

Sustainability Report 2010



 RISO KAGAKU CORPORATION

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About This Report

Editorial Policy

As in previous years, RISO KAGAKU CORPORATION has outlined certain of its key initiatives in an easy-to-understand manner covering environmental, economic and social perspectives.

Concerning the environmental aspect, *Sustainability Report 2010*, similar to the previous report, systematically explains RISO's environmental protection activities in line with the six RISO Environmental Protection Principles set forth under the RISO Environmental Charter. Also, each applicable section lists fiscal 2010 highlights.

As for the social aspect, this report introduces RISO's major activities involving stakeholders, including customers, shareholders and investors, local communities and employees.

Detailed data on RISO's sites and human resources has been compiled and disclosed as Fact Book, which is posted on the Company's Website.

For easier reading and understanding, *Sustainability Report 2010* has been prepared in accordance with Color Universal Design (CUD) principles.

Scope of the Report

This report covers all Japanese domestic business offices and sales branches of RISO KAGAKU CORPORATION and RISO OKINAWA CORPORATION. It also covers all of the four overseas production bases of the RISO Group, including ZHUHAI FACTORY, RISO TECHNOLOGY ZHUHAI CO., LTD. in China, for the calculation of environmental burden data.

From this report, RISO has started to disclose basic environmental load data—namely, consumption of electricity, fuels (including those used by company vehicles) and water—relating to its overseas non-production bases. Please refer to the Facts section for details.

Period Covered

This report covers fiscal 2010 (the fiscal year from April 1, 2009 to March 31, 2010). Note: Certain initiatives that fall outside the aforementioned period have also been included in this report.

Focus of the Report

This Report outlines certain of the Company's activities from each of the three environmental, economic and social perspectives.

Note: Discrepancies between the scope of environmental and social data are clearly identified.

Publication Date

August 2010
RISO plans to issue its next report in July 2011.

Inquiries

Environmental Activity Promotion Dept., RISO KAGAKU CORPORATION
Tel: +81-29-889-2527

Other Major Publicly Disclosed Documents

RISO regularly posts its business and financial reports on its Website.
URL <http://www.riso.co.jp/english/>

Corporate Data (As of March 31, 2010)

| | |
|---------------------|---|
| Corporate name | RISO KAGAKU CORPORATION |
| Established | September 2, 1946 |
| Incorporated | January 25, 1955 |
| Head office | 5-34-7 Shiba, Minato-ku, Tokyo 108-8385, Japan |
| Paid-in capital | ¥14,114 million |
| Number of employees | 3,140 (RISO Group) |
| Subsidiaries | 24 companies (domestic: 4; overseas: 20) |



A Message from the President

RISO KAGAKU CORPORATION is guided by the RISO Environmental Charter, a basic philosophy that emphasizes efforts that contribute to global environmental protection and initiatives that ensure a sound environment for the next generation. Conscious of the influence exerted on the global environment by the Company's business activities, RISO actively promotes Companywide initiatives that help to reduce environmental burden. In the entire lifecycle of RISO products—encompassing development, manufacture, marketing and sales, as well as use by customers—certain natural resources are consumed, and various wastes are generated. Fully aware of this fact, we believe that it is the RISO Group's mission to create products and services that improve convenience for customers and reduce the environmental burden of their office activities, as well as to continue to consistently provide such products and services.

In January 2010, RISO released the RISOGRAF MD6650W,* industry's first digital duplicator capable of performing automatic duplex printing on A3-sized paper. The RISOGRAF MD6650W is capable of A3-sized duplex printing of a maximum of 200 ppm (100 sheets of paper), or A3-sized, two-color simplex printing of a maximum of 150 sheets per minute. While enabling high-speed duplex printing, the RISOGRAF MD6650W complies with the International Energy Star Program. This new digital duplicator is packed with various energy- and resource-saving features, such as an ink-saving mode, which reduces ink use by approximately 20%.

As a development-driven company, RISO will continue to bolster its technologies to allow its customers to reduce the environmental burden of their operations and to enhance the efficiency of their printing routines. Through such an approach, the Company will keep developing environment-friendly products for customers worldwide.

We have prepared Sustainability Report 2010 to communicate our environmental initiatives to a wide range of stakeholders in a reader-friendly and detailed manner. In addition to our environmental protection activities, this report introduces the Company's corporate governance, compliance and social contribution activities. We sincerely hope that through this report our stakeholders worldwide will understand the RISO Group better. And we would certainly appreciate your candid feedback on our overall activities.

* Only marketed in Japan.

August 2010

Akira Hayama

President and C.E.O.
RISO KAGAKU CORPORATION

Much faster and more cost-effective—RISO is offering a variety of unique printing solutions that accommodate wide-ranging customer needs.

RISO has created many exclusive products and services, pursuant to its development policy of “Create Fundamentally Unique Products.” The Company’s mainstay products are the ComColor series of high-speed color printers and the RISO digital duplicators. These products dramatically improve the efficiency of printing routines in offices. These and other RISO products are working diligently—around you and in many other locations throughout the world—to support communication through printed materials.

Around You

RISO printers are widely used for printing materials with which most people frequently come into contact. Such materials include educational materials used at schools, business memos circulated in offices, circulars, direct mail and community newspapers.

In Offices

“I need to quickly print a massive volume for today’s meeting.”

Speedy printing contributes to efficient business operations.

One hundred sets of a three-page document are required. A 30-sheet-per-minute printer takes 10 minutes, while ComColor 9050 takes only two minutes.



At Schools

“I want to print colorful notices and educational materials at a reasonable cost.”

Full-and two-color printing helps deliver the message.

ComColor printers and RISO digital duplicators (MZ series) can produce impressive and appealing materials through multi-color printing at low cost.



At Stores

“I want to create flyers and direct mail more often and more efficiently.”

Flexible and versatile printing contributes to reinforcing relationships between stores and customers.

ComColor printers and RISO digital duplicators are capable of the speedy printing of fliers and direct mail at required times and in required quantities.



High-speed color printers

The ComColor series printers are capable of high-speed, low-cost output of a large volume of color documents. For example, the ComColor 9050 printer can print a maximum of 150 sheets per minute, contributing to ever-more-efficient printing routines in offices.

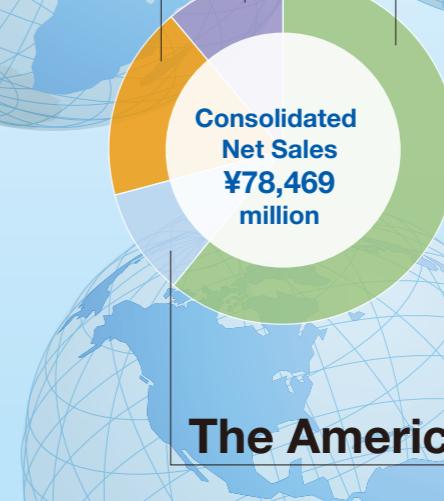
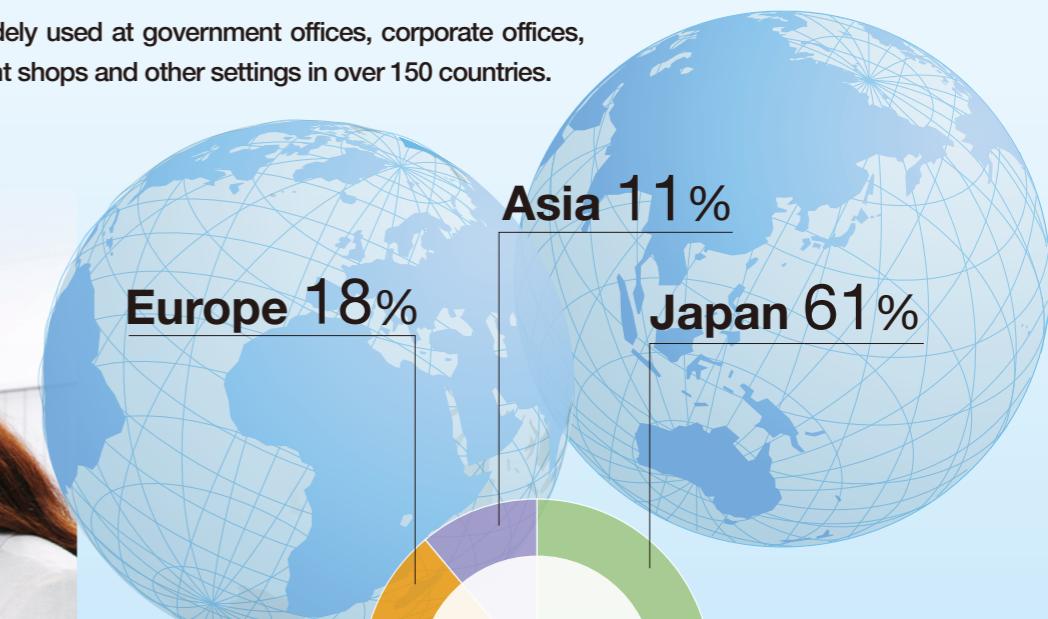


Digital duplicators

The RISO digital duplicators are a range of digital duplicators. RISO digital duplicators are optimal for high-volume photocopying or printing of the same original, while also being capable of photocopying or printing with alternative colors through the replacement of the drum unit.

At Worldwide Locations

RISO products are widely used at government offices, corporate offices, schools, churches, print shops and other settings in over 150 countries.



RISO Digital Duplicators Meeting Wide-Ranging Printing Needs Worldwide.

RISO digital duplicators have been created through the integration of a stencil printing mechanism and RISO's unique technologies. In stencil printing—a simple printing method—inks go through perforations on a master copy to make prints. RISO digital duplicators provide automated processes, including the making of masters, master attachment to and removal from a print drum, and ink supply. This mechanism enables anybody to easily create beautiful prints efficiently and at a reasonable cost. RISO digital duplicators are widely used in government offices, corporations, educational institutions and other settings in more than 150 countries worldwide. Therefore, we are facing ever-diversifying customer needs. Our customers are showing functional requirements such as for faster printing and simultaneous two-color printing, along with environmental requirements such as for the improvement of environmental performance and the establishment of recycling systems. To keep accommodating these and other needs, we continue to strengthen RISO digital duplicators.

RISOGRAF MD6650W* Debuts

In 2010, RISO released the RISOGRAF MD6650W*, a digital duplicator capable of automatic duplex printing and simultaneous two-color printing in one unit. This new digital duplicator has two print drums inside. One side of the paper is printed using the first drum. The paper is then reversed on a dedicated rack, and the other side is printed using the second drum. A single operation enables easy and quick duplex two-color printing, allowing users to shorten their printing times.

* Only marketed in Japan.



Customer feedback, which we receive through daily sales activities and exhibitions, underpins the evolution of RISO digital duplicators.



Voice | Feedback from Users

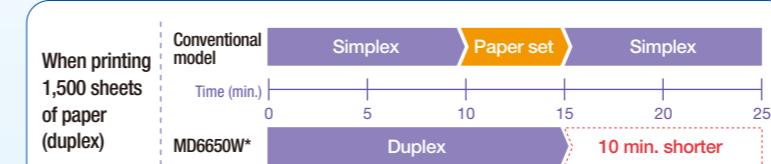
Half-a-Day Task Completed in an Hour! Our Productivity Has Been Significantly Improved.



Michiko Saito, Section Chief (right)
Chieko Mushakouji, Project Manager (left)
Social Welfare Corporation Abikoshi Social Welfare Council

At the Social Welfare Corporation Abikoshi Social Welfare Council, we create and print our own PR tools. These tools include fliers and posters to notify community members of bazaars and other events, as well as direct mail. We are taking advantage of the duplex, two-color printing capabilities of the RISOGRAF MD6650W.* In addition to PR tools, we print our internal documents ourselves. Before we encountered the RISOGRAF MD6650W,* we used to perform single-sided printing to create our materials, forcing us to use the printer twice to make a double-sided print. So, one of us would occupy the printer for at least half a day. After we started using the RISOGRAF MD6650W,* however, we can finish the necessary printing in just an hour, without hassle. What is more, the quality of the prints is outstanding compared with our previous printer. We will continue to enjoy the benefits of duplex, two-color printing and create various printed materials efficiently.

Excellent Efficiency of the RISOGRAF MD6650W*



† Conditions: Conventional model Simplex 150 sheets/min. MD6650W* Duplex 100 sheets/min.

Comment from RISOGRAF MD6650W* Creators



Shigenori Ishii
General Manager,
RP Business R&D Dept.
K&D Development Center,
R&D Division



Shinichi Takahira
Manager,
ME Designing Dept.
R&D Center,
R&D Division

Automatic A3-Sized Duplex Printing Serving Our Customers

We had long pursued the development of a RISO digital duplicator capable of automatic A3-sized duplex printing. Our previous digital duplicators used a straight path for the paper feed. However, for the RISOGRAF MD6650W,* we developed a path in a dedicated rack where the paper is reversed. In addition, a Gripper Unit is provided to enable automatic duplex printing in a single operation.

Gripper Unit enables automatic duplex printing.

After one side of paper is printed, the paper is held by a Gripper Unit when reversed. At this point, air is blown onto the paper to dry the inks. This mechanism realizes automatic duplex printing.



Voice | Feedback from Users

Shorter Printing Times Enable Us to Talk to Our Students Longer



Mr. Sibanyoni (left)
Deputy Principal, Davey High School
Prince Morgan (right)
RISO Africa

Because the RISO digital duplicator we use can print quickly, the time we spend to prepare our educational materials has substantially decreased. Thanks to this speed, we can now spend more time on actual education. We can surely say that the duplicator is helping us improve the quality of our programs.

Comment from Marketing Staff



Sonia Anderson
Manager,
Marketing & Environmental
RISO AFRICA (PTY) LTD.

We Will Strengthen Our Support in the Education Sector.

The spread of education holds the key to the development of South Africa. RISO digital duplicators, which are energy-efficient and capable of high-speed printing, reduce teachers' printing burden and thereby make significant contributions on the educational frontlines. Meanwhile, RISO AFRICA is actively supporting wildlife protection and environmental education. By strengthening communication with environmental organizations and principals of local schools, we are proactively providing assistance to promote environmental preservation.

The Company's Environmental Conservation

RISO has established an Environmental Management System for the whole corporation based on the "RISO Environmental Charter" and the "RISO Environmental Protection Principles" and now promotes environmental protection actively in its daily corporate operations worldwide.

RISO established the "RISO Environmental Charter" and the "RISO Environmental Protection Principles" in August 1998 to clearly demonstrate its environmental approach.

The RISO Environmental Protection Principles serve as practical guidelines for promoting environmental protection activities.

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 total environmental burden by considering the influence that respective product life stages have on the environment in the manufacturing, distribution, 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 occurrence 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 & C.E.O.

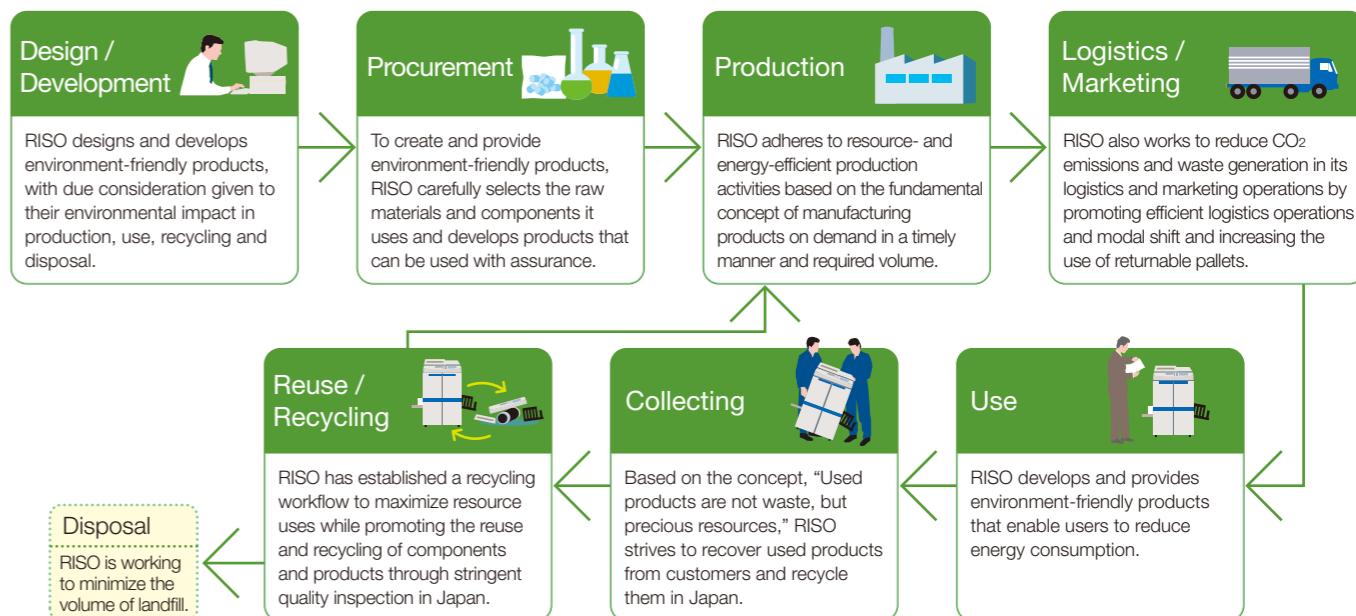
RISO Environmental Protection Principles and Achievements in Fiscal 2010

Pursuant to the RISO Environmental Protection Principles, RISO is proactively striving to reduce the environmental burden of its activities and products.

The following table shows our major activities and achievements during fiscal 2010.

| RISO Environmental Protection Principles | FY10 Achievements | Page in this Report |
|---|--|---------------------|
| 1. Development of Environment-Friendly Products | Reduced lifecycle CO ₂ emissions (LC-CO ₂) of new ComColor models by 40% compared with conventional models. | P. 8-9 |
| 2. Resource and Energy Saving | Collected a total of 2,748 tons of used products and achieved a recycling rate of 99.2%, up 1.5 points year on year. Reduced CO ₂ emissions in Japan by 527 tons year on year to 9,093 tons. | P. 10-13 |
| 3. Local Environmental Protection | Caused no major accidents or violations regarding environmental laws and regulations. Faced no penalties or administrative guidance by governmental organizations. | P. 14-15 |
| 4. Global Arrangements | Promoted the registration of certain substances used in our products in line with the EU REACH Regulation. Implemented necessary measures regarding Substances of Very High Concerns (SVHC). Conducted operations overseas in accordance with region-specific requirements and conditions. Obtained certification under the China Environmental Labeling Program. | P. 16-17 |
| 5. Continual Improvement | Established Companywide environmental objectives and targets and promoted related activities. | P. 18-21 |
| 6. Environmental Education and Information Disclosure | Conducted internal auditor training to improve the quality of business processes and thereby reduce the environmental burden of corporate activities. Offered new recruits and mid-career employees Basic Environmental Education Programs (e-learning). Published <i>Sustainability Report 2009</i> . Posted <i>Sustainability Report 2009</i> on our Website. | P. 22-23 |

Environmental Protection Activities over Product Lifecycle



1. Development of Environment-Friendly Products

RISO develops products by giving due consideration to reducing the lifecycle environmental burden, right from the planning stage.

Fiscal 2010 Highlights

40% Reduction of LC-CO₂

RISO reflected the results of lifecycle assessment (LCA) on the design and development of the new ComColor series of high-speed color printers that made their debut in fiscal 2010. As a result, the basic performance has been improved, and the LC-CO₂ see Note 1 of these new models has been reduced by 40% compared with conventional models.

Basic Approach in R&D

Founding Philosophy Underpins Our Leading-Edge Print Solutions

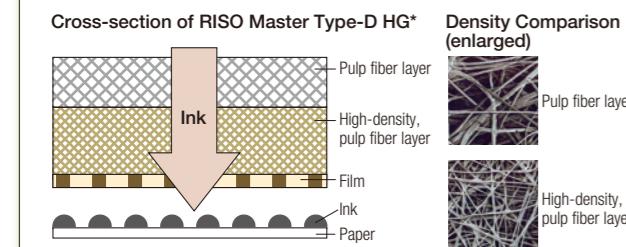
RISO's R&D philosophy is to "Create Fundamentally Unique Products." Over the years, RISO has developed and manufactured a wide range of products that provide advanced print solutions based on its unique print technology, as typified by the RISO digital duplicators.

RISO has long adhered to such an R&D stance, which has enabled it to incorporate innovative environmental design into the development of its flagship ComColor series printers and RISO EZ series duplicators, as well as into other environment-friendly products, such as the RISO SOYINK.

TOPICS Ink Transfer Volume Optimized

Conventional print masters have a layer of pulp fiber. In contrast, the RISO Master Type-D HG* see Note 2—used in the RISOGRAF MD6650W—has two layers, with the additional layer being more dense. This innovative double-layer master has optimized the volume of ink transferred onto the paper. Optimized ink transfer has resulted in finer color gradation and reproduction.

* Marketed in limited regions.



Note 1 LC-CO₂

Environmental burden over a product's life cycle converted into the amount of CO₂ emissions

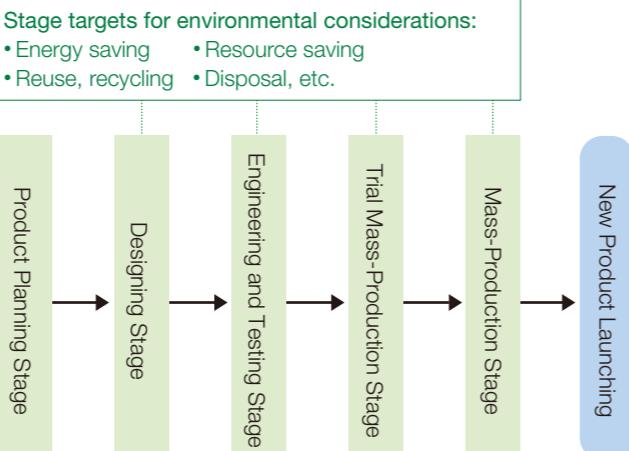
Process for Implementing Environmental Considerations into Products

Thorough Environmental Considerations for RISO Products

RISO assigns five stages—from product planning to mass production. In each of these five stages, RISO sets targets for such items as environmental considerations, product quality, costs and schedule. By monitoring the progress of these targets, we make decisions on whether we can proceed to the next stage.

Stage targets for environmental considerations include energy and resource saving, reuse, recycling and disposal.

Process for Implementing Environmental Considerations



Note 2 Master

A component that serves as the master copy in stencil printing, a printing method used in RISO digital duplicators. Inks go through perforations on this master copy to make prints.

Environmental Considerations for RISO Products

Environmental Considerations for the ComColor Series and the RISO EZ Series

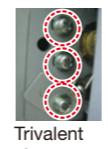
Common Environmental Considerations

Compliance with the RoHS Directive

see Note 3



Chromium-free plate
Lead-free solder



Trivalent chromate screws



Halogen-free resins for most components

Recycling-oriented design



Easy-to-peel stickers



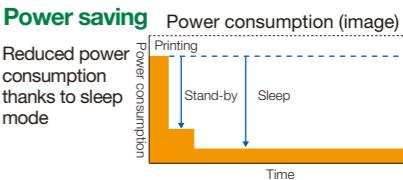
Recycling code number for easy sorting

Environmental label acquisition

- International ENERGY STAR® Program



Power saving



Environmental Considerations for the ComColor Series

Smaller footprint compared with conventional models resulted in a substantial reduction in weight and LC-CO₂.

The use of cardboard and Ink Spout in ink cartridges has resulted in the reduced use of resin per cartridge.

Environmental Considerations for the RISO EZ Series

Ink-saving mode is provided.

Resin used in ink bottles is recycled into caps for ink bottles.

Reduced ink thickness has decreased printing load.

RISO SOYINK is used.

Note 3 Compliance with the RoHS Directive

The EU's RoHS Directive restricts the use of six hazardous substances in the manufacture of various types of electronic and electrical equipment. These substances are lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ether.

2. Resource and Energy Saving

RISO is working to reduce waste generated through its operations while maximizing resource utilization through the collection and recycling of used products.

Fiscal 2010 Highlights

Achieved the Specific Final Waste Disposal Rate for Industrial Waste of 1.3%.

By focusing on the collection and recycling of used products, RISO is working to reduce the industrial waste it generates. Also, RISO is actively tackling the appropriate separation of industrial waste generated at its plants. As a result, the specific final waste disposal rate for industrial waste stood at 1.3% for fiscal 2010.



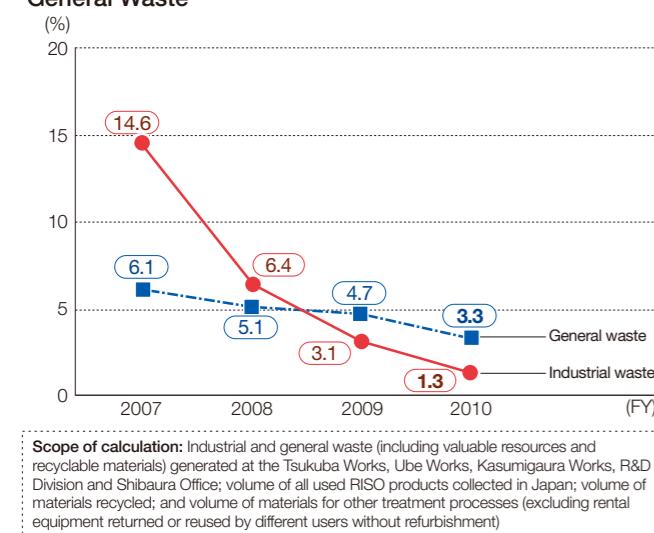
Resource Saving in Operations

Promotion of Recycling

RISO promotes 3R activities [see Note 1](#) to reduce waste [see Note 2](#) generated through its operations. In particular, the Company focuses on the reduction of the amount and rate of waste that is not recycled but is used for landfill. The amount and rate are indicated by the specific final waste disposal amount and rate, respectively.

RISO calculates the specific final waste disposal amount as the total of the amount of waste used directly for landfill, the residue and ashes resulting from recycling processes and used for landfill and waste incinerated. Then, RISO calculates the specific final waste disposal rate as the ratio of the specific final waste disposal amount to the total waste it generates. With the aim of lowering the amount and rate as close to zero as possible, RISO is striving to reduce waste while maximizing the use of resources.

Specific Final Waste Disposal Rates for Industrial and General Waste



Note 1 3R
Reduce: Term representing the idea of suppressing waste generation
Reuse: Term representing the idea of reusing waste
Recycle: Term representing the idea of treating and processing waste for renewed uses

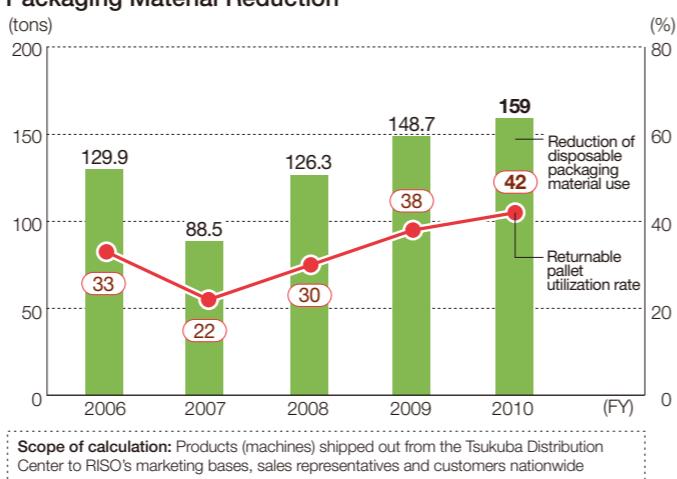
Reducing General Waste

In fiscal 2010, RISO strengthened its activities for the appropriate separation of waste and the effective use of waste to achieve its goal in Japan of decreasing its specific final waste disposal rate to 1.0% or lower. As a result, we managed to lower the rate by 1.4 points year on year to 3.3% but failed to achieve our goal. RISO will continue to reinforce initiatives aimed at reducing general waste, including the promotion of employee education on waste sorting.



Seminar on waste sorting (Tsukuba Works)

Returnable Pallet Utilization Rate and Disposable Packaging Material Reduction



Note 2 Waste
RISO considers all unwanted substances generated from its operational processes—including valuable resources, resources to be recycled, and resources to be reused in-house—as wastes.

Reduction of Disposable Packaging Material Use

In product shipments, RISO is increasing the use of returnable pallets and metal racks, while decreasing the use of cardboard, Styrofoam and other disposable packaging materials.

In fiscal 2010, the returnable pallet utilization rate was 42%. This figure represents a 159-ton reduction of disposable packaging material use.

Reducing Water Consumption

Of the water used at RISO's production bases, approximately 30% is used for the raw materials of products and as raw water for boiler steam. The rest, 70%, is for nonindustrial use.

RISO's water consumption in fiscal 2010 totaled 31,208 cubic meters, down 6.7% from fiscal 2009.

The trend for water consumption is listed as environment related index on page 36 of this report.

Collection and Recycling of Used Products

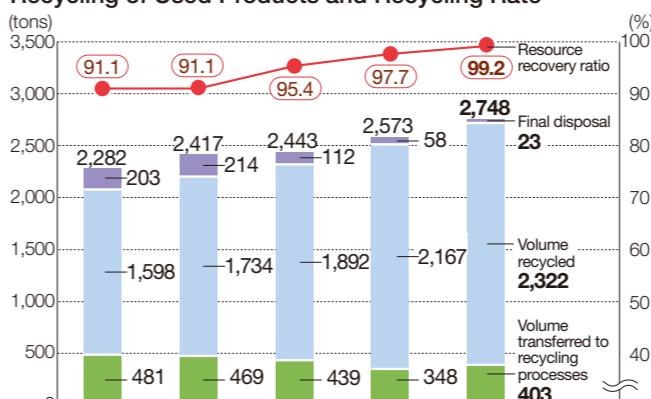
Promotion of Effective Resource Use Worldwide

In line with the idea, "Used products are not waste, but precious resources," RISO is actively collecting and recycling used RISO products, including printers and ink bottles.

In fiscal 2010, the volume of used RISO products collected totaled 2,748 tons, up 175 tons year on year. The final waste disposal amount decreased to 23 tons as a result of promoting the recycling of used products recovered. The recycling rate stood at 99.2%, representing a year-on-year improvement of 1.5 points.

The trend in used product collection is listed as an environment-related index on page 36 of this report.

Recycling of Used Products and Recycling Rate



Certification for Wide-Area Recycling Practice Implementation

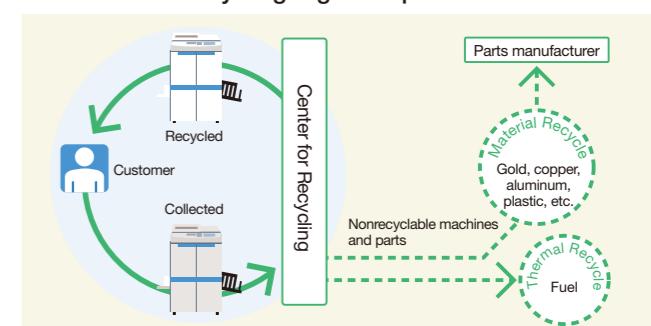
With the aim of promoting the reuse and recycling of used RISO products and thereby reducing its final waste disposal amount, RISO is working to standardize its collection and recycling practices in Japan while planning to obtain a certification from the Minister of the Environment of Japan for the wide-area implementation of the standardized practices.

This wide-area waste disposal agent certification system [see Note 3](#) is drawing attention as a means of allowing manufacturers themselves to conduct waste processing and promote advanced waste recycling.

Promotion of Digital Duplicator Recycling

RISO collects used digital duplicators, which are then dismantled and divided into consumables and reusable components. Though the consumables are replaced, the reusable components are inspected under RISO's quality assurance standards, with only accepted components being reassembled in new printers after cleaning and repainting. Finished digital duplicators undergo rigorous testing prior to shipment as recycled products. The non-reusables are sent to subcontractors for resource recovery.

Flow Chart of Recycling Digital Duplicators



Note 3 Wide-Area Waste Disposal Agent Certification System

A special system promoted by the Ministry of the Environment of Japan. Under this system, manufacturers are allowed to conduct advanced recycling based on their proprietary knowledge, and they are exempt from the requirement to obtain waste collecting permissions from local governments.

2. Resource and Energy Saving

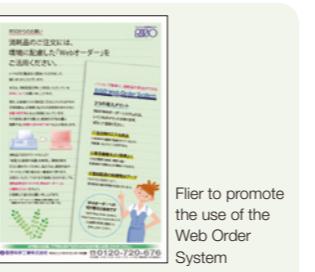
RISO promotes energy-saving practices as well as activities aimed at reducing CO₂ emissions on a Companywide basis.

Fiscal 2010 Highlights

Web Order System* Launched for Power and Resource Saving

RISO previously received customer orders for consumables via faxes. The electricity and paper used for these faxes per annum can be converted into more than one ton of CO₂ emissions, which is equivalent to the amount of CO₂ absorbed by 71 eighty-year-old Japanese cedars. Through the promotion of a Web Order System, RISO is working to save electricity and resources.

* Only available in Japan.



Energy-Saving Initiatives in Operations

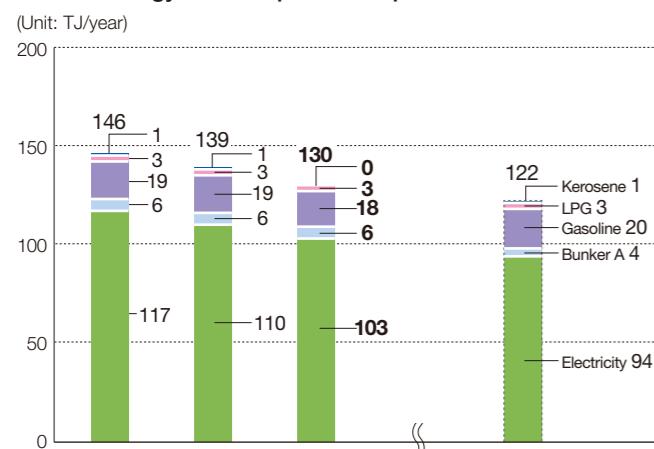
Companywide Energy Saving and CO₂ Reduction

RISO promotes energy-saving practices as well as activities aimed at reducing CO₂ emissions on a Companywide basis to contribute to global warming prevention.

In fiscal 2010, RISO's Companywide energy consumption totaled 130 terajoules (TJs) see Note 1, down 9 terajoules from fiscal 2009. The Company's CO₂ emissions totaled 9,093 t-CO₂, down 527 t-CO₂ year on year. CO₂ emissions per unit of net sales stood at 0.1376 t-CO₂/million yen, a year-on-year improvement of 0.0029 t-CO₂/million yen, or 2.0%.

In March 2010, RISO formulated a Medium- and Long-Term Energy-Saving Promotion Plan and environmental targets, both of which extend through to fiscal 2016. In line with the plan and targets, the Company will further strengthen energy-saving activities and initiatives to reduce CO₂ emissions.

RISO's Energy Consumption in Japan



Scope of calculation: Energy consumption at all RISO business bases (non-consolidated) in Japan, excluding that associated with contracted transport operations.

* The graph above shows the results of recalculation based on the conversion factors redefined in line with the March 14, 2009 revision to the Energy Saving Law. Electricity consumption has been recalculated by clearly dividing daytime and nighttime consumption. These changes caused the figures above to differ from those on previous reports.

Note 1 Terajoule

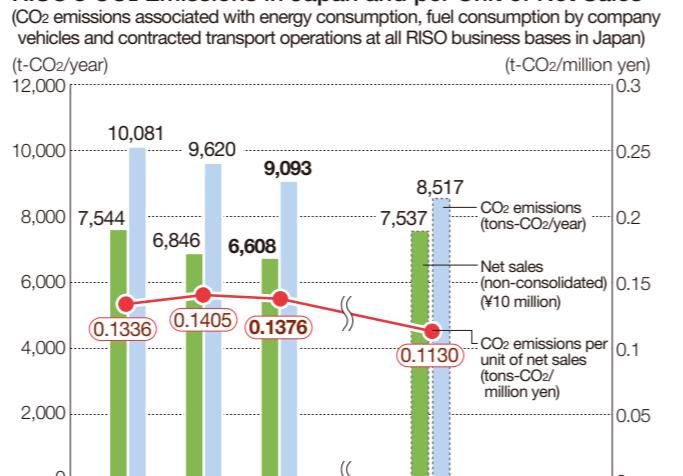
The joule is a derived unit of energy or work equal to the work done when a current of one ampere passes through a resistance of one ohm for one second. The terajoule (TJ) is equal to one trillion joules.

Energy Saving and CO₂ Reduction in Production

Adhering to the concept of manufacturing products in demand in a timely manner and in required volume, RISO's production departments engage in lean manufacturing operations that effectively use resources and energy. Also, RISO avoids introducing high-volume, high-speed production facilities at the same time. Instead, when necessary, the Company introduces facilities in a stepwise manner to respond to the exact demand level while developing in-house facilities as much as possible based on its know-how and expertise.

During fiscal 2010, RISO promoted improvements of production processes and energy efficiency through facility enhancement. Specifically, the Company optimized air-conditioning operations while streamlining network servers. As a result, RISO achieved its fiscal 2010 goal of reducing both CO₂ emissions and CO₂ emissions per unit cost of production at its three domestic production sites. (Please see "RISO Group Environmental Objectives and Targets" on pages 20 and 21 for details.)

RISO's CO₂ Emissions in Japan and per Unit of Net Sales



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 has corrected an error made in the fiscal 2009 calculation of electricity and LPG consumption at the Tsukuba Works.

CO₂ Conversion of Energy

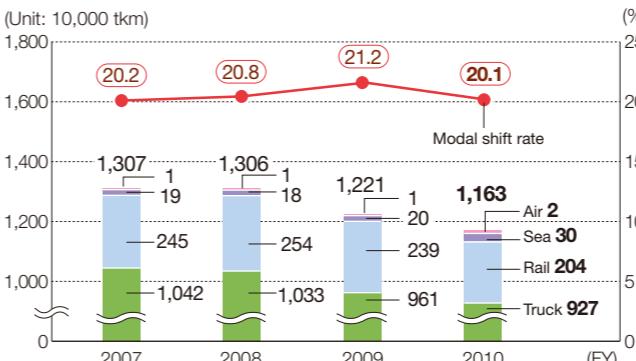
In converting energy consumption into CO₂ emissions, RISO uses the conversion factors contained in Article 3 of the Cabinet Order for the Law Concerning the Promotion of Measures to Cope with Global Warming. For data consistency, however, the conversion factor of 0.555 t-CO₂/MWh is used for electricity.

CO₂ Reduction in Contracted Transport Operations

RISO does not fall under the category of "specific shippers" defined under the Law Concerning the Rational Use of Energy in Japan. However, with the aim of reducing the environmental burden of its product transport, the Company endeavors to grasp the exact volume of contracted transport, thereby working to reduce CO₂ emissions from these operations.

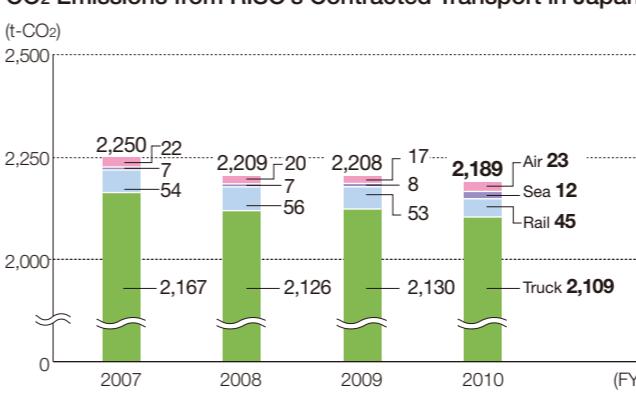
During fiscal 2010, RISO continued to promote a modal shift see Note 2 by switching the mode of transport of certain products and increasing marine transport. However, RISO's modal shift rate for fiscal 2010 declined 1.1 points to 20.1% year on year due to a 5% year-on-year decrease in the contracted transport volume and to a year-on-year increase in small-lot air transport of service parts. The volume of RISO's contracted transport in Japan during fiscal 2010 totaled 11.63 million tkm, and the resultant CO₂ emissions stood at 2,189 t-CO₂.

Breakdown of RISO's Contracted Transport by Mode and Modal Shift Rate



Scope of calculation: Volume of contracted transport (of products, components, raw materials, waste and used products) in Japan by the Logistics Dept., Sales Dept., plants and the Center for Recycling

CO₂ Emissions from RISO's Contracted Transport in Japan



Scope of calculation: CO₂ emissions attributable to contracted transport (of products, components, raw materials, waste and used products) in Japan by the Logistics Dept., Sales Dept., plants and the Center for Recycling

Conversion of CO₂ emissions involving contracted transport

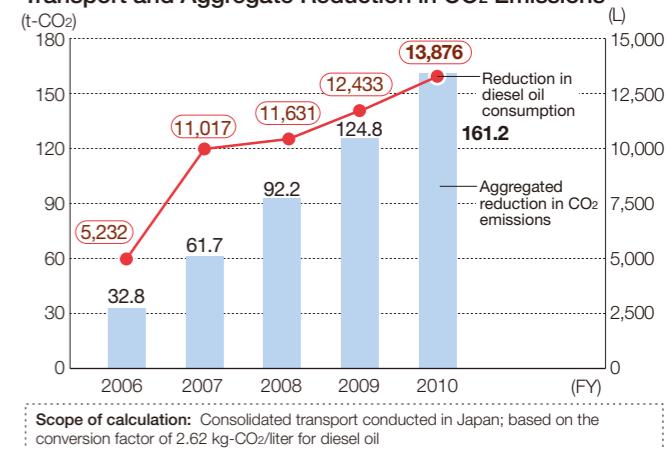
Conversions factors—contained in the Method for Calculating Energy Consumption Involving Contracted Transport (Public Notice No. 66 of the Ministry of Economy, Trade and Industry of March 29, 2006) and the Method for Calculating CO₂ Emissions in the Logistics Field: Joint Guidelines Ver.2.0 (Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism)—are used.

Promotion of Consolidated Transport

RISO and Clean Up Co., Ltd. together started the implementation of a consolidated transport in October 2003. In fiscal 2010, RISO was able to reduce diesel oil-equivalent fuel consumption by 13,876 liters from the fiscal 2004 level, which was a figure recorded prior to the introduction of the consolidated transport system. The total reduction in such fuel consumption since fiscal 2004 is equivalent to a 161.2-ton reduction in CO₂ emissions.*

* Conversion factor for diesel oil: 2.62 kg-CO₂/L

Reduction in Diesel Oil Consumption through Consolidated Transport and Aggregate Reduction in CO₂ Emissions



Energy and Resource Saving at Offices and Sales Division

IT Utilization for Energy and Resource Saving

Each department at RISO's head office is promoting energy- and resource-saving efforts, which are centered on reducing overtime hours through improved business efficiency.

During fiscal 2010, RISO continued efforts to reduce electricity consumption at its head office by promoting a "Cool Biz" campaign and optimizing office environments. In addition, pursuant to the Law Concerning Preservation of National Tax Records in Electronic Form, the Company turned approximately 70% of its national tax records into digital data, thereby saving paper resources and improving work efficiency.

Meanwhile, the Sales Division is promoting a Web Order System,* through which RISO receives customer orders for consumables via the Internet. This initiative has enabled us to reduce our electricity and resource consumption compared with the previous fax-only order system. In fact, the number of orders received via the Internet during fiscal 2010 increased 13,000 year on year. This increase in Web-based orders is equivalent to a year-on-year CO₂ emissions reduction of 26 kilograms.

* Only available in Japan.

Note 2 Modal Shift

Although this generally indicates a shift in transportation mode, more specifically it means a changeover from truck and air transport to rail and sea transport in order to reduce greenhouse gases and nitrogen oxide emissions into the environment.

3. Local Environmental Protection

In addition to observing the environmental laws and regulations of the Japanese government and local municipalities, RISO works to identify the risk of pollution and contamination in preparation for possible accidents and other emergencies, while striving to prevent such risks from materializing.

Fiscal 2010 Highlights

Drills Conducted in Preparation for Possible Leaks of Liquid Substances

RISO handles various liquid substances, including raw materials for inks, heavy oil and adhesives. To minimize the impact of possible leaks and the spread of liquid substances in the event of accidents or earthquakes, RISO conducts drills specific to individual substances and facilities.



Drill to block leaks

Environmental Compliance Status

Continued Compliance with Environmental Laws and Regulations

In fiscal 2010, RISO assessed the status of its compliance with laws and regulations. The results showed that the Company is complying with all laws and regulations. In addition, RISO has neither faced penalty charges nor received administrative advice from any governmental organization. Furthermore, the Company has not received any environment-related complaints from neighbors of its business bases.

However, there has been a case of the mislabeling of recycling codes placed on bottles of RISO SCREEN INK.* Specifically, the code "PE" was mislabeled as "PUR-E" or "PET." This has caused trouble for the users of applicable RISO products. A section on RISO's Website* explains the background and current status of this incident. For the backlog of applicable products, we have used stickers to correct the mislabeling. Also, we have reinforced our product management systems to prevent the recurrence of such incidents.

* For details, please visit our Website at:
<http://www.riso.co.jp/important/> (Japanese language only)

Monitoring and Measurement

Voluntary Standards More Stringent Than Regulatory Standards

RISO performs periodic mandatory monitoring and measurement of air, water, noise and vibration, as well as of environmental burden items, such as energy consumption, water usage, and volume of industrial waste disposal. These are carried out not only to comply with the regulations for environmental quality standards, but also to build up a picture of actual environmental impact and to evaluate the results of

our environmental burden reduction activities.

In actual monitoring, each works sets its own thresholds for these environmental burden items and implements countermeasures in advance as necessary. In this way, the Company is working to prevent each environmental burden item from exceeding its threshold. Also, to prevent such incidents even in the case of facility and/or equipment failure, RISO constantly monitors and measures not only items that are legally stipulated, but also items that are designated voluntarily, including the insulation resistance and amperage of motors and pumps. These initiatives help us to identify abnormalities in facilities and equipment at an early stage and conduct appropriate maintenance operations.



Regular monitoring of wastewater

Response to Soil Contamination

RISO's production bases conduct thorough management of chemical substances and careful inspection of facilities to prevent soil contamination.

Asbestos Use

The Company has conducted an asbestos survey and confirmed that no asbestos is utilized in the manufacture and sale of its products. In cooperation with building contractors, further surveys were carried out into whether asbestos was used, for example, in the spray painting of buildings. Excluding cement-hardened corrugated walls [see Note 1](#), the Company was again able to confirm that no asbestos was present.

Note 1 Corrugated walls

Though corrugated walls are said not to be the cause of airborne asbestos, the decision was made to take adequate precautions to prevent the scattering of asbestos dust when dismantling and removing them.

Training and Educational Programs for Accidents and Emergencies

Comprehensive Disaster Training and Emergency Training

Environmental risks in RISO's business activities include fires caused by accidents, earthquakes and other natural disasters, oil leakage due to facilities failure, and water and soil contamination.

To better prepare the Company for such risks, RISO's individual works conduct comprehensive disaster training every year in order to be ready for fires and earthquakes. In addition, they conduct training for process- and operation-specific emergencies, such as oil leakage.

Issues and problems identified through these training programs are attended and solved through the review of emergency action plans, enhancement of emergency gears and improvement of facilities and equipment. In this way, we are working to minimize the possibility of such risks materializing as well as the impact should they materialize.



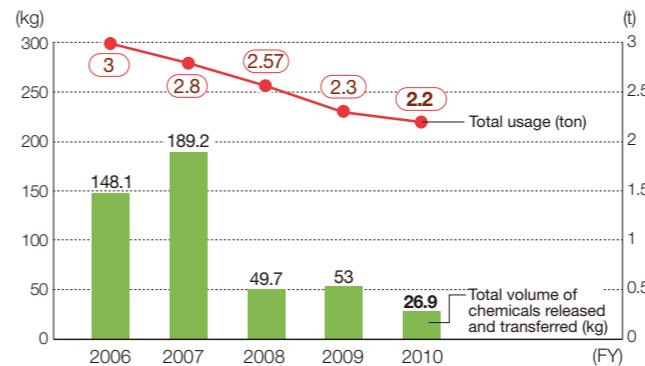
Comprehensive disaster training

Chemical Substance Handling Management

Appropriate Handling of Chemical Substances

RISO requests each supplier to provide MSDS [see Note 2](#) to verify the characteristics of each substance, including toxicity,

Consumption, Release and Transfer of PRTR-Regulated Chemical Substances



Note 2 MSDS(Material Safety Data Sheet)

An MSDS is a form provided by the suppliers of products containing certain chemical substances when these products are sold or transferred to another party. It helps businesses to promote appropriate management of chemical substances. An MSDS also lists substance properties and handling information.

handling precautions, storage and disposal methods, in order to ensure proper handling. Based on such investigation, RISO established specific standards to facilitate the safe use and storage of these chemicals.

PCB Treatment

RISO plans to outsource the processing of transformers and capacitors that contain polychlorobiphenyl (PCB) when external processors are ready to accept such equipment. Until then, the Company will manage and store applicable transformers and capacitors in a secure manner while conducting regular inspections.

Cutting Off PRTR Listed Substances

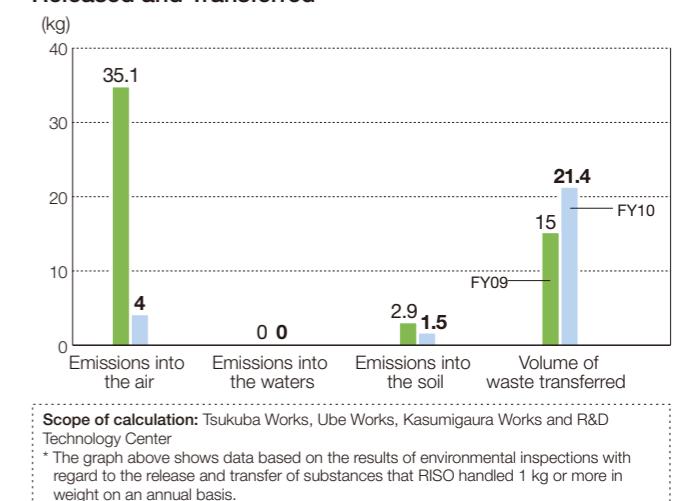
RISO is investigating the environmental release and transfer of toxic chemicals listed in PRTR [see Note 3](#). Based on this investigation, RISO examines the possibility of reducing toxic releases, or switching to alternatives, so that total releases and transfers during the manufacturing process are minimized.

Total usage of PRTR-regulated chemical substance in fiscal 2010 was 2.2 tons, a decrease of 0.1 ton compared with fiscal 2009. Total volume of PRTR-regulated substances released and transferred in fiscal 2010 decreased 49% compared with the figure in fiscal 2009. Due to an increase in product defects in the manufacturing process, the volume of waste transferred increased 6.4 kilograms from fiscal 2009.

By constantly considering the use of alternative substances, the Company will strive to reduce the use of PRTR-listed substances.

Details of PRTR-regulated chemical substances released and transferred are listed as an environment related index on page 36 of this report.

Volume of PRTR-Designated Chemical Substances Released and Transferred



Note 3 PRTR-Regulated Chemical Substances

Chemical substances that are regulated under the Pollutant Release and Transfer Register (PRTR) System. Under this system, businesses are required to tabulate and grasp the volume of hazardous chemical substances released into the environment or transferred outside of their business sites in the form of waste, and they are required to submit such data to related authorities.

4. Global Arrangements

RISO considers its influence on overseas local communities and environments when operating or exporting products, and it tries to respond to the requests of local communities as faithfully as possible.

Fiscal 2010 Highlights

Promoting Compliance with Environmental Regulations Worldwide

Based on the principles of "Not accepting products and materials that contain hazardous chemical substances" and "Not using hazardous chemical substances in its manufacturing processes," RISO has formulated the Riso Kagaku Group Green Procurement Standard. In line with this standard, the Company has eliminated the use of six hazardous materials restricted under the RoHS Directive and accelerated its initiatives to ensure compliance with the EU REACH Regulation.

Green Procurement

Procurement of Environment-Friendly Components and Materials

In 2005, RISO formulated the Riso Kagaku Group Green Procurement Standard based on the principles of "Not accepting products and materials that contain hazardous chemical substances" and "Not using hazardous chemical substances in its manufacturing processes." While procuring from suppliers only the components and materials that satisfy this standard, RISO requests these suppliers to establish an environmental management system (EMS). Furthermore, by serving as an evaluator, RISO supports suppliers in the acquisition of EcoStage EMS certification [\(see Note 1\)](#).

From fiscal 2009, RISO has implemented green procurement audits for these suppliers. Through such audits, the Company has confirmed that these suppliers have satisfied the standards of controlling chemical substances defined under the Riso Kagaku Group Green Procurement Standard.

As a result of these activities, RISO has completely eliminated the use of the six substances (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ether) restricted under the RoHS Directive [\(see Note 2\)](#) in all of its products.

In fiscal 2011, RISO plans to revise the Riso Kagaku Group Green Procurement Standard to ensure its compliance with the EU REACH Regulation [\(see Note 3\)](#) and other environmental regulations in force throughout the world. Based on the revised standard, and with due consideration given to regulatory compliance and environmental burden, the Company will work to strengthen the management of chemical substances contained in its products.

Management of Chemical Substances

Compliance with Country-Specific Laws and Regulations

The entire world is witnessing the accelerated development of laws and regulations regarding chemical substance control. The content of such laws and regulations has become more stringent since the implementation of the EU RoHS Directive.

In response to this trend, RISO introduced a Product Environmental Data System in fiscal 2009. This system facilitates the effective management of various hazardous chemical substances present in a large number of raw materials and components used in our products. This system has enabled RISO to conduct chemical substance management more accurately and efficiently. More specifically, we are now able to check the status of legal and regulatory compliance in each country where we operate, respond more quickly to stakeholder inquiries and reflect new regulatory measures in the environmental design of our products.



Data entry screen of the Product Environmental Information System

Compliance with the EU REACH Regulation

To ensure compliance with the REACH Regulation, which took effect in June 2007, RISO is reviewing the chemical substances it uses while advancing the necessary registration of applicable substances.

Note 1 EcoStage

A type of environmental management system. The EcoStage Institute in Japan provides EMS assessments and certifications.

Note 2 RoHS Directive

The EU's directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment restricts the use of six hazardous materials.

Note 3 EU REACH Regulation

The EU's directive of registration, evaluation, authorization and restriction of chemicals requires the appropriate registration and control of chemical substances according to the quantity used. The directive also stipulates different control standards for different quantity ranges and toxicity levels.

Registration Status

RISO had completed preliminary registration for all applicable chemical substances by December 1, 2008.

The Company is currently promoting the registration of these substances in line with the respective registration deadlines.

Timetable for REACH Registration



* Very toxic to aquatic organisms/risk of long-term adverse effects

** Cancerogenic, mutagenic, reprotoxic

Response to Obligations for Notification and Registration

Manufacturers whose products contain substances designated as Substances of Very High Concern (SVHC) [\(see Note 4\)](#) under the REACH Regulation are required to notify their business partners of the use of such substances and register such substances to related EU authorities in accordance with prescribed criteria. By March 30, 2010, RISO had conducted a review of the Second Edition of SVHCs (30 substances) announced by the European Chemicals Agency (ECHA). The review results showed that RISO is using none of the regulated substances in its products.

RISO's Environmental Initiatives Overseas

Groupwide Reduction of Environmental Burden

The RISO Group provides its products and services to customers in more than 150 countries throughout the world.

To accurately grasp the Groupwide environmental burden and effectively reduce it, RISO started to collect the environmental burden data of its overseas production bases in fiscal 2008 and of its overseas non-production bases in fiscal 2009. Tables on the following page show the results of the data collection. Such data is used in our activities to reduce the Group's environmental burden.

(Data on the environmental burden of overseas production and non-production bases is listed on page 35 of this report.)

Note 4 Substance of Very High Concern (SVHC)

SVHCs are sometimes referred to as the Candidate List of Substances of Very High Concern for Authorization. Businesses (importers) who use substances designated by the REACH Regulation may be obliged to notify their business partners of the use of such substances and report such usage to related EU authorities.

Collection and Recycling of Used RISO Products

RISO is promoting the collection and recycling of used RISO products overseas in line with local laws and societal demand. In South Korea, RISO is operating under a used-product collection and recycling framework. The Company has begun preparations for a similar framework in China.

Acquisition of Certification under the China Environmental Labeling Program

For the products that it manufactures and markets overseas, RISO works to acquire local environmental labels, while disclosing product information appropriately.

In November 2008, RISO TECHNOLOGY ZHUHAI CO., LTD. in China—ahead of industry competitors—acquired Type-II certification under the China Environmental Labeling Program [\(see Note 5\)](#) for its KS800C digital duplicator. Also, in March 2009, this Chinese subsidiary acquired Type-I certification under the same program for its digital duplicators, namely, KS850C and the EV2/3/5 series.



Type-II Certificate of the China Environmental Labeling Program



Type-I Certificate of the China Environmental Labeling Program

5. Continual Improvement

RISO maintains a dynamic organization and system to establish environmental objectives and targets and always works to improve them.

Fiscal 2010 Highlights

Introduction of Effectiveness Audits

In fiscal 2010, RISO introduced effectiveness audits in order not only to monitor the status of compliance with environmental laws and regulations and internal rules, but also to check if daily operations are conducted appropriately, are producing tangible results and can be improved for greater efficiency. These audits are helping us to enhance the quality and performance of our operations.



Structure for Promoting Environmental Protection Activities

At RISO, the President & C.E.O. serves as the chief executive in charge of promoting environmental protection activities, while also being responsible for the administration and improvement of the environmental management system for the entire Company.

RISO uses a Companywide EMS in combination with an EMS for its head office and business offices to promote environmental protection activities in line with the Riso Environmental Charter and the Riso Environmental Protection Principles. The Companywide EMS is aimed at improving the environmental performance on a Companywide scale. The EMS for the head office and business offices enables the effective resolution of office-specific environmental issues.

Establishment of Operation-Specific EMS

administrator for environment-friendly design works to ensure that requirements and objectives for environment-friendly design are strictly reflected in the development of RISO products. Also, the administrator is tasked with managing the progress of implementing environmental considerations in the Company's products.

Practical EMS Implementation

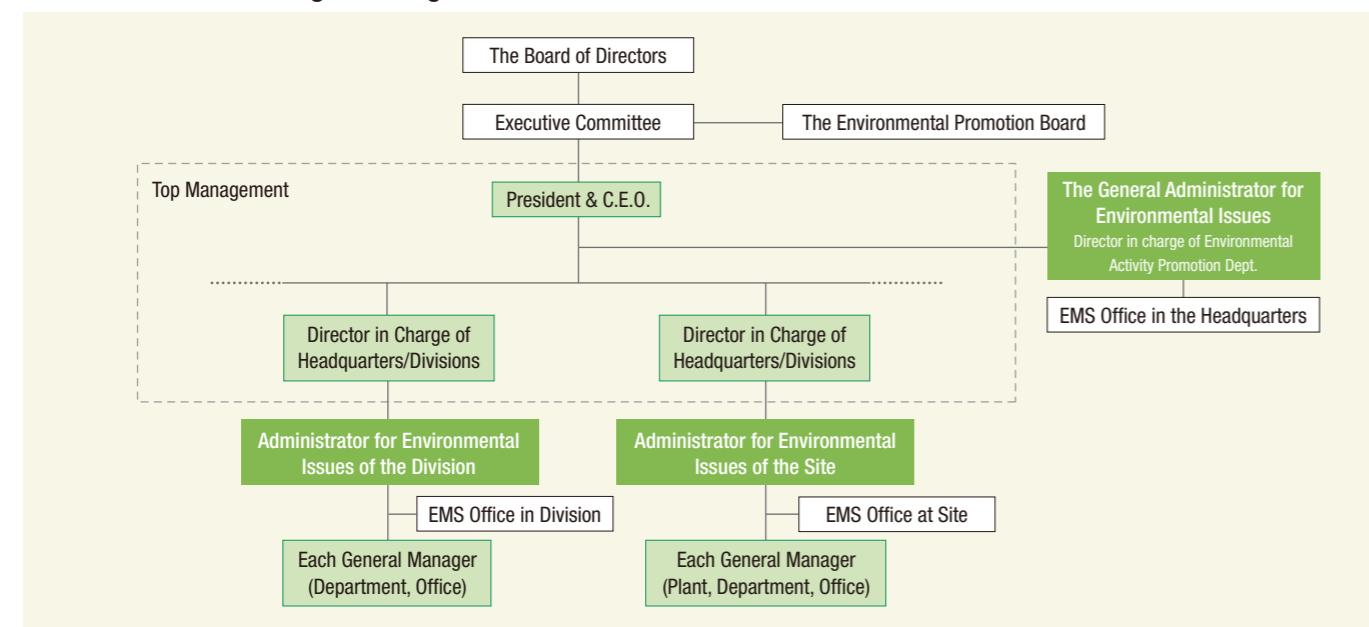
Under the EMS for the head office and business offices, each office takes specific approaches congruent to the characteristics of its workplaces and operations. The Production Division and the Research and Development Division, which handle a wide range of chemical substances, administer the EMS with particular focus given to careful handling and management of chemical substances. Meanwhile, the Sales Division and the Corporate Headquarters at the head office use their EMS to enhance communication with customers and improve the quality of operations.

Based on such an organizational structure, RISO is implementing practical environmental management. In other words, RISO tackles Companywide issues and problems by joining the forces of all departments and offices, while individual departments and offices work on their own issues and problems through their own approaches.

Posting of an Administrator for Environment-Friendly Design

RISO appoints an administrator for environment-friendly design who manages environmental activities relating to its products. The

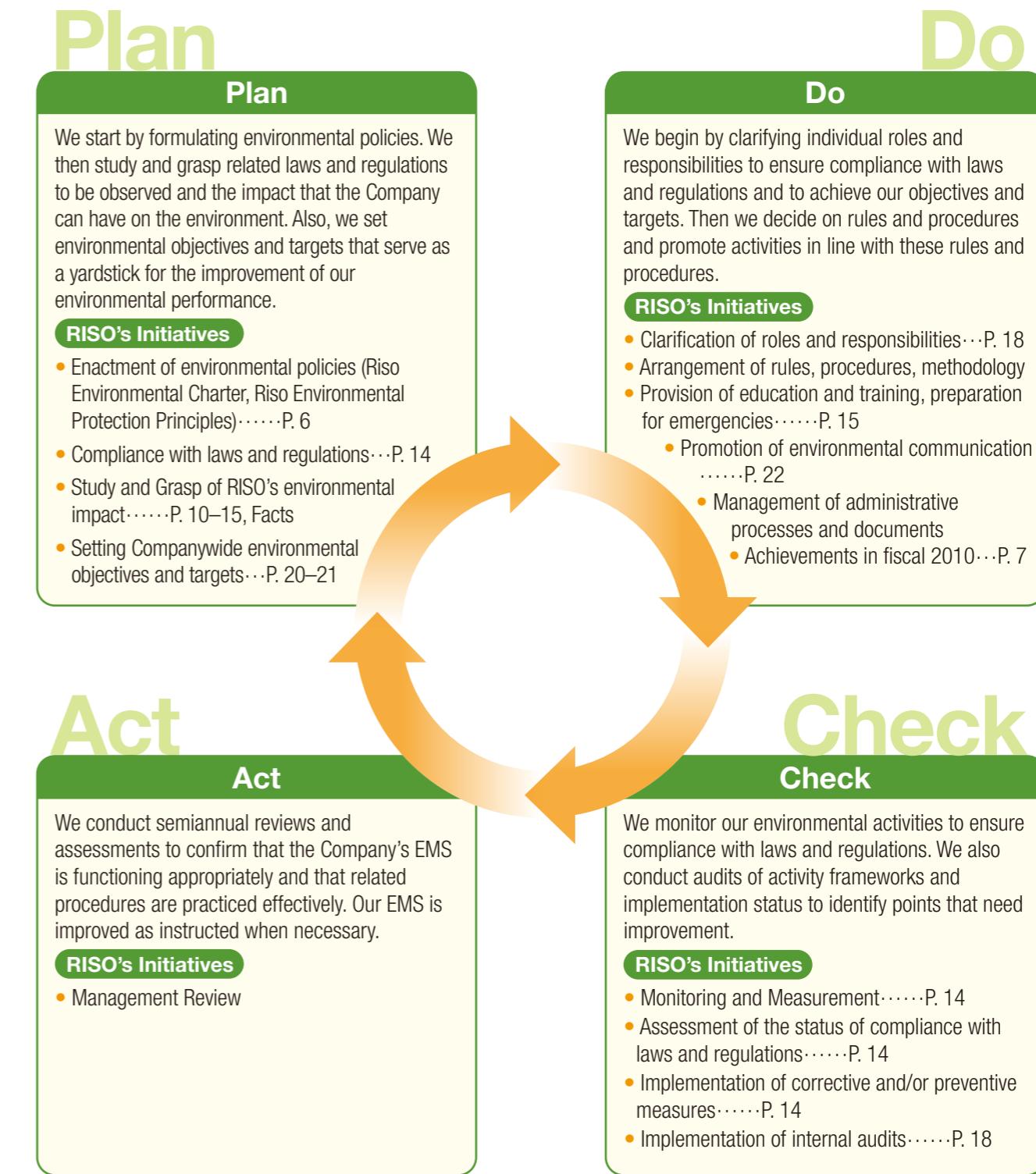
Total Environmental Management Organization



Continual Improvement through EMS

Continual Improvement Realized through a PDCA Cycle

RISO is working to achieve the continual improvement of its EMS by operating an effective PDCA cycle.



5. Continual Improvement

Rating symbols: ○: Achieved; △: Improved; ×: Not Achieved

RISO Group Environmental Objectives and Targets

Achievements in Fiscal 2010

Fiscal 2011 Targets with an Eye to Fiscal 2016

In an effort to implement environmental activities on a Companywide basis, RISO started to set Companywide objectives and targets to reduce environmental burden and improve the environmental management system (EMS) in December 2005.

Fiscal 2011 is the final year for the current environmental objectives. Accordingly, the Company revised its Companywide environmental objectives and targets in March 2010, with an eye to the Company's prospects five years ahead.

The table to the right shows RISO's achievements of environmental targets as well as Companywide environmental objectives and targets from fiscal 2011 onward.

Reduction of Total CO₂ Emissions and Per-Unit CO₂ Emissions

RISO reduced its CO₂ emissions far more than its fiscal 2010 target. RISO accomplished the target in terms of reducing CO₂ emissions per unit cost of production. However, the Company was not able to achieve the target in terms of reducing CO₂ emissions per unit of net sales. This was attributable to an unexpectedly significant fall in net sales.

To further reduce its CO₂ emissions and per-unit CO₂ emissions, RISO has formulated its environmental objectives, targets and action plans that will be effective through 2015 and has begun related activities in fiscal 2011.

Reduction of Specific Final Waste Disposal Rate

RISO came close to achieving its reduction target for the specific final waste disposal rate for industrial waste. Although RISO was not able to achieve its reduction target for the specific final waste disposal rate for general waste, it accomplished a year-on-year improvement. From fiscal 2011 onward, the Company will continue to reduce these rates through efficient and effective operations.

Establishing Frameworks for Collecting and Recycling Used Product

Overseas, RISO is promoting the collection and recycling of used RISO products based on a framework that it has established in South Korea. In China, despite some delay, the Company has finalized and established a structure to promote local collection and recycling. With the aim of beginning the trial implementation of the framework in fiscal 2012, we will continue necessary examination and preparatory processes in fiscal 2011.

In Japan, RISO applied for certification as a wide-area waste disposal agent in March 2010 for the collection and recycling of used RISO products. The Company expects to obtain the certification during fiscal 2011 and start operations as a certified wide-area waste disposal agent.

Furthermore, to facilitate the efficient and effective collection and recycling of used RISO products, the Company has set two new objectives for fiscal 2011—namely, “improving processes for the transport, storage and recycling of used RISO products” and “increasing the use of re-pellet resin recycled from used ink bottles.”

| Environmental Objectives | FY10 Environmental Targets | FY10 Achievements | Rating | FY11 Environmental Objectives and Targets |
|---|---|---|--------|--|
| Prevention of global warming Reduction of CO ₂ emissions and energy consumption | | | | |
| In fiscal 2011, improve CO ₂ emissions per unit of net sales for all RISO Group operations in Japan by 18% compared with fiscal 2005. | Reduce CO ₂ emissions per unit of net sales for all RISO Group operations in Japan to 0.1219 t-CO ₂ /million yen or lower (Reduce CO ₂ emissions by 334 tons from fiscal 2009 figure) (fiscal 2005: 0.1466 ⇒ fiscal 2010: 0.1219). | For RISO's operations in Japan, CO ₂ emissions per unit of net sales were 0.1376 t-CO ₂ /million yen, and CO ₂ emissions decreased 527 tons from the fiscal 2009 level. RISO was unable to achieve the target set for these reductions. | △ | Reduce total CO ₂ emissions from all RISO Group operations in Japan in fiscal 2016 by 15% compared with the fiscal 2006 level. Improve CO ₂ emissions per unit of net sales for all RISO Group operations in Japan in fiscal 2016 by 20% compared with the fiscal 2006 level. Reduce total CO ₂ emissions from all RISO Group operations in Japan in fiscal 2011 by 12% compared with the fiscal 2006 level (reduce the figure to 8,807 t-CO ₂ or lower). Improve CO ₂ emissions per unit of net sales for all RISO Group operations in Japan in fiscal 2011 by 9% compared with the fiscal 2006 level (reduce the figure to 0.1286 t-CO ₂ /million yen or lower). |
| In fiscal 2011, improve total CO ₂ emissions per unit cost of production at production bases by 36% compared with fiscal 2001. | Reduce total CO ₂ emissions per unit cost of production at production sites to 0.1248 t-CO ₂ /million yen or lower (Reduce CO ₂ emissions by 65 tons from fiscal 2009 figure) (fiscal 2001: 0.1927 ⇒ fiscal 2010: 0.1248). | For all RISO production bases, CO ₂ emissions per unit cost of production were 0.1245 t-CO ₂ /million yen, and CO ₂ emissions decreased 350 tons from the fiscal 2009 level. RISO was able to achieve the target set for these reductions. | ○ | Reduce CO ₂ emissions from all domestic production sites in fiscal 2016 by 28% compared with the fiscal 2006 level. Improve CO ₂ emissions per unit cost of production for all domestic production sites in fiscal 2016 by 30% compared with the fiscal 2006 level. Reduce CO ₂ emissions from all domestic production sites in fiscal 2011 by 22% compared with the fiscal 2006 level (reduce the figure to 3,650 t-CO ₂ or lower). Improve CO ₂ emissions per unit cost of production for all domestic production sites in fiscal 2011 by 18% compared with the fiscal 2006 level (reduce the figure to 0.1168 t-CO ₂ /million yen or lower). |
| — | — | — | — | Reduce crude oil-equivalent energy consumption of all RISO domestic sites (non-consolidated) in fiscal 2016 by 23% compared with the fiscal 2006 level. Improve crude oil-equivalent energy consumption per unit of net sales for all RISO domestic sites (non-consolidated) in fiscal 2016 by 30% compared with the fiscal 2006 level. Reduce crude oil-equivalent energy consumption of all RISO domestic sites (non-consolidated) in fiscal 2011 by 18% compared with the fiscal 2006 level (reduce the figure to 2,794 KL or lower). Improve crude oil-equivalent energy consumption per unit of net sales for all RISO domestic sites (non-consolidated) in fiscal 2011 by 15% compared with the fiscal 2006 level (reduce the figure to 40.9 L/million yen or lower). |
| Saving resources Reduction of final waste disposal rate | | | | |
| By increasing the waste recycling rate, achieve a specific final waste disposal rate for industrial waste for all RISO Group operations in Japan* to 1% or lower. | Reduce the specific final waste disposal rate for industrial waste for all RISO Group operations in Japan* to 1% or lower. | For all industrial waste generated by RISO in Japan, the specific final waste disposal rate* was 1.3%, not meeting the fiscal 2010 target. However, the rate improved 1.8 points from the 3.1% recorded in fiscal 2009. | △ | Fiscal 2010 was the final year for activities with set objectives. From fiscal 2011 onward, pursue continuous improvements through the administration of the established systems and schemes. |
| — | Reduce the specific final waste disposal rate for general waste for all RISO Group operations in Japan* to 1% or lower. | For all general waste generated by RISO in Japan, the specific final waste disposal rate* was 3.3%, not meeting the fiscal 2010 target. The rate improved 1.4 points from the 4.7% recorded in fiscal 2009. | △ | Fiscal 2010 was the final year for activities with set objectives. From fiscal 2011 onward, pursue continuous improvements through the administration of the established systems and schemes. |
| Saving resources Collection and recycling of used products | | | | |
| Improve the collection rate of used products (machines, ink bottles) and promote recycling. | Complete the construction of a framework for collecting and recycling used product in China and South Korea. | China: Despite some delay, a structure promoting local activities was established. South Korea: Operations based on the framework were started. | △ | Toward the establishment of a framework for collection and recycling used RISO products in China and the trial implementation of the framework in fiscal 2012, RISO will conduct the necessary investigations, collect relevant information and prepare the human, physical, financial and intellectual resources required for future implementation. |
| — | Obtain certification as a wide-area waste disposal agent based on the Company's framework for used product collection and recycling in Japan. | Despite some delay, all application processes were completed in March 2010, and the Company's application is now under consideration. | △ | Complete the standardization of frameworks and implementation processes for the collection and recycling of used RISO products in Japan, obtain a certification during fiscal 2011 and start the full-fledged implementation of standardized frameworks as a wide-area waste disposal agent. |
| — | — | — | — | Identify inefficiencies in processes for the transport, storage and recycling of used RISO products and improve them. Improve the full load ratio for our transport operations in fiscal 2011 by 10% or more compared with the fiscal 2010 level. Improve the full load ratio for our transport operations in fiscal 2013 by 20% compared with the fiscal 2010 level. Improve the efficiency of storing used RISO products in fiscal 2011 by 10% compared with the fiscal 2010 level. Improve the efficiency of storing used RISO products in fiscal 2013 by 20% compared with the fiscal 2010 level. |
| — | — | — | — | Increase the use of re-pellet resin recycled from used ink bottles to save resources. Increase the volume of re-pellet resin reused as a raw material in fiscal 2011 to 104% compared with the fiscal 2010 level. Increase the volume of re-pellet resin reused as a raw material in fiscal 2013 to 220% compared with the fiscal 2010 level. |
| Sales of environment-friendly products Expansion of sales of environment-friendly products | | | | |
| Expand sales of environment-friendly products. | Promote sale of environment-friendly digital duplicators. | RISO was able to accomplish the fiscal 2010 target. Achievement rate: 104% | ○ | From fiscal 2011 onward, pursue continuous improvements through the administration of the established systems and schemes. |

* Specific final waste disposal rate: RISO calculates the amount of specific final waste disposal as the total of the amount of waste incinerated, the residue and ashes resulting from recycling processes and used for landfill, and other waste used directly for landfill. Then, RISO calculates the specific final waste disposal rate as the ratio of the specific final waste disposal amount to the total waste it generates, including valuable and recyclable substances. RISO recognizes the incineration of waste as an inefficient treatment of resources. Therefore, the amount of waste incinerated is included in the amount of other waste directly used for landfill.

6. Environmental Education and Information Disclosure

RISO is working to enhance the environmental awareness of its employees while releasing information to the public on its environmental activities and environmental considerations for its products.

Fiscal 2010 Highlights

Introduction of Color Universal Design

RISO works to publish sustainability reports that are easy to read and understand. As part of such efforts, we introduced Color Universal Design (CUD) principles in the preparation of *Sustainability Report 2010*.



CUD logo

Environmental Education

Wide-Ranging Educational Programs for Basic and Advanced Learning

RISO provides basic environmental education programs, which are designed to enhance the environmental awareness of its employees and promote environmental protection activities. Meanwhile, the Company also offers advanced environmental education programs, including internal auditor training and an external EMS qualification program.

In addition, RISO focuses on daily communication with its employees. For example, the Company posts its environmental policies and progress reports of department-specific environmental activities on bulletin boards within plants and offices. Moreover, we place environmental data, environmental objectives and targets and progress status on the Company's intranet.

In fiscal 2010, we implemented our basic environmental education program in an e-learning format for 140 individuals, encompassing new and mid-career employees as well as those who have not taken this program previously. We also implemented internal auditor training and other seminars that are closely related to participants' daily operations.

RISO Environmental Education Programs (Fiscal 2010)

| Type | Events (times) | Participants (person) | Hours (aggregate) |
|--|----------------|-----------------------|-------------------|
| Basic Environmental Education Program (e-learning) | 1 | 143 | 214.5 |
| Basic Environmental Education Program | 21 | 706 | 662.5 |
| Internal auditor training | 6 | 96 | 628.6 |
| External EMS qualification program | 4 | 4 | 28 |
| EMS enhancement education/training | 2 | 11 | 13 |
| EMS activity program (waste sorting) | 11 | 324 | 287 |
| Accident/emergency drill | 18 | 195 | 182 |
| Disaster drill | 5 | 730 | 808.7 |
| Legal qualification program | 3 | 15 | 15 |
| Advanced business skill program | 6 | 100 | 500 |
| Business skill program | 31 | 87 | 280 |
| Workplace health and safety program | 4 | 30 | 23.5 |
| Total | 112 | 2,441 | 3,642.8 |

Scope of calculation: Environmental education and training programs provided at RISO's domestic sites

Information Disclosure

Promotion of Environmental Communication

RISO proactively discloses information regarding its environmental activities. Feedback from our customers, employees and other stakeholders is reflected in our activities to reduce the Company's environmental burden.

Publication of Sustainability Reports

RISO published a product environmental report in April 2001. Following this, RISO issued its first environmental report (Environmental Report 2004) in August 2004. Since then, RISO has issued reports annually to introduce its environmental and social contribution efforts. From fiscal 2009, the Company started the English publication of sustainability reports (provided in the PDF format only) to introduce information on its activities to a wider audience.

RISO's sustainability reports are provided in the PDF format on the Company's Website.



Environmental Information Disclosure via Corporate Website

RISO's efforts to address the environment are also explained on its Website. RISO's Website offers information concerning the Company's environmental management, environmental performance, environmental label certified products and environmental activities, as well as the history of these activities.



Japanese <http://www.riso.co.jp/eco/>
English <http://www.riso.co.jp/english/eco/>

TOPICS

Employee Feedback on *Sustainability Report 2009*

In order to keep improving its environmental activities and sustainability reports, RISO asks readers to reply to a questionnaire included in its sustainability reports. For *Sustainability Report 2009*, RISO asked its employees to reply to a questionnaire for the first time. Among 1,300 employees to whom the questionnaire was directed, about 1,000 employees, or 77%, replied with valid responses. By incorporating opinions and comments collected through the questionnaire, RISO will continue to improve its sustainability reports.

Opinions (excerpts, partially edited)

- "Too text-oriented and hard to understand"
- "Insufficient consideration for colors and visuals"

RISO's Initiatives in *Sustainability Report 2010*

- In the section, "The Company's Environmental Conservation," we increased the use of charts and graphs and reduced the volume of text.
- We introduced CUD principles to enhance the readability of the report.

Products and Environmental Labels

Acquisition of Environmental Labels and Proactive Disclosure of Related Information

Based on the increasing need for environment-friendly products, RISO has been obtaining environmental labels for its products, while promoting the proactive disclosure of information.

RISO provides products in Japan that comply with the Law on Promoting Green Purchasing (see Note 1) and that are certified under various environmental programs, such as the Eco Mark Program (see Note 2) and the International Energy Star Program (see Note 3). In addition to the Company Website, information on environmental labels obtained for RISO products is available on the Websites of the Energy Conservation Center, the Ministry of the Environment (a database of eco-friendly goods and services under the Law on Promoting Green Purchasing), the Japan Environment Association Eco Mark Office, the Green Purchasing Network (GPN) Database and the Green Station. This information can be also found in catalogs that feature Eco Mark products.

RISO products sold overseas correspond to the International Energy Star Program, the China Environmental Labeling Program (see Note 5 on page 17) and the Taiwan Green Mark Program (see Note 4). In fiscal 2010, RISO digital duplicators—namely, the KS850C and the EV2/3/5 series—received Type-I certification under the China Environmental Labeling program.

RISO Products and Environmental Laws and Labels

| | Product | Environmental Law, Label, etc. |
|-------------------------------|--|--|
| Products for Japanese Markets | ORPHIS X Series (Japanese equivalent of the ComColor series) | Green Purchasing Law |
| | RISOGRAPH MD Series | Energy Star |
| | RISOGRAPH RZ Series | Green Purchasing Law |
| Products for Overseas Markets | EZ/RZ Series | Taiwan Green Mark Program |
| | KS/EV Series | China Environmental Labeling Program [Type II] |

* Photos of flagship models

Note 1 Law on Promoting Green Purchasing

Official name of this law is the Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities. It specifies eco-friendly goods and services that the Japanese government and other organizations recommend procuring while defining criteria for such recommendations.

Note 2 Eco Mark Products

An Eco Mark is granted to products that have small environmental burden throughout their product life cycle, from manufacturing to disposal and that are recognized as effective in preserving the environment. The Eco Mark Program is operated by the Japan Environment Association.

Note 3 International ENERGY STAR® Program

Involving seven countries and regions worldwide, this is an international program that promotes energy saving in office machines. The program sets standards in terms of the power consumption of office machines in each of the operation, sleep and OFF modes, and it certifies only those machines ranked among the top 25% of all entries. Products that meet these standards are allowed to display the International ENERGY STAR® Program Logo. (From the ECCJ website)

Note 4 Taiwan Green Mark Program

The Taiwan Green Mark Program, which is equivalent to Japan's Eco Mark Program, began in 1992 under the management of the Environment and Development Foundation (EDF), an organization commissioned by Taiwan's Environmental Protection Administration. Designated as a "Type I" environmental label in Taiwan, this program grants certifications as an independent third party.

RISO's Engagement with Stakeholders

For Customers

RISO continues to improve the quality of its products and services from the perspective of "Customers First."

RISO adheres to its basic philosophy of contributing to society through the development of quality products. In line with this philosophy, RISO has formulated the RISO Quality Policy, based on which we shall make Companywide efforts to promote the formula.

In accordance with the RISO Quality Policy, the R&D Division, the Production Division and the Sales Division are working together to promote activities aimed at improving the quality of RISO products and services from a customer perspective.

Major Initiatives in Fiscal 2010

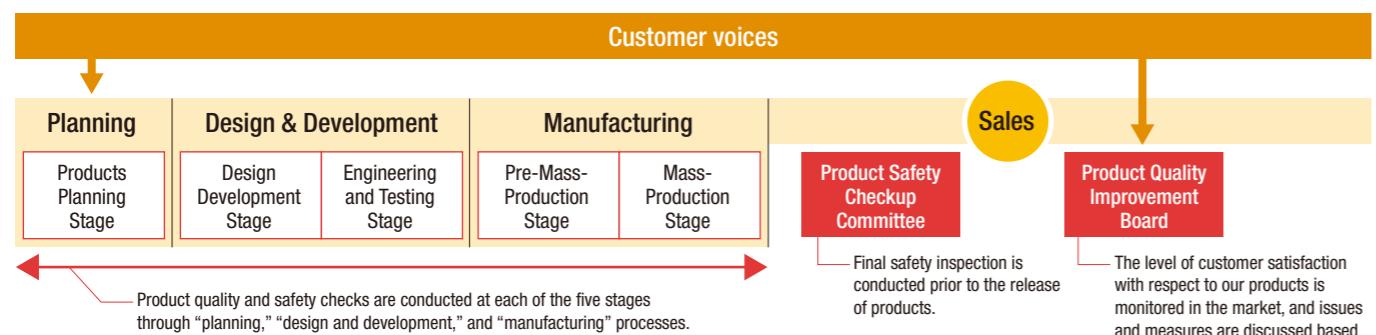
- Ensuring product quality and safety
- Enhancing service quality
- Communication with customers

Ensuring Product Quality and Safety

Implementation of Quality Management System

RISO is working to provide high-quality products and services. To this end, we keep to the view that the quality of our daily operations is reflected in the value we offer our customers. Based on this view, the Company is promoting the establishment of a system to measure and evaluate the quality of our operations.

As part of such efforts, RISO has acquired ISO 9001 certification for its Quality Management System (QMS) [see Note 1](#).



RISO Quality Policy

Having as its basic philosophy contributing to society through the development of quality products, RISO will make Companywide efforts to promote the formulation of a corporate structure to consistently provide high-quality products and services. Accordingly, RISO drew up the following quality policy:

- In order to flexibly respond to changing social and market environments, RISO will predict future trends to offer next-generation products and services.
- RISO will offer reliable products and services with assured quality and safety, while thoroughly cutting costs and strictly meeting delivery dates.
- Placing the top priority on its customers, RISO will offer products and services that provide customer satisfaction.
- Strictly complying with laws and regulations, RISO will make ongoing efforts to enhance the effectiveness of its quality management system.

Established on October 1, 2002

Revised: April 1, 2007

Akira Hayama
President & C.E.O.

Comment from the General Manager of Quality Assurance Dept.

Continue Improving Customer Satisfaction for Our Products and Services

RISO is actively promoting activities to improve the quality of its products and services in line with the RISO Quality Policy. In fiscal 2010, the Company released new ComColor models and the new RISOGRAPH MD series,* all of which are equipped with new functions. For these new products, along with existing products, we will promote the sharing of customer feedback throughout the Company and thereby enhance the quality of our future models and products.

Meanwhile, RISO realizes that it is responsible for honest reporting to society when a significant quality problem occurs. As such, we are committed to disclosing quality information in a timely manner.

While reinforcing our product safety management, we will do our utmost to continue to offer products that accommodate the requests and expectations of our customers.

* Only marketed in Japan.

VOICE



Tatsuya Kasai
General Manager
Quality Assurance
Dept.

Enhancing Service Quality

RISO TECHNICAL CHAMPIONSHIP

With the aim of improving the quality of its services, RISO holds the RISO TECHNICAL CHAMPIONSHIP in Japan every year.

At this event, customer engineers of RISO and dealers compete with each other for the mastery of service techniques. For the 7th RISO TECHNICAL CHAMPIONSHIP, held during fiscal 2010, several hundred customer engineers throughout Japan participated in the qualifying competition. Among them, 22 participants (8 in the "ComColor" category; 7 in the "RISO Digital Duplicator" category; and 7 in the "ComColor [RISO employee]" category) survived to compete in the final round. At this year's event, participants were asked to give a four-minute speech on the subject of "Customer Satisfaction," in addition to participating in the skills contest and taking the written test.

Through this event and other initiatives, RISO aims to keep reinforcing the quality of the services it offers.



Strengthening of Solution and Service Capabilities through Unique Accreditation and Training Systems

RISO is bolstering the provision of product information and after-sales services to customers to improve the convenience and user-friendliness of RISO products.

As part of such efforts, the Company has established the RISO Education Center in Japan. At this center, various training programs are provided to improve the skills and expertise of the sales personnel and customer engineers of the Company and the sales representatives.

In addition to group seminars using actual RISO products, the RISO Education Center operates the Company's proprietary e-learning system. This e-learning system offers various self-instructional materials using videos and animation. These materials provide examples of system applications that match changes in the customers' IT environment and explain work processes that may require frequent brush-up courses, while demonstrating simulations of product functions. This system is helping the Company to provide meticulous product training.

RISO plans to further enhance the synergy of group seminars and the e-learning system, thereby creating greater customer satisfaction.

Note 1 Scope of ISO 9001 certification

RISO KAGAKU CORPORATION: Headquarters*, Print Creating Business Dept., Domestic Sales Division, International Sales Division, Research & Development Division*, Production Division (including Tsukuba Works, Ube Works and Kasumigaura Works), RISO TECHNOLOGY ZHUHAI CO., LTD.

* Some organizations are excluded from the scope of ISO 9001 certification.

Communication with Customers

Customer Feedback Shared Companywide and Reflected in Improved Product and Service Quality

RISO actively listens to customer feedback through the RISO Contact Center and customer engineers who serve its customers directly. Customer requests and comments are shared among everyone in the R&D Division and the Production Division, and they are used to establish frameworks that contribute to improved product quality. Customer requests and comments that are important or require an urgent response are featured in the Product Quality Improvement Board in order to determine effective measures.

TOPICS RISO Contact Center—Our Customer Communication Hub in Japan

The RISO Contact Center started operations in February 2009. This center provides call-center and telemarketing functions. As a call center, the center receives calls from customers for repair orders, software support, and orders for consumables, while accepting customer feedback and inquiries. As a telemarketing facility, it conducts sales and marketing activities.

In fiscal 2010, RISO established a workflow to effectively disseminate customer feedback collected by the RISO Contact Center to related divisions and departments. Based on this workflow, RISO continues to offer products and services that reflect customer requests and opinions.



Disclosure of Important Product Information

RISO proactively discloses information regarding product quality and safety through its Website and other media.

For example, after finding out the mislabeling of recycling codes on certain products and dimension and weight discrepancies between the actual values and the values listed on brochures, user guides and the Website of other products, the Company disclosed the relevant information on its Website.* To prevent the recurrence of such problems, we have reviewed our framework for communicating and checking information relating to product specifications and implemented necessary measures to enhance this framework.



* For details, please visit our Website at:
<http://www.riso.co.jp/import/> (Japanese language only)

For Shareholders and Investors

RISO is strengthening communication with shareholders and investors while striving to disclose information in a timely and appropriate manner.

RISO has formulated its Information Disclosure Policy, which underpins its timely disclosure of appropriate information to shareholders and investors.

Major Initiatives in Fiscal 2010

- Communications with shareholders
- IR activities
- Continuation of stable dividend payout

Communications with Shareholders

Shareholder-Oriented General Meetings

With the aim of allowing its shareholders to thoroughly examine agenda items to be discussed at a general meeting of shareholders, RISO sends out convocation letters to them at least three weeks before the meeting date. This facilitates smooth execution of their voting rights. Also, to attract greater shareholder attendance, RISO makes sure that it selects a date for the shareholders' meeting that does not conflict with the date of the shareholders' meetings of other companies. The Company also selects a location for the shareholders' meeting that is convenient for shareholder attendance.

For shareholders' meetings, RISO prepares visually effective materials using graphs and photos. Through these materials and other measures, we strive to communicate our business results and other information in a shareholder-friendly manner. Meanwhile, the Company publishes biannual business reports, which summarize the status of its business, and it sends these reports to its shareholders.

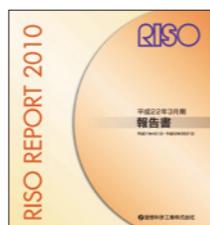
IR Activities

Timely Disclosure of Appropriate Information

In line with its belief that reliable and proactive information disclosure is of particular importance in corporate activities, RISO discloses financial and stock information on its Web site by posting financial results, conference materials and business reports for individual investors. Meanwhile, the Company holds annual conferences for analysts and institutional investors after the announcement of interim and full-year results.



RISO Website
"Investor Relations: Financial Indicators"
<http://www.riso.co.jp/english/home/kabu/index.html>



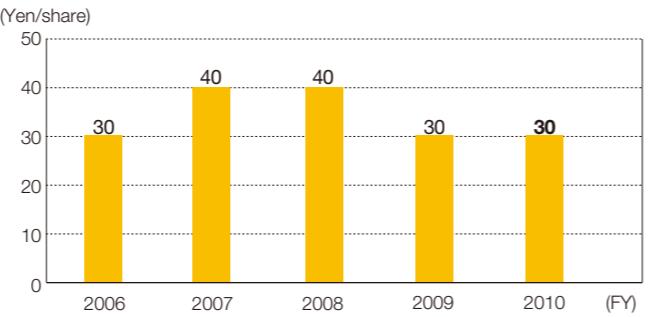
Business report for shareholders

Continuation of Stable Dividend Payout

Returning Earnings to Shareholders

In line with its basic earnings distribution policy of "allocating an appropriate portion of earnings as a dividend in accordance with business results while retaining the means to strengthen the corporate structure," RISO strives to maintain stable dividend payout.

Per-Share Dividends



For Local Communities

RISO is actively promoting community-based local contribution activities while providing educational support for coming generations.

RISO proactively participates in cleanup activities and traffic safety campaigns conducted in the communities where it operates. Meanwhile, representatives of our plants and business sites regularly visit local land owners and community members to strengthen communication with them. In addition, the Company supports the education sector in providing opportunities for environmental learning.

Major Initiatives in Fiscal 2010

- Environmental learning support
- Social contribution through products
- Donating/sponsored activities
- Educational support through the RISO EDUCATIONAL FOUNDATION

Donating/Sponsored Activities

Disaster-Relief Donations

In fiscal 2010, RISO made disaster-relief donations to the victims of the Haiti earthquake and the Chile earthquake through the Japanese Red Cross Society.

Educational Support through the RISO EDUCATIONAL FOUNDATION

Support for Study and Research on the Educational Frontlines

Since its establishment in December 1984, the RISO EDUCATIONAL FOUNDATION has promoted activities to strengthen communication among schools, households and local communities. In particular, to facilitate a creative learning experience at schools, the Company provides support for study, research and other related activities conducted on the educational frontlines.

Example: Provision of Educational Materials to Create Postcard Newspapers

Postcards have limited space. To include essential information in such limited space and to make readers enjoy the content, creators must plot the information effectively, write easy-to-understand sentences and use illustrations and the like strategically.

To nurture students' writing, expression and communication capabilities, the RISO EDUCATIONAL FOUNDATION offers schools educational materials to create postcard newspapers. Also, the Company assists in staging classroom lectures to enhance students' PISA reading comprehension [See Note 1](#).



Social Contribution through Products

Support for Print-Based Communication

Thanks to their high-speed capability, RISO digital duplicators and ComColor series are used to print flash reports and extras at various sports and cultural events.

In fact, RISO provided administrative support for the Hakone Ekiden (Tokyo-Hakone Collegiate Ekiden), which was held in January 2010, and the Tokyo Marathon 2010, which was held in March 2010. More specifically, the Company used the ComColor series to make flash reports for distribution to runners and audiences.



Note 1 PISA Reading Comprehension

PISA Reading Comprehension is defined as the ability to understand and use written text and then to contemplate capabilities required to achieve one's goals, nurture one's knowledge and possibilities and make effective contributions to society. (Definition based on the Reading Comprehension Improvement Program of the Ministry of Education, Culture, Sports, Science and Technology, December 2005)

For Employees

Regarding each and every one of RISO employees as an indispensable asset, the Company works to nurture its human resources and maintain employee-friendly workplace environments.

RISO conducts wide-ranging operations, and these operations are supported by a variety of talented employees. RISO believes that its employees, working with vigor and nurturing their capabilities, are an essential factor in the Company's sustainable growth. Based on this belief, RISO is working to create employee-friendly workplace environments. Specifically, the Company provides its employees with the opportunity to strengthen and manifest their capabilities. At the same time, we are striving to establish a corporate culture in which employees are able to tackle creative activities, take on various challenges and realize individual growth.

Enhancement of Employee Support Systems

Helping Employees to Develop Capabilities through Various Training Programs

In addition to on-the-job training (OJT) provided through daily operations for business skill upgrading, RISO offers its employees a variety of education and training opportunities.*

Also, the Company offers various self-development programs to support employees who are enthusiastic about improving their capabilities and skills while providing a cash award system for employees who acquire qualifications and certifications specified by the Company.

* RISO's Employee Education/Training System

| | Position | | |
|--|---|--|----------------------|
| | Normal | Mid-level | Managerial |
| Mandatory position-specific programs | First three-year program First year New employee group training Follow-up training "Start-up" training Business career training OJT | Training at promotion Basic business skill training CF training Basic management training | |
| Selective position-specific programs | | OJT meeting | New manager training |
| Career support programs | | Life plan training 50 (for employees between 50 and 55; optional) Career & life plan training 40 (for employees between 40 and 45; optional) Career plan 30 (for employees between 30 and 35; optional) | |
| Department-specific technical programs | Training provided by the RISO Education Center • Sales training • Technical training • SRC training | Specialized skill improvement training provided by each division and department | |
| Mandatory Companywide programs | • Risk/compliance training • Internal control training (J-SOX) • QMS training • EMS training | | |
| Self-development programs | • Correspondence course • Book/video rental | • Cash award system • External seminar introduction | |

Major Initiatives in Fiscal 2010

- Enhancement of employee support systems
- Assistance in achieving work-life balance
- Creation of safe and employee-friendly environments

Establishment of Incentive System for Creative and Innovative Employees

RISO established a special incentive system in June 2001. Based on this system, the Company has presented awards for employees who made significant contributions to its performance.

In fiscal 2010, the Company presented awards to 162 employees for a total of 59 proposals and achievements.

Assistance in Achieving Work-Life Balance

Employee Benefit Programs and Leave Systems

From time to time, employees are required to change their work hours and responsibilities for various reasons, including marriage, childbirth, child-rearing and the nursing of family members. To allow such employees to have an optimal balance between their work and private life, RISO has established various systems, such as a system for flextime work, childcare leave, child/family member nursing leave and other employee benefits.

Also, through the introduction of a "No Overtime Day" system, the use of posters to promote reduced overtime hours and guidance using in-house announcements, the Company assists its employees to reduce their overtime hours and achieve a certain level of work-life balance.

TOPICS

Introduction of Defined Contribution Pension Plan

With an eye to the abolishment of the qualified retirement pension plan in March 2012, RISO introduce a defined contribution pension plan in April 2009. The introduction of this new plan was decided with due consideration given to the preferential treatment on taxation and employees' benefits.

Prior to the plan's introduction, representatives of RISO's head office visited branch offices and plants nationwide to hold explanatory meetings. In addition, the Company has established an office in charge of providing consultation for employees.

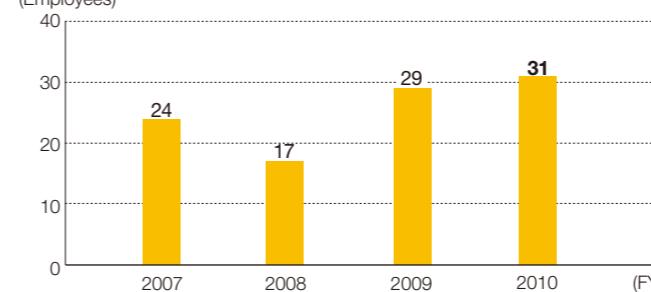
Support a Balance between Childrearing and Work

In 1992, RISO established a childcare leave system, which both male and female employees are entitled to use. Employees who have children below three years old are allowed to shorten their work hours or change the clock-in times. This system helps those employees to balance their childrearing and work responsibilities.

In fiscal 2010, 31 employees used the childcare leave system, including one male employee, for a total of 3,080 days of leave. The number of employees using the reduced-hours work system totaled 26 for the same period.

In March 2010, the Company held a seminar to assist employees who are taking childcare leave to return to work. At the seminar, employees who have returned from their childcare leave provided advice to the participants.

Number of Employees Who Used the Childcare Leave System (Employees)



VOICE

Comment from Staff in Charge of Supporting Childrearing Employees

Helping Childcare Leave System Users Achieve Peace of Mind



Akiko Otsuki
Personnel Planning Section, Personnel Dept.

In February 2009, RISO started a program to support employees who are raising children. Specifically, RISO offers these employees opportunities to mingle with other employees who have experienced childbirth or child-rearing as a means of providing psychological support. These employees use the mailing list to talk to each other and exchange information and opinions. Such communication is expected to eliminate any concerns or worries that they may have during their leave and after their return to work. This program is designed to help applicable employees to maintain a positive attitude toward achieving a balance between childrearing and work.

As of March 31, 2010, 27 female employees and 2 male employees are signed up for the mailing list operated under the program.

In March 2010, we held a seminar to help employees who are currently taking childrearing leave to return to work. Some participants currently on leave commented that the seminar was practical and helpful in balancing work and childrearing.

Note 1 Voluntary safety activities

Activities to ensure employee safety by addressing risky behavior and other safety issues identified through actual experiences.

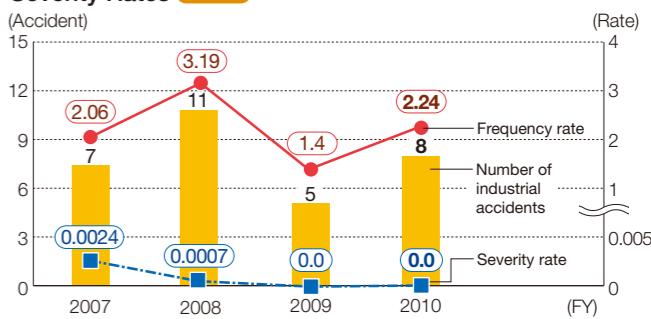
Creation of Safe and Employee-Friendly Environments

Ensuring Workplace Health and Safety

RISO has established an Occupational Health and Safety Committee at each of its production bases. With the committees serving as front-line drivers, the Company is working to prevent accidents and disasters through the maintenance of clean and safe workplaces, the identification and improvement of safety issues and the promotion of voluntary safety activities [see Note 1](#). Also, the Company's intranet features a "Health and Safety" section, which is used to raise the employee awareness of health and safety.

In fiscal 2010, 8 industrial accidents occurred at RISO's domestic business bases, representing a year-on-year increase of 3, for a frequency rate of 2.24 and a severity rate of 0.00. The number of work-days lost due to industrial accidents at domestic business bases was zero, unchanged from fiscal 2009.

Industrial Accidents/Frequency [see Note 2](#) and Severity Rates [see Note 3](#)



Support for Employee Health Management

RISO takes great care in managing the physical and mental health of its employees through the implementation of medical checkups and the provision of guidance to prevent lifestyle-related diseases.

In addition, by holding sports and other events, the Company is working to promote strengthened relationships among its employees and encourage physical and mental refreshment.

Implementation of Employee Awareness Surveys

With the aim of improving employee satisfaction with the Company and facilitating workplace communication, RISO conducts the Employee Awareness Survey every three years.

In fiscal 2009, the third survey was conducted.

We will continue to listen closely to our employees and thereby keep improving our workplace systems and environments.

Note 2 Frequency rate

This rate indicates the frequency of accidents and disasters that have occurred with the number of deaths and injuries per 1 million working hours.

Note 3 Severity rate

This rate indicates the severity of industrial accidents and disasters with the number of work-days lost per 1,000 working hours.

Management

Through the continuous reinforcement of its corporate governance, compliance and risk management, RISO aims to sustain sound corporate management.

For a corporation to maintain sustainable growth, it must be an organization that is needed and trusted by society at large, and to this end, it must be managed in a sound manner.

While endeavoring to facilitate the accurate understanding of its basic philosophy among stakeholders, RISO is constantly improving its corporate governance [see Note 1](#), compliance and risk management.

Corporate Governance

Sound and Transparent Corporate Management Systems

Under monitoring and supervision by four corporate auditors—including two appointed externally who are also designated as independent corporate auditors in line with the Securities Listing Regulations of the Tokyo Stock Exchange (TSE)—RISO's Board of Directors makes decisions on important matters relating to the Company's business execution. On the other hand, RISO's business execution is effectively overseen through a sound corporate governance structure.

Managerial decisions are made based on deliberations at monthly and extraordinary meetings of the Board of Directors that are attended by the four corporate auditors. Meanwhile, the Executive Committee makes decisions on other matters relating to the Company's businesses in meetings that it holds twice a month.

RISO's Board of Corporate Auditors consists of two standing corporate auditors and two part-time external corporate auditors, who are also designated as independent corporate auditors in accordance with TSE's Securities Listing Regulations. The Board of Corporate Auditors monitors the Company's corporate governance and management from a fair and objective standpoint. All corporate auditors attend Board of Directors'

meetings. Also, standing corporate auditors attend each important meeting, including Executive Committee meetings, to fully audit executive functions. In addition, corporate auditors exchange information and opinions by actively liaising with the Internal Auditing Department and accounting auditors, thereby working to improve the effectiveness of their auditing operations.

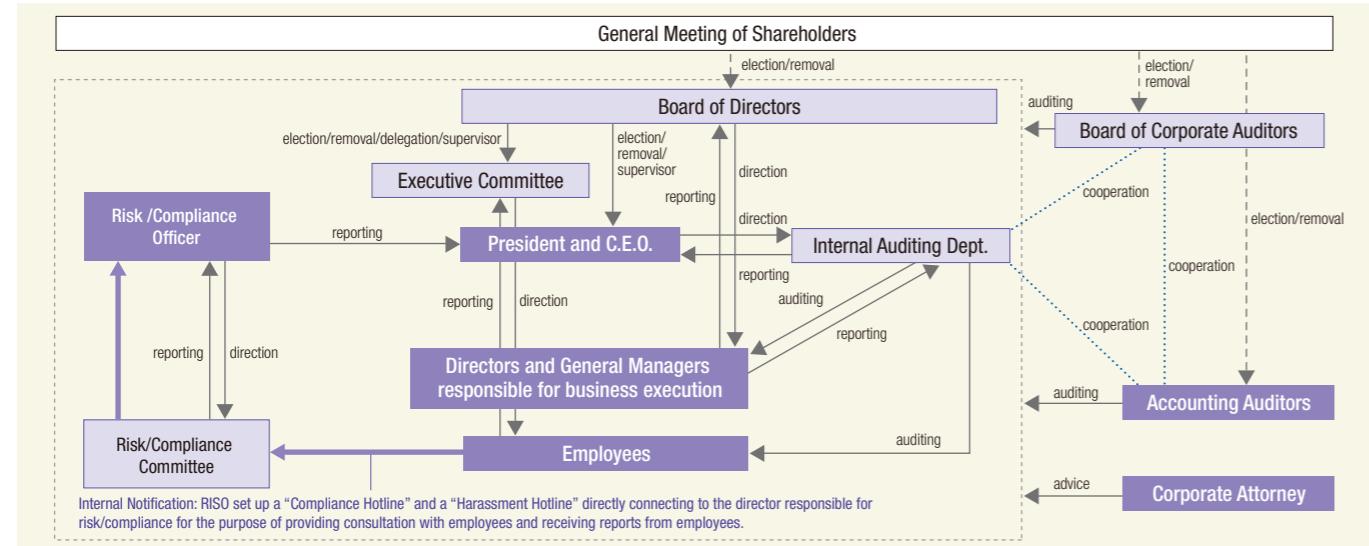
Self-Evaluation of Internal Control Structure

With the aim of maintaining the reliability of its financial reporting in accordance with the stipulations of the Financial Instruments and Exchange Law, RISO continues to advance internal control over financial reporting. In fiscal 2009, the Company started the self-evaluation of its internal control structure.

The results of the self-evaluation showed that there are no significant deficiencies that may have serious impact on the financial reporting of the entire RISO Group (RISO KAGAKU CORPORATION and its affiliates) as of March 31, 2010. Accordingly, RISO has concluded that the internal control over financial reporting at the RISO Group has been effective, as of the same date. Also, the results of the said self-evaluation are audited by the Company's accounting auditor, KPMG AZSA & Co., who also serves as the auditor of RISO's internal control over financial reporting. RISO disclosed the results of the self-evaluation and external audit in June 2010 through the Japanese publication of a management's report on internal control over financial reporting and through an independent auditor's report on internal control over financial control.

Corporate Governance Structure

Relationship between RISO's corporate organization and internal control system (—> represents selection and delegation —> represents direction, reporting and auditing)



Compliance

Promoting Compliance Based on Compliance Management Rules

RISO emphasizes compliance as the basis of business management. Specifically, in conducting business activities based on the idea that it is an integral member of society, RISO promotes compliance not only by conforming to laws and Company regulations but also by respecting corporate ethics and morals.

In promoting compliance, the Company establishes compliance programs that clearly define promotion systems and whistle-blowing frameworks. These programs are continuously implemented.

During fiscal 2010, with the aim of enhancing the compliance and risk management systems of its overseas subsidiaries, RISO established an Overseas Risk Compliance Committee under the existing Risk Compliance Committee.

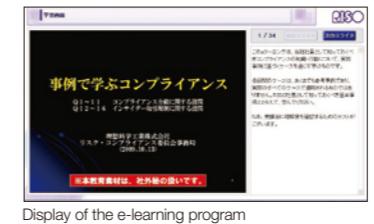
Operations of the Whistle-Blowers' Hotline

Inquiries and reports relating to compliance and harassment issues that are received through the whistle-blowers' hotline are examined by the Company's Risk/Compliance Officer and the Risk/Compliance Committee. A total of six inquiries and reports were received through the hotline during fiscal 2010. The causes for these inquiries and reports have been settled appropriately.

Continuous Implementation of Compliance Education and Awareness-Raising Activities

RISO distributes the Compliance Handbook to all executives and employees so that they can understand and implement the Top Executive Declaration and the RISO Compliance Guidelines [see Note 2](#). In addition, a compliance page has been posted on the corporate Intranet that addresses sample compliance cases that could arise within the Company and explains specific points at issue so that appropriate compliance action can be taken by employees.

In October 2009, RISO provided all standing executives and employees with the opportunity to participate in a "Compliance Case Study" training program. Through this e-learning program, specific examples of the items stipulated under the RISO Compliance Guidelines are illustrated so as to promote appropriate judgment and action when the participants encounter various compliance issues.



Note 1 Corporate Governance

In general, it refers to the corporate management system required to maintain sound and efficient business activities.

Note 2 RISO Compliance Guidelines

These guidelines establish 27 action guidelines that employees must follow. Furthermore, they define five self-questions to be remembered in the case where a RISO executive and/or employee is unable to decide whether a behavior is proper or not in light of the action guidelines.

Risk Management

Implementation of Risk-Specific Countermeasures

For the sustainable growth of corporations, the identification of risks that may disturb smooth business operations and the integrated and rational management of such risks are indispensable.

Pursuant to the provisions under the Corporation Law, RISO has instituted "Rules for Managing the Risk of Loss" based on a resolution of its Board of Directors. At the same time, the Company is developing a system for the integrated management of various risks the RISO Group is facing.

With respect to important business and affairs of the Company, including major investments, the divisions that execute operations and related divisions analyze risks associated with their execution of operations, and after studying appropriate risk countermeasures, discuss and make decisions about them at the Executive Committee and Board of Directors' meetings.

Furthermore, the Company established the Risk/Compliance Committee to respond to various risks the RISO Group is facing. The Risk and Compliance Committee identifies risks while analyzing and evaluating the Company's degree of exposure to those risks in case they arise. Based on this analysis and evaluation, RISO creates a "risk map." Using this risk map, we identify those risks that would have a major impact on the RISO Group. For any major risks identified, we formulate and implement individual risk management programs. This approach enables us to minimize and avoid risks and to promote integrated risk management.

During fiscal 2010, the Overseas Risk Compliance Committee started risk management activities for overseas subsidiaries. In addition, the Company completed a manual as a concrete measure to enable effective responses to possible large-scale earthquakes and other disasters. This manual has been distributed throughout the Company.

In fiscal 2011, RISO plans to conduct an in-depth analysis and reassessment of its risk factors and revise its risk map, while also enhancing risk management at its overseas subsidiaries.

Countermeasures for Information Risk

Information risk is one risk that can have a major impact on business activities. The destruction, alteration or external leak of confidential and personal information held by the RISO Group would cause substantial losses for the Group. To better prepare for its possible exposure to information risk, RISO has established an Information Management Committee.

To our regret, however, there was an incident in Japan where a RISO employee left a corporate PC and external hard disk drive in a train in December 2009, resulting in the leak of personal information. To prevent the recurrence of similar incidents, RISO is strengthening information security measures while bolstering employee education regarding the protection of personal and other important information.

Environmental Accounting

Environmental Accounting Report

Environmental Accounting Results for Fiscal 2010 and the Past Three Years

RISO's environmental protection costs, which are the sum of total investment and total cost for environmental protection, increased approximately ¥26 million in fiscal 2010 compared with fiscal 2009. On the other hand, total economic effect increased roughly ¥100 million year on year.

Looking at each activity category, the cost for the promotion of resource conservation and recycling rose approximately ¥40 million as a result of promoting the collection of used RISO products. Also, the cost for the observation of laws climbed approximately ¥10 million due to the launch of full-fledged operations of an in-house environmental information system covering the REACH Regulation and other laws and regulations.

Meanwhile, as a result of promoting the collection of used RISO products, the economic effect from the promotion of resource conservation and recycling jumped approximately ¥100 million.

Term: Fiscal 2010 (April 1, 2009 to March 31, 2010)

Scope of calculation: All of RISO KAGAKU CORPORATION's domestic sites (Tsukuba Works, Kasumigaura Works, Ube Works, R&D Technology Center, Wakaguri R&D Site, Narashino Service Center, Head Office and domestic sales branches). For RISO's sales network, "resource conservation and recycling" as well as "EMS establishment and maintenance activities" are in the scope of calculation. Narashino Service Center's operations until its closure on May 31, 2009 are included in the scope of calculation.

(Thousands of yen)

| Activities | Classification | Environmental Protection Activities | Investment | Cost | Economic Effect | Actions |
|--|--|--|------------|---------|-----------------|---|
| Global Warming Prevention Measure | <ul style="list-style-type: none"> Reduction of fuel consumption Reduction of electricity consumption | <ul style="list-style-type: none"> Modal shifting Introduction of energy-saving equipment | 67 | 0 | 4,401 | <ul style="list-style-type: none"> CO₂ reduction during transportation Reduction of electricity consumption |
| Promotion of Resource Conservation and Recycling | <ul style="list-style-type: none"> Recycling of used products Recycling of wastes Safe disposal of wastes | <ul style="list-style-type: none"> Collection and recycling of used products Separation and recycling of wastes | 0 | 520,529 | 493,326 | <ul style="list-style-type: none"> Cost reduction through reuse Improvement of resource recovery ratio |
| Environmental Communication | <ul style="list-style-type: none"> Publication of product environmental data Publication of environmental activities | <ul style="list-style-type: none"> Acquisition of environmental label certification Publication of the environmental report Participation in events and exhibitions | 0 | 12,899 | 0 | <ul style="list-style-type: none"> Acquisition of certifications under the Eco Mark Program Publication of <i>Sustainability Report 2009</i>, Website revisions, etc. |
| Green Areas | <ul style="list-style-type: none"> Clean-up and maintenance of green areas | <ul style="list-style-type: none"> Clean-up and maintenance of green areas | 0 | 1,570 | 0 | |
| Observation of laws (pollution control, environmental pollution control) | <ul style="list-style-type: none"> Observation of laws (water, the atmosphere) | <ul style="list-style-type: none"> Wastewater control Gas emissions control Inspection and maintenance of facilities | 0 | 15,548 | 0 | |
| Green Procurement | <ul style="list-style-type: none"> Collection of data relating to raw materials and components and registration of such data on the green lists | | 0 | 14,092 | 0 | <ul style="list-style-type: none"> Launch of full-fledged operations of an environmental information system covering REACH and other regulations |
| EMS establishment and maintenance activities | <ul style="list-style-type: none"> ISO Investigation of the latest laws and regulations | <ul style="list-style-type: none"> Acquisition and maintenance of ISO 14001 certification Check of the latest laws and regulations | 0 | 4,745 | 0 | <ul style="list-style-type: none"> Maintenance of the validity of ISO 14001 certification |
| Total | | | 67 | 569,383 | 497,727 | |

Calculation Method and Idea

- Our calculations of the environmental protection costs and the economic effects are basically done in accordance with the "Environmental Account Guidebook (2005)" of the Ministry of the Environment. However, the classification of costs is modified to our own standard. Also, expenses related to environmental protection costs do not include depreciation. The economic effects are based on income and cost decrease, both of which are considered to be actual effects (as they are calculated using actual figures), and not on presumed or estimated effects.
- Ideally, the environmental protection costs relating to environment-friendly design should be listed in the chart above. However, due to the difficulty in accurately classifying such costs, they are not listed here.

Status of Environmental Accounting

(Comparison of figures excluding development costs such as environmental design for products)

(Thousands of yen)

| | FY2007 | FY2008 | FY2009 | FY2010 |
|-----------------------------------|---------|---------|----------|---------|
| Costs (investment + actual costs) | 543,675 | 548,094 | 543,946* | 569,450 |
| Economic effect | 559,270 | 508,369 | 399,158 | 497,727 |
| Economic effect ratio (%) | 103% | 93% | 73%* | 87% |

* In *Sustainability Report 2009*, the costs and economic effect ratio for fiscal 2009 were presented as ¥540,551 thousand and 74%, respectively. These figures were incorrect because they neglected to include the investment amount for that fiscal year. The table above shows the correct figures for those items.

| Breakdown of Costs (Investment + Actual Costs) | | | | |
|--|---------|---------|---------|---------|
| | FY2007 | FY2008 | FY2009 | FY2010 |
| Global Warming Prevention Measure | 7,787 | 8,007 | 145 | 67 |
| Promotion of Resource Conservation and Recycling | 479,047 | 484,103 | 481,278 | 520,529 |
| Environmental Communication | 18,470 | 28,379 | 26,522 | 12,899 |
| Green Areas | 7,285 | 6,903 | 7,271 | 1,570 |
| Observation of laws | 19,654 | 11,934 | 14,405 | 15,548 |
| Green Procurement | 2,240 | 3,278 | 2,552 | 14,092 |
| EMS establishment and maintenance activities | 9,192 | 5,486 | 11,773 | 4,745 |

| Breakdown of Economic Effect | | | | |
|--|---------|---------|---------|---------|
| | FY2007 | FY2008 | FY2009 | FY2010 |
| Global Warming Prevention Measure | 6,461 | 2,110 | 3,163 | 4,401 |
| Promotion of Resource Conservation and Recycling | 552,809 | 506,259 | 395,995 | 493,326 |

Environmental communication and four other categorized activities do not have economic effects.

Environmental Burden

FY10 Environmental Performance

RISO accelerated efforts to collect used RISO products during fiscal 2010. As a result, the volume of used products collected during the period increased 7% from fiscal 2009. RISO also stepped up efforts to recycle used RISO products. As a result, the volume of used products recycled increased 136 tons year on year, and the final waste disposal for landfill decreased 48% year on year.

CO₂ emissions decreased 480 tons from fiscal 2009, attributable to bolstered energy-saving initiatives and production cutbacks.

To further reduce its environmental burden, RISO has set the target of reducing energy consumption and CO₂ emissions on a Companywide scale in fiscal 2016 by 23% and 15%, respectively, compared with the fiscal 2006 levels. To achieve this target, the Company will accelerate related activities. Looking ahead, RISO will continue to promote initiatives aimed at reducing the environmental burden of its overall activities. In doing so, the Company, as a manufacturer of digital printers and duplicators, recognizes that it is important to enhance environmental considerations in its products and to increase the recycling rate through product collection, material reuse and recycling, as well as to reduce landfill waste volume.

Note: The figures of CO₂ emissions attributable to gasoline consumption presented in the "OUTPUT" table below have been calculated based only on the use of company vehicles for sales activities. Therefore, the CO₂ emissions figures presented below differ from those presented in the graph, "RISO's CO₂ Emissions in Japan and per Unit of Net Sales," on page 12.

Scope of calculation: The table of "Input/Output by Operational Process" on page 34.
Subject of calculation: Japan

• Energy consumption and resultant CO₂ emissions, water consumption and wastewater discharge, and waste generation in the process of product development, designing, and production.

• Materials used in production; PRTR-regulated substances used, transferred and released; and gasoline consumption and resultant CO₂ emissions attributable to the use of company vehicles for sales activities

• Used RISO products collected, reused and recycled and waste generated

• Excludes energy consumption and resultant CO₂ emissions at the head office and the Sales Division

| INPUT | FY2009 | FY2010 | Change from FY09 (%) | OUTPUT | FY2009 | FY2010 | Change from FY09 (%) |
|---|--------|--------|----------------------|--|-------------------------|--------|----------------------|
| Breakdown of energy consumption | | | | CO ₂ emissions | (t-CO ₂ /yr) | 8,903 | 8,423 |
| Electricity (1,000 kWh/yr) | 8,707 | 8,010 | 92 | Electricity | (t-CO ₂ /yr) | 4,833 | 4,446 |
| LPG (t/yr) | 66 | 53 | 80 | LPG | (t-CO ₂ /yr) | 198 | 159 |
| Bunker A (kl/yr) | 150 | 148 | 99 | Bunker A | (t-CO ₂ /yr) | 407 | 401 |
| Gasoline (kl/yr) | 542 | 516 | 95 | Gasoline | (t-CO ₂ /yr) | 1,257 | 1,228 |
| Volume of contracted transport* ⁶ (10,000 tkm) | 1,221 | 1,163 | 95 | Volume of contracted transport* ⁶ | (t-CO ₂ /yr) | 2,208 | 2,189 |
| Water consumption (m ³) | 36,580 | 34,099 | 93 | Water drainage (m ³) | | 24,635 | 23,827 |
| Meta (t) | 2,560 | 1,820 | 71 | Steam, water, etc. emissions (m ³) | | 7,436 | 5,989 |
| Plastic (t) | 1,556 | 1,466 | 94 | Products* ⁵ (t) | | 15,719 | 14,350 |
| Glass (t) | 29 | 25 | 86 | Subtotal | | 47,790 | 44,166 |
| Paper (t) | 2,860 | 2,747 | 96 | PRTR-regulated substances | | | |
| Other (t) | 4,205 | 4,009 | 95 | PRTR substance emissions into the air (kg) | | 35 | 4 |
| Subtotal | 47,790 | 44,166 | 92 | PRTR substance emissions into the water (kg) | | 0 | 0 |
| PRTR-regulated substances (t) | 2.3 | 2.2 | 96 | PRTR substance emissions into the soil (kg) | | 3 | 2 |
| Volume collected (t) | 2,573 | 2,748 | 107 | PRTR substances transferred as waste (kg) | | 15 | 21 |
| Waste generation* ¹ (t) | 3,854 | 3,985 | 103 | | | | |
| Volume transferred to recycling processes* ⁷ (t) | 348 | 403 | 116 | | | | |
| Volume recycled* ² (t) | 3,396 | 3,532 | 104 | | | | |
| Other* ³ (t) | 41 | 17 | 41 | | | | |
| Final disposal (landfill)* ⁴ (t) | 69 | 33 | 48 | | | | |

CO₂ emissions calculation

Electricity: 0.555 kg-CO₂/kWh; gasoline: 2.32 kg-CO₂/l; Bunker A: 2.71 kg-CO₂/l; LPG: 3.00 kg-CO₂/kg

(After the March 2010 revision to the Law Concerning the Promotion of Measures to Cope with Global Warming, conversion factors for electricity announced by power companies are supposed to be used in general. For data consistency, however, the conversion factor of 0.555 kg-CO₂/kWh is used for electricity.)

*1 Waste generation: RISO considers all unwanted substances generated from its operational processes, including valuable resources and resources to be recycled or reused, as wastes.

*2 Volume recycled: Total volume of materials for recycling and thermal recycling, including valuable resources. The volume to be reused in operational processes is excluded.

*3 Other: The volume of materials for recycling and gas emissions from incineration.

*4 Final disposal (landfill): The volume to be disposed of in landfill sites, which includes residues and incinerated ash from intermediate process recycling.

*5 Major products: ComColor high-speed color printers, RISO digital duplicators, and inks, masters and other supply products for ComColor and RISO digital duplicators.

*6 Volume of contracted transport using external carriers: Volume of contracted transport (for delivery, procurement, collection, etc.) of products, parts, used products and waste.

*7 Volume transferred to recycling processes: The amount of recycled materials to be reused as raw materials in operational processes.

Environmental Burden

Environmental Burden of RISO's Overseas Sites

Input/Output by Operational Process

| Operational Process | INPUT | | | | OUTPUT | | | |
|---|--|---------------|---------------|----------------------|--|---------------|---------------|----------------------|
| | | FY2009 | FY2010 | Change from FY09 (%) | | FY2009 | FY2010 | Change from FY09 (%) |
| Design & Development | Energy consumption and CO ₂ emissions at the product development stage | | | | | | | |
| Scope of calculation: R&D Technology Center (at Tsukuba Works), K&D Development Center (at Wakaguri R&D Site), S&A Development Center (in Tokuei Building) | Breakdown of energy consumption | | | | CO ₂ emissions (t-CO ₂ /yr) | 1,361 | 1,277 | 94 |
| The volumes of water consumption and wastewater cannot be calculated separately for the R&D Technology Center. These volumes are included in the total figure for Tsukuba Works provided in the "Production" section below. | Electricity (MWh/yr) | 2,414 | 2,263 | 94 | Electricity (t-CO ₂ /yr) | 1,340 | 1,256 | 94 |
| | LPG (t/yr) | 7 | 7 | 100 | LPG (t-CO ₂ /yr) | 21 | 21 | 100 |
| | Water consumption (m ³) | 3,136 | 2,891 | 92 | Water drainage (m ³) | 3,136 | 2,891 | 92 |
| | | | | | Waste generation*1 (t) | 153 | 239 | 156 |
| | | | | | Volume recycled*2 (t) | 149 | 235 | 158 |
| | | | | | Other*3 (t) | 1 | 1 | 100 |
| | | | | | Final disposal (landfill)*4 (t) | 3 | 3 | 100 |
| Production | Volume of raw materials used, energy consumption, CO ₂ emissions and waste generation in the process of major product*5 manufacturing | | | | | | | |
| Scope of calculation: Tsukuba Works (excluding R&D Technology Center), Ube Works, Kasumigaura Works | Breakdown of energy consumption | | | | CO ₂ emissions (t-CO ₂ /yr) | 4,077 | 3,729 | 91 |
| | Electricity (MWh/yr) | 6,293 | 5,747 | 91 | Electricity (t-CO ₂ /yr) | 3,493 | 3,190 | 91 |
| | LPG (t/yr) | 59 | 46 | 78 | LPG (t-CO ₂ /yr) | 177 | 138 | 78 |
| | Bunker A (kl/yr) | 150 | 148 | 99 | Bunker A (t-CO ₂ /yr) | 407 | 401 | 99 |
| | Water consumption (m ³) | 33,444 | 31,208 | 93 | Water drainage (m ³) | 21,499 | 20,936 | 97 |
| | Metal (t) | 2,560 | 1,820 | 71 | Steam, water, etc. emissions (m ³) | 7,436 | 5,989 | 81 |
| | Plastic (t) | 1,556 | 1,466 | 94 | Products*5 (t) | 15,719 | 14,350 | 91 |
| | Glass (t) | 29 | 25 | 86 | | | | |
| | Paper (t) | 2,860 | 2,747 | 96 | | | | |
| | Other (t) | 4,205 | 4,009 | 95 | | | | |
| | Subtotal | 44,654 | 41,275 | 92 | Subtotal | 44,654 | 41,275 | 92 |
| | PRTR-regulated substances (t) | 2.3 | 2.2 | 96 | PRTR-regulated substances | | | |
| | | | | | emissions into the air (kg) | 35 | 4 | 11 |
| | | | | | emissions into the water (kg) | 0 | 0 | — |
| | | | | | emissions into the soil (kg) | 3 | 2 | 67 |
| | | | | | transferred as waste (kg) | 15 | 21 | 140 |
| | | | | | Waste generation*1 (t) | 1,128 | 998 | 88 |
| | | | | | Volume recycled*2 (t) | 1,080 | 975 | 90 |
| | | | | | Other*3 (t) | 40 | 16 | 40 |
| | | | | | Final disposal (landfill)*4 (t) | 8 | 7 | 88 |
| Sales | Fuel consumption and CO ₂ emissions of vehicles used for sales and maintenance service activities for customers | | | | | | | |
| Scope of calculation: Domestic branches and subsidiaries | Breakdown of energy consumption | | | | CO ₂ emissions | | | |
| | Gasoline (kl/yr) | 542 | 516 | 95 | Gasoline (t-CO ₂ /yr) | 1,257 | 1,228 | 98 |
| | Volume of contracted transport*6 | | | | Volume of contracted transport (t-CO ₂ /yr) | 2,208 | 2,189 | 99 |
| | Volume of contracted transport (10,000 t-km) | 1,221 | 1,163 | 95 | | | | |
| Collection, Reuse and Recycling | Volumes of used products' collection, reuse and recycling Though RISO is promoting the effective use of collected products, a part of such collected products goes for landfill disposal. | | | | | | | |
| Scope of calculation: Used products in Japan | Volume collected (t) | 2,573 | 2,748 | 107 | Waste generation*1 (t) | 2,573 | 2,748 | 107 |
| | | | | | Volume transferred to recycling processes*7 (t) | 348 | 403 | 116 |
| | | | | | Volume recycled*2 (t) | 2,167 | 2,322 | 107 |
| | | | | | Other*3 (t) | 0 | 0 | — |
| | | | | | Final disposal (landfill)*4 (t) | 58 | 23 | 40 |

*1 Waste generation: RISO considers all unwanted substances generated from its operational processes, including valuable resources and resources to be recycled or reused, as wastes.

*2 Volume recycled: Total volume of materials for recycling and thermal recycling, including valuable resources. The volume to be reused in operational processes is excluded.

*3 Other: The volume of materials for recycling and gas emissions from incineration.

*4 Final disposal (landfill): The volume to be disposed of in landfill sites, which includes residues and incinerated ash from intermediate process recycling.

*5 Products: ComColor high-speed color printers, RISO digital duplicators, and inks, masters and other supply products for ComColor and RISO digital duplicators.

*6 Volume of contracted transport using external carriers: Volume of contracted transport (for delivery, procurement, collection, etc.) of products, parts, used products and waste.

*7 Volume transferred to recycling processes: The amount of recycled materials to be reused as raw materials in operational processes.

Note 1. RISO made retroactive adjustments by adding the ComColor series, released in February 2009, to the scope of calculation for the INPUT and OUTPUT data for fiscal 2010 and fiscal 2009.

Note 2. RISO made retroactive adjustments to Tsukuba Works' electricity consumption data for fiscal 2010 and fiscal 2009, in connection with redundancy in calculations for the Production Division and the R&D Division.

Note 3. In Sustainability Report 2009, incorrect data on LPG consumption and CO₂ emissions for the "development and designing" process was presented. It has been corrected for the table above.

Incorrect: LPG consumption: 4 t CO₂ emissions: 12 t-CO₂ Correct: LPG consumption: 7 t CO₂ emissions: 21 t-CO₂

Environmental Burden of Overseas Non-Production Bases

Scope of calculation: Overseas 13 subsidiaries of RISO Group (RISO, INC., RISO FRANCE S.A., RISO (Deutschland) GmbH, RISO EUROPE LTD., RISO (U.K.) LTD., RISO IBERICA, S.A., RISOGRAPH ITALIA S.p.A., RISO AFRICA (PTY) LTD., RISO KOREA LTD., RISO HONG KONG LTD., RISO (Thailand) LTD., RISO INDIA PRIVATE LIMITED, RISO TECHNOLOGY ZHUHAI CO., LTD.)

INPUT

| | FY2009 | FY2010 | Change from FY09 (%) |
|--|--------|--------|----------------------|
| Per-unit energy consumption (GJ/employee)* | 74.6 | 66.3 | 89 |
| Energy Consumption (GJ/yr) | 52,378 | 32,407 | 62 |
| Electricity (GJ/yr) | 18,211 | 14,845 | 82 |
| Natural gas (GJ/yr) | 852 | 780 | 92 |
| Gasoline (GJ/yr) | 27,921 | 11,550 | 41 |
| Diesel oil (GJ/yr) | 5,394 | 5,232 | 97 |
| Water consumption (m ³) | 10,305 | 9,904 | 96 |

OUTPUT

| | FY2009 | FY2010 | Change from FY09 (%) |
|---|--------|--------|----------------------|
| Per-unit CO ₂ emissions (t-CO ₂ /employee)* | 4.54 | 4.04 | 89 |
| CO ₂ emissions (t-CO ₂ /yr) | 3,186 | 1,974 | 62 |
| Electricity (t-CO ₂ /yr) | 904 | 805 | 89 |
| Natural gas (t-CO ₂ /yr) | 41 | 37 | 90 |
| Gasoline (t-CO ₂ /yr) | 1,872 | 774 | 41 |
| Diesel oil (t-CO ₂ /yr) | 369 | 358 | 97 |
| Water drainage (m ³) | 10,305 | 9,904 | 96 |

* Due to dynamic changes in locations and workforce as well as to difficulties in conducting surveys at overseas non-production bases, RISO used the number of employees as the denominator in the calculation to obtain each per-unit figure.

Environmental Burden of Overseas Production Bases

Scope of calculation: All overseas production bases within the RISO Group, including the Zhuhai Plant of RISO TECHNOLOGY ZHUHAI CO., LTD. in China

Subject of calculation: Energy consumption and resultant CO₂ emissions, water consumption and wastewater discharge, and waste generation.

Materials used in production, fuel consumption by company vehicles and resultant CO₂ emissions.

* Data relating to contracted transport, energy consumption by the Sales Division and resultant CO₂ emissions is not included.

INPUT

| | FY2009 | FY2010 | Change from FY09 (%) |
|-------------------------------------|---------------|---------------|----------------------|
| Energy Consumption (GJ/yr) | 12,546 | 11,534 | 92 |
| Electricity (GJ/yr) | 11,256 | 10,147 | 90 |
| Bunker A (GJ/yr) | 156 | 82 | 53 |
| Kerosene (GJ/yr) | 2 | 0 | — |
| Diesel oil (GJ/yr) | 169 | 0 | 0 |
| Gasoline (GJ/yr) | 963 | 1,305 | 136 |
| Water consumption (m ³) | 11,921 | 10,850 | 91 |
| Metal (t) | 2,406 | 2,281 | 95 |
| Plastic (t) | 859 | 821 | 96 |
| Glass (t) | 2 | 0 | 0 |
| Paper (t) | 624 | 836 | 134 |
| Other (t) | 1,561 | 1,709 | 109 |
| Subtotal | 17,373 | 16,497 | 95 |

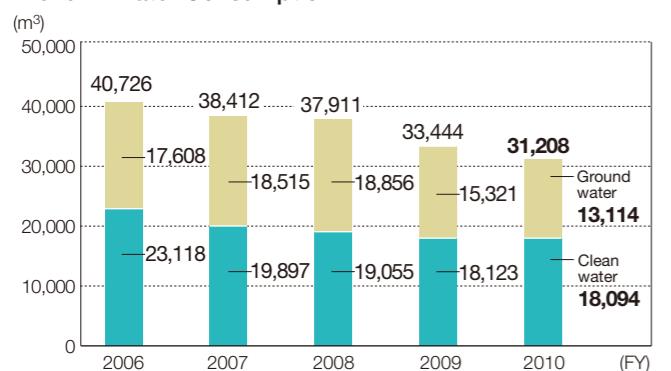
OUTPUT

| | FY2009 | FY2010 | Change from FY0 |
|--|--------|--------|-----------------|
|--|--------|--------|-----------------|

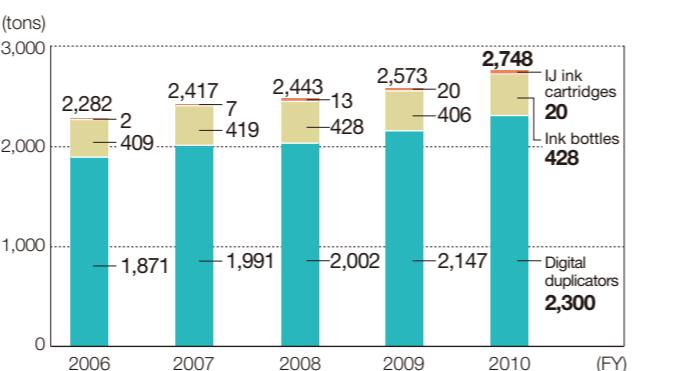
Environmental Indicators

(As of March 31, 2010)

Trend in Water Consumption



Trend in Used Product Collection



Scope of calculation: The amount of used RISO products in Japan, excluding second-hand duplicators used as rental equipment

PRTR Listed Substances Breakdown of Released and Transferred Volume

| | Emissions into the air | | Emissions into the waters | | Emissions into the soil | | Waste generated | |
|-------------------------------------|------------------------|------------|---------------------------|------------|-------------------------|------------|-----------------|-------------|
| | FY2009 | FY2010 | FY2009 | FY2010 | FY2009 | FY2010 | FY2009 | FY2010 |
| Toluene | 21.6 | — | — | — | — | — | — | — |
| Xylene | 13.5 | 2.0 | — | — | — | — | — | — |
| Bisphenol-A type liquid epoxy resin | — | * | — | * | — | * | 2.0 | * |
| Di-n-butyl phthalate | — | — | — | — | — | — | 3.7 | 2.0 |
| Polyoxyethylene alkyl ether | — | — | — | — | — | — | 2.9 | 3.0 |
| Boron and its compounds | — | — | — | — | — | — | 6.4 | 13.6 |
| N,N-Dimethyldodecylamine=N-oxide | — | — | — | — | — | — | — | 2.8 |
| 2-Aminoethanol | — | 2.0 | — | — | — | — | — | — |
| DEP | — | — | — | — | 2.9 | 1.5 | — | — |
| Total | 35.1 | 4.0 | 0.0 | 0.0 | 2.9 | 1.5 | 15.0 | 21.4 |

* Bisphenol-A type liquid epoxy resin has been removed from the list of PRTR-regulated substances in line with the April 1, 2010 revision to the Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management, often referred to as the PRTR Law.

Scope of calculation: Tsukuba Works, Ube Works, Kasumigaura Works and R&D Technology Center

* Based on the results of environmental surveys, RISO calculated the volume released and transferred for substances that it handled in excess of one kilogram per annum.

Third-Party Evaluation

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. For *Sustainability Report 2010*, the Company used TÜV Rheinland Japan Ltd., the same evaluator that conducted the third-party evaluation of *Sustainability Report 2009*. RISO continues to pursue accuracy and reader-friendliness in its sustainability reporting, while reinforcing the quality of information it discloses.



Third party verification report regarding the "Riso Kagaku Corporation Sustainability Report 2010"

Riso Kagaku Corporation
Mr. Akira Hayama, President

1. Scope, purpose and subject of verification

Riso Kagaku Corporation (hereinafter referred to as the organization) has prepared the "Riso Kagaku Corporation Sustainability Report 2010" and "data book" (on the website). TÜV Rheinland Japan Ltd. (hereinafter referred to as the verification body) has been commissioned as an independent third party to implement a specific and agreed-upon verification process with the purpose to confirm:

- Rational calculation methods and the reliability of environmental reporting, performance and accounting information as well as the validity of statement.
- Completeness of disclosure for significant environmental issues.

The purpose of this verification is to report the results including a verification opinion.

2. Verification process

The following verification process has been performed based on the agreement with the organization.

(1) Outline of environmental management: to understand and consider the organization's situation, overall condition of operation, and to select data items.

(2) Process of data collection, calculation and reporting: basic information pertaining to environmental performance indicators and environmental accounting indicators, the data collection process and the calculation method were examined.

(3) Accuracy of data: for the environmental performance indicators and the environmental accounting indicators, the accuracy of data and reliability of calculations have been assessed by comparing selected data with basic information and confirming their consistency.

(4) Correctness of reported information, Completeness of significant issues: information indicated in the report has been confirmed by interviews with responsible persons, on-site visit and comparison between internal and external information.

Our verification process includes on-site audits of the ISO14001 and ISO9001 management system, document verification of the organization's draft report, on-site verification of the reporting issues, confirmation of the organization's final draft after implemented corrective actions. The detail of our verification process including our corrective action requests, implemented corrective action by the organization, and reporting is disclosed in our home page at <http://www.tuv.com>.

As the result of above-mentioned processes, the verification body judged that it had obtained reasonable information to conclude.

Ministry of Environment's "Environmental Reporting Guidelines, and Environmental Reporting Standard," and GRI's "Sustainability Reporting Guideline" were considered during the verification process however, the statement does not imply certification or compliance with these guidelines.

- Sites visited for this verification: Headquarters (Mita branch)

- Sites visited for ISO 9001 audit: Headquarters (including Real Estate Business Div.), Production Div. (Tsukuba Works, Ube Works, and Kasumigaura Works), R&D Div., PC Div., International Sales Div., Domestic Sales Div., CR Support Dept., Okinawa Contact Center and Riso Training Center

- Sites visited for ISO 14001 audit: Headquarters (including Real Estate Business Div.), Production Div. (Tsukuba Works, Ube Works, and Kasumigaura Works), R&D Div., PC Div., International Sales Div., Domestic Sales Div. and branches (Saitama, Shibuya, Mikawa, Kobe and Riso Okinawa Corporation), CR Support Dept., Okinawa Contact Center and Riso Training Center

3. Conclusion

The verification process has been performed as planned, and it was confirmed that corrective action requested during the verification has been properly implemented. As a result, the audit team concludes that the "Riso Kagaku Corporation Sustainability Report 2010" and "data book" (on the website) cover and correctly indicate important environmental information and that data processing and reporting are appropriately implemented based on the Ministry of Environment's "Environmental Reporting Guidelines."

4. Verification opinion

[General evaluation]

The report has been issued with the editorial policy featuring the six Riso Environmental Protection Principles, and articles on social initiatives are being enhanced, which shows continuous efforts for the improvement.

Since initiatives concerning readers of the report particularly have been taken as follows, it is hoped that further improvement will be made continuously.

1. The booklet of the "Sustainability report" is designed so that general readers can easily understand essential messages, and the "data book" on the website provides detailed information for those who would like to learn more about the environmental management. This attitude is vital to disclose further information on the environmental management.

2. The organization has been making efforts to achieve color universal design in the booklet report as some readers would perceive colors differently. Given the business characteristics as a manufacturer of printing machines, this effort indicates the organization's concerns about social responsibility.

It is hoped that the organization will improve the report continuously by reporting activities carried out its sites overseas, from the view point of its global and consolidated management.

[Environment related activities]

As for the environmental reporting, process of data collection and the editorial policy are nearing completion and the report itself is well organized.

For further enhancement, it is hoped the significance and effectiveness of the following environmental initiatives which have started showing effects will be more clearly reported.

1. Renewal of the medium-long term targets regarding coping with global warming and drastic initiatives to achieve them

Setting the company wide reduction targets in FY2016 in both energy consumption [23% reduction in total volume, 30% reduction in unit volume per sales] and CO₂ emissions [15% reduction in total volume, 20% reduction in unit volume per sales] compared to those volume in FY2006 and drastic initiatives for achieving those targets.

2. Recovering used products – reporting remarkable performance of recycling used products and reduction of environmental negative impact while using products

The accomplishment of the environmental management of the organization has been seen in steadily enhanced performance in recovering and recycling of used products by setting targets and continual improvement. From now on, it is hoped that the organization will visualize the entire picture in waste as well as the effectiveness of the reduction of the environmental burden for products in use.

[Social related activities]

The organization shows its positive attitude to disclose substantial information in terms of "perspective of products and customer satisfaction" and "perspective of personnel and employee satisfaction".

- willingly informing the issue of wrong description of materials, size and quantity as quality related information
- showing its attitude to look after the customers' voice ranging from "upstream" (product development) to "downstream" (customer service)
- introducing initiatives for its employees such as "support for work life balance" and "seminar for employees returning from child-care leave"
- implementing initiatives which contribute to society in and outside Japan, with education, printing and print-communication as focal points

Those above initiatives particularly show that the organization has been actively enhancing its activities and disclosures, which is positively evaluated.

[Environmental accounting]

It is appreciated that the organization implements data collection system for environmental accounting in a stable manner, discloses expenditures (investments + expenses) and economic effect by all items and extends by one more year to four years for its comparison over the years. It is hoped that the organization will establish such a scheme that collects data without missing any items in the environmental accounting system such as cost for investigation and removal of the environmental contamination that arises from application to the accounting for asset retirement obligations enforced on April 1st, 2010.

In addition, given the fulfillment of disclosure to shareholders and investors regarding the environmental accounting, it would be possible for the organization to address on an issue of "comparison between business performance and environmental accounting indicator" with environmental performance and financial indicators being combined as this issue impacts on overall disclosure of the environmental management.