

# Our Vision for Value Creation

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## POINTS

- Value Creation Based on the Forest-Like Management Model
- Materiality toward realizing the Forest-Like Management Model
- How we are quantifying impacts to clarify the value we create

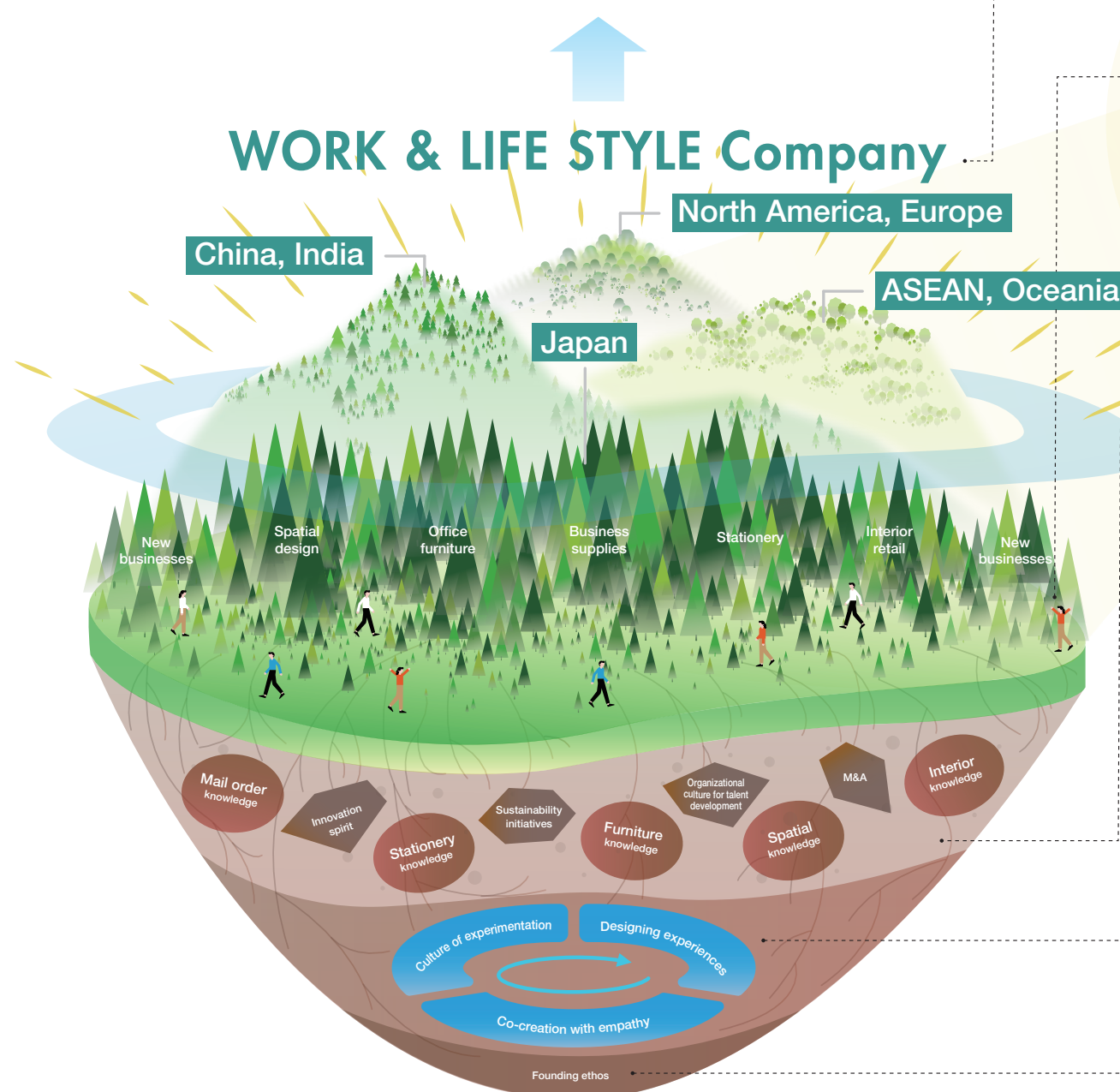


# Creating Value Through the Forest-Like Management Model

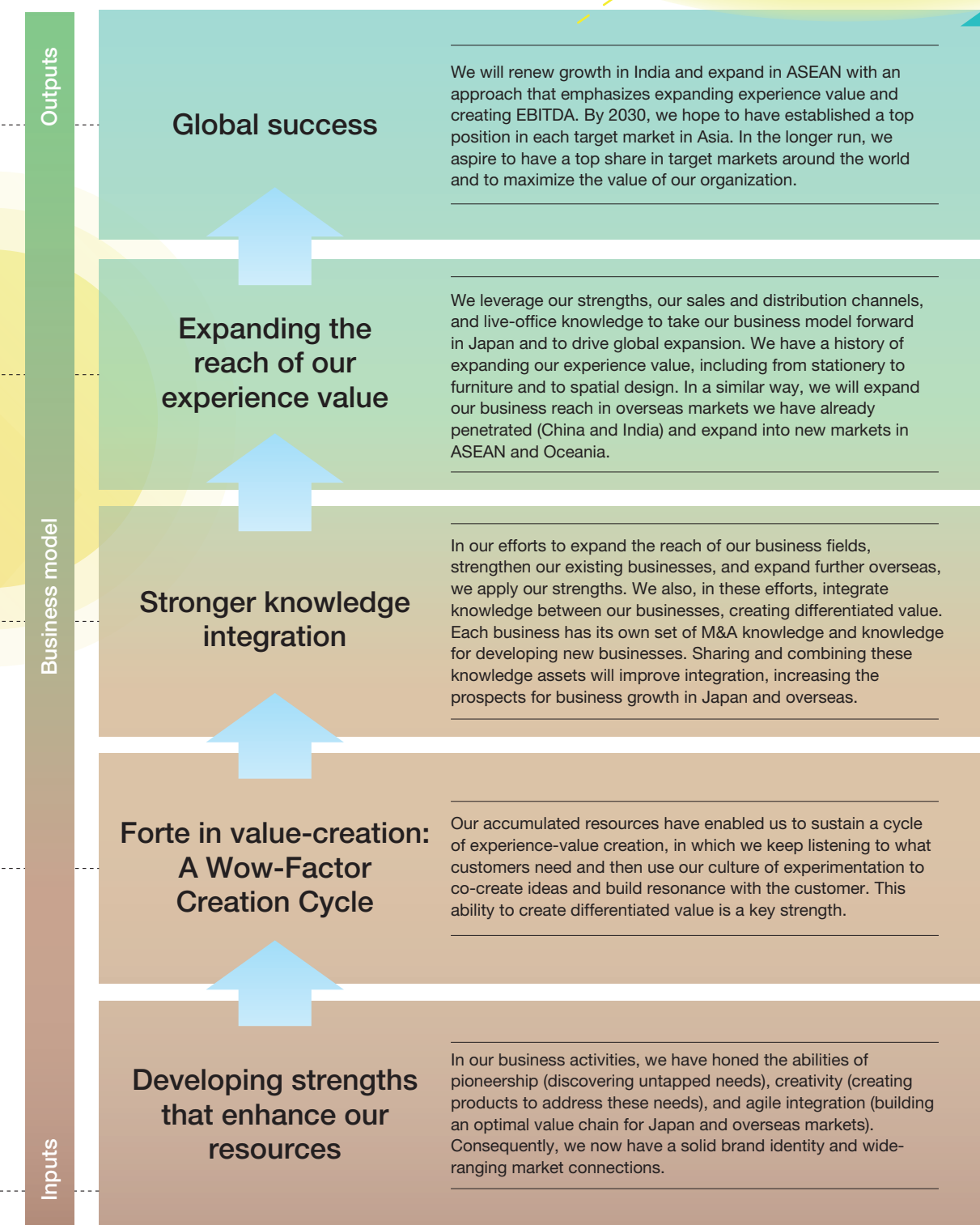
In February 2021, we unveiled our long-term vision, CCC 2030, committing to achieve net sales of ¥500 billion or more in 2030. Central to this vision is the Forest-Like Management Model, which encapsulates the kind of value Kokuyo creates. Under this model, we will flex our three strengths to integrate knowledge between our businesses, mount a strategy to expand the range of experience value we offer, grow our businesses in Japan, and expand in Asia and other global markets.

## Forest-Like Management Model

### The future we envisage A self-directed collaborative society



## Value Creation Story: Overview



Achieving a self-directed collaborative society

Philosophy

be Unique.

Stimulate creativity and celebrate uniqueness.

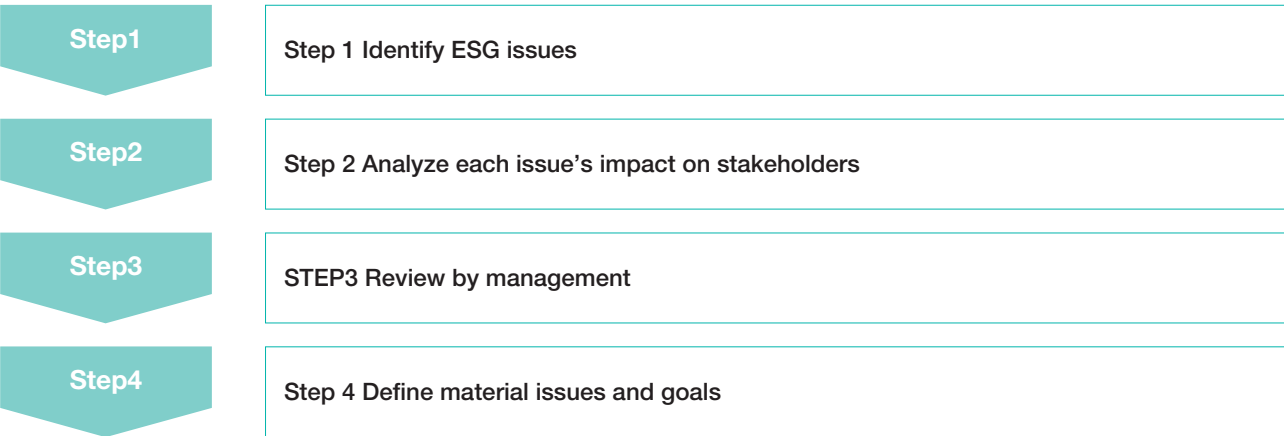
Process for Identifying Material Issues

We follow the principle of dynamic materiality, meaning that we recognize that our material (sustainability) issues will change over time and periodically review and update them. We conducted one such review in 2022. In that review, we decided to radically update the set of material issues, aligning them closer with our business strategies. We also performed a gap analysis between the desired “society” and the “current state” in our long-term vision and 3rd medium-term plan, evaluating extracted issues from the two perspectives of “economic impact” and “social impact” to identify the material issues. In 2025, in line with the development of the 4th medium-term plan, we reviewed and reorganized the activities and scope of each materiality.

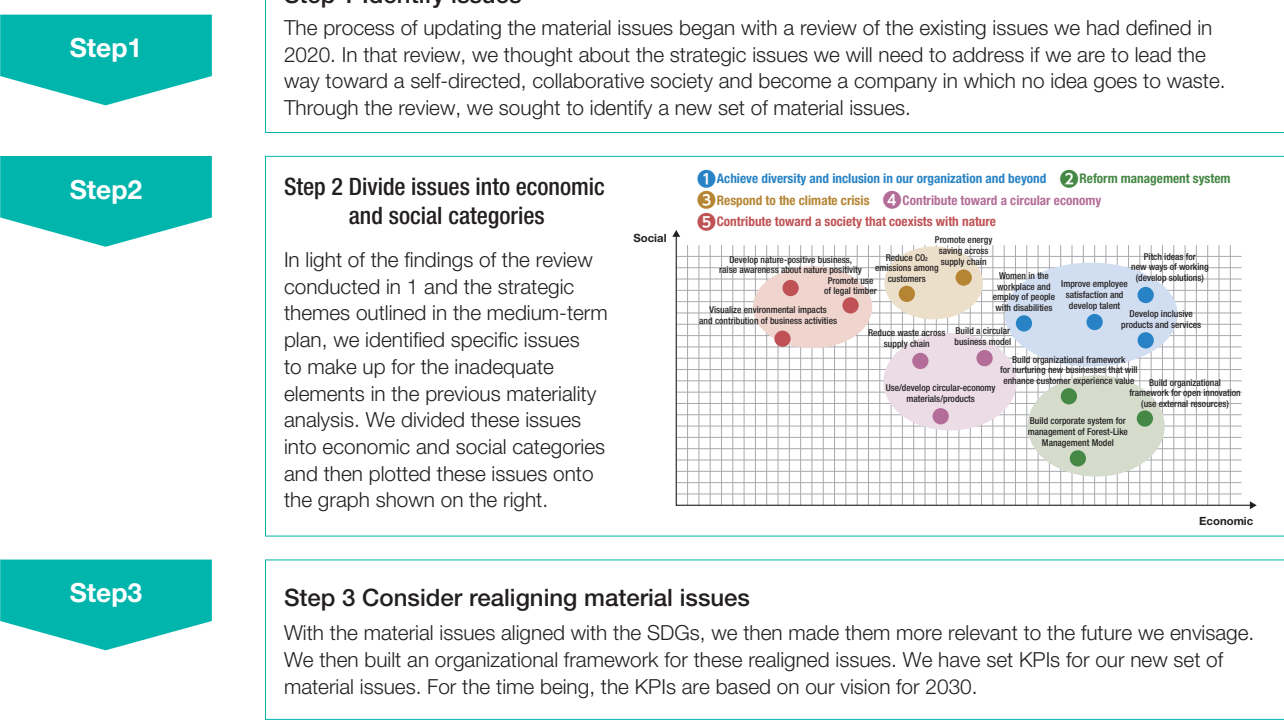
\* Dynamic materiality refers to the concept of treating materiality as something dynamic, where it should be flexibly modified based on circumstances or scientific evidence as the social environment changes.

Process for Identifying Material Issues

2020 materiality analysis



2022 revision



2025 revision







We reviewed the scope of activities for “building a circular business model” previously grouped in the material issue “contribute toward a circular economy” and separated it out as “promote sustainable procurement”.

List of Material Issues and Basic Policy for Each Issue

Material issue	Basic policy
<div>Strategy 1</div> <div>Improve Wellbeing among Employees and External Stakeholders</div>	<div>Material Issue 1</div> <div></div> <div>Improve wellbeing</div> <div>1-1. Pitch ideas for new ways of working 1-2. Promote diversity, inclusion, and innovation</div> <div>We will promote work-life balance, new workstyles, and a diverse workplace (inclusive of gender, disability, and nationality) that produces innovation, so that our corporate group develops products with inclusive design, contributing to wellbeing within our organization and wellbeing in society at large. For this, we have two challenge goals: pitch ideas for new ways of working, and promote diversity, inclusion, and innovation.</div>
<div>Strategy 2</div> <div>Expand Business Fields through the Forest-Like Management Model</div>	<div>Material Issue 2</div> <div></div> <div>Transition to a management system that creates social value</div> <div>Over the years, we’ve offered solutions for new ways of working, learning, and living through a process of first-hand experimentation in which we design experiences for customers through products and services. Amid the plethora of socioenvironmental issues, we want to transform management systems and lead the way to a sustainable future with the support of all employees and businesses.</div>
<div>Strategy 3</div> <div>Safeguard the Planet as a Place for Work and Life</div>	<div>Material Issue 3-1</div> <div></div> <div>Respond to the climate crisis</div> <div>Over 90% of our CO<sub>2</sub> emissions are from our value chain (Scope 3), meaning that we can’t contribute to carbon neutrality on our own. Rather, we work with our supply chain partners on initiatives such as switching to more sustainable raw materials and delivery methods to contribute toward carbon neutrality.</div>
	<div>Material Issue 3-2</div> <div></div> <div>Contribute toward a circular economy</div> <div>We want to use the planet’s limited resources efficiently. Accordingly, we’ve been working to recycle more of our waste and to develop ecologically sustainable products and services. As an organization that provides products that are as accessible to as many people as possible, we also aim to promote individuated zero-waste lifestyles.</div>
	<div>Material Issue 3-3</div> <div></div> <div>Promote sustainable procurement</div> <div>With the rapid progress of economic globalization, multinational corporations have grown massive, while human rights issues such as forced labor and child labor in supply chains extending to developing countries in pursuit of low costs, widening wealth disparities and environmental degradation have become more and more serious. Our group will fulfill its social responsibilities together with suppliers and continue contributing to social development.</div>
	<div>Material Issue 3-4</div> <div></div> <div>Contribute toward a society that coexists with nature</div> <div>Conservation of forests is a major imperative for us since we use plenty of timber (not least in our mainstay products of notebooks and office furniture). Over the years, we have worked to conserve biodiversity and reduce our use of hazardous materials in order to minimize our impact on the environment. We will monitor and take steps to improve our impact on the environment so that we can balance business activities with natural capital for a healthier planet.</div>

List of Material Issues

Risks, opportunities and target of material issues

Material issues (materiality)		Risks and opportunities		2030 challenge target	2027 target	2024 target	Progress towards 2024 target	Linked SDG
<div>Strategy 1</div> <div>Improve Wellbeing among Employees and External Stakeholders</div>	<div>Material Issue 1</div> <div></div> <div>Improve wellbeing</div> <div>1-1. Pitch ideas for new ways of working 1-2. Promote diversity, inclusion, and innovation</div>	Improving the wellbeing of our employees will help us to hire and retain a diversity of creative individuals who are the wellspring of our competitiveness. Supporting these individuals to reach their full potential will enable us continually to create new value and to boost our productivity. Improving the wellbeing of society involves the provision of products and services needed to realize a society in which every individual can play an active role, including those with disabilities. We believe this will enhance our reputation and expand our networks, bringing us more earnings opportunities.		Challenge goals for flexible and diverse work options (flexitime, empowering women) 27 challenge goals (three per year for nine years)	Percentage of management posts held by women: 16%	Percentage of leadership roles occupied by women: 12%	10.9% (five group companies)	<div>4 QUALITY EDUCATION</div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>
				Take-up of paid leave: 100%	Shift to mindset that values employees' disposable time Take-up of paid leave by managers and employees: 100%	71.1% (five group companies)		
				Percentage of new product series that incorporate inclusive design: At least 50%	Percentage of new product series that incorporate inclusive design: At least 35%	Percentage of new product series that incorporate inclusive design: At least 20%	26.6%	
<div>Strategy 2</div> <div>Expand Business Fields through the Forest-Like Management Model</div>	<div>Material Issue 2</div> <div></div> <div>Transition to a management system that creates social value</div>	We will transform our business portfolio by identifying unmet needs and continually creating value aligned with our other material issues (materiality). This will enable us to respond to changes in our operating environment and to continually enhance our corporate value. Evolution of our management system to the Forest-Like Management Model is essential to this endeavor.		Percentage of sales with balanced social value and economic value: 100%	Number of visionary idea (Mirai Yokoku) experiments (4th medium-term plan total): 30	Number of visionary idea (Mirai Yokoku) experiments (3rd medium-term plan total): 30 or more	2024: 11 (3rd medium-term plan total: 33)	<div>9 AFFORDABLE AND CLEAN ENERGY</div>
				Percentage of employees addressing social issues: 100%	Percentage of employees addressing socioeconomic issues through their job: 100%	Rate of participation in sustainability initiatives: 100%	90.2%	
<div>Strategy 3</div> <div>Safeguard the Planet as a Place for Work and Life</div>	<div>Material Issue 3-1</div> <div></div> <div>Respond to the climate crisis</div>	Addressing climate change reduces and prepares us for not only short-term financial risks, such as higher energy or transportation costs, but also future physical risks and the risk of rising environmental costs. We expect that the supply of low-emissions products and solutions and the enhancement of our brand image will increase our earnings opportunities and boost our external valuation, and that this will support our share price.		<ul style="list-style-type: none"><li>Reduce Scope 1 &amp; 2 greenhouse gas emissions by 42% between 2022 and 2030</li><li>Reduce greenhouse gas emissions from the Scope 3 category "purchased goods and services" by 25% between 2022 and 2030</li><li>Have suppliers, responsible for 12.5% of our emissions from "purchased goods and services," set Science-Based Targets initiative (SBTi) goals by 2028</li></ul>	Scope 1 & 2: 35% reduction in CO <sub>2</sub> emissions from 2022 level	Emissions reductions target: 50% reduction in our Japanese businesses from 2013 level	54.1%	<div>6 CLEAN ENERGY</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div>
				Contribute to sequestering of at least 6,000 t-CO <sub>2</sub> a year	Scope 3: Set Science-Based Targets initiative (SBTi) goals with suppliers (responsible for 125,000 t-CO <sub>2</sub> )			
	<div>Material Issue 3-2</div> <div></div> <div>Contribute toward a circular economy</div>	We will reduce risk from resource procurement and reputational damage by recovering and reusing resources. Winning the support of consumers looking for more sustainable products will increase our business opportunities while resource recycling will help us build a lasting relationship with many customers. This should increase our earnings from maintenance, updating and other services.		Percentage of net sales attributable to products sold by group (including overseas companies) that support a transition to a circular economy: At least 80%	Percentage of products that incorporate circular-business guidelines: 40%	Percentage of new products incorporating circular-economy design principles: 100%	100%	<div>10 AFFORDABLE AND CLEAN ENERGY</div> <div>11 SUSTAINABLE CONSUMPTION AND PRODUCTION</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
				Percentage of waste (from offices, worksites, and warehouses) recycled: 100%	Recycling rate for general business waste (including dead stock): 97%			
	<div>Material Issue 3-3</div> <div></div> <div>Promote sustainable procurement</div>	Avoiding consumer boycott and similar risks by addressing human rights and environmental risks in our supply chains is essential to the sustainability of our business. Communicating such initiatives to our customers will enable us to market products at prices that fairly reflect the costs of addressing these risks.		Percentage of products sourced from suppliers ranked B or above: 100%	Percentage of products sourced from suppliers ranked B or above: At least 75%	Percentage of key suppliers (some 400 companies) providing feedback (evaluations, issues to address) in supplier evaluation survey: 100%	We surveyed 566 suppliers and supplied feedback to the 501 that responded (88.5% response rate)	<div>13 CLIMATE ACTION</div> <div>14 LIFE BELOW WATER</div> <div>15 LIFE ON LAND</div>
	<div>Material Issue 3-4</div> <div></div> <div>Contribute toward a society that coexists with nature</div>	We strive to understand biodiversity as well as the risks relating to our raw materials and the environmental risks to our business sites and their surrounds. We aim thereby to achieve business operations in balance with natural capital and hence stable raw material procurement and sustainable business. We believe this will resonate with our customers and maintain, if not strengthen, our brand image, feeding through into increased earnings.		Carbon footprint of business activities visualized and carbon neutrality achieved ±0	Percentage of total sales that are from products that satisfy Kokuyo Group Paper and Timber Procurement Standards: 75%	—	Established Kokuyo Group Paper and Timber Procurement Standards	<div>16 LIFE BELOW WATER</div> <div>17 LIFE ON LAND</div>
				Forest conservation (forests thinned at 150ha a year)	Degree to which environmental impacts are visualized Fully visualized in main companies			
				Reedbed conservation (reeds trimmed at 1.5ha a year)	No. of nature conservation projects 3			



# Quantifying Business Impacts

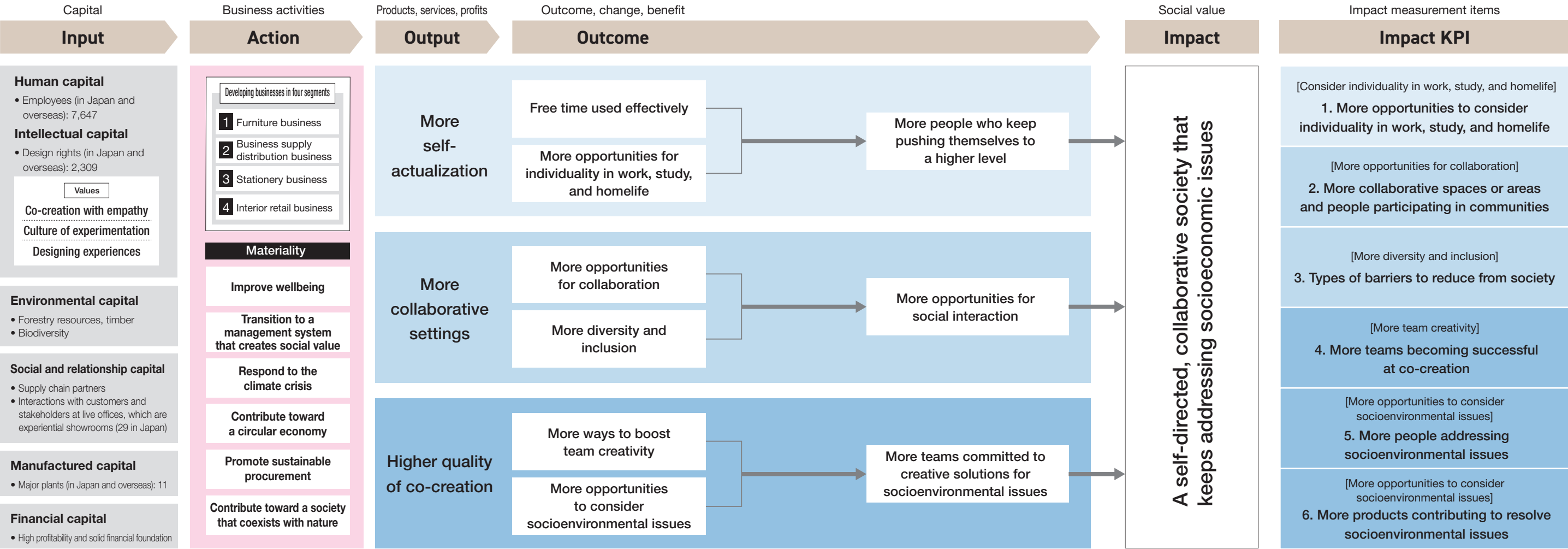
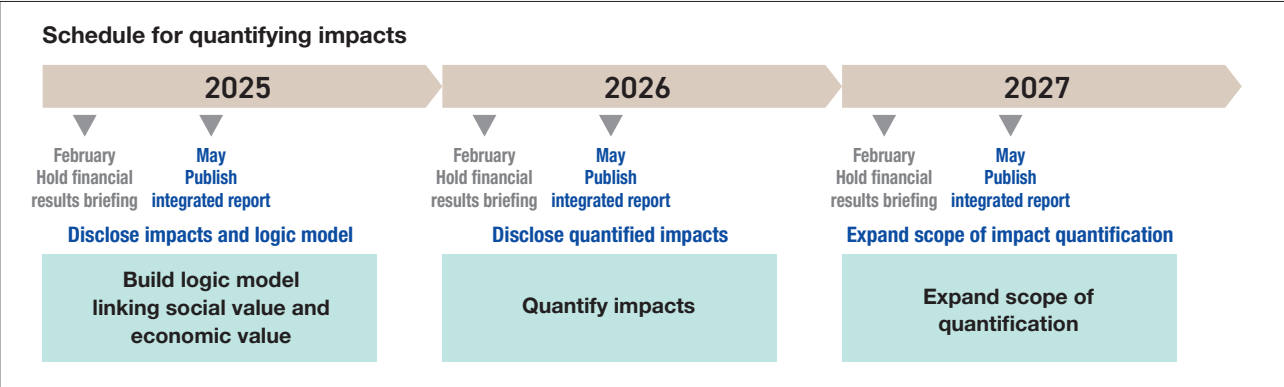
## A Logic Model for Quantifying Business Impacts

Companies are increasingly expected to engage in socioenvironmental issues, but such sustainability efforts often fail to contribute to the organization's long-term value creation because they are separated from economic activities. Our own materiality efforts have been aligned with our business strategies, but we did not go far enough in communicating the social and economic value our business create and how they contribute to our long-term vision of a self-directed, collaborative society. To rectify this, our 4th medium-term plan includes a process for quantifying these impacts and sets out a logic model showing the causal relationship between our business activities and the social and economic value they create. Ultimately, the process converts these impacts into monetary values, linking them with long-term value creation.

In December 2024, we completed the first step in this process by producing a logic model showing how our business activities causally relate to the self-directed, collaborative society. According to the logic model, our products, services, and profits produce three outcomes: more people who keep pushing themselves to a higher level, more opportunities for social interaction, and more teams committed to creative solutions for societal issues. Their impact is to produce the ultimate social value—contributing to a self-directed, collaborative society, with a sustained cycle of addressing socioenvironmental issues. By operating our business based on this logic, we aim to increase the overlapping area between social value and economic value, targeting 100% sales that achieve both social and economic value by 2030.

## Impact Quantification as a Differentiation Strategy

We will use the logic model we produced in 2024 to quantify the impacts of the business activities we undertake during the three years of the 4th medium-term plan. During 2025, we will brief stakeholders about the logic model, set KPIs to measure impacts, and plan a roadmap for achieving the impacts. In 2026, we will start successively examining impact KPIs of our furniture and stationery businesses. We will also hold workshops with outside experts and take other steps to present evidence corroborating our logic model and the quantitative impacts.





**Noritomo Miyazawa**  
President, Kaunet Co., Ltd.  
Managing Officer, Division Manager  
of Business Supply Division,  
KOKUYO CO., LTD.

**Mizuto Aoto**  
After dropping out of high school in Japan, Aoto became an accelerated student at the Department of Neurology of the University of California, Los Angeles, and graduated with a degree in neuroscience. Believing that neuroscience offers insights for human development, not just medicine, he developed AI-powered application spaces NeuroEdTech® and NeuroHRTech®. As a neuro-innovator, Aoto has a number of patents in these sectors. He is the founder of DAncing Einstein, an organization that uses neuroscientific innovations to design new and inspiring learning experiences that keep learners' dopamine (DA) levels high.

Dialogue

## The Benefits of Visually Representing and Quantifying Impacts

At Kokuyo, we have started engaging in impact management and disclosing the socioenvironmental impacts of our business activities, visually representing and quantifying the values we create through our Forest-Like Management Model. Below is a dialogue between Mizuto Aoto, a researcher in applied neuroscience, and Noritomo Miyazawa, Division Manager of Business Supply Division. The division, through a mail-order service for office goods and other operations, helps create many kinds of work spaces and learning spaces. With this business perspective, Miyazawa sought ideas from Aoto about the benefits of quantifying the wellbeing that Kokuyo aims to create.

### What actually is “wellbeing”?

**Miyazawa** We hear the word “wellbeing” a lot these days. One of Kokuyo’s priorities is to improve wellbeing among employees and external stakeholders. How do you define wellbeing?

**Aoto** To define wellbeing, you first have to understand how the brain processes information. The brain is always trying to offset exogenous stimuli to maintain mental and emotional equilibrium. That is why a feeling of elation only lasts for a moment. To achieve enduring happiness in your

life, those happy moments must stay alive in the memory. Key to this is sharing positive experiences in your team or group.

**Miyazawa** So the trick to achieving collective wellbeing is for family, colleagues, or friends to share and celebrate the joys and accomplishments they have experienced in our work life or private life. I have enduring memories of watching TV programs with my family members laughing along with me, while I could watch the same program on my own and it leaves little impression in my memory. What would you say on the importance of creating the right setting for teamwork?

### The importance of setting

**Aoto** While innovations in AI have improved efficiency and productivity, organic interaction remains essential for creative ideas and diverse viewpoints. For example, some people are very good at icebreakers—activities that help people relax ahead of a meeting, say. Such activities make everyone feel more psychologically secure, creating the right conditions for constructive teamwork. When you focus on creating a setting conducive to communication, the team will perform better. To build wellbeing, the team members must receive positive stimuli from their environment, as these stimuli will foster an engaged, productive mindset.

**Miyazawa** At Kokuyo, we place importance on creating the right physical setting for work and learning. In 2025, we opened a talent-development center called DIG. Inspired by Japan’s family restaurants, which many people use as a place to study, DIG borrows family restaurant elements such as semi-private seating and free refills.

**Aoto** It’s really important to create a fun, pleasant atmosphere, whether it’s an office or learning space. The evidence supports this. When you feel relaxed and comfortable, your brain secretes beta-endorphins, which stimulate dopamine release, enhancing concentration and imagination (It is dopamine that contributes to concentration, etc. and β-endorphin has the role of facilitating dopamine secretion). Much more science is yet to be done regarding how people are influenced by their working environment or learning environment.

### Visually representing and quantifying wellbeing

**Miyazawa** It’s definitely worth doing scientific studies on this. Kokuyo has a vision for a world in which personal fulfillment is balanced with empathy and in which everyone lives life to the full. In line with our vision to create this self-directed, collaborative society, we want to visually represent and quantify the experience value we create, including our impact in creating a positive physical setting. Such visual representation and quantification would help us maximize our resources and give our shareholders and other investors a better idea of our underlying potential for long-term value creation. That is why this year’s integrated report includes content on impact management and a logic model.

**Aoto** Yes, visually representing and quantifying value creation is a very effective approach in creating a thrilling, stimulating environment world for customers and

employees alike. Speaking as an applied neuroscientist, I would say that neurological activity and psychological states are hard to measure precisely, but you can define a set of variables related to setting—volume of communication, for instance—and analyze the correlations between the variables to measure the extent to which the setting is influencing value creation. The findings of this analysis would further excite customers and employees.



### Toward a self-directed, collaborative society

**Miyazawa** The ideal future scenario we envisage is one in which diverse values are respected, in which personal fulfillment is balanced with helping and supporting others, in which everyone lives life to the full, and in which people are connected in their work life, study life, and private life. Does applied neuroscience offer any insights about what we need to do to create this self-directed, collaborative society?

**Aoto** For people to be self-directed and collaborative, you need two things: metacognition and curiosity. Metacognition means having self-awareness, while curiosity means being interested in working with others. These abilities are not dependent on individual traits—they are shaped to a great extent by environmental factors. To foster metacognition and curiosity, the organizational culture must be psychologically safe and inclusive of a diverse range of perspectives. It’s great that Kokuyo is has an organization-wide commitment to experimenting with these variables and evaluating the quantitative data. That is the essence of science.

**Miyazawa** We appreciate those words. It’s great to hear that our actions really are contributing to a self-directed, collaborative society. With this long-term vision as our guide, we’ll create experience value for work spaces and learning spaces. Thank you for sharing your valuable insights.



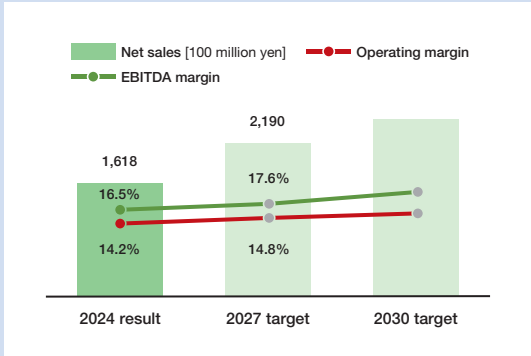
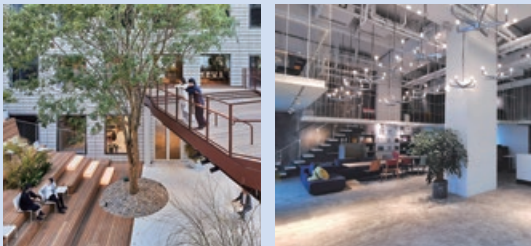
# Business Highlights

To achieve our long-term vision CCC 2030, we have redefined our role as that of a work and lifestyle company. This means that we will now transcend our traditional categories of furniture and stationery and create solutions for a more abundant life. The 4th medium-term plan sets out a number of strategies by which we will expand the reach of our experience value.

## FURNITURE

In Japan, China, and ASEAN markets, we sell office furniture such as desks and chairs. We also provide consulting services for office design and workstyle solutions and deliver setup services. To sustain profit growth, we are targeting demand for new office buildings accompanying the supply of large office blocks in the Greater Tokyo Area and by winning contracts for office renovations designed to accommodate changes in workstyles. Our future focus is to expand the lineup of products related to office design, streamline sales and production operations, and identify local needs in Australia and India to go further in expanding experience value in Japan and overseas.

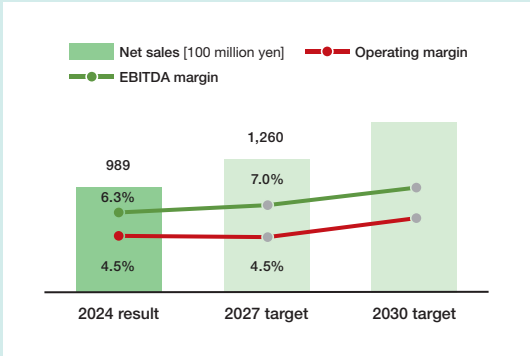
Domestic furniture business      Overseas furniture business



## BUSINESS SUPPLY DISTRIBUTION

We have a wholesaling business and office mail order (or online shopping) business in which we sell general office-ware (including stationery). To win more customers and improve profitability, we are capitalizing on the growth of e-commerce following the pandemic and expanding our lineup. Our future focus is to enhance our solutions system for largescale clients as part of a purchase platform strategy that will streamline corporate purchasing and expand the range of products to capitalize on workplace diversification. We will also expand the product range, drawing on our direct marketing function. Alongside this, we will enhance Kokuyo Group's marketing engine.

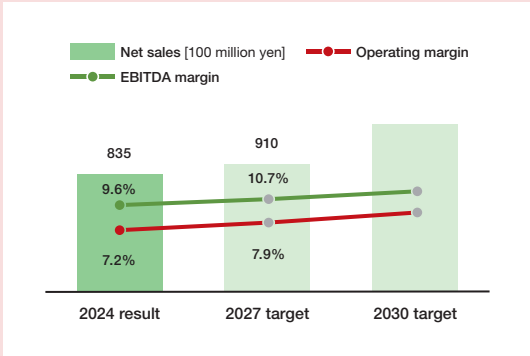
E-commerce / mail order, Kaunet



## STATIONERY

As a manufacturer of general stationery products, including notebooks and files, we sell stationery in Japan and overseas through a wide range of distribution channels. The products we developed are adapted to changing study practices (the rise of self-driven and collaborative learning). To expand our sources of earnings growth, we will identify needs in Asia and other markets for stationery with added value and then offer differentiated experience value. Channeling the experience we gained in our product development and offering originating from clients in China, we will strengthen ties with retail partners in burgeoning ASEAN markets and penetrate further into India, with a view to gaining a top share in the Asian stationery market by 2030.

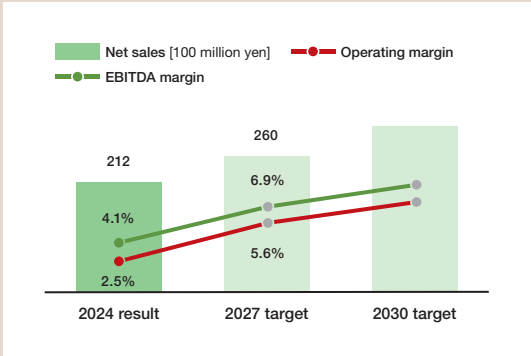
Domestic stationery business      Overseas stationery business



## INTERIOR RETAIL

Through Actus, a subsidiary in which we first invested in 2006, we operate a furniture wholesale and retail business, which includes brick-and-mortar stores and an online store (Actus Online). Actus has a popular chain of interior décor stores for the general public. The stores feature elegant Scandinavian furniture along with original brands of high-quality goods, including furniture, household goods, curtains, and kitchen units. We are developing a marketing strategy that integrates Actus Online with the offline Actus stores in order to capitalize on new home life needs. Amid the rising demand for online shopping, we will expand the reach of the business field penetrating the office sector in a coordinated manner across the corporate group and by expanding in the residence sector with high-end brands.

ACTUS



## Our Global Businesses

- Overseas base in the furniture business
- Overseas base in the stationery business
- Region targeted for future expansion in the furniture business
- Region targeted for future expansion in the stationery business

Targeted territories: 8

### FURNITURE Targeted territories: 7

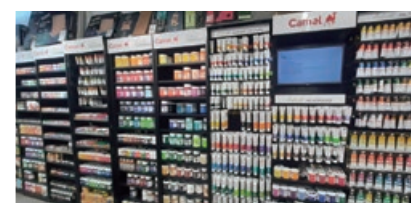
In the 1990s, we established a subsidiary in Hong Kong and started producing and selling, as well as exporting and importing, stationery and furniture. In the early 2000s, we established Kokuyo International in Hong Kong to manage office furniture operations locally. Initially, our clientele consisted of Japanese companies, but we started targeting local companies too after Kokuyo Hong Kong joined our corporate group.

### STATIONERY Targeted territories: 4

As with the furniture business, we started going global in the stationery business during the 1990s, targeting Asian markets with the Kokuyo International brand. At the same time, in order to meet the low-price needs of Japan and other Asian markets, we established local plants in Thailand and elsewhere as part of a process of building up our supply chain. To expand further, we started forging local partnerships, an example of which was making Indian stationery company Camlin a consolidated subsidiary.



Camlin brand notebooks



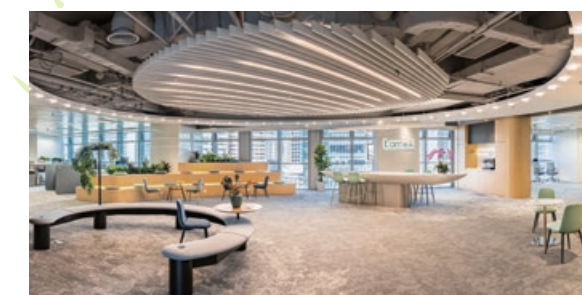
Camlin brand painting equipment displayed

#### Kokuyo Camlin's businesses in India

In 2011, we acquired a stake in stationery maker Camlin and welcomed the company into our corporate group as Kokuyo Camlin, marking the start to a process of expanding stationery sales in India. With primary- and secondary-school students making up the bulk of stationery users in India, most of the products are low-end stationery. To avoid getting dragged into a price war, Kokuyo Camlin has targeted the middle-market segment with high-value products from among both Kokuyo's stationery lineup and Camlin's lineup of products, which command large share of the painting equipment market. In a market where 90% of stationery sales occurring in small retail stores, we have used Camlin's formidable distribution network for painting equipment to market Kokuyo products and establish a brand identity. These efforts have culminated in strong sales growth. In 2024, Kokuyo Camlin achieved more than double the sales compared to 2011.

#### Marketing stationery to students in China

In our stationery business, we first entered the Chinese market in the 2000s. The stationery business has expanded in China, and students are now the main target market. Selling directly to consumers (instead of via retail stores), we have created a cycle of gaining information about local students' needs and developing products for these needs. For example, glean real insights into market needs through our pop-up stores, directly run stores, and social media accounts, and have adapted products developed in Japan according to these insights. Compared to the Japanese versions of the Campus notebooks, the Chinese versions have more space between lines and a poppier design. With these adaptations, we are seeing more repeat business among female students.



#### Marketing office furniture under the Lamex brand

Founded in 1977, Lamex is an office furniture brand of present Kokuyo Hong Kong. As well as selling office furniture, the company engages in office design services. With its superior quality and brand confidence, Lamex has expanded to all major cities in Mainland China and to more than 20 countries in Southeast Asia, the Middle East, and Africa. After becoming our subsidiary in 2022, Kokuyo Hong Kong serves as a linchpin in our efforts to expand our furniture business globally. We are expanding into more territories by combining Kokuyo Hong Kong's expertise in manufacturing office furniture and Kokuyo's expertise in spatial/interior design and product development.

