

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO's Main Business Domains	❖ KOKUYO's Initiatives and History	❖ Initiatives for Future and Society	❖ KOKUYO's Various Initiatives	❖ Introduction of KOKUYO's Initiatives in 2019	❖ Message from the President
❖ KOKUYO's CSR	❖ Focus Initiatives for 2019	❖ Environment	❖ Social	❖ Governance	❖ Third-Party Assessments	❖ Content Index	

■ Governance

Corporate Governance

Basic Concepts

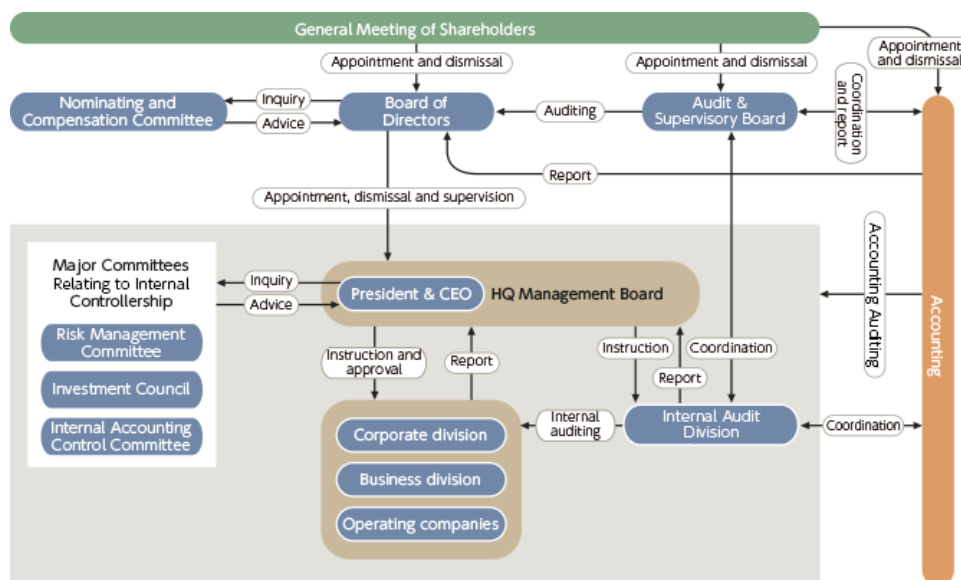
The Group we want to be in the future is a Life & Work Style Company that enriches society by providing value through our products and services to enhance customers' creativity and to deliver improvements to their Quality of Life so that they can work, learn and live better. Our idea is to be a company group providing constant support for the intellectual activities of our customers through our products and services.

The Group believes that ensuring efficient, transparent and fair management is an essential element to sustainably lifting corporate value over the long term. For that reason, we are constantly working to enhance these qualities in the building and operation of our administrative systems.

Systems

Corporate Governance Structure

KOKUYO is a “Company with a Board of Directors.” At least one third of our Board of Directors are outside directors with independence. The Nominating and Compensation Committee is established as an advisory body for the Board of Directors. A majority of its members are outside directors or outside experts. Among other duties, the committee assesses the candidate selection criteria and compensation for directors and corporate executive officers. KOKUYO adopts a corporate officer system where the HQ Management Board—comprising the heads of Group companies appointed by the Board of Directors—seeks to speed up decision making as well as accelerate and make efficient the execution of duties through implementation of our regulations on responsibilities and authority that defines the board’s approval of decision-making authority and scope of reporting.



For details, please refer to

→ "[IR > Strategy > Corporate Governance](#)" in KOKUYO corporate homepage

→ [Corporate Governance Report \(Japanese only\)](#). 📄 (228kb)

Directors

Name	Date of birth	Career	
 Representative Director and President Hidekuni Kuroda	January 10, 1976	April 2001 July 2005 June 2007 March 2009 March 2009 March 2011 March 2014 March 2015 January 2019	Joined KOKUYO Director and Executive Officer, KOKUYO Office System Co., Ltd. Director and Managing Executive Officer, KOKUYO Office System Co., Ltd. Director, KOKUYO Representative Director and President, KOKUYO Furniture Co., Ltd. Managing Executive Officer, KOKUYO Director and Senior Managing Executive Officer, KOKUYO Representative Director and President and CEO, KOKUYO Representative Director and President, KOKUYO (incumbent)
 Representative Director and Executive Vice President Kozo Sakagami	March 9, 1958	April 1981 April 2002 October 2004 January 2011 March 2015 March 2015 January 2019 January 2020 March 2020 (incumbent)	Joined KOKUYO Manager of International Procurement Division, KOKUYO (Service in Hong Kong) Representative Director and President, KOKUYO International Co., Ltd. Director and Executive Officer, Managing Officer of International Business Division, KOKUYO Furniture Co., Ltd. Group Executive Officer, Managing Officer of Furniture Business Division, KOKUYO Representative Director and President, KOKUYO Furniture Co., Ltd. Senior Executive Officer, Managing Officer of Furniture Business Division, KOKUYO Senior Executive Officer, Head of Spatial Value Domain, KOKUYO Representative Director and Executive Vice President, Head of Spatial Value Domain, KOKUYO (concurrent)
 Director and Executive Vice President Takuya Morikawa	October 7, 1959	April 1982 June 2005 June 2005 March 2011 March 2014 March 2015 January 2019	Joined KOKUYO Director, KOKUYO Representative Director and President, KOKUYO S&T Co., Ltd. Managing Executive Officer, KOKUYO Director and Senior Managing Executive Officer, KOKUYO Director, Group Senior Executive Officer, Managing Officer of International Business Division, KOKUYO Director and Executive Vice President, Special Officer in Charge of Overseas Business and M&A, KOKUYO (incumbent)
 Director and Executive Vice President Nobuyuki Miyagaki	March 10, 1956	April 1978 March 2012 March 2015 January 2019	Joined KOKUYO Audit & Supervisory Board Member, KOKUYO Director, Group Senior Executive Officer, Managing Officer of Corporate Administrations, KOKUYO Director and Executive Vice President, Company-Wide Risk Management Officer, KOKUYO (incumbent)
 Outside Director *1 Hiroshi Hamada	May 30, 1959	April 1982 January 1995 August 2000 May 2006 April 2008 November 2011 March 2014 May 2015 September 2015	Joined Yamashita-Shinnihon Steamship Co., Ltd. (currently Mitsui O.S.K. Lines, Ltd.) Joined Dell Computer Inc. (currently Dell Japan Inc.) Representative Director, President, Dell Japan Inc. and Vice President, Dell Computer Corporation Representative Partner, Revamp Corporation Executive Officer, President and Chief Operating Officer, HOYA CORPORATION Director, Representative Executive Officer, President and Chief Operating Officer, HOYA CORPORATION Outside Director, KOKUYO (incumbent) Chairman, Representative Director and CEO, ARUHI Group Corporation (currently ARUHI Corporation) (incumbent) Chairman, President, Representative Director, CEO and COO, ARUHI Group Corporation (incumbent)

 Outside Director *1 Taketsugu Fujiwara	February 19, 1947	April 1969 June 2000 June 2003 October 2003 June 2009 April 2010 June 2014 March 2015 June 2015 June 2018	Joined Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corporation) Director, Asahi Kasei Corporation Senior Executive Officer, Asahi Kasei Corporation Presidential Executive Officer, Asahi Kasei Chemicals Corporation Director, Vice-Presidential Executive Officer, Asahi Kasei Corporation President and Representative Director, Presidential Executive Officer, Asahi Kasei Corporation Vice Chairman, Asahi Kasei Corporation, and Outside Director, SHIMADZU CORPORATION (incumbent) Outside Director, KOKUYO (incumbent) Outside Director, IHI Corporation (incumbent) Counsellor, Asahi Kasei Corporation (incumbent), and Outside Director, Konica Minolta, Inc. (incumbent)
 Outside Director *1 Mika Masuyama	January 6, 1963	April 1985 November 1992 June 1997 January 2004 October 2016 March 2017 March 2019 June 2019	Joined the Bank of Japan September 1991 International Marketing Director, Cap Gemini Sogeti Senior Consultant, Gemini Consulting Japan Joined Egon Zehnder Partner, Egon Zehnder President and Representative Partner, Masuyama & Company LLC. (incumbent) Outside Director (Audit and Supervisory Committee Member), Suntory Beverage & Food Limited (incumbent) Outside Director, KOKUYO (incumbent) Outside Director, Konoike Transport Co., Ltd. (incumbent)
 Outside Audit & Supervisory Board Member (Full-time) *2 Kazutoshi Maeda	October 26, 1951	April 1974 April 2003 June 2004 October 2006 April 2007 April 2008 April 2009 June 2011 June 2015 March 2017	Joined ITOCHU Corporation Manager of Legal Affairs, ITOCHU Corporation Executive Officer, ITOCHU Corporation Deputy Chief Administration Officer (legal, general affairs, CSR, compliance), ITOCHU Corporation Managing Executive Officer, ITOCHU Corporation Managing Executive Officer, Deputy Chief Administration Officer, Manager of Personnel, ITOCHU Corporation Managing Executive Officer, Deputy Chief Administration Officer (personnel, general affairs, legal), ITOCHU Corporation Full-time Audit & Supervisory Board Member, ITOCHU Corporation Advisory Member, ITOCHU Corporation (incumbent) Outside Audit & Supervisory Board Member, KOKUYO (incumbent)
 Outside Audit & Supervisory Board Member*2 Hideyuki Yasue	September 3, 1949	April 1973 June 1991 April 2001 July 2001 April 2005 April 2007 June 2008 June 2009 January 2014 June 2015 March 2017	Joined Marubeni Corporation Admitted as an attorney in the State of New York Manager of Legal Affairs, Marubeni Corporation Admitted as an attorney in United Kingdom Managing Executive Officer, Manager of Legal Affairs, Marubeni Corporation Managing Executive Officer, Deputy Officer of Risk Management and Legal Affairs, Marubeni Corporation Representative Director, Managing Executive Officer, and Officer of General Affairs, Risk Management, and Legal Affairs, Marubeni Corporation Audit & Supervisory Board Member, Marubeni Corporation Joined the Tokyo-Marunouchi Law Offices as Counsel Outside Director (Audit and Supervisory Committee Member), TATSUTA Electric Wire and Cable Co., Ltd. Outside Audit & Supervisory Board Member, KOKUYO (incumbent)
 Outside Audit & Supervisory Board Member*2 Yoko Toyoshi	May 20, 1958	April 1981 December 1990 July 2008 July 2013	Joined the Bank of Fukuoka, Ltd. October 1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC) Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) Appointed partner, Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC) Appointed Chief Certified Public Accountant Audit Inspector, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency

	July 2016 June 2018	Joined Deloitte Touche Tohmatsu LLC Outside Director (Audit and Supervisory Committee Member), Alps Electric Co., Ltd. (currently ALPS ALPINE CO., LTD.) (incumbent)
	March 2020	Outside Director, KOKUYO (incumbent)

*1: As defined in Article 2, Item 15, of the Companies Act

*2: As defined in Article 2, Item 16, of the Companies Act

Officer Remuneration

1. Basic Policy

KOKUYO's officer remuneration system is designed to fulfill our responsibilities to explain and manage to stakeholders—including shareholders and employees—which are transparent and rational as well as guarantee the medium- to long-term improvement of corporate value beyond short-term results. Our remuneration standards are set at figures which allow us to appoint outstanding talents, motivate, and retain them.

2. Procedure

The remuneration, etc. of directors are approved by the Board of Directors after deliberation and review by the Nominating and Compensation Committee which is an advisory body of the Board of Directors comprising outside directors and outside experts. The remuneration, etc. of Audit & Supervisory Board members are decided by discussion among themselves. Meetings of the Nominating and Compensation Committee were held nine times this fiscal year, and the officer remuneration policy for fiscal 2019 was approved at the meeting of the Board of Directors held on March 28, 2019 after discussion by the committee.

3. Composition of Remuneration

Remuneration of directors comprises fixed remuneration in the form of base compensation and variable remuneration that is linked to the Company's performance. However, from the perspective of roles and independence, remuneration of outside directors and Audit & Supervisory Board members only comprises base compensation.

(1) Base compensation

The amount of base compensation is determined according to role taking into consideration industry standards based on surveys by external expert agencies.

(2) Performance-linked remuneration

Performance-linked remuneration comprises short-term incentive (STI) remuneration and long-term incentive (LTI) remuneration. The basic amount is determined using a remuneration composition ratio set based on roles. The system is designed such that the higher the position, the higher the ratio of performance-linked remuneration in the overall remuneration.

i) Short-term incentive (STI) remuneration

The payout rate for short-term incentive remuneration is determined based on annual financial indicators for the company and scope of responsibility as well as individual performance evaluation that looks at the degree of achievement in strategic targets that cannot be measured by financial performance figures alone, such as rebuilding of business foundation toward realization of sustainable growth.

ii) Long-term incentive (LTI) remuneration

Long-term incentive remuneration is given for the purpose of providing incentive toward sustainable improvement of KOKUYO's corporate value as well as for the further sharing of value between applicable directors and shareholders. Transfer-restricted shares are given for a period from 30 to 50 years as determined by KOKUYO's Board of Directors. The transfer-restricted share remuneration system was approved at the 72nd Annual General Meeting of Shareholders held on March 28, 2019.

a. Total amount of remuneration, etc. for each category of officer, types of remuneration, etc., and number of eligible officers

Officer category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by category (million yen)				Number of eligible officers
		Base compensation	Short-term incentive remuneration	Long-term incentive remuneration	Retirement bonuses	
Directors (excluding outside directors)	295	202	76	15	—	5
Outside directors	56	56	—	—	—	4
Audit & Supervisory Board members (excluding outside members)	—	—	—	—	—	0
Outside Audit & Supervisory Board members	36	36	—	—	—	3

Notes

1. KOKUYO eliminated the retirement bonus system in 2005.
2. There are no directors who receive salaries as employees in addition to their remuneration, etc. as directors.
3. The amount of remuneration, etc. paid directors is within the scope of maximum director remuneration (no more than 40 million yen per month) set by resolution at the 57th Annual General Meeting of Shareholders held on June 29, 2004.
4. The amount of remuneration, etc. paid to Audit & Supervisory Board members is within the scope of maximum Audit & Supervisory Board member remuneration (no more than 6 million yen per month) set by resolution at the 42nd Annual General Meeting of Shareholders held on December 21, 1989.

b. Total amount of remuneration, etc. paid to each officer

There are no officers in the consolidated group who received total remuneration, etc. in excess of 100 million yen, and accordingly, no information is provided.

c. Amount of officer remuneration, etc. or policy on determinations relating to the method of calculation

KOKUYO's remuneration systems are transparent and reasonable in order to fulfill our responsibilities regarding accountability and for consequences to shareholders, employees, and other stakeholders and are designed to provide motivation over the medium to long term. Remuneration is set at levels that enable us to hire outstanding human resources and motivate and retain human resources. Specifically, officer remuneration comprises fixed remuneration in the form of base compensation and variable remuneration that is linked to key indicators (sales, operating income, etc.) of the Company's performance and individual performance evaluations. A certain portion of the variable remuneration is paid through monthly acquisition of KOKUYO shares in accordance with certain rules, which are reserved during an officer's employment with the Company. From the perspectives of roles and independence, however, the remuneration of directors who do not concurrently serve as corporate executive officers and Audit & Supervisory Board members comprises only base compensation.

The amounts of remuneration paid to individuals are determined by the Board of Directors based on findings submitted by the Nominating and Compensation Committee. At the 72nd Annual General Meeting of Shareholders held on March 28, 2019, a resolution was adopted to limit the amount of director remuneration to no more than 600 million yen annually. In addition, a resolution was adopted to introduce a long-term incentive program that will grant no more than 100 million yen of transfer-restricted shares to directors (excluding outside directors) and corporate executive officers each year for the purpose of further promoting shared interests with shareholders.

Initiatives

Initiatives to Strengthen Corporate Governance

KOKUYO has been strengthening corporate governance through the introduction of a corporate officer system and the appointment of outside directors. Our appointment of outside directors at an early stage has also earned us recognition from third parties.

To further enhance the level of corporate governance toward sustainable improvement of corporate value, we have implemented the following initiatives aimed at promoting the separation of supervision and execution as well as creating a system which allows the Board of Directors to properly supervise execution based on vibrant discussions.

Chairperson of Board of Directors meetings changed to outside director

The chairperson of Board of Directors meetings, which was previously ex-Chairman Akihiro Kuroda, was changed to Outside Director Taketsugu Fujiwara.

Appointment of younger directors

Ex-Chairman Akihiro Kuroda and ex-Vice Chairman Yasuhiro Kuroda stepped down after long years of service as directors and were appointed as Chairman (part-time) and Special Advisor (part-time) respectively.

Outside Director Hisao Sakuta, who made significant contributions such as strengthening KOKUYO's corporate governance, stepped down after serving eight years.

Kozo Sakagami was newly appointed as Representative Director of the Board and Executive Vice President to further strengthen the management.

Change in Director Composition (Corporate/Outside)

