Exceeding Expectations—
We exceed customer expectations through our printing systems

Komori always strives to exceed customer expectations. We are contributing to a sustainable society by harmonizing our operations with society and the environment.

Focuses of this Year’s Report

1. CSR Management
We present our basic approach to corporate governance, and internal controls.

2. Social Responsibility Report
We foster the arts, culture, and communication through printing systems.

3. Environmental Report
We supply environmentally friendly printing systems that benefit markets and society.

Table of Contents

Part 1 CSR Management
To Our Stakeholders ........................................ 4
Message from Head of CSR Office ......................... 5
CSR Implementation Structure ............................. 5
CSR TOPICS .................................................. 6

Part 2 Social Responsibility Report
Working with Our Customers, Good Corporate Citizenship
Delivering Customer Satisfaction beyond Expectations .......... 7
Disseminating Corporate Information ........................ 8
A Global Service Structure .................................. 8
Our Key Technologies ........................................ 9

Part 3 Environmental Report
Contributing to the Environment
Komori Group’s Basic Environment Policy ................. 10
Environmental Management ................................. 11
Environmental Communication ............................ 11

Scope of Report

Report Period
April 1, 2008, through March 31, 2009

Notes:
*Komori produced this report in keeping with the Environmental Reporting Guidelines of Japan’s Ministry of the Environment, the sustainability guidelines of the Global Reporting Initiative, and other recommendations.
*You can obtain a PDF of this report at the following Komori website: http://www.komori.com

Editorial Policy
In 2007, we expanded on our Environmental Report to begin publishing the Environmental and Social Responsibility Report. This edition presents some of the activities of Group companies shown on the right. The English version is a digest of the Japanese-language original.
CSR Management

To Our Stakeholders

Striving groupwide to quickly turn around performance and strengthen our business base

Fiscal 2009, ended March 31, 2009, saw Komori post unprecedented declines in its consolidated net sales and operating income, and ordinary income.

Economic activity slowed significantly in developed and emerging regions as subprime loan problems in the United States triggered a global financial crisis that spilled into the real economy. The crisis deepened in the second half of the year, when the collapse of Lehman Brothers caused supplies of essential operating, investment, and trade finance to tighten around the world.

A global recession dampened demand in the printing industry, the prime market for our products and services. As in other sectors, the printing market shrank globally, Companies in developed and emerging regions became increasingly reluctant to invest in printing presses and equipment, particularly in the second half of the term. On top of that, the surging yen hit us hard, as we rely heavily on exports.

We responded to this situation by formulating and deploying our Leaning Against the Wind (LAW) Project in November 2008, which covers January 2009 through March 2010. Key goals include adjusting production to lower inventories, cutting fixed and manufacturing costs, and constraining R&D and capital expenditures.

Despite some readjusting, we have pushed ahead with third-phase construction at the Tsukuba Plant and at the Komori Graphic Technology Center. Such expenditure will depress earnings in the near term amid the worst recession the Group has ever faced. Still, we concluded that forward investments are essential for us to be more competitive and thus materialize our long-term vision of becoming the world’s top printing equipment manufacturer.

Prime Minister Taro Aso announced in June 2009 that Japan would seek to cut its greenhouse gas emissions by 15% from 2005 levels by 2020. That would equate to an 8%-10% reduction from 1990. Some have complained that this is insufficient, but we take the target seriously as a business.

A year of preparations started a year before Japan’s revised Energy Conservation Law goes into effect in April 2010. The efforts include an emissions trading trial and a related system of domestic credits for the program, as well as credit purchases under the Kyoto Mechanism. The European Union has revised its directives on the Restriction of Hazardous Substances and on Waste Electrical and Electronic Equipment while deploying its Registration, Evaluation, Authorization and Restriction of Chemical Substances legislation. The United States has changed direction under President Barack Obama. We are closely monitoring regulatory and other trends while undertaking life cycle assessments and other in-house initiatives to develop environmentally friendly products.

We will continue to progress by focusing on quality, costs, and the environment.

Message from Head of CSR Office

Masayoshi Ono became head of the CSR Planning & Coordination Office following the retirement of Hidehito Okano on June 23, 2009.

Komori believes that CSR requires a company to expand corporate value and generate profits while fulfilling its responsibilities to society. Our CSR efforts encompass everything from corporate governance, compliance, and internal controls (risk management, internal control standards, and internal auditing) to environmental protection, disclosure, focusing on people, contributing to society, and focusing on products, technologies, and services.

But our fundamental CSR goal is to provide our customers with high-quality, safe products and the most trustworthy services.

Compliance is one of our top two priorities, and I would note that we must also voluntarily address important issues that may not be mandatory. Our second key priority is to maintain safety and health. Our greatest commitment is to the safety of our customers, employees, and people from partner companies. We believe we can only fulfill our management philosophy of exceeding customer expectations by satisfying these requirements.

We harmonize with the environment by reducing the environmental impact of our development, production, and other operations. We help our customers create high-quality materials more efficiently by enabling them to save power and reducing paper waste.

We help reduce carbon dioxide emissions by employing life cycle assessment initiatives that aim to lower overall environmental impacts.

I have not significantly changed Komori’s basic stance since assuming my post, and I plan to go forward by identifying and acting on our corporate social responsibilities.

CSR Implementation Structure

Corporate Governance

Komori focuses on manufacturing and selling printing presses and employs an audit system.

As of June 30, 2009, the Board of Directors comprised seven directors, all of them internal. The board is our ultimate decision-making body. In principle, it meets once monthly to decide on legal issues, fundamental management policies, and other important matters, and oversees the executive functions of directors.

The 13-member Board of Operating Officers disseminates the policies of the Board of Directors and ensures that management takes the right steps to reach its operating targets and improve corporate value.

The four members of the Board of Corporate Auditors, including three external members, attend important meetings and oversee directors.

The president chairs a monthly management meeting to discuss and formulate policies on key issues and our medium-term management plan. The senior managing director, managing director, the director in charge of the administration group, and corporate auditors attend this gathering. In principle, the development & planning, R&D, production, customer services, marketing and administrative divisions each hold monthly council meetings to deliberate on important matters and check implementation progress. The attendees are relevant directors, general managers, and corporate auditors.

The Internal Audit Office evaluates administrative and management systems and assesses and advises on whether management performs its duties legally, rationally, and reliably.

Internal Control Systems

We created the Komori Group Code of Corporate Conduct and the Group Employee Code of Conduct to guide operations. We created the Basic Policy on Our Internal Control Systems in response to the May 2006 implementation of the Company Law, revising the policy annually in keeping with new developments.

In August 2006 we launched the J-SOX Project to build an internal controls system for our financial reporting system based on the Financial Instruments and Exchange Law, preparing and documenting new rules and procedures. In April 2008, the Internal Audit Office evaluated the preparations and implementation to maintain effective internal controls and credible financial reporting.
CSR TOPICS

● Launching the Learning Against the Wind (LAW) Project
  We launched this project to preserve solid relationships with important customers, maintain sound balance sheets, and produce solid cash flows. The project encompasses eight initiatives to:
  1. Target sales at clearly promising markets
  2. Adjust production to trim inventories
  3. Comprehensively cut fixed costs by consolidating business sites and lowering overhead and personnel expenses
  4. Improve competitiveness by reducing manufacturing costs
  5. Carefully choose R&D themes to maximize investment impact and curtail costs
  6. Constrain capital expenditure
  7. Enhance perceived quality and step up quality control to shrink expenses
  8. Collect receivables
  We will cultivate customer perceptions of our high overall quality and deploy a quality management project so we can maintain and enhance such recognition. We will also set up an internal perceived quality committee to coordinate with the LAW Project.

● Globalizing Our Business
  *drupa 2008* (May 29 to June 11, 2009, in Dusseldorf, Germany)
  This is the world’s largest printing equipment exhibition. The 2008 event enabled us to showcase our advanced technologies to the 391,000 visitors from 138 countries, 59% of whom were from outside Germany, and around 3,000 journalists from 84 nations.
  *Graph Expo 2008* (October 26 to 29, 2008, in Chicago, the United States)
  Several manufacturers decided not to exhibit any printing equipment at this event in light of the impact of the recession. But we demonstrated three of our newest models, underscoring our zeal for the North American market to numerous attendees.
  *China Print 2009* (May 12 to 26, 2009, in Beijing, China)
  The 7th Beijing International Printing Technology Exhibition was full. Interop attracted 90 people from 30 companies around the world, many participating in the interoperability event and meetings for Japanese activities.
  *Graph Expo 2008* (October 26 to 29, 2008, in Chicago, the United States)
  Several manufacturers decided not to exhibit any printing equipment at this event in light of the impact of the recession. But we demonstrated three of our newest models, underscoring our zeal for the North American market to numerous attendees.

Green Print Guide

We produced this publication to foster the printing industry, distributing it through overseas exhibitions and other channels. The guide presents design tips and environmental activities at printing plants and outlines the environmental features of our offset presses.

Primedex Tokyo 2008

(September 18 to 20, 2008, in Tokyo, Japan)
We highlighted our solutions for business success from the perspectives of improving productivity, enhancing print quality, stabilizing press performance, preventing damage, and cutting reducing paper losses. We presented our environmental initiatives in a video and in our Environmental and Social Responsibility Report.

15th Interoperability Test Event at Interop Tokyo 2008

(October 6 to 10, 2008 in Tokyo, Japan)
We hosted this third Interop in Japan. Our engineers delivered presentations at the basics seminar, at which attendance was full. Interop attracted 90 people from 30 companies around the world, many participating in the interoperability event and meetings for Japanese activities.

Grafitalia 2009

(March 24 to 28, 2009, in Milan, Italy)
Komori Italia S.r.l. held six demonstrations daily of the eight-color LITHrone S40 sheet-fed offset press and the five-color LITHrone S29 and coater. Many attended and discussed purchases with representatives.

China Print 2009

The 7th Beijing International Printing Technology Exhibition

(May 12 to 26, 2009, in Beijing, China)
Held quadrennially, this is China’s largest printing equipment exhibition. We presented details of our latest technologies for satisfying printing industry needs. We used our LITHrone LS-429 to print posters of drawings by child victims of disasters, selling them for RMB20 to raise money for a disaster fund.

Working with Our Customers

We pursue customer satisfaction and trust by providing safe and high-quality products, technologies, and services that serve needs around the world.

Delivering Customer Satisfaction beyond Expectations

● Kando Project
  We launched this project in fiscal 2008 to reorganize customer satisfaction efforts that we began in fiscal 2007, disseminate our corporate philosophy, and prioritize and implement solutions as a truly customer-oriented business. The project encompasses all Group companies and distributors. We began the project with an internal publicity campaign and then focused on building a framework for customer-oriented activities and standardizing how we deal with customers.

● Building Core Enterprise Operating System
  We are building the Core enterprise operating system to more swiftly reach our management plan goals. The Core acronym stands for the Customer satisfaction, Open, Responsibility, and Ecologi, which are critical social requirements today. With Core, we are building an information infrastructure that goes beyond sales, technical, production, services, and administrative boundaries by integrating key quality, cost, and delivery attributes, centered on bill of materials masters.
  We ultimately aim to operate more speedily, streamline development, and enhance internal communications. We are working to move into phase two of the Core initiative by the second half of fiscal 2010.
  At the same time, we are creating a contents management system to formulate quality and accuracy warranties and accelerate deliveries of the printing equipment operating manuals that we translate into roughly two-dozen languages, including English and Chinese. The goals here are to ensure that translations can accommodate delays in document production and then we develop new models and changes in export destinations while cutting the costs of warranty procedures.
  In these and other ways, we are overhauling our overall business processes.

Part 2 Social Responsibility Report

We foster the arts, culture, and communication through our printing systems

[Image of printing systems]
Disseminating Corporate Information

Social Responsibility Report

Part 2

We are making technical, quality, and design refinements so we can repeat this success in 2010.

Komori’s Global Service Structure

We maintain full-fledged service structures in Japan and abroad that reflect our drive to maximize the value of our products by increasing customer satisfaction.

Establishing Komori Asia Technical Service Center

We have accorded considerable attention to sales and service in Asia, where sales are expanding and are becoming increasingly important to our business. In September 2008, we established the Komori Asia Technical Center in the outskirts of Kuala Lumpur, Malaysia. The facility has two engineers from Japan. The center aims to accelerate service responsiveness and provide sales agents with technical support, transferring our technologies to the region and improving the skills of agent engineers and user operators.

Creating Komori Europe Technical Service Center

In September 2008, we set up this service and sales facility in Prague, the Czech Republic, as a branch of Komori International Netherlands B.V. The center can accommodate some local employees and two from Japan. The facility is strengthening sales and service in Central and Eastern Europe, which are important, fast growing markets. It aims to provide technical and sales support, and will eventually offer service assistance to other facilities in other markets.

Preventive Maintenance Seminars

In 1998, we began holding these events every year to show customers how they can properly maintain their printing presses and prevent problems. In fiscal 2009, 2,246 people attended 40 seminars, including one in Korea and eight in Beijing, Shenzhen, and Zhenjiang, China.

Our Key Technologies

State-of-the-Art Control Systems to Increase Automation and Efficiency

We maintain full-fledged service structures in Japan and abroad that reflect our drive to maximize the value of our products by increasing customer satisfaction.

Establishing Komori Asia Technical Service Center

We have accorded considerable attention to sales and service in Asia, where sales are expanding and are becoming increasingly important to our business. In September 2008, we established the Komori Asia Technical Center in the outskirts of Kuala Lumpur, Malaysia. The facility has two engineers from Japan. The center aims to accelerate service responsiveness and provide sales agents with technical support, transferring our technologies to the region and improving the skills of agent engineers and user operators.

Creating Komori Europe Technical Service Center

In September 2008, we set up this service and sales facility in Prague, the Czech Republic, as a branch of Komori International Netherlands B.V. The center can accommodate some local employees and two from Japan. The facility is strengthening sales and service in Central and Eastern Europe, which are important, fast growing markets. It aims to provide technical and sales support, and will eventually offer service assistance to other facilities in other markets.

Preventive Maintenance Seminars

In 1998, we began holding these events every year to show customers how they can properly maintain their printing presses and prevent problems. In fiscal 2009, 2,246 people attended 40 seminars, including one in Korea and eight in Beijing, Shenzhen, and Zhenjiang, China.

Our Key Technologies

State-of-the-Art Control Systems to Increase Automation and Efficiency

With our latest offset presses, we have accorded top priority to developing automated equipment and systems to shorten makeready times.

In 1997, we developed the KHS to automatically optimize color matching and registration, thus reducing such times. In 2006, we announced the KHS with Advanced Interface (KHS-AI). If a user needs to correct automatically preset color matching and other data because of changes in printed materials, heat, and humidity, and other aspects of the operating environment, KHS-AI automatically memorizes the new values, enhancing its ability to optimally handle subsequent jobs.

The LITHRONE S40 employs KHS-AI, and according to our estimates it achieves makeready times more than 90% faster than with earlier LITHRONE models while slashing paper losses more than 80%, translating into a saving of at least 1,000 sheets annually per four-color press.

We will continue to develop technological innovations with offset presses, fostering overall progress in our industry.

Good Corporate Citizenship

We undertake numerous initiatives that contribute to society, and will continue to expand our efforts in keeping with our ethos of delivering customer satisfaction beyond expectations.

Participating in Marathons

On January 1, 2009, our track team participated in the 53rd All Japan Corporate Marathon Relay Race. This is the nation’s premier such event, covering 100 kilometers in seven stages. Team Komori’s Josephat Muchiri Ndambiri and Keita Akiba won the second and fourth stages, respectively, helping us to finish 10th overall.

The 58th Beppu-Oita Mainichi Marathon on February 1, 2009, was a debut marathon for team members Mr. Akiba and Masataka Uchino, who placed third and 13th, respectively.

Mr. Ndambiri won the 10,000 meter race at the Shizuoka International Track and Field Meet on May 3, 2009, setting a new record for Japan by finishing in under 27 minutes. He ranks first in the world this year for this distance, and is training hard to represent Kenya at the 12th IAAF World Championships in Athletics in Berlin in August 2009.

Through its involvement in marathon racing, Komori aims to enhance its brand profile while building community engagement.
Environmental Report

We provide markets and society with printing systems to safeguard the environment

Contributing to the Environment

We are helping to build a sustainable social structure by supplying products and services based on manufacturing and technological development processes that minimize environmental impact.

Komori Group’s Basic Environment Policy

● Fulfilling environmental and social roles

The Company first acquired ISO 14001 certification at what was then the Toride Plant, in December 2001. In keeping with the president’s policies, all production facilities, including the Sekiyado Plant, Technical Service Group, Komori Machinery Co., Ltd., Komori Electronics Co., Ltd., obtained certification in 2003. We are striving companywide to become a model of environmental protection in the printing industry.

Since November 2003, we started a program to help customers obtain ISO 14001 certification by drawing on what we learned from our own efforts.

In November 2004, we achieved zero industrial waste emissions at all production sites. Two sites have zero emissions with general wastes; two others are working on the same goal.

We will continue to help lower the environmental loads of users by assisting with preventive maintenance, holding disaster response seminars, and by cleaning lubricants used in printing presses.

● Basic Philosophy

Everyone working at or for Komori cares for the environment and helps protect it.

● Our Basic Environmental Policies

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 set up and regularly review environmental goals. We continuously reduce environmental loads.

5. We will document, practice, and maintain environmental management organization.

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.

Environmental Management

It is important to have an organization that communicates management’s commitment to environmental activities to employers and delivers results. We formed several Group organizations to further improve the environmental awareness of employees, maintain ISO 14001 certifications, and improve environmental performance.

We hold quarterly Environmental Administrative Council meetings. These gatherings help improve our overall environmental standards. They ensure that everyone remains fully informed of environmental committee issues and share information on the latest environmental laws and regulatory trends in Japan and overseas, as well as site initiatives.

Environmental Communication

● Environmental Lectures

We held environmental lectures for children from Onan Elementary School, Tsukuba, at our Tsukuba Plant on October 29, 2008. The 94 fourth-year students thoroughly enjoyed the experience.

The environmental manager from our CSR Office spoke about environmental issues, then took the students on a plant tour. They saw wall-mounted solar panels, a tower that stores energy from our wind power generators, and our environmental measures inside the windowless Tsukuba Plant. The children were thrilled to see our presses in action. Their teacher commented that fourth-year students already learn about separating garbage and that the lectures and tour deepened their knowledge about the environment.

● Komori Volunteers Beautify Routes to Futagawa Elementary School

We have continued our volunteer clean-up drives as part of community contribution initiatives in keeping with our environmental philosophy. We relocated the Sekiyado Plant to near the Futagawa Elementary School routes in fiscal 2008, and fiscal 2009 saw 50 Komori volunteers brave the cold in a cleanup drive. They split into four groups to cover the extensive routes, collecting rubbish, separating it into burnable and nonburnable, bottles and cans, and PET bottles, and delivering the material to Noda City Council’s waste management facility.
Requests for materials and inquiries:
11-1 Azumabashi 3-chome, Sumida-ku
Tokyo 130-8666, Japan
Tel: +81-3-5608-7806 Fax: +81-3-3624-9519

Publication date: September 2009
Publisher: Masayoshi Ono
Editor: Takeshi Yoshikawa

Komori Corporation
11-1 Azumabashi 3-chome, Sumida-ku,
Tokyo 130-8666, Japan
http://www.komori.com

Komori Group
Environmental and Social Responsibility
Report 2009

Cert no. SA-COC-1442

Please recycle this publication if you no longer need it.
The publication was printed with vegetable oil ink on chlorine-free recycled paper and carries Eco-Mark certification.