

Komori Group
Environmental and Social Responsibility
Report 2010

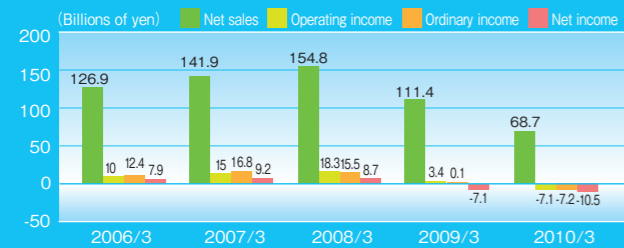


Delivering Kando (Customer Satisfaction) by Driving Social Sustainability

Komori Corporation aims to create Kando for customers by exceeding their expectations while helping to materialize social sustainability by harmonizing people and the environment.

【Profile and Financial Benchmarks】

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
 Chairman, President and CEO : Yoshiharu Komori
 Capitalization : ¥37,715 million
 Number of employees (as of March 31, 2010, on consolidated basis) : 2,190
 Main products : Commercial offset presses (offset sheetfed presses and offset web presses), currency and securities printing presses, web offset packaging presses, and printing equipment



■ Key Domestic Operations

● Komori Corporation offices and plants : Headquarters, Techno Service Center, West-Japan Service, Sagami Service, Saitama Techno Center, Kyoto Techno Station, Parts Service 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 Electronics Co., Ltd, and Komori Engineering Co., Ltd.

■ Key Overseas Operations

● North America Komori America Corporation and Komori Leasing Incorporated
 ● Europe Komori International (Europe) B.V., Komori International Netherlands B.V., Czech Branch of Komori International Netherlands, Komori U.K. Limited, Komori Currency Technology, Komori France S.A., Komori Belgium Branch Office of Komori France, Komori Italia S.r.l., and Komori-Chambon S.A.S.
 ● Asia Komori Hong Kong Limited, Komori Printing Machine (Shenzhen) Co., Ltd., Shanghai Branch of Komori Printing Machine (Shenzhen), Komori Taiwan Limited, and Komori Asia Technical Service Center Sdn. Bhd.
 ● Oceania Komori Australia Pty. Ltd.

Editorial Policy

In 2007, we expanded on our 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 on the left.

Scope of Report

Headquarters, Tsukuba Plant, Technical Service Group, offices, branches, sales offices, and service centers, Komori Machinery Co., Ltd., and Komori Electronics Co., Ltd.

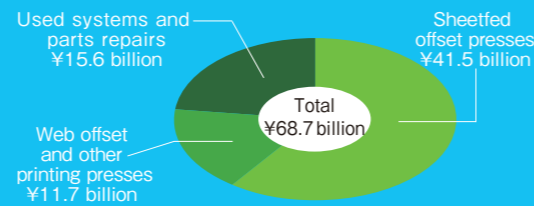
Report Period

April 1, 2009, to March 31, 2010

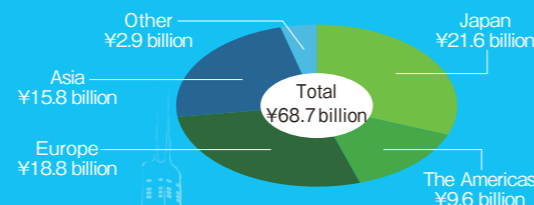
Notes:

- 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>

■ Sales by Product Category



■ Sales by Geographic Category



Positioning Crises as Opportunities to Change in Reinforcing Our Third Medium-Term Management Plan

The global economy has started showing signs of a recovery since shrinking in 2008 amid a financial crisis and bottoming out in the first half of 2009. Nonetheless some regions and industries continue to suffer, and economic prospects remain unclear. China apart, world printing demand has been lackluster, dampening capital investment demand.

The Komori Group tackled this very challenging operating climate by strengthening our Kando initiative to exceed customer expectations through all technical development, production, sales, and services processes. We also pushed ahead with the emergency Leaning Against the Wind Project, which we launched in January 2009. These endeavors enabled us to cut costs more than envisaged, although a sales decline offset that progress.

In fiscal 2010, ended March 2010, we completed construction at the Tsukuba Plant. We undertook that effort to consolidate design and assembly operations and thereby become very cost-competitive.

We inaugurated our Third Medium-Term Management Plan in April 2010 in light of the results of the Leaning Against the Wind Project. Our immediate top priority is to overcome a contraction of the global printing press industry and delayed recoveries in all markets except China. In the medium and long terms, a key issue will be to address profit structure issues. We will need to deal with slower growth in the mature printing industries of developed nations, including Japan and in Europe and the Americas, while taking advantage of opportunities to expand in Brazil, Russia, India, China, and in other emerging markets. We will need to cultivate new businesses as competition between electronic and paper media intensifies worldwide.

Our first priority under the growth strategies of our management plan is to strengthen sales and services in China, where orders are expanding, and in other promising emerging nations, particularly in Central and South America.

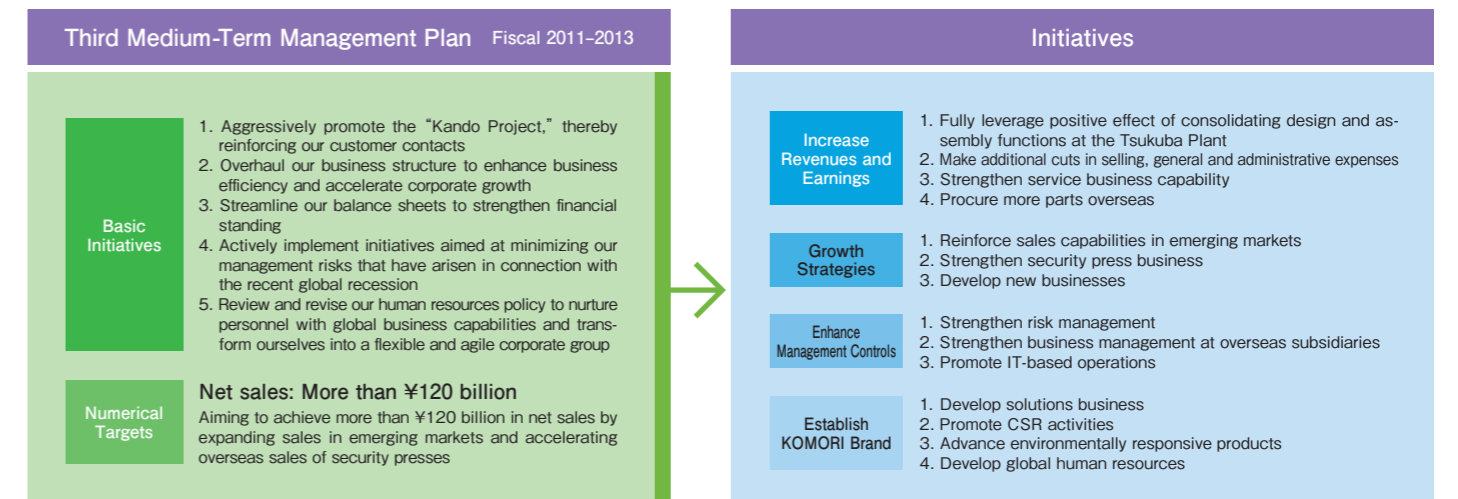
We will thus fully leverage the capabilities of the Komori Graphic Technology Center at the Tsukuba Plant, facilities in China, Malaysia, and the Czech Republic, and the Komori Latin America Technical Service Center, which we set up in Brazil in April 2010. At the same time, we will reinforce our dealer policies and step up approaches to packaging printers while strengthening our currency and securities printing businesses.

Crises are good opportunities to change. So, now is the time for us to drive forward with our management plan and unleash our skills to overhaul our profit structure. I am confident that such endeavors will better enable employees to create Kando for customers, bolster our organization, consolidate our leadership in offset presses, and satisfy all stakeholders.



Yoshiharu Komori
Chairman, President & CEO

■ Third Medium-Term Management Plan



Heightening Our Global Market Presence

Exhibiting at Japan Graphic Arts Show 2009

The Japan Graphic Arts Show 2009 (JGAS 2009) was from October 6 to 10, 2009, at Tokyo Big Sight under the theme of, "The Print Media, Creating our Future & Protecting our Environment." There were 252 exhibitors and 1,625 booths covering 1,465 square meters at the event. The event was thus 40% smaller than in 2005, reflecting the impact of a global recession. Unfortunately, it rained on the first two days of the event, while Japan's 18th typhoon for the year struck on the third day. Still, the total number of visitors was 6,000 higher than targeted, at 69,881, including 1,468 people from 36 countries outside Japan.

The show featured seminars, symposiums, and special exhibits, as well as special lectures and international forums, with numerous people attending these events. Many visited the Komori booth, including from neighboring China and Korea, and other Asia-Pacific nations.

Presenting Environmental Floor Maps at JGAS 2009

We installed an environmental map in front of our booth to spotlight the environmental and community benefits of the equipment and systems we exhibited.



Promoting Ourselves to the World at IpeX 2010 in United Kingdom

The eight-day IpeX 2010 took place at the National Exhibition Center in Birmingham, England, from May 18, 2010. The total exhibition area was 60,000 square meters, around half that of IpeX 2006, owing to an economic slowdown.

A key attendance issue was that a volcanic eruption in Iceland just before the event caused airport closures, making it impossible for many to attend or face drastically revised flight schedules. Nonetheless, around 48% of the 50,000 visitors were from 135 countries outside the United Kingdom. Attendance was 8% higher than at the 2006 event. Another 20,000 exhibitor staffers and 500 journalists were there.

While most visitors were from Europe, many were from China and India. The 1,000-square-meter Komori booth showcased four machines and featured demonstrations.

Komori Chairman Appointed President of Global Print

At IpeX 2010, Global Print, a federation of global printing industry members, announced the appointment of Yoshiharu Komori, Chairman, President and CEO of Komori as its new president. Mr. Komori says that, "It is an honor to be chosen as president." He said that he is committed to further developing the global printing industry.



JGAS 2009 at the Tokyo Big Sight



Komori booth staffers



IpeX 2010 at National Exhibition Center in Birmingham, England

Making Environmental Protection Our Top Business Priority

Komori is helping to create social sustainability by providing products and services that benefit the environment and communities.

Fulfilling Our 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 waste; 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.

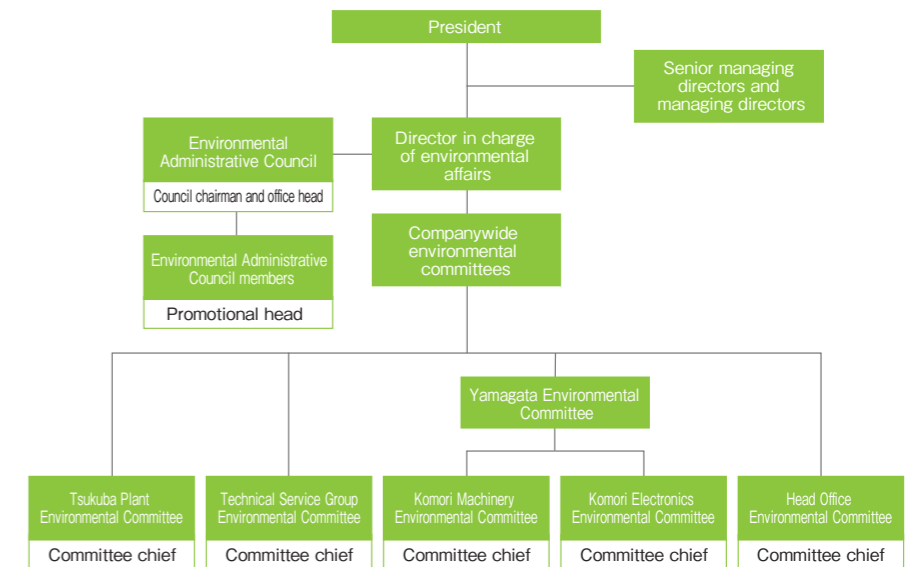
Our Basic Environmental Policies

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 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.

Environmental Management System Structure

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



Environmental Lectures

On October 22, 2009, Komori Machinery held an environmental lecturer for 56 fifth-year students from Takahata Town Nukanome Elementary School. This was our fourth environmental lecture.

After an orientation on printing presses and the environment, the students toured the plant to see the methodical assembly processes. They then operated a printing press. One student pressed the start button on the machine, which employed soy ink and recycled paper. The printing speed gradually increased, to the astonishment of the students.

They participated enthusiastically in the event, partly because the Komori Machinery plant is so near their school.



Environmental class



Printing demonstration

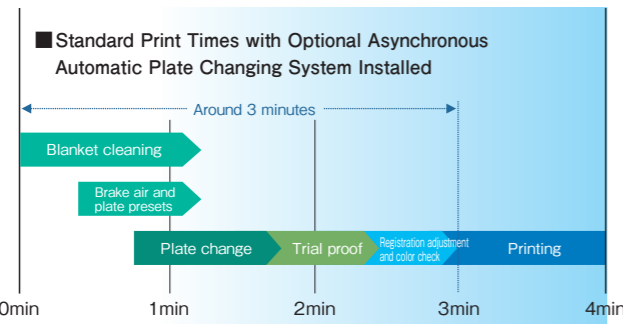
Leading-Edge Technologies and Services

Demand is growing constantly for printing systems that help safeguard the environment, increase productivity, and reduce human errors. Komori is harnessing its state-of-the-art technological development capabilities to supply advanced products that match these needs.

Operation Stand for World-Class Digital Processes



Our new operation stand incorporates two large touch panels. This setup makes it easy to remotely adjust almost every printing system control. With the CIP4/



JDF-compliant K-Station and the Komori Monitoring System combined, you can monitor data import through system operating status in real time, centralizing process management and helping greatly to streamline administration. Such an improved setup reduces operator loads.

Installing the PDC-SII Print Density Control-Spectrophotometer and the K-ColorProfiler II makes it easy to numerically control the hue adjustments of printed matter and manage colors and standardize printing. We have completed the controls that users need to smoothly handle the evolution of digital printing.

H-UV, an Innovative Curing System that is Economical and Environmentally Friendly

This drying system employs a proprietary ultraviolet (UV) lamp and high-sensitivity UV ink. It is economical and eco-friendly and delivers high quality and reliability.

Advantages of UV Curing System

Shorter Total Turnaround Times

Instant in-line drying delivers far faster lead times than with conventional oil-based printing. This enables immediate cutting, die cutting, folding, and other finishing work, significantly shortening lead times from when materials go to the printer through delivery.

Enhanced Space Efficiency

Because UV printing eliminates the drying time vital for conventional processes, there is no need for a large stock storage space, which you can reduce in accommodating an increasing number of short runs of multiple jobs.

Powder-Free for Improved Quality

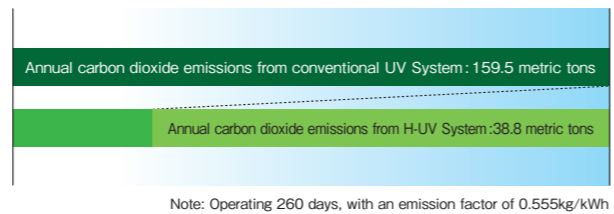
Eliminating the need for powder also does away with such problems as powder scattering. Surface treatment in postpress is easier, and there are fewer issues resulting from supplementary printing with on-demand presses, contributing in areas where powder adhesion is difficult. Eliminating the dry-down phenomenon makes it easier to check quality.

Advantages of H-UV System : Economy

Energy-Saving and Low Running Costs

Carbon dioxide emissions from our H-UV system are about one-quarter those of conventional UV curing setups. Another advantage is lower running costs, including for replacement bulbs. The lamp discharges minimal heat, preventing heat deformation of sheets.

Example with LS-40 Sheet-Fed Offset Press



Budget-Friendly Initial Cost

The power supply unit is very compact because the H-UV System is inside the printing press. There are no ozone discharges and only minimal heat, eliminating the need for air-conditioning with air ducts. The initial cost

is thus much lower than with a conventional UV system, making the H-UV system even more attractive.

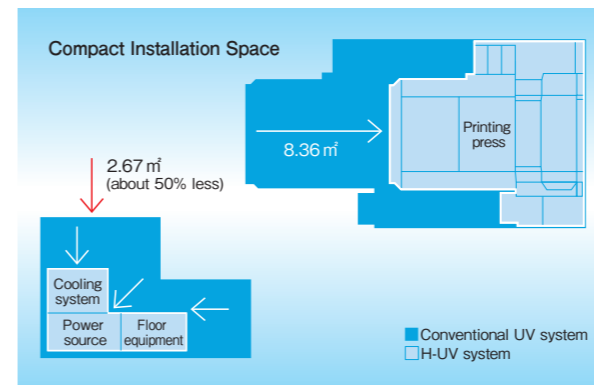
Advantages of H-UV System : Eco-friendly

Environmentally friendly

The H-UV system does not discharge ozone because it eliminates the ozone-generating wavelength of conventional UV lamps. The H-UV system is powder-free and odorless, greatly improving printing plant environments.

Space Efficiency

The H-UV system is compact and fits inside the press, making installation simple. Doing away with an area to dry items enhances space usage efficiency.



Augmenting LITHRONE SX40 Series with LITHRONE SX40RP and New Equipment

The LITHRONE SX40RP is a reversible-printing addition to Komori's high-performance flagship, the LITHRONE SX40 series, which is for single-sided printing. This new model employs the Asynchronous Automatic Plate Changing System developed for the LITHRONE SX40 series. Komori began taking orders at the IpeX 2010 print show.

Main Features

- Handles diverse paper thicknesses and is especially suitable for packaging printers
- Requires no extra paper for tail grippers, helping to cut costs
- There is no perfecting action, so make-ready times are shorter, eliminating perfecting changeovers and air-setting adjustments

ENTHRONE 29 Balances Quality and Cost-Performance

The ENTHRONE 29 embodies Komori's high printing

quality and advanced technologies. It incorporates core printing features, an ergonomic stepless operator design, and a small footprint, making it easy to install anywhere. The press employs an array of double-size impression and transfer cylinders to ensure consistent performance on short runs of diverse jobs. It accommodates sheet thicknesses of 0.04mm to 0.6mm, dramatically shortening the time required for changeover between light and heavy stocks because there is no need to adjust the transfer cylinder gripper pad. The ENTHRONE 29 delivers working efficiencies that can drive customer profitability.

Eco-Friendly Products

From the life cycle assessment perspective, printing presses have long serviceable lives, and 95% of the environmental impact of this machinery comes from usage, even if power consumption is reduced. Komori thus conducts environmental impact assessments at usage stages, and develops eco-friendly presses and equipment that shorten make-ready times and conserve energy and resources by decreasing paper waste. Our offerings also lower emissions of volatile organic compounds and other hazardous substances during print runs in keeping with the European Union's directives on the Restriction of Hazardous Substances, and employ features to minimize noise. These considerations prompted BG-Prüfzert to award the ENTHRONE 29 a certificate of compliance with that German institution's standards for substance dispersion and noise during printing.

BG Compliance Certification

Tests based on these and other rigorous standards cover the degrees of detergent spray and ink misting, noise levels, scattering of dampening water additives (alcohol), and powder spray. Only printing presses demonstrably reduce substance releases can obtain certification.



Komori Graphic Technology Center Opens

We opened the Komori Graphic Technology Center at the upgraded Tsukuba Plant on October 10, 2009. The center aims to help materialize Komori's Kando philosophy and function as a core Group entity in cultivating printing and printing machine technologies and skills. The center has 11 printing presses with four key functions to provide hands-on training.

- 40" offset printing presses: Two- and four-color presses, two- and eight-color convertible perfecting presses, a four-color perfecting press, and six-color with Coater and UV presses (of which one is a LITHRONE SX-series model)
- 29" offset printing presses: Two- and four-color convertible perfecting presses, and a six-color with Coater and UV press
- Web offset press: Two-color sixteen page press

Four Roles of Komori Graphic Technology Center

Demonstration Center

For customers to evaluate quality of Komori's systems
Sales demonstrations to customers

Printing College

To train customers in printing technologies (hardware and software)
Global service: Production engineer training
Basic research into printing technology and developing new technologies
(including with universities and with printing materials and peripheral equipment manufacturers)

- Diverse and flexible courses
- Systemic curricula, practical skills training and visualization

Technical Training Center

Global services/training for production engineers

Printing R&D Center

Basic research into printing technology and developing new technologies (including with universities and with printing materials and peripheral equipment manufacturers)



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