

Komori Group
Environmental and Social Responsibility Report
2015

Creating a Sustainable Society and Exceeding Customer Expectations

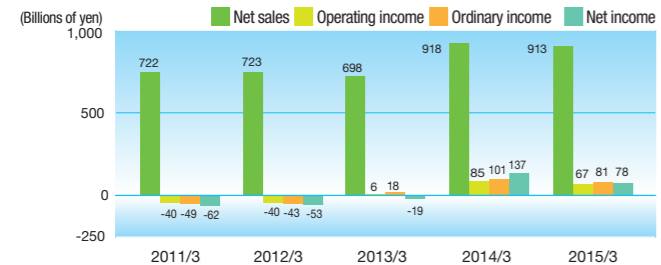
Komori always strives to deliver Kando-customer satisfaction beyond expectations. In addition to this commitment, we work to realize sustainable society through future harmony among people, and with the community and the global environment. Embracing these goals, Komori Corporation is stepping out into the world.

Profile and Financial Indicators

(as of March 31, 2015)

Company name: Komori Corporation
Headquarters: 11-1 Azumabashi 3-chome, Sumida-ku, Tokyo 130-8666, Japan

Tel: +81-3-5608-7811
Date established: October 20, 1923
President and COO: Satoshi Mochida
Capitalization: ¥37,715 million
Number of employees: 2,106 (on a consolidated basis)
Main products: Commercial offset presses (offset sheetfed presses and offset web presses), currency and securities printing presses, web offset packaging presses, screen printing presses and printing equipment



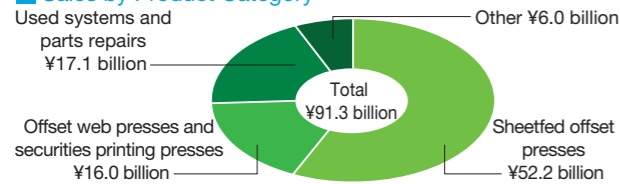
Key Domestic Operations

● Komori Corporation offices and plants:
Headquarters, Techno Service Center, West-Japan Service, Sagami Service, Saitama Techno Center, Komori Global Parts Center, Osaka Regional Headquarters, Nagoya Branch Office, Shizuoka Representative Office, Kyushu Branch Office, Hokkaido Branch Office, Tohoku Branch Office, Niigata Representative Office, Hokuriku Branch Office, Chugoku Branch Office, Shikoku Branch Office, Tsukuba Plant, Komori Graphic Technology Center
● Subsidiaries:
Komori Machinery Co., Ltd., Komori Kosan Co., Ltd., Komori Engineering Co., Ltd., SERIA CORPORATION, SERIA ENGINEERING, INC.

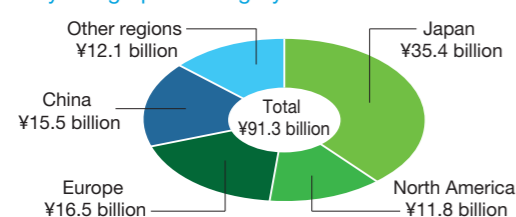
Key Overseas Operations

● North America
Komori America Corporation, Komori Leasing Incorporated
● Europe
Komori International (Europe) B.V., Komori International Netherlands B.V., Komori U.K. Limited, Komori Currency Technology, Komori France S.A.S., Komori Belgium Branch Office of Komori France, Komori Italia S.r.l., Komori-Chambon S.A.S.
● Asia
Komori Hong Kong Limited, Komori Printing Machine (Shenzhen) Co., Ltd., Komori Printing Machine (Shenzhen) Co., Ltd., Shanghai Branch, Komori Taiwan Limited, Komori Machinery (Nantong) Co., Ltd., Komori Southeast Asia Pte. Ltd., Komori Malaysia Sdn. Bhd.

Sales by Product Category



Sales by Geographic Category



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Editorial Policy

This report covers Komori Corporation, and the Komori Group. In 2007, the Komori Group expanded on its Environmental Report to begin publishing the Environmental and Social Responsibility Report. This edition covers CSR management and our social responsibility and environmental reports. This publication also presents some of the activities of Group companies as shown below.

Scope of Report

Komori Corporation and consolidated Group companies in Japan and overseas

Report Period

April 1, 2014, to March 31, 2015

Notes:

- Komori produced this report in keeping with the 2007 Environmental Reporting Guidelines of Japan's Ministry of the Environment, the 2006 Sustainability Reporting Guidelines of the Global Reporting Initiative, and other recommendations.
- You can obtain a PDF version of this report at the following Komori website:

<http://www.komori.com>

Message from Top Management

We will carry out transformation of our profit structure through structural reform of our businesses and measures for early monetization of new businesses and innovation of new business models, as well as *Monozukuri* (manufacturing) innovation activities.



Satoshi Mochida
Representative Director, President and COO

In the printing sector, demand from the paper media in the advanced countries was sluggish overall, affected by the spread of Information and Communications Technology (ICT), but printing demand in emerging countries is rising on the back of population growth and expansion of the middle-income class.

In such a market environment, the Komori Group worked to stimulate demand in the offset printing press market by launching new products and carrying out marketing campaigns. In new businesses, we strengthened the securities printing press business, the Printed Electronics (PE) business, the Digital Printing System (DPS) business and Print Engineering Service Provider (PESP) business, under our drive to transform our business structure and achieve business model innovation in sales activities.

In the offset printing press business, marketing activities focused on our mainstay systems (LITHRONE GL40 and LITHRONE A37), with solution proposals based on the H-UV high-speed UV curing system, the KHS-AI integrated control system for higher printing productivity and quality, and the KOMORI OnDemand system which incorporates the CMS system for color-matching between offset presses and various printers. We also launched full-scale processing of orders for the LITHRONE GX40 and LITHRONE GX40RP systems, developed for package printing applications, a field which is expected to see steady growth over the long-term.

In new businesses, we aggressively expanded the securities printing press business into overseas markets, winning orders from, among others, UK-based DE LA RUE INTERNATIONAL LIMITED, the world's largest private securities printing firm. With the launch of full-scale order processing for mass production, we also made significant progress in the PE business toward commercialization of our metal wiring for touch panel systems, having established a platform enabling total support including marketing and services through the acquisition of Tokai Holdings Co., Ltd. (changed its trade name from April 1, 2015: SERIA CORPORATION). In the DPS business, we entered into joint developments of next-generation digital printing machinery with KONICA MINOLTA, INC. and Landa Corporation Ltd. of Israel. In the PESP business, we reopened the Komori Graphic Technology Center (KGC) after an overhaul, which enabled us to offer solutions for the increasingly wide range of software technology for difficult printing, as well as total solutions for optimized printing systems including digital printing systems, printing materials and consumable supplies, and post-press equipment.

Currently, the Komori Group is pressing ahead with the Fourth Medium-Term Management Plan from 2013. We will further transform our profit structure through structural reform of our businesses and a combination of measures including early monetization of new businesses and innovation of new

business models, as well as *Monozukuri* (manufacturing) innovation activities.

Specifically, our plans for business structure transformation include establishment of a platform for expanding overseas sales in the securities printing business, premised on technological cooperation with the UK-based DE LA RUE. In the PE business, business development will center on Tokai Holdings Co., Ltd. (currently SERIA CORPORATION), while in the DPS business, we are successively launching the new Impremia IS29 digital inkjet sheetfed UV printing system (currently being jointly developed with KONICA MINOLTA, INC.) and sheetfed nanographic printing presses being jointly developed with Landa Corporation Ltd. of Israel, aiming at early commercialization.

In the PESP business, achievement of business model innovation in sales activities will involve creation of long-term partnership relationships with customers in Japan and overseas, based on creation of integrated platforms for product development, marketing and service and account management, in order to propose total solutions which help improve profitability and productivity at our customers. In this way, we will aim for a still firmer earnings base.

In order to strengthen cost competitiveness as we restructure earnings models, we are improving operational efficiency and cutting selling and administration costs by using ICT, while at the same time developing *Monozukuri* (manufacturing) innovation and creating an optimally efficient production system capable of responding to orders for varying product types and volumes. This will help us reduce production lead times and costs.

By concentrating management resources on these issues, and tackling them on a company-wide basis, we aim to create a business foundation which realizes long-term stable growth, increases our corporate value and become an outstanding enterprise.

September 2015

Management Philosophy and Fourth Medium-Term Management Plan

Delivering Kando

Komori's management philosophy seeks to create customer Kando by attaining three goals.

1. Enhance the Komori brand image
2. Deliver quality control
3. Implement solution business

Komori will inspire customer Kando through bold pursuit of quality in the printing world and the global community.

Komori's Mission

Ever since its founding in 1923, the Komori Group has sought to contribute to society and culture by manufacturing printing presses.

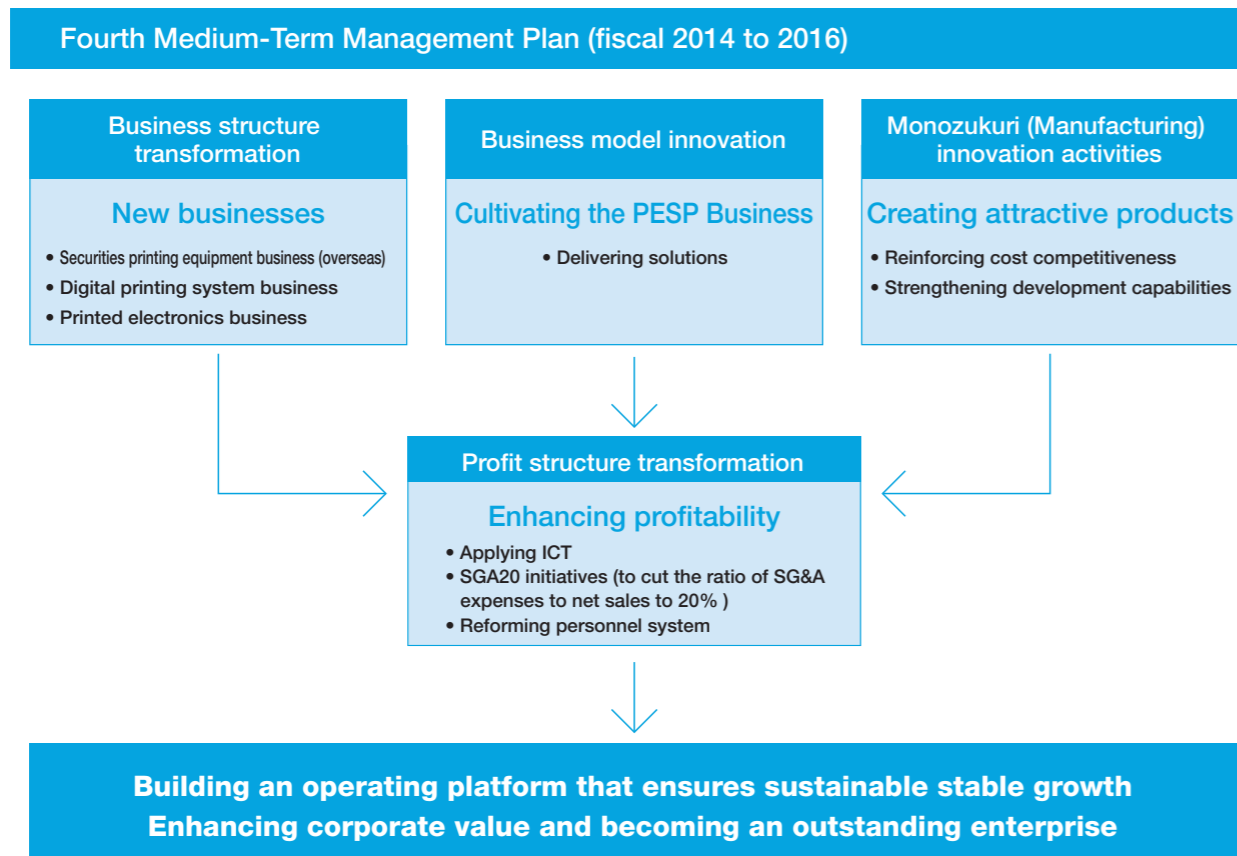
The pace of social change has accelerated in the 21st century, transforming the operating climate of the printing industry. Now is the time to renew our commitment to making progress one step at a time. Our ideal of being a company that inspires customer Kando will illuminate our path.

We are committed to listening to our customers, providing the finest services by viewing print from user perspectives, and we seek to offer the best product and technology solutions. Through diligent effort, we believe that we can achieve true brand value as an enterprise that offers Kando.

We will continue striving to inspire customer Kando through creative activities that originate with our customers.

Fourth Medium-Term Management Plan (fiscal 2014 to 2016)

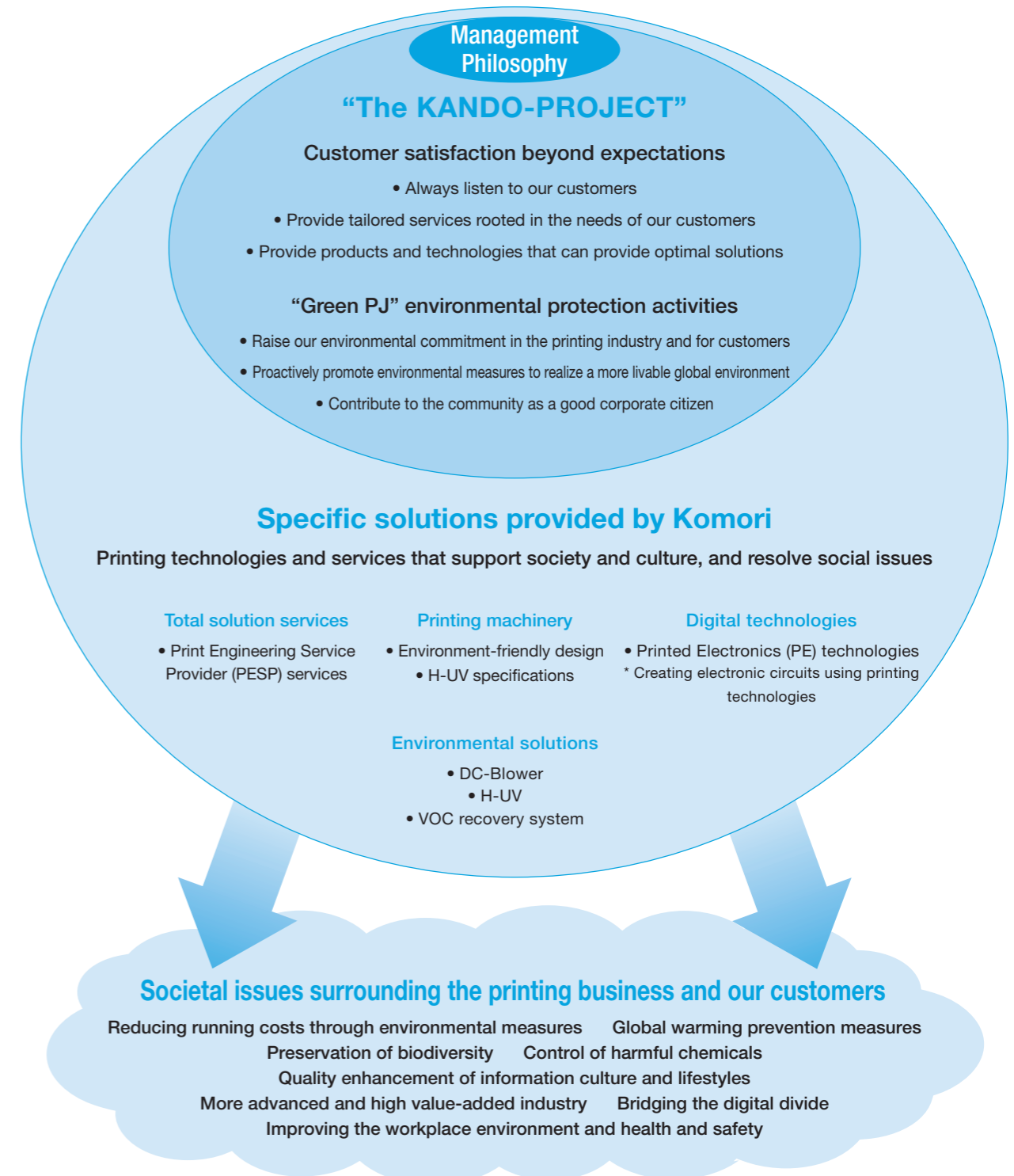
Komori is realizing three goals in the Fourth Medium-Term Management Plan launched in April 2013: "Business structure transformation," "Business model innovation," and "Profit structure transformation."



The KANDO-PROJECT

Customer Satisfaction Beyond Expectations The KANDO-PROJECT

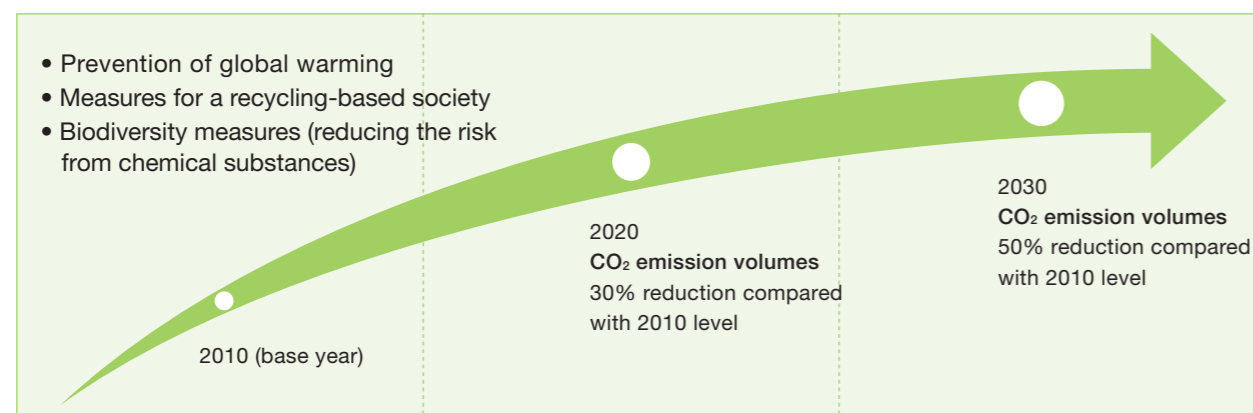
At Komori, we aim to inspire our customers through our printing technologies and services, which support society and culture, and help solve problems afflicting society. That is the KANDO-PROJECT.



KOMORI Eco Vision 2030 / Basic Environment Policy / Biodiversity Statement / ISO 14001 Certifications

KOMORI Eco Vision 2030 (Long-term targets)

The basic tenets of the Komori Group's Eco Vision 2030 initiative are prevention of global warming, measures for a recycling-based society and biodiversity. These orientations support our aim of contributing to realization of global and communal sustainability and fulfilment of our responsibilities as a global company.



Komori's Basic Environment Policy

1. We consistently pursue improvements, such as saving energy and other resources, reusing and recycling, and reducing all waste for corporate activities.
2. We promote environmentally friendly printing presses and equipment. We practice green purchasing.
3. We adhere strictly to environmental and related laws and ordinances while reducing emissions of hazardous chemical substances and striving to prevent pollution.
4. We meet regularly to review environmental goals. We continuously reduce environmental loads.
5. We will document, practice, and maintain this policy. We will educate employees about the policy to enhance their awareness of the need to safeguard the environment.
6. We are committed to communicating with local residents, customers and related companies to aid environmental protection, and will disclose this policy to the general public.

Biodiversity Statement

Basic philosophy

The Komori Group will contribute to formation of a sustainable society through the development and dissemination of products and technologies that promote biodiversity, in a gesture of gratitude for the blessings of nature, the source of biodiversity.

Action guidelines

1. With due consideration to their impact on biodiversity, we are committed to development of products that, to the maximum possible extent, can reduce use of forestry resources (paper), water and fossil fuels (electricity).

2. We recognize the impact of our activities on biodiversity and are working to minimize such adverse effects.
3. We help to create a society that fosters biodiversity, through dialogue with our customers, suppliers, regional communities and other stakeholders.
4. We shall work for better understanding among our employees of the importance of biodiversity, and for their recognition of the need of its protection.

ISO 14001 Certifications

Registered Operations	Komori Corporation (Tsukuba Plant)	Komori Corporation (Techno Service Center)	Komori Machinery Co., Ltd.
Applicable Standard	ISO 14001: 2004 JIS Q 14001: 2004	ISO 14001: 2004 JIS Q 14001: 2004	ISO 14001: 2004 JIS Q 14001: 2004
Registration Number	JQA-EM1949	JQA-EM3223	JQA-EM3213
Registration Date	December 7, 2001	June 13, 2003	June 6, 2003
Certifying institution	Japan Quality Assurance Organization	Japan Quality Assurance Organization	Japan Quality Assurance Organization

Status of Environmental Activities

Priority Themes and Major Issues

The Komori Group's activities are based on a classification of environmental action planning into priority themes and major issues. There are three priority themes: eco-products, eco-factories and eco-communication, under which major issues are identified.

In tandem with the compilation of the Komori Eco-Vision 2030 plan, we are currently making modifications which will enable ambitious measures to be taken from the next fiscal year.

Eco-products (development)

By developing environmental products needed by the customer, we will win new sales opportunities and work to further reduce environmental impact, while meeting relevant legal and regulatory product requirements.

Eco-factories (procurement and production)

We will work to further reduce environmental impact and take measures to meet relevant legal and regulatory product requirements, through consolidation of production technologies and techniques.

Eco-communication (distribution, sales and services)

We will work to further reduce environmental impact through improvement of distribution efficiency and reduction in use of packaging materials. We will further aim to reduce environmental impact through our services for a broader range of customers, by devising and proposing optimized products that contribute to reduction of environmental impact at the product development and marketing stages.

Priority themes	Major issues	Environmental contribution	Products and goods, etc.
Eco-products	<ul style="list-style-type: none"> Development of environment-friendly goods Development of environment-friendly products Measures to meet environmental legal and regulatory requirements 	<ul style="list-style-type: none"> 【 Prevention of global warming 】 • Reduction of CO₂ during product use 【 Reduction of risk from chemical substances 】 • Response to specific requirements 【 Full range of environmental activities 】 • Compliance with environmental laws and ordinances • Scope 3 measures 	<ul style="list-style-type: none"> • Sheetfed press • Offset web press • VOC measures • Measures to meet environmental regulatory requirements
Eco-factories	<ul style="list-style-type: none"> Reduction of environmental impact at plants and business sites Energy-saving activities Resource-saving activities 	<ul style="list-style-type: none"> 【 Prevention of global warming 】 • Promotion of energy-saving facilities 【 Helping create a recycling-based society 】 • Facility for efficient resource use • Zero-emission consolidation measures • Recycling • Reduction of printing materials (paper, etc.) 	<ul style="list-style-type: none"> • Plants • Business sites • Resources • Reduction of waste materials
Eco-communication	<ul style="list-style-type: none"> Reducing environmental impact upon distribution, marketing and services Customer-tailored responses to environmental requirements Environmental activities carried out in association with partner companies 	<ul style="list-style-type: none"> 【 Prevention of global warming 】 • Energy-saving improvements for customers' existing machinery • Energy-saving at printing works • Re-use of resources 【 Measures for the recycling-based society 】 • Promotion of green procurement standards 	<ul style="list-style-type: none"> • Printing machinery • Plants • Business sites • Services • Alliances with suppliers • Development of green procurement guidelines

Message from Komori's Environmental Officer

Many environmental issues affect the society we live in, including global warming, atmospheric and water pollution and resource depletion. For most of these, their major causes lie in our own lives and economic activities.

Looking back on our own environmental activities in the printing sector, we focused on developing technologies for energy-saving products in response to dramatically increased demand for better performance in terms of lower electricity consumption after the Great East Japan Earthquake in 2011.

We also undertook basic technological developments such as systems for recovery of ink mist and volatile organic chemicals, and odor control systems, against a backdrop of mounting pressure on printing plants to improve their operating environment.

In addition to such measures described above in the areas of environmental technologies, we have also launched the "Green-PJ" project in 2013, an in-house cross-organizational environmental initiative, to deepen our environmental commitment to customer and society as a whole. In this way, we have launched new initiatives aiming to transform Komori to a model of environmental awareness.

In addition to creating environment-friendly products, the "Green-PJ" project also aims to make Komori a leader in environmental issues in the printing industry, by committing to energy/resource-saving and biodiversity at production plants as well, and by strengthening dialogue with our business partners through green procurement and management of chemical substances, etc., with integrated management of environment issues on a company-wide basis.

[From inspiring the customer to inspiring the public]

Komori is engaged in the "Kando-PJ" project on a company-wide basis, with the aim of realizing the management philosophy of becoming a company that inspires its customers.

"Green-PJ" is one part of this initiative. In addition to supporting customers who are printing companies, we aim to contribute to society through environment-friendly product development and environment activities, so as to inspire not only consumers who receive printed products, but also local communities and all other stakeholders. We aim to become a company that inspires the public by helping build a more environmentally-conscious society.

As things stand, we have only taken the first steps towards these goals, but we would greatly appreciate your perusal of this report, and acknowledgement of our environment technologies that meet the needs of the times, and related activities which are their result. Please tell us your frank opinions, as well as what you would like to see us do to achieve our goals.

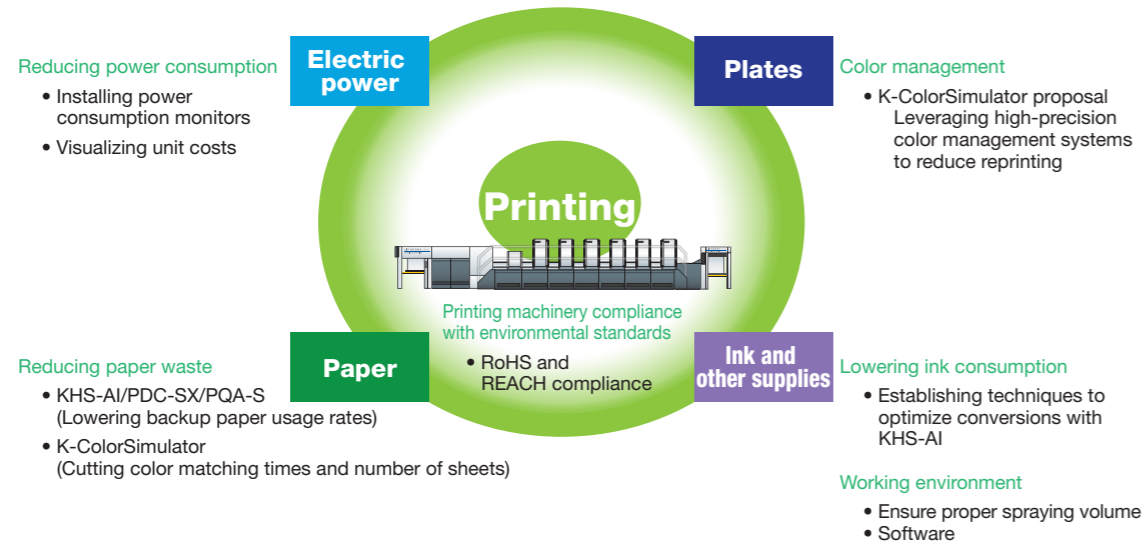


Kazunori Saitoh

Director and Managing Operating Officer, Manager of Tsukuba Plant, and Head of Komori Graphic Technology Center

Green-PJ

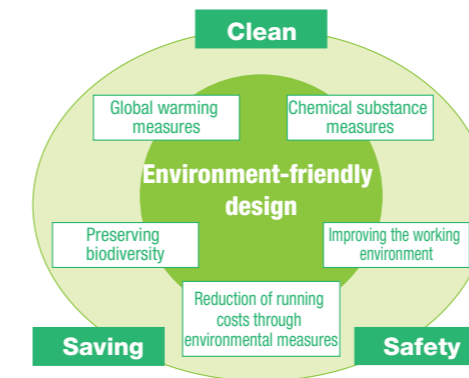
Encompassing the entire environment of a printing plant



Green Concept

Komori's Green Concept

At Komori, "Green" has been designated a keyword that denotes a state of co-existence embracing the environment, people and nature. We believe that 'green' must entail a calm, bright future where co-existence and mutual balance is maintained among them. This is the essence of the philosophy behind the Green Concept promoted by Komori.



Three pillars of the Green Concept

Realization of the three pillars of the Green Concept—Clean (pollution prevention), Saving (resource protection) and Safety—will define the development of the next generation of printing machinery. While always committed to reduction of waste paper and improvement of the working environment, as well as further development of energy-saving and noise-reducing systems, Komori is dedicated to developing environment-friendly printing equipment that aims at coexistence of the environment, people and nature.

Clean: Prevention of pollution	
Measures for printing materials	Reduction of usage volumes of consumables and oil/fat products
Plant environment measures	Control of rise in room temperature and spray powder scattering
Saving: Resource protection	
Energy measures	Reduction of power consumption (reduce CO ₂ emission volumes)
Paper loss measures	Paper loss measures Reduction of usage volumes of printing paper and ink
Safety	
Consideration for workers	Reduced noise, reduced odor, measures to prevent accidents, and solutions for hazardous solvents
Measures for preventive maintenance	Improvement of self-diagnosis mechanisms

Environment-friendly design

Unless preventive measures are taken, printing presses are industrial products that cause significant environmental impact, consuming as they do vast amounts of paper, ink and other materials and, during operation, electricity and other energy sources.

The greatest environmental concern with regard to printing machinery is reduction of wastes which accompany production of printed materials.

At Komori, we go beyond reduction of waste in the printing process. We are also committed to product development and design that aims to ensure printing machinery that is friendly to the global environment and humanity throughout the life-cycle.

1 Environmental impact assessments

In our production designing process, we identify items that may affect the environment, and create development plans that minimize those environmental impacts.

2 Life-Cycle Assessments

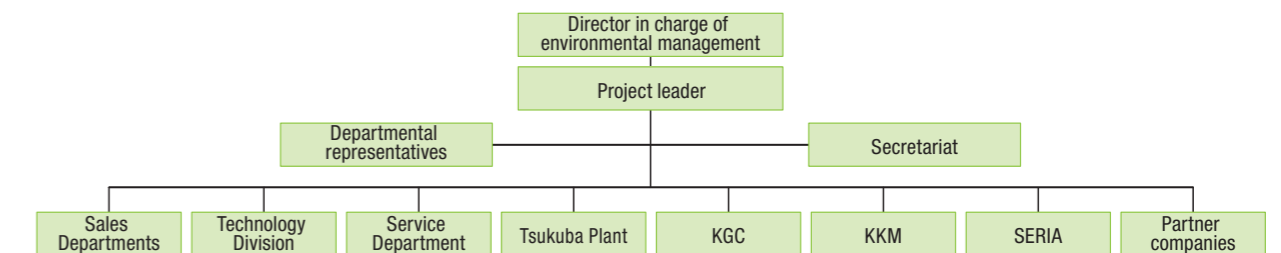
Life-cycle assessments for newly developed machinery cover not only products themselves but also the entire product life-cycle, spanning parts procurement, processes, deliveries and use. Such evaluations enable us to ensure development of printing machinery that is energy- and resource-saving, and also friendly to the global environment.

3 Printing machinery operational feedback

Depending on usage status, the energy and resource consumption of printing presses varies greatly.

We carry out follow-up surveys into operational and usage status of printing machinery delivered to and used by our customers, and reflect those results in our designs to ensure that printing machinery can be used over the long term in sound condition by our customers, and is friendly to the global environment.

Green Project Organization



The Komori Group's Environmental Impact

The Group strives in every processing stage spanning manufacturing and selling printing presses, distribution and recycling to measures for lower environmental impact. We have identified the following overall impacts from our operations for fiscal 2015. We are committed to accelerating efforts to boost our environmental efficiency in the years ahead.

INPUT

	Energy inputs	
Electricity	33,397,088 kWh	
Fuels (crude oil equivalent)	2,602 kl	
	Water	146,249 m ³

	Paper consumption	
Virgin paper test print runs	653 metric tons	
Recycled copy paper	14 metric tons	

	Indirect printing materials	
Ink	4.6 metric tons	
Plates	4.4 metric tons	
Water	1.0 kl	
Solvents	0.1 kl	

	Inputs of chemical substances on Pollutant Release and Transfer Register	
Toluene	6.0 kl	
Xylene	0.3 kl	
Others	2.2 kl	

	Parts and materials	
Castings and steel materials	18,023 metric tons	
Others	489 metric tons	

	Operating manuals and parts lists	
Paper	6.5 metric tons	

	Fuel	508 kl
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	Service and repair parts	5.0 metric tons
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R&D

Procurement

Production

Distribution

Collection and recycling

OUTPUT

	Greenhouse gases	
Carbon dioxide	21,966 t-CO ₂	
	Air pollutants	
Nitrogen oxides	2.8 metric tons	
Sulfur oxides	1.5 metric tons	

	Water discharges	98,354 m ³
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	Emissions and transfers of chemical substances on Pollutant Release and Transfer Register	8.5 metric tons
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	Volume recycled	
Waste testing paper and cardboard	1,143.9 metric tons	
Waste oil and liquid	374.1 metric tons	
Metal scrap	1,388.4 metric tons	
Waste plastics	69.9 metric tons	
Others	188.0 metric tons	

	Number of units produced	
Offset printing presses	580 units	
Screen printers	186 units	
Total	766 units	

	Greenhouse gas emissions	
Carbon dioxide	1,305 t-CO ₂	

	Service and repair parts	5.0 metric tons
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Note: The figures represent the environmental impacts of Komori's internal production processes, products, and logistics. The scope of calculations differs from that of the prior year.

Respect for Human Rights, Diversity, Occupational Health and Safety, and Compliance

The Komori Group aims to share Kando with society.

Respect for Human Rights

We formulated the Komori Group Code of Corporate Conduct and the Komori Group Employee Conduct Standards in 2006. These standards aim to ensure that we comply with domestic and international laws and regulations and respect universal human rights, respecting the personalities and individuality of

all people and not discriminating against them. We have translated the Komori Group Code of Corporate Conduct into seven languages, and are endeavoring to increase awareness of human rights at Group companies in Japan and abroad.

Diversity

The Komori Group Code of Corporate Conduct expresses our commitment to providing comfortable and interesting work environments in which our diverse people can safely and healthily demonstrate their talents.

In Japan, we maintain a childcare support program that more than 90% of employees with young children use, and offer shorter working hours for people needing to devote more time to looking after their young ones.

We also maintain a nursing care support program.

We provide work assistance to employees with disabilities, harnessing the JOB Coaching Program (of the employment support centers for persons with disabilities) and support for long-term workplace adaptation after employment, and offer individual support regarding work and company life.

Occupational Health and Safety

Komori is committed to a policy of maintaining safe and accident-free workplaces at all Group facilities.

Each Group company and business site undertakes initiatives based on its specific health and safety plans. All sites conduct health and safety patrols and enhance the

activities of their health and safety committees. They also undertake initiatives to reduce "near-miss" events and other potential workplace risks, through training and activities to prevent fires and vehicle accidents at and on the way to work, as well as to boost health and safety standards.

Compliance

We endeavor to deepen awareness and knowledge about compliance requirements and adherence to them at domestic and overseas Group companies.

Compliance Structure

We ensure adherence to the Komori Group Code of Corporate Conduct, formulate and monitor internal rules, and maintain an internal reporting system to swiftly identify and eliminate bad practices and thereby enhance operational health.

Ensuring Awareness of Komori Group Code of Corporate Conduct

We originally formulated the Komori Group Code of Corporate Conduct for domestic business sites, but have since translated it into several languages and employ it overseas. Executives in Japan and abroad submit written pledges to comply with this code.

Educating about Compliance

Ethical corporate practices and compliance are fundamental to engaging in business and materializing our corporate philosophy goals. We accordingly educate all of our domestic Group companies' managers and employees to enhance their understanding of compliance requirements.

Efforts to Prevent Bribery of Public Officials in Japan and Abroad

Recognizing that global compliance will become vital in the years ahead, Komori's Board of Directors has conveyed its stance of resolutely opposing bribery.

Internal Reporting System

We deployed an Internal Reporting System that the manager of CSR Promotion Office oversees to help prevent or swiftly identify illegal or improper conduct.





Komori Corporation

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Publisher-Editorial responsibility: CSR Promotion

Office



We designed this publication to be recyclable, so please recycle when you no longer need it. The publication was printed using vegetable oil ink.

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Cover design

Komori is reinventing itself as a value-added company. The two lines represent our traditional printing technologies and state-of-the-art digital technologies. Through the design, we are expressing our aim of delivering new value to society by their fusion.