



**Pentel**

Pentel Co., Ltd.



**SUSTAINABILITY  
REPORT**

**2022**

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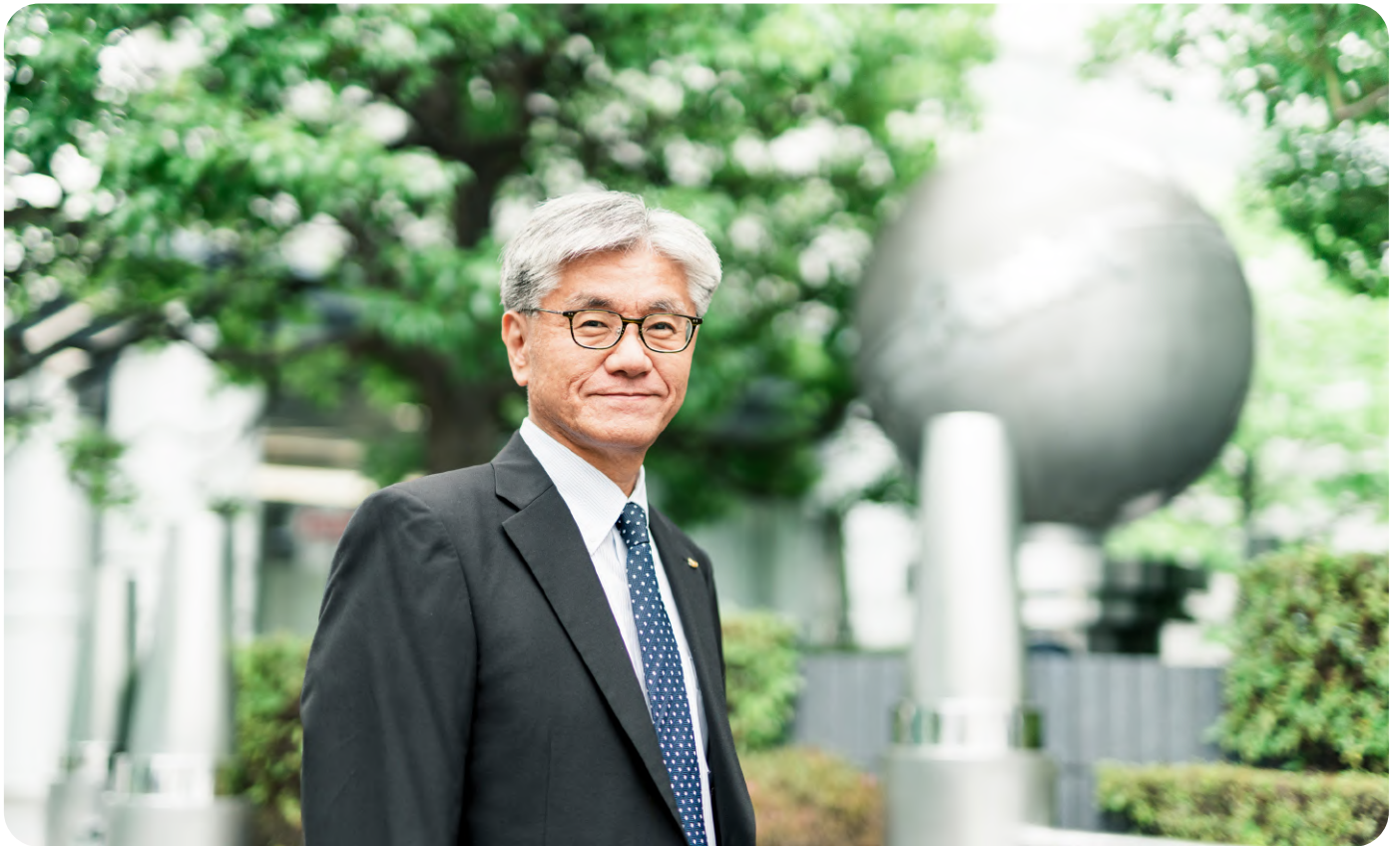
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# To “cultivate the joy of expressing oneself”



## Through providing the tools that enable people to cultivate the joy of expressing themselves, we aim to realize a sustainable society.

Ever since Pentel was founded in 1946, based on our philosophy of “cultivating the joy of expressing oneself,” we have developed writing instruments and drawing/painting materials and supplied them to people all over the world.

By expressing human sensitivities in characters, pictures, colors and so on, writing instruments revitalize intelligence.

Within the history of human development, writing instruments have played a role in enabling intelligence to awaken and refining human intelligence into culture.

Even in an age of ever-quicken digitalization, the role to be played by writing instruments remains unchanged.

In fact, that role is becoming more important than ever.

Due to accelerating digitalization, AI has simplified a lot of intellectual labor, while IoT and robotics have greatly mitigated physical labor.

Digitalization is thus transforming our concepts of work.

As people become liberated from troublesome and hard labor, they come to seek, for better or for worse, more creative work and a more creative way of life.

There is no physical in the digital world.

There is simply a stream of signals comprising 0 and 1.

Even metaverse worlds are virtual reality that have no physical substance.

In contrast, real people breathe, metabolize, think, love, reproduce, organize, communicate, and eventually die.

It is essential for people, as physical beings, to accumulate physical experiences in order to cultivate creativity and powers of imagination.

Writing, drawing and painting with writing instruments and drawing/painting materials are truly physical experiences.

Expressing oneself is a highly active behavior in which people not only use their brains and hands but actually mobilize their entire body's five senses.

Such experiences vitalize creativity and imaginative powers and cultivate creative abilities.

Through above all having individual physical experiences, people develop their strength and abilities as absolute individuality that cannot be copied or substituted.

Through the physical experiences of writing, drawing and painting, Pentel is committed to cultivating people's ability to express themselves and share the joy of living around the world.

I believe that this, more than anything else, will certainly contribute to realizing a sustainable society.

**President and Representative Director**

Handwritten signature of J. Takahashi in black ink.

# Cultivating the Joy of Expressing Oneself

Ever since our founding, we have continued to address such questions as, “How should people live?” “What is right character?” and “How should personality be formed to engender love?”

As a result, we have come to the realization that each and every person has individuality, diversity, love, gratitude, and free ideas.  
Every person has the capacity to be a precious being.

However, looking back over history, it is also a fact that people have committed various mistakes.  
Not only wars and discrimination between different groups, but various other problems such as global warming and ecological destruction arise out of people.

In the age of sustainability, we believe that this is a time to reassess the way people live.

In these times, what is it that can guide people in the right direction?

This is something that cannot be realized by AI or any other kind of technological development.  
And it is certainly not an activity that adheres to a rigid methodology.

We believe that the love and sensibility required for people to sympathize with other people, society and the Earth are cultivated through “expressing oneself.”

That means expressing one’s thoughts and feelings as they are felt.  
It means deviating from correct answers.

“Cultivating the joy of expressing oneself”

Our vision is underpinned by these sentiments regarding people, society and the Earth.



## Pentel's Roots

- **Inheriting long-established craftsmanship of ink brushes**

In 1911, Pentel's predecessor, Horie Bunkaido, started as a wholesale business of the stationery of the day, such as ink brushes and ink stones, before beginning to manufacture those products itself. Among its leading products was Nigiri-sumi, an ancient ink stick that is gripped in the hand, similar to a crayon. The business also produced ink brushes, an essential writing/drawing tool used in Japan for as long as 1,200 years. The ink brush was a major personal item in Japan during this time. Since it was believed that the user's personality lives in their handwriting/drawing, artisan brushmakers needed highly refined techniques for achieving the finest possible brush tip in order to produce brushes with a comfortable writing experience. This long-established culture and technology underlies two of the three important concepts Pentel is committed to: "technology at the tips" and "lowering the barrier."



Founder Yukio Horie

- **Taking on challenges to develop expression tools, starting with crayons**

In Japan after World War II, calligraphy education was banned in accordance with Allied Occupation policies. Against this background, Yukio Horie, founder of Pentel, predicted that arts and culture such as music and painting would become widely popular, and so decided to manufacture crayons, seeking to provide new tools of expression for children to substitute for ink brushes. As there was virtually no market for the product in Japan in those days, Horie and his employees studied manufacturing methods with reference to literature they had acquired on their own, and launched the crayon business from self-procured facilities. This period represents the beginning of our commitment to "colors," the third and remaining important concept, and the commencement of our ongoing challenge of developing expression tools.

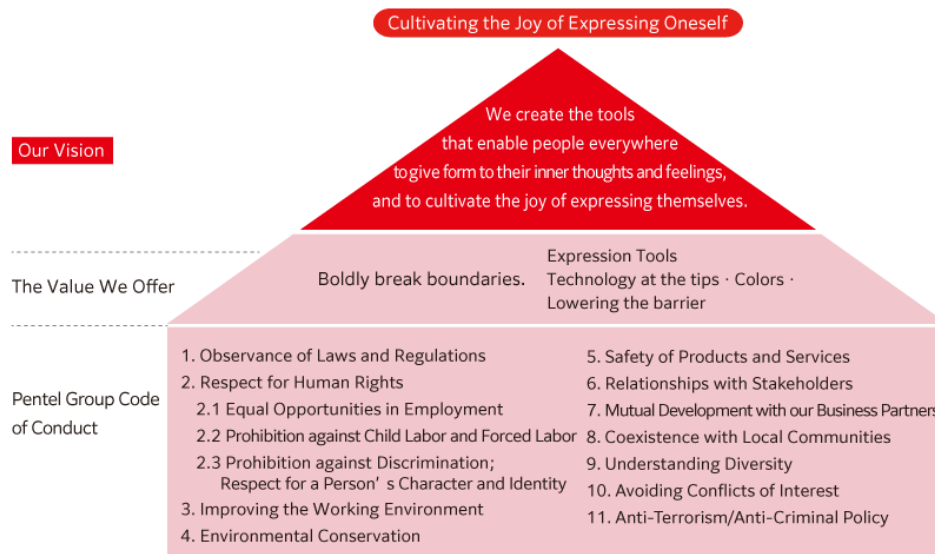


Having its origins in Horie Bunkaido, which underpinned Japan's literary culture, Pentel was founded based on the firm conviction that the children of Japan needed education in drawing and painting after the war.

Pentel has always pursued the "joy of expressing oneself" while staying attentive to changes in society and the environment.

# Pentel's Philosophy

"Cultivating the joy of expressing oneself" is a commitment that Pentel makes with all stakeholders, including our customers, the local community, and our employees. We daily conduct activities that are geared to fulfilling this commitment.



## • Our Vision

We create the tools that enable people everywhere to give form to their inner thoughts and feelings, and to cultivate the joy of expressing themselves.

Creation of tools that are not merely "drawing and painting materials" or "writing instruments."

They are not just materials for drawing and painting beautiful pictures, nor are they writing instruments for conveying information.

They are tools that enable people everywhere to give form to their inner thoughts and ideas in a straightforward manner.

We believe that these tools will continue to be needed by people, precisely because we now live in a world of AI.

We have expressed these thoughts as Our Vision.

## • The Value We Offer

Boldly break boundaries.

"Boundaries" here refers to stereotypes that we have adopted without a second thought.

Tools of expression are not just tools that enable us to work more efficiently. They are tools for supporting people's creativity and allowing them to express their joy and dreams.

Since our founding, Pentel has overcome stereotypes to create tools that add color to the lives of many people by being synonymous with profound expression.

Furthermore, to help people exhibit and express creativity, joy and dreams, which are needed more than ever, through our tools, we will continue to face up to our challenge while breaking free from stereotypes that go under the name of "correct answers."

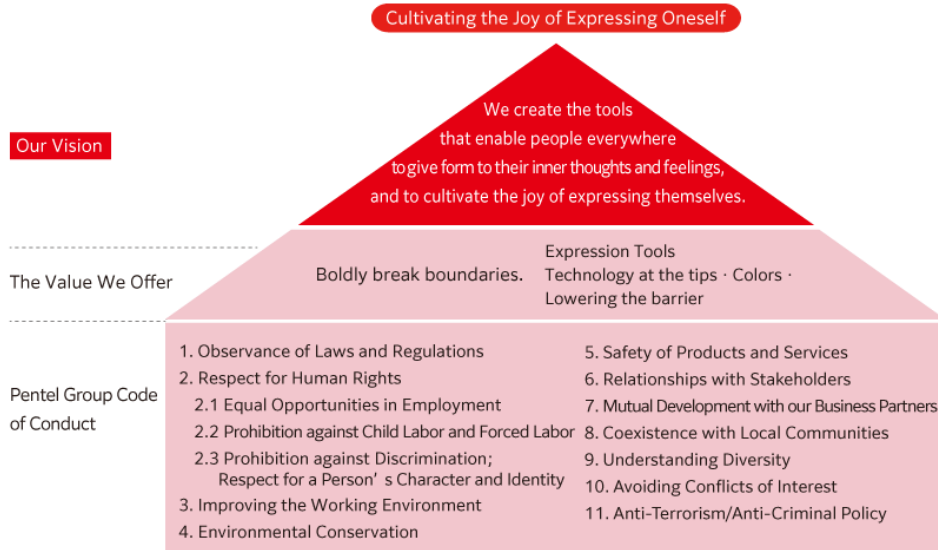
## • Code of Conduct

We formulated the Pentel Group Code of Conduct in 2015 and have communicated and enforced it to our affiliates all over the world.

As a global business operator, Pentel not only practices compliance with laws and ordinances, but also seeks to comply with corporate and social codes of ethics, our own internal rules, and laws and regulations on both the national and local levels. Moreover, we espouse and promote compliance across the entire Group as a guiding principle for right action.

# Sustainability Vision

Cultivating the joy of expressing oneself with various people, Pentel is advancing various activities with stakeholders with a view to becoming a company that has true value.





# To cultivate the joy of expressing oneself



Based on our philosophy of “cultivating the joy of expressing oneself,” we have developed writing instruments and drawing and painting materials and supplied them to people all over the world.

If the pace of digitalization accelerates even more from now on, people will come to find more creative ways to live.

Rather than simply enabling work to be conducted more efficiently, it is anticipated that writing instruments and drawing and painting materials will fulfill the role of allowing people to express their sensitivities and support their creativity through writing, drawing and painting.

Moreover, the world today is confronted with numerous challenges, such as competition for resources accentuated by climate change, destruction of biodiversity, environmental pollution arising from wastes, poverty, human rights violations and so on.

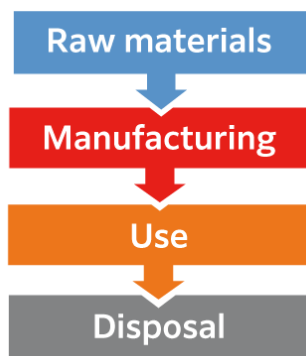
Through revitalizing intelligence by means of writing instruments and drawing and painting materials, we aim to cultivate the joy of expressing oneself among people around the world, while at the same time proactively addressing environmental and social issues. In doing so, we aim to help build a sustainable society.

Category	Social Issues		Solutions
E (Environment)	Circular Economy 12 Responsible Consumption and Production 	Reduce	•Simplification of packaging and reduction of plastic waste
			•Active utilization of biodegradable plastic that returns to the earth
			•Environmental consideration in paper packaging too (thorough use of FSC-certified ecofriendly paper and print)
			•Development of products that are premised on longer-term use, not rapid disposal
		Repair	•Research of structural design that allows individual components to be disassembled and replaced
			Reuse
		Recycle	
			•Research of structural design that allows each material to be disassembled
			•Creation of a business model that produces no waste based on the viewpoint of resource circulation
		Other	•Fair Trade: Procurement of raw materials from non-conflict areas and certified raw materials
S (Society)	4 Quality Education 5 Gender Equality 10 Reduced Inequality 17 Partnerships to achieve the Goal 		•User innovation
			•Inclusive Design Project
			•Support of products for developing countries
			•Support of art festivals
			•Support for education in art and design
			•The International Children’s Art Exhibition (ICAE)
			•Memory of School Building Project
			•Providing opportunities for empowerment of women

## • Shift to a Circular Economy

We support the viewpoint that people should move from the linear economy, which has continued to linearly consume resources on the premise of mass production and mass disposal, to the circular economy, which aims for zero waste.

From now on, we will reform our products, services and corporate activities in accordance with the order of priority of the circular economy.



Linear economy



Circular Economy

## • Support for the International Children’s Art Exhibition (ICAE)

Pentel has been a sponsor of the International Children’s Art Exhibition (ICAE) organized by the Biiku Bunka Kyokai (The Foundation of Art Education in Japan) annually since 1970.

The exhibition, the first of which was held on the site of the Japan World Exposition in 1970, celebrated its 52nd anniversary in 2021.

It is one of the world’s largest children’s art exhibitions, attracting more than about 80,000 entries (approximately 40,000 from Japan and 40,000 from abroad) from 40 countries and regions each year.

Through the children’s pictures that are gathered, we contribute to the growth of sensibility-rich children and building of an affluent society that harmonizes with art.

## • Memory of School Building Project

Since 2014, Pentel has worked on a project in partnership with Canon Marketing Japan Inc. to create opportunities for elementary schoolchildren to make memories of their school buildings slated to be demolished for rebuilding or due to school closure and integration.

In this project, children draw pictures and add colors using their school buildings as a giant “canvass.”

The project also invites local residents, past graduates, and guardians to participate and experience the fun of “drawing, painting and writing” and “taking photographs,” and it provides opportunities for children to exhibit their latent creativity.

As of March 2022, this project had been conducted at 39 elementary schools around the country, with participation by more than 10,000 children.

## • Cooperation for Sending Products to Developing Countries

Working through NPOs, private groups and so on, we cooperate in sending drawing and painting materials and writing instruments for education purposes to children in developing countries.

Having been founded based on the philosophy that “the children of Japan need education in drawing and painting after the war,” we are proud to have been involved in spreading art and design education in Japan for a long time.

Children in developing countries will also cultivate the joy of expressing themselves through the provision of drawing and painting materials.

## • Inclusive Design Project

Unlike universal design, which aims to make mass-produced products “accessible” to many people, inclusive design is a design approach that seeks functionality in making products “accessible” to disabled persons too. Moreover, inclusive design uncovers deeper needs and values and proposes solutions based on the common perspective of “what is truly desired?”

Since 2021, with the objective of embodying Our Vision of “cultivating the joy of expressing oneself,” we have worked on the Inclusive Design Project targeting a diverse range of people “leaving no one behind.”

## Creating unrivaled tools for cultivating the joy of expressing oneself

### Pentel – A History of Extending the Possibilities of Expression

In 1951, upon considering advice from artists, we succeeded in developing the “PENTEL” as a product combining the fixity of crayons and the rich expressive capacity of pastels.

In 1955, we launched the “Pentel Crayon,” which is still widely used today.

Instead of resting on the success of our drawing and painting materials and products, to cultivate the joy of expressing oneself, we progressed to developing innovative writing instruments that everybody would want to use for richer and more exciting expression.

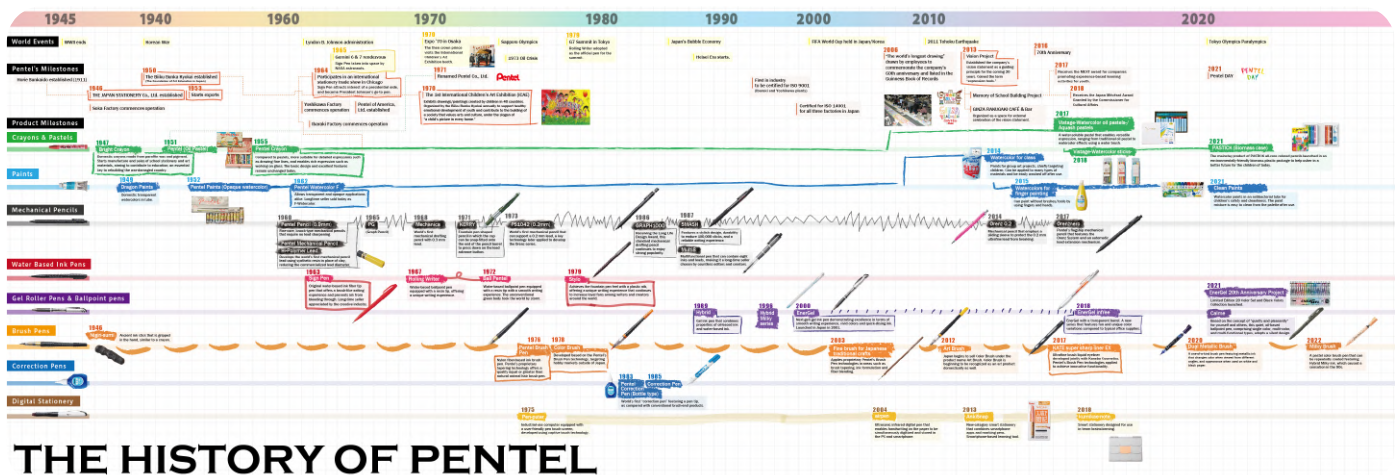
We launched the “Pentel Pencil,” the world’s first 0.9mm knock-type mechanical pencil with a Hi-Polymer lead, in 1960, and the “Pentel Sign Pen,” which became a global hit product after being used by US President Johnson, in 1963.

During the period of high economic growth, we launched an aqueous ballpoint pen in the shape of “Ball Pentel,” the “Pentel Brush Pen,” “Pentel Correction Pen (Bottle type),” and the “Hybrid” neutral ballpoint pen. Then, in the 2000s, we launched age-defining, revolutionary writing instruments in the shape of “EnerGel” and “Orenz,” which have become today’s core brands.

We develop and deliver easy-to-use and accessible writing instruments that enable people all over the world to express their thoughts and feelings.

This is Pentel’s mission, which has been cultivated over a history of more than 70 years.

Amidst the changing times, Pentel is committed to realizing more accessible and “expressive tools” that abound with even greater creativity.



# TOPICS

Ever since Pentel was founded in 1946, we have helped people around the world express themselves by means of numerous writing instruments.

## 1947 Bright Crayon

Domestically produced crayons made from paraffin and pigments.

“More than anything else, education is needed to build the new Japan.”

Based on this conviction, we started domestic production of drawing and painting materials.



## 1960 Pentel Pencil

Fine-core, knock-type mechanical pencils that require no lead sharpening.

In addition to succeeding in realizing ultra-fine leads based on the “Hi-Polymer Lead,” we realized new, highly practical writing instruments.



## 1960 Hi-Polymer Lead

This revolutionary refill lead for mechanical pencils was the first in the world to use synthetic resin instead of clay (0.5/0.7/0.9mm).

With the emergence of ultra-fine leads, it was no longer necessary for people to sharpen pencils.

\*Birth of the 0.7/0.5 versions in 1962.



## 1963 Sign Pen

This is the original cotton-centered, ultra-fine, aqueous Sign Pen, which was developed for smoothly writing on paper like a brush with bleedproof.

The Sign Pen has become so widely used around the world that it is now treated as a common noun.



## 1972 Ball Pentel

Water-based ballpoint pen equipped with a resin tip with a smooth writing experience.

The unconventional green body took the world by storm.

This long seller has come to be used by people around the world, recording cumulative sales of more than 1 billion units.



## 1972 Pentel Brush Pen

This brush-type pen is made with nylon hairs.

Thanks to our unique tapering technology, these pens have quality equivalent to or better than brushes made from animal hairs.



## 1979 Stylo

The Stylo was developed as a plastic fountain pen endowed with a writing feel like no other.

Thanks to its unique writing feel, it still has many avid fans among writers, creators and so on all over the world.



## 1983 Pentel Correction Pen (Bottle type)

This was the world's first correction fluid to replace brush-type products.  
Adoption of the pen-touch system.



**1986**

**GRAPH1000**

In over 30 years since its launch, this standard mechanical pencil for drafting has continued to be chosen by design professionals in Japan and around the world, and its steadfast popularity is reflected in it being chosen for the Long Life Design Award.



**1987**

**SMASH**

The SMASH was developed by adapting technology of the Graph 1000 to general mechanical pencils. It features toughness sufficient to withstand 100,000 knocks and has a stable writing feel. In recent years, the SMASH has displayed a revival among junior and senior high school students, who are heavy users of mechanical pencils.



**1989**

**Hybrid**

The Hybrid appeared as a neutral ballpoint pen combining the features of aqueous and oil-based pens.



**2000**

**EnerGel**

This gel ink ballpoint pen has outstanding writing smoothness, a bold and clear writing edge, and rapid drying qualities. It has become a worldwide hit and continues to sell today, 20 years after it was launched.



**2012**

**Art Brush**

This is a renewed version of the hobby Color Brush, which was launched overseas in 1978 with colorful inks. Also launched in Japan. Color Brush pens have also started to be recognized as art pens in Japan.



**2013**

**AnkiSnap**

New category smart stationery that combines smartphone apps and marking pens. Smartphone based learning tool.



**2014**

**Orenz**

This pipe-sliding mechanical pencil features an "amazingly unbreakable 0.2mm lead."



**2015**

**Water Colors for Finger Painting**

These Water Colors for Finger Painting were developed to enable children to enjoy expressing themselves with freedom. These paints let children paint with their hands and fingers without using brushes or other tools whatsoever.



**2017**

**Orenznero**

In addition to the Orenz system, which features thin but break-resistant leads, the Orenznero is equipped with a lead delivery mechanism that applies automatic drafting machine technology. This ultimate flagship mechanical pencil represents the culmination of more than 50 years of technological progress by Pentel.



**2018**

**EnerGel infree**

This product was devised in response to changing working styles such as teleworking and working from free addresses. Breaking away from stereotypes, EnerGel Infree has been designed as a tool for originating and expressing ideas. Having a transparent barrel that lets you always see what color ink you're using, you can instinctively pick up this pen and enjoy stress-free writing.



**2018**

**kumikae-note**

This smart stationery item has been designed to facilitate the origination of ideas in workshops and the like.



**2021**

**Calme**

Based on the concept of "quietly and pleasantly" for yourself and others, this quiet, oil-based ballpoint pen, comprising single color, multi-color, and multi-functional types, adopts a silent design. Compared to conventional products, the sound generated by the ballpoint pen knock operation is 66% quieter.





## Research for developing creative products

At the Technical Research Laboratories, we conduct research for developing creative new products that will satisfy customers, with the unique values of Pentel. To find research topics for creating something new we engage in activities for taking customers' points of view and understanding market trends correctly. These activities include regular market research and briefing sessions on new products, where our staff members in charge of providing explanations listen directly to customers. In the research process, we face various technological hurdles. We address such problems in a team by embodying ideas freely to verify technologies. This leads us to find ideas that we would not come up with individually, allowing us to take a major step toward the solution to each problem. We will continue to make use of our ideas for solving problems and step up our research efforts without giving up on the way.



## Activities of QC circles

Since 1965, we have been promoting quality control (QC) circles' activities of suggesting improvements as opportunities for practical training on QC. In FY2022, activities were conducted by 43 circles, comprising 12 at our Yoshikawa plant, and 31 at our Ibaraki plant.

Pentel QC circles have won gold awards at the national competition of QC circles and also at local competitions in Kanto region and Ibaraki and Saitama districts, competing against circles representing automobile and electronics manufacturers. Pentel is also ranked highly in terms of the number of times that its circles have participated in such competitions.



National competition of QC circles hosted by the Union of Japanese Scientists and Engineers



QC Circle Ibaraki District Competition

# Creating a comfortable work environment

## Achievement of work-life balance

To enable employees to balance work with family life, it is important to create an environment where they can make use of various programs regardless of division or type of job, not to mention ensuring appropriate regular working hours.

Currently, the rates of taking maternity leave and childcare leave are both approximately 100%. In addition, nearly half of those who have returned to work after their leave use the system that allows shorter working hours for child care. Employees with families needing nursing care are allowed to take family care leave for a total of up to 93 days. We have established a system that allows employees on leave to share information with other employees at home via the remote access services and consult the company whenever necessary. These are part of our efforts to enable employees to achieve a balance between work and family life and improve their work environment.

In addition, we provide support for internal club activities to allow employees to spend fulfilling time after work. In FY2022, a total of 22 clubs engage in activities in various forms. Some employees run privately in races held as community events by wearing costumes featuring Pentel products, thereby expressing their identity as Pentel employees. These activities help expand open communications within the company.



Employees dressed as Pentel crayons running in a community race



Basketball club

## Self-reporting system

We have introduced a self-reporting system to deepen the understanding between the company and employees, ensure the fair, satisfactory treatment of employees, and help employees with their efforts to achieve self-actualization in the future.

Responsible people from the Personnel Affairs Division interview all employees who request interviews. These interviews allow employees to directly convey their opinions and requests concerning the contents of their work, capability development, job assignment, and personnel transfers.

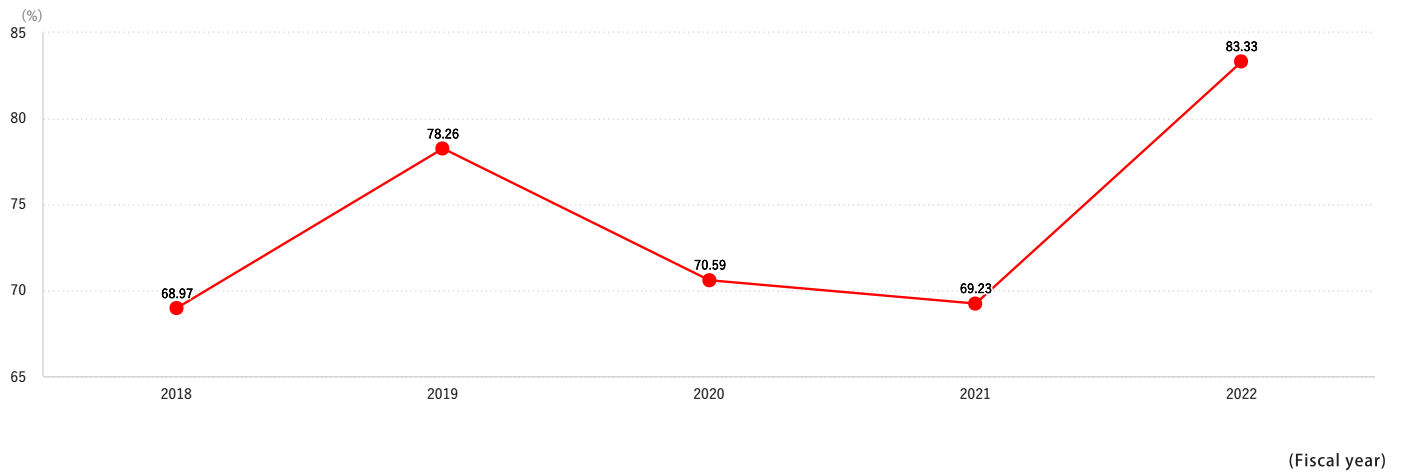
## Reemployment of retired employees

In 2006, we introduced a system for reemploying retired employees.

In response to the revision of the Act on Stabilization of Employment of Elderly Persons in 2013, any retired employees of Pentel are reemployed in the Pentel Group upon request. In FY2022, approximately 80% of retirees made use of the system.

This system helps employees to ensure the stability of their post-retirement life. At the same time, their experience and skills developed through many years at Pentel are used effectively for passing down skills and providing logistic support to younger employees.

### Changes in the Number of Reemployed Persons



## Overseas trainee program

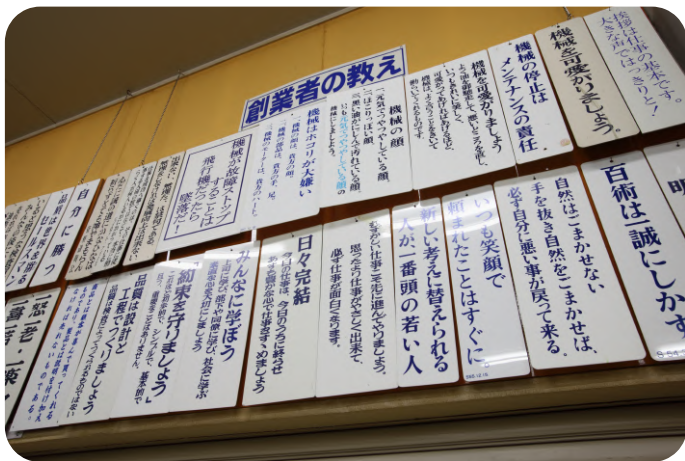
An overseas trainee program is a program under which a company selects young employees who are likely to be assigned to its overseas bases in the future and assigns them to its overseas subsidiaries as trainees for a specific period.

Pentel operates an overseas trainee program in tandem with the training program for overseas assignees, and program participants are trained to play a future role in the overseas division.

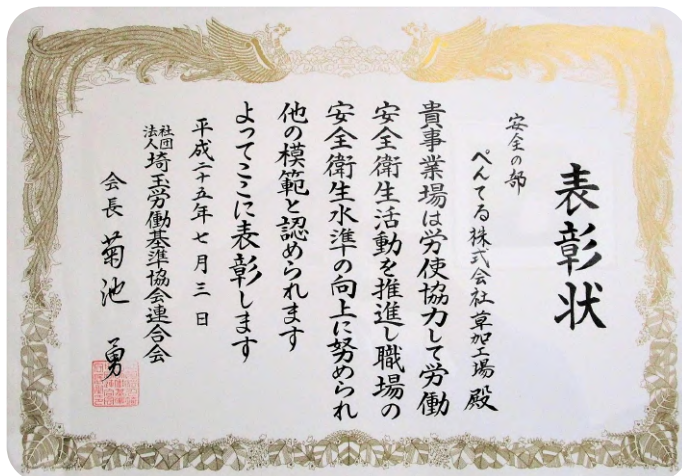
# Occupational health and safety

To secure a safe, comfortable work environment for employees, we have established a Health and Safety Committee at each business location and engage in health and safety activities by setting a specific theme every month. At the three factories, we place special emphasis on initiatives at manufacturing sites where machines and other equipment are used. We make an inspection round of the factories every month in our efforts to eliminate risks.

Recently, we have undertaken assessments of occupational health and safety risks, implemented initiatives on the mental health of employees, and provided health instruction to those who were found to have problems in health examinations. We will continue the exchange of information between the Head Office and the three factories and promote activities for creating workplaces with no labor accidents, which will allow employees to work vigorously and enjoy good health.



Founder's Teachings



Commendation for promoting occupational health and safety activities



# Social contributions by our business

## Breast cancer awareness campaign

Pentel (Stationery) Ltd. in the United Kingdom has supported breast cancer charities to raise awareness of the importance of early detection, diagnosis, and treatment of breast cancer since 2006.

A portion of sales of pens with pink casings is donated to the Breast Cancer Now (BCN) campaign to support the eradication of breast cancer.

As of December 2021, Pentel UK had donated a total of 1,542,000 pounds (approximately 260 million yen assuming an exchange rate of 1 pound = 168 yen) to the campaign.

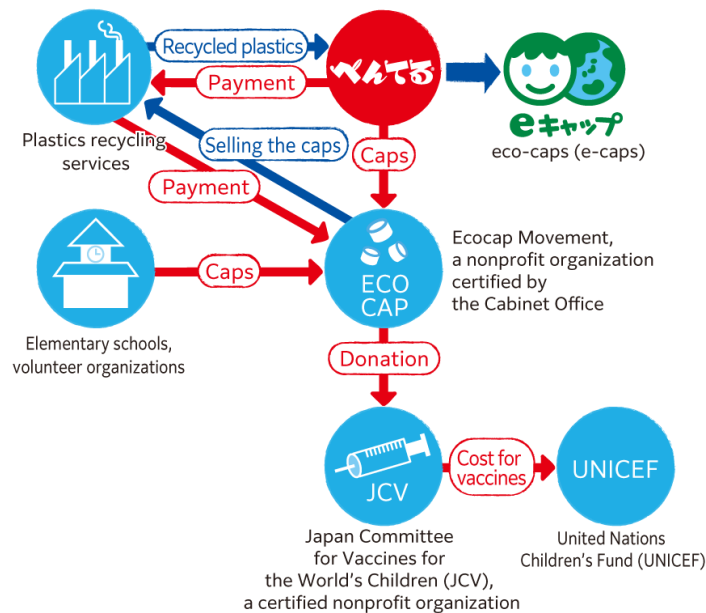


**BREAST  
CANCER  
NOW** The research  
& care charity

Pentel UK staff members decorating SNS in pink for breast cancer eradication month.

## Support for the Ecocap Movement

Through manufacturing and selling colors in laminated tubes with "eco-caps (e-caps)," we are supporting the Ecocap Movement to deliver vaccines to children in developing countries who are in need of vaccination. The e-caps are made by recycling PET bottle caps collected through the Ecocap Movement, and part of the material costs of the caps is donated to fund vaccines for children.





# Support for the activities of the Pancreatic Cancer Action Network

In 2013, Pentel of America, Ltd. began donating part of its revenues from EnerGel to support the activities of the Pancreatic Cancer Action Network (PanCAN). PanCAN is a non-profit organization working to contribute to the early detection and treatment research of pancreatic cancer and support patients and their families. Pentel of America also donates violet EnerGelX pens with the PanCAN logo and message imprinted on the casing. Purple is the symbol color of PanCAN, and the donated products are used for its activities. In addition, employees of the company participate in PurpleStride every year. PurpleStride is a charity walk/run organized by PanCAN to celebrate survivors of pancreatic cancer and promote research and awareness of the disease.



Staff of Pentel of America, Ltd. participating in PurpleStride

**KNOW IT. FIGHT IT. END IT.**

Pentel and PANCAN are proud to announce that the violet EnerGel-X is now "The Violet Pen of the Pancreatic Cancer Action Network".

Pentel will donate five cents from each purchase of these products to PANCAN.



**PANCREATIC CANCER ACTION NETWORK®**  
FOR MORE INFORMATION, VISIT [WWW.PANCAN.ORG](http://WWW.PANCAN.ORG).

The complex block features a purple background with a faint PanCAN logo. On the right side, there is a photograph of a single purple EnerGel-X pen standing vertically, and two packages of Pentel EnerGel-X pens. The packages are one for the M100 series and one for the M105 series. The text is white and purple, providing information about the partnership and the donation program.

## Summer festival

In August every year, the Ibaraki Factory and the Yoshikawa Factory host a summer festival for promoting friendship with people from the local communities. The festival is planned and operated by Pentel staff from the factories. In FY2019, approximately 2,500 local residents participated in the summer festival organized by the Ibaraki Factory, and the one held by the Yoshikawa Factory attracted about 1,500 people from the local community.

(It was not held from 2020 to 2022 to prevent the spread of new coronavirus infection.)

Pentel employees work together in the preparations for and operation of this festival, such as setting up the stage and other facilities for the venue, creating signs for stalls, cooking food, directing the traffic and setting up trash bins for different types of garbage.

Pentel also holds various events at the festival, such as games for children and a lottery, to entertain the large number of visitors and deepen exchanges with people from the local communities.



## Community cleaning by our factory staff

At our three factories in Japan, we clean up the roads around the premises and parks and other places in the neighborhood several times a year. All employees from the factories take part in the cleaning to express their gratitude to the communities. Through this, we strive to be of as much help as possible to local communities.





## Tours of the Head Office and factory

The Ibaraki Factory provides factory tours to local elementary school children, junior high school students, people from the local community and business partners. The tours allow the visitors to see our writing instruments and art materials being produced at the production site up close, thereby allowing them to become familiar with our policy on manufacturing and our initiatives for protecting the environment. In addition, we invite junior high school students on school trips to our Head Office every year. We allow the students to observe our work sites, explain our history and overview of business activities, and answer questions from them. We thus provide the students with opportunities to learn things voluntarily.



## Work-study programs for junior high school and high school students

As an initiative for contributing to local communities, we accept junior high school students for work-study programs and high school students for internships. By providing these opportunities, we help them to become motivated to work and understand what work is and what it is for, in our efforts to foster future generations.



Junior high school students experiencing work (Yoshikawa Factory)

## Support for sketching events and drawing classes

Every year, we support sketching events held throughout Japan. We also hold drawing classes overseas and engage in other activities proactively outside Japan.

### Support for a sketching event for families at Yokohama

Pentel supports the Yokohama Family Sketching Event, which is held by Yokohama City PTA every year in April.

In 2022, around 2,000 pictures were submitted for the event.

The participants in the event used water to wash their brushes. Of course, it is strictly prohibited to discharge wastewater in the park, so Pentel had its new employees help the participants to prepare water for washing brushes and dispose of the wastewater. This was the first social contribution activity that the new employees experienced as working members of society. The participants said "Thank you" to our new employees who participated in this highly meaningful training that is well known in the company.

(In 2022, because the event is based on a subscription system, there was no training).



## Support for the International Children's Art Exhibition (ICAE)

Pentel is a sponsor of the International Children's Art Exhibition (ICAE) organized by the Biiku Bunka Kyokai (The Foundation of Art Education in Japan) annually since 1970.

The exhibition, the first of which was held on the site of the Japan World Exposition in 1970, celebrated its 52th anniversary in 2021.

It is one of the world's largest children's art exhibitions, attracting more than 80,000 entries (40,000 from Japan and 40,000 from abroad) from 40 countries and regions each year.

Through the gathered children's pictures, we help children nurture sensitivity and contribute to the building of a society that has appreciation for art.





# Environmental Principles

Pentel formulated its Environmental Principles in 1996 to fulfill its social responsibility as a corporate citizen of the global community and established an organization for environmental management and promotion in 1997. We also established the Corporate Environmental Management Committee in 2003 to facilitate company-wide environmental activities with particular focus on production sites, which are considered to have greater environmental impact than other locations.

## Environmental Principles (Established in 1996)

### ● Basic Philosophy

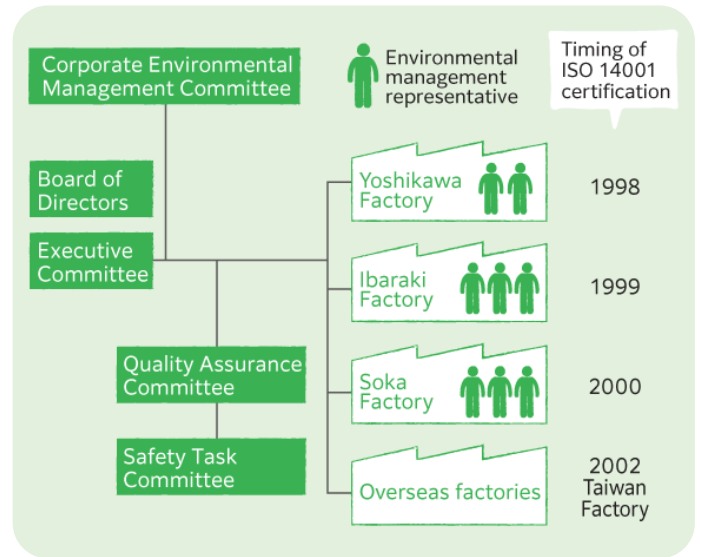
As a good corporate citizen in the global community, Pentel recognizes the importance of responsibility for the community. We are committed to global environmental protection and protection against contamination, in line with our corporate management philosophy. We increase the environmental awareness of employees and promote environmentally friendly corporate activities to create a society where people can live in harmony with the environment.

### ● Action Agenda

1. In every stage from design and development to disposal, across our corporate activities, we shall develop and provide environmentally aware products and services.
2. Complying with environmental laws, regulations, agreements and commitments inside and outside Japan, we shall continuously contribute to environmental conservation and improvement.
3. In our overseas operations, we shall ensure the environmental conservation of the relevant countries.
4. When planning a new project, we shall perform continuous assessment and remain committed to environmental conservation.
5. We shall provide information and education concerning environmental conservation to our employees, while providing relevant information for environmental conservation to customers, governments and regional societies.
6. We shall communicate and enforce this agenda to all employees and organizations, while improving our knowledge about and technologies for environmental conservation.

# Environmental management framework

Based on the Basic Philosophy of the Environmental Principles, we have built an environmental management framework, which is aimed at developing and operating environmental management systems, to make our activities at factories and offices even more environmentally conscious and effective for environmental conservation. The three factories in Japan acquired ISO 14001<sup>\*1</sup> certification in 1998, 1999 and 2000, followed by the Taiwan Factory in 2002, and these factories steadfastly continue to make improvements in their environmental performance.



Environmental management framework

\*1 ISO 14001

A set of standards for the development of an environmental management system designed to continuously improve environmental performance of corporate activities, products, and services (including the reduction of their impact on the environment).

## Promotion of environmental training

We provide all employees with environmental training, which is aimed at improving their basic knowledge of the environment and raising their awareness of environmental conservation. In addition, we provide leaders of environmental activities with training on relevant laws and regulations and specialized technologies, skills training and training to qualify them as internal environmental auditors.

## Internal environmental audit and improvement activities

The environmental management representative of each factory and internal environmental auditors check that all business activities conducted at their respective sites are in compliance with the ISO 14001 standard and the company's environmental management system. They also use these audits as an opportunity to hear proposals from every division regarding on-going improvements of the environmental activities conducted at each site. The company also employs a bottom-up approach in its efforts to improve the environment by encouraging every employee to take part through quality control (QC) circle activities such as environmental improvement planning and "wall newspaper" contests.

# Evaluation of compliance with laws and regulations

## Proper management of chemical substances

To ensure compliance with the RoHS Directive<sup>\*1</sup>, the REACH Regulation<sup>\*2</sup>, and other regulations concerning chemical substances, we have developed a database on the safety of chemical substances used for each product and material as part of our efforts to build a robust chemical substance management system.

We use a GHS<sup>\*3</sup> compliant safety data sheet (SDS) creation system to quickly check The Negative List of Chemical Substances and The List of Chemical Substances and investigate the chemical content of materials submitted by suppliers, for example.

\*1 RoHS Directive

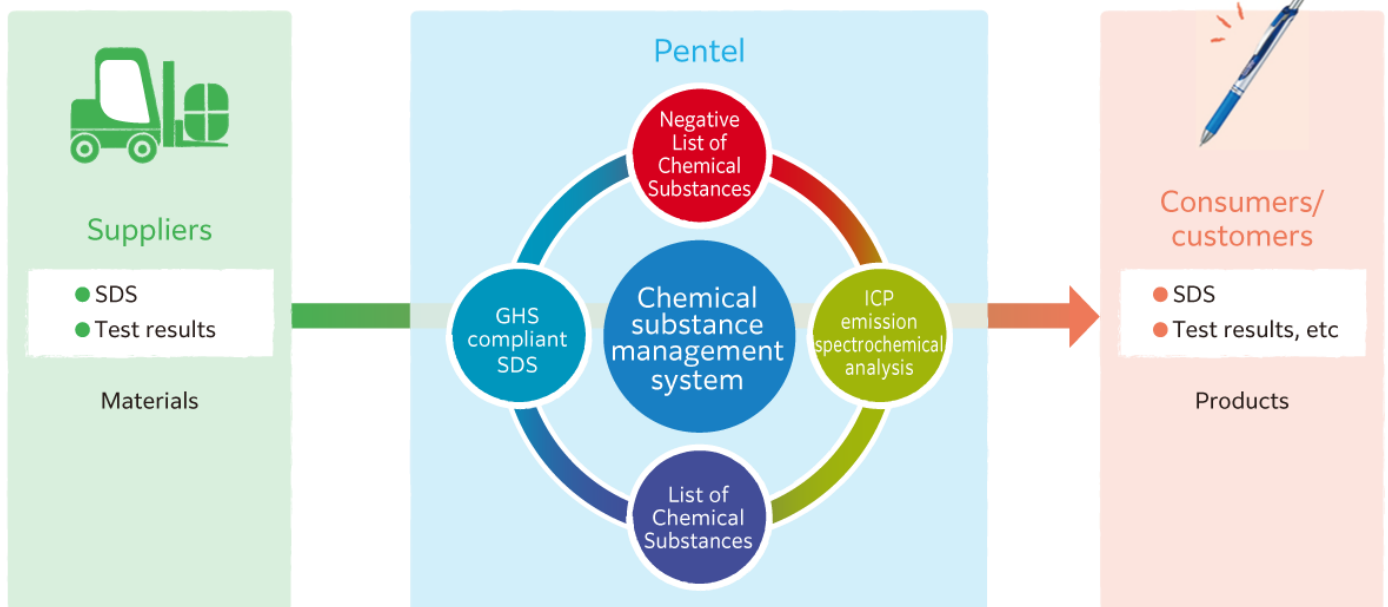
The Restriction of Hazardous Substances (RoHS) Directive was issued by the European Union (EU) to restrict the use of six hazardous substances (lead, mercury, etc.) in electrical and electronic equipment.

\*2 REACH Regulation

An EU regulation for registration, evaluation, authorization and restriction of chemicals.

\*3 GHS

The Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is a proposal made by the United Nations in July 2003. Its intention is to promote standard criteria for classifying chemicals according to their hazards as well as for providing information on chemicals used through labeling and SDS to help prevent accidents and protect people's health and the environment.



Chemical substance management framework

## Proper management of equipment, etc.

We maintain and manage our equipment that has an impact on the environment (including an impact on water quality, air and soil, noise and vibrations, ozone depletion, and the consumption of resources and energy) in accordance with laws and regulations or by applying standards that are stricter than laws and regulations.

We manage the equipment by specifying the management items, standards, frequency and method for each.

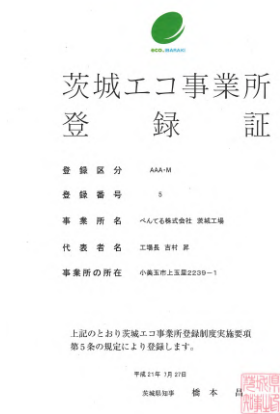
## Acquisition of external certifications

We strive to improve the effectiveness of our environmental management system by proactively making use of certification programs of public organizations and third-party organizations to evaluate the quality of the system objectively. To provide specific examples, we have obtained ISO 14001 certification and made use of a program for certifying eco-friendly companies, a program for the registration of eco-friendly business sites and a program for certifying outstanding recycling business sites, under which we have been certified continuously. (All three of these programs are operated by the Ibaraki Prefectural Government.) We have also used a system for certifying business sites that are deemed to be excellent in terms of eco-friendly commuting, which is operated by a government council for managing the promotion of the use of public transportation services.

The Ibaraki Factory has taken initiatives including the replacement of materials of products that used substances to be disposed of in landfills. As a result, the factory has achieved a recycling rate of 100% and zero emissions every year since FY2011, and has continued to be certified by the Ibaraki Prefectural Government as an outstanding recycling business site.



Outstanding recycling business site certificate awarded from the Ibaraki Prefectural Government



Certificate of registration as an eco-friendly business site



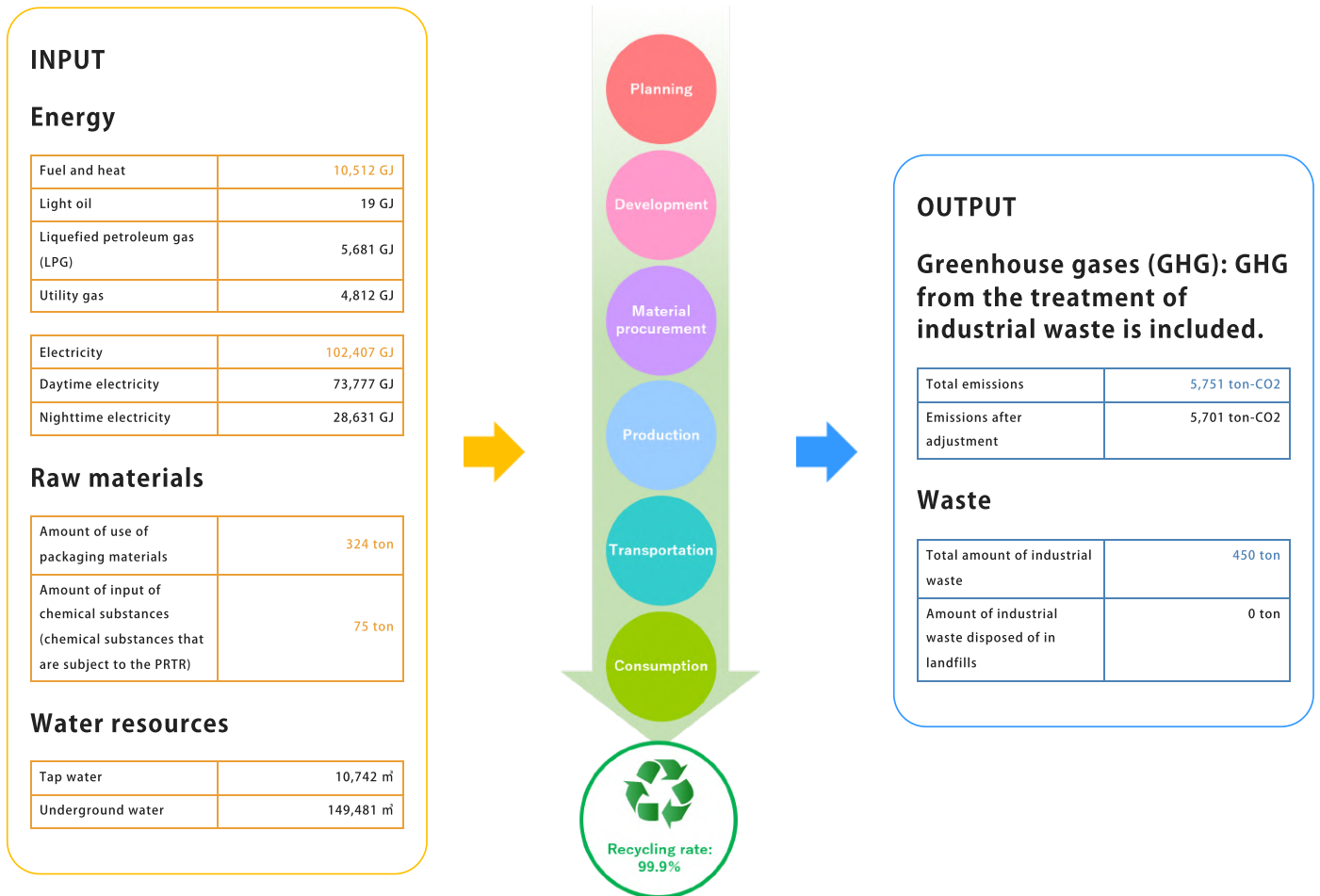
Certificate of excellent business site in eco-friendly commuting

# Relationship between our business activities and environmental impact

The processes of our business activities involve the use of global resources such as raw materials, energy, and water (input) and emissions of CO<sub>2</sub>, waste, and others (output).

Based on an accurate understanding of the environmental impact of our business activities, we use the limited global resources carefully to avoid waste in our overall business activities from product development to production, transportation, consumption and recycling in our efforts to reduce their environmental impact.

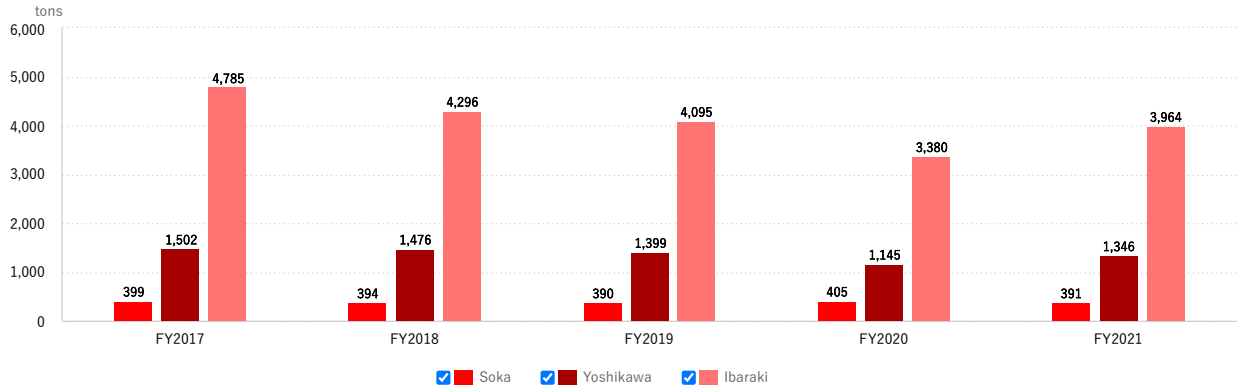
## • Business activities and environmental impact (FY2021)



# Reduction of CO2 emissions

Pentel is working hard to reduce CO<sub>2</sub> emissions by, among other measures, cutting electricity and other energy consumption, utilizing reprocessed resin, and reducing waste. At the three factories in Japan, CO<sub>2</sub> emission reduction targets are set every year, and everyone across the company is united in working towards achieving these goals.

CO<sub>2</sub> emissions by factory※



※CO<sub>2</sub> emission factor (after adjustment) of TEPCO Energy Partner is used.

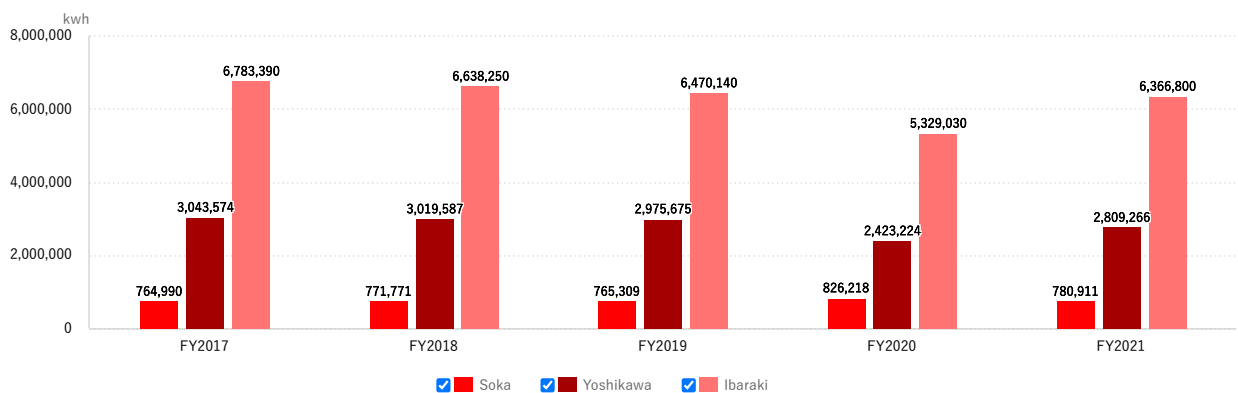
# Initiatives for saving energy

As a result of the 2010 amendment of the Act on the Rational Use of Energy, Pentel was designated as a Specified Business Operator, and the Ibaraki Factory was designated as a Type 2 Designated Energy Management Factory\*. Our three factories in Japan are procuring and switching to manufacturing equipment with lower power consumption and taking measures to improve the efficiency of manufacturing processes. The Yoshikawa Factory is taking action to improve steam pipes and refill lead dryers, while the Ibaraki Factory is improving the efficiency of the operation of air compressors in its efforts to reduce power consumption. In addition, power consumption is monitored on a real-time basis and measures to control consumption are taken when the planned value is likely to be exceeded.

\* Type 2 Designated Energy Management Factory

A factory or business facility where its annual energy consumption is 1,500 kiloliters or more and less than 3,000 kiloliters in crude oil equivalent is designated as a Type 2 Designated Energy Management Factory.

Electricity consumption by factory

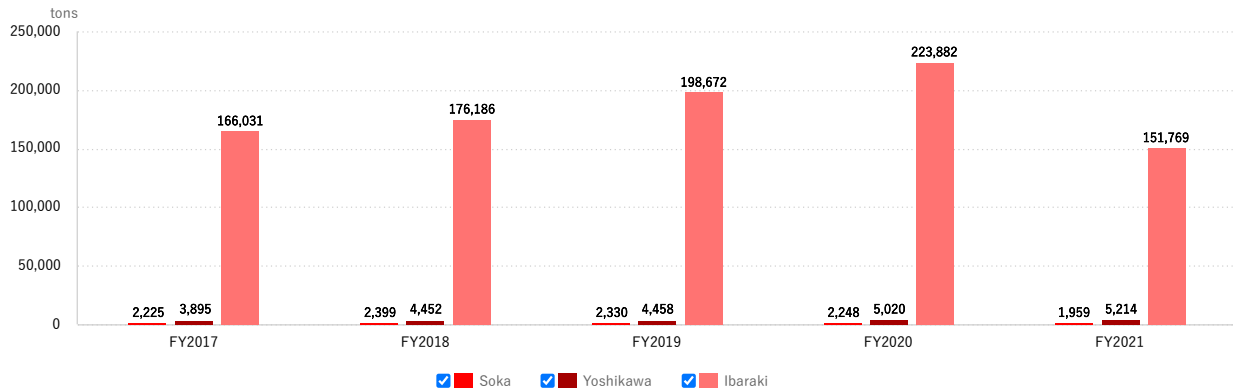




## Reduction of water consumption

Water consumption and discharge of wastewater are monitored at all times at the Ibaraki Factory. The factory is working to reduce water consumption by reusing cooling water used in production facilities and through other water-saving efforts.

Water consumption by factory



## Waste reduction and recycling

With the aim of realizing zero emissions, we are striving to reduce waste and promote recycling by making the best use of resources.

In FY2010, the recycling rate of the Ibaraki Factory was 99.7%. However, the recycling rate of the factory has been 100% since FY2011 as a result of changing product designs so as not to use materials whose waste had to be disposed of in landfills.

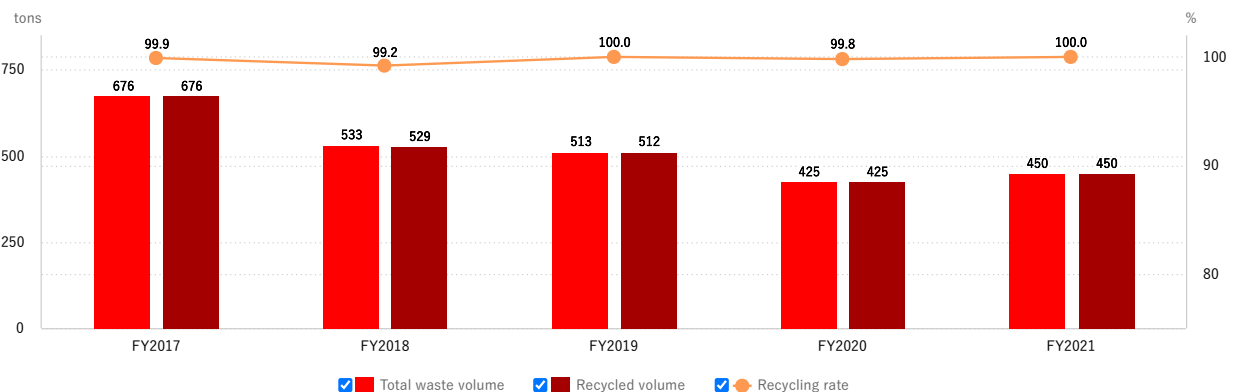
With regard to packaging materials, most of which are disposed of after the distribution phase, we strive to reduce the amount of waste through measures such as replacing cardboard boxes with boxes made of recycled paper and using foldable containers.

Furthermore, we use recycled materials for all of our product packages that are disposed of as waste by the customers who use them. We also design them specially to avoid waste in our efforts to reduce the amount of materials we use.

### • Activities to achieve zero emissions

- Sorting and conversion of waste into valuable resources
- Use of waste plastics as blast furnace feed; recycling of waste plastics as cement materials
- Composting of garbage
- Recycling of waste fluorescent tubes

Waste generation and recycling at three factories in Japan



## Conservation of biodiversity

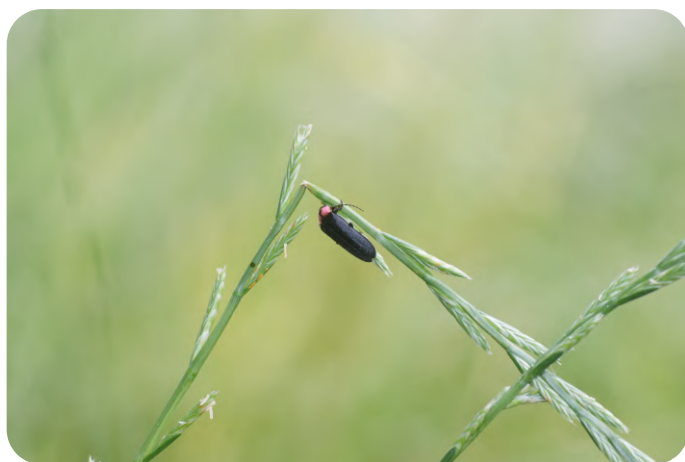
We recognize the direct and indirect impacts of our business activities on biodiversity and check and evaluate constantly whether or not effluent from our factories is affecting the ecosystem.

### Rearing fireflies by using factory effluent

Since it started operating in 1964, the Ibaraki Factory has been taking measures to purify effluent from the factory to protect the water environment of Lake Kasumigaura, into which the effluent flows. It has undertaken an ongoing activity of rearing fish in the purified effluent. In 2008, it renewed the effluent purification facility to preserve the water environment at a higher level and began to rear fireflies in a biotope created on the premises of the factory. Starting from 2009, fireflies emerge from pupae and fly in the night sky in early summer every year. This proves that effluent from the Ibaraki Factory is purified to a level that allows fireflies, which can live only in fresh streams, to make it their habitat.



Fireflies flying around the biotope of the Ibaraki Factory



A firefly emerging from a pupa on the premises of the Ibaraki Factory

## Rearing ayu sweetfish in the final effluent tank

Following its success in rearing fireflies, the Ibaraki Factory began to rear ayu sweetfish in 2011 to prevent moss from attaching to the final effluent tank of the factory. At the beginning of May every year, young fish are released into the tank, and they grow to larger than 20 centimeters by August.

A rough standard of water quality that permits ayu sweetfish to make it their habitat is an average Biochemical Oxygen Demand (BOD)※ value of 3mg/l or below. The growth of the fish in the final effluent is proof that the quality of the effluent from the factory is on the same level as that of a fresh stream. The fish are grilled with salt at the summer festival and served to people in the local community.

※ Biochemical Oxygen Demand (BOD)

BOD is the amount of dissolved oxygen needed by aerobic biological organisms to break down organic material present in the water. It is used mainly as an index for the degree of water pollution of rivers.



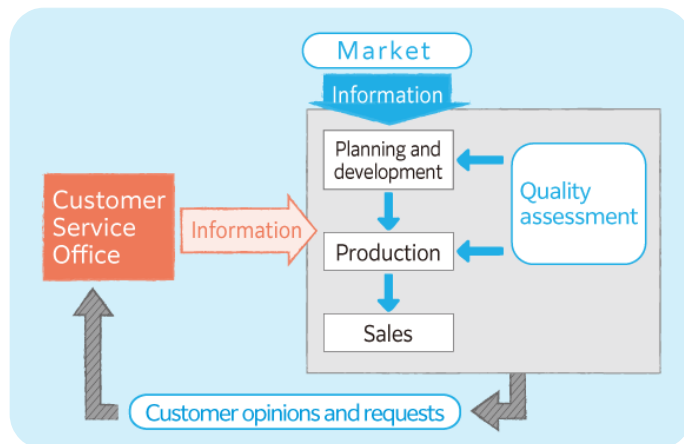
Ayu sweetfish swimming vigorously in the final effluent tank



Ayu sweetfish grilled with salt, which was popular at the summer festival

# Customer Service Office

We have established a Customer Service Office, where we provide attentive service to customers' opinions and requests. Customers provide us with a wide range of inquiries, from ones on how to use the products to questions about manufacturing. For frequent inquiries, such as how to remove stains and how to insert a refill, we provide information on our official website so that customers can obtain the information whenever they need it.



Structure of the Customer Service Office

## Reflecting customer comments

In Japan, we receive various opinions and requests from customers every day via retailers and the Customer Service Office. Our 21 sales offices around the world provide us with information specific to each country or region, such as regulations and the ways our products are used. For us, these opinions and requests are our most valuable assets. We share them with our senior management and relevant divisions and make use of the information for continuous quality improvement and the development of new products.

### Change of package design of ballpoint pen refills (Japan)

In response to comments from retailers and customers, such as “I am confused about which refill to buy” and “The ink color is hard to determine,” we sorted out the information needed for choosing which refill to purchase, added information about compatible products on the package of each, and changed the package colors to the colors of the inks themselves.



Before

After

### Activities for providing values that satisfy customers (Overseas)

We undertake focus group interviews (FGIs) in each country. Through the interviews, we check the tastes of each group's market and the tastes of various layers of consumers. Aimed at improving customer satisfaction, the FGIs allow us to apply customers' points of view to our product development, services and sales activities.



An FGI held in Milan, Italy



# Quality assurance system

## Quality assurance system

High-quality products appeal to customers around the world regardless of their nationality or race. Based on this belief, we ensure that our products satisfy the world's highest quality standards at all times. We currently make company-wide efforts to control the quality of our products, including tasks for improving our quality assurance system, with our Quality Assurance Committee playing the central role. We clarify the steps of quality assurance, recognize the role of each, and then consider a system for effective, efficient quality assurance and seek to optimize the system. This is how we pursue and produce products that satisfy customers and assure their quality.

In 1976, we were awarded the Deming Prize<sup>\*1</sup>, a first in the stationery industry. We have obtained ISO 9001<sup>\*2</sup> certification for all our factories in Japan and major factories overseas.

1995	Irabaki Factory Yoshikawa Factory
1998	Electronic Device Division
1999	Machine & Tool Division Taiwan Factory
2007	India Factory
2009	Mexico Factory
2015	Thailand Factory

ISO 9001 certification accomplishments

\*1 Deming Prize

The Deming Prize was established in 1951 in honor of the late Dr. William Edwards Deming, who promoted statistical quality control in post-war Japan and helped improve the quality of Japanese products significantly, to best global standards. The prize is considered to be one of the world's most prestigious awards concerning total quality management.

\*2 ISO 9001

ISO 9001 is a standard for quality control and assurance established in 1987 by the International Organization for Standardization (ISO).

# Proper management of chemical substances

In recent years, regulations concerning chemical substances used in products, such as the RoHS Directive<sup>\*3</sup> and the REACH Regulation<sup>\*4</sup>, have been tightened. To ensure compliance with the regulations of each country where our products are sold, we check the chemical substances subject to each regulation in the planning and development phase and design the quality of our products based on our internal standards that comply with ISO8124-3<sup>\*5</sup> and the RoHS Directive not to mention the JIS standards. Above all, we check the heavy metals contained in our products by means including inductively coupled plasma (ICP) emission spectrochemical analysis and fluorescent X-ray analysis in the event of a design change, not to mention in the planning and development phase.

\*3 RoHS Directive

The Restriction of Hazardous Substances (RoHS) Directive was issued by the European Union (EU) to restrict the use of six hazardous substances (lead, mercury, etc.) in electrical and electronic equipment.

\*4 REACH Regulation

An EU regulation for registration, evaluation, authorization and restriction of chemicals.

\*5 ISO 8124-3

This is part 3 of the international toy safety standard. It specifies the maximum acceptable amount of elution of eight heavy metal elements.



ICP emission spectrochemical analysis



X-ray fluorescence analysis

# What we do before our products are delivered to customers

We require the cooperation of many partner companies in the process from the production of products from raw materials to the delivery of completed products to customers. We have established a deep relationship of trust with our business partners and make efforts to achieve co-existence and co-prosperity with them.

## Communications with our business partners

We deliver our products to customers via agents or retailers.

To strengthen our relationships with these business partners and work together to create the market, we participate in a stationery trade fair, give in-store demonstrations, and hold many other events on a regular basis.

For domestic customers, we hold an event, "Pentel New Product Launch Meeting". At the event, we shared information and the sales policy for the new products with our business partners.

In addition, our overseas group companies hold workshops for business partners concerning our policies, measures and new products and knowledge of our products in their efforts to strengthen the relationships of trust with business partners. These workshops are held in each region, such as Asia, Europe, and America.



Pentel New Product Launch Meeting



European Agents Meeting

## Partnership with subcontractors

At the Ibaraki Factory, we hold regular study sessions on quality control and process control for our partner factories to which we entrust product assembly. We have named the group of those subcontractors "Ko-Wa Kai" and participate in tours of factories of other industries and external seminars in a well-planned manner, thereby promoting improvement activities together with the subcontractors.

The name "Ko-Wa Kai" is written "幸和会" in Japanese. The character "幸" is from the name of our founder Yukio Horie (堀江幸夫). We chose this character to express our intention to follow our founder's commitment to quality. The character "和" means harmony, reflecting our determination to grow by deepening harmony and mutual understanding with our partners. Ko-Wa Kai will enter its 36th year in 2022. We will continue to aim for co-existence and co-prosperity with the members of Ko-Wa Kai through friendly competition with them.



A study session of Ko-Wa Kai

# Governance

## Corporate Governance

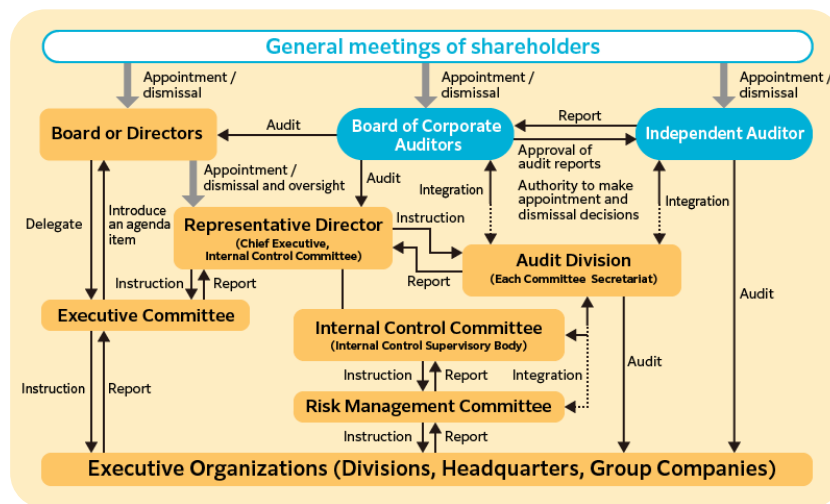
In order to conduct business operations in a sound and ethical manner and fulfill its responsibilities to stakeholders, Pentel introduced its Basic Policy for the Establishment of Internal Control System in May 2015 to provide the guiding principles of our corporate governance.

This Policy was further revised in March 2017 following the establishment of the internal control regulations, which prescribe the design and operation of the Internal Control System.

An Internal Control Committee, consisting of the President, Directors, Corporate Auditors, and the Manager of the Corporate Strategy Division, was newly established as a supervisory body for internal control positioned above the Risk Management Committee.

As the highest organ of decision-making, the Board of Directors holds regular and extraordinary meetings, discusses and determines important matters concerning the management of the Group as part of duties performed by the Company's Directors, in addition to holding weekly management meetings to facilitate the transmission of information by establishing a framework for Directors to share information and oversee the activities of other Directors.

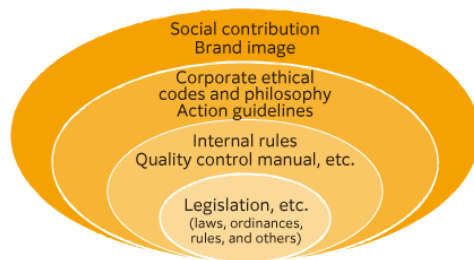
The Board of Corporate Auditors, which consists of three members, including two outside corporate auditors, works with the independent auditor and the Audit Division to ensure early detection and correction of operational weaknesses and flaws and provide advice and recommendations for improved operations.



Corporate governance system

## Compliance

As a global business operator, Pentel considers compliance to be a top priority. Furthermore, we define compliance in a broad sense to mean not only adhering to laws and regulations, but also strictly complying with accepted corporate and social ethical codes and our own internal rules, as well as national and local legislation and restrictions. We further espouse and promote compliance across the entire Group as a guiding principle for appropriate action. In addition, we formulated the Pentel Group Code of Conduct in 2015 and have communicated and enforced it to our affiliates all over the world.



Pentel's concept of compliance

### Pentel Group Code of Conduct

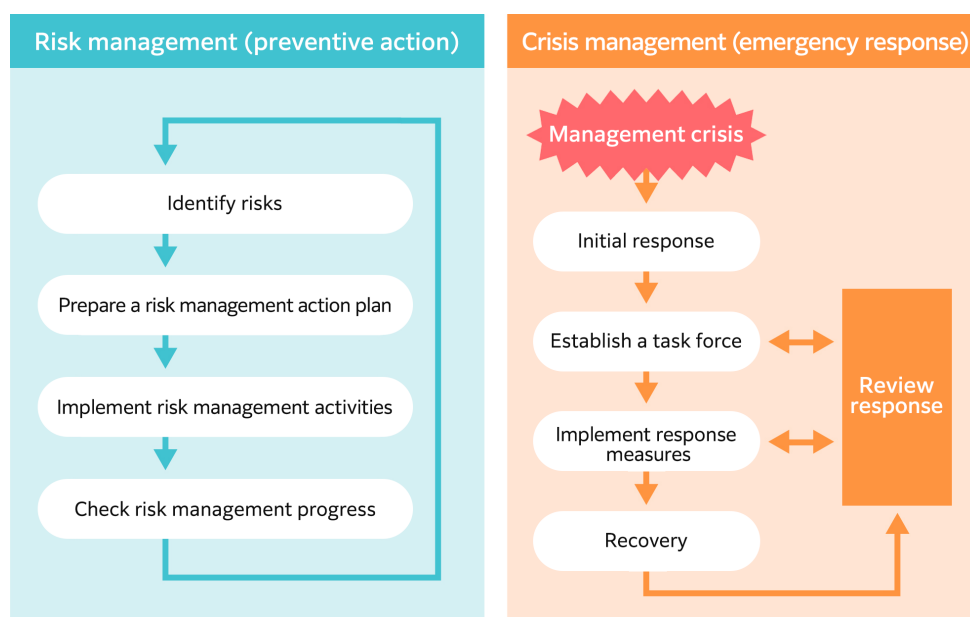
- |   |   |
|---|---|
| 1 Observance of Laws and Regulations  | 5 Safety of Products and Services               |
| 2 Respect for Human Rights  | 6 Relationships with Stakeholders               |
| 1 Equal Opportunities of Employment   | 7 Mutual Development with our Business Partners |
| 2 Prohibition against Child Labor and Forced Labor                                  | 8 Coexistence with Local Communities            |
| 3 Prohibition against Discrimination; Respect for a Person's Character and Identity | 9 Understanding Diversity                       |
| 3 Improving the Working Environment   | 10 Avoiding Conflicts of Interest               |
| 4 Environmental Conservation  | 11 Anti-Terrorism/ Anti-Criminal Policy         |

- **Fair trade with suppliers**

We purchase raw materials, parts, and products from our suppliers under the basic principle of fair trade at appropriate prices. To ensure this, we make constant efforts to identify the trends of relevant markets. In regards to trades with our overseas suppliers, we actually visit their manufacturing sites to ensure the timely procurement of high-quality goods from all over the world. In response to the environmental regulations, which have been growing tougher in recent years, we carefully select suppliers who comply with the regulations and maintain stable relationships with them. We will thus continue our efforts to ensure that our products will satisfy our customers.

## Risk management

At Pentel, we manage a wide variety of risks that may have significant impacts on our business by collecting internal risk information regularly and, in the event that such a risk develops into an incident, to minimize the damage and take immediate actions toward recovery. We see these actions as the most important management issues. In Japan, we have established a Crisis Management Team that is led by the President and CEO. To detect and address overseas risks at an early stage, we collect risk information from our overseas affiliates on an as-needed basis and have the relevant departments discuss each detected risk and provide instructions and information for handling it.



- **Protection and use of intellectual property**

At Pentel, the Intellectual Property Department is in charge of the central management of the company’s intellectual property. The office also formulates and implements our intellectual property strategies in line with our research, development and product themes. We file patent applications pertaining to the achievements of our R&D efforts in a timely manner and apply for protection of peripheral rights to prevent imitations from appearing on the market. As it is our intention to respect the intellectual property of others, we conduct investigations regarding the related rights of other companies in every phase of our research and development activities. We have also filed trademarks applications and obtained trademark rights in more than 100 countries around the world. We take a firm stand against piracy and strive to protect our products and their related rights through the collaborative efforts of the Intellectual Property Management Office and our R&D departments, as well as with the cooperation of sales departments and overseas group companies.

- **Business continuity planning**

We have made company-wide efforts to put business continuity plans (BCPs) in place and continually upgrade them to ensure full preparedness for possible contingencies.

Standards for addressing novel influenza strains and COVID-19 countermeasures were drawn up based on guidelines provided by the Ministry of Health, Labour and Welfare and the Ministry of Economy, Trade and Industry. These established a structure for business operations that prioritized safety assurance during the spread of infectious diseases, and introduced infection prevention measures for employees posted overseas.

Our three factories in Japan have their own crisis management manuals, which specify prevention measures and imperative emergency responses and procedures. To prepare for a large-scale disaster such as a major earthquake, we have measures in preparation for a disaster such as a stockpile and an emergency contact network; and conducting a disaster drill simultaneously at all of our business locations every year using our safety confirmation system.

We also see new threats to information security constantly emerging. To address these threats and ensure efficient operations, we need to continue implementing the latest information security measures.

The Information System Division has established computer safety rules and continues to engage in activities for preventing the loss of our information assets and protecting them from accidents, disasters, crimes and other threats. The division also periodically transfers backup data to remote sites and stores it to prepare for



computer system-related disasters, and conducts data recovery drills several times a year as information security training of employees.



Disaster drill (Ibaraki Factory)

# GRI Standards Content Index

Our website refers to GRI Sustainability Reporting Standards.

[✓ 100 series \(Universal\)](#)
[✓ 200 series \(Economic topics\)](#)
[✓ 300 series \(Environmental topics\)](#)
[✓ 400 series \(Social topics\)](#)

## 100 series (Universal)

### GRI102:General Disclosures

#### 1.Organizational profile

Disclosures		Corresponding Section
102-1	Name of the organization	Corporate Profile
102-2	Activities, brands, products, and services	Service (Japanese) Products (Japanese)
102-3	Location of headquarters	Corporate Profile
102-4	Location of operations	Corporate Profile
102-5	Ownership and legal form	Corporate Profile
102-6	Markets served	Corporate Profile
102-7	Scale of the organization	Corporate Profile Products (Japanese)
102-8	Information on employees and other workers	-
102-9	Supply chain	-
102-10	Significant changes to the organization and its supply chain	N/A
102-11	Precautionary Principle or approach	Environmental Principles Environmental management framework Evaluation of compliance with laws and regulations Governance
102-12	External initiatives	Evaluation of compliance with laws and regulations Acquisition of external certifications
102-13	Membership of associations	-

#### 2.Strategy

Disclosures		Corresponding Section
102-14	Statement from senior decision-maker	Top Message
102-15	Key impacts, risks, and opportunities	Sustainability Vision Governance

#### 3.Ethics and integrity

Disclosures		Corresponding Section
102-16	Values, principles, standards, and norms of behavior	Philosophy (Japanese) Corporate Message (Japanese) Pentel Sustainability Environmental Principles Governance
102-17	Mechanisms for advice and concerns about ethics	Governance

## 4. Governance

	Disclosures	Corresponding Section
102-18	Governance structure	Governance
102-19	Delegating authority	Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance
102-21	Consulting stakeholders on economic, environmental, and social topics	-
102-22	Composition of the highest governance body and its committees	Governance
102-23	Chair of the highest governance body	-
102-24	Nominating and selecting the highest governance body	-
102-25	Conflicts of interest	-
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance
102-27	Collective knowledge of highest governance body	-
102-28	Evaluating the highest governance body's performance	Governance
102-29	Identifying and managing economic, environmental, and social impacts	Governance
102-30	Effectiveness of risk management processes	-
102-31	Review of economic, environmental, and social topics	Governance
102-32	Highest governance body's role in sustainability reporting	-
102-33	Communicating critical concerns	Governance
102-34	Nature and total number of critical concerns	-
102-35	Remuneration policies	-
102-36	Process for determining remuneration	-
102-37	Stakeholders' involvement in remuneration	-
102-38	Annual total compensation ratio	-
102-39	Percentage increase in annual total compensation ratio	-

## 5. Stakeholder engagement

	Disclosures	Corresponding Section
102-40	List of stakeholder groups	-
102-41	Collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	-
102-43	Approach to stakeholder engagement	Sustainability Vision Customer Service Office Reflecting customer comments What we do before our products are delivered to customers Summer festival Community cleaning by our factory staff Tours of the Head Office and factory Support for sketching events and drawing classes
102-44	Key topics and concerns raised	Customer Service Office Reflecting customer comments

## 6. Reporting practice

	Disclosures	Corresponding Section
102-45	Entities included in the consolidated financial statements	-
102-46	Defining report content and topic Boundaries	Pentel Sustainability Sustainability Vision
102-47	List of material topics	-
102-48	Restatements of information	N/A
102-49	Changes in reporting	N/A
102-50	Reporting period	FY 2021 (April 1, 2021–March 31, 2022) *Activities from FY 2022 are included in part.
102-51	Date of most recent report	Vision Book: 2018
102-52	Reporting cycle	-
102-53	Contact point for questions regarding the report	-
102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards Content Index
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	-

## GRI103:Management Approach

Disclosures		Corresponding Section
103-1	Explanation of the material topic and its Boundary	-
103-2	The management approach and its components	N/A
103-3	Evaluation of the management approach	-

## 200 series (Economic topics)

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### GRI201:Economic Performance

Disclosures		Corresponding Section
201-1	Direct economic value generated and distributed	-
201-2	Financial implications and other risks and opportunities due to climate change	-
201-3	Defined benefit plan obligations and other retirement plans	-
201-4	Financial assistance from government	-

### GRI202:Market Presence

Disclosures		Corresponding Section
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
202-2	Proportion of senior management hired from the local community	-

### GRI203:Indirect Economic Impacts

Disclosures		Corresponding Section
203-1	Infrastructure investments and services supported	Summer festival Conservation of biodiversity
203-2	Significant indirect economic impacts	-

### GRI204:Procurement Practices

Disclosures		Corresponding Section
204-1	Proportion of spending on local suppliers	-

### GRI205:Anti-corruption

Disclosures		Corresponding Section
205-1	Operations assessed for risks related to corruption	-
205-2	Communication and training about anti-corruption policies and procedures	-
205-3	Confirmed incidents of corruption and actions taken	-

### GRI206:Anti-competitive behavior

Disclosures		Corresponding Section
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A

### GRI207:Tax 2019

Disclosures		Corresponding Section
207-1	Approach to tax	-
207-2	Tax governance, control, and risk management	-
207-3	Stakeholder engagement and management of concerns related to tax	-
207-4	Country-by-country reporting	-

## 300 series (Environmental topics)

### GRI301:Materials

	Disclosures	Corresponding Section
301-1	Materials used by weight or volume	Relationship between our business activities and environmental impact
301-2	Recycled input materials used	EcoProducts (Japanese)
301-3	Reclaimed products and their packaging materials	Relationship between our business activities and environmental impact Reduction of CO2 emissions

### GRI302:Energy

	Disclosures	Corresponding Section
302-1	Energy consumption within the organization	Relationship between our business activities and environmental impact
302-2	Energy consumption outside of the organization	-
302-3	Energy intensity	-
302-4	Reduction of energy consumption	Reduction of CO2 emissions EcoProducts (Japanese)
302-5	Reductions in energy requirements of products and services	-

### GRI303:Water and Effluents 2018

	Disclosures	Corresponding Section
303-1	Interactions with water as a shared resource	Relationship between our business activities and environmental impact Reduction of CO2 emissions
303-2	Management of water discharge-related impacts	Conservation of biodiversity
303-3	Water withdrawal	-
303-4	Wastewater discharge	-
303-5	Water consumption	Relationship between our business activities and environmental impact Reduction of CO2 emissions

### GRI304:Biodiversity

	Disclosures	Corresponding Section
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Conservation of biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	Conservation of biodiversity
304-3	Habitats protected or restored	Conservation of biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Conservation of biodiversity

### GRI305:Emissions

	Disclosures	Corresponding Section
305-1	Direct (Scope 1) GHG emissions	Reduction of CO2 emissions
305-2	Energy indirect (Scope 2) GHG emissions	-
305-3	Other indirect (Scope 3) GHG emissions	-
305-4	GHG emissions intensity	-
305-5	Reduction of GHG emissions	Reduction of CO2 emissions
305-6	Emissions of ozone-depleting substances (ODS)	-
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-

### GRI306:Waste 2020

	Disclosures	Corresponding Section
306-1	Waste generation and significant waste-related impacts	-
306-2	Management of significant waste-related impacts	-
306-3	Waste generated	-
306-4	Waste diverted from disposal	-
306-5	Waste directed to disposal	-



## GRI307:Environmental Compliance

Disclosures		Corresponding Section
307-1	Non-compliance with environmental laws and regulations	N/A

## GRI308:Supplier Environmental Assessment

Disclosures		Corresponding Section
308-1	New suppliers that were screened using environmental criteria	N/A
308-2	Negative environmental impacts in the supply chain and actions taken	N/A

## 400 series (Social topics)

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### GRI401:Employment

Disclosures		Corresponding Section
401-1	New employee hires and employee turnover	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
401-3	Parental leave	Creating a comfortable work environment

### GRI402:Labor/Management Relations

Disclosures		Corresponding Section
402-1	Minimum notice periods regarding operational changes	-

### GRI403:Occupational Health and Safety 2018

Disclosures		Corresponding Section
403-1	Occupational health and safety management system	-
403-2	Hazard identification, risk assessment, and incident investigation	-
403-3	Occupational health services	-
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety
403-5	Worker training on occupational health and safety	-
403-6	Promotion of worker health	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-
403-8	Workers covered by an occupational health and safety management system	-
403-9	Work-related injuries	-
403-10	Work-related ill health	-

### GRI404:Training and Education

Disclosures		Corresponding Section
404-1	Average hours of training per year per employee	Human Resource Development and Career (Japanese)
404-2	Programs for upgrading employee skills and transition assistance programs	Creating a comfortable work environment
404-3	Percentage of employees receiving regular performance and career development reviews	Creating a comfortable work environment

### GRI405:Diversity and Equal Opportunity

Disclosures		Corresponding Section
405-1	Diversity of governance bodies and employees	-
405-2	Ratio of basic salary and remuneration of women to men	-

### GRI406:Non-discrimination

Disclosures		Corresponding Section
406-1	Incidents of discrimination and corrective actions taken	-

## GRI407:Freedom of Association and Collective Bargaining

Disclosures		Corresponding Section
407-1	Operations and suppliers in which the freedom of association and collective bargaining may be at risk	-

## GRI408:Child Labor

Disclosures		Corresponding Section
408-1	Operations and suppliers at significant risk for incidents of child labor	Governance

## GRI409:Forced or Compulsory Labor

Disclosures		Corresponding Section
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Governance

## GRI410:Security Practices

Disclosures		Corresponding Section
410-1	Security personnel trained in human rights policies or procedures	-

## GRI411:Rights of Indigenous Peoples

Disclosures		Corresponding Section
411-1	Incidents of violations involving rights of indigenous peoples	-

## GRI412:Human Rights Assessment

Disclosures		Corresponding Section
412-1	Operations that have been subject to human rights reviews or impact assessments	-
412-2	Employee training on human rights policies or procedures	Governance
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-

## GRI413:Local Communities

Disclosures		Corresponding Section
413-1	Operations with local community engagement, impact assessments, and development programs	-
413-2	Operations with significant actual and potential negative impacts on local communities	No major or clear applicable cases

## GRI414:Supplier Social Assessment

Disclosures		Corresponding Section
414-1	New suppliers that were screened using social criteria	N/A
414-2	Negative social impacts in the supply chain and actions taken	-

## GRI415:Public Policy

Disclosures		Corresponding Section
415-1	Political contributions	N/A

## GRI416:Customer Health and Safety

Disclosures		Corresponding Section
416-1	Assessment of the health and safety impacts of product and service categories	Quality assurance system
416-2	Incidents of non-compliance concerning the health and safety impacts and services	N/A

## GRI417:Marketing and Labeling

Disclosures		Corresponding Section
417-1	Requirements for product and service information and labeling	Quality assurance system
417-2	Incidents of non-compliance concerning product and service information and labeling	-
417-3	Incidents of non-compliance concerning marketing communications	-

## GRI418:Customer Privacy

Disclosures		Corresponding Section
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-

## GRI419:Socioeconomic Compliance

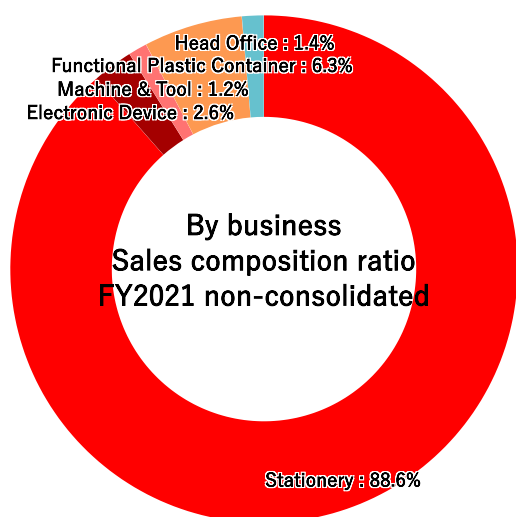
Disclosures		Corresponding Section
419-1	Non-compliance with laws and regulations in the social and economic area	-

# Corporate Profile

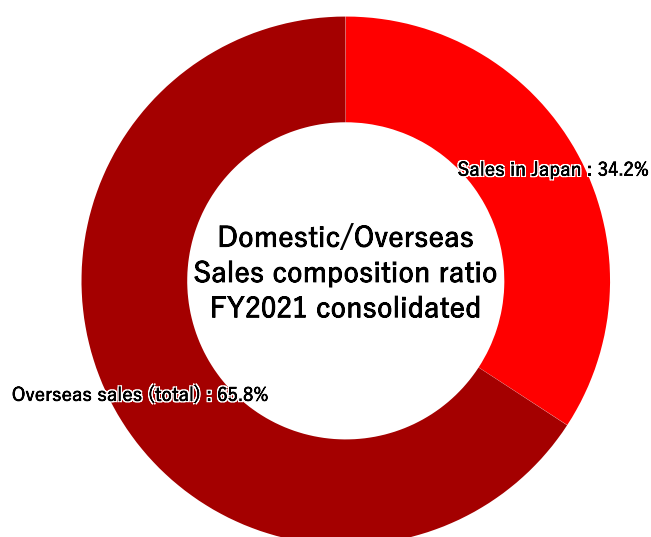
## Corporate Information

Company Name	Pentel Co., Ltd.
Head Office	7-2 Koami-cho, Nihonbashi, Chuo-ku, Tokyo 103-8538, Japan
Established	March 1946
Capital	450 million yen
Business	<p>Manufacture and sale of stationery and office supplies (drawing and painting materials, writing instruments, etc.)</p> <p>Manufacture and sale of electronic devices (touch panels, touch switches, pen tablets, etc.)</p> <p>Manufacture and sale of industrial robots, industrial automated assembly machines, injection molding precision molds, and precision hand presses</p> <p>Manufacture and sale of chemical-related products (cosmetic parts, medical instruments, etc.)</p>
Number of Employees	<p>2,704 (FY2021/Consolidated)</p> <p>657 (FY2021/Non-consolidated)</p>
Sales	<p>37,181 million yen (FY2021/Consolidated)</p> <p>21,657 million yen (FY2021/Non-consolidated)</p>

## Breakdown of Business Activities



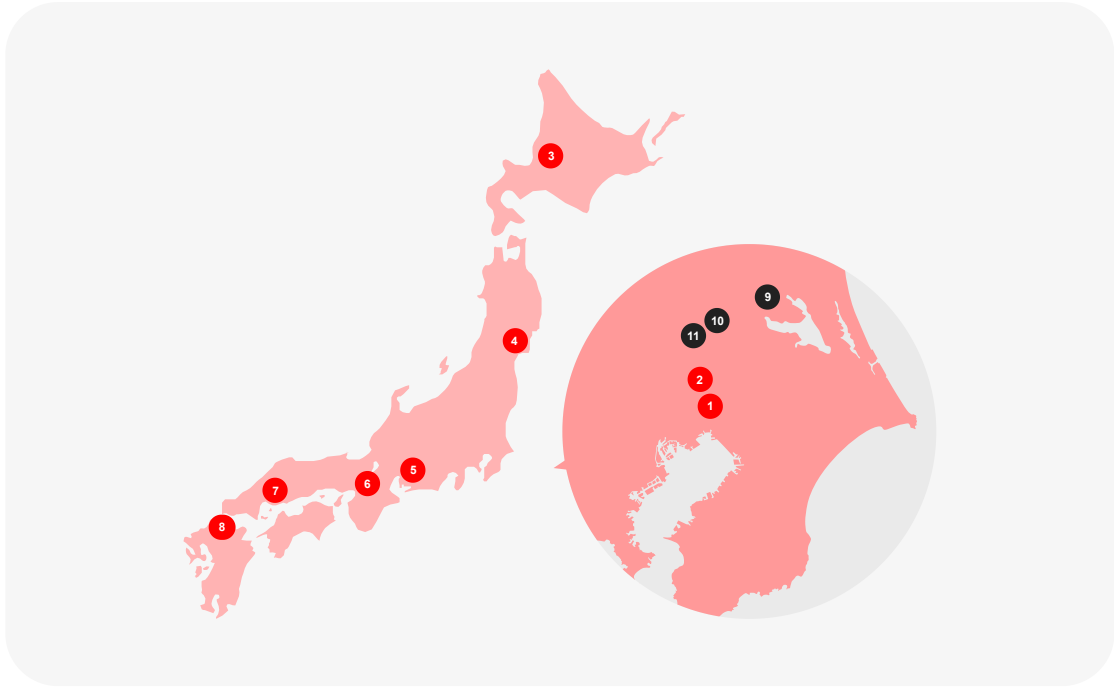
Stationery   
  Electronic Device   
  Machine & Tool  
 Functional Plastic Container   
  Head Office



Sales in Japan   
  Overseas sales (total)

# Domestic and Overseas Offices

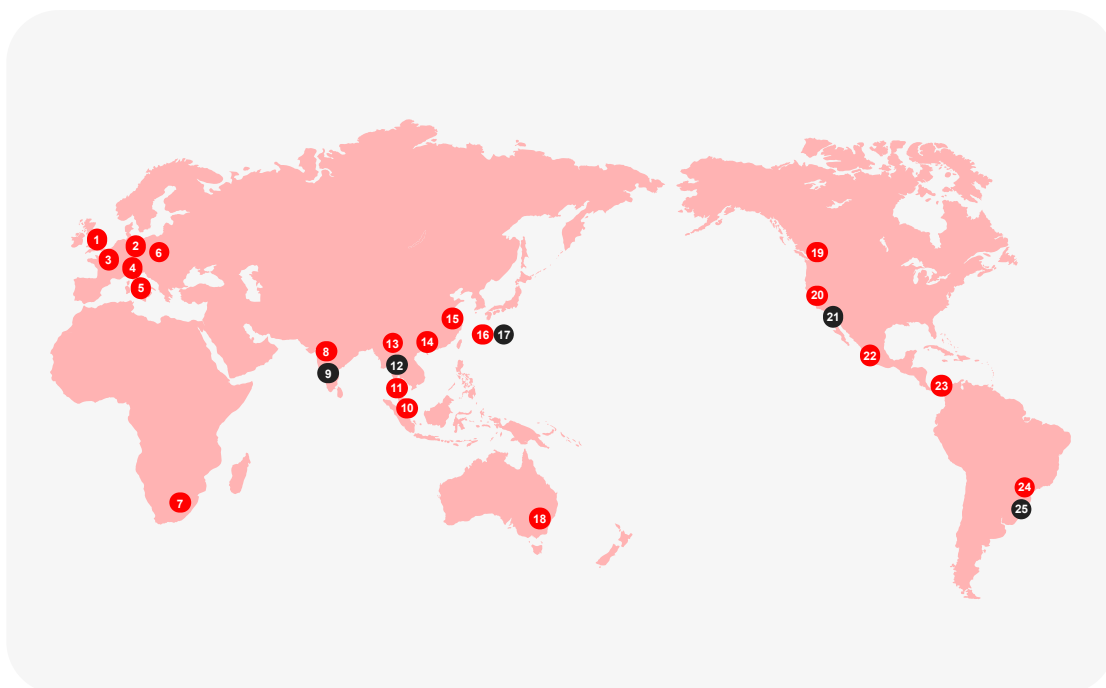
- Domestic Offices



- |                          |                    |                        |
|--------------------------|--------------------|------------------------|
| 1 Head Office            | 2 Akihabara Office | 3 Sapporo Sales Office |
| 4 Sendai Sales Office    | 5 Nagoya Branch    | 6 Osaka Branch         |
| 7 Hiroshima Sales Office | 8 Fukuoka Branch   | 9 Ibaraki Factory      |
| 10 Yoshikawa Factory     | 11 Soka Factory    |                        |



• Overseas Offices



※ As of September 2022

● : Sales Office ● : Factory

- |   |                                       |   |
|---|---------------------------------------|---|
| 1 Pentel (Stationery) Ltd.              | 2 Pentel GmbH                         | 3 Euro Pentel S.A.S.                            |
| 4 Pentel Papeteriewaren A.G.            | 5 Pentel Italia S.P.A.                | 6 Pentel Poland Sp. z o. o.                     |
| 7 Pentel South Africa (Pty) Ltd.        | 8 Pentel Stationery (India) Pvt. Ltd. | 9 India Factory                                 |
| 10 Pentel (Singapore) Pte. Ltd.         | 11 Pentel (Malaysia) Sdn. Bhd.        | 12 Thailand Factory                             |
| 13 Pentel (Thailand) Co., Ltd.          | 14 Pentel (Hong Kong) Ltd.            | 15 Pentel Stationery (Shanghai) Co., Ltd.       |
| 16 Pentel Stationery (Taiwan) Co., Ltd. | 17 Taiwan Factory                     | 18 Pentel Australia Pty, Ltd.                   |
| 19 Pentel Stationery of Canada Ltd.     | 20 Pentel of America, Ltd.            | 21 Mexico Factory                               |
| 22 Pentel de Mexico, S.A. de C.V.       | 23 Pentel de Latinoamerica S.A.       | 24 Pentel do Brasil, Imp. Exp. Ind e Com. Ltda. |
| 25 Brazil Factory                       |                                       |   |

# Introducing Our Business Divisions

## • Stationery Business

Pentel manufactures and sells stationery and office supplies including drawing and painting materials, erasers, marking pens, ballpoint pens, mechanical pencils, and refill leads.

Based on the conviction that “We develop original things and create new demand and markets,” we have launched pioneering and revolutionary writing instruments including the world’s first ever “synthetic resin mechanical pencil leads,” the Pentel Sign Pen, which became a global hit after being used by the President of the United States of America, and the “Pentel Brush” pen made with artificial hairs.

Inheriting the sense of adventure and creative spirit that have been our inspiration since the company’s founding, we will continue to supply products that are loved by our customers.



## • New Businesses

### Electronic Device Division

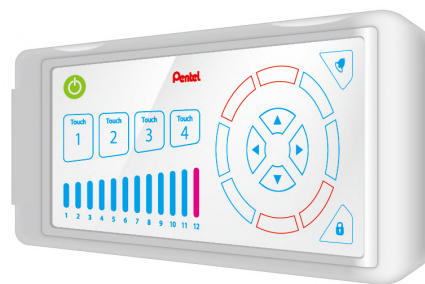
Having developed “analog inputting tools” such as crayons and ballpoint pens, Pentel is also developing and manufacturing “digital inputting tools” based on control technology we have nurtured in the production equipment arm of our stationery business.

Leveraging our core technology of electrostatic capacitance coupling, we have developed liquid crystal pen tablets for writing and drawing characters and pictures on liquid crystal screens. In particular, our pen tablets used for writing on photo sticker machines have maintained a high share for many years.

Also, our stable operation electrostatic switches are widely used in electronic appliances, operating panels and the like. We will continue to develop accessible and easy to use inputting devices that facilitate users’ dreams.



Liquid crystal pen tablet



Capacitive touch screen switch

## Functional Plastic Container Division

Leveraging Pentel's technology and know-how that have been nurtured in the research and development and production of stationery, our chemical business has developed with the objective of receiving orders from various manufacturers to develop and manufacture products.

Our pen-type cosmetic applicators, which utilize Pentel's strengths of pen mechanisms and touch, have earned the trust of cosmetic makers around the world. We leverage our world-class nylon hair processing technology to support the development of cosmetic brushes and other products.

We supply products that leverage Pentel's technology in the medical field too.

Undertaking all operations from the mechanism design of products to commercialization and mass production, we supply safe medical components and containers that clear strict quality criteria. In this way, we support our customers in developing outstanding products.



Cosmetics containers



Medical components

## Machine & Tool Division

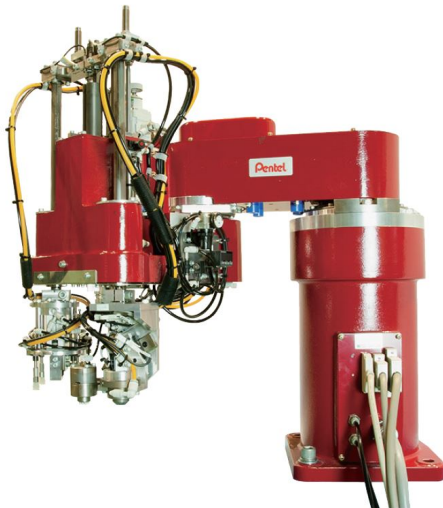
Based on the policy of "making the company's products with the company's own equipment," Pentel was the first stationery manufacturer to automate its production lines, thereby realizing major improvement in productivity.

We launched our machine business by leveraging our extensive track record in not only designing and developing products but also production equipment.

Currently, we not only manufacture in-company equipment for manufacturing stationery, but we widely deploy industrial production equipment for other companies.

Concerning our automatic assembly machines for assembling and inspecting components, automated insert injection systems equipped with our proprietary industrial robots, image inspection systems and other products, we have earned high praise and trust from customers for functionality and ease of use.

So far, we have developed and manufactured approximately 2,000 production systems for use in a wide range of industries such as automobile parts and medical care.



Scara (Selective Compliance Assembly Robot Arm)