

Materiality

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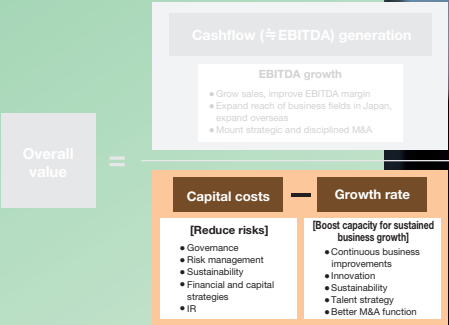
POINTS

- The Division Manager of CSV Division discusses Kokuyo’s efforts to balance social value with economic value
- Kokuyo’s efforts to balance business growth with engagement in material issues to support a sustainable society
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Initiatives for sustainable procurement

Message from the
Division Manager of

CSV

Naotaka Umeda
Managing Officer
Division Manager of Audit Committee Office
and CSV Division



A Genuine Balance of Social and Economic Value

Balancing social value with economic value

Throughout its long history, Kokuyo has maintained the same stance of addressing societal needs through its business activities. Compared to its early years, Kokuyo now has a wider range of business operations, including stationery, furniture, business supply distribution, and interior retail. These business domains might seem disconnected from each other at first glance, but they all have something in common: a constant focus on adapting to a changing social landscape and addressing the latest needs among customers and society at large. This enduring principle is what has culminated in Kokuyo's current business portfolio. In my daily interactions with employees, I get a palpable sense of how this philosophy of making a positive social impact has become part of the culture and lifeblood of Kokuyo.

Losing none of its passion for producing and delivering products and services that address societal needs,

Kokuyo now takes a longer view by envisaging an ideal future scenario and back-casting from that future to today in order to determine what needs to be done to get from here to there. The ideal future scenario is a self-directed, collaborative society. Back-casting from that scenario, we have identified material tasks to accomplish over the medium term. In our last materiality analysis, we plotted a number of issues onto a graph with one axis describing their social relevance and the other describing their economic relevance. We then picked out those issues that had the highest relevance in both indices.

By incorporating the need for sustained business growth (economic relevance) into our materiality analysis, we ensured that the material issues we defined would be more authentic and compelling. Take for example, the strategy to expand business fields through the Forest-Like Management Model. This strategy involves expanding the delivery of experience value to contribute toward a self-directed, collaborative society. This social value is balanced with economic value: building more sources of earnings for Kokuyo. As such, it is a core strategic task for

building Kokuyo's value over the medium and long term. While this materiality analysis has helped, it does not go far enough in communicating the extent to which social value is balanced with economic value in our business activities. An example is the strategy to transition to a management system that creates social value. One of the 2030 goals for this material issue is to have 100% of our net sales coming from activities that combine social and economic value. While this goal statement emphatically declares our commitment to building a self-directed, collaborative society, it falls short in presenting the business logic—it does not show how pursuing this social value will also create economic value. We have started producing a number of examples that align with this goal, but we still need to do more to create a compelling materiality narrative.

Representing impacts in a logic model

On this basis, a key priority in the 4th medium-term plan, Unite for Growth 2027, is to ensure that internal and external stakeholders have a clear idea about the future scenario we envisage and about our material issues. We have created a logic model to visually represent how Kokuyo's business operations, sustainability initiatives, and talent development strategy are causally related to the creation of social value. We now need to refine this.

Kokuyo's business, at its core, involves using co-creation with empathy and using our culture of experimentation to design new experience value. The driving force behind this process is the abstract concept of creativity. If we can give a compelling account of the causal relationship between our business activities and the abstract concept of social value and the casual relationship between our core competences and economic value, then we can instill greater confidence in our shareholders and many other stakeholders and inspire greater passion, belonging, and motivation in our employees.

To that end, we are developing visual representations of the social value and economic value Kokuyo is seeking to create as part of its long-term vision, CCC 2030. So far, we have clarified three examples: 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. These examples represent important outcomes aligned with the impact we ultimately want to produce: a self-driven collaborative society, where one socioenvironmental issue after another is solved. We will incorporate these three categories into

the logic model so that people can see at a glance what type of impact a given product or business is creating and what economic value it is producing. Having created the logic model, we are now in the phase of refining it. Eventually, we will use the logic model as a tool to monitor the economic and social value of each business unit and then incorporate the findings into business strategy in a cyclical process.

Dynamic materiality: Evaluating and adapting

As to whether our material sustainability initiatives for the goal of a self-directed, collaborative society really resonate with stakeholders, the acid test will be whether Kokuyo continues on the path of sustained business growth. We can boast about our social value as much as we like, but unless we stay relevant and essential to the public, no economic value will emerge. To ensure that our sustainability initiatives contribute to sustained business growth, we must periodically review our material issues and monitor progress using effective KPIs. We engage in dynamic materiality, meaning that we periodically update our material issues to reflect changes in the external business environment and in our business strategies.

When we specify our material issues and visually represent their impacts, we do so not just for the purpose of meeting disclosure standards and getting favorable ratings. We will keep communicating our values internally and externally and linking them with our business activities. We also keep up efforts to embed sustainability in our business operations and in the behavior of every employee.

Communicating our values and disseminating materiality

To ensure that Kokuyo's initiatives resonate with internal and external stakeholders, we have to keep communicating the values we believe in and keep rectifying behaviors and practices that do not align with these values. We aspire to build a self-directed, collaborative society, we develop plans and initiatives to build such a world, and we use material issues (materiality) to measure the progress. These three elements are always central to our organization. As Division Manager of CSV Division, I will continue to spearhead actions for disseminating our materiality and communicating our impacts among our businesses and employees.

Strategy 1

Improve Wellbeing among Employees and External Stakeholders

Basic policy

Wellbeing is the experience of feeling happy and healthy. To help improve wellbeing, we will promote work-life balance, new workstyles, and a diverse workplace (inclusive of gender, disability, and nationality) that produces innovation. To promote wellbeing in society, we will develop products with inclusive design. For this, we have two challenge goals: pitch ideas for new ways of working, and promote diversity, inclusion, and innovation.

Vision for 2030 and major initiatives

2024 result	2025 initiatives	2027 target	2030 challenge target
<ul style="list-style-type: none">Percentage of management posts held by women: 10.9%Take-up of paid leave: 71.1%Percentage of new product series that incorporate inclusive design: 26.6%	<ul style="list-style-type: none">Improve wellbeing in three aspects: employee-friendliness of workplace, quality of relationships, and job satisfactionDevelop Hows Design products and work with similar organizations to increase social impact	<ul style="list-style-type: none">Percentage of management posts held by women: 16%Take-up of paid leave: 100%Percentage of new product series that incorporate inclusive design: 35%	<ul style="list-style-type: none">Challenge goals for flexible work options (flextime, empowering women) 27 challenge goals (three per year for nine years)Percentage of new product series that incorporate inclusive design: At least 50%

Having coined the term “life-based working” to describe a situation in which the one’s workstyle, learning style, and lifestyle are balanced and embody one’s uniqueness, we have set 2030 challenge target and KPIs for our efforts to encourage more people to engage actively and spiritedly in their work and study.

As an organization committed to pitching new lifestyles and workstyles for a more abundant life, we have made wellbeing central to the Kokuyo model. We want our employees unleash their inner uniqueness and creativity in their work, yielding insights and ideas that they can then pitch to society.

To promote employee wellbeing, we are shifting to a mindset that places more value on employees’ time and promoting employee empowerment and growth. We commit to building a workplace that accommodates diverse workstyles and that empowers employees to develop their potential and build their career.

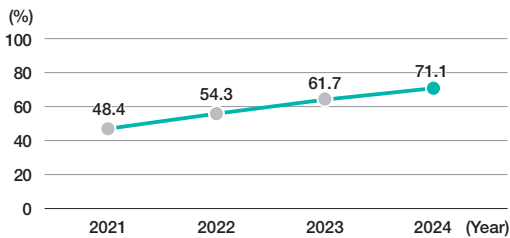
To contribute to public wellbeing, we will develop products with inclusive design. We define an inclusive-design approach as one in which, from the planning stage onward, one empathizes and co-creates with individuals who have disabilities or face social barriers in order to identify and resolve the issues.

Shift to mindset that values employees’ disposable time

To help employees gain more disposable time, we are transforming employee management with new approach to workstyles and time allocation, focusing on three themes: follow-up process, 1 on 1, and leave support. For the follow-up process theme, team leaders keep track of members’ work with timely follow- ups and then modify work schedules and reallocate resources as necessary. This process helps standardize workflows and improve efficiency at each organizational unit. Alongside this, we have set days for which we encourage employees to take paid leave and encourage employees and their supervisors to hold dialogues about strategic take up of leave. Such dialogue will only be effective if there is an open organizational culture, enabling transparency in relationships. We have examined the kind of 1-on-1 sessions that best suit our organization (the frequency of the sessions, the settings in which they are held, and the tools used), resulting in the Kokuyo 1-on-1 model, which we have rolled out across our organization. We also hold communication events across divisional boundaries.

We are also actively committed to reforming workstyles in the logistics industry. Kokuyo Supply Logistics and Kokuyo Logitem have introduced flextime for distribution center staff and all other employees. With flextime, employees exercise autonomy in deciding which hours they work according to busy and slow periods. This contributes to wellbeing by freeing up disposal time and by reducing physical and mental strain.

Take-up of paid leave: Five main group companies in Japan



* The five main group companies are: KOKUYO CO., LTD. Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Helping employees build diverse and fulfilling careers

Among our metrics for measuring empowerment of diverse employees in the workplace is a material goal: 16% of management posts to be occupied by women in 2027.

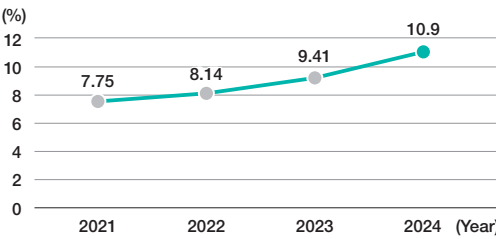
We also provide support measures to help employees balance work with family care commitments. Such support helps prevent the career bottleneck that employees can experience when they take time away from work to look after children or care for an elderly relative. We extended the coverage of leave to care for a sick or injured child so that employees can now use it until their child is in the sixth grade of elementary school. We also relaxed the requirements for family care leave. Additionally, we offer the new workstyle option of bringing their children to the workplace.

For junior employees, we have Kokuyo Career Dock. Kokuyo Career Dock includes two programs run simultaneously. One is a self-development program for the junior employees. The other is a program for training subordinates attended by the employees’ supervisors. Kokuyo Career Dock is designed to foster a common

understanding between supervisors and subordinates about career growth and challenge-taking. The training programs are also attended by senior managers to encourage the junior employees to commit to professional development and their supervisors to support their development.

We will continue to help employees develop their potential and forge fulfilling careers.

% of management posts (in five main Japanese companies) held by women



* The five main group companies are: KOKUYO CO., LTD. Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Promoting Kokuyo inclusive design

Kokuyo develops products with inclusive design. In the development of such products, individuals who have disabilities or who face social barriers engage from the planning stage onward. We have named Kokuyo’s distinctive process of inclusive design Hows Design and committed to it in earnest. Our target for 2024 was for 20% of all new product series from Kokuyo Group to have undergone the Hows Design process. We exceeded this target at 26.6%. We will step up efforts to reach our 2030 challenge target which is for at least 50% of newly marketed products to have undergone the Hows Design process.

HOWS DESIGN
<https://www.kokuyo.co.jp/sustainability/howdesign/>



Hows Design process

① Identify a social barrier

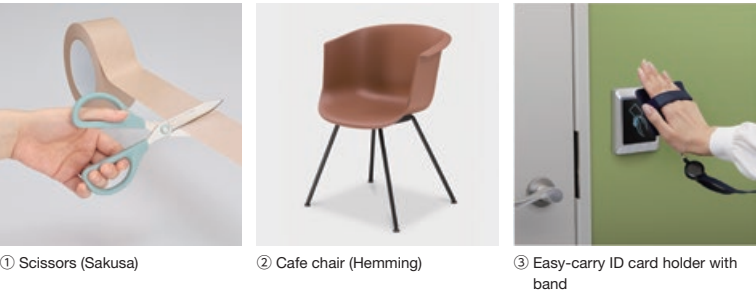
② Explore ideas for solving the problem

③ Test product samples

④ Test specific products or services

This mark appears on products and services that were created through Hows Design

Key Hows Design releases from 2024



- ① We revamped the Sakusa scissor series, praised for its light body and blades and its effective cutting action. The scissors are accessible to many and are pleasant to cut with, regardless of the user’s dexterity or whether they are left- or right-handed.

* The structure is the same as scissors for right-handed people.

② As well as being comfortable to sit in, this cafe chair is designed to be pleasant to pull out and stand up from, especially for people with limb impairments.

③ People with upper limb impairments can experience trouble gripping their ID card holder when using their ID card to enter or exit the office. To address this problem, the ID card holder has a band to make it easier to reach inside the holder, grab the card, and pull it out.

Strategy 2

Expand Business Fields through the Forest-Like Management Model

Basic policy

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. As more partners and customers engage with us, the circle of empathy will expand, sparking more innovation and solving more social issues.

Vision for 2030 and major initiatives

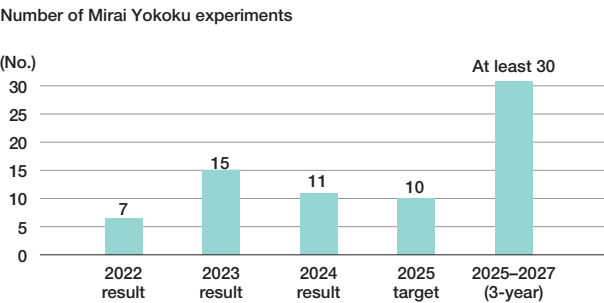
2024 result	2025 initiatives	2027 target	2030 challenge target
<ul style="list-style-type: none">11 visionary idea (Mirai Yokoku) experiments (total over the term of the 3rd medium-term plan: 33)90.2% participation in sustainability initiatives	<ul style="list-style-type: none">At least 10 visionary idea (Mirai Yokoku) experiments100% of employees creating positive social impacts through their job.	<ul style="list-style-type: none">Number of visionary idea (Mirai Yokoku) experiments: 30 (total over the term of the 4th medium-term plan)Percentage of employees addressing socioeconomic issues through their job: 100%	<ul style="list-style-type: none">Percentage of sales with balanced social value and economic value: 100%Percentage of employees addressing social issues:100%

By 2030, we aim to have all of our new and existing businesses contributing to the solution of socio-environmental issues. To that end, the 4th medium term plan commits us to raising the number of visionary idea (Mirai Yokoku) experiments we produce in an effort to create businesses with positive socioenvironmental impacts. In line with this goal, we will commit resources in a sustained manner toward new experiments and entrepreneurship that will resonate with an increasing number of stakeholders and lead the way in tackling socio-environmental issues. We will disseminate a logic model to give a clearer idea of how employees create, in their jobs, social value as well as economic value.

Over the three years of the 4th medium-term plan, we will take actions to achieve the following two goals: to produce 30 Mirai Yokoku experiments and to have 100% of employees creating positive social impacts through their job.

In 2024, we took a step into new territory by pre-releasing Pandoor, a support service for people working multiple jobs. Pandoor matches employees who want

opportunities to work outside their usual job with companies that need help with challenging tasks such as developing a new business and formulating and implementing business and function strategies. We will keep rolling out new initiatives. In 2025, for instance, we plan to launch a digital service to support junior-high and high school students and a service to support organizational growth in workplaces.



* Entities assessed: Domestic consolidated group companies, KOKUYO K Heart Co., Ltd., Heartland Co., Ltd.

Mirai Yokoku Experiment: A Project to Make Buildings Profitable Again (Increasing the Value of Vacant Buildings)

We have defined our role as that of a work and lifestyle company. This means that we now transcend our traditional categories of furniture and stationery and expand the reach of our business fields. The strategy for the furniture business as set out in the 4th medium-term plan, Unite for Growth 2027, is to leverage our strengths to expand the business fields and generate synergies with existing businesses. Part of this strategy involves increasing the value of spaces by applying our expertise

in delivering value in furniture, fixtures, equipment, and interior design for offices. Increasing the value of spaces means interior renovation work that incorporates the functions people demand and ensures that the space is commercially viable. An example of increasing the value of spaces is Creative Lounge Mov, a members-only co-working lounge that opened in Shibuya Hikarie in 2012. Another example is THE CAMPUS FLATS TOGOSHI. Opened in 2023 in Togoshi, THE CAMPUS FLATS



Creative Lounge MOV

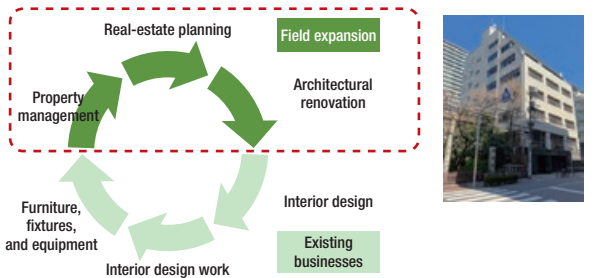
TOGOSHI is an apartment building that once served as a company dorm. We renovated the building, converting it into a co-living space.

Building on our track record of spatial design in our existing businesses, we established the Asset-Value-Up Office to meet emerging demand related to spatial assets. For example, we anticipate a growing demand for addressing the problem of vacant office space in small-

and medium-sized office buildings. We also expect that the rising cost of constructing office buildings will drive demand for increasing the value of office space in existing office buildings. In March 2025, we took the first step in this new business by acquiring a vacant office building in the Kuramae district of Taito-ku, Tokyo.

We will build our track record in increasing the value of spaces by engaging in real-estate planning for investment, engaging in architectural renovation, and creating a model for managing the property once it enters service. In this way, we will expand the reach of our field into real-estate renovation.

Project concept, photo of office building acquired in Kuramae



Member's VOICE

Message from a project member

Okubo
Project leader

Workplaces are growing increasingly diverse amid changes in workstyles and an increasing percentage of office space lies vacant among old small- and medium-sized office buildings. To address these challenges, we launched a project that takes our longstanding experience in office layouts and applies it in renovation and real-estate planning to deliver new value. Through this project, we give spaces a new lease of life so that they deliver three types of value. The first is the experience value gained by the users of the renovated property (the workers or inhabitants). The second is social value—the renovated property increases the vibrancy of the vicinity. The third is the economic value of the property itself.

Contributing Toward a Circular Economy: Promoting Use of Sustainable Office Furniture through Loopla

With growing public interest in the environment and with companies increasingly expected to engage in sustainability, we follow a set of guidelines titled Sutenai Circle, which guides us in recycling resources and contributing to a circular economy. One of our circular-business initiatives is Kaunet’s Loopla service. This service collects used plastic folders from offices and other workplaces and recycles them into new products, without burdening the users. Through Loopla, Kokuyo recycles the used folders into office chairs. In another example of our range of circular-business initiatives, paper offcuts generated during the production of notebooks and other products are reused as material for a line of office chairs called Kamikara. Kamikara fabric is made from 20% paper

and provides the durability and other physical properties that office furniture requires.



Picora Livina (office chair)

Strategy 3-1 / Respond to the climate crisis

Basic policy

Over 90% of our CO₂ emissions are from our value chain (Scope 3), meaning that we can’t contribute to carbon neutrality just by reducing emissions from our own businesses. We rely on numerous production and distribution partners. To contribute to carbon neutrality, we work with these supply chain partners on initiatives such as switching to more sustainable raw materials and delivery methods.

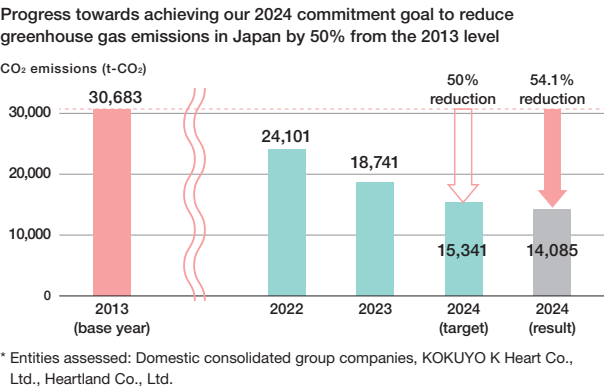
Vision for 2030 and major initiatives

2024 result	2025 initiatives	2027 target	2030 challenge target
CO ₂ emissions reduction: 54.1% reduction versus 2013 level * In Japan	<ul style="list-style-type: none">● Extend transition to non-fossil fuel power sources to overseas operations● Initiate dialog with suppliers towards cutting supply chain emissions	CO ₂ emissions reduction: <ul style="list-style-type: none">● Reduce total Scope 1 and Scope 2 greenhouse gas emissions by 35% between 2022 and 2027● Formulate an action plan for achieving 2030 Scope 3 target (25% reduction in greenhouse gas emissions from “purchased goods and services” versus 2022 level)● Have suppliers, responsible for 125,000 t-CO₂ of our Scope 3 emissions, set Science-Based Targets initiative (SBTi) goals	CO ₂ emissions reduction: <ul style="list-style-type: none">● Reduce total Scope 1 and Scope 2 greenhouse gas emissions by 42% between 2022 and 2030● Reduce greenhouse gas emissions from the Scope 3 category “purchased goods and services” by 25% between 2022 and 2030● Have suppliers, responsible for 12.5% of our emissions from “purchased goods and services,” set Science-Based Targets initiative (SBTi) goals by 2028 CO ₂ emissions reduction: Contribute to sequestering of at least 6,000 t-CO ₂ a year

We aim to become carbon neutral by 2050. Because the majority of the Kokuyo group’s business activity is in Japan, we first set targets for the reduction of greenhouse gas emissions at Scopes 1 and 2 (emissions directly attributable to our own business operations) in our domestic business.

With much of our Scope 1 and 2 emissions attributable to electricity, we are pressing ahead with achieving effective renewable energy using non-fossil certificates. We shifted the following sites to effective renewable energy between 2022 and 2024: the Mie Plant (which manufactures office furniture), Kokuyo Product Shiga (which processes paper products), the Shibayama Plant (which manufactures room partitions), Kokuyo MVP’s Tottori Plant (which manufactures file binders) and The Campus (our core live office in Shinagawa, Tokyo). These initiatives have reduced our emissions by 54.1% compared with the 2013 level, more than achieving our

2024 target for a 50% reduction. We will now extend our emissions reduction initiatives to the Scope 1 and 2 emissions produced by all our consolidated subsidiaries, including those overseas, and to Scope 3 supply chain emissions.



Endorsement of TCFD, TCFD-compliant disclosure

Governance

In 2022, the Kokuyo Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We regard climate change as a major strategic concern and have established an organizational framework for managing climate-related risks. Under the supervision of the Board of Directors, the Sustainability Committee identifies climate-related risks so that the management can incorporate the information into strategic planning and take the decisions and actions necessary to mitigate the risks. To supervise this process effectively, the Board of Directors hears reports from the committee twice a year and then deliberates on climate-related risks and other sustainability issues. The board also makes decisions on

strategically significant risks. The Sustainability Committee’s membership consists entirely of managing officers and it is chaired by the Division Manager of CSV Division. The Committee monitors social and environmental trends to identify strategic concerns related to sustainability. It then formulates action plans and allocates budgetary resources for addressing these concerns. The Environment Subcommittee (a subcommittee of the Sustainability Committee) collaborates with the managers responsible for each business division to identify climate-related risks, incorporate the findings into strategic planning, and spearhead organization-wide efforts to mitigate the risks.



Strategies

We use scenario analysis to identify climate-related risks and opportunities and their financial implications so that the necessary measures can be taken. Since 2030 is the endpoint for our long-term vision, our scenario analysis projects climate-related shifts in society and among

stakeholders between now and that endpoint. Through FY2022 we conducted scenario analysis for the following businesses: furniture, business supply distribution, stationery, and interior retail.

Scenario	Description	Main reference scenarios
Within 1.5 °C	Sustainable Development / Net-zero Scenarios: Committing to a net-zero transition by 2050, the world acts to keep global warming below 1.5 °C relative to preindustrial times. Government regulation is tougher compared to that in the 4 °C scenario, and people take a greater interest than they do at present in climate change and other environmental issues.	<ul style="list-style-type: none">● IEO World Energy Outlook 2021. Sustainable Development Scenario/ Net Zero Emissions by 2050 Scenario● IPCC SSP1-1.9
4 °C scenario	Stated Policies Scenario: Government regulation is weak compared to the 1.5 °C scenario. There are no further measures or further policy intentions beyond what governments have already implemented or stated. GHG emissions may increase for a time, and people’s interest in climate change and the environment remains as it is now.	<ul style="list-style-type: none">● IEO World Energy Outlook 2021. Stated policies Scenario● IPCC SSP5-8.

Risk management

Climate-related risks are managed by the Environment Subcommittee (a subcommittee of the Sustainability Committee). Guided by the findings of regular internal and third-party research, this subcommittee identifies and evaluates the risks with the participation of managers responsible for each business division. Once the risks are identified and evaluated, they are communicated to the business divisions concerned. The strategic implications of the risks are incorporated into strategic planning by the Environment Subcommittee, while business-specific

implications are addressed by the relevant business divisions. Under the existing system for groupwide risk management, the Risk Management Committee steers efforts across the corporate group to manage groupwide risks. To integrate climate-related risk management into this existing system for groupwide risk management, the Risk Management Committee will now coordinate with the Environment Subcommittee.

Metrics and Targets

Science-Based Targets initiative (SBTi) certification for our greenhouse gas emissions reduction targets

We have obtained short-term Science-Based Targets initiative (SBTi) certification for the targets listed below as stepping stones for achieving carbon neutrality by 2050.

- Reduce total Scope 1 and Scope 2 greenhouse gas emissions by 42% between 2022 and 2030
- Reduce greenhouse gas emissions from the Scope 3 category “purchased goods and services” by 25% between 2022 and 2030
- Have suppliers, responsible for 12.5% of our emissions from “purchased goods and services,” set Science-Based Targets initiative (SBTi) goals by 2028

Setting 2027 commitment goals

We have set the following 2027 commitment goals for “respond to the climate crisis” (one of our materialities) as interim targets towards achieving our 2030 Science-Based Targets initiative goals.

- Reduce total Scope 1 and Scope 2 greenhouse gas emissions by 35% between 2022 and 2027
- Formulate an action plan for achieving 2030 Scope 3 target (25% reduction in greenhouse gas emissions from “purchased goods and services” versus 2022 level)
- Have suppliers, responsible for 125,000 t-CO₂ of our Scope 3 emissions, set Science-Based Targets initiative (SBTi) goals

<https://www.kokuyo.co.jp/sustainability/environment/climate/tcfdf/>

Strategy 3-2 / Contribute toward a circular economy

Basic policy

We want to use the planet’s limited resources efficiently in delivering value to customers. Accordingly, we have 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. We will engage partners and customers in our efforts to help build a circular economy, one that recycles and reuses rather than wastes.

Vision for 2030 and major initiatives

2024 result	2025 initiatives	2027 target	2030 challenge target
Percentage of new products incorporating circular economy policy: 100%	<ul style="list-style-type: none">● Application of circular economy policy to existing products, preparing for extension to overseas products● Increasing participants in our circular economy initiatives● Clarifying issues relating to construction site waste and launching trial remediation measures	<ul style="list-style-type: none">● Percentage of total sales that are from products that incorporate circular economy policy: 40%● Recycling rate for general business waste (including dead stock): 97%● Recycling rate for plastic waste: 100%● Reduction in mixed construction waste from 2023 level: 75%	<ul style="list-style-type: none">● 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 waste (from offices, worksites, and warehouses) recycled: 100%

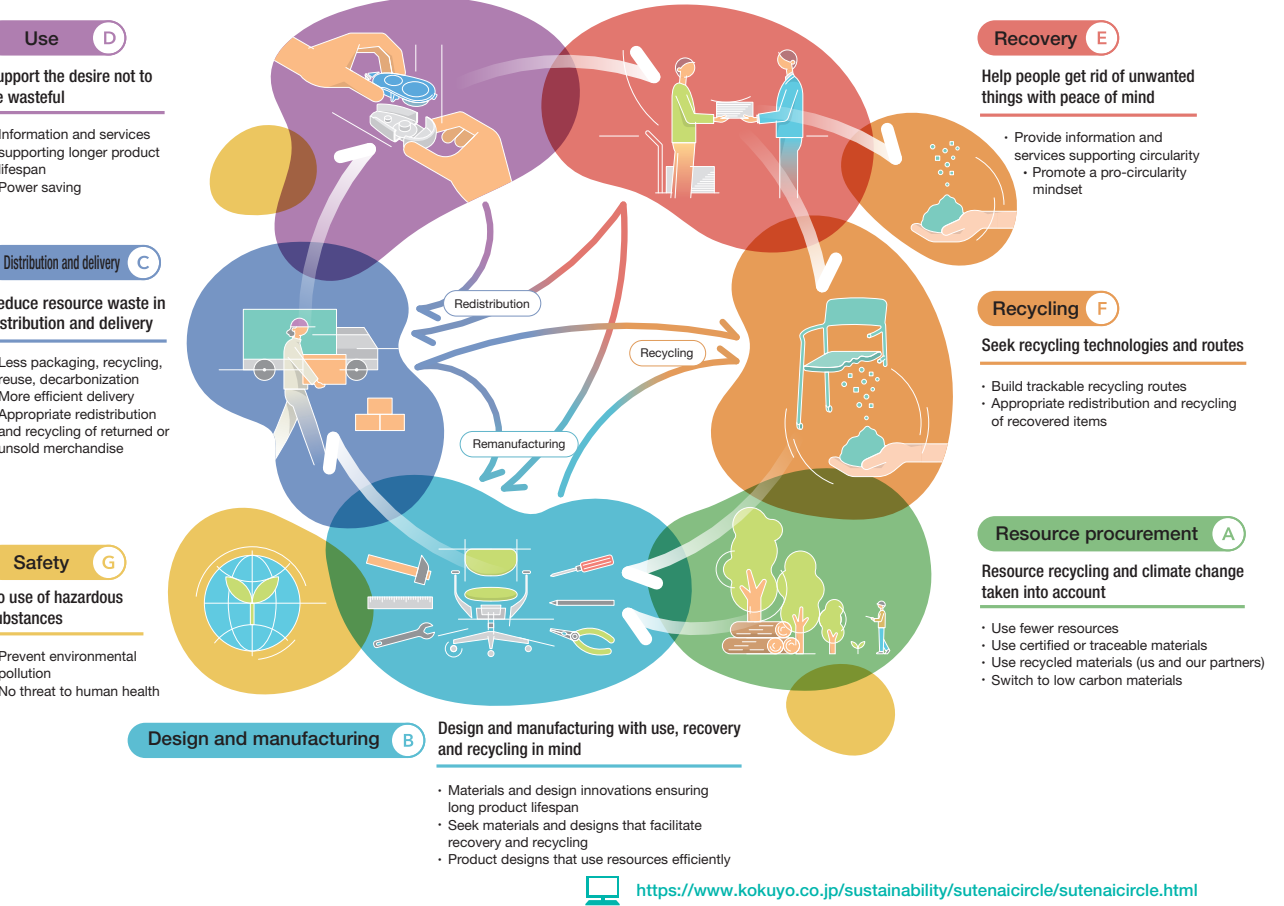
In 2025, we will press ahead with activities aimed at achieving the targets we have newly set for 2027.

We will extend the scope of the circular economy policy Sutenai Circle we initiated in 2023 to include the manufacturing of existing products and products sold overseas, as well as new products.

We aim to increase the number of people participating in circularity by promoting initiatives such as Tsunage

Loopa, which makes new products out of old notebooks collected and returned to us by elementary schoolchildren throughout Japan, and Loopa/Loopla, which recycles office waste. We will also start to clarify and address the issues around construction site waste, with the aim of reducing mixed construction waste by 75% versus the FY2023 level by 2027. Our Sutenai Circle guidelines for realizing a circular economy.

Making recycling a reality: Kokuyo’s Sutenai Circle



Circular economy policy (Sutenai Circle): Outcomes

Shifting to a circular model in both tangible and intangible aspects

We followed our circular economy policy in 100% of the applicable products we developed in FY2024. We are exploring communication strategies that will raise the recycling rate (such as publicizing product information) and developing and expanding collect and reuse services. We are also working to reduce inventory waste and implementing other initiatives to lessen resource wastage within our organization.

Upholstery fabric Kamikara woven mainly from notebook scrap materials

We are implementing a drive to optimize the circular flow of resources between group businesses.

Our Kokuyo no Kamikara initiative promotes the utilization of unavoidable wastage in the manufacturing of notebooks and other paper goods in the creation of new products.

Products newly launched in 2025 include seating upholstered with Kamikara fabric, whose fibers are 20% paper and which provides the durability and other physical properties office furniture requires. The fabric has a luxurious feel, mimicking the texture of Japanese washi paper, and the use of natural material paper fiber makes it very breathable and hygienic (antibacterial). This product reduces both waste and the quantities of other raw materials needed for fabric manufacture.



https://www.kokuyo-furniture.co.jp/products/office/fabre/?_ga=2.16663414.1184579817.1745196114-872784978.1742256515

Widening the circularity circle through a hands-on environmental learning program

Notebooks are one of the first consumable products a child is likely to own. Our hands-on environmental learning program Tsunage Loopa encourages young children not to throw away used notebooks, enabling them and their elementary schools to recycle them as a resource through us. This provides an opportunity for children to learn by doing, simultaneously supporting their development and bringing the zero-waste society a step closer.

We have received applications from many, many elementary schools since we launched the program in October 2023, and participation has grown to include 193 schools and around 53,000 children (both cumulative figures). As of March 2025, the program has recovered around 4.7 tons of paper (around 34,000 notebooks).

We transform the recovered notebooks into the covers of new notebooks for return to the children. This gives children actual experience of circularity, making it into a more accessible and familiar idea, and will help us to widen the circle of circularity.



<https://www.kaunet.com/kaunet/sustainability/tsunage-loopa>

Strategy 3-3 / Promote sustainable procurement

Basic policy

Rapid economic globalization is driving the growth of multinational corporations while companies are expanding their supply chains in developing economies in the pursuit of lower costs. This is increasingly leading to human rights violations, such as forced and child labor, widening the gap between rich and poor and intensifying environmental issues. The Kokuyo group, together with our suppliers, continue to take our social responsibilities seriously and to work for the healthy development of society.

Vision for 2030 and major initiatives

Accomplishments in 2024	Actions to take in 2025	2027 target	2030 challenge target
● 501 of the 566 suppliers we surveyed provided feedback	● Provide feedback (evaluations, issues to address) to 100% of our (approximately) 400 key suppliers	● At least 75% of products sourced from suppliers ranked B or above	● 100% of products sourced from suppliers ranked B or above

Since 2022, we have surveyed our suppliers to monitor their commitment to sustainability. In the 2024 survey, we sent a questionnaire to 566 suppliers. Of these, 501 (88.5%) responded. We feed back the survey results to every respondent. In 2025, we will try to get a response from every supplier. To fulfill our responsibility as an organization that uses copious amounts of forestry resources (paper and timber), we have introduced our Kokuyo Group Paper and Timber Procurement Standards.

	No. of companies surveyed	No. of respondents
Agreement to adhere to Kokuyo's Sustainable Procurement Policy and Sustainable Procurement Guidelines	1,104	1,040 (94.2%)
Questionnaire about sustainable procurement initiatives	566	501 (88.5%)

Kokuyo Group Paper and Timber Procurement Standards

In April 2024, we established the Kokuyo Group Paper and Timber Procurement Standards. We satisfy these standards in our procurement of paper and timber. We will go further in ensuring that our procurement activities are sustainable—that respect for people’s safety and human rights is upheld across our supply chain.

Kokuyo Group Paper and Timber Procurement Standards

Kokuyo’s businesses are heavily dependent upon goods made from natural resources, in particular paper and timber. Paper and timber are renewable resources. Kokuyo’s businesses are therefore sustainable if they use paper and timber that has been managed responsibly. They will be unsustainable, however, if the natural resources that supply the paper and timber are managed irresponsibly. With this firmly in mind, we commit to sustainable procurement, whereby we safeguard or strengthen ecosystems and biodiversity underlying our businesses and respect the safety and human rights of all people across our supply chain.

1. As a rule, we prioritize use of paper and timber that is certified in an internationally reputed certification system.*
2. If we are unable to use such paper and timber, we will use paper and timber that is confirmed to have satisfied the following legal criteria:
(1) The product can be traced back to the furthest upstream production site.
(2) Documentation is available certifying that the product complies with legal requirements in the territory of production.
(3) The product is not made from a species threatened with extinction.
(4) The product does not harm the ecosystem.
(5) The product does not harm the local environment or local community.
3. We will only use recycled paper or timber that has been recycled legally following market circulation.
4. We will routinely monitor the percentage of raw materials that satisfy the above criteria. Our goal for 2030 is to get this percentage to 100%.
5. If the paper or timber in question has been certified but there is doubt about its sustainability, we may suspend procurement of the product until we have confirmed that it meets these standards.
6. These standards apply to paper and timber, but we will follow these standards in our procurement of other raw materials too. We intend to set out separate sets of standards for other raw material categories.

* Currently, these certifications systems include the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC). (FSC®C004748)

Strategy 3-4 / Contribute toward a society that coexists with nature

Basic policy

Conservation of forests is a major imperative for us since we use a good deal of forest resources (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. From this year, 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.

Vision for 2030 and major initiatives

Accomplishments in 2024	Actions to take in 2025	2027 targets	2030 challenge target
● Disclosed paper manufacturing activities according to TNFD recommendations	● Incorporate TNFD recommendations in other businesses ● Disseminate Kokuyo Group Standards for Paper and Timber Procurement	● Percentage of total sales that are from products that to have cleared the standards for paper and timber procurement: 75% ● Visually representing environmental impacts: Complete visualization process in all major businesses	● Carbon footprint of business activities visualized and carbon neutrality achieved
● Forest conservation: 110.96 hectares of forest thinned ● Reedbed conservation: 1.15 hectares of reeds trimmed	● Develop activities to create positive environmental impacts	● Number of environmental conservation projects: 3	● Forest conservation: Forests thinned at 150 hectares a year ● Reedbed conservation: Reeds trimmed at 1.5 hectares a year

Our goal for 2030 is to reduce environmental impacts and to foster in the market respect for biodiversity and a willingness to safeguard the environment. By balancing business activities with natural capital, we will help build a world in which people live in harmony with nature.

To that end, we are using infographics to graphically represent which of Kokuyo Group’s business activities are which environmental impacts and where. We will disseminate the Kokuyo Group Policy on Timber Procurement and Kokuyo Group Standards for Procuring Paper and Timber among our supply chain stakeholders as part of an effort to engage such stakeholders in managing identified risks. As part of our ongoing commitment to forest conservation, we will continue

to make effective use of timber from forest thinning operations in the Taisho district of Shimanto, Kochi Prefecture. As part of our commitment conserving and maintaining water quality and ecosystems, we will continue to support the conservation and responsible use of reeds in Lake Biwa.

In 2025, we expanded the coverage of TNFD-compliant disclosure activities to products other than paper and expanded the scope of business activities for which we graphically represent environmental impacts. In areas where Kokuyo Group’s social value overlaps with its economic value, we will explore ideas for new environmental conservation projects with a view to neutralizing our environmental impacts.

Disclosures aligned with the TNFD recommendations

Governance

The Kokuyo group regards contributing toward a society that coexists with nature as a key element of sustainability. As with other important aspects of sustainability, we take a holistic approach to managing issues relating to biodiversity and the natural environment within our Integrate Sustainability framework (▶see the section on governance on p.65).

Regarding biodiversity, our Environment Subcommittee (a subcommittee of our Sustainability Committee) collaborates with the managers responsible for each business division to identify risks, incorporate the findings into strategic planning, and spearhead organization-wide efforts to mitigate the risks.

Strategy

The LEAP approach designed by the Taskforce on Nature-related Financial Disclosures (TNFD) enables us to identify our dependencies and impacts on nature and our nature-related risks and opportunities, and informs our deliberations on measures to reduce our environmental footprint and to address these risks and opportunities. In implementing the LEAP approach, we determine the business sites and regions and the commodities (natural resources at the furthest upstream reaches of our supply chain) for analysis with reference to the TNFD general

requirements for disclosure. We increase the breadth and depth of this analysis as necessary.

In fiscal 2024, we subjected our Stationery Businesses (manufacture, procurement and sale of notebooks and other office supplies) to LEAP analysis, focusing on the main group production bases for these businesses and the supply chain for key raw material paper. The process involved researching and analyzing the environmental impacts of the chain of business processes and the anticipated risks and opportunities.



1. Identifying dependencies and impacts

We used the external Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool in evaluating the dependencies and impacts on nature throughout the Kokuyo group value chain. We evaluated the dependencies and impacts for each business activity with reference to the typical business sector values provided by ENCORE. We then compiled these evaluations in a heatmap, which helps us see where we should be particularly concerned about our dependencies and impacts.

Dependencies and impacts heatmap

Supply chain tier	Main activity	Impact on nature											Dependency on nature			
		Inputs				Outputs							Provisioning services			
		Area of land use	Area of freshwater use	Volume of water use	Other biotic resource extraction (e.g. fish, timber)	Emissions of GHGs	Emissions of non-GHG pollutants	Emissions of toxic pollutants to water and soil	Emissions of nutrient pollutants to water and soil	Solid waste	Disturbances (noise, light, etc.)	Introduction of invasive species	Biotic resource provisioning	Genetic material	Water supply	Animal-based energy
Resource procurement	Deforestation, afforestation, other forestry activity	VH	M	M	VH	M	VH	H	H	L	H	H	VH	VH	H	M
Tier1	Paper manufacture	L	—	M	—	M	H	M	—	H	M	—	—	—	M	—
Our business facilities	Paper product manufacture (printing)	L	—	M	—	M	—	M	—	H	M	—	—	—	L	—
	Stationery manufacture	L	—	M	—	M	H	H	—	L	M	—	—	—	M	—
	Warehousing	L	—	L	—	M	—	—	—	L	—	—	—	—	VL	—

Key	
VH	... Very High
H	... High
M	... Medium
L	... Low
VL	... Very Low
—	... No dependency or impact

2. Understanding our relation to sensitive locations

We investigated how we relate to the IUCN (International Union for Conservation of Nature) protected area categories and KBAs (Key Biodiversity Areas) and our levels of flood risk and water stress and of natural environment alteration with reference to a third-party map analysis tool and following the TNFD criteria for sensitive locations.

Some of our business facilities in Japan neighbor wildlife sanctuaries or nature parks. However, the emission of hazardous substances from these facilities is either limited or non-existent, or they are taking steps to minimize their impact by implementing wildlife protection measures. However, our investigation indicates that flood risk and water stress levels are high for our Shanghai Plant and Kokuyo-IK (Thailand).

We assume that upstream processes for paper products for our major suppliers are heavily reliant on water resources. We only transact directly with major suppliers in Japan and Indonesia. Our investigation has revealed that levels of water risk—water stress and flood risk—are high for our Indonesian suppliers.

We are working to establish traceability in our timber procurement. A statistical survey based on interviews with our group suppliers indicates that their procurement is concentrated in Southeast Asia and that they also source a fair proportion of resources from Australia, Chile and South Africa.

Business facilities in sensitive locations

Company	Facility name	Importance to biodiversity			Water risk*	
		Designated protected area	IUCN protected area category	Proximity	Water stress	Flood risk
KOKUYO Product Shiga Co., Ltd.	Headquarters Factory	Koto Prefectural Natural Park	V	Within 1km radius	Low-Medium	Low-Medium
KOKUYO MVP Co., Ltd.	Tottori Factory	Lake Koyamaike wildlife sanctuary	IV	Within 1km radius	Low-Medium	Low-Medium
	Aoya Factory	Nishi-Inba Prefectural Natural Park, common fishery right area (Tottori)	V,VI	Within 1km radius	Low-Medium	Low-Medium
KOKUYO Supply Logistics Co., Ltd.	Shutoken IDC (Tokyo Metropolitan Area Internet Data Center)	Tokyo Bay wildlife sanctuary	IV	Inside designated area	Low-Medium	Low-Medium
	Shiga NDC (National Data Center)	Koto Prefectural Natural Park	V	Within 1km radius	Low-Medium	Low-Medium
KOKUYO-IK (THAILAND) Co., Ltd.	Thailand Factory	—	—	—	High	Extremely High
KOKUYO Commerce (Shanghai) Co., Ltd.	Shanghai Factory	—	—	—	Extremely High	High

* Water risk assessment utilizing World Resources Institute Aqueduct Water Risk Atlas framework indicators.

3. Risks and opportunities

Our assessment of the nature-related risks and opportunities in the Kokuyo group value chain is based on the main dependencies and impacts we have identified and the outcomes of our research into forest conditions in nearby sensitive locations and resource procurement locations. We thereby identify and evaluate both the risks to our group value chain and the impacts our group business and actions have on the environment and society (double materiality).

In accordance with this approach, the scenario analysis we conducted in fiscal 2024 first clarified what form the risks and opportunities for the business facilities and regions we see as particularly important to our operations are likely to take. This is based on an assessment of our dependencies and impacts and a survey of sensitive locations. It then examined the potential financial impacts for the Kokuyo group and how likely they are to materialize.

The table below summarizes the risks and opportunities we think are key issues for the Kokuyo group’s Stationery Businesses as a result of this analysis.

Risk and opportunity evaluation outcomes

Category	Topic	Impacts	Risks	Opportunities	Relevant business facilities/regions	Severity	Major mitigation measures
Transition risks	Market	• Contribution to local water quality improvement and water stress reduction through appropriate water intake and discharge management	• Cost of water intake and discharge management and complying with emissions regulations for water contaminants	—	Our business facilities	Low	▶ Stay up to date with regulatory information ▶ Upgrade facilities to improve efficiency of resource consumption
	Environmental regulation	—	• Further resource allocation for measuring and reducing the environmental footprint of our products	• Capture of new earnings opportunities by swiftly developing environmentally friendly products that comply with local definitions and regulations	Suppliers to our business facilities	High	▶ Product lifecycle assessment ▶ Appropriate information disclosure and engagement
	Response to environmentally responsible demand	• Destruction of unique ecosystems through inappropriate commercial plantation development in response to excessive demand or price competition • Contribution to sustainable forest management through support for forest certification systems (FCS)	• Increase in procurement costs due to rising demand for FCS timber	• Higher capacity to meet environmentally responsible demand and growth in earnings through strengthening our FCS timber procurement supply chain	Regions where our suppliers procure their resources	High	▶ Establish and improve traceability ▶ Strengthen supplier engagement
	Our good standing	—	• Damage to our reputation with business partners and other stakeholders and consequent reduction in earnings opportunities due to a lack of concern for social and environmental issues in the areas where we procure resources	—	Resource procurement areas	Medium	▶ Establish and improve traceability ▶ Strengthen sustainability due diligence process
	Local environment conservation	• Restoration of local biodiversity through environmental conservation activity in our business facility environs	• Damage to our local reputation and consequent increase in engagement costs due to inappropriate plant water intake and discharge and waste product management	—	Our business facilities	Medium	▶ Maintain and enhance environmental data management ▶ Strengthen engagement with local authorities and downstream partners
	Disasters affecting our plants	—	• Increase in losses due to more severe or more frequent direct damage from natural disasters, loss of earnings opportunities due to operational shutdowns	—	Our business facilities	Medium	▶ Increase diversity of BCP measures ▶ Improve disaster prevention infrastructure
Physical risk	Supply chain damage	• Increased risk of flooding, wildfires, landslides, etc. through encouragement of inappropriate land development due to traceability failures	• Supply disruption due to disasters affecting our supply chains, increase in costs due to rise in timber resource prices	—	Regions where our suppliers procure their resources	High	▶ Supply chain diversification ▶ Climate change countermeasures (GHG emissions reduction)
	Reduction in resource production capacity	• Change in climate patterns or ecosystem degradation due to excessive resource extraction	• Depletion of water or timber resources due to changes in spontaneous wildfire combustion, climate patterns or drainage basins and consequent costs increase due to higher resource prices	—	Resource procurement areas	High	▶ Establish and improve traceability ▶ Strengthen supply chain engagement ▶ Active use of FCS timber

* Severity rating considers a range of factors, including region-specific risk metrics and estimated likelihood of the risk occurring, using external tools. See our corporate website for more information about the metrics used for severity rating.

Risks and impacts management

Our Environment Subcommittee (a subcommittee of the Sustainability Committee) identifies and evaluates our dependencies and impacts on nature and our nature-related risks and opportunities with the participation of managers responsible for each business division. This is guided by the findings of regular internal and third-party research.

This regular research identifies and evaluates matters based on the findings of LEAP-based research and analysis in response to issues and requests raised by

our governance and due diligence processes. Once the risks are identified and evaluated, they are communicated to the business divisions concerned. The strategic implications of the risks are incorporated into strategic planning by the Environment Subcommittee, while business-specific implications are addressed by the relevant business divisions. Under the existing system for groupwide risk management, the Risk Management Committee has steered efforts across the corporate group to manage groupwide risks.

Metrics and Targets

KPIs for Material Issue 3-4: Contribute toward a society that coexists with nature (▶see section on materiality on p21).

<https://www.kokuyo.co.jp/sustainability/environment/nature/tnfd/>