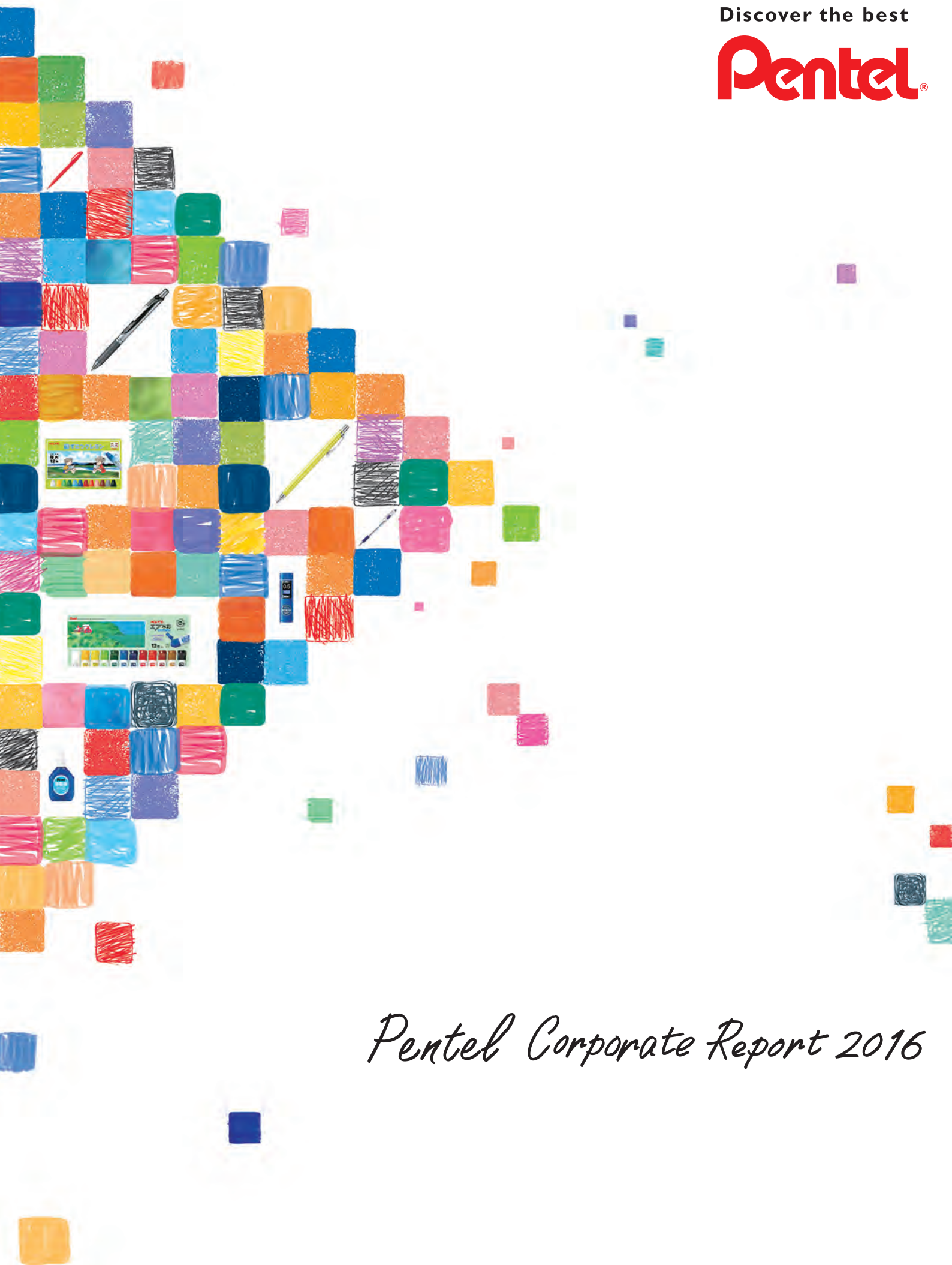


Discover the best

Pentel[®]



Pentel Corporate Report 2016

Contents

About Pentel

- 1 Pentel Group Overview
- 3 Pentel Milestones
- 5 Interview with the President
- 7 Our Vision

Towards the Achievement of Our Vision

- 11 Technology
- 13 World
- 15 Expression

Society

- 17 For Our Customers' Security
- 18 For Our Customers' Pleasure
- 19 Working with Business Partners and Employees
- 21 Contribution to Local Communities and Society
- 23 Activities for Future Generations

Environment

- 25 Environmental Philosophy and Policy
- 27 Environmental Conservation

Corporate Governance

- 29 For Sound, Ethical Business Operations

Editorial Policy

We began publishing the Social and Environmental Report in 2004. In 2009, we integrated the report with our corporate brochure and started to publish it as the Corporate Report to respond to the interests of a wider range of stakeholders.

We will celebrate our 70th anniversary in 2016. In this report, we introduce our vision for the coming 20 years and a new corporate statement that consolidates the vision through the pages of the Interview with the President and the special feature.

In this report, we generally use environmental data collected in the period up until FY2014. With regard to the activities reported, we also include those that were carried out after FY2014.

Corporate Profile

Company Name : Pentel Co., Ltd.

Head Office : 7-2 Koami-cho, Nihonbashi, Chuo-ku, Tokyo 103-8538, Japan

Phone : +81-3-3667-3333

Representative : Masaru Wada, President

Established : March 1946

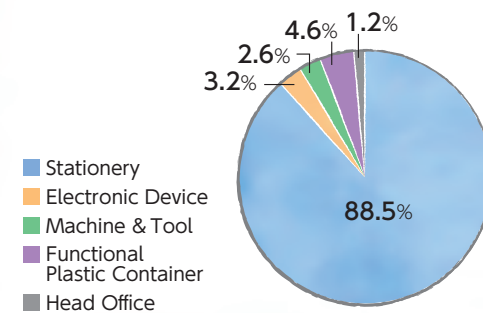
Capital : 450 million yen

Number of Employees : 697 (As of FY2014/Non-consolidated)

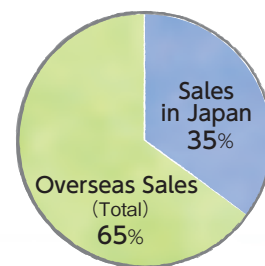
Sales : 39,440 million yen (FY2014/Consolidated)
23,177 million yen (FY2014/Non-consolidated)



Breakdown of Business Activities
(FY2014/Non-consolidated)



Domestic/Overseas Sales
(FY2014/Consolidated)



Network of the Pentel Group

Pentel's sales network with 21 sales offices covering more than 120 countries

● Head Office, Sales Office ● Factory



Pentel Group Overview

Business Overview

From stationery to beyond

Stationery

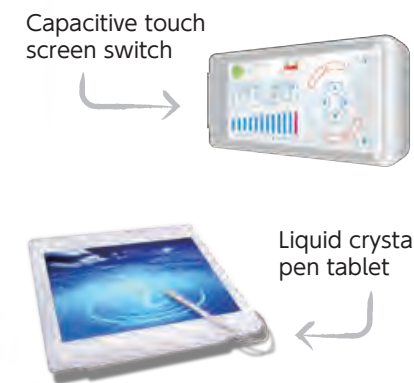
Pentel produces and sells art materials, erasers, markers, ballpoint pens, mechanical pencils, refill lead and many other stationery and office supplies. Based on the strategy of creating world-first products to open up new markets and cultivate new demand, we have developed a wide spectrum of innovative products, such as the Pentel Pencil, the world's first mechanical pencil with an end button for advancing the lead, the mega-hit product Pentel Sign Pen, and the Pentel Brush Pen made from artificial fibers. We will continue to offer products greatly appreciated by customers by cherishing our spirit of adventure and creativity, which has been passed on since the company's inauguration.



WEB <http://www.pentelworld.com/>

Electronic Device

We offer user interface products that connect people and machines in a user-friendly manner. We develop, manufacture, and sell pen tablets, touch screen panels and switches that utilize capacitive technology.



Functional Plastic Container

We produce cosmetics containers, medical devices and their components, and other OEM products in accordance with customers' specifications, which are sold under customers' brand names. Pentel's technology sustains customer brand development.



Machine & Tool

Based on expertise accumulated through the development of our product production lines, we have shipped more than 2,000 factory automation systems and molds to companies in automotive, medical, daily necessities and other industries. We will continue to work on the development of advanced technology to further expand our business in this area.



Pentel Milestones

The year 2016 is the 70th anniversary of Pentel. We will continue to grow with the times by aiming for more convenient, higher quality products for communication and expression.

70 Years
SINCE 1946



The Company's Milestones

1946

- Japan Stationery Co., Ltd. is established.
- Soka Factory commences operation.



1953

- Export of products to overseas markets starts.

1963

- Yoshikawa Factory commences operation.

1965

- Pentel of America, Ltd. is established.



1964

- Branches are established in Hong Kong and Chicago.
- Ibaraki Factory commences operation.



1966

- The company receives The Prime Minister Award for its contribution to the increase of exports.
- Euro Pentel S.A.S. is established.

1970

- The company takes part in the Japan World Exposition 1970 by holding an exhibition in the International Children's Art Pavilion.



1976

- The Deming Prize is awarded as a result of company-wide efforts for quality control.



1978

- Dr. Deming, the father of quality management, visits Pentel's factory.



1979

- The Pentel Rolling Writer is adopted as the official writing instrument of the Tokyo Summit Meeting.



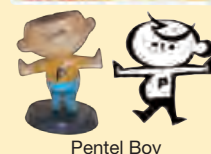
1971

- The company name is changed to **Pentel Co., Ltd.**

TOPICS

Origin of the company name

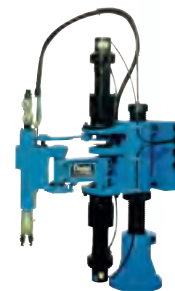
The company name Pentel has a close connection with the origins of the company which started as an art materials manufacturer. Pentel was created combining the words "painting" (creating a picture using colors, crayons or pastel crayons) and "pastel" (solid drawing material). The name also implies "pen" (a general term for writing instruments) and "tell" (communicating, expressing). Pentel is thus a name that symbolizes the company's products and businesses.



Pentel Boy

1980

- PUHA, a small precision assembly robot, is developed, marking Pentel's entry into the industrial robot industry.



1986

- Pentel takes part in Japan's first international stationery and office products show as an exhibitor.

1992

- Pentel starts support activities for the World Wildlife Fund (WWF).

1994

- Pentel Tradio PulaMan is awarded the gold prize at an international trade fair in Paris.

1995

- Ibaraki and Yoshikawa factories become the first in the stationery industry to obtain ISO 9001 certification.



2000

- All three factories in Japan obtain ISO 14001 certification.

2006

- The "Longest Picture in the World," drawn by employees to commemorate the 60th anniversary of Pentel, is registered in the Guinness Book of Records.



2009

- The Thailand Factory, Pentel's seventh overseas factory, commences operation.



2010

- Pentel Rus LLC is established in Russia as Pentel's 21st overseas sales office.

2011

- The Contemporary Art Masters' Exhibition is held to commemorate the 100th anniversary of the birth of Yukio Horie, the founder of Pentel.



2014

- GINZA RAKUGAKI Café & Bar by Pentel is opened for a limited period.



2015

- 50th anniversary of Pentel of America, Ltd.



2016

- 70th anniversary of Pentel Co., Ltd.



1940

...

1950

...

1960

...

1970

...

1980

...

1990

...

2000

...

2010

...

Product Milestones

1955

- The Pentel Oil Pastel is launched.



1960

- The Pentel Pencil (the world's first mechanical pencil with an end button for advancing the lead), Hi-Polymer Lead (a refill lead for mechanical pencils), and oil-based Pentel Pen are launched.



1963

- The Pentel Sign Pen is launched.



1970

- The mechanical pencil P207 is launched.



1972

- The water-based ballpoint pen Ball Pentel is launched.



1976

- The Pentel Brush Pen is launched.



1983

- The Pentel Correction Pen is launched.



1989

- The gel ballpoint pen Hybrid is launched.



1992

- The oil-based ballpoint pen R·S·V·P is launched.



1994

- The whiteboard markers Knockle and Maxiflo are launched.



1996

- The Hybrid Milky series is launched.



2000

- F-Watercolor in polytubes, Japan's first Eco Mark certified paint tubes, is launched.



- The water-based gel ink ballpoint pen EnerGel is launched.



2010

- The low viscosity oil-based ink ballpoint pen VICUNA is launched.
- The refill lead STEIN is launched.



2013

- The portable brush pen Kirari is launched.
- The digital stationery AnkiSnap is launched.



2014

- The super ultrafine 0.2mm mechanical pencil Orenz is launched.
- The customizable pen i+ is launched.



TOPICS

Sign Pen in Outer Space

Long-established, ever-popular product

Sales of the Sign Pen were relatively slow when it was first launched in Japan. So we decided to distribute samples at a trade fair in the United States, and this somehow led one of those samples to fall into the hands of then U.S. President Lyndon Johnson. The President liked the pen very much, and when this was reported in newspapers and magazines it became a huge hit! The pen was also adopted as the official writing instrument for the National Aeronautics and Space Administration (NASA), and travelled to outer space and returned safely to Earth in 1966. This space mission also attracted Japanese consumers' attention, making the pen a long-selling product with more than 2 billion sold to date.



▲ An article about the Sign Pen in a U.S. newspaper published on October 5, 1964



▲ An advertisement used at the time



▲ The Sign Pen on a space mission

TOPICS

Milky Phenomenon

A mega-hit product whose sales exceeded 100 million pens in one year

The Hybrid Milky is a pastel color ballpoint pen launched in 1996. The pen can be used on photos, "print club" photo stickers and black paper. It became hugely popular, especially among junior high and high school girls, immediately after its release. The Milky sold out as soon as it was delivered to shops throughout Japan, and was the first stationery product for which a "sold out" notice was put up in shops. Having all seven colors was a kind of status symbol for junior high and high school girls at that time.



Interview with the President



**It is the ideas of young employees,
who defy stereotypes,
that will lead to the further development
of the company in the next 20 years.**

Our Mission

— Pentel will celebrate its 70th anniversary in 2016. What do you think is its significance?

The support of all of our customers and affiliates has enabled us to continue our business for 70 years. I would like to express my sincere gratitude to them once again.

The late former Chairman Yukio Horie, our founder, established Japan Stationery Co., Ltd. (the former name of the company) in March 1946 when he was 35 years old. He established the company to purchase and sell general stationery products. Mr. Horie was what would be called a venture entrepreneur today. In those days in Japan, barracks were finally beginning to be built on land that had been devastated by air raids. Towns were filled with people who had lost everything and were walking around with empty hearts. Initially, the company purchased and sold stationery products, but Mr. Horie was among the first to predict that arts and culture such as music, painting and sculpture would spread widely among the masses in the peaceful time after the war. He realized that his mission was to develop crayons and pastels that could respond to the dreams of the masses. He had already established the first factory in Soka by the end of the year of establishment and started to take on the challenge of developing art materials. It was Mr. Horie's ambition in the early days of

the company that formed the foundation of Pentel.

In 1951, he succeeded in commercializing the Pentel, a product that combined the benefits of crayons and pastels. This was followed by the release of the Pentel Oil Pastel, which featured more stable quality, in 1955. Mr. Horie was not content with the development of art materials alone. He pushed forward with the development of various writing instruments to enable people to feel the joy of expressing themselves more richly, more enjoyably, and more easily. This resulted in the 1960 launch of the Pentel Pencil, the world's first mechanical pencil with a push button for advancing the lead. In 1963, the company released the Pentel Sign Pen, a worldwide hit product that was later adopted by the National Aeronautics and Space Administration (NASA) of the United States. In the subsequent period of strong economic growth, the company launched the water-based ballpoint pen Ball Pentel, the Pentel brush pen, the Pentel Correction Pen, and the gel ballpoint pen Hybrid. In the 2000s, the company launched epoch-making, leading-edge writing instruments one after another, including EnerGel and Orenz, which have become our main brands today.

The mission of Pentel, which was developed throughout its 70 years of operation, is to develop and deliver user-friendly writing instruments that enable people all over the world to express their thoughts.

Our Vision

— What will you aim for in the next stage?

Several years ago, we launched a project in which young employees played the central role, and thoroughly discussed what we should aim for at Pentel in the coming 20 years. In the discussion, we reconfirmed the fact that Pentel develops products with a strong commitment to "colors," "technology at the tips," and "lowering the barrier." We thought about what value this commitment would provide to consumers and, as a result, we started to believe that the value lies in the fact that the products enable people to express their inner thoughts and ideas in a straightforward manner. This belief led us to find a direction, that is, we should thereafter develop products by regarding them not as drawing/painting instruments or writing instruments, but as tools for enabling people to express themselves. We have summarized this concept in the following sentence as our vision for the coming 20 years.

**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.**

As words that further consolidate this vision, we set a new corporate statement: "Discover the best."

Discover the best

Pentel

Pentel offers a full lineup of tools that enable you to express your feelings as you wish. One thing that the words "Discover the best" reflect is our hope that you will pursue what is best for you by using these tools. You will probably have to rewrite things or will fail to express things well. Pentel highly values these processes of pursuing the best as well, because the result is not everything.

The other thing reflected in the words is the statement of Pentel's concept regarding manufacturing. We have reconfirmed our desire to share the "can-do" spirit that has been passed down since our foundation, with which we pursue the optimal technologies, quality and comfort of writing.

Pentel Company Policy

- Contribute to Community and Country through our Corporate Activities
- Acclaim Universal Trust through Product Reliability
- Conduct ourselves in a Manner of Respect and Appreciation towards Other People
- Nurture a Culture of New Ideas and Research
- Properly Manage Profits and Reduce Waste for the Prosperity of Company and its Employees
- Cultivate Personality that is Affable and Trustworthy

Our Strategy

— What are the key points of the mid-term management plan (for FY2015 to FY2018)?

Under the current mid-term management plan, we aim to achieve consolidated sales of 46.2 billion yen in FY2018 (our result for FY2014 was 39.5 billion yen). This target is easily achievable because we posted sales of 45.8 billion yen in FY2007. We should regard it as a return to the starting point, where we will begin taking on real challenges.

What we need most now to achieve the target is to nurture young talent. Young people should lead the company by defying stereotypes. This applies to development, sales, production, and even back office. Otherwise, we could not keep pace with the times. Now is the time when we need the same enthusiasm that Mr. Horie demonstrated as a young entrepreneur. I think the duty of the management is to create an environment that enables young employees to demonstrate their capabilities to the fullest. I have great expectations that some of those young employees will develop into the next generation of leaders.

In terms of our current strategies, we will make company-wide efforts to improve our product development capability under the consistent product development system we established in 2014, develop further powerful brands such as EnerGel and Orenz, and increase our market shares in emerging markets such as Asia and Central and South America. At the same time, we will also strengthen our production sites all over the world to support these strategies. We are certain that the achievement of these growth strategies is exactly what we need to do to respond to the expectations of our stakeholders.



Masaru Wada
President
Pentel Co., Ltd.

和田 優

Pentel Group Code of Conduct

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

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/painting instruments or writing instruments

They are not just instruments for drawing/painting pictures well.

They are not only writing instruments for providing 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, even in the era of digital tools.

We have expressed these thoughts as Our Vision.

In addition to the establishment of Our Vision, we have also set a new corporate statement.

The new corporate statement, "Discover the best," reflects our hope that you will pursue what is best for you by using tools for expressing yourselves from Pentel.

We have also reconfirmed our desire to share the "can-do" spirit

that has been passed down since our foundation,

with which we pursue the optimal technologies, quality and comfort of writing.

Discover the best

Pentel®



We worked together and held **A WORKSHOP** to establish **Our Vision!**

With all employees

We want to fill people around the world with the joy of expressing themselves. We created our new corporate vision by bringing together the thoughts of our employees.

In 2013, Pentel held a workshop for employees where they worked together to create a corporate vision with a view towards the next 20 years. At the workshop, each employee gave a presentation on what they consider to be Pentel's strengths and commitments. They then explored what Pentel should aim to be in the future by considering what products and services will take advantage of and symbolize Pentel's strengths and commitments, with the agreement of all of the participants. As a result of many hours of discussion, they compiled an outline of the new corporate vision that reflects the opinions of employees from various divisions and in various job classes, based on the current competitive edge of Pentel.

Phase 1: Comprehensive discussion of Pentel's strengths and commitments

Consider the strengths and distinctive features of the company by referring to examples from other industries

Presentations on the Pentel products recommended by each

In-depth studies in teams about how the products appealed to each individual

Expression of Pentel's appeal in words, pictures, or shapes (proposed advertisements)

Phase 2: Determining the corporate vision based on Pentel's values

Thinking about what values Pentel provides within the framework of the current issues/future

Each team's presentation of symbolic ideas leading to the vision

Creating an overview of the vision based on the symbolic ideas

Participants' presentations of the words that most impressed them

Tips!
先っちょ!

Participant's comment
I listened to the opinions of many people and had time to think things through. This experience will be very helpful for me when I provide information to external parties and make suggestions to them.

Hiroshi Kikuchi
Design Section

Good faith
誠実

Participant's comment
I intend to develop products by considering what Pentel products should be like in overseas markets and in what situations customers use our products.

Naoko Kato
Product Development Division

Variety

Participant's comment
I will aim to make Pentel a company that gives form to various ideas by taking advantage of our strength, that is, the fact that many people used our products in their childhood.

Akiko Komazaki
Global Supply Chain Management Division

Keep creating
創造し続ける

Participant's comment
I was able to reconfirm the necessity of continuing to create new values as a manufacturer. The workshop also raised my awareness of social contribution that results from the creation of new values.

Haruyuki Ishimura
Pentel (Hong Kong) Ltd.

Restart
り。またーと

Participant's comment
The workshop has helped me to establish a principle, not only for future product planning, but also for the creation of internal systems for improving employees' performance.

Makoto Fukushima
Human Resources & General Affairs Division

Phase 1:

Comprehensive discussion of Pentel's strengths and commitments

Phase 2:

Determining the corporate vision based on Pentel's values

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/painting instruments or writing instruments.

They are tools that enable people to express their inner thoughts and feelings, and to cultivate the joy of expressing themselves.

Creation of tools that are not merely drawing/painting instruments or writing instruments.

They are tools that enable people to express their inner thoughts and feelings, and to cultivate the joy of expressing themselves.

Creation of tools that are not merely drawing/painting instruments or writing instruments.

They are tools that enable people to express their inner thoughts and feelings, and to cultivate the joy of expressing themselves.

Between writing and portraying

書く描くの間

Participant's comment

Many participants said that Pentel is a manufacturer of art materials rather than ballpoint pens, which I am in charge of developing. This made me want to take on challenges in the field.

Yasushi Miyashita
Fundamental Research Laboratories, Soka Factory

Tools for expression

表現具

Participant's comment

The good point was that we were able to use words to express the values of products that are neither writing instruments nor art materials, instead of being given the words by our superiors.

Takaaki Kawasaki
Mass Retailer Sales Division

Potential

Participant's comment

I felt a new appreciation of the infinite potential of "expression", and I was able to picture in my mind how our products and activities can support that.

Chotaro Koumi
Pentel of America, Ltd.

Lowering the barrier

しをいをFげる

Participant's comment

My duty as a participant is to provide the keywords that arose in the discussion to the people around me, thereby creating a strong team whose members share their feelings.

Susumu Mochizuki
Pen Manufacturing Division, Ibaraki Factory

The new vision created from the outline that was compiled in the workshop serves as a guideline in determining "what values Pentel should aim to create as a company." At Pentel, each employee has started to take on a new challenge to achieve the vision that we created on our own.

Pentel TECHNOLOGY

To deliver tools that enable people everywhere to give form to their inner thoughts and feelings

Use pen tips to create variety in writing experience and line thicknesses

Technology at the tips

Orenz

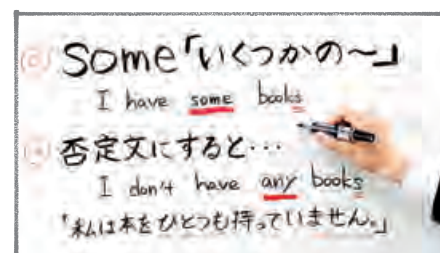
The Orenz is highly acclaimed, as it enables thin letters to be written neatly. The secret behind it is the Orenz System of the pencil tip. This new system enables the user to write letters without extending the ultrafine 0.2mm lead out of the pipe at the pencil tip. Because the lead is supported by the pipe at all times, it does not break easily and ensures stable writing. The pipe comes with a carefully finished rounded edge, which prevents it from scratching the paper surface and ensures smooth writing. Pentel responds to the needs of students who want to take notes neatly with its "technology at the tips."



Knockle -fit the whiteboard-

The following complaint was made about whiteboard markers: "It is difficult to write neatly with the markers because they slip on the board." In response, Pentel focused on the hardness of the pen tip and sought to solve the problem by paying attention to both the material and shape of the pen tip. We adopted soft and durable nylon, as the material. We slit the base of the nylon tip, which allows it to bend softly and naturally. We therefore succeeded in developing a pen tip that fits the white board firmly and ensures smooth writing. Another advantage of this pen tip is that it enables letters of medium to high thickness to be written as

the user wishes, because the way it bends changes depending on the level of writing pressure. Our commitment to technology for the tips has enabled this product to respond to the complaint and ensure ease of use at the same time.



Voice

We pursued the optimal material for the pen tip and the optimal shape of the slits with a commitment to the "feel of writing."

「書き味」に拘り、ペン先の素材とスリット形状を探究しました。

Kazuhito Ogura
Pen Development
Section

To create a pen tip that bends naturally and ensures a comfortable writing experience, we looked for a new material and pursued the optimal shape of the slits (grooves) at the base of the pen tip by trying dozens of slits of different widths and depths.



Yubi Enogu

(Water colors for finger painting)

Yubi Enogu, or water colors for finger painting from Pentel, is used widely for finger painting at nursery schools, kindergartens, and schools. We strived to ensure a high level of safety for this product because it comes into direct contact with children's hands. The composition of the product is in compliance with EN71-7, the European safety standard for finger paints. It does not contain any of the 27 items on the list of specified ingredients containing allergens, and we have conducted patch tests of the product. In addition, we have also conducted tests for heavy metal analysis for all of the components including the water colors, containers, and labels. The product is in compliance with the ISO8124-3 international toy safety standards and EN71-3, which are the restrictions on heavy metals under the European toy safety standards. In addition, we also sought to achieve a comfortable feel so that users can concentrate on expressing themselves with ease. In this way, Yubi Enogu lowers the barrier for children to freely express themselves with its safety and comfortable use.

Creating tools that can be used by anyone at any time

Lowering the barrier



Voice

We pursued safety and feel.

安全性と触り心地を追求しました

We had a hard time to find a composition that conforms to EN71-3, the European toy safety standard. With regard to the feel, a comfortable feel differs only slightly from an uncomfortable feel depending on users. It was therefore a challenge to create a feel that is comfortable for as many people as possible.

Risa Kamada
Art Materials Product
Development Section



Colors

Express the images in your mind in various colors



Poster paints

At Pentel, we make daily efforts to improve the quality of our products. For poster paints used regularly in schools, we made further improvements to the hue, chromogenic properties and opacity. Because they are used as educational materials for teaching children the correct color names, we made the hues conform to the JIS standards while ensuring that the production of vivid colors and superior opacity prevent unwanted color unevenness. With our commitment to colors, we at Pentel will continue to fulfill our responsibilities in terms of the quality required for educational materials.



Further
Improvement
of Quality!

Hue
Chromogenic
properties
Opacity

A well-established that was launched **15 years** ago
 Used in more than **120 countries and regions**
 An accumulated total of **500 million units** have been sold so far
 The number of ball diameter options has been increased to **6**

Pentel TO THE WORLD

Delivering products into the hands of people around the world that provide them with the joy of expressing themselves

Pentel Arts spreads the joy of expression all over the world



Pentel Arts is a name of the brand of our products in the category of art materials, which we offer mainly in overseas markets. They include pastels, water colors, color pens, and markers. We take various initiatives to communicate the appeal of Pentel Arts to people in each country, thereby enabling people to enjoy creating works of art in their own ways by using whatever tools they wish to use to express themselves.

Poland Pentel Arts introduced at "Matsuri – Piknik z Kulturą Japońską" (Japan Festival)

We hold workshops themed on art materials in our efforts to spread Pentel Arts. In May 2015, we participated in "Matsuri – Piknik z Kulturą Japońską," or the Japan Festival, which was held in Warsaw (co-sponsored by the Japanese Association of the Chamber of Commerce and Industry of Poland and the Embassy of Japan in Poland). We gave a T-shirt production demonstration by an illustrator and established a section for enjoying coloring, thereby allowing a large number of visitors to experience the fun of Pentel products. At the same time, we sold sets of crayons for use on fabric at the venue.



Italy Fabric Fun became a big hit!

In 2015, we released a special version of Fabric Fun containing crayons for use on fabric and a T-shirt, and about 10,000 sets were sold. In 2016, we will suggest various ways of enjoying Pentel Arts to a wider range of people by offering the products "for young children to teenagers" and for use "not only for T-shirts but also for shopping bags."



EnerGel Tradio

Developed and produced in France, this product is popular in Europe and Japan.



EnerGel Permanent

It boasts even greater water resistance! It was launched in overseas markets in 2015.

EnerGel with Cap

Launched overseas in 2000.

EnerGel Alloy

It has become a popular standard product in the United States.



Retractable EnerGel

Launched in 2005, this model has become one of our main products which sales account for **80% of the total**. It is marketed all over the world, with a focus on North America.

EnerGel EURO

In Japan, it is popular among students as a pen for job-hunting activities.



EnerGel X

Released in 2010, this model is popular around the world, especially in Europe and the United States, for its everyday design.

EnerGel, a long-established brand of pens used in more than 120 countries and regions around the world

ENERGEL エナージェル

Quality that rewrites the book on the gel ink ballpoint pen

In the late 1990s, Pentel worked on the development of EnerGel, a gel ink ballpoint pen that we now offer on the global market. This period saw fierce global sales competition with manufacturers in China and South Korea. Through this trend, Pentel sought to differentiate its products from those of its competitors by the quality of its products, rather than by price. By applying our unique ink technology, we continued to devise

creative measures to improve the lubricant, colorant, tips, and other components, until we finally succeeded in developing the EnerGel. This new product provides a smooth writing feel as if it were running on paper while also ensuring clear handwriting and a smear-proof, quick-drying ink. It was the birth of a product that delivers entirely new value that is unavailable from conventional gel ink ballpoint pens.

EnerGel has been accepted by many users around the world in the 15 years since its release. However, its quality, which ensures a superior writing feel, is not the only element that has made it a longtime seller. The product has developed into a brand

Conventional gel ink ballpoint pen	乾きが速い
EnerGel	乾きが速い

that is loved around the world because it has responded to diverse needs in various regions with regard to writing tools.

Establishing the brand through continuous evolution

Since its release in 2000, we have continued to make various improvements to EnerGel to respond to differences in national character and culture in terms of letters and preferences for writing tools. The improvements have been made in various aspects such as function, design and lineup based on market research findings and the opinions of local staff members in charge of the brand. For example, while we initially only offered EnerGel pens with caps, we began to offer retractable ones in 2005. This allowed us to enjoy worldwide sales growth, especially in North America. EnerGel has thus become a core product of Pentel.

We have also offered various designs, such as the EnerGel X featuring an everyday design and the EnerGel Tradio that became popular in Europe for its elegant design, thereby enhancing the appeal of the brand.

The expansion of the lineup also enabled us to win over many users. We expanded the ball diameter options by adding 0.3mm, 0.35mm and 0.4mm balls to the existing 0.5mm, 0.7mm and 1.0mm ones. This led to the popularity of EnerGel in markets where kanji (Chinese characters) are used, because people in those countries prefer writing thin lines.

As a result of these continuous evolutions achieved in response to the market needs of various regions, EnerGel has developed into a world-class brand. Currently, the products are used in more than 120 countries and regions worldwide, and a total of more than 500 million units have been sold to date.

Pentel EXPRESSION

To share the enjoyment of free expression

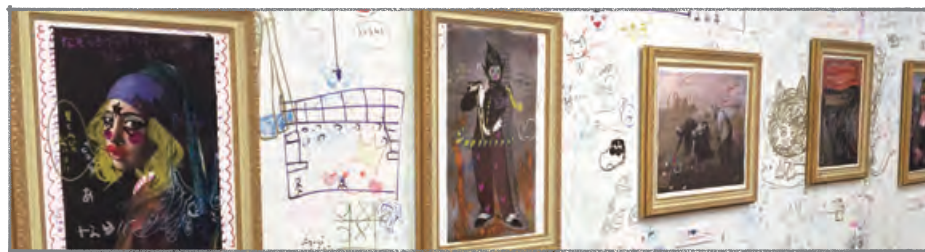
GINZA RAKUGAKI Café & Bar by Pentel



Exciting experience at RAKUGAKI Stadium

In addition to GINZA RAKUGAKI Café & Bar, Pentel has offered places where people can express themselves freely. In April 2015, we created the Fighters RAKUGAKI Stadium in Sapporo Dome, which is the home ground of the Nippon Ham Fighters. The RAKUGAKI Stadium was a huge, 10-meter wide space in which to enjoy doodling, and many visitors enjoyed themselves in the space.

We produced a space where people can thoroughly enjoy RAKUGAKI (Doodling/Graffiti)



GINZA RAKUGAKI Café & Bar by Pentel, a place for liberating your mind and experiencing the joy of expressing yourself

To allow many people to experience the joy of expressing themselves freely, Pentel opened the GINZA RAKUGAKI Café & Bar by Pentel, where customers could draw on anything in the café. It was open for a limited time in 2014 and 2015.

Expression means expressing inner thoughts and images in a straightforward manner. Pentel believes that the most familiar means of expression is RAKUGAKI, or doodling/graffiti.

In this café, customers were allowed to doodle/graffiti as they wished on replicas of famous paintings and plaster statues, not to mention the tables, chairs, walls, floors, windows, and pillars. We devised creative measures for the placemats and wall materi-

als so that customers would not hesitate to draw on them. We also offered menus that reflect the unique characteristics of Pentel, such as food that enables customers to enjoy doodling and drinks in pastel colors. And we held a variety of events to allow customers to experience the enjoyment of expressing themselves, such as a workshop for creating felt-tip pens in original colors created by each customer.



We received feedback from many of the customers who used the space!

I enjoyed looking at pictures drawn on unconventional objects and unusual places.

How wonderful it is that you can doodle without being scolded by anyone.

I thoroughly enjoyed doodling on things upon which you would never normally be allowed to draw pictures. I was so absorbed in it that the time passed quickly.

I drew my first picture in a long time!

I enjoyed being a child again. I forgot the passage of time.

I am not good at drawing pictures, but the variety of devices made me want to draw.

I was able to enjoy a sense of release because you can draw pictures anywhere.

Support for children making the last memories of their school buildings



Memory of School Building Project, in which children express their gratitude to the school buildings by drawing pictures on the walls

In conjunction with Canon Marketing Japan Inc., Pentel conducts a project in which we provide support to elementary school children in making memories of their school buildings that are to be demolished for re-building or due to school integration.

This project was born out of our desire to contribute to society through the synergy of the two companies' characteristics.

To express their gratitude to their school buildings, children create memories by painting pictures freely on various parts of their school buildings, using Pentel's art materials. Large posters showing the pictures

are created and put up in the new school buildings. In addition, children in charge of taking photographs take photos of those who are painting pictures on the walls. Photo books are created using the photos taken by the children as memories of the school buildings.

The project is implemented with the cooperation of local residents, graduates and guardians. It allows the children to experience the enjoyment of painting, writing and taking photographs, and brings out their creative potential.

Elementary schools where the project was implemented

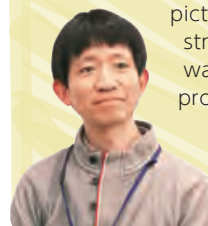
June 28, 2014	: Ikebukuro Dai-3 Elementary School of Toshima-ku, Tokyo
March 13, 2015	: Maekawa Elementary School of Kawaguchi-shi, Saitama
March 13, 2015	: Dai-3 Matsue Elementary School of Edogawa-ku, Tokyo
June 27, 2015	: Nadeshiko Elementary School of Kita-ku, Tokyo
July 17, 2015	: Minatogawa Elementary School of Urasoe-shi, Okinawa
September 26, 2015	: Kitanakajima Elementary School of Osaka-shi, Osaka

<http://www.pentel-kousha-omoide.jp/index.html>

Voice

Children drew pictures by opening up their minds.

The children had strong feelings of gratitude toward the school building, and missed it a lot. They had a strong desire to express those feelings through their painting. I felt that this was why they became so absorbed in painting the pictures. They were painting the pictures with stronger feelings than I had anticipated. That was the greatest discovery as a result of the project. I believe it was meaningful for them to use their brains and bodies in the activities.

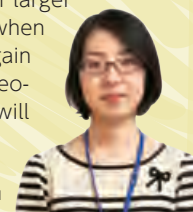


Mr. Nakamura a teacher at Dai-3 Matsue Elementary School in Edogawa-ku

Voice

We didn't know that arts and crafts were so enjoyable!

What was most memorable was how the children treasured the wall painting very much as a work of art. I later asked them what they thought of the event, and they said, "It initially seemed enjoyable. When I actually did it, however, it was hard because the canvas was much larger than me. But I felt a sense of achievement when I completed it," and "I would like to do it again if I am given the opportunity. I want other people to experience it, too." I think the event will leave a lasting impression for them.



Ms. Takagi a teacher at Ikebukuro Dai-3 Elementary School in Toshima-ku



Pentel ペンデル株式会社
Canon キヤノンマーケティングジャパン株式会社

Bringing out the creativity of children

In the Memory of School Building Project, the children proved to be even more creative than anticipated. For example, when the first graders painted a picture of tree vines on the wall of the first floor, some senior students suggested that they should extend the vines. The second graders extended them to the second floor, and the fifth graders extended them to the third floor. As a result, the vines that started from the first floor reached the large clock on the third floor, around which a large flower bloomed. The creative idea of the children developed the wall painting into a joint work by children in three grades.



For Our Customers' Security

We engage in quality assurance activities with the aim of creating the highest-quality products that will be used by customers around the world for a long time.

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*1; a first in the stationery industry. We have obtained ISO 9001*2 certification for all our factories in Japan and overseas.

ISO 9001 certification accomplishments

1995	Ibaraki Factory Yoshikawa Factory
1998	Electronic Device Division
1999	Machine & Tool Division Taiwan Factory
2000	France Factory
2003	Pentel Stationery (Tianjin) Co., Ltd.
2007	India Factory
2009	Mexico Factory

Quality Assurance Committee

Quality Assurance Committee

Tasks of the Quality Assurance Committee

- Tasks for improving the quality assurance system
- Tasks for ensuring safety and others

世界中の人から
べんてろ画材が
愛されるために!!

To ensure that Pentel art materials will be loved by people all over the world.



Miki Shirasaka
Quality Assurance
Division

品質の安定した
生産ができる設備を
目指して設計しています

We strive to design machines and tools that ensure the stable quality of products produced with them.



Mari Ohashi
Machine &
Tool Division

Proper management of chemical substances

In recent years, regulations concerning chemical substances used in products, such as the RoHS Directive*3 and the REACH Regulation*4, 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*5 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.

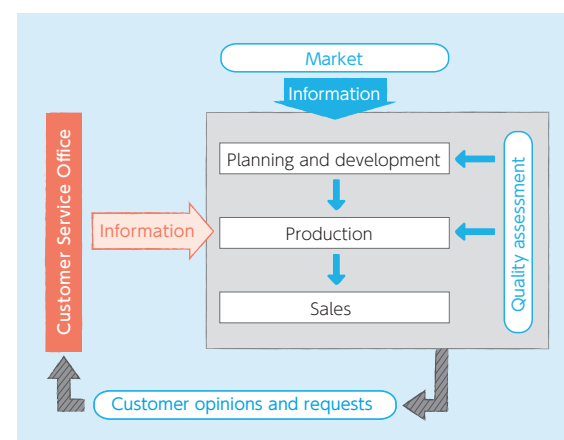


ICP emission spectrochemical analysis

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



For Our Customers' Pleasure

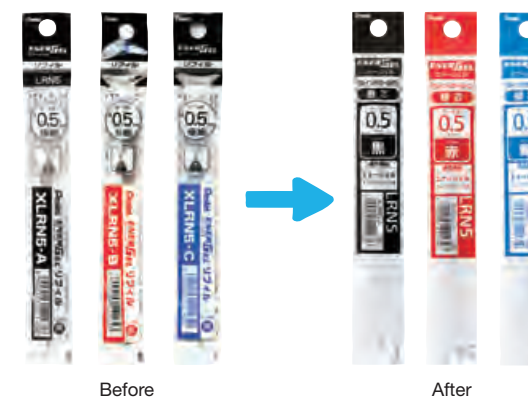
We highly value our customers' comments and continue to undertake research and development daily to deliver convenience and enjoyment that they have never experienced before.

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 packaging 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 packaging of each, and changed the packaging design to the colors of the inks themselves.



Activities for providing values that satisfy customers (Overseas)

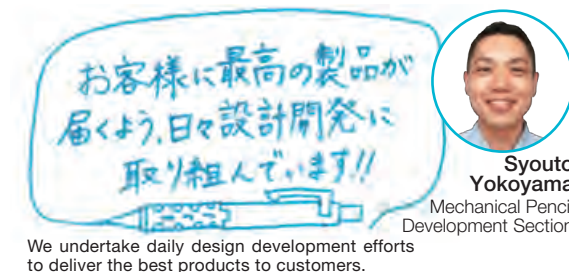
We undertake focus group interviews (FGIs) in each country. Through the interviews, we are able to understand the tastes of each group's market and the preferences of various layers of consumers. Aimed at improving customer satisfaction, the FGIs allow us to apply customers' points of view to our product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



An FGI held in Milan, Italy

Research for developing creative products

At the Fundamental 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.



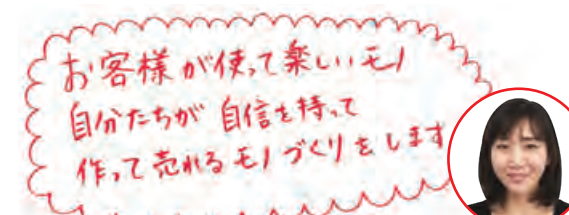
Syouto
Yokoyama
Mechanical Pencil
Development Section

We undertake daily design development efforts to deliver the best products to customers.



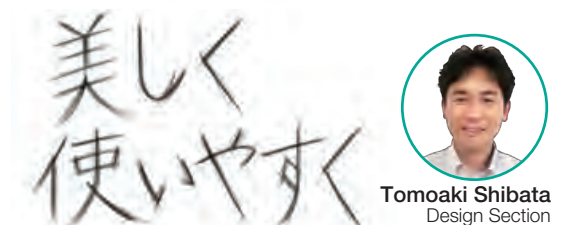
Aya Ogura
Regional Distribution
& Sales Office

Products look different depending on your ideas. I learn by seeing and hearing things daily.



Itsuki Takatou
Art Materials
Planning Section

We manufacture products that customers enjoy using and that we can produce and sell with confidence.



Tomoaki Shibata
Design Section

I aim to create beautiful, user-friendly products.

Number of market
research projects
implemented by
the Fundamental
Research Laboratories
(FY2014)

240
times

(Only in Japan)

Working with Business Partners and Employees

We strive to ensure the sincere, sound operation of the company based on fair, transparent and appropriate trade with our valuable business partners.

Number of QC circles (FY2014)

57 circles

(Only in Japan)

Number of labor accidents (as of December 2015)

0

*Accidents accompanied by lost work time (Only in Japan)

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

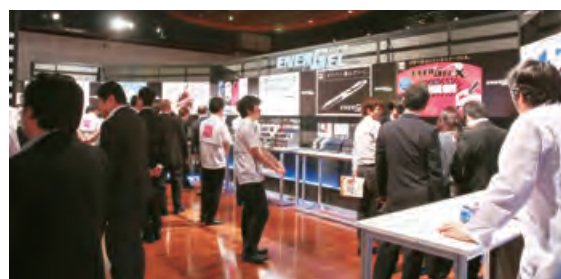
We deliver our products to customers via agents or retailers.

To strengthen our relationships with these business partners and work together to create the market, we hold launch events for new products, give in-store demonstrations, and hold many other events on a regular basis. In FY2015, we held an event, "Pentel New Product Launch Meeting," at an exhibition hall in Tokyo. 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 Asia Meeting 2014 Tokyo held at our Head Office



Pentel New Product Launch Meeting

「あきらめない」
精神こそが
成功につながる!

It is the spirit of not giving up that leads to success.



Masahiro Arai
Mass Retailer
Sales Division

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.

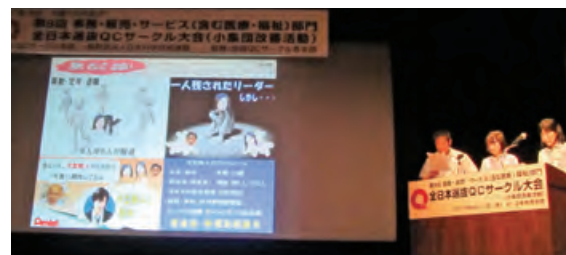
The name "Ko-Wa Kai" is written "幸和会" in Japanese. The character "幸" is from the name of our founder Yukio Horie (堀江幸夫). We chose this character to express our intention to follow our founder's commitment to quality. The character "和" means harmony, reflecting our determination to grow by deepening harmony and mutual understanding with our partners. Ko-Wa Kai will enter its 30th year this year. 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

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. The total number of circles at our three factories is 57, comprising 9 at the Soka Factory, 13 at the Yoshikawa Factory and 35 at the Ibaraki Factory. Our QC circle has won the gold award in the national competition of QC circles, whose participants include automobile and electronics manufacturers. Pentel is also ranked highly in terms of the number of times that we have participated in the competition. Recently, our QC circles have made achievements in their activities themed on "improvement of efficiency of routine accounting operations," "improvement of deteriorating operating rate associated with globalized parts procurement," and others.



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

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 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 service 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.

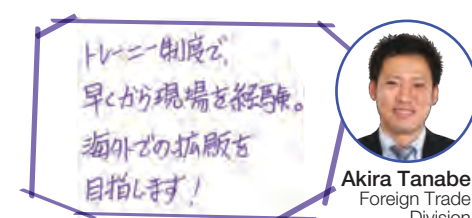
In addition, we provide support for internal club activities to allow employees to spend fulfilling time after work. As of October 2015, a total of 26 clubs engage in activities in various forms. Some employees run privately in races held as community events by wearing costumes featuring Pentel products, 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



I was able to experience the overseas work site at an early stage thanks to the trainee program. I will aim to expand sales in overseas markets.

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. This program has been well established at Pentel, together with a training program for those who will be assigned overseas. The program is highly valued by the trainees. Experiencing actual overseas work sites at an early stage serves as good preparation for overseas assignments.

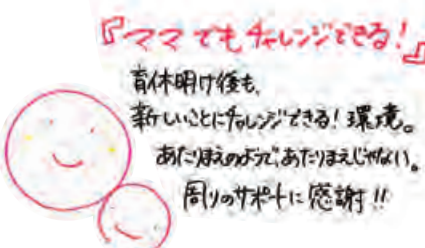
Occupational health and safety

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 our 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.



Commendation for promoting occupational health and safety activities



Reina Kodaira
Business
Development
Division

Even a mother can take on challenges. Our environment allows us to take on new challenges even after childcare leave. It sounds natural, but actually it is not. I appreciate the support of the people around me.

Rate of taking maternity leave / childcare leave (FY2014)

100%

(Only in Japan)

Contribution to Local Communities and Society

We participate in activities of local communities as a corporate partner through contribution to medical services, clean-up actions and other types of events.

Social contributions by our business

Breast cancer awareness campaign

Pentel (Stationery) Ltd. in the United Kingdom, and other overseas groups, supports breast cancer charities to raise awareness of the importance of early detection, diagnosis, and treatment of breast cancer. A portion of sales of pens with pink casings is donated to the campaign to support the eradication of breast cancer. As of December 2013, Pentel UK had donated a total of one million pounds (slightly more than 186 million yen) to the campaign.



Pentel UK activity supporting Breast Cancer Campaign. Five thousand EnerGel pens with pink casings were used to create this ad.



An article from a local newspaper, the Swindon Advertiser, on October 30, 2015, reporting Pentel's charity efforts

The greatest gift has been the opportunity to be part of a long chain of people that started with the first link. Mr. Hiroko Horie in his dream that Pentel could provide the best pens, pencils & all materials any consumer could expect to use. My sincere roles in manufacturing, quality and product sales are a great privilege in this wonderful chain of Pentel working together to create this world of design and life.



Michael Storie
Pentel of America, Ltd.

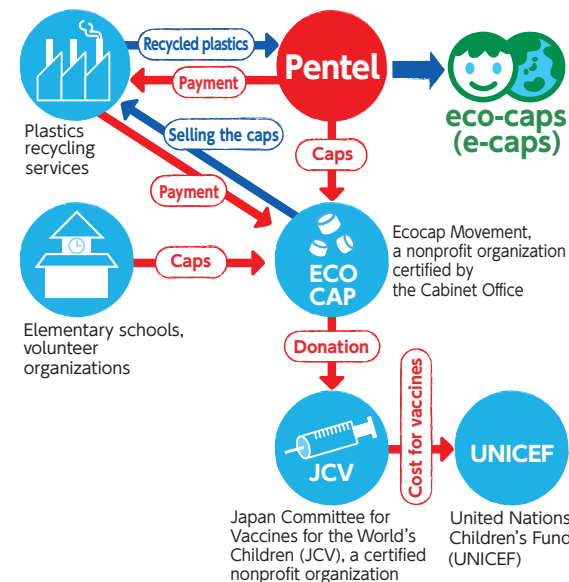
Purple Stride: It was inspiring to see so many survivors and supporters come together for such a great cause! I'm proud that our company is involved with PANCAN and Purple Stride.
BONUS: Everyone LOVED our violet EnerGels!



Mia Agee
Pentel of America, Ltd.

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 cost 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

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 FY2015, 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 1,400 people from the local community.

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.



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.



Overseas event

In June every year, Euro Pentel S.A.S. invites its employees, their families, local residents and business partners to the "méchoui" *1 it holds in the square in front of its factory. With games created by the employees and many other features, this event helps to strengthen mutual exchanges over meals.



近隣住民の方々と末永くお付き合いできる工場運営を目指します。



We aim to operate our factory in a way that will allow us to maintain friendships with the local people for many years to come.

Yasuhiro Masuda
Administration Section,
Soka Factory

総務は会社の何でも屋です。他部署とのつながりを大切に、信頼される仕事を心がけています。



The General Affairs Division is the caretaker of the company. We highly value our relationships with other divisions and strive to work in a trustworthy manner.

Yumie Ariga
Human Resources &
General Affairs Division

Number of cleaning activities by the three factories in Japan (FY2014)

9

(Only in Japan)

*1 Méchoui
Méchoui is a traditional Arabic event that has been transported to France. It is an outdoor event at which a large number of neighbors and families enjoy whole roast lamb and barbecues together.

Activities for Future Generations

Every single Pentel employee is committed to be trusted from the local community and society and helping to foster future generations by conducting factory tours and cooperating with children's art exhibitions and sketching events.

Number of sketching events we supported (FY2014)

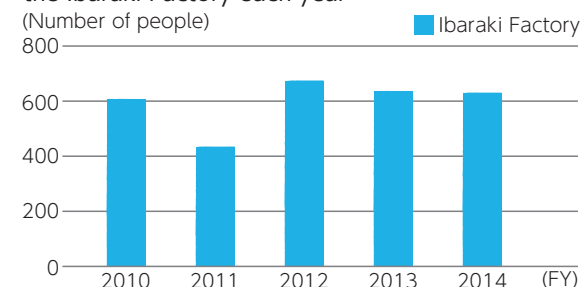
50

(Only in Japan)

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 FY2014, the factory was visited by 630 people in a total of 37 factory tours. 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.

Number of people who participated in tours of the Ibaraki Factory each year



Elementary school children on a factory tour (Ibaraki Factory)

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)

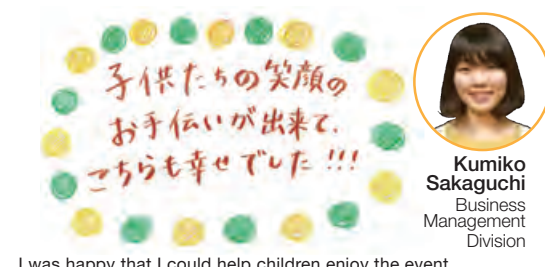
Support for sketching events and drawing classes

Every year, we support sketching events held throughout Japan. In FY2014, we supported and cooperated with 50 sketching events. We also hold drawing classes overseas and engage in other activities proactively outside Japan.

Support for a sketching event for families at Yamashita Park

The 32nd Family Sketching Event at Yamashita Park (Yamashita Kouen Family Shasei Taikai), an event we support, hosted by Yokohama city PTA, was held on April 26, 2015. This year, the event attracted around 20,000 people, including the participants and their families. Approximately 3,000 of the pictures painted at this event were submitted for the exhibit showcasing the participants' works.

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 thanked our new employees who participated in this highly meaningful training that is well known in the company.



I was happy that I could help children enjoy the event.

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 45th anniversary in 2014. It is one of the world's largest children's art exhibitions, attracting more than 105,000 entries (69,000 from Japan and 36,000 from abroad) from 38 countries and regions each year.



An entry from Japan entitled "A queen playing with a cat and little birds," which received the Minister of Education, Culture, Sports, Science and Technology's Encouragement Award



An entry from abroad entitled "Pigeons kissing on roofs," which received the Japanese Foreign Minister's Award

Provision of products for education and support

We provide our products to support the activities of business companies and other legal entities aimed at education or support for children.

Support for "Team Lab Islands Learn and Play! teamLab Future Park"

We support "Team Lab Islands Learn and Play! teamLab Future Park" by providing our products. Supporting the intention of Team Lab Islands, which provides a space for learning through hands-on experience under the theme of co-creation, or "creating through cooperation," we provide sets of Zukou Crayons, which are used for events such as "Sketch Aquarium." In the summer of 2015, this event was held at 20 venues in Japan, and the accumulated total number of its participants in Japan and other countries has exceeded 2 million. The event thus provides many children and their parents with an opportunity to enjoy painting.



<http://island.team-lab.com/>

Support for GOLD RIBBON WALKING

We support GOLD RIBBON WALKING, an event for raising awareness of children's cancer hosted by the Gold Ribbon Network, a non-profit organization. The event is aimed at promoting understanding of children's cancer and supporting research and development for improving treatment methods and medications for children's cancer and the quality of life of children suffering from cancer. We help increase the visibility of the activities by providing art materials for coloring and distributing commemorative gifts (ballpoint pens with messages) to all the participants in the event.



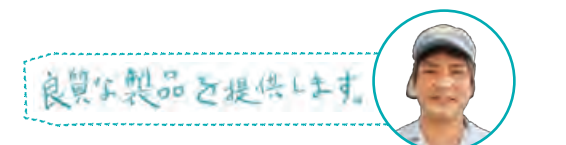
<http://www.goldribbon.jp/>

Support for the Little League

We provide our products to the Japan Little League Baseball Association to support children all over Japan who play baseball in the Little League. We provide prizes for participation to children who participate in various competitions held all over Japan and writing instruments for office use to people who run the competitions.



Chizuru Akiyama
Art Materials Section I
Ask me anything about crayons and pastels.



Yoshihide Sugaya
Art Materials Section I
We provide high-quality products.

Environmental Philosophy and Policy

All employees of Pentel engage in activities for environmental conservation under an environmental management framework based on the basic philosophy of global environmental protection and protection against contamination.

CO₂ emissions
per 1,000 units
of products

FY2013
15.67 kg

FY2014
15.21 kg

*Converted at a rate of
1kWh = 0.339kg

(Only in Japan)

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.

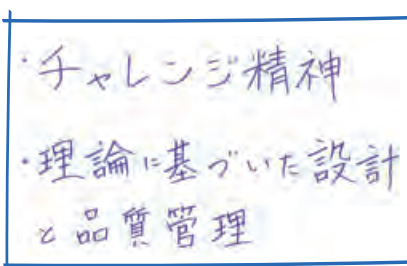
Environmental Principles (Established in 1996)

● 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.



The "can-do" spirit
Theory-based design and quality control



Takahiro Miura
Mechanical Pencil
Development
Section



When you come up with an idea, just try practicing it.

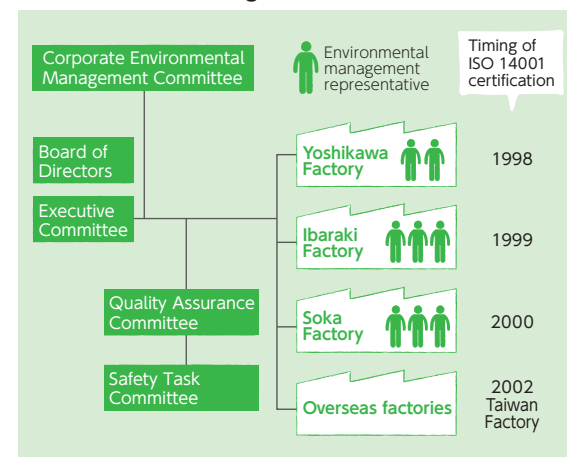


Tsuyoshi Kabuyama
Development &
Sales Division

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*1 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



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.

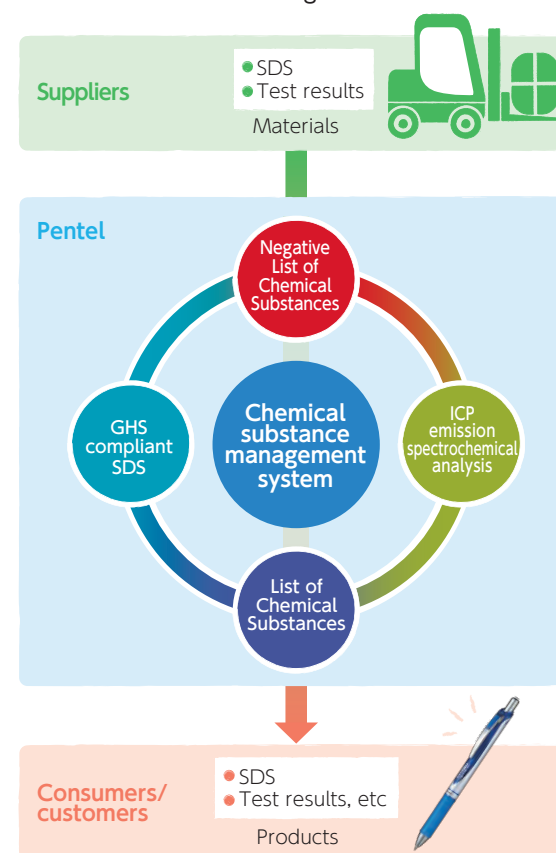
Evaluation of compliance with laws and regulations

Proper management of chemical substances

To ensure compliance with the RoHS Directive*2, the REACH Regulation*3 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*4 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.

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 these. 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.



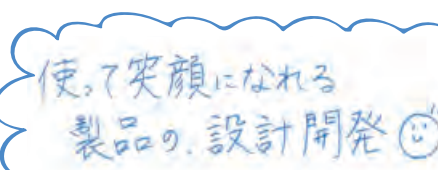
Certificate of registration as
an eco-friendly business site



Certificate of excellent business
site in eco-friendly commuting



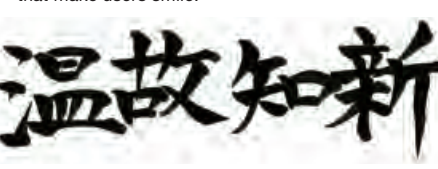
Outstanding recycling business
site certificate awarded
the Ibaraki Prefectural Government



Design and develop products
that make users smile.



Akira Yoneda
Functional Plastic
Container Division



He that would know what shall be,
must consider what has been.



Yoshinori Furuya
Pen Development Section

*2 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.

*3 REACH Regulation
An EU regulation for registration, evaluation, authorization and restriction of chemicals.

*4 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.

Environmental Conservation

We strive to reduce our environmental impact by taking initiatives for reducing CO₂ emissions and protecting biodiversity throughout all of our business activities from the procurement of raw materials to manufacturing and disposal.

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 CO₂, waste and others (output).

Based on an accurate understanding of the environmental impact of our business activities, we use 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.

Input

Energy

Fuel and heat	15,029 GJ
Light oil	96 GJ
Liquefied petroleum gas (LPG)	10,167 GJ
Utility gas	4,766 GJ

Electricity

Daytime electricity	75,575 GJ
Nighttime electricity	29,802 GJ

Raw materials

Amount of use of packaging materials	482 t
Amount of input of chemical substances (chemical substances that are subject to the PRTR)	93 t

Water resources

Tap water	17,220 m ³
Underground water	141,563 m ³

Output

Planning

Development

Material procurement

Production

Transportation

Consumption

Recycling

Recycling rate: 99.3%

Greenhouse gases (GHG):
GHG from the treatment of industrial waste is included.

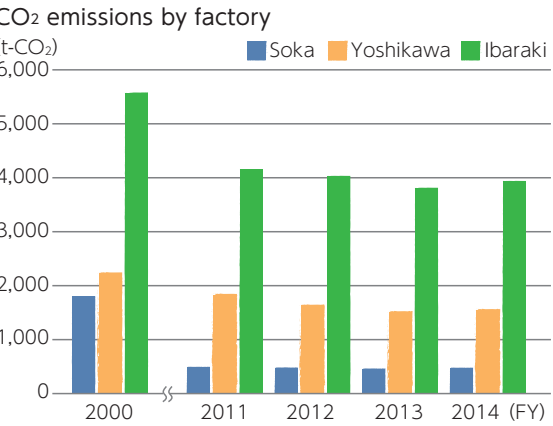
Total emissions	5,970 t-CO ₂
Emissions after adjustment	5,959 t-CO ₂

Waste

Total amount of industrial waste	477 t
Amount of industrial waste disposed of in landfills	3 t

Reduction of CO₂ emissions

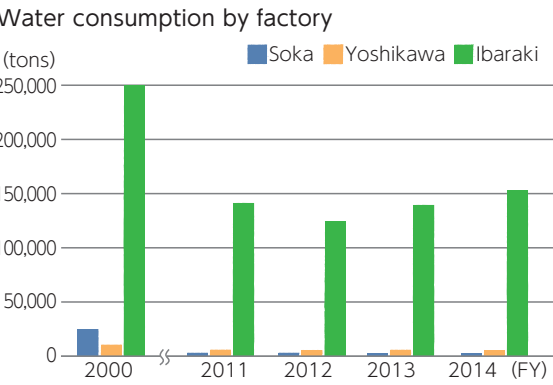
Pentel is working hard to reduce CO₂ emissions by, among other measures, cutting electricity and other energy consumption, utilizing reprocessed resin and reducing waste. At the three factories in Japan, CO₂ emission reduction targets are set every year, and everyone across the company is united in working towards achieving these goals.



* The past figures have been modified based on the CO₂ emission intensity (0.463 kg-CO₂/kWh) reflecting carbon credits published by Tokyo Electric Power Company (TEPCO) in FY2011.

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.



「会社の活動を正しく記録すること」を常に心がけ、わからないことは納得するまでとことん追求しています。

Hiroyuki Kawashima
Accounting Division

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.

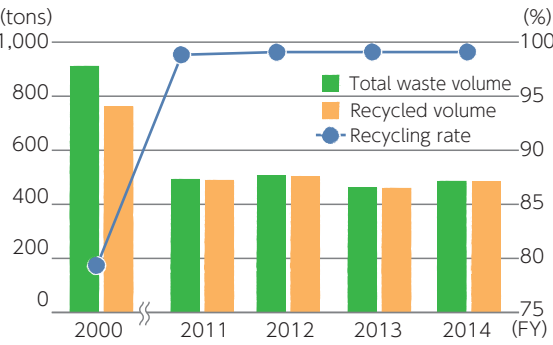
With regard to packaging materials, most of which are disposed of after the distribution phase, we strive to reduce the amount of waste through measures such as replacing cardboard boxes with boxes made of recycled paper and using foldable containers.

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 waste
- Recycling of waste fluorescent tubes

Waste generation and recycling at three factories in Japan



Change of packaging material (from cardboard boxes to boxes made of recycled paper)

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 have emerged from pupae every year and fly in the night sky in early summer. 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

Recycling rate of the three factories in Japan (FY2014)

99.3%

(Only in Japan)

For Sound, Ethical Business Operations

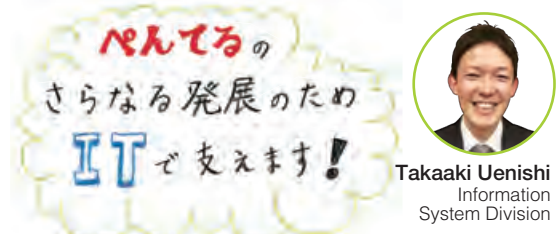
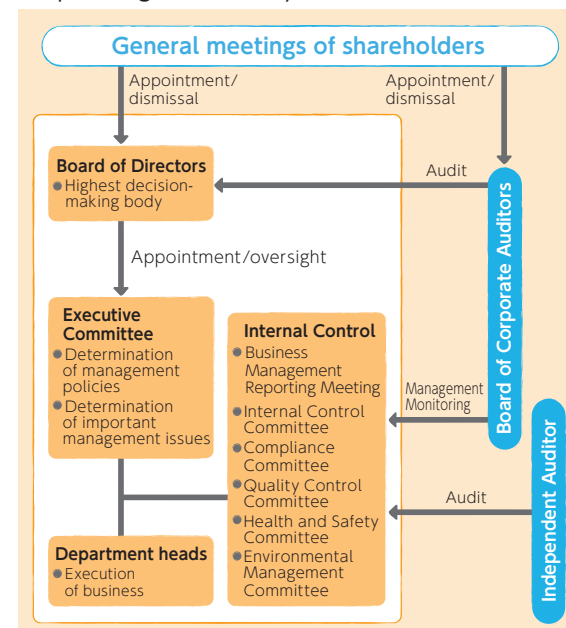
We review our internal control system, communicate and enforce the Pentel Group Code of Conduct to all employees and make group-wide efforts to ensure fair trade and manage crises.

Corporate Governance

Pentel conducts its business operations in a sound and ethical manner and strives hard to fulfill its responsibilities to stakeholders. To ensure this, we have introduced our Basic Policy for the Establishment of Internal Control System in response to the amendment of the Companies Act of Japan, which took place in May 2015, to provide the guiding principles of our corporate governance.

Pentel's highest decision-making body is the Board of Directors. Board meetings are held on a regular and as-needed basis to facilitate discussion and decision-making on important issues concerning group-wide business. In addition, directors and executive officers report the status of business operations they oversee at the monthly Business Management Reporting Meeting. This meeting ensures that information is shared and problems are detected and addressed at an early stage. The Board of Corporate Auditors, which consists of three members (as of June 30, 2015), including two outside corporate auditors, works with the independent auditor and the Risk Management Department to ensure early detection and correction of operational weaknesses and flaws and provide advice and recommendations for improved operations.

Corporate governance system

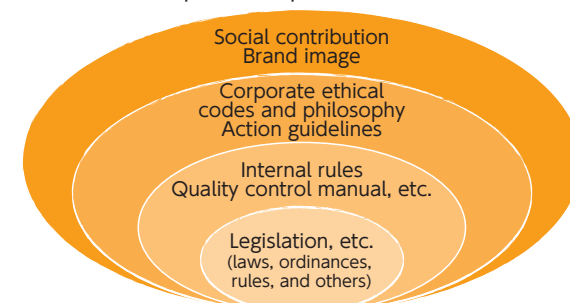


We support the further development of Pentel with information technology.

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

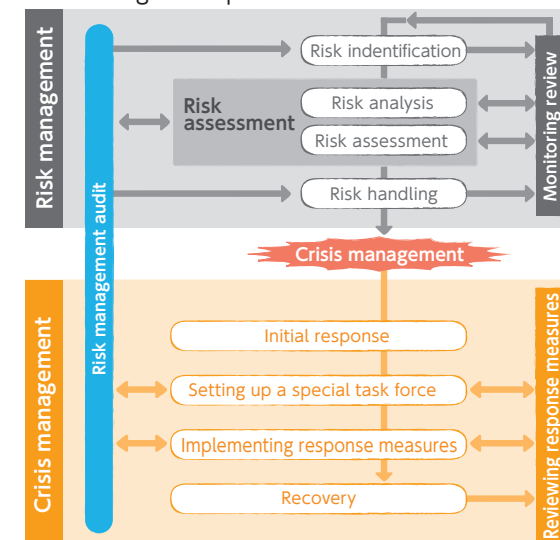
Risk management

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 Management Office run by the Intellectual Property Management Division, Product Development Division 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.

Risk management processes



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.

We have formulated a Manual on the Management of New Strains of Influenza based on the related guidelines issued by the Ministry of Health, Labour and Welfare and the Ministry of Economy, Trade and Industry of Japan. The manual specifies how we should operate our businesses in the event of an outbreak of a new type of flu, placing top priority on safety and security. It also defines infection control measures for our employees assigned overseas and other matters.

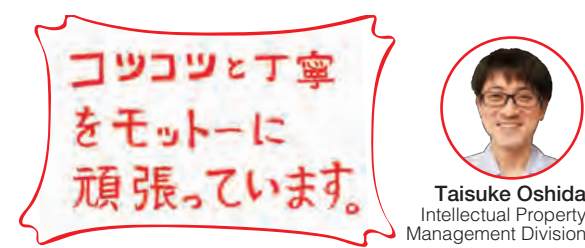
Our three factories in Japan have their own crisis management manuals, which specify prevention measures and imperative emergency responses and procedures.

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 we conduct 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 for employees.



Disaster drill (Ibaraki Factory)



I work hard with diligence and care as my motto.

Rate of reporting safety in the safety confirmation training conducted using the safety confirmation system

FY2014
62.4 %

FY2015
73.4 %

*Rate of responses that were provided in six hours
(Only in Japan)

Pentel Co., Ltd.

7-2 Koami-cho, Nihonbashi,
Chuo-ku, Tokyo 103-8538, Japan
Phone: +81-3-3667-3333

Contact us

Corporate Report Editing Committee Office
Phone: +81-3-5695-7268



This report uses authorized FSC® forest paper made of timber from appropriately managed forests.



This report was printed with vegetable oil ink to reduce emissions of volatile organic compounds (VOC), which result in air pollution.



Pentel has been promoting procurement of printing service from the Green Purchasing Network.

PS15-0033



This report was printed in a legible font that was designed based on the concept of universal design(UD).