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.

Kando
Beyond Expectations

Profile and Financial Benchmarks
(as of March 31, 2014)

This report covers Komori Corporation, and the Komori Group. In 2007, the Komori Group expanded 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 shown below.

Scope of Report
Headquarters, Technical Service Group, offices, branches, sales offices, and service centers, Komori Machinery Co., Ltd.

Report Period
April 1, 2013, to March 31, 2014

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

Company name: Komori Corporation
Headquarter: 1-1-1 Azumabashi 3-chome, Sumida-ku, Tokyo 130-8666, Japan
Tel: +81-3-5608-7811
Date established: October 20, 1923
Chairman, President and CEO: Yoshiharu Komori
Capitalization: ¥57,715 million
Number of employees (as of March 31, 2014, on consolidated basis): 1,784
Main products: Commercial offset presses (offset sheetfed presses and offset web presses), currency and securities printing presses, web offset packaging presses, and printing equipment

Profile and Financial Benchmarks
(as of March 31, 2014)

■ Key Domestic Operations
  Komori Corporation offices and plants: Headquarters, Techno Service Center, West-Japan Service, Sagamihara Technical Center, Komori Global Parts Center, Osaka Regional Headquarters, Nagoya Branch Office, Shizuoka Representative Office, Kyushu Branch Office, Hokkaido Branch Office, Tohoku Branch Office, Nagoya Representative Office, Shizuoka Branch Office, Shikoku Branch Office, Tsukuba Plant, Komori Graphic Technology Center

■ Key Overseas Operations
  North America
  Komori America Corporation, Komori Leasing Incorporated
  Europe
  Asia
  Komori China (Shanghai) Limited, Komori Printing Machine (Shenzhen) Co., Ltd., Shanghai Branch, Komori Taiwan Limited, Komori Machinery (Nantong) Co., Ltd.

■ Sales by Product Category
  Used systems and spare parts ¥17.2 billion
  Offset sheetfed presses and securities printing presses ¥18.6 billion

■ Sales by Geographic Category
  Canada ¥2.3 billion
  Asia ¥21.1 billion
  Europe ¥14.3 billion
  Other regions ¥12.0 billion
  North America ¥9.5 billion
  Japan ¥48.5 billion
  Other ¥0.8 billion
  Other regions ¥10.1 billion

■ Sales by Product Category
  Sheetfed offset presses ¥51.8 billion

■ Sales by Geographic Category
  Japan ¥34.9 billion
  North America ¥9.5 billion
  Europe ¥14.3 billion
  Other regions ¥12.0 billion
  Other ¥0.8 billion
  Other regions ¥10.1 billion
June 24, 2014, saw Komori shareholders appoint Satoshi Mochida as Representative Director, President and COO and Yoshiharu Komori as Representative Director, Chairman and CEO. Mr. Komori was previously Chairman, President and CEO.

This change capitalized on a renewed commitment during the Company’s 90th anniversary in the previous year to pursuing optimal solutions that benefit stakeholders more than ever before. We will leverage our technical and development capabilities we have cultivated since our foundation to drive further innovations. At the same time, we will broaden our technological scope to create new businesses that enhance stakeholder profitability.

We extensively reviewed earlier operations while launching initiatives to transform our business and profit structures and reinforce our enterprise platform. In line with our management philosophy of delivering Kando—customer satisfaction beyond expectations—we will serve stakeholders worldwide with products and services that exceed their expectations while enhancing our corporate value.

We will draw on our renewed top management structure to accelerate decision making and ensure that the entire organization can tackle the challenges of a dramatically changing business environment.

We look forward to your ongoing support and encouragement for our efforts in the years ahead.

Top Management Message

Message from a Revitalized Management Team

June 2014

Yoshihara Komori
Representative Director, Chairman and CEO

Satoshi Mochida
Representative Director, President and COO

Management Philosophy and Plan

Delivering Kando

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

1. Enhance the Komori brand image
2. Carry out thorough perceptual quality control
3. Implement solution business

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

Message from a Revitalized Management Team

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

Komori launched the Fourth Medium-Term Management Plan in April 2013 to transform the operational structure and business model.

Business model innovation

Delivering solutions

Business structure transformation

New businesses

- Security printing equipment business (overseas)
- Digital printing system business
- Precision equipment business

Business model innovation

- Cultivating the PESP Business

Profit structure transformation

- Applying ICT
- SGA20 initiatives (to cut the ratio of SG&A expenses to net sales to 20%)
- Reforming personnel system

Creating attractive products

- Reinforcing cost competitiveness
- Strengthening development capabilities

Monozukuri (Manufacturing) innovation activities

Business structure transformation

Building an operating platform that ensures sustainable stable growth

Enhancing corporate value and becoming an outstanding enterprise

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

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 changes 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.
Kando Beyond Expectations

Philosophical Underpinnings

Komori’s management philosophy is to create customer Kando by undertaking activities that exceed customer expectations. The company launched the KANDO-PROJECT almost 10 years ago to materialize that objective in keeping with the following three core elements of its management philosophy:

1. Enhance the Komori brand image
2. Carry out thorough perceptional quality control (because quality is in the eyes of the beholder, in this case, the customer, and encompasses everything from design and manufacture to appearance and sales)
3. Implement solution business

Company founders and executives use management philosophies to express their fundamental stances on trust (satisfaction) is vital in a business that pursues customer Kando.

Second, in this age of diversity, corporate operating climates can be vastly different. With corporate charters and management philosophies in place, all employees are focused on achieving company goals.

Third, ensuring that everyone in a company identifies with a corporate philosophy greatly enhances employee pride, confidence, and motivation.

Komori therefore makes management philosophy integral to its operations. We have incorporated the following three key philosophical elements:

1. Vision: What sort of company we wish to become
   “We aim to become a top-quality outstanding company that can consistently deliver customer Kando through our corporate activities.”

2. Mission: Why we are and why we exist
   “We will continue to provide outstanding products and services that generate customer Kando, generate revenues (results) that enhance corporate value, enhance employee (quality) satisfaction, and satisfy shareholders while contributing to the community.”

3. Value: What we treasure in doing business
   “We will formulate business plans from perspectives of customers, produce proposals that can help customers improve their profitability, and keep improving our business in response to the views of our customers.”

Efforts to Create Customer Kando Center on Perceptional Quality Control

Activities to create customer Kando convey Kando to customers and are always from the perspectives of customers. Perceptional quality control is central to these initiatives.

Perceived quality is an overall measure based on customer perceptions. This quality expresses the superiority of our brand over those of rival products. Perceived quality is something that customers determine and not Komori’s executives or employees from their manufacturing stances, and is thus a combination of management quality and overall product quality.

Perceived quality is ultimately a brand’s image and creates strong brand loyalty, so it is important to build a framework to enhance such quality. A central priority of the KANDO-PROJECT is to generate customer Kando through ongoing efforts to raise customer satisfaction.

Komori undertakes perceptional quality control from the perspective of quality control that ensures that the corporate culture (likewise creating customer Kando) in keeping with the management philosophy. Komori aims to leverage perceptional quality control to establish customer-oriented quality standards and ensure healthy corporate activities.

Customer Kando about Exceeding Customer Expectations

Customers expect products to meet their expectations. Customer Kando is about ensuring that we exceed these expectations. Therefore, we listen to our customers’ views and ideas to provide products that help them not only achieve but also exceed their business goals.

At Komori, we are intent on hearing our customers, and that includes their dissatisfaction with our products. By promptly addressing their problems, and making product modifications and improvements, we are building trust and a partnership with our customers.

Komori constantly surveys customer satisfaction. If we find that a customer is particularly unhappy, the head of our Customer Satisfaction department will directly hear the customers’ concerns. Related departments will then identify specific issues and formulate action plans. Our secretariat collects and analyzes these surveys and submits its findings to management.

Customer Kando is about exceeding the expectations of customers, even if that is slightly. As a company committed to customer Kando, we must never betray their trust. All employees must continue to deliver customer Kando to ensure that we never lose our treasured customers. Employee quality satisfaction is vital in a business that pursues customer Kando. Inspiring employees (and their capabilities) is the bedrock of our management philosophy.

Global Network

Overseas business sites (as of March 31, 2014)

Europe:
- Komori Gussany Technologie (KCT)
- Komori UK Limited (KUK)
- Komori International (Europe) Ltd. (KIN)
- Komori Digital Technology (Europe) Ltd. (KDT)
- Komori France S.A. (KFR)
- Komori Italia S.p.A. (KIR)
- Komori Gussany GmbH (KGO)

Asia:
- Komori Hong Kong Limited (KHK)
- Komori Printing Machine (Shanghai) Co., Ltd. Shanghai Branch (KSH)
- Komori Taiwan Limited (KTW)
- Komori Machinery (Nanjing) Co., Ltd. (KNT)
- Komori Americas Corporation (KAC)
- Komori Leasing Incorporated (KLE)
A Message from Komori’s Environmental Officer

The key environmental challenges today are to conserve energy and resources and reduce waste, thus lowering total energy consumption from corporate activities and cutting the energy that printing and other facilities use. A major accident at the Fukushima Daiichi Nuclear Power Plant in March 2011 transformed thinking about energy management in all business circles. That included the printing industry, which embarked on various initiatives.

Companies in this industry stepped up efforts to conserve less electricity. Many reports emerged of companies cutting peak power consumption, installing more efficient lighting and air-conditioning systems, and deploying more efficient machinery and equipment.

There are broadly four key waste factors at printing plants. They are plates, ink, paper, and electricity. Each element offers potential for reducing energy consumption.

In March 2013, the Japan Printing Machinery Association (JPMA) published its survey on the development, deployment, and potential for reducing energy consumption. This document proved a valuable source of information on printing industry needs, and could help in assessing energy consumption reductions.

We set goals for three aspects of energy consumption cuts. These are to reduce the power consumption of printing machinery, lower energy usage per unit of output, and decrease the overall energy consumption of printing plants.

Green-PJ

Encompassing the entire environment of a printing plant

- Cutting power consumption
  - Installing power consumption monitors
  - Visualizing unit costs
- Reducing paper waste
  - KHS-AI (a technology for reducing paper waste), as well as KHS-AI/PDC-SX/PQA-S (Lowering backup paper usage rates)
  - K-ColorSimulator (Cutting color matching times and page numbers)
- Color management
  - K-ColorSimulator proposal (Leveraging high-precision color management systems to reduce reprinting)
- Lowering ink consumption
  - Establishing techniques to optimize conversions with KHS-AI

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

We are specifically undertaking corporate activities to create technological innovations that help the printing industry overcome environmental challenges. Our endeavors have included minimizing per unit consumption by developing key systems centered around KHS-AI (a technology for reducing paper waste), as well as working on the H-UV curing system (for drying ink quickly), an inverter-controlled main motor, and the DC Blower for guiding air.

To lower the overall energy consumption of plants, we built a system that can handle peak shifting through a support system to lower power consumption that leverages visualization technology.

Also, we established internal green procurement standards to reinforce compliance with hazardous substance regulations, including the Restriction on Hazardous Substances Directive II (ROHS 2).

Developing and manufacturing environmentally friendly printing machines is pivotal to enhancing our corporate value as a printing machinery maker. We will continue endeavoring to earn recognition for environmental excellence among customers and all other stakeholders.

We look forward to the ongoing support and encouragement of our customers in the years ahead.
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.

Respect for Human Rights

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.

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 misses and other risks and 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.

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.

ISO 14001 Certifications

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