

# Governance

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## POINTS

- Independent outside directors discuss Kokuyo's approach to governance and its growth prospects
- How we are building more effective governance structures



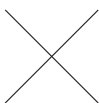


Dialogue between Independent outside Directors

# Friendly and Tough: Supporting Kokuyo's Transition into the World's No. 1 Company

Takehiro Kamigama

Independent Outside Director  
Chair of the Board of Directors and  
Member of the Nominating Committee



Riku Sugie

Independent Outside Director  
Chair of the Nominating Committee and  
Member of the Compensation Committee

## Kokuyo's change in management style

**Kamigama** In my four years on the board, the family of the founder has retained a strong influence in Kokuyo, but the organizational culture has become much more open. This change is testament to President Kuroda's commitment to making the culture flatter and more open. Kuroda is a member of the founder's family and is also relatively young, meaning that he takes long-sighted approach. I feel his passion for putting Kokuyo on the path of sustained business growth, ensuring that it endures for future generations. I am confident that the management will work with shareholders to drive the organization's growth. It is truly remarkable to see the extent of the change he has achieved over so few years.

**Sugie** Kokuyo has traditionally followed a top-down approach, with the leader making the major decisions on strategies for developing new businesses and expanding the scale of the company. Kuroda has a leadership style that encourages the workforce to grow branches from trunks, as we can see in the Forest-Like

Management Model tied with the long-term vision. With the macroeconomic changes to come, what are core "trunk" businesses today may no longer be growing businesses tomorrow. Kuroda should retain the sense of pressure and be a leader that sparks employees' creativity.

**Kamigama** Yes, the leader must place importance on individual employees' creativity to paint a growth scenario tied with Kokuyo's distinctive characteristics. It is true, though, that a top-down approach is ultimately needed for the final big decisions. Our role as independent outside directors is to give the management our full backing and our constructive criticism where necessary, to help steer it in the right direction.

**Sugie** Oftentimes when a new leader takes over, they assume that they must do things differently from their predecessor and take a sledgehammer approach. But it's not always a good idea to change everything. A new leader can become so obsessed with change that change becomes the end in itself, and the leader ends up throwing out the good things with the bad. On this matter, President Kuroda has made it clear that he will make bold changes

where necessary, particularly in organizational culture, but that he will also preserve Kokuyo's good traditions.

## Governance for supporting further transformation

**Kamigama** One thing that does need changing is Kokuyo's business portfolio. It has remained largely unchanged, in sharp contrast to what has happened to the organizational culture. The impression I got from the 3rd medium-term plan, Field Expansion 2024, was that Kokuyo, while pursuing the performance targets, was making probing maneuvers to find areas where it could excel. It seemed that the plan focused on developing new businesses on the assumption that the existing businesses would languish in low growth. I suggested at the time that these existing businesses, stationary in particular, had untapped growth potential and that Kokuyo should aspire to be the world's number one. The 4th medium-term plan, Unite for Growth 2027, does seem more ambitious. It sets out rigorous hypotheses about where the growth opportunities are and places Kokuyo into the phase of implementing these hypotheses. While it has helped clarify the situation, ongoing discussions are necessary to determine the direction of travel. If Kokuyo is to advance to the phase where it starts making significant inroads into the targeted territories, then it needs to monitor and scrutinize whether the target territory in question really is a place where the company can flex its strengths and win through.

**Sugie** Yes, the markets where Kokuyo operates have huge untapped potential. I think even double-digit growth is within reach. However, this should not be about just trying to increase scale. Kokuyo's winning formula is to differentiate itself by offering something unique, something generated from the wisdom and creativity of its team. That is the whole purpose of the Forest-Like Management Model. Sequoia trees wrap their roots around the roots of neighboring trees, enabling the trees to grow to fantastic heights and produce many branches and leaves. Likewise, it would be unwise for a company to have a talented, charismatic leader to be in the driver's seat all the time. President Kuroda understands this point. He welcomes feedback from independent outside directors and also from shareholders and other investors.

**Kamigama** When Kokuyo transitioned to a "company with a nominating committee and other committees," it did so not just to align itself with global standards as part of its strategy for global expansion. Rather, a major reason was that President Kuroda wanted to embed a more objective, impartial approach to business management. In the discussions leading up to the decision, we began by discussing the form the organization should take and how authority should be delegated. We then discussed the extent to which authority could be delegated to frontline teams. Just as we hoped, the transition proved effective in encouraging independent outside directors to engage more actively in board discussions. As the

chair of the Board of Directors, I always encourage the executive directors to answer each question and concern the independent outside directors have raised. When independent directors raise questions, it prompts executive directors to think about the issues raised, resulting in many ideas and insights that they can apply in their executive roles. Sometimes, independent outside directors feel an answer was inadequate and a vociferous debate ensues. My role as chair is to give an encouraging nudge once the speakers finished airing their views.

**Sugie** Indeed. Independent outside directors should not confine themselves to a defensive role. They should encourage the management to incorporate ideas for growth from employees into strategies for creating new value.

**Kamigama** That is why it is so important to improve board effectiveness. One example of improving board effectiveness is having follow-up meetings after the main monthly board meeting. Specifically, the independent outside directors convene after every monthly board meeting to discuss and reflect upon the board meeting. These meetings, exclusively for independent directors, are held soon after the board meeting so that meeting remains fresh in our minds, helping us identify issues that should be addressed by the next board meeting. In this way, we try to make the upcoming monthly board meeting more efficient and substantial.

**Sugie** With your swift approach to the plan-do-check-act cycle, the meetings themselves are always very productive.

## Turning an abstract concept into a measurable indicator

**Sugie** Another strategic priority in the 4th medium-term plan is to generate synergies across the corporate group. When people talk of synergy generation, they are often referring to activities such as cross-selling and sharing production assets. In Kokuyo's case, such synergy means linking knowledge assets. The challenge here is that such assets are abstract concepts—knowledge, knowhow, and the like. As long as they are communicated only in qualitative terms, they cannot be easily replicated by other business units.

**Kamigama** Yes, Kokuyo needs to place its knowhow and social impacts into a quantitative framework, and that is a key priority in the 4th medium-term plan. When these assets are communicated in quantitative terms, they can be shared and applied to drive forward the Forest-Like Management Model and create measurable financial outcomes. Shareholders and other investors will then have a clearer idea of Kokuyo's growth story.

**Sugie** Taking on board these points, the management



has started exploring ways to disclose the company’s impacts, and some of the disclosures are included in the latest integrated report. For example, the 4th medium-term plan introduces the term “wow-factor.” On its own, the term is a little ambiguous. Kokuyo will need to turn it into a specific, measurable indicator. Though the concept is abstract, it could be quantified. Kokuyo will first need to hold discussions across the group to clarify the details for such quantification, including which actors are creating the impact and how the output is measured.

**Kamigama** Employees need to have a wow-factor to identify unmet needs and create novel products and services. Stationery and furniture are long-tail categories, so you need a wow-factor to keep producing different types of products. If this wow-factor resonates with users of the products, it will mean that people understand and appreciate Kokuyo’s experience value, which in turn will raise employees’ motivation.

**Sugie** To quantify this impact, Kokuyo will need a number of systematic processes. Kokuyo has not gone far enough in this, so I will keep pressing the management for more action.

Corporate-level tasks in the 4th medium-term plan

**Kamigama** Kokuyo’s capital strategies have crucial role in the medium-term plan. As Kokuyo amasses more cash, people will be increasingly looking at the company’s capital efficiency. Kokuyo should invest aggressively in projects to increase its competitiveness. This is particularly true in Kokuyo’s existing businesses, which require more investment in tangible assets such as plants and in production processes and distribution centers. Kokuyo should identify the bottlenecks in the workplaces and invest in automatization.

**Sugie** In its investing activities, Kokuyo needs to fully consider resource allocation and business continuity. When investing in Kaunet and Benri Net, Kokuyo should set KPIs for measuring the extent to which investments in digital technology are enhancing the user experience. It should then make further upfront investment or opt to avoid investment if it would drag Kokuyo into competition with a powerful competitor. If an investment fails to deliver satisfactory returns, Kokuyo should consider the option to disinvest—to reduce investment or withdraw entirely. For such decisions, the company needs to clarify the key criteria for investment decisions. The trick to ensuring sustained business growth is to invest in a way that constructs a defensive moat around the business to protect it from competitors. After all, while the Japanese market has been largely free of new entrants, Chinese competitors may penetrate the market in years to come. Global expansion will increase the range of risks Kokuyo faces, making it all the more important to have strong internal controls, compliance, and risk management.

**Kamigama** On that matter, Kokuyo has launched processes for monitoring latent risks. The company now has much more transparent communication for preempting risk events. I always ask a question before board meetings and at the start of day-to-day meetings. While saying that I don’t need to know every last thing, I ask them to let me know if there is any malpractice or any bad news.

**Sugie** When an awkward matter is raised, it becomes the main topic of discussion. Such matters are never left underdiscussed because of time constraints. They are discussed fully. None of the executives tries to cover up problems. That is the impression I get from day-to-day general meetings.

**Kamigama** The increase in transparency is down to President Kuroda’s stance of welcoming feedback from



anyone. As part of this stance, he has hired a succession of outsiders into management, and they have helped gear up the company for the growth phase. This speak-up culture enhances corporate-level assets and governance. Another crucial element, of course, is talent development. I think it’s important to let people experience failure early in their career. If people advance in their career without experiencing failure, they may become too scared to take risks for fear of failing.

**Sugie** That is so true. A company should deliberately let employees fail, up to a point. There needs to be a process to watch over employees as they experience little failures. A company should set clear expectations on growth, and these expectations should be agreed upon between supervisors and subordinates, between the organization and the individual. It will become increasingly important, for the purpose of the Forest-Like Management Model, to increase the fluidity of the workforce through interdivisional redeployments. For every redeployment, the company should ensure that the employee in question understands the skills they are expected to gain from the redeployment.

**Kamigama** Kokuyo should also actively use redeployments for the purpose of equipping employees with overseas experience, as building a globally savvy workforce is crucial for driving global expansion. Redeployments should be organized systematically, using tools such as skills mapping. This is something we are discussing a lot at the moment. When it comes to developing leadership talent, Kokuyo should encourage everyone to assume the perspective of the rank above them: Section heads should think like division heads, division heads should think like managing officers, and managing officers should have the same leadership mindset as the CEO. The CEO, though, should think further ahead—more than ten years into the future.

**Sugie** Another urgent task is to get more women into

senior positions—not just on the board, but in positions of executive leadership. Women face high hurdles in developing a career plan when so many of the executive leadership positions are occupied by men. Kokuyo must address this task with commitment and passion by, among other things, actively recruiting from outside the company. Gender is one of a number of things to be rebalanced. Imbalances in nationality and age must be addressed too over the long term.

**Kamigama** Over the last several years, women have made up about half of all fresh graduate hires, partly, it seems, because women in particularly love stationery. It goes without saying that the company must incorporate the perspective of women users into management, and this requirement creates a strong impetus for getting more women into leadership positions. If half of all new hires are women, then women should eventually make up the majority of the management.

What kind of organization should Kokuyo be?

**Sugie** Kokuyo is very friendly company, and that is what many of the employees like about the company. However, Kokuyo needs to be a bit more hard-nosed if it is to navigate the market challenges in the years to come. I want to see the company showcase the very best of Japan with a unique blend of friendliness and toughness. Kokuyo is laying the groundwork to do this.

**Kamigama** The Kokuyo brand, forged over the company’s long history, is immensely valuable. Even with the march of digitalization, there will always be a need for physical writing and for physically situated communication and interaction between workers. I want to see Kokuyo become the world’s number-one brand in these intangible areas. Kokuyo has such great potential.



# Corporate Governance

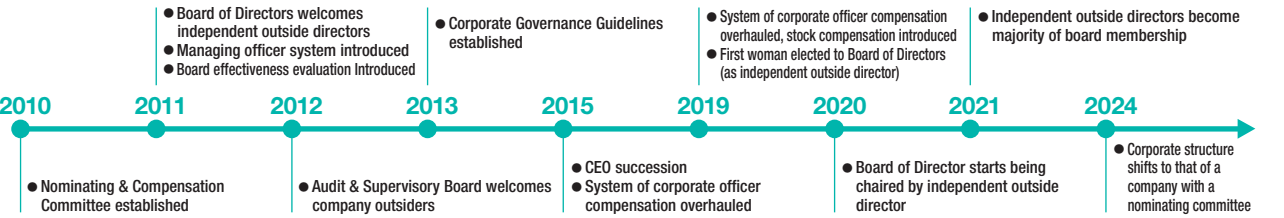
Corporate governance is one of our strategic priorities. We make ongoing efforts to improve efficiency, transparency, and fairness in order to build long-term value in a sustainable manner and in a way that reflects the Kokuyo identity.

## A Sustained Commitment to Improving Governance

We have a longstanding commitment to separating business execution from management oversight. Back in 2011, we started reserving places on the Board of Directors for company outsiders (independent directors) and established the Nominating & Compensation Committee to advise the board about nominations and director compensation. In 2015, we had a CEO succession. Since 2020, an independent outside director has served as chair of the Board of Directors. We took another important step in enhancing corporate governance in 2024: We transitioned our corporate structure to that of a “company with a nominating committee.” The move took effect when it was

approved by shareholders at the 77th Annual General Meeting of Shareholders, held on March 28, 2024. The three designated committees will enable better corporate governance by enhancing management oversight and improving transparency. Moreover, by adopting a company with a nominating committee, a world-class governance structure, our stakeholders will feel more confident in our commitment to governance. Under the new structure, we will also expand executive authority and create an executive environment that encourages bolder leadership and swifter decision-making and that supports sensible risk-taking, helping us achieve our long-term vision.

### History of improvements to corporate governance



## Corporate governance system

Kokuyo is now a company with a nominating committee and most members of the Board of Directors are now independent outside directors who are independent from the management. The Nominating Committee, the Audit and Supervisory Committee, and the Compensation Committee have also been established, with most members of each committee consisting of independent outside directors. We recognize that we can only command trust among our diverse stakeholders with a robust system of oversight, clearly delineated roles and responsibilities among the layers of management, efficient business operations, and transparent and impartial processes.

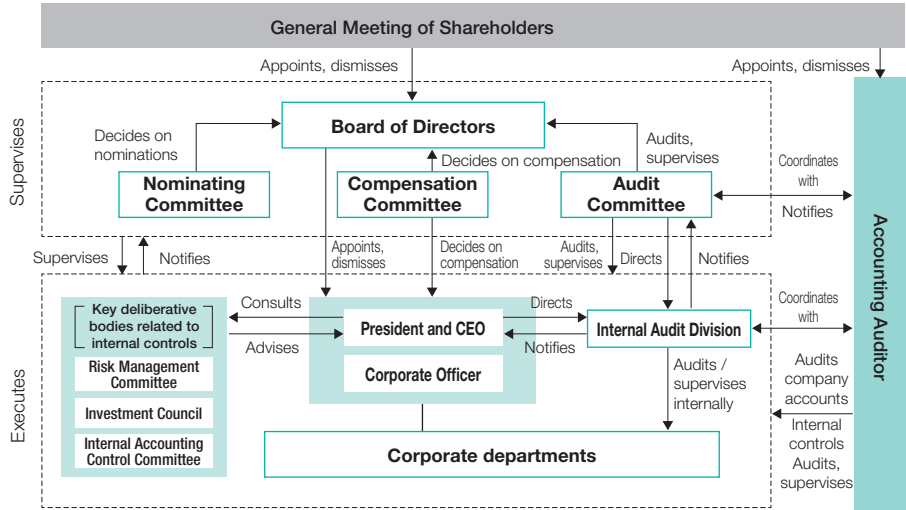
### 1. Board of Directors



The Board of Directors has eight members, five of whom are independent outside directors. One of these independent directors serves as the board’s chair. All directors serve one-year renewable terms. This setup helps ensure a dynamic board, capable of responding swiftly to changing business conditions. The Board of Directors holds regular monthly meetings, as well as ad-hoc meetings when

necessary. The board serves two roles: supervising management and executing the company’s business. The board devotes sufficient time to discussing matters of strategic importance (such as making decisions about the company’s policies and business strategies) and focus on supervising the management.

### Corporate governance system



### Important agenda items in FY2024

- Facilitating medium-term plan aligned with medium- to long-term strategy (discussions on 4th medium-term plan and runup to 2030)
  - Discussion on KPIs (e.g. ROIC) related to capital costs
- Building world-class corporate structure
  - Requirements of a company with a nominating committee: delegation of authority balanced with monitoring function
  - Discussion on policy for constructive stakeholder dialogue and the Kokuyo narrative (theme, story) to communicate during dialogue with stakeholders
- Discussion to set rules on investment and capital
  - Discussion on capital policy for long-term investment
  - Review of past decision-making processes for investments, discussion on framework for investment decisions
- Report and discussion about major risks and the overall risk picture
  - Discussion about organization-wide risks and risk mapping, identification of major risks
  - Rebuilding of internal controls (building or expanding organizational frameworks and ensuring they work effectively)
- Discussion on deploying and training talent
  - Discussion on a uniquely Kokuyo-style talent development strategy that takes into account importance of human capital
  - Discussion on organizational structure, compensation, and operations related to acquiring the talent required to drive the Forest-Like Management Model

### 2. Nominating Committee



The Nominating Committee has three members. All members are independent outside directors, including the chair, who is elected by the members. The committee decides on proposals to make at a shareholders’ meeting for appointing or dismissing a director. It also considers proposals to make to the Board of Directors for appointing or dismissing corporate officers and managing officers who bear fiduciary duties (these officers are known in Japanese as shikko-yaku) or managing officers who bear no fiduciary duties (known in Japanese as shikko-yaku-in) or for appointing or removing a representative managing officer and CEO. The committee designates one of its members to give the Board of Directors timely updates about the committee’s decisions and agenda.

### 3. Audit Committee



The Audit Committee has three members. Two of the members are independent outside directors. The current chair is a non-independent non-executive director elected by the Audit Committee. The committee audits the execution of the company’s business by corporate officers and directors, prepares audit reports, and decides on proposals to submit at the General Meeting of Shareholders for appointing or dismissing (or not reappointing) the accounting auditor. To ensure that audits are effective, the members regularly liaise with the heads of Kokuyo’s business units and corporate divisions and coordinate closely with their counterparts in Kokuyo’s Internal Audit Division and in key Kokuyo subsidiaries. The committee designates one of its members to give the Board of Directors timely updates about the committee’s decisions and agenda.

4. Compensation Committee



The Compensation Committee has three members, all of whom are independent outside directors. The chair is

elected from among the outside directors. The committee designs the compensation system for directors, corporate officers who bear fiduciary duties, and corporate officers who bear no fiduciary duties, and sets the compensation amounts to be paid to each recipient. The committee designates one of its members to give the Board of Directors timely updates about the committee's decisions and agenda.

Succession planning

With CEO succession planning as a top priority in governance, the Nominating & Compensation Committee would discuss this topic on an ongoing basis. The current CEO took office in April 2015. Three years before then, the committee had created a shortlist of candidates. To ensure impartiality in the vetting process, the committee considered a number of external candidates as well as internal candidates. The current Nomination Committee engages in succession planning too. In this planning process, the committee considers time horizons for succession, defines the skills and experience the next CEO would need to expand Kokuyo's businesses globally, and sets policies for grooming and nominating potential successors, with short-term and long-term perspectives.

Board effectiveness evaluation

Since 2011, we have periodically evaluated the effectiveness of the Board of Directors (identifying issues, analyzing feedback, verifying effectiveness) to uncover issues with the way the Board of Directors currently operates and identify how it should be improved. The Board of Directors considers the results of the evaluation along with other factors (such as the external business environment) when setting next year's policy for the board's operation and the key agenda items.

Evaluation process

- 1. Third-party evaluation of board effectiveness: Interviews
  - Interviewees: All directors
  - Period: October and November 2024
  - Interviewer: A third party
  - Interview topics
    - 1.1 Supervision of corporate strategies
    - 1.2 Supervision of management
    - 1.3 Dialogues with and disclosures to stakeholders
- 2. Questionnaire
  - Respondents: All directors
  - Period: January 2025
  - Questionnaire topics: Respondents rate on a three-point scale items describing board operation and how well the board secretariat provides information and support. The questionnaire also includes a section for open-ended comments.
- 3. Board review meeting
  - Attendees: Non-executive directors
  - Period: Immediately after each monthly board meeting
  - Agenda: Review of the board meeting on that day
- 4. Semi-annual board meetings for discussing performance and finalizing overall evaluation
  - Interviewees: All directors
  - Agenda: Progress in board's strategic priorities for FY2024, board effectiveness
  - Period: October 2024, February 2025

Summary of overall evaluation in FY2024

The FY2024 evaluation found that the board generally satisfied the effectiveness criteria. During board meetings, members engaged in animated discussions, culminating in greater coherency in strategy, planning, and execution in line with long-term vision, CCC 2030. Members also

gained a clearer understanding about how those on the business execution side and those on the supervision side should collaborate in making the vision a reality and how the management should be supervised. However, the evaluation also suggested that the long-term vision could be implemented more effectively if the board allowed further discussion on the long-term strategic priorities such as growth strategies, deploying and developing talent, and risk management.

Strategic priorities in FY2025

- 1. Implementing growth strategies aligned with the long-term vision, engaging with capital markets to improve the value of the organization
  - Increase the granularity and reliability of strategies related to the 4th medium-term plan and the long-term vision
  - Engage more effectively with capital markets to improve the value of the organization
  - Develop a model of sustainability management that reflects Kokuyo's distinctive values
  - Explore digital and AI applications for streamlining business processes and developing new businesses
- 2. Deploying and developing talent embodying Kokuyo's distinctive values
  - Prepare the next generation of leaders
  - Consider how the executive management system should be changed over the medium and long term
- 3. Rebuilding internal controls and tightening risk management
  - Rebuild control processes for existing businesses
  - Tighten risk management and prepare risk management frameworks in view of the risks of global expansion

Policy for determining compensation for directors and other corporate officers

Kokuyo's system of compensation for corporate officers is designed to be sufficiently transparent, reasonable, and concise to fulfill our duty to be accountable to shareholders and other stakeholders and to contribute toward the creation of medium- to long-term value, not just short-term success.

1. Basic policy

- 1.1 The system is to enable Kokuyo to attract and retain the talent necessary to drive sustainable corporate development.
- 1.2 The system is to be sufficiently transparent, reasonable, and concise to fulfill Kokuyo's duty to be accountable to shareholders and other stakeholders.
- 1.3 Compensation is to be commensurate with the recipient's roles and responsibilities and consistent with market rates.

2. Criteria for determining the amount, or the formula for calculating the amount, to be paid to each recipient

2.1 Corporate officers who bear fiduciary duties (who may also be directors)

i. Compensation categorization

We have three compensation categories for compensating executives for executing the company's business.

- Basic salary: A fixed monthly salary
- Short-term incentive compensation: A variable amount linked with annual financial and non-financial metrics
- Long-term incentive compensation: Restricted stock compensation as an incentive for identifying with the interests of shareholders and committing to improving the company's value and shareholder value over the medium and long term.

There are five compensation ranks for executive corporate officers (reflecting the level of responsibility) and three grades of compensation per rank. Each compensation grade has separate reference values for basic salary, short-term incentive compensation, and long-term incentive compensation. The Compensation Committee decides on these reference values after reviewing external survey data on the levels of compensation that comparable companies pay to their executives (using benchmarks such as companies in the same industry or companies of a similar scale).

ii. Amount of compensation in each component (basic salary, short-term incentive compensation, long-term incentive compensation)

The higher the officer rank, the higher the share of the variable components is in the total executive compensation paid. The following table shows the relative share of each compensation component at time of standardization.

Representative Corporate Officer, President and CEO

Basic salary 50%	Short-term incentive compensation 37.50%	12.50%
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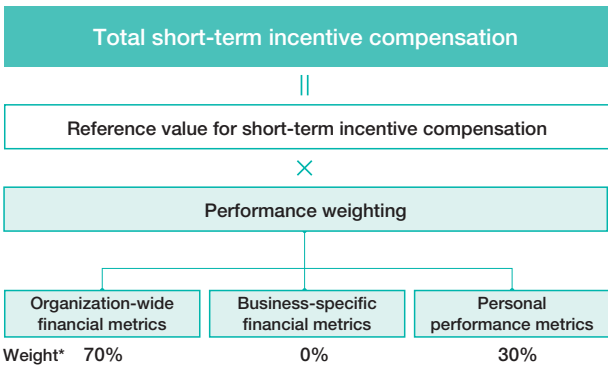
\* The above breakdown is for the case of the Representative Corporate Officer, President and CEO.

Long-term incentive compensation

iii. Criteria for determining the amount, or the formula for calculating the amount, of

- iii.1 Short-term incentive compensation
  - iii.1.1 Short-term incentive compensation is calculated using organization-wide metrics, business-specific financial metrics, and non-financial metrics.

Total short-term incentive compensation



\* The above weighting is for the case of the Representative Corporate Officer, President and CEO. The relative weights of the performance metrics vary by officer rank.

Key organization-wide financial metrics for FY2024

	Target	Result
Consolidated net sales (100 million yen)	3,550	3,382
Consolidated gross profit (100 million yen)	1,401	1,329
Consolidated operating income (100 million yen)	245	220

- iii.1.2 The compensation Committee decides what the financial and non-financial metrics are, how to calculate the share of total executive compensation related to these metrics, and how much weight these metrics have in each compensation grade.
- iii.1.3 The period for evaluating results is the same as the accounting year, namely from January to December.

- iii.2 Long-term incentive compensation
  - The level of stock-based compensation paid is commensurate with compensation grade.

iv. Criteria for deciding amounts for each officer rank and compensation grade

The Compensation Committee determines the amounts for each officer rank and compensation grade after considering the roles and experience of the managing officers and the prospects for replicating their performance. The committee also sets the reference value for executive compensation after referring to external survey data to ascertain the levels of compensation that comparable companies (companies in the same industry or companies with benchmarks of a similar scale) pay to their executives.

2.2 Directors who do not concurrently serve as corporate officers

i. Approach to setting the amounts of compensation

Director compensation is designed to remunerate recipients for taking important business decisions and supervising the execution of the company's business. It also takes into account whether the recipient serves part time or full time and the recipients' participation in committee meetings. The compensation system is as follows.

- Basic salary and fees for committee attendance:  
A fixed monthly salary
- Stock compensation:  
Restricted stock compensation as an incentive for committing further to improving the company's shareholder value (this component makes up no more than 10% of total director compensation)

ii. Amount of compensation

The Compensation Committee decides on the amounts of basic salary and fees for committee attendance after reviewing external survey data on the levels of compensation that comparable companies pay to their executives (using benchmarks such as companies in the same industry or companies with benchmarks of a similar scale).

3. Restricted stock compensation

When issuing or disposing of the restricted stock, the company signs a restricted stock agreement with the recipients.

3.1 Method of allotment

The company delivers restricted stock (shares of company stock that are non-transferable until certain conditions are met) to eligible recipients with the approval of the Board of Directors. The pay-in amount per share is determined by the Board of Directors. To ensure that this amount is never such that it unreasonably benefits the recipient who is to receive the restricted stock, the board decides an amount that is consistent with the closing price of the company's common stock on the TSE on the business day before the board makes its decision (or the

nearest trading day if no transaction was made on the TSE on that day).

3.2 Criteria for determining the amount

For independent outside directors, the amount of restricted stock allotted is commensurate with the fixed compensation. For internal non-executive directors and corporate officers, it is commensurate with the set level of stock compensation for the recipient's compensation rank. It is also, for corporate officers, commensurate with the set level of long-term incentive compensation for the recipient's compensation grade.

4. When the compensation is paid and the conditions for payment

- 4.1 For cash compensation other than short-term compensation, the annual total is paid in 12 monthly installments.
- 4.2 However, short-term incentive compensation for directors and executive corporate officers is paid all at once in April.
- 4.3 Stock-based compensation and long-term incentive compensation for directors and executive corporate officers is generally paid all at once in April.

Intellectual Property Strategy

One of our strategies to differentiate our company from competitors is to encourage the acquisition of IP rights and, at the same time, to ensure that we respect and never infringe the intellectual property rights of other companies. Kokuyo's IP includes all the assets that contribute toward the source of our competitive advantage: our ability to address socioenvironmental issues that are relevant to people's lives.

We are working on measures to fully utilize our IP in our global expansion. Kokuyo regularly exchanges information with overseas subsidiaries to improve coordination in our global IP strategy.

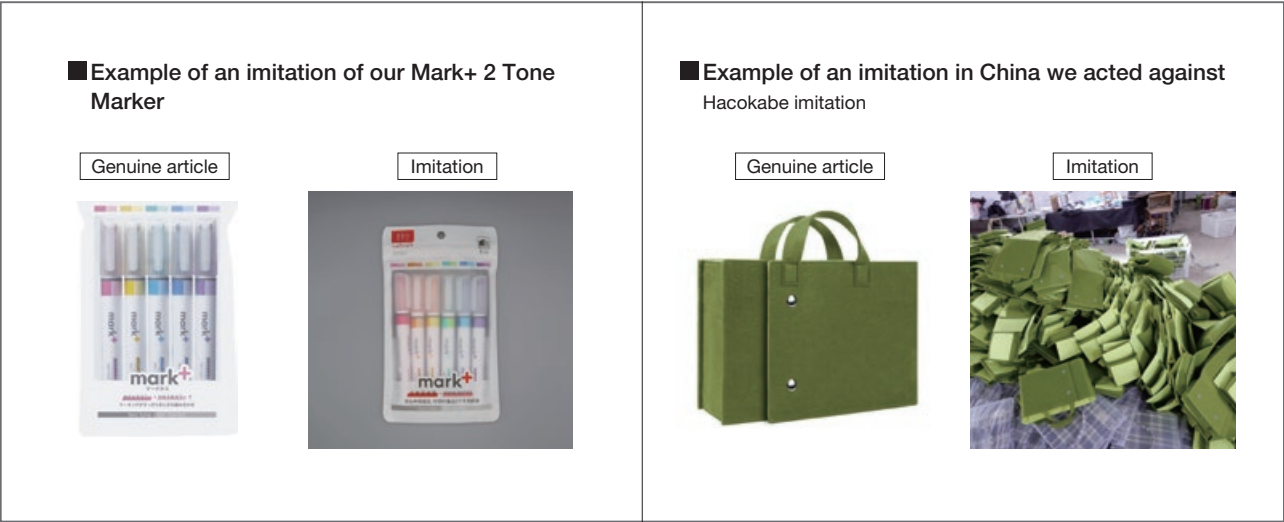
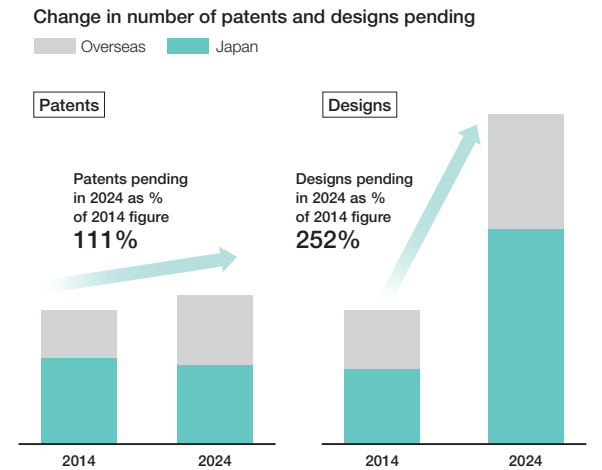
We are making a particular effort to acquire design rights as a strategy to prevent our products being imitated, since imitation products are increasingly proliferating around the world. We are taking a strategic approach to IP rights acquisition, in which we try to acquire IP rights for the outcomes of development activities by Kokuyo and also for the technologies and designs produced by our overseas subsidiaries.

In our strategy to prevent imitations, we have established a process of market monitoring both for our offline stores and our e-commerce platforms. When we identify a product that infringes the IP rights of Kokuyo Group, we take the necessary legal steps, which may include issuing a warning to the manufacturer or asking a platform operator to stop stocking the product. As part of our global IP strategy, we coordinate with overseas subsidiaries in lobbying against the manufacturers or distributors in question to undertake administrative actions, legal measures, or other actions, thereby increasing the effectiveness of the countermeasures.

Our main IP initiatives are as follows.

- Safeguarding IP and complying with IP-related laws and regulations  
The Kokuyo Group Code of Conduct includes stipulations about respecting the IP rights of other companies.

- Organizational framework for managing IP  
To develop our IP portfolio as well as to standardize and unify IP strategies across Kokuyo Group, Intellectual Property Group coordinates all IP-related operations in subsidiaries based in Japan and overseas and makes efforts to acquire IP overseas.
- Creating and utilizing IP  
The relevant staff and business divisions will work closely with the IP unit from the early stages of development, planning, and design onward to maximize the competitive advantage of our products.
- Countermeasures against imitations  
We coordinated with overseas subsidiaries to issue warnings and lobby for administrative action against products that infringe Kokuyo rights in Japan and overseas.





Meet our Officers (As of June 1, 2025)



Takehiro Kamigama

Independent Outside Director\*  
Chair of the Board of Directors  
Member of the Nominating Committee

% of meetings attended in FY2024	Board of Directors: 100% (14/14) Nomination Committee: 100% (7/7)
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April 1981      Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)  
June 2002      Corporate Officer, TDK Corporation  
June 2003      Senior Vice President, TDK Corporation  
June 2004      Director, Executive Vice President, TDK Corporation  
June 2006      Representative Director, President and CEO, TDK Corporation  
June 2016      Chairman and Representative Director, TDK Corporation  
June 2017      Outside Director, OMRON Corporation (incumbent)  
March 2018      Outside Director, Yamaha Motor Co., Ltd.  
June 2018      Outside Director, SoftBank Corp. (incumbent)  
June 2018      Mission Executive, TDK Corporation  
March 2021      Independent Director, the Company (incumbent)  
July 2021      Chief Consultant, Contemporary Amperex Technology Japan KK (incumbent)



Shinichiro Omori

Independent Outside Director\*  
Chair of the Compensation Committee

% of meetings attended in FY2024	Board of Directors: 100% (14/14) Compensation Committee: 100% (8/8)
----------------------------------	--

April 1978      Joined Hitachi, Ltd.  
April 2016      Senior Vice President and Executive Officer, CIO and CTrO, Hitachi Ltd.  
June 2017      Director, Hitachi Chemical Company, Ltd. (currently Resonac Corporation)  
June 2017      Outside Director, Hitachi Capital Corporation (currently Mitsubishi HC Capital Inc.)  
June 2019      Chairperson of the Board, Hitachi Metals, Ltd (currently Proterial, Ltd.).  
April 2020      Board Director, Chairperson, Hitachi Metals, Ltd.  
July 2020      Chairman of the Board, Hitachi High-Tech Corporation  
March 2022      Independent Director, the Company (incumbent)  
June 2022      Outside Director, Macnica Fuji Electronics Holdings, Inc. (currently Macnica Holdings, Inc.) (incumbent)  
June 2023      Outside Director, Kansai Paint Co., Ltd. (incumbent)



Riku Sugie

Independent Outside Director\*  
Chair of the Nominating Committee  
Member of the Compensation Committee

% of meetings attended in FY2024	Board of Directors: 100% (14/14) 85.7% (6/7) Nomination Committee: 100% (8/8) Compensation Committee: 100% (8/8)
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April 1994      Joined the Fuji Bank, Limited (currently Mizuho Bank, Ltd.)  
October 2000      Joined Accenture Japan Ltd  
December 2006      Joined GE Consumer Finance K.K. (currently Shinsei Financial Co., Ltd.)  
June 2012      President and CEO, Shinsei Financial Co., Ltd.  
April 2016      Executive Officer, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)  
June 2016      Director, Aplus Co., Ltd.  
April 2017      Managing Executive Officer, Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited)  
November 2017      President and CEO, Paidy Inc.  
November 2021      VP of Japan Business, PayPal Pte. Ltd.  
March 2023      Independent Director, the Company (incumbent)  
January 2025      Executive Advisor, Paidy



Yoko Toyoshi

Independent Outside Director\*  
Member of the Nominating Committee  
Member of the Audit Committee

% of meetings attended in FY2024	Board of Directors: 100% (14/14) Committee: 100% (7/7) Nomination Committee: 100% (11/11) Audit Committee: 100% (11/11)
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April 1981      Joined the Bank of Fukuoka, Ltd.  
October 1989      Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)  
December 1990      Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)  
July 2008      Appointed partner, Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)  
July 2013      Appointed Chief Certified Public Accountant Audit Inspector, Certified Public Accountants and Auditing Oversight Board, Financial Services Agency  
July 2016      Joined Deloitte Touche Tohmatsu LLC  
June 2018      Outside Director (Audit and Supervisory Committee Member), Alps Electric Co., Ltd. (currently Alps Alpine Co., Ltd.) (incumbent)  
March 2020      Outside Audit & Supervisory Board Member, the Company  
March 2021      Outside Director (Audit and Supervisory Committee Member), Mabuchi Motor Co., Ltd. (incumbent)  
March 2024      Independent Director, the Company (incumbent)



Yuko Gomi

Independent Outside Director\*  
Member of the Compensation Committee  
Member of the Audit Committee

% of meetings attended in FY2024	—
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April 1999      Admitted as an attorney in Japan. Joined Kunihiro Law Offices (currently T.Kunihiro & Co. Attorneys-at-Law).  
January 2012      Partner, T.Kunihiro & Co. Attorneys-at-Law (incumbent)  
June 2018      Outside Auditor, Nippon Gas Co., Ltd.  
May 2019      Outside Auditor, Lawson Inc.  
June 2019      Outside Director (Audit and Supervisory Committee Member), Alps Alpine Co., Ltd. (incumbent)  
March 2025      Independent Director, the Company (incumbent)



Katsuaki Tojo

Director  
Chair of the Audit Committee

% of meetings attended in FY2024	Board of Directors: 100% (14/14) Audit Committee: 100% (11/11)
----------------------------------	---

April 2000      Joined RICOH LEASING COMPANY, LTD.  
August 2006      Joined the Company  
April 2015      General Manager of the Board of Directors Office, the Company  
January 2019      Managing Officer and General Manager of the Domain Strategy Office, the Company  
January 2021      Managing Officer and General Manager of the Board of Directors Office, the Company  
March 2021      Audit & Supervisory Board Member (Full-time), the Company  
March 2024      Director, the Company (incumbent)



Hidekuni Kuroda

Director  
Representative Corporate Officer, President and CEO

% of meetings attended in FY2024	Board of Directors: 100% (14/14) Nomination Committee: 100% (7/7)
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April 2001      Joined the Company  
July 2005      Director and Managing Officer, Kokuyo Office System Co., Ltd.  
June 2007      Director and Managing Executive Officer, Kokuyo Office System Co., Ltd.  
March 2009      Director, the Company  
March 2009      Representative Director and President, Kokuyo Furniture Co., Ltd.  
March 2011      Managing Executive Officer, the Company  
March 2014      Director and Senior Managing Executive Officer, the Company  
March 2015      Representative Director and President and CEO, the Company  
January 2019      Representative Director and President, the Company  
March 2024      Director and Representative Corporate Officer, President and CEO, the Company (incumbent)



Toshio Naito

Director  
Corporate Officer  
Division Manager of the Corporate Planning Division, CSO

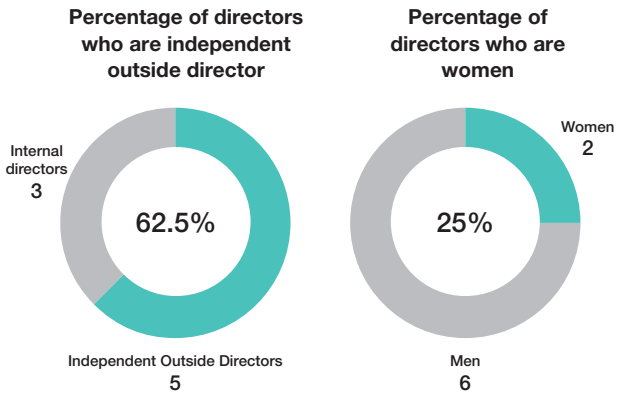
% of meetings attended in FY2024	Board of Directors: 100% (14/14)
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April 1985      Joined the Company  
August 2011      Manager of the Planning Department, Corporate Management Division, Kokuyo Furniture Co., Ltd.  
January 2014      Deputy General Manager of the Corporate Management Division, Kokuyo Furniture Co., Ltd.  
October 2016      General Manager of the Business Administration Department, Furniture Business Division, the Company  
April 2017      General Manager of the Business Administration & Strategy Department, Furniture Business Division, the Company  
January 2018      General Manager of the Corporate Development Office, the Company  
January 2019      Managing Officer and General Manager of the Corporate Development Office, the Company  
January 2021      Managing Officer and Division Manager of the Corporate Planning Division, the Company  
March 2021      Director, Managing Officer and Division Manager of the Corporate Planning Division, the Company  
March 2024      Director, Corporate Officer and Managing Officer of the Corporate Planning Division, the Company (incumbent)

Skills Matrix

Name	Fields of Knowledge and Experience							
	Corporate Management	Strategies	Global Business	Digital transformation, IT	ESG	Risk Management	Financial Affairs and Accounting	Legal Affairs
Takehiro Kamigama	●		●	●				
Shinichiro Omori	●				●	●		
Riku Sugie	●		●	●				
Yoko Toyoshi					●	●	●	
Yuko Gomi					●	●		●
Katsuaki Tojo					●	●		●
Hidekuni Kuroda	●	●			●			
Toshio Naito		●					●	

\* We have shown above a maximum of three main fields of knowledge and experience possessed by each person.  
\* The skills matrix on the left does not represent all the fields of knowledge and experience possessed by each person.



\* “Outside director” is as defined in Article 2, Paragraph 15, of the Companies Act.  
\* Fukutaka Hashimoto resigned as director on May 31.

Stock Information (As of December 31, 2024)

Principal Shareholders

Name	Number of shares held (Thousands of shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	13,906	12.26
KOKUYO Kyoeikai Association	9,775	8.62
Kuroda & Sons Co., Ltd.	4,421	3.90
Custody Bank of Japan, Ltd. (Trust account)	4,041	3.56
Kuroda Afforestation Promotion Corporation Donation	3,603	3.18
KOKUYO Kyowa Association	3,012	2.66
CGML PB Client Account/Collateral	2,774	2.45
State Street Bank and Trust Company 505001	2,439	2.15
Akihiro Kuroda	1,987	1.75
State Street Bank and Trust Company 505103	1,740	1.53
Total	47,701	42.05

\* The above list of principal shareholders excludes Kokuyo, which holds treasury shares.  
\* “Ratio of shareholding” indicates the percentage share of outstanding stock (which does not include treasury shares).

Stock Price and Volume by Year

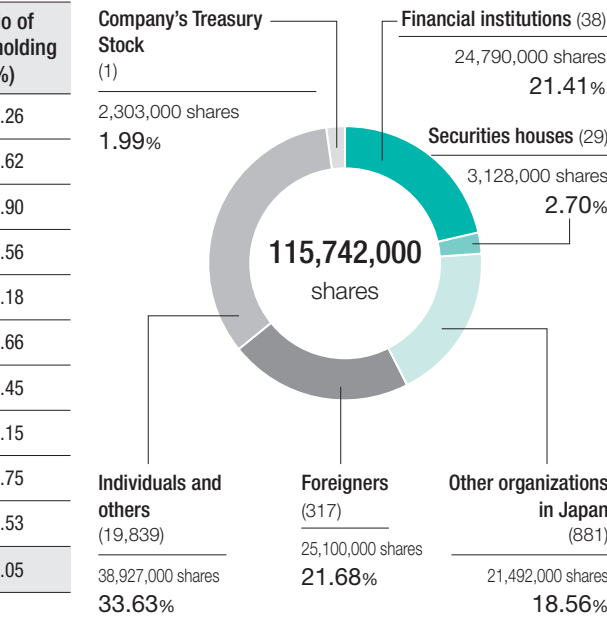


Total shareholder return

Performance period	3 year	5 year	10 year
Kokuyo	174.9%	188.7%	357.3%
TOPIX (with dividend)	150.7%	182.5%	248.8%

\* Total shareholder return (TSR) indicates the total amount shareholders gain from their investment, factoring in capital gains and dividends. TSR for each performance period as of the end of FY2024 was calculated using the formula specified by Cabinet Order.  
“3 year” means the TSR for an investment whose performance period began at the end of FY2021, “5 year” means the TSR for an investment whose performance period began at the end of FY2019, and “10 year” means the TSR for an investment whose performance period began at the end of FY2014.

Breakdown of Shareholders by Number of Shares Held



Corporate Data (As of December 31, 2024)

Company name	KOKUYO CO., LTD.	
Representative	Hidekuni Kuroda	
Head office	6-1-1 Oimazato-minami, Higashinari-ku, Osaka-shi, Osaka 537-8686, Japan	
Date founded	October 1905	
Capital	¥15.8 billion	
Number of employees	7,647 (consolidated) / 2,261 (parent company)	
Business description	Stationery manufacturing, purchasing and sales; office furniture manufacturing, purchasing and sales; space design and consultation, etc.	
Business / production sites	Head office	6-1-1 Oimazato-minami, Higashinari-ku, Osaka-shi, Osaka 537-8686, Japan
	Osaka Umeda Office	Floor 12, Tower C, Knowledge Capital, Grand Front Osaka, 3-1 Ohfuka-cho, Kita-ku, Osaka-shi, Osaka 530-0011, Japan
	Tokyo Shinagawa office (THE CAMPUS)	1-8-35 Konan, Minato-ku, Tokyo, 108-8710, Japan
	Tokyo Kasumigaseki Office	Floor 18, Kasumigaseki Building, 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo, 100-6018, Japan
	Nagoya Office	Floor 17, Chunichi Building, 4-1-1 Sakae, Naka-ku, Nagoya-shi, Aichi, 460-0008, Japan
	Mie Plant	2012 Nishitawara, Nabari-shi, Mie, 518-0609, Japan
	Shibayama Plant	Shibayama No.2 Industrial Estate, 3155-4 Ohdai, Shibayama-machi, Sanbu-gun, Chiba, 289-1605, Japan
	Business areas	Tokyo, Osaka
	Production areas	Mie, Chiba, Shiga, Tottori
Overseas locations	China, Hong Kong, India, Vietnam, Malaysia, Singapore, Thailand	

Shareholder benefit program (as of December 31, 2024)

We provide a shareholder benefit program to give shareholders a better understanding of our businesses and of the products and services we deliver.

In December 2022, we added an option to make a charitable donation so that shareholders can better understand our efforts to address material issues. The program is available to shareholders in the shareholder registry holding at least 5 units (500 shares) as of the end of December. If you are eligible, please select option A, B, or C.

Shareholder benefits	Eligible shareholders	
	Shareholders holding between 500 and 999 shares	Shareholders holding at least 1,000 shares
A. Receive a Kokuyo gift pack	Worth 4,000 yen	Worth 7,000 yen
B. Donate to a cause related to the material issue (materiality) of improving Wellbeing among employees and external stakeholders.	4,000 yen	7,000 yen
C. Donate to a cause related to the material issue (materiality) of safeguarding the planet as a place for work and life	4,000 yen	7,000 yen

[https://www.kokuyo.co.jp/ir/shareholder/benefit\\_program.html](https://www.kokuyo.co.jp/ir/shareholder/benefit_program.html)





KOKUYO CO., LTD.

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<https://www.kokuyo.com/>