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Sustainability Report

2018





Providing Products and Services that Improve Customer Convenience while Reducing Environmental Burdens

Guided by the RISO Environmental Charter, which emphasizes contributing to global environmental protection and ensuring a sound environment for the next generation, RISO strives to reduce the environmental burdens associated with its operations.

In the course of our operations as a manufacturer, including the development, production, and sale of products, as well as in our customers' use of our products, we consume natural resources and generate waste. Recognizing that these activities impact the natural environment, we believe that it is our responsibility to create and continue to supply our customers with products and services that improve convenience while reducing environmental burdens.

Our products are made to be environmentally friendly from the design and development stages. We

offer printer systems comprising hardware (such as printers) and supplies (such as ink) that reduce resource use and exert minimal impact on the environment.

RISO is the world's first company to develop rice bran oil ink for office printers, to use for RISOGRAPH digital duplicators. In addition, with our ComColor high-speed color printers, we contributed to a safer and easier-to-use comfortable office printing environment by dramatically reducing emissions of TVOCs (total volatile organic compounds), which was previously difficult to achieve with high-speed printers. The ORPHIS FW series received the Product of the Year award at the 2016 Eco Mark Awards sponsored by the Japan Environment Association because it met the

strict Eco Mark Standard related to the TVOC diffusion and energy efficiency.

This report outlines our environmental initiatives, our relationships with customers and other stakeholders, and our compliance and corporate governance framework—which is the very bedrock on which all the structures of our corporate activities are built. As always, we appreciate you taking the time to read through this report.

July 2018

Akira Hayama

President and C.E.O.

RISO KAGAKU CORPORATION

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RISO Products Span the Globe: Meeting Today's Education Needs

An indispensable tool in the education market, the RISOGRAPH digital duplicator debuted in 1980. Before that, teachers would use mimeograph printing devices to produce teaching materials, all the while getting their hands dirty with ink. The revolutionary RISOGRAPH digital duplicator,—which works like a copier and keeps the user's hands clean—went on to become a staple in schools all over Japan. Today, it is widely used nationwide everywhere from elementary schools all the way up to universities.

Our founder, Noboru Hayama, wished to help shape children, our future leaders, by having the RISOGRAPH digital duplicators used in schools all over the world. To make this a reality, in 1986 we began our full-fledged push into overseas markets. Today, our products are at work in educational institutes, government offices, companies, and community organizations in over 180 countries and regions around the world.

Europe



Scargill Infant School (Rainham, England)

Cost-effective, full-color printing boosts children's understanding



The school is renowned for fostering creativity and motivation.



Full-color printers help children acquire knowledge.



Full-color printing with the cost-effective ComColor



Somerville High School (Massachusetts, U.S.A.)

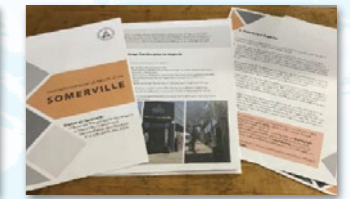
Design students get reliable printing quality



This four-year public high school offers a diverse curriculum that teaches practical, real-world skills.



Students learn everything from design to printing, and ComColor printers make color bookbinding possible.



Published materials made with ComColor

Americas

Asia



Kakatiya High School (Hyderabad, India)

Digital duplicators save significant time and effort in the printing out of a wide range and large amount of test problems



This private high school offers an excellent standard of education to its large student body.



RISOGRAPH digital duplicators dramatically cut the time needed to print out the vast amount of weekly level-advancement tests.



RISOGRAPH digital duplicators use minimal electricity and offer high-speed printing, even on thin paper.

Africa



Marhulana Primary School (Johannesburg, South Africa)

Speed and consistent printing quality help the school in its daily printing of things like teaching materials and notices for parents



This public primary school was established in 1957.



The time and costs to create teaching materials have been cut.



RISOGRAPH digital duplicators enable high-speed, consistent-quality printing

RISO Promotes Learning among Students of All Ages Worldwide

High-speed printers
ComColor
Series



Digital duplicators
RISOGRAPH
Series



Japan See the following page for RISO products at work in Japan.

Products and Services that Save Teachers Time and Boost Student Learning

RISO has created products that meet the needs of teachers who are dedicated to helping students learn and grow.

New RISOGRAPH Functions



Understanding at a Glance Precise Two-Color Separation with a Color Recognition Scanner

MF Series

The RISOGRAPH MF Series has a color scanning function, which allows users to carry out automatic separation output from color originals and therefore use color to highlight the main points of learning materials for students.

(See column on page 13.)



Color alerts students to the main points.

Printing Time Dramatically Shortened Industry's fastest printing: 190 ppm

SF Series

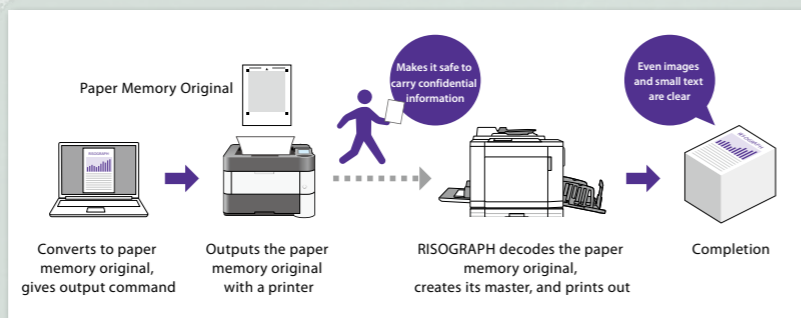
The RISOGRAPH SF939G/939 offers high-speed printing of 190 ppm. This reduces the time needed for schools to carry out high-volume printing of like learning materials, tests, and notices for parents.

Note: Industry's fastest for office digital duplicators as of September 2017 (RISO data)

Keep Tests and Other Information Confidential Paper Memory Print

MF/SF Series

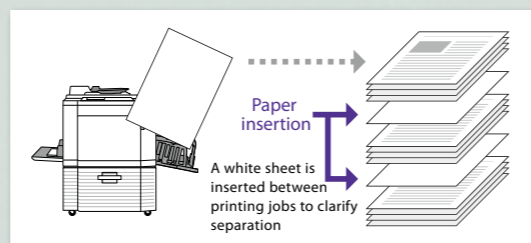
Original data created on a PC can easily be converted into a digital pattern, which can be printed on a sheet of paper. This digital pattern cannot be read until it is decoded by a RISOGRAPH MF or SF product. This keeps information such as tests confidential.



Efficient Separation of Documents for Different Grades and Classes Dividing by Inserting Paper

MF/SF Series

Products come standard with a function to use paper in the feeder as dividers. While printing, sheets of white paper can be inserted between a designated number of pages. For schools that frequently do multi-page printing and multiple sets of documents, this makes separating printing jobs much more efficient.



Reading Comprehension Worksheets Provided to Schools ahead of the Enforcement of Education Ministry's New Courses of Study

Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT) will introduce New Courses of Study in 2020. These new government curriculum guidelines are aimed at promoting deeper learning based on independent, dialogue-centered lessons.

Because this new curriculum stipulates the use of newspapers, we are providing teachers at schools that use RISO printers with easy-to-prepare and effective learning materials based on information in the news. In collaboration with The Asahi Gakusei Shimbun Company (newspaper), we are offering "Yomitoki" (reading comprehension) worksheets, which put articles from the Asahi Elementary School Student Newspaper in a special study format. This is emailed to schools free of charge once a week. (Japanese only)

- Simply download and print out the learning materials
- Effective learning in a short time
- Contains the latest news
- Delivered free once a week

Articles taken from the news summary section of the Asahi Elementary School Student Newspaper

Students answer "who, what, when, where, why, and how" questions about the article, and describe their impressions.



For upper grades of elementary school, A4-size PDF file
Students complete assignment in 15-20 minutes



Students expand their vocabulary through newspapers and get into the habit of reading the news

- Can be used for classes in Japanese, social studies, and integrated studies, or early morning learning or homework
- Discussing the news helps children learn to engage in two-way communication
- Worksheets can be put on bulletin boards or filed to keep a record of studies
- Researching and learning from articles stimulate student interest

What teachers are saying

- It's making the news a part of students' daily lives. (Fifth grade teacher at public elementary school, Kanagawa Prefecture)
- At first, students had trouble writing the key words and their impressions, but they are gradually getting better at it. (Fifth grade teacher at public elementary school, Chiba Prefecture)
- In the Japanese essay section of a prefecture-wide academic abilities test, all my students were able to correctly answer a question in which they had to write the title of an article. (Fourth grade teacher at public elementary school, Ibaraki Prefecture)

To register <https://www.riso.co.jp/shinbun/>

(Japanese only)

よみとき新聞ワークシート 理想科学 検索



Cooperating in at-School Environmental Lessons

(See page 15 for other RISO activities.)

<Primary Schools>
Visit to school for environmental learning event
Making business cards with rice bran oil ink



In June 2017, we visited Obukuro Higashi Primary School in Koshigaya City, Saitama Prefecture to give lessons as part of the Eco Festival event.

<Junior High Schools>
Environmental learning workshop
Printing: Old and new



In November 2017, we visited Masugata Junior High School in Kawasaki City to lead an environmental learning workshop in making a newspaper using a mimeograph and a RISOGRAPH.

<High Schools>
Environmental symposium
Being eco-friendly in our daily lives



In February 2018, at an environmental symposium at Kanagawa Prefectural Kanagawa Sohgo High School, students could see firsthand how a RISOGRAPH saves energy during printing by affixing ink to paper without using heat.

ComColor High-Speed Color Printers: Fast Output and Superb Environmental Performance

Through our research and development, we have created printers and ink that offer both high performance and environmental protection. ComColor high-speed printers offer the world's fastest printing speed, economical color printing, and environmental performance and bring a new level of efficiency to office printing jobs.

ComColor GD

World's fastest printing:
160
ppm^{*1}



ComColor FW

120
ppm^{*2}



^{*1} For the ComColor GD9630/GD9631. When using plain paper, single-sided A4 long-edge feed, continuous printing in standard-density setting, and GD face down tray. World's fastest as of March 2018 for office color printers performing sheet-fed printing (cut paper) (RISO data).

^{*2} When using plain paper, single-sided A4 long-edge feed, continuous printing in standard-density setting, and FW face down tray.

Satisfies VOC Diffusion Standards, Previously Difficult for High-Speed Printers

VOCs (volatile organic compounds) are emitted from a range of products and are subject to increasingly strict laws around the world.

VOC restrictions stipulate that a product must not emit more than a certain amount of VOCs during a predetermined printing period. For high-speed printers, which output large volumes of printouts in a short time, such restrictions are difficult to satisfy. Through exhaustive research and measures to develop the optimal combination of printer and ink, we have succeeded in reducing VOCs emitted by the ComColor, thus satisfying strict VOC diffusion standards.

Certified for Worldwide Environmental Labels

We aim to bring a safer and more comfortable printing environment to offices all over the world.

The ComColor's unique combination of printer and ink reduces VOC diffusion, lowers environmental impact over the product's lifecycle, and saves energy. It has been certified for some of the world's leading and strictest environmental labels.



Eco Mark



Blue Angel*



Energy Star

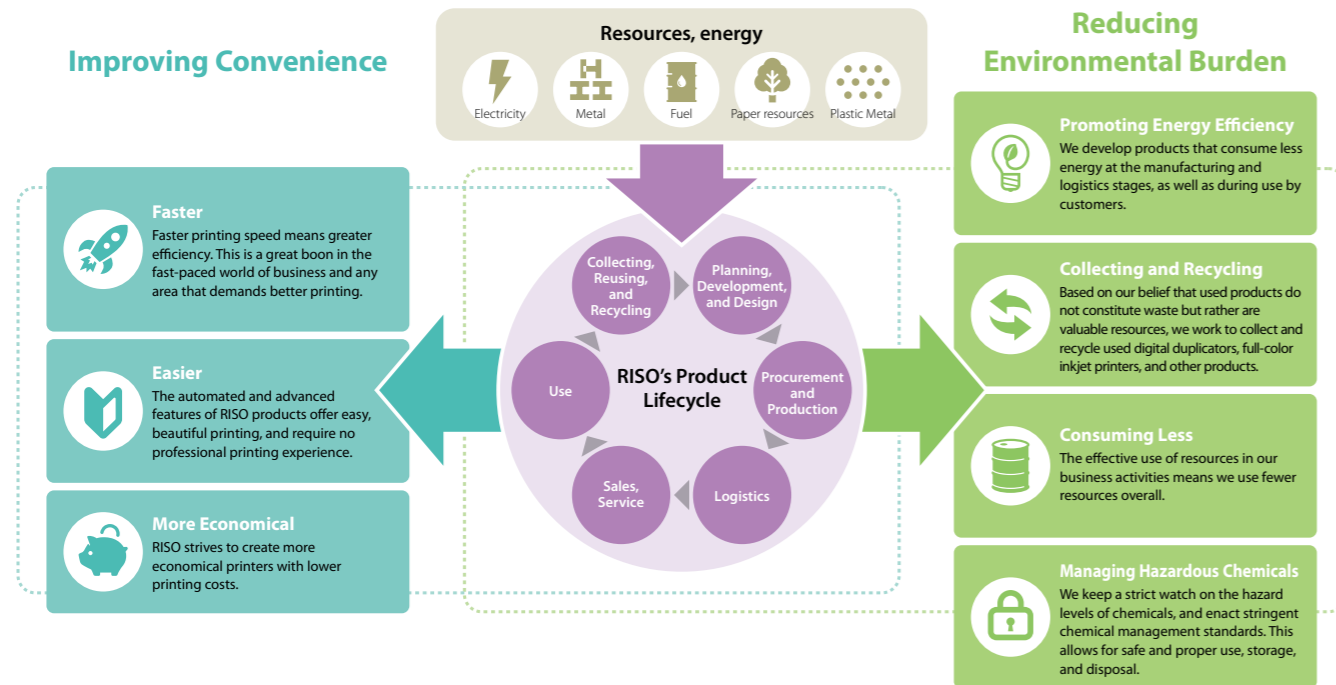


EPEAT*

* Certified product: ComColor FW5230/5231

Approach to Environmental Protection

Improving Convenience while Reducing the Environmental Burden



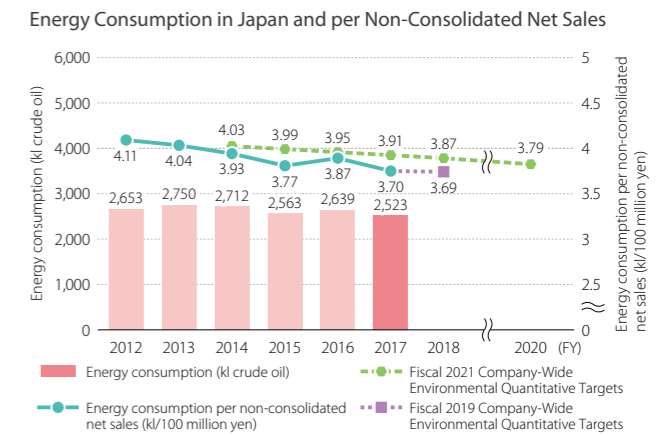
Progress with the Fiscal 2021 Company-Wide Environmental Quantitative Targets

Based on the Action Plan of the Industries of Electrical and Electronics on a Low Carbon Society initiative proposed by the industrial community with the aim of reconciling corporate growth and global warming policies, we are setting yearly goals towards achieving the Fiscal 2021 Company-Wide Environmental Quantitative Targets. We are also proceeding with activities that reduce our overall impact on the environment.

◆ Reducing Energy Consumption (Crude Oil-Equivalent)

Throughout our domestic Japanese operations, we will:

>> Reduce the energy consumption rate per non-consolidated net sales to 3.79 kl/100 million yen or less by fiscal 2021 (The average annual rate of improvement in per-unit energy consumption between fiscal 2015 and fiscal 2021 is set at 1%. The target will have been achieved if the figure for fiscal 2021 is at least 7.73% greater than the base year of fiscal 2013.)



Scope of calculation: Energy consumption at all RISO business bases (non-consolidated) in Japan (excluding contracted transport operations and company-owned vehicle fuel). Based on non-consolidated net sales.

◆ Reduction of Total CO₂ Emissions

Throughout our domestic Japanese operations, we will:

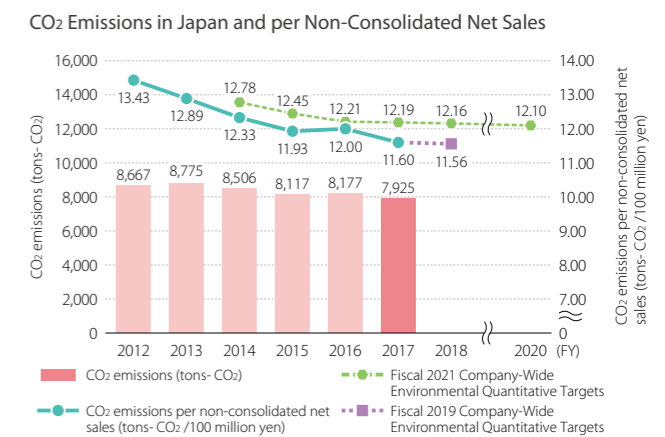
>> Reduce the CO₂ emissions rate per non-consolidated net sales to 12.10 tons- CO₂/100 million yen or less by fiscal 2021

(This is the figure for energy consumption rate per non-consolidated net sales (3.79 kl/100 million yen) converted to the CO₂ emissions rate per non-consolidated net sales, plus CO₂ emissions from distribution activities and RISO-owned vehicles.)

For all domestic production sites, we will:

>> Reduce CO₂ emissions per unit cost of production to 11.50 tons- CO₂/100 million yen or less by fiscal 2021

(This is the figure for energy consumption rate per unit of sales (3.79 kl/100 million yen) converted to CO₂ emissions per unit cost of production.)



Scope of calculation: CO₂ emissions attributable to energy consumption by all RISO domestic sites, fuel consumption by company vehicles, contracted transport for products and services by the Logistics Dept.; based on non-consolidated net sales.

RISO's Environmental Policy

RISO has established the RISO Environmental Charter and the RISO Environmental Protection Principles as clear statements of the Company's stance on environmental initiatives. These declarations serve to guide our company-wide environmental protection program.

RISO Environmental Charter

RISO resolutely acknowledges its membership in the global community, while following a basic philosophy of contributing to society through the development of excellent products. RISO endeavors to contribute to global environmental protection in order to bestow a fair and sound environment to coming generations.

RISO Environmental Protection Principles

1. Development of Environment-Friendly Products

When developing and designing products, we create and execute development policies that reduce the total environmental burden by considering the influence that respective product life stages have on the environment in the manufacturing, logistics, use, recycling, and disposal phases.

2. Resource and Energy Saving

We investigate the influence exerted on the environment by our business activities and try to save resources and energy to reduce environmental burdens.

3. Local Environmental Protection

We observe local environmental regulations and investigate possible risks of contamination to prevent such occurrences in

the case of an emergency, such as leakage.

4. Global Arrangements

We also consider our influence on overseas local communities and environments when operating or exporting products, and we try to respond to the requests of local communities as faithfully as possible.

5. Continual Improvement

We maintain a dynamic organization and system to establish environmental objectives and targets and always work to improve such systems.

6. Environmental Education and Information Disclosure

We educate our employees and carry out publicity activities appropriately, in accordance with the RISO Environmental Charter and the principles detailed above, to help employees deepen their insight on environmental issues.

We also disclose information on environmental issues without hesitation and work on further reducing environmental burdens in cooperation with other community members.

Established on August 28, 1998

Revised on April 1, 2007

Akira Hayama President and C.E.O.

Fiscal 2018 Results

We continued efforts that stressed the importance of conserving electric power in fiscal 2018. We made proactive investment with energy-efficient updates to equipment such as air conditioners and lighting, resulting in electricity savings. Compared to fiscal 2017, energy consumption per non-consolidated net sales decreased by 4% and CO₂ emissions per non-consolidated net sales decreased by 3%. In fiscal 2018, we achieved quantitative targets for both energy consumption per non-consolidated net sales and CO₂ emissions per non-consolidated net sales. Moving forward, we will take appropriate PDCA measures as part of efforts towards further reducing our impact on the environment.

At Our Development and Production Facilities

Rice Bran Oil Ink, Made from Japanese Rice Bran Oil, Expanded to 22 Colors

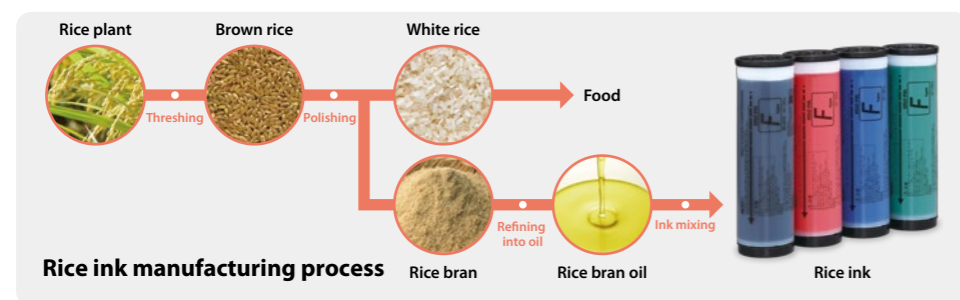
RISO's efforts to minimize its impact on the environment extend to the ink used in digital duplicators. With the idea of using rice bran oil ink made from rice bran oil, we created rice ink, a consistent-quality ink that marks a world first for office printers.

Since the ink is made from Japanese rice bran, compared to soy ink made from imported raw materials, we reduced CO₂ emissions during raw material transport by 87% (2016 data).

In addition, the raw material rice bran can subsequently

be reused, which contributes to waste reduction. Non-edible rice bran (a by-product of rice production) is the raw material for this ink, so using it to make ink means we do not aggravate the problem of food shortage.

When we first started selling rice bran oil ink, it came in only black, but as of 2017 we offer it in 22 colors. We can also provide it in made-to-order colors based on customer requests, thus contributing to their own efforts to protect the environment.



Through Procurement and Logistics

Briefing for Suppliers on chemSHERPA Chemical Substances Scheme

We require that suppliers furnish us with information on the chemicals contained in their materials and parts. In unison with the enactment of chemSHERPA*¹ in fiscal 2017, the format of the chemical substance survey is being shifted from the substance list recommended by JAMP*² to the chemSHERPA format. In September 2017, RISO held a briefing on chemSHERPA for managers of its suppliers in Japan.



RISO's chemSHERPA briefing

*¹ A scheme for the efficient disclosure and transfer of information on chemicals in products, developed by Japan's Ministry of Economy, Trade and Industry (METI).
*² Joint Article Management Promotion Consortium (JAMP).

Using Pallets Made from Recycled Ink Bottles and Ink Cartridges

In fiscal 2018, the used ink bottles and ink cartridges that we had collected were recycled in plastic to make pallets, which are being used at our Tsukuba Plant.

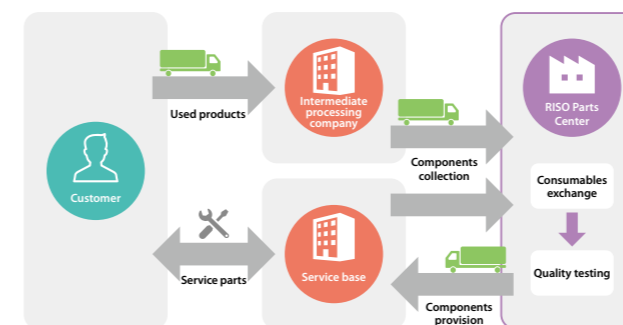


Pallets in use at Tsukuba Plant

Through Sales and Service Activities

Expanding Efforts to Convert Used Products and Components into Reusable Parts

RISO does everything possible to reuse products and components. Some components are collected for reuse and their consumables are replaced at the RISO Parts Center. They are then used again in the market after undergoing quality testing. In fiscal 2018, we increased the number of these reusable components and made sure they were used in as many cases as possible.



Flow of component reuse

Collecting and Recycling Used Ink Bottles

We do everything possible to collect and recycle ink bottles, a printer consumable. The collected ink bottles are crushed and pelletized as recycled resin. These pellets are formed into a range of different plastic products and used to make parts of certain RISO products, or to make promotional goods or shipping pallets.



At Our Work Sites

Participating in the Light Down Campaign

RISO participates in the Japan-wide "CO₂ reduction/Light Down Campaign" every summer. We support this campaign, which is part of a larger initiative by the Ministry of the Environment to halt global warming. In fiscal 2018 as well, RISO turned off all the lights at the Tsukuba and Ube sites for two hours from 8PM to 10PM on the summer solstice on June 21 and Cool Earth Day on July 7.



Light Down Campaign poster

Cool Biz

As a way of counteracting global warming through energy conservation, and in accordance with the action policies set forth by industry associations related to electronics and electricity, every summer we set the air conditioning temperature at 28°C and encourage employees to dress lightly at work in a campaign known as Cool Biz.

Furthermore, we ask our clients who visit us to cooperate in dressing lightly. RISO is increasing the awareness of each employee along with creating posters that notify and educate the public about Cool Biz.



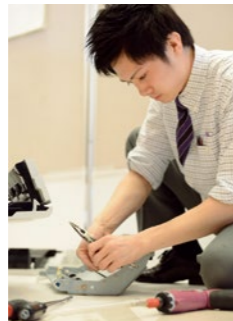
Cool Biz promotion poster

Customer Satisfaction

Elevating CE Technical Ability and Support through Technical Contests

Customer engineers (CEs) are responsible for the task of swift responses to repairs and maintenance inspections, while providing a better printing environment. At RISO, we hold the RISO TECHNICAL CHAMPIONSHIP every year with the purpose of improving CEs' specialized knowledge, technical prowess, and customer relations. The 15th Japan National Championship in January 2018 saw participation by 22 individuals, chosen from a cumulative total of 1,650 participants, in regional qualifying events all over the country. Competitors showed their techniques and skills as they fought through tests involving a written exam, solving mechanical problems, and giving a speech.

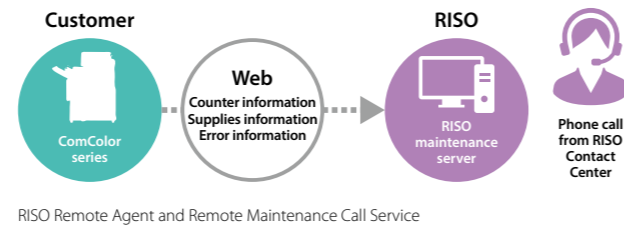
We strive to improve CE's skills on an ongoing basis and step up our maintenance system so that we can strengthen the bonds of trust with customers and contribute to their business growth.



Scene from a practical skills test

Remote Monitoring of Equipment Prevents and Quickly Solves Problems

Through the RISO Remote Agent service, the status of a customer's ComColor is monitored via the Internet, and the information is sent to a maintenance server to ensure high-quality maintenance. Under the Remote Maintenance Call Service, after receiving error information from the ComColor, the RISO Contact Center will phone the customer, thus ensuring quick response and solutions to problems.



RISO Remote Agent and Remote Maintenance Call Service

Building Fulfilling Work Environments

Maintaining a Balance Support System Promotes Work-Life Balance

With the idea that the fulfillment of each employee is connected to the activity of the whole organization, RISO maintains childcare leave, family care leave, and other systems so that employees don't have to choose between their jobs and their families even when things like maternity, childcare, and nursing care necessitate the alteration of work hours or work duties. We are striving to create an environment where women and men can work with peace of mind.

In 2011, RISO received recognition as being a corporation that offers childcare support. After obtaining the "Kurumin" mark, which is given to companies that support childrearing for the next generation, we implemented robust public awareness and other action plans encouraging employees to take

childcare leave and paid time off. That initiative was praised, and we again obtained the "Kurumin" mark in fiscal 2014 and fiscal 2016. We also applied for "Kurumin" certification in fiscal 2018.

In fiscal 2018, there were 42 people (including four men) who made use of the childcare leave system for a total of 2,337 days.



Return-to-Work Support Seminar Helps Employees Balance Work and Childcare

At the annual Return-to-Work Seminar, employees returning to work after taking childcare leave are able to alleviate their concerns through advisory sessions with employees who have been through the same experience.

The fiscal 2018 seminar welcomed four employees who were to return to the workplace following childcare leave. Participants felt positive following the event, commenting that hearing about the experiences of fellow employees helped alleviate concerns they had about returning to work. Overall, we received positive opinions from them about their return to work.



Image from the Return-to-Work Support Seminar

COLUMN Easy Two-Color Printing from Paper Originals

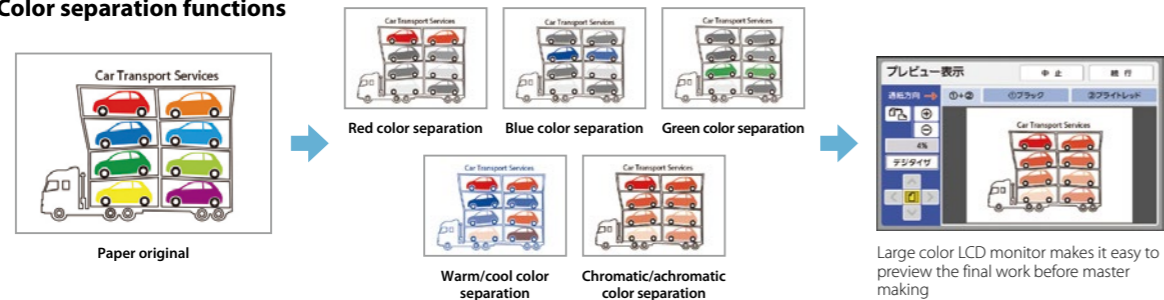
The RISOGRAPH MF Series, released in October 2017, offers an improved function for two-color prints from paper color originals.

The MF's scanner reads a paper color original, identifies colors on the original and separates them into two colors, which creates precise color separation. Optimal color separations can be selected from five types. The final output can be confirmed by clicking the preview on the MF's large color LCD screen, which makes two-color printing easier and more convenient.



MF Series

Color separation functions



Large color LCD monitor makes it easy to preview the final work before master making

COLUMN Advancing Women's Roles in the Workplace

We continue striving to give our female employees a more active role. Under an action plan based on Japan's Act to Advance Women's Success in their Working Life, we have set a target of 15 years or longer for the average length of service for female employees as of April 1, 2021.

In May and October 2017, we held training aimed at encouraging women to envision their careers at RISO. In the May session, the 20 women in attendance did group work in which they examined their strengths and weaknesses and planned projects that would actively involve their colleagues in order to foster leadership abilities. These projects were then implemented in their respective work places and in the October training session, and the participants reported on the results of these projects to their managers.



At an encouragement seminar

Action plan based on Japan's Act to Advance Women's Success in their Working Life

Plan period	April 1, 2016 – April 1, 2021
Target	Raise female employees' average length of service to 15 years or longer as of April 1, 2021.
Details of the implementation of the plan	From April 2016 Carry out career training for female employees Carry out management training for female employees' managers Carry out cross-sectional, individual career consultation and support for female employees provided by female managers From April 2017 Carry out training to assist in career changes for female employees, from general office work to career path positions

Members of the Community

Holding Internship Program

We host an internship for vocational high school and college students. In September 2017, The Riso Research and Design Center in Tsukuba provided work experience opportunities as a manufacturer. Students learned how exciting mechatronics is as they tried designing control devices themselves. The students who attended the event commented that they understood how rewarding it must be to manufacture products using free and creative thinking.



The interns learn about manufacturing products at the RISO Research and Design Center

Welcoming Junior High School Students

In January and February 2018, RISO welcomed second-year students from two junior high schools to learn about working life and future career paths. The visit was part of a program by Japanese schools to visit companies. After hearing a presentation on RISO and its products, the students had questions on things like working, labor, and the company.



Product introduction



Question and answer session

Supporting All Japan High School Model United Nations

RISO cooperated in the 1st All Japan Educational Model United Nations in August 2017 and the 11th All Japan High School Model UN Conference in November 2017. We helped the events go smoothly by providing the ComColor and the RISOGRAPH for printing large volumes of documents.



11th All Japan High School Model UN Conference

Locally Rooted Social Contribution Activities

ComColor Used to Print the Hakone Ekiden Newspaper Extra

In January 2018, RISO's high-speed color IJ printer ComColor was used to quickly print newspaper extras containing the results of the 94th annual Hakone Ekiden (Tokyo-Hakone Round-Trip College Ekiden Relay Race). Working with the race sponsor, the Yomiuri Shimbun, RISO employees quickly printed out a large volume of the locally edited newspaper extras using ComColor printers on a demonstration car. These were distributed to many spectators awaiting the results of the race by the inbound and outbound finish lines.



Newspaper extras distributed at the finish line

Contributing Locally through Relief Support Organizations

We made a monetary donation of 1 million yen to the Community Chest of Fukuoka and Oita Prefecture to support victims and contribute to reconstruction following torrential rains that hit North Kyushu in July 2017.

Joining Blood Donor Clinic

Our employees take part in local blood donor drives every year. In May 2017, many employees took part in a blood donor clinic held at our Tsukuba Works.



Blood donor clinic at Tsukuba Works

RISO at PRINT 17

In September 2017, RISO exhibited products centered around the ComColor GD Series and the RISOGRAPH ME Series at PRINT 17. RISO also displayed the yet-to-be-released RISO T2 high-speed full-color cut-sheet inkjet printer, a concept model for commercial use. The product was praised for offering high productivity despite its compact size.



The RISO booth at PRINT 17



RISO T2

RISO at FESPA 2017 and SHANGHAITEX 2017

In May 2017, RISO took part in FESPA 2017 in Hamburg, Germany, Europe's biggest screen printing and digital printing industry fair. In November 2017, we took part in SHANGHAITEX 2017, an international textile industry trade fair held in Shanghai, China. At both events, we showed our GOCCOPRO QS2536 digital screen maker. At SHANGHAITEX 2017, companies in the Chinese textile industry, which is subject to increasingly stricter government environmental regulations, lauded the GOCCOPRO's high print quality and superior environmental performance.



RISO at FESPA 2017



RISO at SHANGHAITEX 2017

RISO Joins Tree-Planting

In May 2017, 10 employees and family members of RISO Industries (Shenzhen) Ltd. took part in a tree-planting activity held in the Guangming District of Shenzhen City, where the company is located. The event contributed to making the area more green and beautiful.



Employees of RISO Industries (Shenzhen) Ltd. and their family members at the tree-planting event

COLUMN **GOCCOPRO QS2536 Released Worldwide**

In September 2017, RISO launched the GOCCOPRO* QS2536 digital screen maker in countries around the world.

With the adoption of a newly developed line thermal head with high perforation density of 1,200 dpi, the QS2536 makes highly precise screen making on a variety of materials possible. In combination with a RISO digital screen master of the appropriate mesh per inch, the product can print on cloth, plastic, glass, metal, and other materials.

In addition, with the ability to handle large-sized standard frames, the GOCCOPRO QS2536 can be installed on automatic T-shirt printers, which are used extensively in the screen-printing industry. This holds promise for the GOCCOPRO QS2536's wider use in the garment industry in the U.S. and other markets.

* The GOCCOPRO Series employs the RISO Dry Thermal Screen Making System, which does not use water or chemicals to make screens. No emulsion is used, so it does not require film positive output, exposure, or drying, thus making it energy efficient. It also uses no washout steps, so it generates no wastewater and is environmentally friendly.

GOCCOPRO QS2536

Corporate Governance/Compliance/Risk Management

Corporate Governance

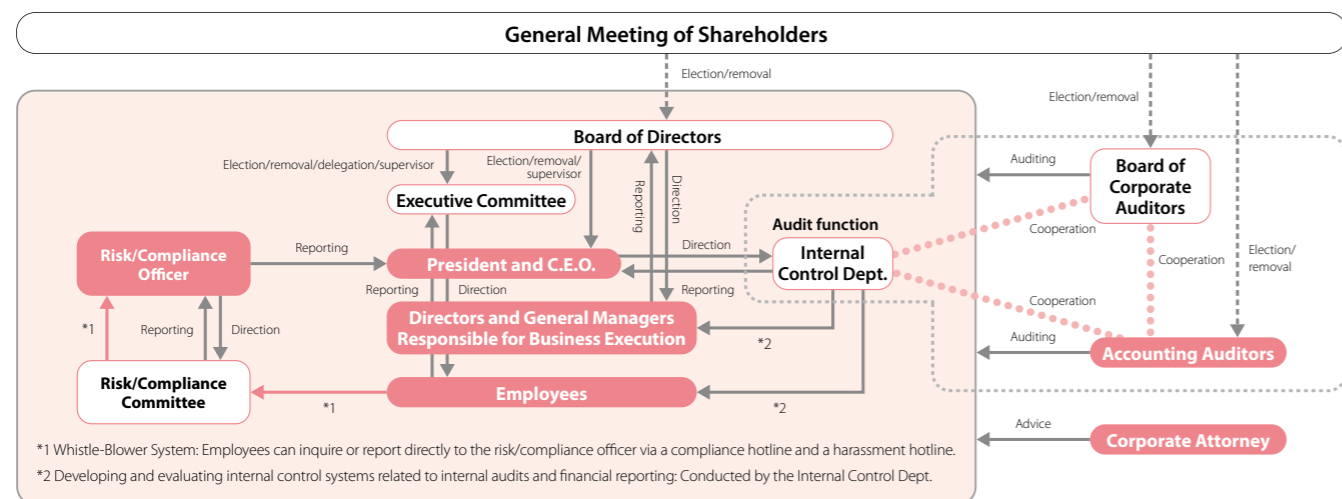
When conducting business, RISO's Board of Directors employs a governance system for important decision-making through the monitoring and direction of an auditor. We also have external directors whose independent stance ensures there is no conflict of interest with regular shareholders. This guarantees a system that is sound and transparent.

RISO's Internal Control Department is the branch set up to maintain and evaluate the internal control system. This department monitors the finances and activity at plants, business sites, and subsidiary companies based on the Official Internal Auditing Regulations.

System to Ensure Compliance

RISO considers compliance fundamental to corporate management. We consider societal ethics and morality to be very serious as we obey both laws and our own internal policies. Furthermore, we strive to conduct business with the understanding that we are, collectively, a member of society. Our Risk/Compliance Committee conducts compliance education and strives to continuously improve and strengthen risk management capabilities. In addition, the committee has the role of ensuring the effectiveness of measures related to matters such as compliance and harassment. This role includes operating a whistleblower system for dealing with incidents reported by employees and for offering consultation to employees. This system also protects the privacy of whistleblowers.

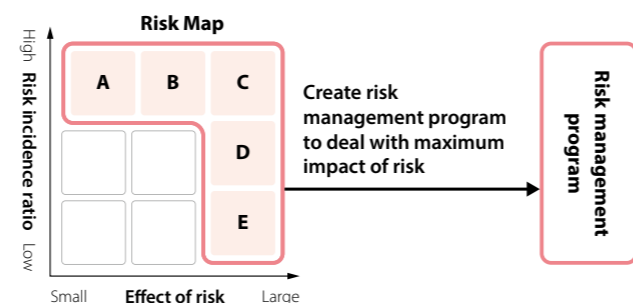
Corporate Governance Structure



Risk Management Systems

RISO has formulated its Regulations to Manage the Risk of Loss, which are based on Japan's Companies Act. For major business and work conducted by the company, the Executive Committee and the Board of Directors analyze associated risks and consider measures for dealing with such risk, then decide which of these measures to implement. The Risk/Compliance Committee analyzes and assesses the effect that a range of risks will have on the RISO Group and creates "risk maps" to outline ways to deal with such risks. By formulating and implementing individual programs to deal with risks that could have a major impact on Group management, we strive to reduce and avoid risks as part of integrated, systematic, and constantly improving efforts.

Overview of Risk Management



Ongoing Compliance Education

RISO holds ongoing compliance awareness and education activities to ensure that company officers and all employees can fully understand and implement compliance.

Every year, we offer e-learning that looks at various case studies related to compliance. The major issues with each case are explained, and participants find ways to properly solve these issues. In a monthly newsletter called "RISO Compliance News," case studies are explained through an easy-to-understand comic-book style so that readers can understand how compliance relates to their everyday work.



"RISO Compliance News"

RISO Holds Company-Wide Drill for Safety-Confirmation System

In August 2017, prior to Japan's Disaster Prevention Day (September 1), RISO held a company-wide drill in confirming the safety of its permanent directors, employees in Japan, and part-time workers. The drill assumed the occurrence of a damage-causing earthquake and tested how well RISO could confirm the whereabouts of employees within two hours after the earthquake occurred. We were able to confirm the whereabouts of 97% of those covered by the drill, and after examining the results of the drill and making adjustments, our safety confirmation system can now respond more quickly and appropriately in case of a natural disaster.

Compliance with Laws and Regulations

As a result of the fiscal 2018 survey of RISO's compliance with relevant environmental laws and regulations, there were no instances of our company being in serious violation of these laws and regulations. We have not received any fines or disciplinary action from administrative government bodies, nor have we received complaints from local residents regarding the environment.

COLUMN Environmental Communication Award

Our 2017 Sustainability Report received an award of excellence in the environmental reporting category in the 21st Environmental Communication Awards, sponsored by Japan's Ministry of the Environment and the Global Environmental Forum. This is the second time we have been honored following the 18th Environmental Communication Awards.

In its comments, the judging panel lauded the report for giving a clear overall picture of RISO's environmental impacts in all business activities including development, manufacturing, procurement, logistics, and sales and service, as well as giving a chronological and detailed account of a wealth of environmental data for each category of business activity.

This award has inspired us to step up our efforts in protecting the environment and disclosing environment-related information.



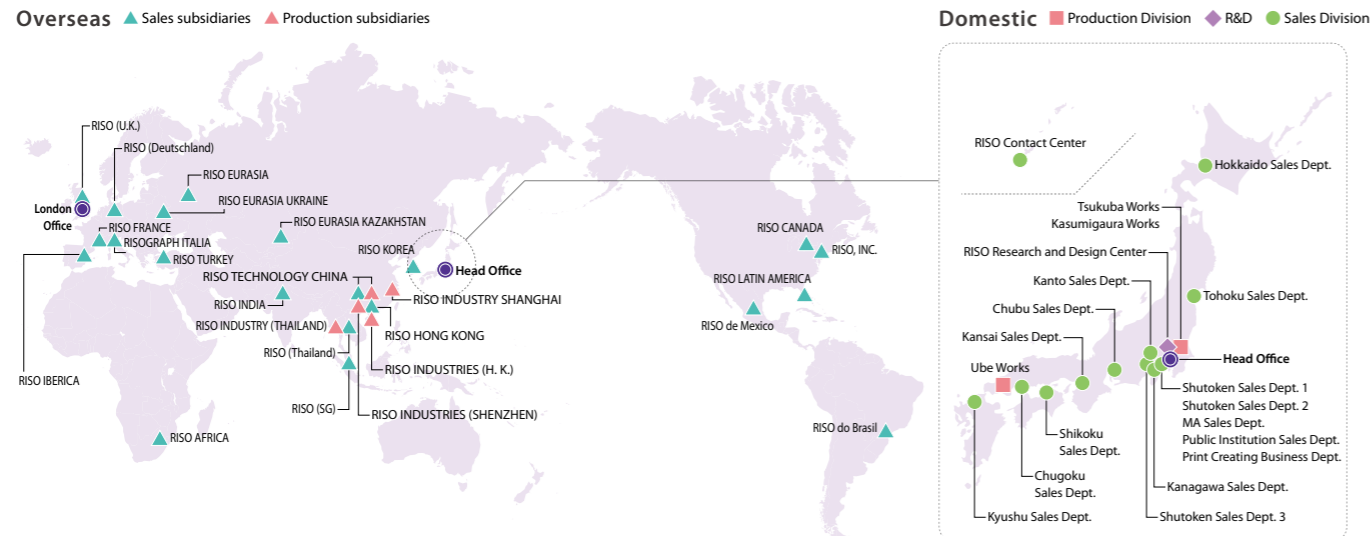
Bringing Unique Printing Solutions to the World

RISO KAGAKU operates a global production and sales network. We use high-speed inkjet technology and digital stencil print technology to provide customers in over 180 countries and regions throughout the world with satisfying products and services.

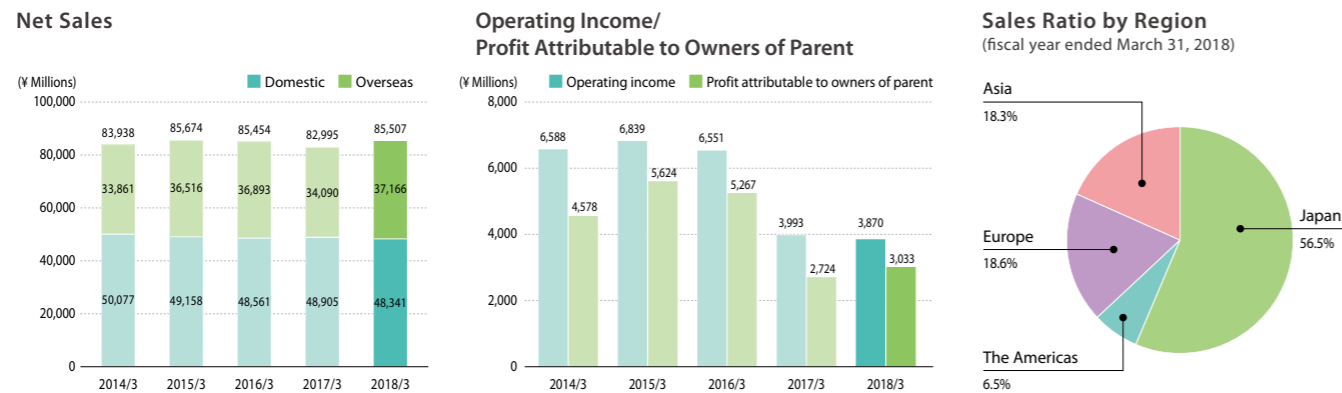
Corporate Profile (as of March 31, 2018)

Corporate name	RISO KAGAKU CORPORATION (RISO KAGAKU CORPORATION)	Paid-in capital	¥14,114,985,384
Established	September 2, 1946	Number of employees	3,638 (RISO Group)
Incorporated	January 25, 1955	Subsidiaries	28 companies (domestic: 2; overseas: 26)
Head office	5-34-7 Shiba, Minato-ku, Tokyo 108-8385, Japan		

Worldwide Facilities (as of July 1, 2018)



Result Highlights (Consolidated Basis)



Environmental Initiatives

- 1992 Established Environmental Committee
Commenced ink cartridge collection and thermal recycling
- 1997 Commenced production of products utilizing recycled plastic from ink cartridges
- 1999 Commenced recycling of RISOGRAPH
- 2000 Tsukuba Plant obtained ISO14001 certification
- 2001 Ube site obtained ISO14001 certification
Launched RISO SOY INK
- 2004 Published Environmental Report 2004
- 2005 RISOGRAPH obtained the Eco Mark environmental label
- 2006 Obtained company-wide single registration of ISO14001 certification at domestic business sites
- 2007 RISOGRAPH conformed to the International Energy Star Program
- 2008 ComColor series obtained the Eco Mark environmental label and conformed to the International Energy Star Program
Published Sustainability Report 2008 in English
- 2012 Launched Returnable Pallets for shipping ComColor series in Japan
- 2014 The ORPHIS EX series was awarded the Energy Conservation Grand Prize in Japan
- 2015 EPEAT registration with RISOGRAPH
- 2016 Launched rice bran oil ink for digital duplicators
ORPHIS series was certified for Germany's Blue Angel Environmental label
- 2017 ORPHIS FW series earned a Product of the Year Award at Eco Mark Award 2016

Main Products



ComColor Full-Color Inkjet Printer

These inkjet printers for business use are capable of high-speed full-color printing with high-volume at low running costs.



RISOGRAPH Digital Duplicator

These duplicators combine proprietary RISO technologies based on the principles of stencil printing. The more prints that are made from a single master, the lower is the cost of each page.



GOCCOPRO Digital Screen Maker

These digital screen makers use the RISO Dry Thermal Screen Making System, which does not use water or chemicals. Their operation is as simple as using a printer for precise, high-resolution screen making.

Since the issue of its first environmental report in 2004, RISO has published regular reports on its environmental protection activities. As part of a larger initiative to communicate in an easy-to-understand manner how the Company's relationships with the environment and society are reflected in its management, the title was changed to "Sustainability Report" in 2006. The report includes concise summaries of fiscal 2018 with the aim of giving readers an easy-to-understand look at our activities.

In conjunction with the introduction of the world's first office printer ink to use Japanese-grown rice bran, we have decided to also use rice bran oil ink in the printing of this report in order to be more environmentally friendly.

The information we could not include in this report, as well as information that has been previously included, can be found on our website (<http://www.riso.co.jp/english/>). Our Data Book, which details RISO business activities, can also be found on our website (Japanese only).

Scope

This report covers all Japanese domestic worksites and sales facilities belonging to RISO KAGAKU CORPORATION and RISO OKINAWA CORPORATION. For overseas operations, this report covers data on environmental burdens at manufacturing sites belonging to the RISO Group as well as certain power, fuel (including Company-owned vehicle fuel), and water consumption-related data for non-manufacturing sites. The scope of data calculation may differ on a case-by-case basis. For details, see each listing.

Website Supplements Printed Version of Sustainability Report

More detailed information on RISO's environmental management and business operations is available online.

Sustainability Report

<http://www.riso.co.jp/english/company/eco/report/>



Sustainability Report
(booklet version)
The booklet version (this version) of the sustainability report is available online as a PDF file.

- Sustainability Report**
(Data Book)(Japanese only)
- Environmental Data
 - Environmental Accounting
 - Environmental Data for Major Plants and Offices
 - Social Data
 - Environmental Reporting Guidelines
 - Cross-Reference Chart



The RISO Website

<http://www.riso.co.jp/english/>

In addition to product information, the website also includes the latest information and updates from RISO.



- Corporate Profile**
 - Message from Management
 - RISO's History
 - Overseas Directory
 - Corporate Data
 - Facilities in Japan
- Environmental Activities**
 - RISO's Basic Policy for Environmental Conservation
 - Environmental Conservation Efforts and Results
 - Environmental Label Certified Products
 - Environmental Report
- Engagement with Society** (Japanese only)
 - Our Customers
 - Our Shareholders and Investors
 - Local Communities
 - General Office Worker Action Plan
 - Management System
 - Our Suppliers
 - Our Employees
- Investor Relations**
 - Management Policies
 - Shareholder Returns
 - Financial Indicators
 - IR Library
 - IR Event Schedule
 - Stock Information

Other Disclosure and Communication Tools



- Corporate Profile**
- Annual Reviews**
 - Corporate Governance Report (Japanese only)
 - Financial Results
 - Securities Report/Internal Controls Report (Japanese only)

RISO no Uta (PR magazine) (Japanese only)



A PR magazine focusing on various aspects of communication

With the aim of enhancing the reliability and objectivity of its sustainability reports, RISO asked a third party to offer opinions regarding report content and endeavored to incorporate those opinions into the production of the reports. This fiscal year we used TUV Rheinland Japan Ltd., the same evaluator that conducted the third-party evaluation of last year's report. RISO continues to pursue accuracy and reader-friendliness in its sustainability reporting, while reinforcing the quality of information it discloses.

Third party verification report for the "RISO KAGAKU CORPORATION Sustainability Report 2018"

RISO KAGAKU CORPORATION
Mr. Akira Hayama, President



July 18, 2018

TUV Rheinland Japan Ltd.
Tobias Schweinfurter, President

1. Scope, purpose and target of the verification

TUV Rheinland Japan Ltd. (hereinafter referred to as the verification body), as an independent third party, verified the "RISO KAGAKU CORPORATION Sustainability Report 2018" and the "Environmental Information on the web" prepared by RISO KAGAKU CORPORATION (hereinafter referred to as the organization) from the view point of:

- Rational calculation methods, reliability of numerical values and adequacy of contents of the report in terms of the environmental report, environmental performance and environmental accounting
- Disclosure of all important information in environmental reporting

The purpose of the verification is to report the results including verification opinions.

Ministry of Environment's "Environmental Reporting Guidelines, and Environmental Reporting Standard," and the report issued by GRI were used as reference during the verification process however, the statement does not imply certification or compliance with these guidelines.

As a result of the verification that was performed in a planned manner, the verification team concludes that the "RISO KAGAKU CORPORATION Sustainability Report 2018" and the "Environmental information on the web" provide accurate data in light of the environmental reporting guidelines that are generally considered adequate as principles of reporting, providing that the organization takes appropriate corrective actions that are required in the verification process.

2. Verification opinion

[General evaluation]

RISO KAGAKU CORPORATION Sustainability Report 2017 won an excellence award for environmental reporting in the 21st Environmental Communication Award in February 2018, sponsored by the Environment Ministry and Global Environmental Forum, on the basis of the selection committee's appreciation of sincere and continual environmental management information. The organization continuously provides detailed and abundant environmental data in each business activities on a time-series basis while clarifying the whole picture of the environmental load throughout business activities including R&D, manufacturing, procurement, sales service and so on. It is hoped that the environmental management information is further enhanced with new topics which are socially expected to be disclosed.

[Environmental management]

Excellent points to be further maintained and expectations to be further improved:

Excellent points:

- Efforts to implement the process of data aggregation that is the base for environmental information disclosure, contribute to higher degree of perfection, which is highly appreciated.
- Environmental targets for FY2017 are all achieved.
- Careful analysis of increase/decrease of the environmental load deserves appreciation as the load changes year to year.

Expectations:

- Shifting the viewpoint from scope 1 (business) to scope 3 (customer) is further required. It would be essential to more focus on enhancing usability and achieving even higher performance of eco-friendly ink.
- The charts 1-29, disclosing detailed data on the website show that the organization has long been observing secular change in data, which is very meaningful, however, it would be preferable to consider replacing them with the timely contents.

[Initiatives connecting users and society]

Special topics include responding to various needs from educational field and achieving both product and environmental performance by using genuine ink. It is praised to take up these initiatives aiming at improving not only product performance but also usability (effectiveness, efficiency and satisfaction) through deepening connection with, an organization's major customer, educational field. In addition, it is commendable that the organization discloses its consumables supply business with its representative product, genuine ink, from the usability point of view. Given rice ink derived from rice bran oil as raw material, in particular, the color variation was increased from 1 (black) to 22 basic colors. It is great to have a wider choice of consumables and it is hoped that the organization continually discloses its environmentally concerned design and development in an easy understanding manner so consumables remain as an option for users to promote their own eco-friendly actions.

[Environmental accounting]

It is highly evaluated that the organization effectively maintains its environmental accounting data aggregation process and has beneficial influence on continual improvement of its environmental management. There is an expectation to the organization that it continues to improve the environmental accounting system which supports environmentally friendly management strategy while applying the environmental accounting principle that compares environmental performance and currency information.

End

Note: The full third-party report is available from the RISO website.