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Message from the President

An Idea-Centric Business Management, and a Focus on ESG management

Representative Director of the Board,
President
KOKUYO Co., Ltd.
Hidekuni Kuroda



■ Creating Value that Excites People

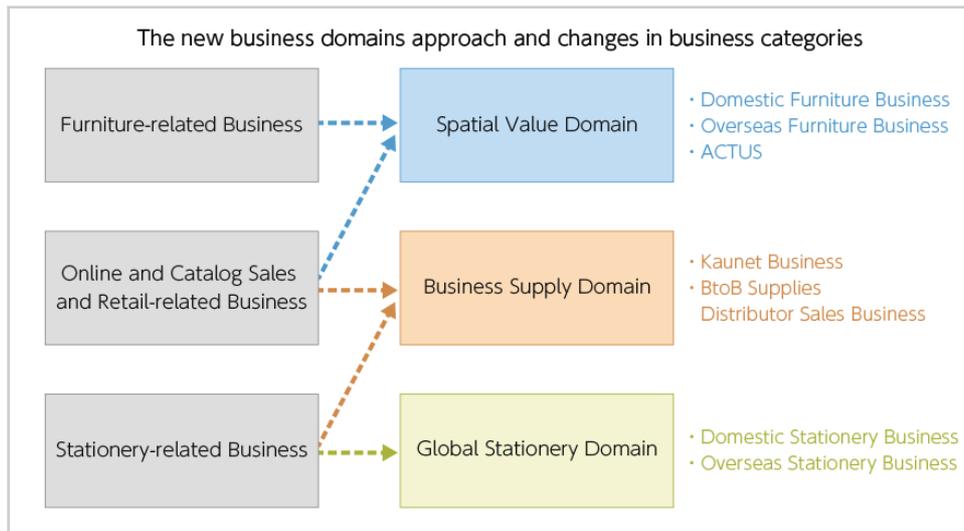
Since I was appointed president in 2015, I have embarked on the challenge of shaping a new future for KOKUYO. After considering “what we want to achieve,” I first formulated a goal of becoming a Life & Work Style Company that benefits society. By engaging in business that relates to three critical aspects of people’s lifestyles—namely, “Work,” “Learn”, and “Live”—I want KOKUYO both to provide people with benefit and to contribute to society.

However, I arrived at the conclusion that we cannot do this simply entail selling products; rather, we must generate value that improves the creativity of our customers. Said differently, we must create and provide value that excites people.

■ Shifting to Idea-Centric Business Domains

Our First Medium-term Business Plan (2016–2018) formed the first step toward achieving the goals outlined above, and marked a move to a new style of business management: it identified increasing our market share and improving our gross profit margin as priority issues, laid out a strategy to increase the added-value we provide, and led to the implementation of the “Plan→Do→Check→Action” PDCA cycle.

We commenced our Second Medium-term Business Plan in 2019. Its basic policy is to enable sustainable growth, and to this end it promotes the acquisition of new markets and customers. It also marks a shift from the object-centric “three business segments” approach we used to implement to an idea-centric “three business domains” approach based on understanding how our customers’ needs will change in the future. Thinking about business domains instead of business segments will enable us to take a more expansive view of markets—I believe that this approach will help us identify new markets and customers, and lead to medium and long-term growth.



Continued Contributions to Society and Sustained Growth

Guided by our new, idea-centric form of business management, going forward I want KOKUYO to become a company that breaks free from simple consumerism and provides people around the world with a variety of societal values.

Furthermore, since the start of 2020, we have been exposed to the threat of COVID-19 and people all around the world are facing a crisis we have never experienced before. We can expect this to trigger significant changes in our lifestyles such as in the ways we work and learn. We hope to continue offering KOKUYO's value to the new post-COVID-19 society by seeing this crisis as an opportunity and creating new products and services unique to KOKUYO.

In order to prepare ourselves for such a future, we are advocating a corporate management style that prioritizes ESG.

KOKUYO possesses many of the qualities of a manufacturer and, as such, we place a high priority on our environmental initiatives. For example, our Campus Art notebooks, of which we supply more than 100 million units per year, are produced at our Shiga Plant on the shores of Lake Biwa; for this reason, we carry out activities that contribute to the conservation of Lake Biwa's environment.

The paper used in our Campus Art notebooks is a forest resource; for this reason, we run the Yui no Mori Project, which aims to preserve Kochi Prefecture's Shimanto River, which is widely regarded as Japan's last-remaining pristine river, along with the surrounding forests.

The Yui no Mori Project primarily entails thinning the forests and making use of the resulting wood materials. However, since thinning also increases the amount of CO₂ that can be absorbed by the forest, it helps prevent global warming.

In 2018, KOKUYO formulated its 2030 CO₂ Emission Reduction Target, which covers all our consolidated companies in Japan. Together with aiming to reduce CO₂ emission in 2030 by 26% compared to 2013, we will thin around 150 hectares of forests each year as part of our forest conservation activities to contribute toward CO₂ absorption of at least 6,000 tons.

The importance of corporate governance is gradually increasing from the perspective of achieving medium and long-term growth. At KOKUYO, we have engaged in initiatives aimed at strengthening our governance for the past 10 years or so, and we continue to improve governance by increasing the number of outside directors.

More recently, as part of our efforts to further increase standards of governance, we have chosen to appoint an outside director as Chairman of the Board—this is a pioneering measure for a Japanese company.

Based on ESG management, at KOKUYO we intend to establish the idea that companies are public institutions, and that companies have a duty to create new values that help resolve societal issues. We believe that this will enable us to achieve both continued contributions to society and sustained growth.

At present, KOKUYO is in the process of executing long-term growth strategies. We very much hope for the continued understanding and support of all our stakeholders.



A table and chairs made with wood resulting from thinning at the Yui no Mori Project