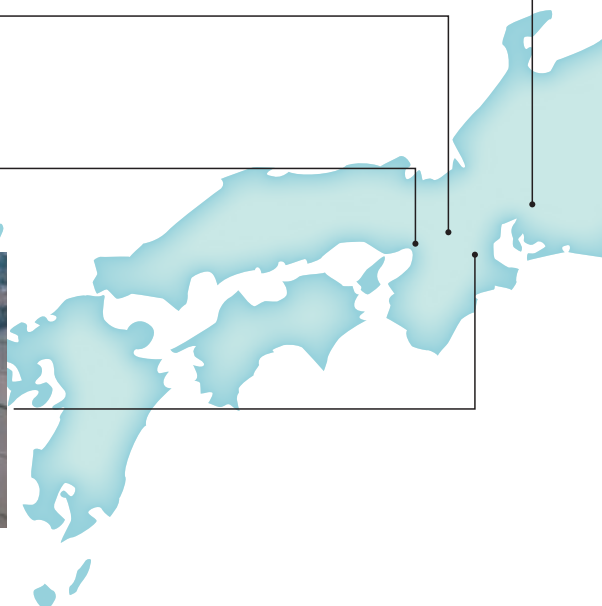


2 Osaka Branch Office ✱✱



5 Mie Factory ✱✱

7 R&D Center (Mie) ✱✱



RIKEN TECHNOS CORPORATION Sites	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

\* For consolidated subsidiaries which are manufacturing companies, photographs of their major products are shown.



Consolidated Subsidiaries in Japan	Main Business Fields	Address	Capital Stock	Shareholding
<b>8</b> RIKEN CABLE TECHNOLOGY CO., LTD.	Manufacturing and sale of electric wire and cables	Iruma-shi, Saitama	JPY 48 million	100%
<b>9</b> KYOEI PLASTICS MFG CO.	Molding synthetic resin products and product sales	Chiyoda-ku, Tokyo	JPY 24 million	100%
<b>10</b> RIKEN TECHNOS INTERNATIONAL CORPORATION	Purchasing and sale of molding synthetic resin products	Chiyoda-ku, Tokyo	JPY 10 million	100%
<b>11</b> RIKEN CHEMICAL PRODUCTS CO., LTD.	Manufacturing and sale of polyvinyl chloride and high functionality plastic molding materials	Konan-shi, Shiga	JPY 300 million	100%
<b>12</b> RIKEN FABRO CORPORATION	Manufacturing, processing, and sale of food wrapping films as well as consumer and miscellaneous goods made from raw materials such as synthetic resins, aluminum, and paper	Chiyoda-ku, Tokyo	JPY 200 million	100%

Head offices only are shown for consolidated subsidiaries in Japan.

# Networks

The RIKEN TECHNOS GROUP has 14 consolidated subsidiaries overseas and provides high quality RIKEN TECHNOS products worldwide.

## Overseas

● Manufacturing company ● Sales company  
 \* ISO 9001 certified \* ISO 14001 certified

As of September 1, 2018



26 RIKEN TECHNOS EUROPE B.V.



20 RIKEN VIETNAM CO., LTD. \*\*

PVC compounds for medical use



23 RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.



14 RIKEN ELASTOMERS (THAILAND) CO., LTD. \*\*



Elastomer compounds for automobile parts



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



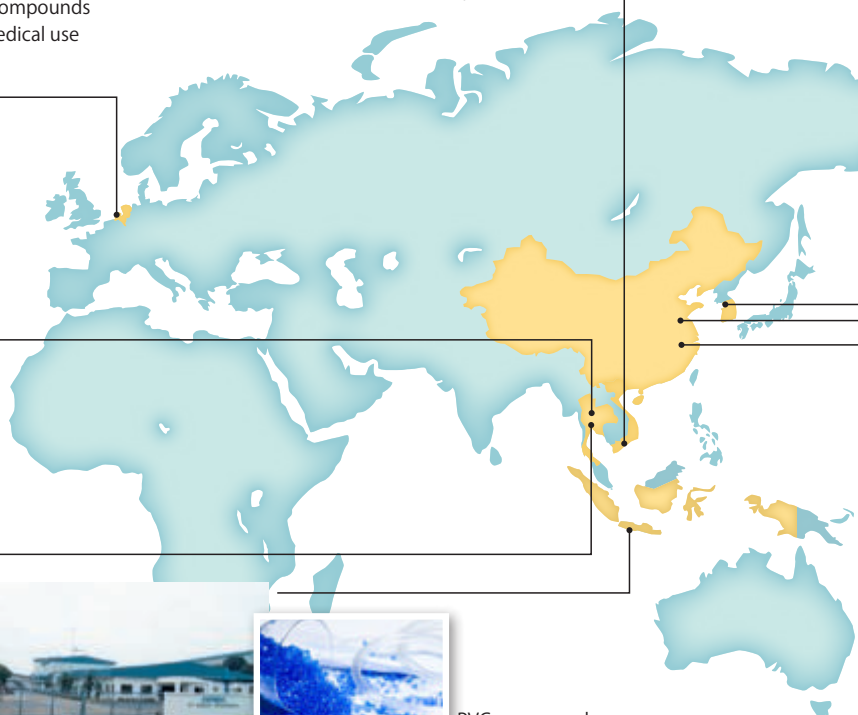
General application PVC compounds



15 PT. RIKEN INDONESIA \*\*



PVC compounds for medical use



Overseas Consolidated Subsidiaries	Main Business Fields	Address	Capital Stock	Shareholding
13 RIKEN (THAILAND) CO., LTD.	Manufacturing and sale of polyvinyl chloride molding mater	Pathum Thani, Thailand	THB 120 million	40%
14 RIKEN ELASTOMERS (THAILAND) CO., LTD.	Manufacturing and sale of high functionality plastic molding materials	Ayutthaya, Thailand	THB 300 million	100%
15 PT. RIKEN INDONESIA	Manufacturing and sale of polyvinyl chloride molding mater	West Java, Indonesia	USD 11 million	56.22%
16 SHANGHAI RIKEN TECHNOS CORPORATION	Manufacturing and sale of polyvinyl chloride molding materials	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 of polyvinyl chloride molding materials	New Jersey, United States	USD 13.415 million	(62.94%)
19 RIKEN ELASTOMERS CORPORATION	Manufacturing of high functionality plastic and polyvinyl chloride molding materials	Kentucky, United States	USD 28.741 million	(62.94%)
20 RIKEN VIETNAM CO., LTD.	Manufacturing and sale of polyvinyl chloride molding materials	Binh Duong, Vietnam	USD 10 million	100%

\* RIKEN ELASTOMERS CORPORATION's capital includes capital reserve.



Overseas Consolidated Subsidiaries	Main Business Fields	Address	Capital Stock	Shareholding
<b>21</b> RIKEN (SHANGHAI) CORPORATION	Sales and marketing of functional film products	Shanghai, China	RMB 5 million	100%
<b>22</b> RIKEN TECHNOS INTERNATIONAL KOREA CORPORATION	Wholesaling and import/export of plastic products	Seoul, South Korea	KRW 1,800 million	100%
<b>23</b> RIKEN TECHNOS INTERNATIONAL VIETNAM CO., LTD.	Wholesaling and import/export of plastic products	Ho Chi Minh City, Vietnam	USD 0.4 million	100%
<b>24</b> RIKEN AMERICAS CORPORATION	Sale of high functionality plastic and polyvinyl chloride molding materials	Kentucky, United States	USD 30 million	62.94%
<b>25</b> RIKEN U.S.A. CORPORATION	Sales and marketing of functional film products	Michigan, United States	USD 1 million	100%
<b>26</b> RIKEN TECHNOS EUROPE B.V.	Sales and marketing of functional film products	Amsterdam Zuidoost, The Netherlands	EUR 400,000	100%

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

\* RIKEN TECHNOS INTERNATIONAL (THAILAND) CO., LTD. and RIKEN TECHNOS INTERNATIONAL PTE., LTD. are not included in the above subsidiaries because they are in the process of being liquidated.

# Outline of RIKEN TECHNOS GROUP

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 drive shaft boots
- Compound for side mirror seals



## Automotive (Interior) Products

- Compound for shift knobs
- Decorative film RIVIC
- RIVEX film for windows



## Construction Products Material Products

- High-end wall covering film
- Compound for highly-insulating window frames
- Compound for construction products materials and components



- Decorative films for kitchen surfaces



Handrails

- Decorative film for bathroom 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 cables



- Compound for machinery power cables



- Film for flexible flat cables



## Electronic Materials Products

- REPTY DC100 film for next-generation displays

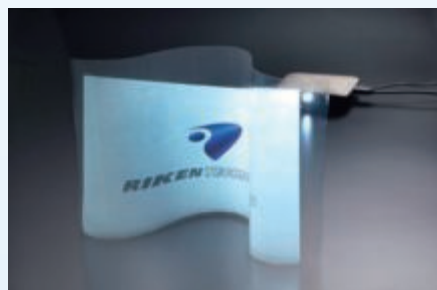


Mobile devices

- Films for projection



Displays for automobiles



Digital signage

## Consumer Goods Products

- Compound for pen grips



- Grafting tape



- Compound for records



- Compound for cap seals



- Compound for home appliance hoses



- Compound for refrigerator gaskets



## Food Wrapping Products

- Wrap for Home and Commercial Use

- Wrap for Commercial Use



- RIKEN BIG WRAP



- FOR WRAP



- Blue wrap "Ocean"



- TSUTSUMU





# Corporate Governance

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

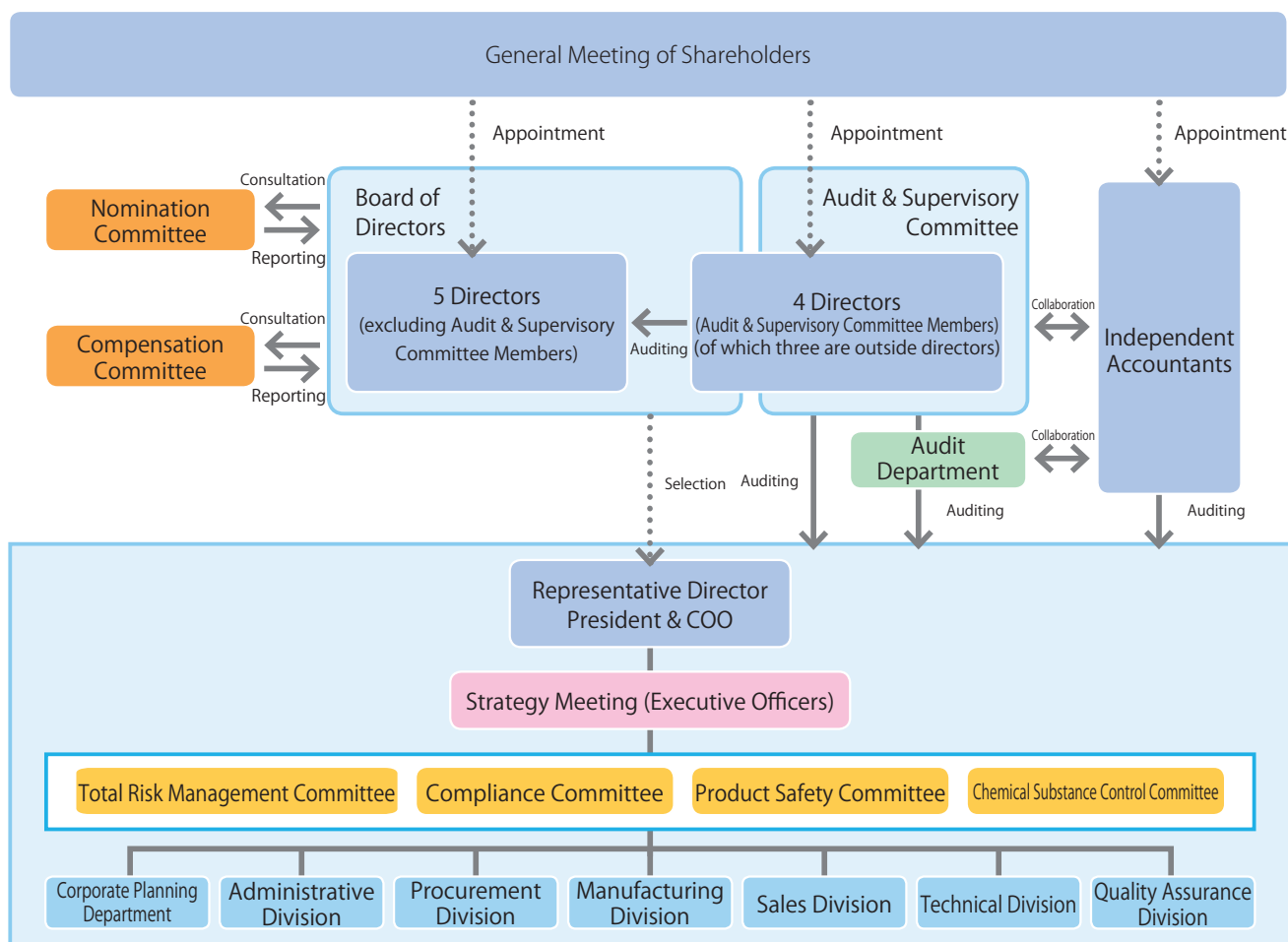


**Masato Koizumi**  
Director,  
Full-time Audit & Supervisory  
committee Member  
RIKEN TECHNOS CORPORATION

Over the past several years, a never-ending string of major corporate scandals have come to light, leading to a renewed call for reassessing corporate governance systems. In June 2016, RIKEN TECHNOS also further enhanced our corporate governance system by adding an audit and supervisory committee, with the goal of improving our corporate valuation by strengthening the supervisory functions of the Board of Directors. In this fiscal year, the Audit and Supervisory Committee continues to have four members, including three outside directors whose impartiality is ensured. The Committee is striving to establish a higher-quality governance system that proves itself worthy of social trust and to conduct highly effective internal audits by collaborating with the Audit Department, which is directly under the Committee.

## Corporate Governance System

To strengthen the supervisory function of the Board of Directors, and improve management transparency and fairness, RIKEN TECHNOS CORPORATION has adopted the format of a company with an audit and supervisory committee. In addition, we have adopted an executive officer system and pushed ahead with the delegation of a significant amount of authority for business execution to 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 our corporate 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



**Takayuki Hayakawa**  
Primary Independent  
Outside Director  
Audit & Supervisory  
Committee Member  
RIKEN TECHNOS CORPORATION

A third of RIKEN TECHNOS CORPORATION's directors, a total of three directors, are independent outside directors. As members of the Audit & Supervisory Committee, we aim to further improve the transparency, soundness, and fairness of the management's decision making by diligently auditing, supervising, and advising the management from an independent standpoint, while placing importance on the perspectives of our stakeholders, such as shareholders and suppliers.

## 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 RIKEN TECHNOS CORPORATION's subsidiaries, based on the Consolidated Subsidiaries Management Regulations, to ensure that reports to RIKEN TECHNOS CORPORATION and approvals by RIKEN TECHNOS CORPORATION 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, ensuring that all business activities comply with laws and regulations, and are effectively administered in accordance with management rules. It also carries out inspections and assessments to determine whether management rules are functioning appropriately for the purpose of achieving management targets.

### Provisions concerning Employees Assisting the Work of the Audit & Supervisory Committee, 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 2018 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.

Besides the Audit Department, we have also established for third party contact through a law firm, and taken rigorous measures, such as preventing informers from being identified within the company, 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\*1.

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



# Relationship with Customers

## 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 spaces through initiatives with customers.

Our business units—Construction Products Materials, Electronic Materials, Automotive, Medical & Consumer Goods, and IT & Electronics—are continuing to take actions to provide various values from customer viewpoints in conjunction with the Technical Division, Manufacturing Division, Quality Assurance Division, and Procurement Division. We hope to contribute through our materials to allow people, not just in Japan but also overseas, to achieve enriching lifestyles.

## Messages from Officers and Division General Managers



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

We at the Technical Division are fully utilizing our technologies such as formulations and manufacturing, film production, coating, and multi-layering, while actively enhancing cooperative systems with bodies such as universities and others outside the company to create innovative products impressive to our customers at the speed of light that meet the requirements of being “beautiful,” “lightweight,” and “safe.” Furthermore, to contribute to the global society, we aim to develop new materials as new products that will help preserve the global environment, as well as epidemic prevention measures by adding antibacterial, antiviral, and insect repelling functions to all our products. In the IT & Electronics field, we will conduct further optical research based on the one-and-only, world’s strongest glass film REPTY DC100 to develop multiple grades for use in a variety of fields, in order to help make future living spaces (related to mobility, townscape, signage, medical facilities, information equipment, etc.) comfortable.



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

The R&D Center is strengthening its research and development structure to be able to promptly respond to increasingly diverse market needs in Japan as well as emerging nations, and to constantly introduce new technologies and new products. Furthermore, we are aiming to become the R&D base for state-of-the-art technologies in new growth areas such as the medical and healthcare field and new energy fields, exemplified by smart grids that effectively utilize renewable energy, as well as for research on new materials. Additionally, positioning further advances, development, and passing on technical development abilities as important management tasks, the R&D Center acts as the center of production technologies in Japan and overseas. It also works to nurture global human resources for overseas sites as an engineer development center.



**Masashi Tosaka**  
Executive Officer  
General Manager of Film  
Planning & Coordination  
Department & Manager  
of Construction Products  
Material Business Unit  
RIKEN TECHNOS  
CORPORATION

The Film Planning & Coordination Department shares information from our business units in Japan—Construction Products Materials, Electronic Materials, Automotive, Medical & Consumer Goods, and IT & Electronics—as well as our overseas sales sites in Europe, the United States, China, and South Korea so as to provide customers with products that satisfy not only the latest global market needs and trends but environmental regulations as well, and to be able to speedily respond to our customers’ needs. Additionally, we collaborate with the various divisions—Technical, Manufacturing, Quality Assurance, and Procurement—to stably supply high-quality products and develop films with higher functionality and better designs. We will also continue to work hard so we can provide products that will help customers feel comfort in all living spaces.


**Tomonobu Sekiguchi**

General Manager of  
Compound Planning &  
Coordination Department  
& Manager of Medical &  
Consumer Goods Business  
Unit  
RIKEN TECHNOS  
CORPORATION

The Compound Planning & Coordination Department oversees sales and marketing activities for all compound products, cutting across the organizational boundaries of four business units—Construction Products Materials, Electronic Materials, Automotive, and Medical & Consumer Goods. We provide compounds with optimum formulations that meet a variety of customer requirements. Therefore, we consider improving customer satisfaction our most important task and will continue collaborating with the Technical Division, Manufacturing Division, Quality Assurance Division, and Procurement Division toward this end. In addition, we hope to help our customers and society advance by constantly proposing a variety of new products without missing changes in the market. In terms of following up with our customers at their overseas sites, we will make the best use of RIKEN TECHNOS GROUP's global network so as to be able to contribute to our customers.


**Keijiro Daikuhara**

Manager of Electronic  
Materials Business Unit  
RIKEN TECHNOS  
CORPORATION

The Electronic Materials Business Unit sells PVC, elastomers, flame-resistant/bridged PE compounds, and film (flexible flat cables) to electrical wire manufacturers, and engineered plastics to electronic parts manufacturers. Electrical wires are used in a wide variety of applications, including infrastructure for power, communication, and construction; robots; electronic equipment; home appliances; and vehicles. RIKEN TECHNOS products are also being used as covering materials. The TRINITY FR, our company's proprietary halogen-free, flame-resistant elastomer, is being adopted in new fields. As we carry out our sales activities, we are always mindful of providing comprehensive services, including meeting the characteristics and standards required by customers, then producing the exact external appearance and color tones desired, and improving workability.


**Fumitoshi Nakamura**

Manager of Automotive  
Business Unit  
RIKEN TECHNOS  
CORPORATION

The Automotive Business Unit sells PVC, elastomer compounds, and decorative films mainly to automobile parts companies. Our products are being used primarily in molding materials and aerodynamic parts used on the exterior of automobiles, and in grip materials and covering materials used in the interior. More recently, manufacturers are also increasing adoption of elastomer compounds with improved functions, such as rubber elasticity, sealing performance, heat resistance, and oil resistance, as well as decorative films for adding color. If there are requirements for high functionality and sophisticated design, we sometimes work directly with automakers to develop products. The automobile business has already become highly globalized and our company's materials are helping create comfortable spaces in automobiles all over the world.

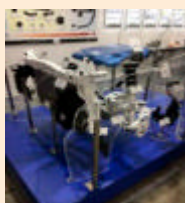
**Participation in the Automotive Engineering Exposition 2018**
**Automotive Engineering Exposition 2018**

Duration: May 23 – May 25, 2018

Location: PACIFICO Yokohama

The automobile industry is currently facing a major transition period, with entirely new technologies bringing about evolution. The recent exposition also included many exhibits of autonomous driving and a move away from internal combustion engines. Since the move away from internal combustion engines lowers the heat resistance required of parts compared to conventional cars, a switch is occurring from the conventionally used rubber parts to resin parts. In addition, as more cars adopt autonomous driving, users will demand more comfortable cabin spaces, including beautiful

interiors and quietness. Responding to these trends, our company's booth featured an exhibit that clearly explained that various rubber parts can be replaced by resin materials developed by our company. As for film products, we exhibited beautiful new designs, including films with metallic embossing and wood grain. Furthermore, in response to an increase in the potential need for a shift from exterior painting to film adhesion, we also suggested films for exterior applications. In the area of optical films, we exhibited a curved display using REPTY DC100, with the goal of having it adopted in future automobiles. All of our exhibits received positive feedback from many visitors, providing us with encouragement to forge ahead with future development.

**○Description  
of exhibited  
products**


Resin parts used in the front part of the area surrounding the engine



Decorative film for interior and exterior (RIVIC)



Mieruda28, a model of a compound mixing process



# Relationship with Customers

ISO  
26000Consumer  
IssuesRelation  
with  
SDGs

## Product Quality Assurance

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



**Michihisa Tasaka**  
Senior Executive Officer  
General Manager of 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 strengthened the inspection system by the Quality Assurance Division so as to continue and uphold a global supply system able to provide the same RIKEN TECHNOS quality 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 of our Japanese and overseas affiliates, promoted 5S activities, and implemented version control to ensure that the latest versions of raw materials and product specifications are being used.

As a result, we have been able to increase quality awareness of the relevant parties, and achieve high levels of customer satisfaction. Also, we are creating products that are in harmony with the environment while reducing environmentally hazardous substances and waste.

Starting in this fiscal year, we will begin introducing and utilizing AI in stages in document creation and management, statistical control of quality inspection data, failure data analysis and recurrence prevention, in order to achieve efficiency improvements, streamlining, and rationalization.

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 hold Quality Improvement Committee meetings at each production site and division every month. Among other things, these meetings verify the suitability and other aspects of corrective measures for defects, reconsider measures as needed, and give instructions for implementation to other divisions and

departments.

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 (2015) Certification

Registration date: September 14, 1998

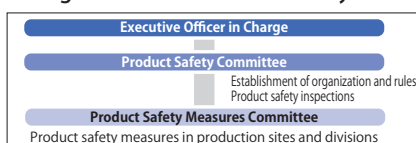
Expiration date: August 30, 2019

## Product Development Safety Considerations

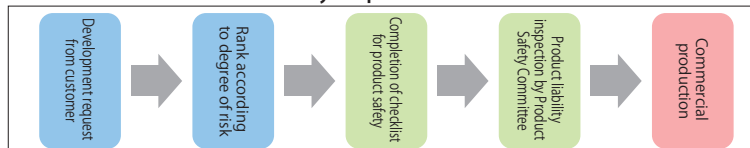
### Handling of Product Liability

Product safety is the responsibility of manufacturers, and we have kept this in mind since RIKEN TECHNOS 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 directives such as RoHS2.

### Chemical Substances Management Committee

We have established Chemical Substances Management Guidelines, and we prohibit the use not only of Class I and Class II specified chemical substances as stated by the Act on

the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (commonly known as the Chemical Substances Control Law), but also chemical substances subject to monitoring. We have also voluntarily reduced the use of chemical substances that should be avoided in terms of occupational safety and health.

\* RoHS is a European directive (regulating six substances) put into force in 2006 to restrict the use of hazardous substances in electrical and electronic equipment. RoHS2 (regulating ten substances) was put into force in 2013. This directive was revised in 2015 and the revised version will be put into force in 2019.

## Handling of Complaints

In FY2017, our activities centered on modification management and a rule-compliance patrol initiative. However, these measures did not produce satisfactory results and defects still occurred due to insufficient equipment management. Therefore, in FY2018, we will be promoting TPM activity revitalization, modification management, and more thorough defect analyses.

# Relationship with Shareholders

We greatly appreciate the support of our shareholders.

## 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.

To ensure that our shareholders fully understand the meeting agenda, we send out the meeting notice early and post the agenda on our website before sending it out. Additionally, we have enabled voting through the Internet and translate the meeting notice into English 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 interim dividend for the fiscal year ended March 2018 was 6 yen per share, up by 1 yen year-on-year. As a result, the total annual dividend, including the interim dividend, reached 12 yen per share.

Fiscal Year (Recorded Date)	Dividend per Share		
	Interim	Year End	Annual
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
FY2016 (March 31, 2017)	JPY 5.00	JPY 6.00	JPY 11.00
FY2017 (March 31, 2018)	JPY 6.00	JPY 6.00	JPY 12.00

## 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.

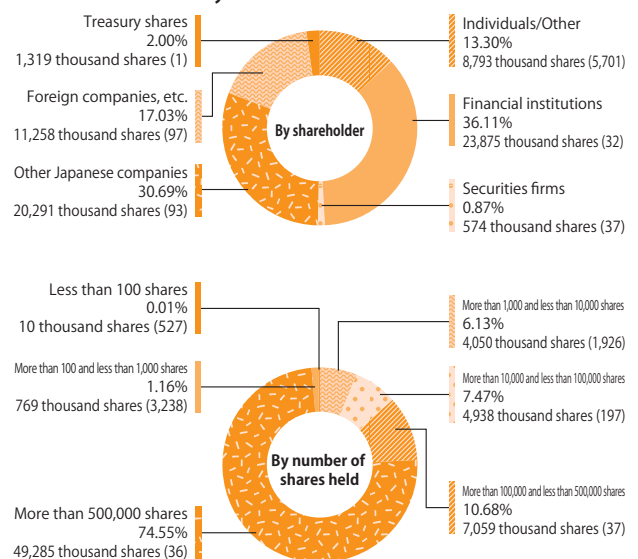
A page related to finance and investor relations is provided on RIKEN TECHNOS's official website. Upon formal disclosure through press releases of the latest financial results summaries, securities reports, and other timely disclosure material, the information is listed on the page without delay.

## Status of Shares and Shareholder Composition (As of March 31, 2018)

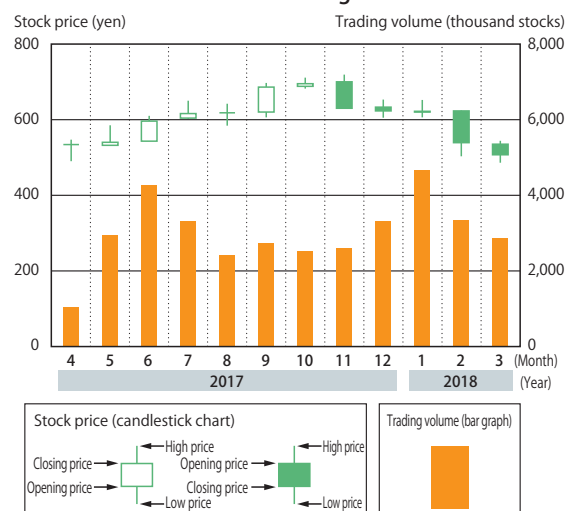
### Status of Shares

Total amount of authorized shares	236,000,000
Total amount of issued shares	66,113,819
Total number of shareholders	5,961

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



### Trends in Stock Price and Trading Volume



# Relationship with Business Partners

The RIKEN TECHNOS GROUP 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  
RIKEN TECHNOS CORPORATION

In 2017, the Procurement Division formulated its Global Procurement Policy related to borderless procurement of raw materials, stock items, etc. With the purpose of increasing global procurement, this policy is being implemented under five key concepts—local procurement, multiple suppliers, stable procurement, integrated purchasing, and information sharing—with BCP measures also added. As for logistics, we are streamlining deliveries and reducing cost with cooperation from our contracted distribution companies. We have also taken steps to improve efficiency within our division by reorganizing the Purchasing Department into the Procurement Planning Group and the Operation Planning and Coordination Group in April last year to improve operational efficiency.

In this last year of our mid-term business plan “ACT NOW! ACT TOGETHER! 2018,” we hope to advance by further strengthening cooperation with all of our business partners.

## Procurement Policy

### 1 Fair Procurement Transactions and Select

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

### 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 RIKEN TECHNOS's purchasing operations.

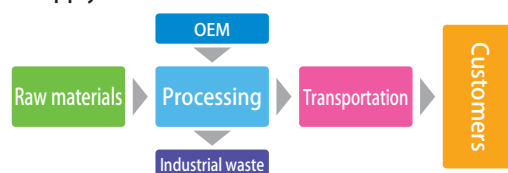
### Procurement Responsibilities

<b>Purchasing Department</b>	Integrated purchasing of raw materials, films in process, fuel, packaging materials, materials related to expensive equipment, etc.
<b>Purchasing Section in each factory</b>	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 FY2017, we carried out quality audits including environmental matters of 14 of our raw material suppliers, manufacturing contractors, transport contractors, and industrial waste processing contractors, and improvements were made with their cooperation.

### Supply chain



## 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.

In FY2004, RIKEN TECHNOS formulated the Green Procurement Standard regarding environment-related substances and published it on our website. We then added our affiliates within the scope of this standard and changed it to the RIKEN TECHNOS GROUP Green Procurement Standard in August 2009, which was later revised in 2015.

\* For details, please visit our company website

### Scope of Application

Materials that RIKEN TECHNOS's 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 others.

### 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 report on the environment-related substances specified by our company

Reporting of measurement data on the ten substances specified in RoHS2\*, as well as information on the content of chemical substances subject to laws and regulations, such as the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., the Industrial Safety and Health Act, and the REACH Regulation

### Implementation

We will procure raw materials and secondary materials that do not contain chemical substances banned by regulations, 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 by RIKEN TECHNOS to be safer and more environmentally friendly.

### RIKEN TECHNOS Green Purchasing Standard

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

#### ● Scope of Application

Paper and other stationery, copying machines, PCs and other OA equipment, automobiles, and others that are purchased or leased by our company's head office, branch offices, sales offices, factories, and R&D centers.

#### ● Requirements

Must satisfy standards in accordance with the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Act on Promoting Green Procurement) 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.

\* Please see the note on page 26.

## 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.

##### Green Management Certification

Registration date: January 19, 2007

Expiration date: January 18, 2019

#### Motegi Co., Ltd.

##### G-Mark Certification

Registration date: December 20, 2007      Expiration date: December 31, 2019

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

Transportation	FY2015	FY2016	FY2017
Transportation Volume (tkm)	26,898,851	27,139,548	28,738,308
CO <sub>2</sub> Amount Generated (t-CO <sub>2</sub> )	4,669	4,711	4,988

##### ISO 9001 Certification

Registration date: May 9, 2003

Expiration date: September 14, 2018 (In the process of being renewed)

##### ISO 9001 Certification

Registration date: March 10, 2000

Expiration date: April 1, 2019

##### ISO 14001 Certification

Registration date: October 29, 2004

Expiration date: April 1, 2019



# 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



### Environmental initiatives

#### 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).

#### Gunma Factory



After typhoons had passed in 2017, the Gunma Factory employees, together with employees of other companies in the industrial park, cleaned the debris-filled roads surrounding the factory.

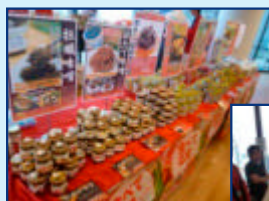
#### Mie Factory



### Children's mikoshi

Mie Factory supported lively children carrying a mikoshi (portable shrine) in Kabano-cho.

#### Head Office



### Tohoku Restoration Support Sale & Restoration Bar



The Tohoku Restoration Support Sale & Restoration Bar was held by *Kibō no Wa* (Ring of Hope) at the Head Office. Visitors enjoyed themselves at this event while supporting recovery by purchasing products made by producers who lost their sales channels after the Great East Japan Earthquake and Kumamoto Earthquake. Students from Kaetsu University served as sales staff, and we received a letter of appreciation from the producers.

From April 2017

April

May

June

July

August

September



Contribution



Next generation



Interaction



Environment



### Blood donation event

We hosted a blood donation event conducted by the Red Cross Blood Center.

#### Saitama Factory



#### Saitama Factory



### Support for Summer Festival held by neighborhood community association

A portable shrine carried by children of the local community association came to the Saitama Factory. This has become a summer tradition at the Saitama Factory.

#### Mie Factory



### Support for and participation in the Kameyama City Summer Evening Festival

The Kameyama City Summer Evening Festival has taken place since the days when Kameyama City was Kameyama-cho. This year, the Mie Factory participated in the Festival as a company, selling frankfurters, draft beer, and RIKEN FABRO's food wrap.



#### Gunma Factory

#### Saitama Factory

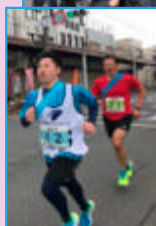


A group of employees from the Gunma and Saitama Factories underwent CPR & first aid training at the Gunma Prefecture Fire-Defense Headquarters.



## Ekiden relay and marathon race

### Mie Factory



The Mie Factory supported and participated in the Kameyama City Ekiden relay.

### Saitama Factory



The Saitama Factory supported and participated in the Fukaya City half marathon race.



## Head Office



## Assistance for those in western Japan affected by the heavy rains in July 2018

Our company donated 1 million yen via the Japan Red Cross to help people who suffered damage from the heavy rains that occurred in western Japan in July 2018, and to help restore the affected areas. We also donated 1,500 rolls of RIKEN WRAP to Uwajima City, Ehime Prefecture. We pray for the fastest possible recovery of the disaster-stricken areas.



## Traffic safety lectures

A traffic safety lecture was given by the Kameyama Police Department of Mie Prefecture.

### Mie Factory



We co-sponsored the Okabe Cosmos Festival.



### Saitama Factory



## Work experience program

Two students from the local Okabe Junior High School came for our work experience program.



## Internships

An internship program related to the PDCA cycle was conducted for two weeks, targeting undergraduate and graduate students.

### R&D Center (Tokyo)



## Fire hydrant operation

Although the event had to be canceled because of rain, our employees trained for two months in preparation for attending the Indoor Fire Hydrant Operation Seminar held by the Fukaya Fire-Defense Headquarters.



### Saitama 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 2018. (Excerpts)

### Saitama Factory: Student representative

(mechanical engineering studies, Saitama Prefectural Kumagaya Technical High School)  
I toured the film manufacturing area, and was really impressed by the fact that operations such as changing the length to meet customer requirements and cleaning the machine before feeding a different-colored raw material were being performed by only a small number of people. On the third day, I got to experience the danger of working in a high place in the engineering department and re-learned the importance of wearing a helmet in a factory, as well as ensuring that no other people are around a machine before restarting it. I learned many things through this internship, and hope to utilize the various experiences in my schoolwork.

### Saitama Factory: Student representative

(electrical engineering studies, Saitama Prefectural Kumagaya Technical High School)  
I was glad that the recent internship taught me a lot about society and gave me hands-on experience. People at RIKEN TECHNOS were very kind and explained everything in an easy-to-understand way. RIKEN TECHNOS manufactures films, wraps, and compounds. I was surprised to learn that the company primarily produces compounds, which are sold to other corporations and turned into various products to be used in products such as cars. On the third day, I attended a danger-prevention class and learned to anticipate dangers, which was an extremely valuable experience.





## Initiatives Overseas

This section describes overseas initiatives at RIKEN ELASTOMERS CORPORATION in the United States, RIKEN (THAILAND) CO., LTD. in Thailand, RIKEN TECHNOS (JIANGSU) CORPORATION in China, and PT. RIKEN INDONESIA in Indonesia.

### Message from an Officer



**Takashi Shimada**  
Senior Executive Officer  
RIKEN TECHNOS CORPORATION  
Managing Director, RIKEN AMERICAS  
CORPORATION and Managing  
Director, RIKEN ELASTOMERS  
CORPORATION

RIKEN AMERICAS CORPORATION, together with its subsidiary RIKEN ELASTOMERS CORPORATION, has always striven to maintain a close relationship with the local community. 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.

### Presenting T-shirts to Pembroke Elementary School

To express its continuing appreciation, RIKEN ELASTOMERS CORPORATION presented T-shirts with its company logo to fifth and sixth graders in the Pembroke Elementary School choir. The students sang hymns at a local event while wearing the logo T-shirts.



### RIKEN ELASTOMERS CORPORATION is supporting Boys & Girls Clubs of America.

The first Boys & Girls Club was founded in 1860 in Hartford, Connecticut. At the time in the U.S., street children had become a major problem, and clubs were created to help these children live with hope. Since then, the organization has become a non-profit entity providing after school programs to youth, helping nurture creativity by allowing children to try out anything that interests them to gain experience. In 1990, the organization's activities were officially recognized and it became a national organization called Boys & Girls Clubs of America.

Furthermore, in 2006, Boys & Girls Clubs of America marked the 100th year since its founding. Many children who graduated from the clubs are still active in the organization. Hopkinsville also has a club branch, which RIKEN ELASTOMERS CORPORATION is fully supporting through donations and volunteer activities.



Photo taken during cooperation with a new kitchen and cafeteria project of  
Boys & Girls Clubs of America.  
(From left to right) Bryan Barnett, Chris Dripps,  
Dan Kemp (representative of Boys & Girls Clubs of America),  
Laura Thomas, and Gerald Bennet

## Message from an Officer



**Shunichi Ueyama**  
Executive Officer  
Managing Director, RIKEN  
(THAILAND) CO., LTD.  
RIKEN TECHNOS CORPORATION

Since its establishment in 1989, RIKEN (THAILAND) CO., LTD. has always striven to maintain a close relationship with the local community.

We are actively promoting blood donation activities, implementing flood prevention measures in the surrounding area, providing support to rice farmers, and donating electrical equipment to local schools.

In addition, to strengthen our relationship with our employees, we have a scholarship system to support the education of their children who will play an important role in the lives of our employees in the future. We hope these children will study hard when they are young and become respectable citizens to help Thailand advance in the future. As for our employees, we hope that listening to their children's frank voices will help them grow through their work and contribute to the growth of RIKEN (THAILAND).

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

RIKEN (THAILAND) CO., LTD. has a scholarship system to promote the education of our employees' children. In FY2017, the system gave out a scholarship of THB 5,000 each to 10 students. These 10 students were two second graders, two third graders, two fourth graders, one fifth grader, two sixth graders, and one seventh grader.



### FY2017 recipients of the RIKEN (THAILAND) CO., LTD. scholarship

**Saksit Sinlapawong**  
Second grader



Child of Ramet Sinlapawong,  
a medical equipment  
manufacturing operator

**Tanakrit Choesalao**  
Second grader



Child of Nattaphong  
Choesalao, a medical  
equipment manufacturing  
operator

**Nattapong Kerdmongkol**  
Third grader



Child of Udomsak  
Kerdmongkol, a logistics clerk

**Pattaporn Bupachart**  
Third grader



Child of Satis Panthong,  
a medical equipment  
manufacturing operator

**Supitchaya Buthpetch**  
Fourth grader



Child of Sapod Keangkao, a  
GA clerk

**Kongkra Hongkanak**  
Fourth grader



Child of Nirun Hongkanak, an  
R&D clerk

**Lalana Khampichit**  
Fifth grader



Child of Wichai Khampichit, a  
logistics clerk

**Kittiphop Bualuang**  
Sixth grader



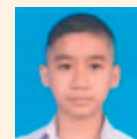
Child of Chetta Bualuang, a  
logistics clerk

**Thitima Meeutsar**  
Sixth grader



Child of Poowadon Meeutsar,  
a QA clerk

**Jirakorn Rukkumyee**  
Seventh grader



Child of Krittiyakorn  
Rukkumyee, a logistics clerk

# Relationship to Society



Shown below are letters of appreciation received from some of the scholarship recipients.



## Kittiphop Bualuang

I was really touched by the scholarship. I'm going to use it to buy study materials and a uniform. Thank you RIKEN for giving out scholarships for us children to study. I promise to use the money for good purposes and not bad. I'm going to save the money in my piggybank and spend it on worthwhile things. I'll also give some to my parents. Thank you again RIKEN. I pray that RIKEN will become an advanced company quickly. Thank you.

## Tanakrit Choesalao

I am very happy to receive a scholarship from RIKEN this time. I will use the scholarship money for school expenses. I will study hard. Thank you very much for giving me a scholarship.



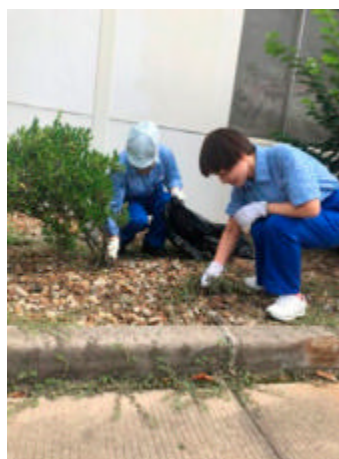
## Kongkra Hongkanak

I will study hard and spend my scholarship money wisely. I will not be mischievous. I will be a good boy and help my father. I will study diligently to get good grades. When I grow up, I will work and save money. When I have saved a lot of money, I will spend it frugally. I am very happy to receive a scholarship from RIKEN. I will be thrifty and spend the money on worthwhile things. I will study diligently so that I can do good work in the future. I want to become a good citizen.



## Initiatives at RIKEN TECHNOS (JIANGSU) CORPORATION

At RIKEN TECHNOS (JIANGSU) CORPORATION, all employees began cleaning the inside of the factory and its surrounding area as part of the 6S (sort, set in order, standardize, shine, sustain, and safety) methodology.



## Message from an Officer



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

Since its establishment in 1995, PT. RIKEN INDONESIA (abbreviated as RAPINDO) has placed great importance on our relationship with society and local residents in carrying out our various activities. During the Lebaran holiday each year, we support orphans through various foundations in order to strengthen our relationship with people in the region. Additionally, during the annual Eid al-Adha (a Muslim holiday), we donate cows and lambs and participate in the ceremony with villagers. In the last fiscal year, we assisted MM2100 Industrial Town and participated in a mangrove-planting activity. This year, RAPINDO has been planting mangroves on its own and also providing support to nearby villages. Placing great importance on our relationship with local residents, we plan to actively engage in various activities designed to help develop the region and protect the environment.

## Initiatives at PT. RIKEN INDONESIA

PT. RIKEN INDONESIA has been carrying out mangrove-planting activities. In 2018, we planted mangroves in Pantai Bahagia village, which has been repeatedly hit by floods and where many poor people live. It takes a small 10-person boat about two hours on the river to reach the village. Under the blazing sun, the villagers, including small children, welcomed us with a pitched tent. PT. RIKEN INDONESIA employees planted about 100 seedlings and donated 3,000 mangrove trees.

### Giving presents to the village children



Eighty backpacks containing stationary, water, and sweets as gifts were brought on the trip.



The children lined up and sang a song in appreciation, and afterwards the presents were distributed to all of them.



### Mangrove planting



As many as 3,000 mangrove seedlings were donated.



Seedlings were planted and tied to posts that had been erected in advance by an environmental protection organization.



## 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.



### Rei Shibue

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

I gave a talk on space biology, a field that seems strange at first glance, but I was surprised at the major reaction it generated around me. Comments, such as "So a search for extraterrestrial life is going on!" and "I didn't know all life forms on earth originated from the same ancestor!" were typical of the opinions voiced. I felt extremely honored that through YUME Lab, I was able to communicate what I was working on and influence those around me, albeit minutely, and that I was given an opportunity to raise the degree of recognition for this new academic field.



#### 2 Current and future activities

I am conducting research on the oldest organism on earth. That organism is considered to be the ancestor of all organisms currently existing on earth, and I am trying to estimate its shape and living environment through protein reconstruction and analysis.



I was an undergraduate when I recorded the YUME Lab episode, and around that time I succeeded in reconstructing the protein considered to have been used by the ancestral organism. The results were published in Scientific Reports, an online multidisciplinary, open access journal, in January 2018. I am the main author of the paper.

Currently, while conducting research at my graduate school, I make presentations at academic conferences and received the Poster Award at the annual meeting of the Protein Science Society of Japan in June 2018.

In September, I was given opportunities to present the results of my research at Extremophiles 2018, the world's largest academic conference on extremophiles, and at the International Astronautical



Congress (IAC) as a JAXA-dispatched student.

An encounter with space biology allowed me to have a variety of experiences, such as switching to a scientific field, studying in Alaska, and submitting papers to overseas academic journals.

I plan to keep working on my research, and in the future, I hope to expand the scope of my research to the origin of life and the search for extraterrestrial life.

### Yusuke Kimura

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

I was nervous about actually appearing on a TV program, but I was very happy when my family members and friends exclaimed "I saw you on the TV!" or appreciated my activities.



#### 2 Current and future activities

Currently, I am operating "SharetoRe," a website where soccer trainers can share training drills. Sixty thousand people a month are using my site, which allows users to find appropriate training drills. In addition, my site sends out free articles on instruction methods and tips on organizing training sessions. I have also released a baseball version, and plan to popularize SharetoRe, but I am also thinking about trying services outside of sports. One area I am currently interested in is a service that would help users

clearly define what they want to do with their lives. Such a service would solve the problem of "not knowing what to do with one's life," which is a common issue with millennials. I hope to keep creating unique services that can help enrich people's lives.



Visit this page for more information  
on their activities

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

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

<p>"Equal opportunity for sports education."</p>  <p>#53: Yusuke Kimura University of Tsukuba &gt;2nd year student</p>	<p>"Wishing to save the hearts of wounded children all over the world."</p>  <p>#54: Nonoka Suzuki University of the Ryukyus &gt;2nd year student</p>	<p>"Hoping to use the power of smiles to create a society that is comfortable to live in."</p>  <p>#55: Sae Shinozaki Waseda University &gt;4th year student</p>	<p>"Saving lives that are currently not being saved."</p>  <p>#56: Masayuki Teramoto Osaka University &gt;4th year student</p>	<p>"Hoping to help children realize their dreams."</p>  <p>#57: Rika Taniya Kobe College &gt;3rd year student</p>
<p>"First Prime Minister from Okinawa."</p>  <p>#58: Soichiro Kayo University of the Ryukyus &gt;4th year student</p>	<p>"Giving the next generation of pioneers worldwide limitless possibilities to create to freedom."</p>  <p>#59: Shoki Ichiba Hosei University &gt;3rd year student</p>	<p>"Hoping to create places that as many people as possible can return to."</p>  <p>#60: Miyoh Yamaura Keio University &gt;2nd year student</p>	<p>"Hoping to create a society where everyone can continue to do what he/she wants to do."</p>  <p>#61: Kenji Adachi Osaka Prefecture University &gt;2nd year student</p>	<p>"Designing new choices in society through my own sensibility."</p>  <p>#62: Miri Hachimura Chuo University &gt;3rd year student</p>
<p>"Creating a world in which deliciousness is restored as a value."</p>  <p>#63: Yuta Totsuka Shizuoka University &gt;2nd year student</p>	<p>"Hoping to help make the Olympic and Paralympic Games Tokyo 2020 an event that is truly worth holding."</p>  <p>#64: Norihiko Tsuzuki Osaka University &gt;4th year student</p>	<p>"Hoping to enter Keio University and become an international lawyer."</p>  <p>#65: Aine Hamada Lycée Français International de Tokyo &gt;2nd year student</p>	<p>"Hoping to help make Sakata City, Yamaguchi Prefecture a Silicon Valley."</p>  <p>#66: Takumi Sato Rikkyo University &gt;3rd year student</p>	<p>"Hoping to become a diplomat in space."</p>  <p>#67: Miranda Tyson Surrey University &gt;4th year student</p>
<p>"Hoping to help create a world in which everyone can live with a sense of purpose."</p>  <p>#68: Motoyoshi Kuwahara Chuo University &gt;2nd year student</p>	<p>"Hoping to make Yone (a place famous for terraced rice fields) popular all over Japan."</p>  <p>#69: Yuki Nakama Kinki University &gt;4th year student</p>	<p>"Hoping to create wonderful things and touch people's heart."</p>  <p>#70: Daiki Yasuhara Ritsumeikan University &gt;3rd year student</p>	<p>"Hoping to become a Japanese language teacher who can provide productive lessons."</p>  <p>#71: Ayumu Nakazawa Kyoto University &gt;4th year student</p>	<p>"Hoping to support 'dreams' using space as the impetus."</p>  <p>#72: Shunsuke Tsuboi Yokohama National University &gt;4th year student</p>
<p>"President and nursery school teacher."</p>  <p>#73: Susumu Morita Chuo University &gt;3rd year student</p>	<p>"Hoping to help make people's spare time more relaxing."</p>  <p>#74: Toshihiro Kurata University of Shimonoseki &gt;4th year student</p>	<p>"Hoping to act as a bridge between Japan and China."</p>  <p>#75: Toyohiko Han Saga University &gt;3rd year student</p>	<p>"Hoping to create an environment in which students can tackle various issues in society."</p>  <p>#76: Masaya Hiramatsu Doshisha University &gt;4th year student</p>	<p>"Hoping to expand options for children's dreams by bringing together many people's sense of values."</p>  <p>#77: Akari Ooka Kansai University &gt;2nd year student</p>
<p>"Hoping to become the first person in the world to discover extraterrestrial life."</p>  <p>#78: Rei Shibue Waseda University &gt;4th year student</p>	<div>  <p>As a challenger that harnesses the power of science, RIKEN TECHNOS supports students doing their best!</p> </div>			

RIKEN TECHNOS Presents

Following the Dreams of Students Who Take on Challenges.

# 夢らぼ

DREAM LABORATORY

See pictures from the show on the official website!  
[www.yume-lab.jp](http://www.yume-lab.jp)  
[t.me/yumelab](https://t.me/yumelab)

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

**BROADCAST EVERY SATURDAY at 6:55 p.m.**

Produced by BS12tv TWINKY / RIKEN TECHNOS CORPORATION / YADUMARU PROJECT Co., Ltd.

New episodes every other week

**BS12**  
 トゥエルビ

# 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  
RIKEN TECHNOS CORPORATION

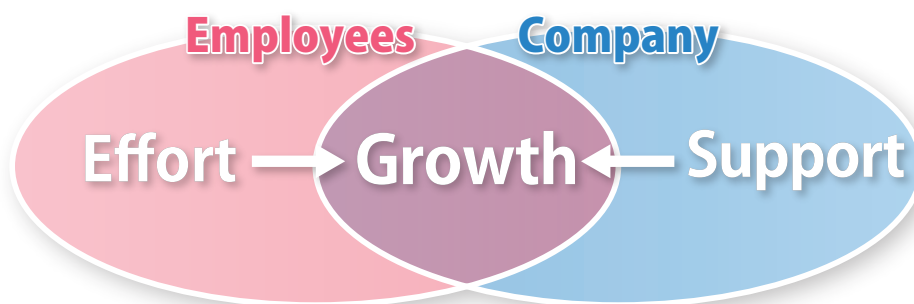
In its current three-year mid-term management plan, RIKEN TECHNOS states “Strengthen the Corporate Foundation through Strategic Human Resource Development.” We reformed our personnel system in FY2018 and are advocating the creation of a system in which all employees can proactively take on challenges. In addition, under the belief that employee growth is essential for corporate growth, we are also working on strengthening staff development by managers. In an environment in which the pace of globalization is accelerating, RIKEN TECHNOS is no exception. The Administrative Division will continue striving, convinced that developing as many employees who can thrive in Japan and overseas as possible is the best way to increase corporate valuation, which all of our stakeholders expect.

## Approach to Developing Human Resources

RIKEN TECHNOS’ basic philosophy toward human resource development is to provide ideal work and a workplace environment that enable each employee to demonstrate his/her abilities, independence, creativity, practical skills, and autonomy; and to help employees grow and thrive, so that the results will help our company advance.

Employee growth and company growth are intimately connected. When employees grow into the ideal human resources sought by the company, the company grows as a result.

### Relationship between employees and company



For this reason, we are helping our employees grow under the slogan,

**“We support employees who have the drive to grow!”**

## New personnel system

We introduced a new personnel system in April 2018.

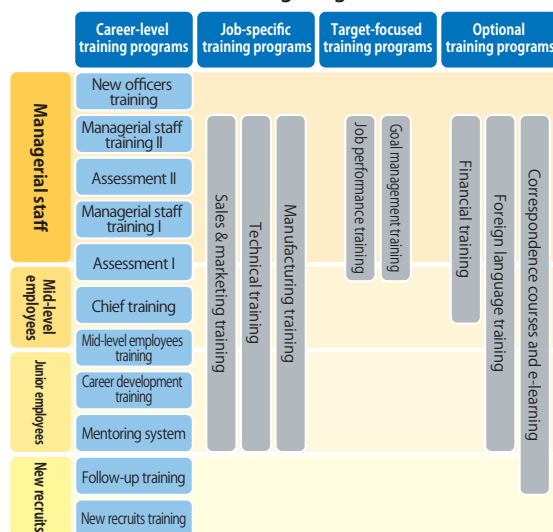
### Objectives

- Correct the seniority system and create a structure and a corporate culture that enable all employees to proactively take on challenges.
- As part of human resources development, place importance on and strengthen a system that requires superiors to methodically educate and guide their subordinates.
- Create an environment that provides employees who are motivated to grow with educational opportunities any time.

### Description

- For managerial staff, we have switched from the function qualification system, which bases employee compensation on the ability to execute one's duties (capability), to the role and grade system, which bases employee compensation on role responsibility and function (post).
- For general employees, since they are at the stage of accumulating capabilities, we revised the system for evaluating role behaviors while maintaining the function qualification system, in order to encourage them to grow through their jobs even more so than before.
- To strengthen staff development by managerial staff, we revised the evaluation system and the education system.
- As part of our effort to build a system that encourages young employees to proactively take on challenges, we significantly revised the promotion requirements.
- From the viewpoint of promoting success for female employees, we created opportunities for female employees to more actively participate.
- We are enhancing our employee education system, by providing career development training and e-learning for example, and establishing a structure that enables employees to actively receive education any time and grow.

### RIKEN TECHNOS Training Programs



## Management Training

RIKEN TECHNOS is also focusing on management training. We send 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.

### Voice



**Tomozo Ogawa** Acting General Manager of Corporate Planning Department

When I was given an opportunity to attend courses at the Globis Management School, the first thing I realized was that I had been making decisions based on the spur of the moment or solely based on my own experience. I really feel that attending three courses—critical thinking, accounting, and marketing—has helped me start judging things more logically than before.



**Daisuke Okubo** Group Leader, Corporate Management Group, Corporate Planning Department

Although the course subjects have been varied, I think the main thing we are learning is communication. We students have learned to think comprehensively about the subject matter to avoid missing anything, and repeat hypotheses and verification. We try to have others sympathize with and understand our thinking through highly accurate logic. That is the kind of training we are receiving. Business is nothing but communication with both internal and external people. Therefore, as I carry out my business tasks, I want to enhance mutual understanding with others about what we want to accomplish.

# Relationship with Employees



Human Rights



Labor Practices



## 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. In FY2017, all the top recipients were from the Gunma Factory.

### Japan



General Manager Uchida

#### No. 1 recipient

Sumio Yanagida  
Film Production Section, Gunma Factory



General Manager Uchida

#### No. 1 sender

Ryu Yoshida  
Film Production Section, Gunma Factory



(From left to right) Fumimasa Kitamura, Sumio Yanagida, Ryu Yoshida, and Junji Watanabe

Recipient	
No. 1	<b>Sumio Yanagida</b> (Film Production Section, Gunma Factory)
No. 2	<b>Fumimasa Kitamura</b> (Film Production Section, Gunma Factory)
No. 3	<b>Junji Watanabe</b> (Administration Section, Gunma Factory)
Sender	
No. 1	<b>Ryu Yoshida</b> (Film Production Section, Gunma Factory)

### Overseas

The “Thank You Card” system has also been implemented at overseas locations. A commendation ceremony was also held at RIMTEC CORPORATION in the U.S.



Top three recipients of Thank You Cards  
(From left to right) Dave Wilson, Rich Lynde, and Andy Loyer



Top ten senders of Thank You Cards  
(From left to right) Dave Grzybowski, Paul Smollock, Jason Ewing, Art Minuto, Raymond Johnson III, Xuhui Wang, and Keith Branch

## Challenge Project

The Challenge Project system is part of our efforts to firmly establish the RIKEN TECHNOS WAY among our employees.

This system provides opportunities to young employees in particular for starting up projects. In FY2017, projects were carried out under two themes and final reports were issued.

Theme: Major strategy for marketing reform

For the new Recromer compound product, the project team experimentally introduced a brand new website configuration and carried out web marketing, then verified their effectiveness.

Members

- Two from technical departments
- One from the System Development Department
- One from the Corporate Planning Division



↑ Business card with a QR code



↑ Specially established Recromer website

Theme: THE BAG FOR WORKING WOMEN

The project team created business bags for women utilizing ACT Leather, a new film product with an excellent tactile feel.

Members

- Two female employees in charge of sales

ACT Leatherの耐久性			
試験項目	ACT Leather	PCに混合成形品	PCに混合成形品
比重 (g/cm <sup>3</sup> )	1.18	1.2	1.2
厚み (mm) (1000mm幅) (mm)	1.5	2.0	2.0
強度 (N) (mm <sup>2</sup> )	50.0	50.0	50.0
耐摩耗性 (mm <sup>2</sup> )	優等	優等	優等
耐熱性 (150℃×5時間)	変色なし	変色あり	変色あり
耐水性 (150℃×5時間)	変色なし	変色あり	変色あり
耐油性 (150℃×5時間)	変色なし	変色あり	変色あり



↑ Bags utilizing ACT Leather →



## Support for Raising Children

### Leave of Absence System for Childcare

All employees can take leave for up to two years.

Furthermore, a certain period of the leave is paid. In FY2017, four employees used this system.

### Shorter Working Hours System for Childcare

Employees with childcare responsibilities are permitted 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.

In FY2017, two employees used this system.

## Diversity of Employees

RIKEN TECHNOS CORPORATION respects the diversity, personality, and individuality of our employees, and has consideration for human rights and equal employment opportunities. We implement 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.

## Safety and Health Activities

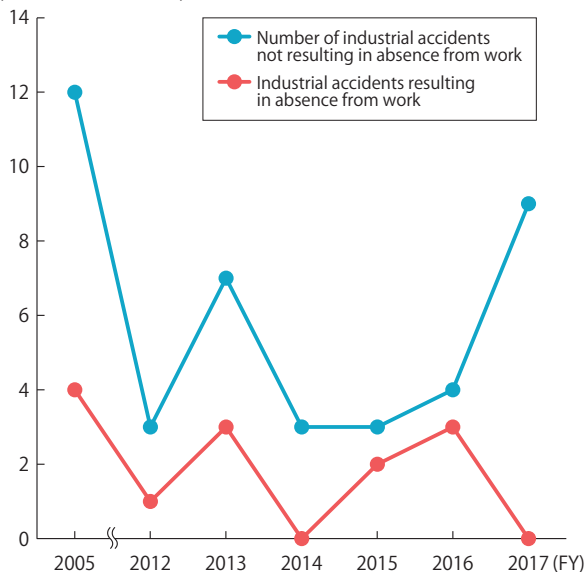
### Concept of Safety and Health Activities

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

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

Following the introduction of risk assessments (RA) in 2003, improvement activities to prevent incidents were established to reduce potential dangers and hazards in the workplace through elimination and separation. Going beyond "zero accidents," all employees work to achieve "zero risks" by participating in safety awareness and risks and systems improvement activities.

### Number of industrial accidents resulting in absence from work (Number of accidents)



Fire drill at RIKEN VIETNAM



### Review of Activities

In FY2017, to achieve "zero accidents," we carried out a variety of activities, including promotion of the "pointing and calling" procedure, giving out awards for safety suggestions, training using equipment that simulates danger, and a near-miss reporting promotion month. As a result, we achieved zero industrial accidents resulting in absence from work. However, there were nine industrial accidents that did not result in absence from work. The accident

modes were collision, falling down, and entrapment, caused by insufficient attention to foresee dangers and RA delay. Specifically, falling down on a snowy road, falling down stairs, etc. occurred. In FY2018, our activities will be focused on RA promotion, promotion of the "pointing and calling" procedure, reciting of safety slogans utilizing a visual panel showing past industrial accidents, comprehensive check of safety rules, and re-education of employees on safety and health basics (common sense).



Safety education using equipment for experiencing dangers



## Our New Employees in 2018

Using the theme “We enjoy our work and love what we do,” which is included in our core values under the RIKEN TECHNOS WAY, we asked our new employees—who will be among those responsible for the future of RIKEN TECHNOS—to fill in the blank in the sentence “If \_\_\_\_\_, I would be very enthusiastic” so they can work with a self-awareness of being members of the RIKEN TECHNOS GROUP.



## Follow-up Training

In the third month after joining the company, we conduct a two-day follow-up training for new employees for reflection and follow-up.

Besides attending lectures, they work in groups and present on the work they have done in the three months since joining the company. The new employees seemed to have learnt and realized many things through the training's curriculum.



Training session



Trainees giving a presentation



# Environmental Management Action

## Message from the General Manager of the Manufacturing Division



**Hirohito Koshimizu**  
Executive Officer  
General Manager of Manufacturing  
Division  
RIKEN TECHNOS CORPORATION

As our company competes on the global stage, the Manufacturing Division is implementing a variety of measures to further enhance the same quality and stable supply worldwide. For example, we are actively dispatching employees to overseas sites, improving production technologies through participation in the WorldSkills Competition, achieving three “zeros” (zero complaints, zero work-related accidents, and zero major equipment incidents) through implementation of total production management (TPM), and developing human resources who can succeed globally. Furthermore, at each of our factories, we will be introducing IoT and AI in phases to improve productivity, reduce cost, and shorten delivery time.

In terms of environmental management initiatives, we are working on energy conservation, industrial waste reduction, and appropriate management of chemical substances. We are also contributing toward beautifying the surroundings through activities such as cleaning the areas around our factories.

## Environmental Policy

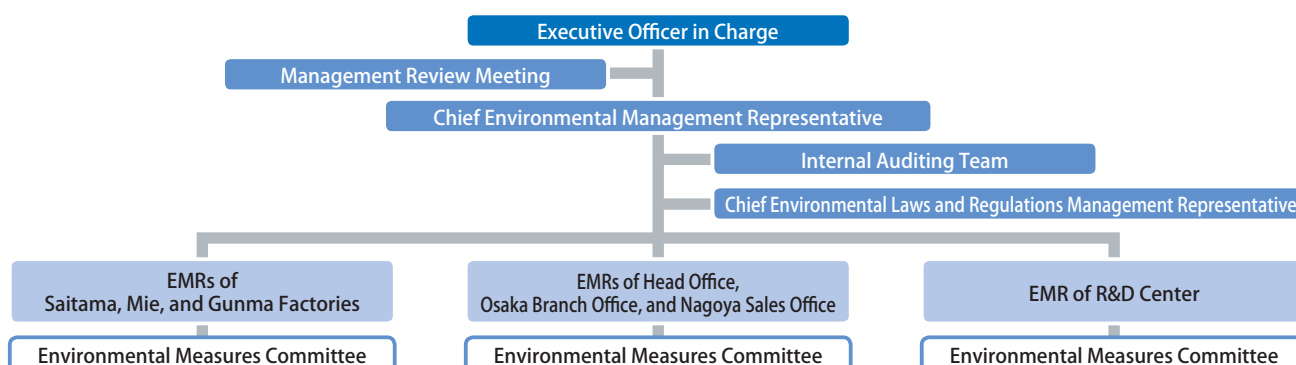
For all our business activities, we take into consideration the effects on the environment. To protect the environment and realize a sustainable community, RIKEN TECHNOS CORPORATION established an environmental management system, and all members of the company work to implement the following principles.

- 1 Through all business activities, RIKEN TECHNOS CORPORATION promotes continuous improvements to the environmental management levels, prevention of environmental pollution, and support for environmental conservation by not only observing all environment-related regulations and mutual agreements but also setting our own rules and regulations voluntarily.
- 2 Using raw materials which are safe, RIKEN TECHNOS CORPORATION supplies the market with environmentally friendly plastic products of various materials, such as energy-saving and resource-saving products, products suitable for recycling, and products with low influence to biodiversity and the ecological system.
- 3 With regard to the use of sustainable resources, and mitigating and dealing with climate change, RIKEN TECHNOS CORPORATION reduces negative effects on the global environment, biodiversity, and the ecological system by reducing CO<sub>2</sub> discharge and industrial waste, through eliminating wastefulness, effectively using raw materials, and minimizing energy consumption
- 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 The above-mentioned activities are linked to the activities of RIKEN TECHNOS GROUP at each site to give the utmost consideration to the protection of the environment, biodiversity, and the ecological system, as well as to ensure safe operations.
- 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 and all executive officers 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	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 the entire company

## ● Emergency Response

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

RIKEN TECHNOS CORPORATION buys and uses as raw materials many chemical substances and hazardous materials designated by the Fire Service 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 FY2017, some raw materials were accidentally scattered into the neighboring area, and clean-up and restoration work was carried out.

## ● Quality and 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 FY2017, audits were carried out in 61 departments, 40 requests for corrective actions were issued, and there were 260 issues pointed out, including matters for monitoring.

These issues were related to document control, record management, facility management, and procedures with ambiguous responsibility, and corrective actions were taken for all of them. We are verifying continuation of these corrective actions, and are also improving and enforcing the management system.

### (2) External Audits

Audits for transition to the 2015 version were conducted at the Head Office and Saitama Factory by an external ISO 9001/14001 certification body. Zero nonconformance issues were found and eight issues requiring improvement were pointed out. Improvements have been made on the issues related to warehouse management.

In FY2017, we also received 22 customer audits, and made appropriate improvements on all issues pointed out.

## ● ISO 14001: 2015 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: August 30, 2019



# Summary of Environmental Action

## Environmental Objectives and Performance in FY2017

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 (CO<sub>2</sub>)

emissions, reducing the amount of our industrial waste output, and reinforcing chemical substance management.

In FY2017, a total of 182 objectives were set across various divisions in the entire company, and 120 (66%) of them were achieved.

### (1) Reduction of Energy Use

Number of Objectives Set	Achieved Objectives	Objectives	Results
76	50 (66%)	(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 5% compared to FY2012 by 5% compared to FY2012 by 5% compared to FY2012 by 5% compared to FY2012 (1) 6.3% reduction (objective achieved) (2) 32% reduction (objective achieved) (3) 7.5% reduction (objective achieved) (4) 3.2% increase (objective not achieved)

### (2) Reduction in Industrial Waste

Number of Objectives Set	Achieved Objectives	Objectives	Results
45	20 (44%)	Simple (landfill and incineration) waste volume per gross production: 0.15% or below Total industrial waste volume per gross production: 4% or below	Not achieved with 0.17% for landfill and incineration waste volume per gross production. Achieved with 3.8% 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	19	17 (89%)	Reduction of use of independently specified chemical substances, and development of environmentally-friendly products.	① FY2017 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 reduced by 9% compared to FY2016.
②	25	18 (72%)		② In FY2017, the sales volume of recycling-friendly materials increased by 6% compared to FY2016.

## 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 (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 shows the status of the environmental load of RIKEN TECHNOS itself and RIKEN FABRO (Saitama and Mie) (by substance).

### CO<sub>2</sub> Load Per Ton of Products Produced (FY2017)

Amount of CO <sub>2</sub> emissions (t-CO <sub>2</sub> /t)	
Compound	0.23
Film	0.97
Food packaging wrap	0.55

### 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 CO<sub>2</sub>.

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, 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 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 FY2017 decreased by 6.3% compared to FY2012 against a goal of 5%, and the volume of heavy oils used per gross production decreased by 32%.

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

\*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 2005, and emissions from each sales site have been added since FY2008. CO<sub>2</sub> emissions from petroleum 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.

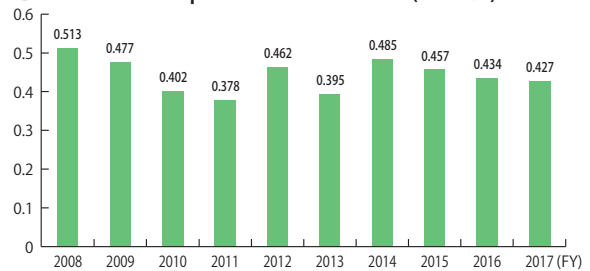
In March 2013, our photovoltaic power plant supplying renewable energy began operating at a site adjacent to the Gunma Factory.

In FY2017, approximately 70,000 kWh of power was supplied to the Gunma Factory, with approximately 730,000 kWh sold externally.



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

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



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

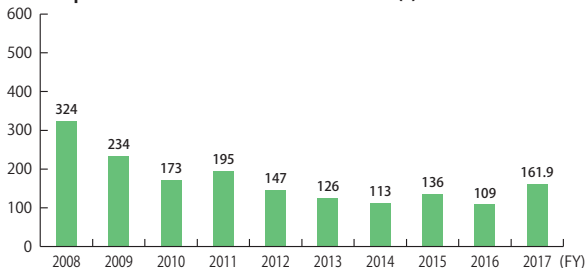
## Reducing Industrial Waste

Our company considers the reduction of simple (landfill and incineration) waste generated in the manufacturing stage to be one of the main goals of environmental management activities. In FY2014, we established the new goals of "reducing simple waste volume as a share of gross production from 0.3% to under 0.15%, and reducing total waste as a share of gross production from 5% to under 4%." 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.

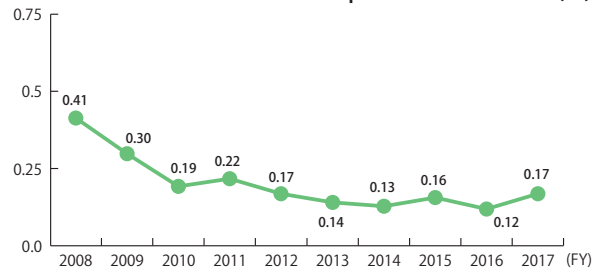
While we did not achieve the first goal since simple waste volume as a share of gross production was 0.17%, we did achieve the second goal as total waste as a share of gross production declined to 3.8%.

### Simple Industrial Waste Generated (t)



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

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



# Summary of Environmental Action

ISO  
26000The  
Environment

## ● 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.

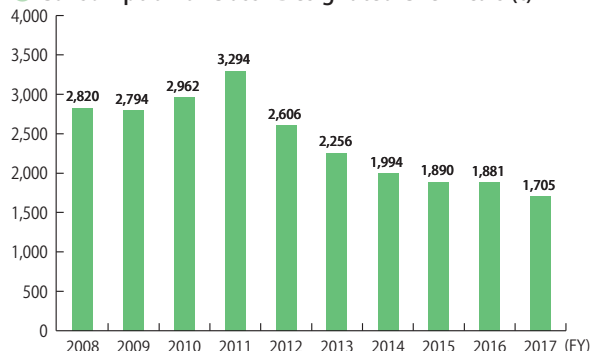
Consequently, the usage and emission volumes of newly subject chemical substances were totaled beginning in FY2010, and in FY2011, the usage volume of methylnaphthalene contained in A heavy oil was added.

In FY2011, RIKEN (THAILAND) CO., LTD., a RIKEN TECHNOS GROUP company, 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.

Since FY2012, there has not been any significant increase or decrease. In FY2017, our company used 22 types of chemicals subject to the PRTR Law. Among them, seven 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 PCB waste stored at Saitama Factory, Mie Factory, and R&D Center (Tokyo) was completed, except for part of the Saitama Factory.

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 application submitted
	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 "Ecolife 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 FY2017, we received many responses from employees and their families (1,371 in summer and 1,229 in winter). The results of the questionnaires showed average CO<sub>2</sub> reductions per person of 1,020 g-CO<sub>2</sub>/day in summer and 1,090 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 RIKEN TECHNOS CORPORATION as a whole.

	Participants (persons)	Amount of Reduction (g-CO <sub>2</sub> /person per day)
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	1,360	1,010
Summer of FY2017	1,371	1,020
Winter of FY2017	1,229	1,090

## ● 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 through FY2017, 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 CO<sub>2</sub> emissions reduction goal in the Phase 1 Plan (6% reduction from the base year). We are also making smooth progress toward the CO<sub>2</sub> 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\*<sup>1</sup> 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\*<sup>2</sup> 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 affiliates was clarified as part of the RIKEN TECHNOS GROUP Green 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.

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

\*<sup>2</sup> RoHS2: See the note on page 26.

## ● 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 FY2017

(1) **Accounting Coverage:** RIKEN TECHNOS CORPORATION (non-consolidated)

(2) **Period Covered:** April 1, 2017, to March 31, 2018

(3) **Referenced Guidelines:** "Environmental Accounting Guideline (2005 Edition)"  
(Issued by the Japanese Ministry of the Environment in February 2005)

### ● Summary of Environmental Accounting in FY2017

In FY2017, the amount invested in environmental preservation costs was approximately JPY 90 million, and expenses were approximately JPY 1.0 billion, making a total of approximately JPY 1.05 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 920 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 0.17%, not achieving our goal of 0.15% or below.

Total industrial waste amount per gross production was 3.8%, achieving our goal of 4% or below.

With regard to CO<sub>2</sub> emissions, although we conducted continuous energy-saving activities, the result was a 3.2% increase, not achieving our goal of a 5% reduction from the FY2012 level. The main reason was due to the increase in production volume. On the other hand, our electricity consumption as a share of gross production (Electricity use (MWh)/Production (t)) was reduced by 6.3%, achieving our goal of a 5% reduction from the FY2012 level. Our heavy oil consumption as a share of gross production (Heavy oil use (kl)/Production (t)) was also reduced by 32%, achieving our goal of a 5% 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 14.0 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*1	Expenses*2
1. Business area costs		89,009	92,484
* Pollution prevention costs	Construction for noise prevention measures, maintenance of scatter prevention equipment	1,252	34,734
* Global environmental preservation costs	Installation and improvement of energy-saving equipment	87,757	0
* Resources recycling costs	Disposal of industrial waste, recycling, etc.	0	57,750
2. Upstream/Downstream costs	Analysis of products containing chemical substances	2,728	15,420
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	15,482
4. R&D costs	Research and development of environmentally friendly products	0	924,856
5. Social activity costs	Beautification of areas around our sites, donations	0	361
6. Environmental damage countermeasures costs	Soil investigation and improvement	0	1,385
Total		91,737	1,049,988

\*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

Classification of environmental preservation effects	Environmental Performance Indicators	FY2016	FY2017
Environmental preservation effect related to resources input into business activities	Total energy input volume (GJ)	761,599	798,118
	Energy input by type	Electricity (MWh)	65,600
		Heavy oils (kl)	2,437
		City gas 13A (km <sup>3</sup> )	507
		Gasoline (kl)	40
		Light oils (kl)	4
	Input of PRTR-controlled substances (t)	1,968	1,706
	Water resources input	Tap water (m <sup>3</sup> )	132,000
		Groundwater (m <sup>3</sup> )	157,000
		Water for industrial use (m <sup>3</sup> )	8,600
Environmental preservation effect related to waste or environmental burdens originating from business activities	Greenhouse gas emissions (t-CO <sub>2</sub> )	39,800	41,000
	Volume of PRTR-controlled substances discharged (t)	7.1	7.2
	Volume of PRTR-controlled substances transported (t)	13.6	10.1
	Total waste discharge volume (t)	3,550	3,680
	Final waste disposal volume (t)	109	161
	Amount of sewage (m <sup>3</sup> )	298,000	285,000
Environmental preservation effect related to commodities and services produced by business activities	Volume of valuable materials recycled (t)	1,800	1,830
Other environmental preservation effects	Volume from transportation of products (t-km)	27,139,500	28,738,308
	Volume of CO <sub>2</sub> emissions associated with transportation (t)	4,711	4,988
	Transportation energy (GJ)/Production (t)	4.68	4.61

## Economic Effect Associated with Environmental Preservation Activity

JPY 1,000

Economic Effect	Amount	
	FY2016	FY2017
Benefit from recycling plastic, paper waste, etc.	5,939	7,073
Expenses reduced by energy-saving activities	6,399	6,964
Total	12,338	14,037

## Asset Retirement Obligations

As of March 31, 2018 (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	68,899
Cost of asbestos disposal from usage sites	31,107
Cost of renewing equipment using PCB	0
Cost of contaminated soil treatment	60,129
Total	160,135

## 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: 233

#### Mie Factory

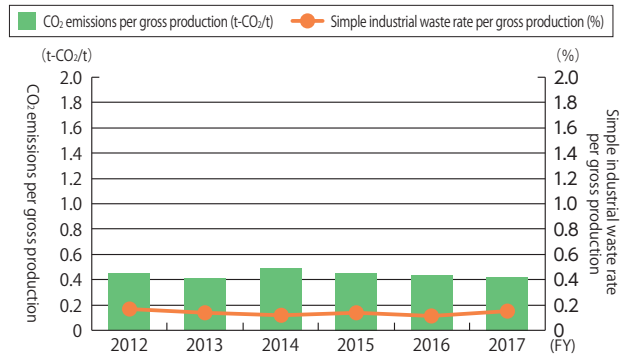
- Site Area: 55,247 m<sup>2</sup>
- Description of business: Manufacturing of compounds, film, and food wrapping film made from various thermoplastic resin, including PVC
- Number of employees: 206

\* 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: 41

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

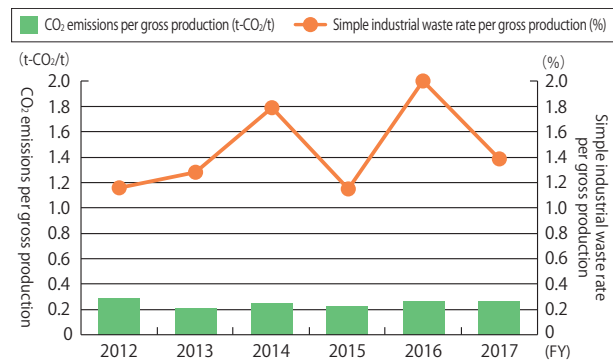


## Environmental Impact Data for Affiliates of RIKEN TECHNOS GROUP

### ① Compound Production Companies

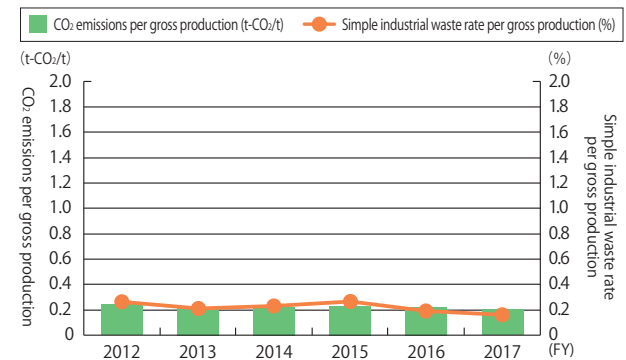
#### RIKEN CHEMICAL PRODUCTS CO., LTD.

Employees: 56



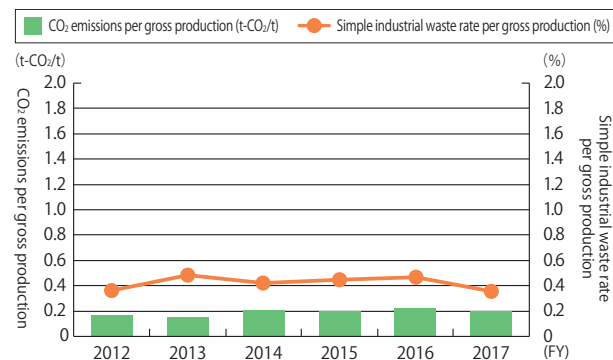
#### RIKEN (THAILAND) CO., LTD.

Employees: 242



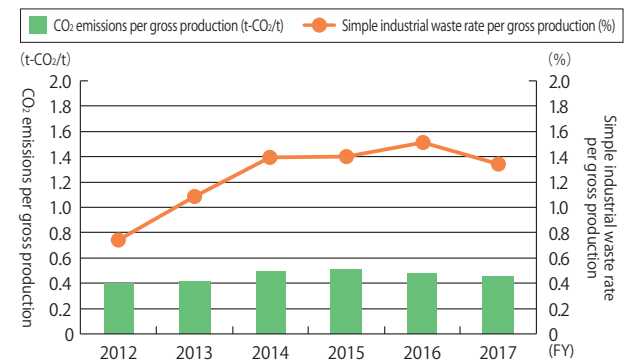
#### RIMTEC CORPORATION

Employees: 97



#### RIKEN ELASTOMERS CORPORATION

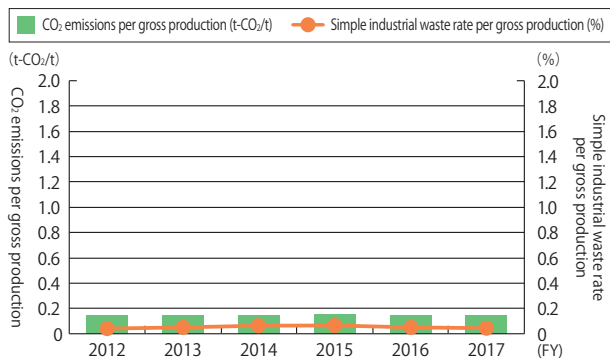
Employees: 42



# Summary of Environmental Action

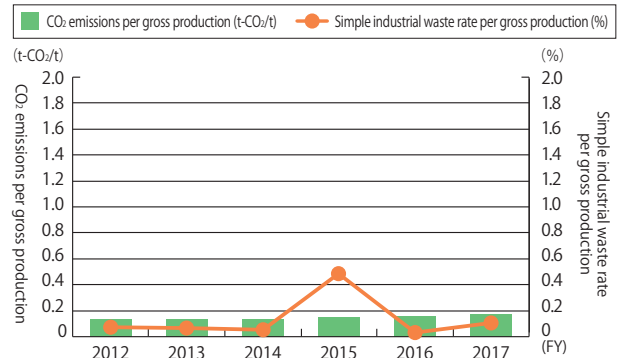
## PT. RIKEN INDONESIA

Employees: 202



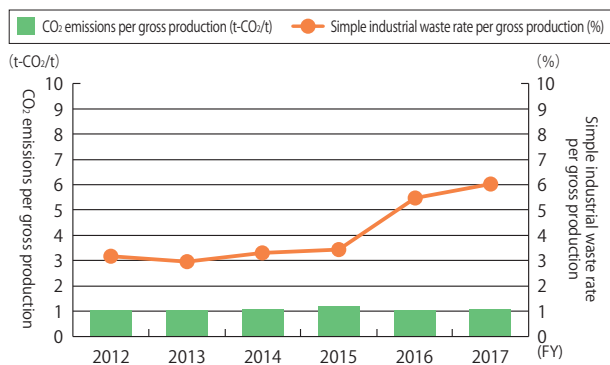
## SHANGHAI RIKEN TECHNOS CORPORATION

Employees: 126

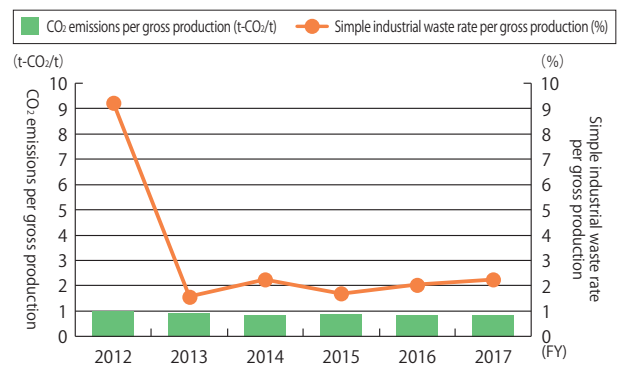


## ② Molding Companies

### RIKEN CABLE TECHNOLOGY CO., LTD. Employees: 70

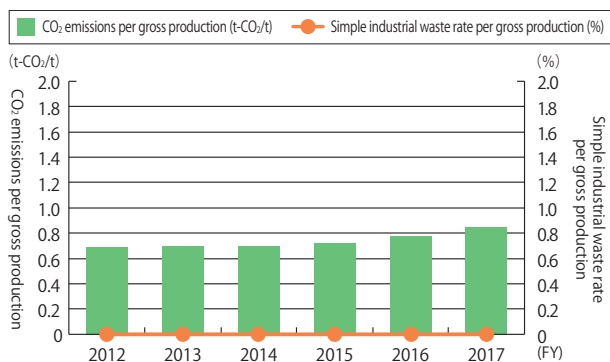


### KYOEI PLASTICS MFG CO., LTD. Employees: 65



### RIKEN TECHNOS (JIANGSU) CORPORATION

Employees: 57



## The Expert's Opinion



**Youichi Inomata**

Senior Consultant  
AMITA Holdings Corporation

This is the third year I am writing a third-party opinion about RIKEN TECHNOS. The first year, 2016, was the year President Tokiwa was appointed Representative Director and the three-year mid-term business plan began. In 2015, two epoch-making events had occurred that would dramatically change corporations. These were the Paris Agreement and the SDGs. Their effects began to accelerate ESG investment in Japan and drastically change what is required of corporations from CSR to sustainability.

While you were greatly evolving your report into one that takes into account global standards such as ISO 26000 and SDGs in response to the needs of the times, I made two recommendations in last year's third-party opinion—(1) Coordination and linkage between the mid-term business plan and CSR initiatives, and (2) Visualization of CSR issues in your supply chain.

I believe you took last year's recommendations to heart. I greatly appreciate that this year's report includes a featured article on value chains. Also in the message from Chairman Shimizu, I recognize that you are actively implementing sustainable policies, such as taking steps to address the issue of future petroleum depletion, which poses the greatest risk to your company, and developing environmentally friendly products. Additionally, regarding work-style reform, which has recently become a hot topic, I can see that you are engaged in productivity improvement activities designed to create an atmosphere in which everyone can discuss issues frankly by crossing manager-subordinate boundaries. This really made me realize that you have begun taking steps to address the issue of declining birth rate and aging population, which is a serious social issue in Japan. I am convinced that this initiative will become the driving force for you in the future. In addition, I was able to catch a glimpse of an

area that seems to be moving toward "Coordination and linkage between the mid-term business plan and CSR initiatives," which I recommended last year. I was able to understand that you are giving priority to CO<sub>2</sub> emissions reduction, industrial waste reduction, and chemical substances management among the environmental issues. In this year's report, you demonstrated materiality in the environmental field, but in the next mid-term business plan, I think you should consider including clear indexes for the entire CSR.

As I just mentioned, this year's report gave due consideration to the SDGs. To further communicate your corporate identity in the future, I would like to make two recommendations for next year. First, as we saw in this past summer's abnormal weather, addressing environmental problems will likely become a pressing issue. As President Tokiwa mentions in his message, active steps to respond to environmental problems are being implemented. For example, the restaurant industry itself has recently declared its intention to restrict use of plastics. The fact that an increasing number of companies are disclosing data related to climate change problems, through initiatives such as CDP, SBT, and RE100, is probably a sign of this trend. Shouldn't you also lay out your environmental measures?

Second, I think you should take a greater step toward shifting from CSR-oriented management to sustainability-oriented management. Although many corporations are currently increasing their desire to work on the SDGs, whether such a desire is substantially integrated with business management is questionable. This year's report describes the SDGs, but I got the impression that the 17 goals are merely assigned to the existing business operations or products. How about taking this one step further and adopting an outside-in perspective, describing what social and environmental problems you consider important and how you are going to capitalize on your strengths to solve those problems? You should be able to reorganize your business operations and products using those problems as the starting point. I think that would likely lead to creating a sustainable society and developing you into a sustainable company. I look forward to reading next year's report.

## Listening to Expert's Opinion

**Kazuaki Tokiwa**

Representative Director, President & COO RIKEN TECHNOS CORPORATION

In the featured article of our CSR Report for 2018, we introduced the value our company provides in its large value manufacturing chain and the issues we are tackling. I hope readers will be able to understand the roles the RIKEN TECHNOS GROUP is playing in its value chain.

Furthermore, as pointed out by Mr. Inomata, we consider it extremely important to link social and environmental issues to the way we manage our company. We are currently formulating the next three-year mid-term business plan and are planning to make it a business plan that can contribute to society with the goal of sustainable management.

## Editors' Postscript

This CSR Report for 2018 is for the last year of the three-year mid-term business plan. Relevance to the SDGs, which is becoming more and more important for corporations, is positioned on the top part of the odd pages in the latter part of the report. In "Relationship to Society" in particular, we increased the number of allocated pages to further enhance its content. We also included easy-to-understand diagrams and photos to help readers better understand our company's value chains. We hope that this report has helped readers to better understand the RIKEN TECHNOS GROUP's initiatives. We look forward to receiving frank and candid opinions on this report.

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

Gakuyuki Kajiyama: Director, Senior Executive Officer

General Manager of Corporate Planning Division

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

Sayaka Yoshioka, Mio Obayashi: Corporate Branding Group, Corporate Planning Department

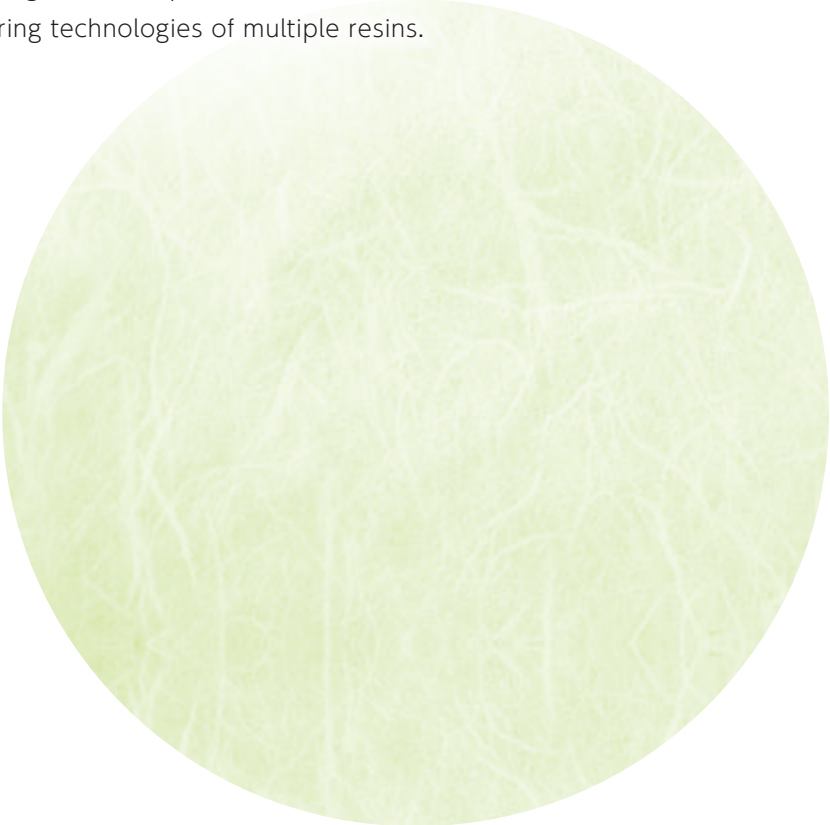




## RIKEN TECHNOS WAY

---

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



### RIKEN TECHNOS CORP.

#### **Corporate Planning Department**

WATERRAS TOWER, 2-101, Kanda-Awajicho,

Chiyoda-ku, Tokyo, 101-8336, Japan

TEL: +81-3-5297-1631

FAX: +81-3-5297-1660

URL: <http://www.rikentechnos.co.jp/e/>