

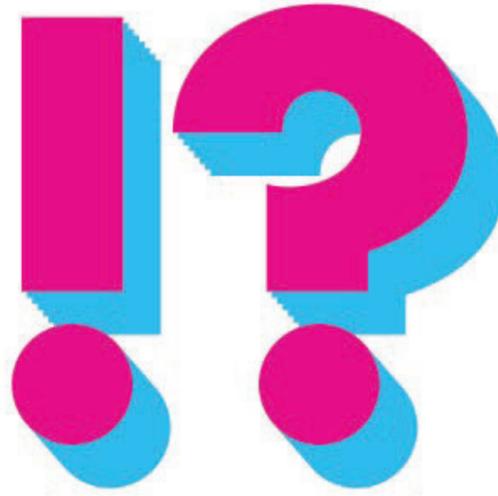
KOKUYO

SUSTAINABILITY
REPORT

2023



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Message from the CEO



Message from the CEO

**Steady progress in our medium-term plan:
Transforming our portfolio and accelerating
field expansion**

Representative Director of the Board
President and CEO

Hidekuni Kuroda

Shifting from tangibles to intangibles and expanding overseas

In 2021, we unveiled our long-term vision, CCC 2030, and committed to shifting to a new business model, which we call the Forest-Like Management Model. In conjunction with this, we updated our philosophy, reaffirmed our strengths, and set a revenue goal for 2030: 500 billion yen in net sales. Along with CCC 2030, we also unveiled our third medium-term plan, covering a three-year period ending in 2024. Titled Field Expansion 2024, this medium-term plan sets out financial goals for the end year of 2024, which represent milestones on the way toward our 2030 revenue goal. Specifically, we aim for net sales of 360 billion yen with an operating income ratio of 7.6%. To achieve this, we require revenue growth of 7% a year. To that end, we're working to expand our business fields.

In FY2022, the year under review, we made good progress overall in Field Expansion 2024. True, that we recorded negative growth in operating income (although net sales growth was positive when the new revenue standard is applied retroactively), reflecting the economic uncertainties created by the prolonged pandemic. However, we recorded growth in two other profit items: ordinary income and profit attributable to owners of parent. We also made headway toward the longer-term goal, outlined in CCC 2030, of shifting to the Forest-Like Management Model and becoming the corporate group we envisage: one that cherishes social diversity and embodies our differentiated values, expressed in the slogan "be Unique." As part of this, we laid the groundwork for transforming our business portfolio.

For FY2023, we have set two top priorities that will be crucial for achieving our goals in Field Expansion 2024. The first is to shift from business model focused on tangible goods to one focused on intangibles. The second priority is to expand globally.

Mindful of these two priorities, we'll pursue the following actions in our two segments, the Workstyle and Lifestyle Fields, in FY2023. For the Workstyle Field's domestic furniture business, we'll engage in a new service business and step up efforts in our business process outsourcing business. The shift to hybrid work, driven by the pandemic, has created demand for office renovations and new offices. I'm confident that we can seize these opportunities. For the Workstyle Field's overseas furniture business, we'll focus on expanding in China. This expansion will be facilitated by Kokuyo Hong Kong Limited, which we acquired in 2022. Until then, our overseas strategy relied on sales offices. Now that we have a local subsidiary with

manufacturing and procurement capabilities, we have strong prospects for expanding in China and also in other markets, including ASEAN countries and Australia. The Workstyle Field's third sub-segment is business supply distribution, which is led by our retailer Kaunet, which sells via in e-commerce and mail order. Kaunet will step up digital marketing and target the demand for online shopping, leveraging the manufacturing expertise of our corporate group.

As for the Lifestyle Field, here we'll focus on expanding the stationery businesses globally with the goal of becoming the world's top stationery brand. The first step is Asia. Our stationery for schoolgirls has already achieved remarkable growth in China. Building on this success, we'll start marketing the stationery in other Asia markets with a view to becoming the top stationery brand in Asia.

Entrepreneurship and investment for CCC 2030

Looking toward 2030, we remain confident in our prospects for achieving CCC 2030 despite the impact of the pandemic. To achieve the 2030 goal of 500 billion yen in net sales, we must shift to a business portfolio that delivers sustained growth. Part of this involves the medium-term tasks outlined in Field Expansion 2024: shifting from tangibles to intangibles and expanding overseas. Alongside this, we must start sowing seeds of growth by addressing social concerns. In a world where workstyles and lifestyles are transforming in profound ways, the success of our vision depends on whether we can develop new business ideas that reflect the new needs. That is what I will be focusing on as leader.

Regarding investment, we'll invest in M&A opportunities and in startup partnerships. For example, we'll explore partnerships and collaborations with startups that offer solutions to social issues. We may also provide our own corporate venture capital.

Another investment priority is to build the talent and organizational excellence necessary to transform our business portfolio. Our existing businesses have already made headway in organizational reform. However, for new businesses and overseas development, we've barely begun the work of building the necessary talent and organizational excellence. For Field Expansion 2024, alongside the medium-term tasks of expanding business fields and nurturing business ideas, we'll also focus on building this talent and organizational excellence and forging partnerships. These efforts will transform our organizational culture.

Realigning our businesses and transitioning into a Work and Life Style Company

We recently realigned our businesses. Let me give you the background to this move. When we set to the task of drafting a long-term vision, the world had entered a period of accelerated change. Seismic shifts had occurred in the external business environment, with people embracing new lifestyles and values. Our own employees were certainly moving with the times, in terms of their motivation and workstyles. But it seemed that we as a company were struggling to keep pace with the changes, let alone stay ahead of them. This sense of crisis became the initial inspiration for CCC 2030.

Previously, we relied on a B2B distribution model. Our organization was like a single coniferous tree, rather than the forest we now aspire to be. It became clear that this single-tree model no longer worked in a world where workstyles and lifestyles were diversifying. We feared that the model was incapable of delivering our value to customers. We feared it would never deliver solutions that catered to this new landscape and that were also linked to a pressing social need. The solution, we concluded, was to shift to a new model that would enable us to address an array of workstyle and lifestyle needs. This model is the Forest-

Like Management Model. It then became clear that this task required us to take on the challenge of expanding and rebuilding our business fields, and that by taking on this challenge we could contribute further toward a sustainable, prosperous society.

We also decided to clarify the kind of sustainable, prosperous society we wanted to see. After some thought, we decided that this should be a self-directed, collaborative society, in which everyone lives and works as free-spirited individuals while feeling socially connected to one another. We then reaffirmed that our mission or role is to help bring about such a society. On this basis, we formulated the following statement to express our corporate purpose: “Presenting a tomorrow you can’t wait for.” We also defined the kind of organization we wanted to be: a “work and life style company.” In other words, instead of being an organization that just makes and sells physical stationery or furniture, we’ll be an organization that creates new and exciting ideas for work and for learning and daily life. That is how we create social value along with economic value.

With this line of thought, we decided to reorganize our businesses into the Workstyle and Lifestyle Fields and to commit to shifting to the Forest-Like Management Model.

This reorganization has already started bearing fruit. One noticeable change is that our employees have expanded their field of vision, leading to different ways of viewing business growth. In the case of the Workstyle Field, we’ve made progress in developing business strategies not just in the workstyle changes prompted by the pandemic but in longer-term workstyle changes. We’ve also become more market-oriented. Rather than starting with the product, we start by identifying market needs and then create products and services to satisfy these needs. In the case of the domestic furniture business, rather than just selling office furniture, we’ve expanded into office services, in which we help clients create an effective office space or manage their operations effectively. In the case of the overseas furniture business, we returned to the drawing board and thought about what value we could offer the next generation given the shift toward hybrid work. We have now started testing a global strategy that aligns with our brand’s DNA. The acquisition of Kokuyo Hong Kong Limited is an outcome of this new approach, and it also corroborates its effectiveness.

Similar changes have emerged in our stationery businesses. In the past, employees focused on ideas for how to sell the products. After we re-conceptualized the Lifestyle Field, employees broadened their field of vision to overseas markets. They now think up strategies for bringing Japanese stationery, and the values associated with it, to a global audience. This new, global thinking culminated in KOKUYODOORS, a stationery store we directly manage. We opened KOKUYODOORS in January 2023 in Haneda Airport Garden, a new shopping facility with direct access from Haneda Airport Terminal 3 Station. The store showcases our stationery to international visitors. It is envisaged as a set of “doors” that open into a world of Kokuyo stationery and Japanese stationery, whetting visitors’ interest in the stationery.

The stationery businesses are undergoing an organizational transformation in 2023. As part of this reorganization, I’ve taken personal charge of the business. I decided that if we were to develop global markets for Japanese stationery and become the world’s top stationery brand, I should personally act as sales rep and promote Japanese stationery to a global audience. Alongside this change, the business has been renamed the Global Stationery Business Division to underscore its global focus. I’ll certainly be taking a global focus in my role as head of this division. While the domestic stationery market continues to shrink, I feel encouraged by signs that a global audience is responding positively to our added-value products. It’s my responsibility to seize this opportunity by channeling both domestic and overseas stationery resources into global expansion.

Early signs of our purpose becoming reality

When we adopted our corporate purpose in 2022 (“Presenting a tomorrow you can’t wait for”), we also ran a fresh materiality analysis to identify the issues that matter the most to us and our stakeholders.

One of our achievements in FY2022 was to reorganize our businesses into the Workstyle and Lifestyle Fields, identify strategic priorities for achieving the goals set out in CCC 2030 and those set out in Field Expansion 2024, and embark on organizational transformation. This also marked an achievement in the context of corporate sustainability, in that we defined the business themes and organizational structures through which we can fulfill our purpose. While it's true that Kokuyo produces a wide array of products and services, our real forte lies in our ability to identify emerging workstyles and lifestyles and then develop ideas for new ways of living and working. In other words, what sets us apart is our social value—the role we serve in society.

Take KOKUYODOORS, for example. When international visitors encounter Japanese stationery at the store, they feel astonished, excited, and inspired by new ideas for their study life or general lifestyle. In other words, we're seeing the emergence of new ideas and experiences as promised in our purpose statement: It's presenting a tomorrow you can't wait for.

Building a workforce of visionary leaders to present a tomorrow you can't wait for

If we are to generate new value in line with our purpose, then we must, of course, invest in the necessary human capital and organizational infrastructure. One of the top duties for me and the rest of senior management is to build a workforce of visionary leaders, those who present "a tomorrow you can't wait for."

Workplace diversity is increasingly recognized as a vital part of business management, and it's something that we are promoting. If our workforce is to embody our brand's DNA, we must also create a more open organizational culture by breaking down departmental silos. By doing so, we'll foster motivation and leadership. Employees will feel more engaged and will take the initiative in addressing social issues and customer needs. How to lead this change and ensure that it translates into business growth—that is a key task for the management and central to Kokuyo's organizational management strategy.

Having handled many different kinds of products down the years, Kokuyo has long enjoyed a healthy, open culture, with authority being delegated effectively. The management will leverage this culture to encourage employees to personally identify with Kokuyo's purpose and to show initiative and leadership. With a more engaged workforce, we can satisfy customers' needs, address social issues, and deliver added value all the more effectively. Our whole organization, from senior management to frontline staff, will adopt a go-getting attitude and focus on how to satisfy customer needs and address social issues, not just on sales and profit targets. In that way, we will build a successful Kokuyo of tomorrow.

I can sum up the above by saying that we'll make Kokuyo an organization that "presents a tomorrow." Our junior employees are especially interested in finding ways to address social issues through their work. Critical to Kokuyo's organizational management is how we as an organization address social issues, how our employees engage in such efforts, and whether such efforts ultimately produce businesses, services, or products that "present a tomorrow."

I and the rest of the senior management must take a medium to long-term view. Instead of focusing only on the problems customers are facing now, we should trace back the problems to their root causes—the wider social issues that underlie the problems. As indicated in our Value Creation Story, we must be mindful of outcomes and social impacts when developing businesses that present a tomorrow. To that end, we must build a workforce of visionary leaders. Whether we succeed in building such a workforce is a key goal indicator for our human capital strategy.

Keeping social impact in mind when allocating capital

Finally, I want to discuss our capital allocation strategy for improving our growth prospects. Regarding our financial capital, we'll invest this actively in projects for CCC 2030, mindful of the need to strike the right balance between short-term and longterm allocations. As I mentioned earlier, we'll keep pursuing opportunities for M&As and startup partnerships. We'll also, of course, prioritize returning profits to employees in wage increases and to our shareholders in dividends. In this way, I and the rest of the senior management hope to build affinity and loyalty among our stakeholders.

Regarding non-financial capital, our top priority is to build our human capital—a workforce of visionary leaders who put our purpose into action. To create a diverse and inclusive organization, we'll embrace workplace diversity further and fortify the organizational infrastructure underpinning our new business portfolio. An important part of this is workstyle reform underpinned by digital transformation.

Our workplace is part of wider society. It's therefore important also that we keep innovating in our own workstyles and organizational practices so that we can stay at the forefront. To that end, our workplace must be diverse and engaged, with employees taking the initiative in pioneering new workstyles and lifestyles. With such a workforce, our marketing efforts will reflect our brand's DNA. As our employees draw upon our accumulated knowhow to pitch ideas for living and working to customers, our loyal fan base will grow, and so too will our social capital.

As for intellectual capital, we'll focus on developing our creativity, particularly our design finesse. This is because artistic appeal is crucial to pitching compelling ideas for work and life. If we are to transform the way our customers live and work, we need to develop our ability to reach and inspire customers directly.

I hope I have given you some idea about the tasks we'll be engaging with in our efforts to transform our business portfolio and achieve sustainable growth. I look forward to further dialogue with our stakeholders as we transition to the Forest-Like Management Model. Over the years, you have shown confidence in our stationery and furniture businesses, and I hope that Kokuyo will earn your continued trust as we present ideas for workstyles and lifestyles of tomorrow. Thanks for taking the time to read, and I look forward to our continued journey together.



Message from the CSO



Message from the CSO

Dynamically investing in projects with bright growth prospects

Director, Executive Officer
Managing Officer of the Corporate
Planning Division, CSO

Toshio Naito

Acquiring KOKUYO Hong Kong Limited set the way for overseas expansion

With KOKUYO pressing on with CCC 2030 and Field Expansion 2024, let me tell you about our investment-centered financial strategy. First, let's review how our furniture business fared in FY2022. While new orders were a little low, we were inundated with orders for office renovation work, making for some hectic days. In response to this situation, we laid organizational groundwork and made a start in boosting productivity, meaning that we are ready for growth in 2023 and beyond. We were particularly keen to boost profitability in our domestic businesses, and so we intensified efforts to restore these businesses to growth.

As for our overseas furniture business, for some time we felt that this business lacked a competitive edge because it had no production sites. However, in 2022, we acquired HNI Hong Kong Limited (now KOKUYO Hong Kong Limited). This acquisition has paved the way for expansion in China and South East Asia. Our customer base has very little overlap with that of KOKUYO Hong Kong Limited. Whereas we target the upper market, KOKUYO Hong Kong Limited has a strong presence in the middle market. This situation means that we have great potential for cross-selling each other's products. This foundation for global development counts as a key accomplishment in 2022.

In the past, our overseas strategy focused on optimizing distribution channels. However, focusing on sales functions alone proved insufficient to build competitive edge overseas. By welcoming KOKUYO Hong Kong Limited into our group, we could suddenly increase our range of products and save a fortune in procurement costs. Another important benefit is that, by using the KOKUYO brand in its sales, KOKUYO Hong Kong Limited can command higher sales prices, thus creating higher profit growth. Our M&A investment promises to pay excellent returns. The initial outcomes will be expansion in the Chinese market. Later on, we'll see expansion in other markets such as Singapore, Malaysia, and Indonesia.

Gearing up for field expansion

The stationery businesses have made important progress too. The domestic business is now much leaner. Overseas, the business was adversely affected by China's zero-Covid policy, but the business entered a recovery path in the second half of 2022. One major change alongside this is that the teams in Japan and China started cooperating in product development, so that our competitive power in Japan can be redirected into expanding in China. As part of this, we reorganized stationery operations into the Global Stationery Business Division to provide an organizational basis for expanding the business in 2023 and beyond.

As for Kaunet's e-commerce and mail order business, Kaunet's products remain popular among its existing customers, but Kaunet has struggled to win new customers. In particular, Kaunet has a limited online presence compared to its competitors, which is partly due to weak digital marketing. Kaunet will step up efforts to address this issue with advice from outside experts. In this way, the business will hasten its return to growth.

Thus, all of our businesses are now equipped for fresh growth. In previous years, our strategy focused on building sales growth in our existing businesses, meaning that we could devote little attention to expanding the business fields into new areas. By contrast, we now view our businesses differently, and employee attitudes have transformed too. Already, we're seeing new ideas emerge for expanding the business fields.

New businesses generated from a culture of experimentation

Our lifeblood is our culture of experimentation. We've organizationally embedded this culture, and we're now seeing new ideas emerge. One example is The Campus Flats Togoshi, which is a new project of The Campus, a lab for experimenting with new ideas for work and life. The Campus Flats Togoshi is a concept for a new kind of co-living space. The idea is that residents dwell together and experiment with ideas that they'd been wanting to try for a long time. In July 2023, we'll open the first such residence, in Togoshi, Shinagawa. If we determine that the project has strong prospects for profit, we'll open a second and then a third residence.

Another example involves a content business. In March 2023, we launched a series for facilitating communication between parents and children. The series is called Hello! Family. The idea is to support communication in the families of the future in a way that reflects their diversified workstyles and lifestyles. The brand includes a range of content. One example is an eponymous app, which allows you to keep an eye on family members. Another example is Hello! Coco an IoT-driven device that uses GPS. Another is Hello! Tag, which helps users keep track of their child's belongings. One other example is Hello! Moni, a monitoring services that can exchange messages with your smartphone. We'll focus on attracting users with a view to growing the content business. Using our medium-term growth CapEx budget, we'll keep generating new businesses with a view to steadily expanding the fields.

Deploying the growth CapEx budget to build a model of growth

For our financial strategy, we remain committed to returning profits to our shareholders in a stable manner, with a payout ratio of 40%, while also strengthening investment in our growth strategy. In 2023, we launched the Growth Strategy Council. This council will clarify how the growth budget of 30 billion yen will be spent. We've already spent about 10 billion yen of this

budget. Some of the money was spent on acquiring KOKUYO Hong Kong Limited and some on acquiring Origin, a company that manufactures and sells furniture in Japan. The remaining 20 billion yen should be used to gain partnerships in Australia that will help us expand in that market. We also need to find the right partnerships for our global stationery business. At any rate, M&As remain the top spending priority in our global strategy. Alongside the 30 billion yen growth CapEx budget, we have earmarked 20 billion yen for regular/ maintenance CapEx. This is to be spent on updating our facilities and other assets and on an information system.

Where will our spending priorities lie in the future? Given that the Japanese market has little prospect of growing, we should be focusing not on boosting production capacity but on shifting to an approach that adds high value to our products. We produce around 30% of our products in-house. The remaining 70% are produced by subcontracted manufacturers. These manufacturers can meet the requirements for quality and lead times, so deploying this supply network effectively is key to delivering products with high added value. While product development and design are likely to remain in-house, production will be entrusted to the right subcontracted manufacturers.

The other thing we must do in order to expand the fields is to strengthen our talent. Right now, the workforce is too small. The composition is also problematic, with employees aged 50 or older making up as much as 20% of the workforce. We'll therefore increase the number of new hires so that we can build the talent that can take our growth strategy into tomorrow.

Message from the Managing Officer of CSV Division



Message from the Managing Officer of CSV Division

By committing to sustainability, we will deliver the growth promises of the Forest-Like Management Model

Executive Officer
Managing Officer of Financial Administration
Division and CSV Management Division

Naotaka Umeda

Embedding materiality into our organizational culture

In our engagement with stakeholders over the past year, we found that they are very interested in corporate sustainability at KOKUYO. One topic that came up a lot was materiality. Many stakeholders wanted to know how action on the material issues would improve KOKUYO's value, build competitive edge, and ensure that our businesses offer a differentiated value proposition. We need to dedicate more efforts to the material issues that we newly identified in the latest materiality analysis. One of these is to improve wellbeing among employees and external stakeholders. The other is to expand business fields through the Forest-Like Management Model.

President Kuroda has instructed us to disseminate the material issues throughout the workplace so that they are embedded in our organizational culture. This will be an important priority in FY2023, along with stakeholders' requests for us to more clearly link the material issues with outcomes such as competitive edge. We must raise KOKUYO's value if we are to make our organization indispensable to world of tomorrow. Finally, we'll deliver social value balanced with business value and press ahead with our material issues in a way that contributes to making our Forest-Like Management Model a reality.

Transforming attitudes toward sustainability

KOKUYO has established the Sustainability Committee. The committee is composed of executive officers and chaired by me. We decided that the Sustainability Committee should meet four times to clarify an approach on sustainability. I will continue to serve as chair in 2023. In management meetings until now, we would set very clear sales and profit goals, but sustainability goals were fuzzier by comparison. However, 2023 will be a year for changing this mentality. The first step is for executives to commit themselves to the sustainability goals. The executives will then start thinking about how sustainability relates to the businesses that they manage. This in turn will cascade down, leading to a transformation of attitudes across KOKUYO in 2023.

To be honest, while senior executives may be on board with sustainability, at the operational level, staff often struggle to balance financial and non-financial concerns. Yet integrating non-financial concerns is absolutely critical in corporate

sustainability. While we do have some teething problems right now, we'll press ahead in our sustainability agenda, focusing on how KOKUYO can offer value to the world of tomorrow.

Through the materiality analysis I mentioned at the start, we crafted a differentiated value proposition. With this done, we're proceeding with the next step, which is to engage with institutional investors. Through this engagement, we've received mixed reviews about materiality. Some investors appreciate what we're doing and dig our corporate culture. Others are less sure. In light of the feedback, we need to engage better and make our message clearer, clarifying how our non-financial initiatives will help build KOKUYO's value and ultimately contribute to the goal of 500 billion yen in net sales.

Accelerating efforts to safeguard the planet as a place for work and life

After the first two material issues (after improving wellbeing among employees and stakeholders, and expanding business fields through the Forest-Like Management Model), we have three material issues grouped under the theme of safeguarding the planet as a place for work and life: respond to the climate crisis, contribute toward a circular economy, and contribute toward a society that coexists with nature. Of these, responding to the climate crisis is a particularly important task for us. The Sustainability Committee has identified climate-related tasks and prepared an organizational process for decision-making and execution. Following this, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and have made progress in addressing climate-related risks and setting metrics and goals.

Japan once had a serious pollution problem, and no one doubts that the private sector had a moral obligation to clean up the pollution. The TCFD agenda remains in its early days, and our workforce is yet to fully appreciate its importance. However, like the pollution problem, the private sector now has a social responsibility to battle climate change. It will therefore become increasingly important for us to disclose the social and environmental impacts of our business activities.

Under our current operations, it will be no easy task to balance the goal of cutting carbon emissions with our financial goals, since the more we produce, the more emissions we produce. We face a host of challenges such as fuel costs and the need to upgrade our facilities. But we'll start by changing attitudes in our workforce and then we can accelerate efforts.

For the fifth material issue, contribute toward a society that coexists with nature, we need to endorse and comply with the Taskforce on Nature-related Financial Disclosures (TNFD), as we have done with the TCFD. To that end, we must identify how our current business activities are impacting the natural environment, prepare the data, and set a plan to generate positive social impacts.

LONG-TERM VISION CCC 2030

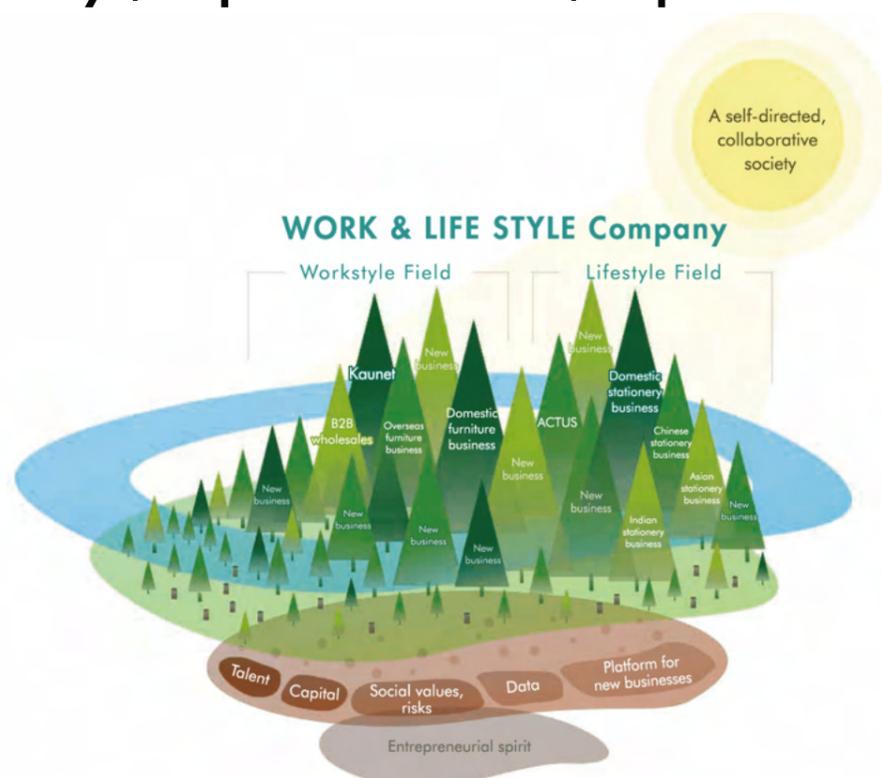
VISION

LONG-TERM VISION CCC 2030

In February 2021, we unveiled CCC 2030, a long-term vision in which we aim to achieve 500 billion yen in net sales by 2030 by shifting to the Forest-Type Management Model. The main theme of this vision is to become a diverse “forest” of businesses that grows sustainably. We also unveiled a new purpose statement, “Presenting a tomorrow you can’t wait for,” which expresses our role in building a self-directed, collaborative society. This vision requires radical organizational reform, including a change in corporate culture, organizational processes, how we allocate talent, and how we unleash the potential of every employee. Committing to such change, we held a yearlong process of discussions. During this process, we reaffirmed our values upon which we will expand our business fields: Co-creation with empathy, a culture of experimentation, and designing experiences.

KOKUYO’s new business model: The Forest-Type Management Model

- **Our philosophy** **be Unique.**
- **Purpose** **Presenting a tomorrow you can't wait for.**
- **Values** **Co-creation with empathy | A culture of experimentation | Designing experiences**



By expanding the two fields, we aim to achieve net sales of ¥500 billion in 2030.

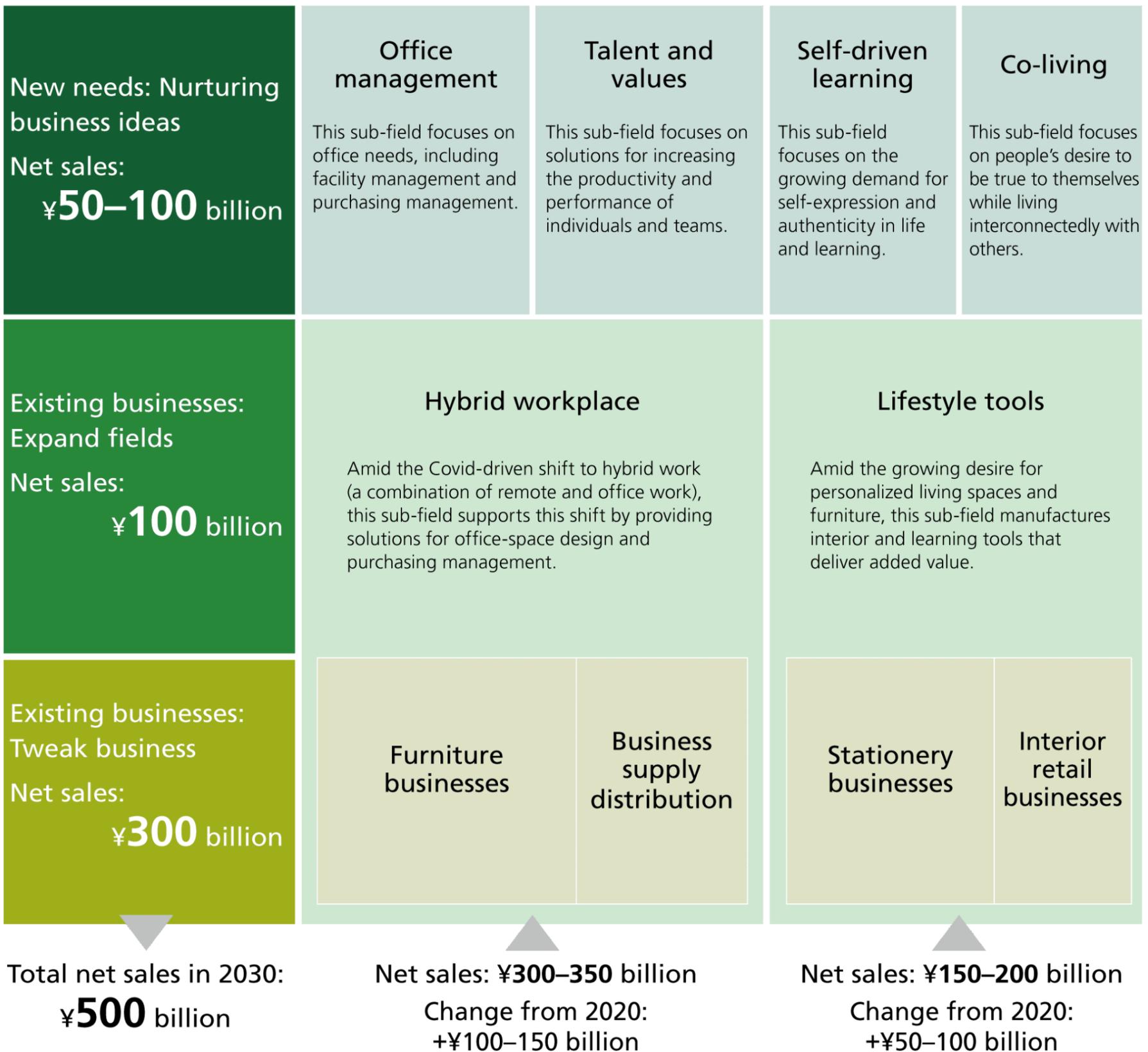
WORK & LIFE STYLE Company

Work: Workstyle Field

In this field, we primarily target corporate clients and market products and services that cater to new ways of working.

Learning, daily life: Lifestyle Field

In this field, we primarily target individual consumers and market products and services that cater to new learning styles and lifestyles.





Sustainable Management

Background to Sustainable Business Strategy

Background to Sustainable Business Strategy

In 2022, we established the Sustainable Business Strategy. For many years, our CSR Charter had served as basic set of principles guiding our efforts to fulfill our corporate social responsibility (CSR). However, we decided to reformulate the charter as a sustainable business strategy that would bridge our long-term vision (the overarching concept) with our policy on stakeholder engagement (a subconcept).

Sustainable Business Strategy

To build a self-directed, collaborative society, we will present a tomorrow you can't wait for and lead the way in sustainable business practices.

To balance social value and economic value, we will address social and environmental challenges and offer inspiration in work, learning, and living.

ORGANIZATIONAL FRAMEWORK FOR SUSTAINABLE BUSINESS STRATEGY

Sustainable Management

Organizational Framework for Sustainable Business Strategy

Organizational Framework for Sustainable Business Strategy

Previously, the Environment Committee led efforts to address environmental issues and monitor social trends and issues. However, in 2022, the committee was consolidated into the new Sustainability Committee as part of a shift to a new organizational framework for sustainability. Under the present framework, we have publicly committed to accomplishing the goals for our upgraded set of material issues, and senior management (executives and board members) have taken on the leading role in integrating sustainability through a PDCA cycle. The Sustainability Committee is chaired by the head of CSV, and it consists of four subcommittees: the Environment Subcommittee (what once was the Environment Committee), Wellbeing Subcommittee, Procurement Subcommittee, and Forest-Type Management Model Subcommittee.

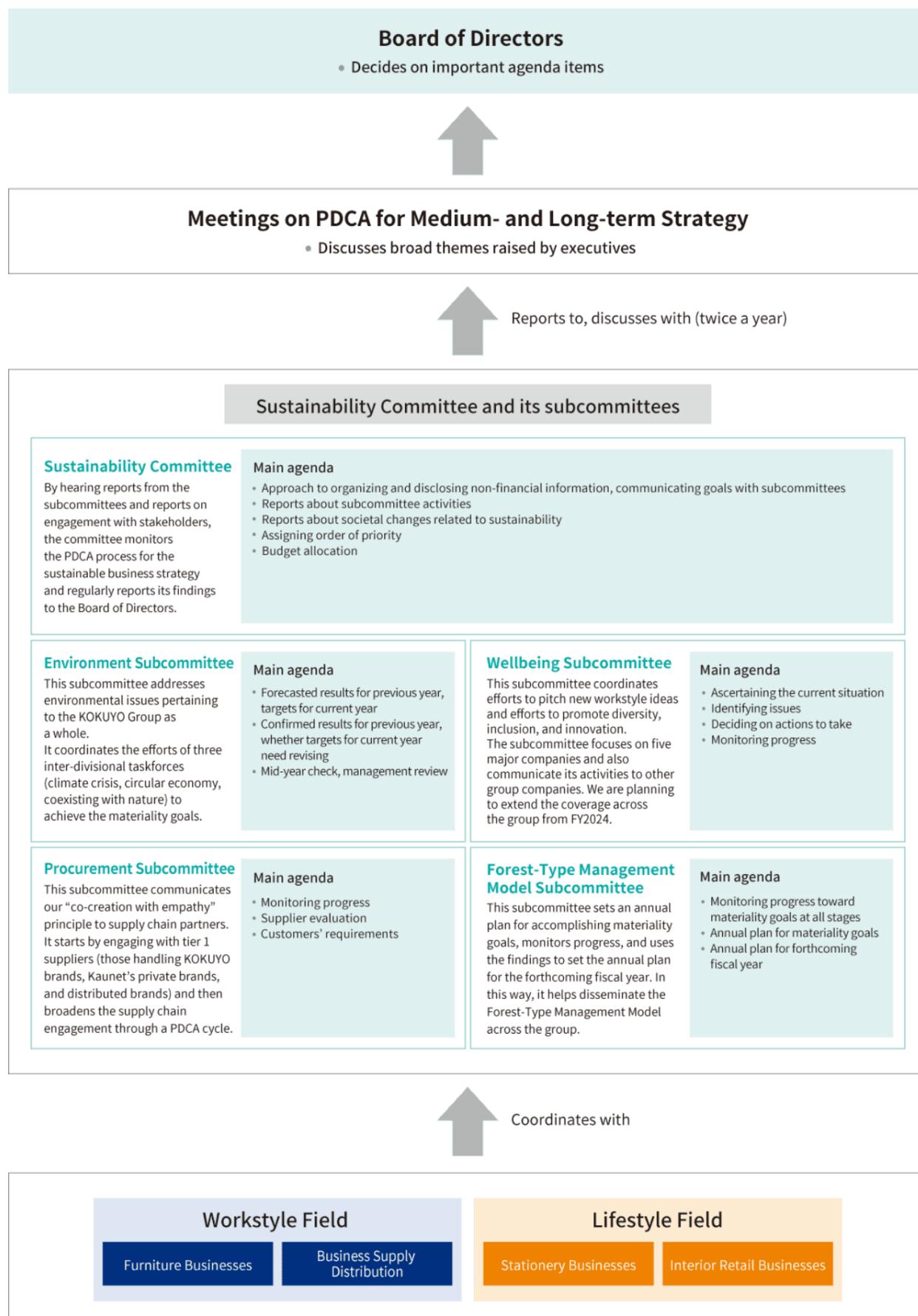




Sustainable Management

Decision-making Process

Decision-making Process in Sustainable Business Strategy





Sustainable Management

Decision-making Process for Material Issues

In FY2022, we updated our material issues. We had identified a set of material issues back in FY2020 based on a standard materiality analysis. However, we subsequently decided to conduct a more thorough materiality analysis so that our material issues would align with the kind of society we envisage: a self-directed, collaborative society. For the FY2022 materiality analysis, we performed a gap analysis. Specifically, we reassessed the current societal impacts of our two strategic business domains defined in our long-term vision (CCC 2030) and third medium-term plan (Field Expansion 2024). We then back-casted from the 2030 society we envisage to determine the gap between current impacts and desired impacts. With this information, we identified issues that we need to proactively address. We divided these issues into economic and social categories.

Decision-making Process for Material Issues



* ESG: Environmental, Social, Governance

Step 1: Identify ESG issues

First, we identified 34 potential environmental, social, and governance issues by referring to the SDGs and to data from MSCI Inc. and the Sustainability Accounting Standards Board (SASB).

	Perspective	Was a survey conducted?	Was desk research (secondary research) conducted?
Stakeholders	Consumers	<input type="radio"/>	—
	Key clients	<input type="radio"/>	—
	Investors (MSCI, SASB)	—	<input type="radio"/>
	National and local governments (growth strategy)	—	<input type="radio"/>

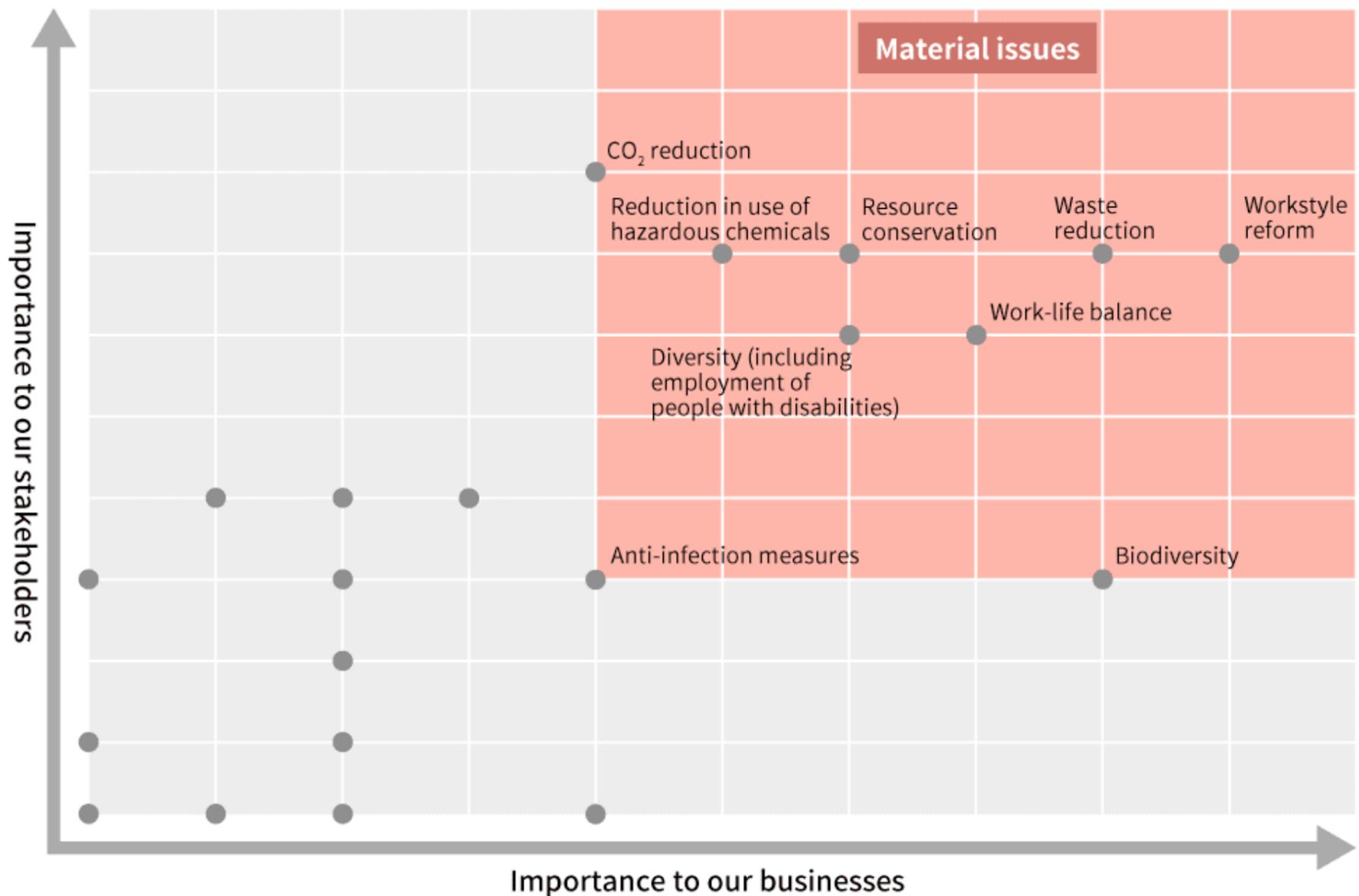
	Perspective	Was a survey conducted?	Was desk research (secondary research) conducted?
Our businesses	SDG contribution from products, services, and CSR items	—	—
	Development divisions	○	—
	Senior management	No, but a discussion was held	

* SDGs : Sustainable Development Goals
 MSCI : Morgan Stanley Capital International
 SASB : Sustainability Accounting Standards Board
 CSR : Corporate Social Responsibility

Step 2: Analyze each issue's impact on stakeholders

Having identified potential issues, we then rated each issue in terms of how much it matters to stakeholders and how much it impacts our business. Issues that had a high score on both metrics were defined as material.

Materiality matrix



Step 3: Submit to management for review

The issues rated as material were then reviewed by the management to determine whether the materiality designation was valid.



Step 4: Define material issues and goals

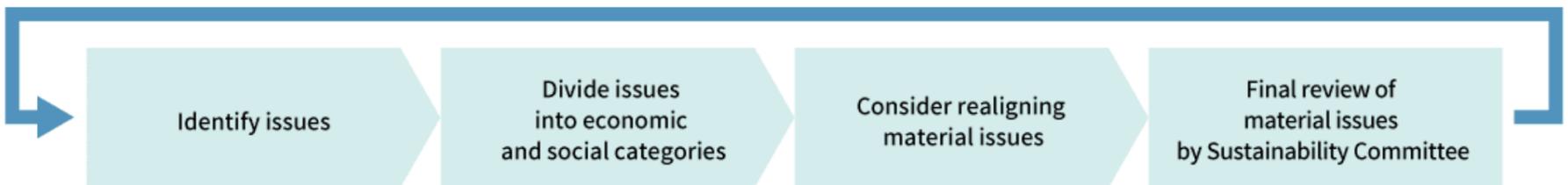
Finally, in regard to the material issues, we set goals/targets for 2030.

Material issue		2030 goal
Material issue 1 Pitch ideas for new ways of working	Pitch ideas for ways of working in the new normal, support work-life balance	Employees act on their initiative and solve problems through teamwork
Material issue 2 Promoting diversity and inclusion	Build a diverse, innovative workplace that is inclusive of gender, disability, and nationality	Workforce is diverse, individual differences are respected, and employees feel empowered
Material issue 3 Respond to the climate crisis	Reduce CO ₂ emissions through energy efficiency and renewable energy. Use forests to offset emissions	Offset CO ₂ emissions: Contribute to absorption of at least 6,000 tons of CO ₂ a year
		Reduce CO ₂ emissions: Emissions down by 26% from 2013 level in 2030

Material issue		2030 goal
Material issue 4 Contribute toward a circular economy	Promote human rights and resource conservation/waste reduction in the entire supply chains	100% of waste (office, construction, inventory) recycled
		Procurement guidelines applied throughout corporate group
Material issue 5 Contribute toward a society that coexists with nature	Protect biodiversity and reduce use of hazardous chemicals to minimize environmental impacts	Promotion of the use of legal timber
		Forests: Forests thinned at 150 hectares a year
		Reedbeds: Reeds trimmed at 1.5 hectares a year

Updating the material issues

In FY2022, we reviewed progress toward the 2030 goals in light of the material issues we had defined in FY2020. We then decided to update our material issues to gain a better understanding of the issues we must address in order to achieve our goal of a self-directed, collaborative society.*



1. Identify issues

The process of updating the material issues began with a review of the existing issues we had defined in FY2020. In that review, we thought about the strategic issues we will need to address if we are to lead the way toward a self-directed, collaborative society,* a society in which no idea goes to waste. Through the review, we sought to identify a new set of material issues.

* A self-directed, collaborative society is a society that respects personal values and cherishes social bonds. In this society, horizontal connections between people, tools, and environments provide new opportunities to collaborate for a better world.

当社が積極的に解決すべき社会課題

当社が積極的に解決すべき社会課題	社内	社会	SDGsとの関連性
気候危機への対応 - 省エネルギー対策、再生可能エネルギー活用によるCO2排出量の削減、CO2排出削減等-拡大の促進の森林保全に努める	●	●	13, 15, 17
循環型社会への貢献 - 循環型経済の発展に向け、サプライチェーン全体で人権に配慮するとともに、資源の-循環型社会の実現を促進する	●	●	9, 12
自然共生社会への貢献 - 点状林の活用促進による、生物多様性を保全し、気候変動緩和と適応による気候への影響を軽減する	●	●	13, 15, 17
ダイバーシティ&インクルージョンの実現 - 多様な人材を確保されるようになり、多様な能力を促進する事で、多様な人材を確保し、強みを生かす働き方を実現する	●	●	5, 8, 10
働きがい・学びがいと経済成長の両立 - 人材育成の充実-雇用の創出を通じて、人々を主体的に働かせることで、学びがい・働きがい・成長を促進する	●	●	4, 8, 9



当社が実現したい社会像と会社像

実現したい社会像
 実現したい会社像
 パーパス
 ビジョン
 企業理念

「自律協働社会」-発想の重なりが社会価値になる時代
個人の自己実現と他社貢献を可能とする

発想が重なり合う世界をつくり、あらゆる発想を無駄にしない

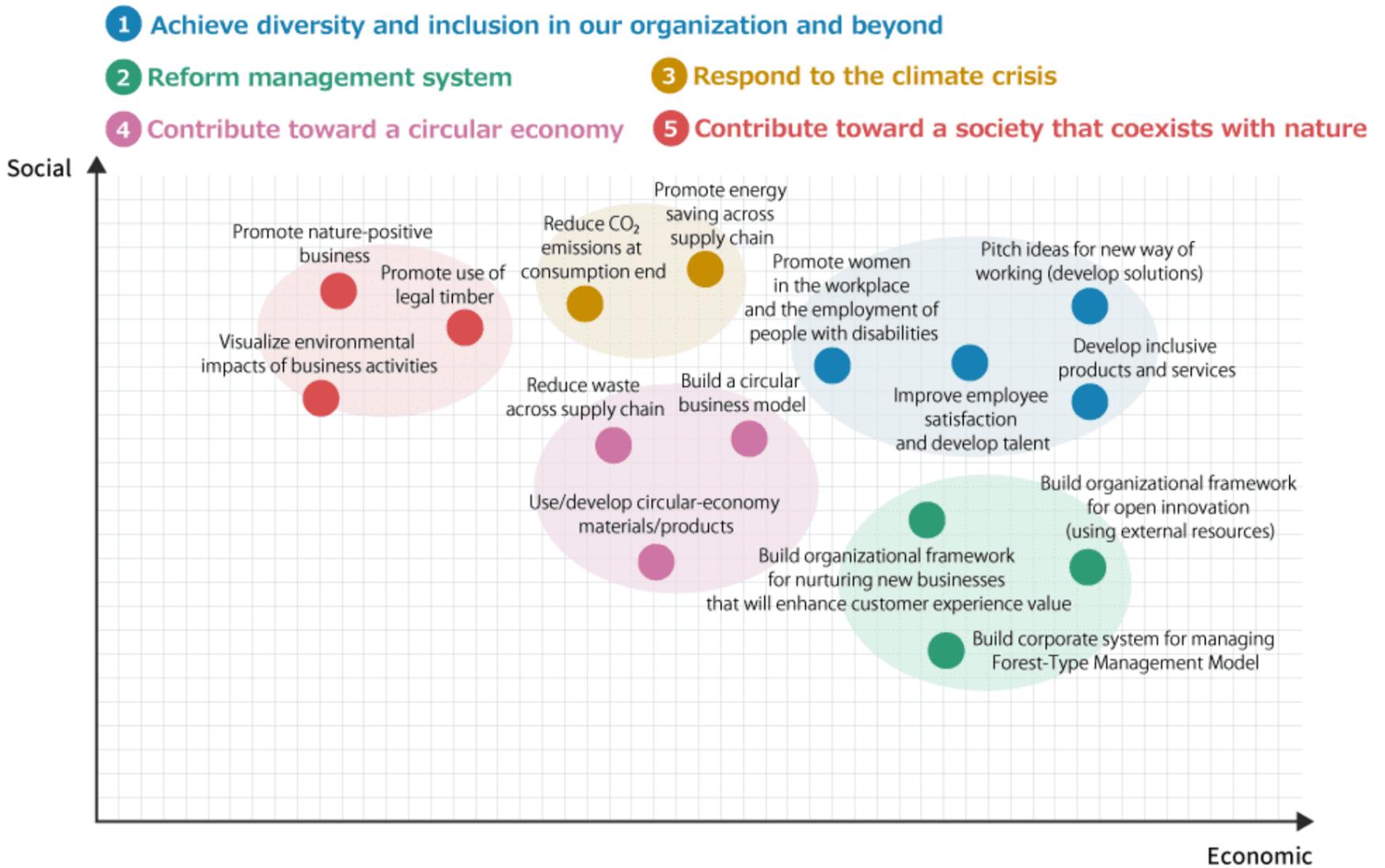
ユタカ 長期ビジョン-CCO2025
売上3,000億円・CO2削減率50%削減

be Unique.
コケシは、創造性を刺激し続け、世の中の個性を輝かせる。



2. Divide issues into economic and social categories

In light of the findings of the review conducted in 1 and the strategic themes outlined in the medium-term plan, we identified specific issues to make up for the inadequate elements in the previous materiality analysis. We divided these issues into economic and social categories and consolidated them into issues of a more general nature. We then plotted these issues onto the graph shown below.



3. Consider realigning material issues

Previously, our material issues were aligned with the SDGs. However, in this stage, we realigned them with the society we envisage. We then built an organizational framework for these realigned issues. We have set KPIs for our new set of material issues. For now, the KPIs are based on our vision for 2030.

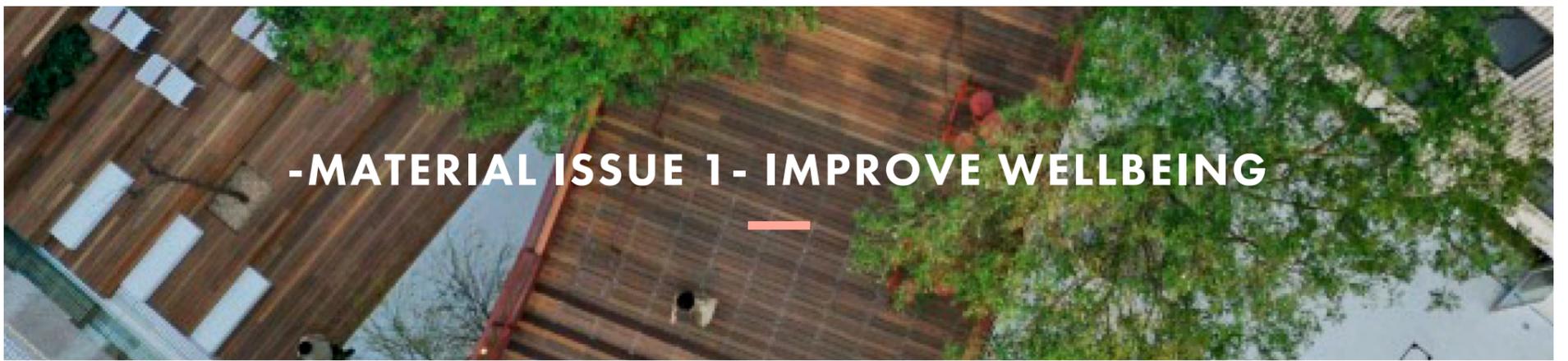
* KPI: Key performance indicator

List of Material Issues		General policy				
Challenge goals, commitment goals, current progress		We have set KPIs for our new set of material issues guided by our vision for 2030. There are two types of goals: challenge goals and commitment goals. Challenge goals are ambitious goals for 2030. Commitment goals are targets for 2024, the endpoint of our medium-term plan.				
Material issue	Outcome	2030	Challenge goal	2024 commitment goal	United SDGs	
Strategy 1 Improve Wellbeing among Employees and External Stakeholders	Material Issue 1 Improve wellbeing 1. Pitch ideas for new ways of working 2. Promote diversity, inclusion, and innovation	We promote personalized, authentic employee experiences by marketing life-based work (an approach that takes work around people, rather than expecting people to take themselves around their jobs).	Challenge goals for flexible work options (flextime, empowering women) 27 challenge goals (three per year for nine years)	Shift to monitor that values employees' disposable time 100% take-up rate for paid leave among managers and general staff		
		We have removed social barriers, encouraging more people to engage actively in work and learning.	Percentage of new product series that incorporate inclusive design: At least 50%	Women account for 12% of leadership roles Percentage of new product series that incorporate inclusive design: At least 20%		
Strategy 2 Expand Business Fields through the Forest-Like Management Model	Material Issue 2 Transition to a management system that creates social value	Collaborative approach in all businesses contributes positively to the environment and society, extending empathy outward in society and addressing social issues.	Our new and existing businesses address the problems society faces.	100% of sales have balanced social value and economic value		
		Our employees make the world a better place in many ways.	100% of employees are addressing social issues	30 visionary sites (Mitsui Tokai) experiments 100% participation in sustainability initiatives		
Strategy 3 Safeguard the Planet as a Place for Work and Life	Material Issue 3 Respond to the climate crisis Material Issue 4 Contribute toward a circular economy Material Issue 5 Safeguard the planet by balancing business activities with natural capital	Our collaboration with partners contributes toward carbon neutrality throughout our supply chains.	With our partners support, we have achieved our carbon emissions reduction target based on the Science Based Targets initiative (SBTi).	SBTi-based emissions reduction target (target set and achieved (target to be determined)) Carbon sequestration: At least 6,000 t-CO ₂ sequestered a year		
		Our collaboration with partners and customers leads the way toward a zero-waste society by reducing, reusing, and recycling.	Over 16% of the Japanese population participates in our programs for building a circular economy, creating positive behavioral changes in society.	At least 80% of net sales attributable to products sold by group (including overseas companies) that support a transition to a circular economy 100% of waste (office, construction services, inventory) recycled		Emissions reduction target: 50% reduction in our Japanese businesses from 2013 level 100% of new products incorporate circular economy design principles
		We safeguard the planet by balancing business activities with natural capital.	We conduct numerous experiments for a circular economy, encouraging more companies to commit.	100% of suppliers endorse our circular economy design principles Carbon footprint of business activities visualized and carbon neutrality achieved Forest conservation: Forests thinned at 150 hectares a year Feedbed conservation: Feeds thinned at 1.5 hectares a year		100% of key suppliers (more than 400 companies) provided feedback (innovations, issues) to address in supplier evaluation survey



4. Final review of material issues by Sustainability Committee

The Sustainability Committee, chaired by the head of the CSV Division, will conduct a review and made the final decision on the material issues. Under the framework provided in Japan's Guidance for Collaborative Value Creation, we will engage with investors and incorporate their feedback. We will iteratively update the material issues to reflect changes in the social and economic landscape.



KOKUYO Materiality

Improve Wellbeing among Employees and External Stakeholders



Basic policy

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

Outcome	2030 challenge goal		2024 commitment goal
		KPI	
Innovation is created, leading to better wellbeing among diverse individuals and communities.	We promote personalized, authentic employee experiences by marketing life-based work (an approach that tailors work around people, rather than expecting people to tailor themselves around their jobs).	Challenge goals for flexible work options (flextime, empowering women) 27 challenge goals (three per year for nine years)	Shift to mindset that values employees' disposable time 100% take-up rate for paid leave among managers and general staff
	We have removed social barriers, encouraging more people to engage actively in work and learning.	Percentage of new product series that incorporate inclusive design: At least 50%	Women account for 12% of leadership roles Percentage of new product series that incorporate inclusive design: At least 20%

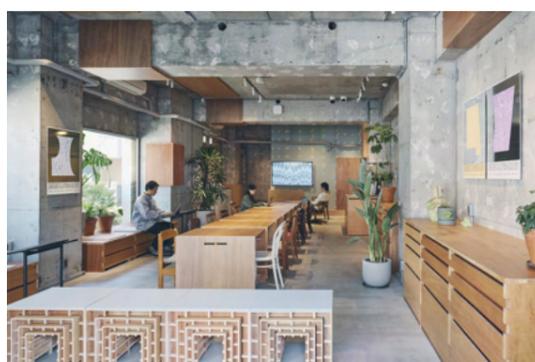
2022 results	2023 plan
<ul style="list-style-type: none"> ● Take-up of paid leave: 54.3% (among five main group companies in Japan) ● Percentage of leadership roles occupied by women: 8.5% (among five main group companies in Japan) 	<ul style="list-style-type: none"> ● As part of management reform, we'll shift to a mindset that places more value on employees' time (i.e., encourage employees to take up paid leave) and promote employee empowerment and growth (i.e., empower women in the workplace). ● We will foster a workplace culture that encourages employees, regardless of gender, to pursue a core career path in KOKUYO and to balance their work with their family commitments. ● We will establish a process in which each business incorporates inclusive design in product development.

Workstyle diversity challenges

KOKUYO-Style Hybrid Work

In 2022, we launched KOKUYO-Style Hybrid Work. This program honors diversity while encouraging employees to engage in workstyles that improve the productivity and creativity of the team as a whole, so that personal growth can accompany team outcomes. KOKUYO's distinctive workstyle model is practiced by supporting each employee's life-based working, a term we use to describe a situation in which the one's workstyle, learning style, and lifestyle are balanced and embody one's uniqueness.

With the workplace expanding, we provide employees with a satellite-style multipurpose space, known as n.5 (pronounced "enu-ten-go"). The space may be used as a satellite office, but it can also be used for activities related to employees' working, learning, and living. Employees use n.5 for a variety of purposes, including for self-led seminars and other self-organized events.



"n.5" can be used for a variety of purposes, not just work.

Workstyle reform in distribution centers

The distribution industry faces a number of labor challenges. For example, restrictions on truckers' overtime will come into effect in Japan in 2024. To address the challenges, KOKUYO Logitem Co., Ltd., has embraced workstyle reform. In 2022, it introduced flextime for distribution center staff, resulting in a better uptake of flextime in delivery operations. KOKUYO Logitem's initiative has now become a best practice example for flexible workstyles in the distribution industry.

A new mindset that gives employees more disposable time

To give employees more disposable time, we are working to improve productivity and foster a culture that values employees' time. To that end, an organization-wide taskforce ran three experiments in which employees participated.

- **Experiment 1: Improving productivity of meetings**

To improve the quality of meetings, each team reviewed meeting-related actions, including meeting frequency, narrowing down who will attend, and checking the agenda in advance.

- **Experiment 2: Gaining awareness of diverse values**

Diversity requires people to gain awareness of the differences in the values people hold. A dialogue-focused workshop was held with employees of different ages and from different departments. The theme was communication in the workplace.

- **Experiment 3: Exploring ways to use paid leave**

We ran a workshop to explore how employees can use their valuable rest days. Attendees discussed their past, present, and future interests and passions.

Health management initiatives

Sustainable Business Strategy is stated as follows: To build a self-directed, collaborative society, we will present a tomorrow you can't wait for and lead the way in sustainable business practices. A key part of this strategy is promoting wellbeing both within and outside our organization.

We updated the KOKUYO Health and Productivity Management Declaration to express the following commitments: We will provide a positive working environment, one that supports employees' mental and physical health and supports employee engagement. Through this process, we will learn best practices for supporting healthy workstyles. We will then present these findings to society. After updating the declaration, we created the Strategic Roadmap for KOKUYO Health and Productivity Management and launched systematic initiatives.

Recognition as Employee-Friendly Organization

KOKUYO and Kaunet have been listed among the 500 whitelisted companies in an award program run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, earning the official designation "2023 Certified Health & Productivity Management Outstanding Organization (White 500)." KOKUYO Marketing has earned a separate accolade under the same program ("Health and Productivity Management Outstanding Organization").



Improve wellbeing in society

Initiating inclusive design: Hows Park



Hows Park accommodates diverse needs through the shape, height, and visibility of the furniture and by providing a comfortable amount of space/distance.

To us, inclusive design means an approach 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. Through dialogues, we have forged rapport with lead users, through which we co-create new value for society. In 2022, we launched an initiative with KOKUYO K Heart Co., Ltd., to develop products with inclusive design. The products, which include furniture and stationery, are designed in a way that supports diversity and accommodates the needs of people with disabilities.

On the first floor of our head office, we have opened Hows Park, a diversity office that embodies inclusive design principles. From the initial construction phase, we discussed with lead users how to make the space feel accessible and comfortable for wheelchair users and people with hearing difficulties, mental health challenges, or leg impairment. Hows Park will serve as a testing ground for us to pilot our inclusive design initiatives.



KOKUYO Materiality

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 today's mounting environmental and social issues, many people are unsure of how to take the next step. We want to transform management systems to 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.

Outcome	2030 challenge goals		2024 commitment goal
		KPI	
Organization-wide collaboration contributes positively to the environment and society, increasing organizational empathy and leading the way in addressing social issues.	Our new and existing businesses address the problems society faces.	100% of sales have balanced social value and economic value	30 visionary idea (Mirai Yokoku) experiments
	Our employees make the world a better place in many ways.	100% of employees are addressing social issues	100% participation in sustainability initiatives

2022 result	2023 plan
<ul style="list-style-type: none"> ● 7 future Mirai Yokoku experiments Carry Campus, Future School Festival, KOKUYO Open Lab (testing new workstyles by combining space with DX), launch wellness program with Euphoria, Kaunet's launch of Loopa service, launch of oVice pilot, Zaitaku Hyakka ● 37.4% participation in sustainability initiatives 1,228 out of 3,284 people, counting only those who responded to survey (65% response rate) 	<ul style="list-style-type: none"> ● We aim for nine Mirai Yokoku experiments (bringing the cumulative total to 16). To that end, we will keep allocating resources to experiments and entrepreneurial efforts aimed at contributing to society and the environment, expanding empathy, and leading the way in addressing social issues. ● We aim to have 80% of our staff engaging in sustainability efforts. This primarily involves employees integrating into their everyday work the initiatives developed by members of subcommittee taskforces in 2022. To keep employees' motivation high, we will organize awareness-raising events for employees and the public.

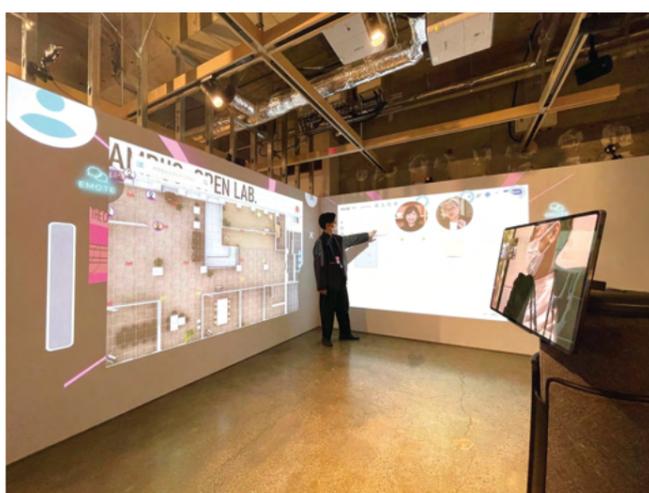
Mirai Yokoku experiments

Hello! Family.

Hello! Family is a new brand that supports communication in modern families and is tailored to diversified workstyles and lifestyles. Combining a smartphone app and four IoT devices, Hello! Family provides a fun way for users to check where their family members are and what they are doing.



Reopening of KOKUYO Open Lab.



In November 2022, we reopened KOKUYO Open Lab in The Campus, the location of our Shinagawa, Tokyo, office. KOKUYO Open Lab is a place for experimenting with social initiatives that use the latest technologies and techniques to enrich work and life. The lab is running a series of experiments on the theme of the digitally oriented workplace—a workplace where anyone can connect with colleagues whenever and wherever. It also has a booth for showcasing these initiatives.

The Campus serving as the venue for Kamiyama Marugoto's future school festival



In 2021, we joined Kamiyama Marugoto technical college in a partnership to explore new ways of learning. In March 2022, we endorsed the college's plan to organize the "future school festival," an event for showcasing a diverse array of education and career options. We provided The Campus as a venue for the event. During the event, one of our engineers delivered a lecture. Similarly, other KOKUYO employees organized and delivered classes, including a practical training event on inclusive design. In this way, they gave attendees an opportunity to think about how non-disabled people and people with disabilities can work together in reducing social barriers and making life better.

Organizational measures to turn social value into economic value

Thinking a few steps beyond our existing businesses, we try to turn emerging needs into new business opportunities.

To get a picture of the highly uncertain demand landscape of the future, we use backcasting (working backward from a future scenario) to explore possible needs that will emerge in the future and combine this with forecasting to identify the challenges to address now.

When evaluating the needs, we need to keep the cycle short and to pivot when necessary in order to minimize risks and maximize the success rate. To that end, we listen to experts from inside and outside our organization and manage the stage-gate process for new projects in a way that enhances the social and economic value. For future projects, we'll further strengthen our collaboration with external companies to enable more open innovation.



Yosuke Miura
Head of Innovation Center,
Corporate Planning Division

- MATERIAL ISSUE 3 - RESPOND TO THE CLIMATE CRISIS

KOKUYO Materiality

Respond to the climate crisis



Basic policy

Over 90% of our 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.

Outcome	2030 challenge goals		2024 commitment goal
		KPI	
Our collaboration with partners contributes toward carbon neutrality throughout our supply chains.	With our partners support, we have achieved our carbon emissions reductions targets based on the Science Based Targets initiative (SBTi).	SBTi-based emissions reduction target: Target set and achieved (target to be determined)	Emissions reductions target: 50% reduction in our Japanese businesses from 2013 level
		Carbon sequestration: At least 6,000 t-CO ₂ sequestered a year	

2022 result	2023 plan
<ul style="list-style-type: none"> CO₂ emissions: 21.4% less than 2013 level Domestic consolidated group companies + KOKUYO K Heart Co., Ltd., Heartland Co., Ltd. CO₂ sequestered: 4,698 t-CO₂ As stated on July 2022 certificate of carbon sequestration in Yui-no-Mori 	<ul style="list-style-type: none"> To achieve the 2024 target of 50% reduction among domestic businesses, we will focus on reducing CO₂ emissions originating from the generation and consumption of electricity, which account for the majority of our scope 1 and 2 emissions. In 2022, KOKUYO Mie Plant switched to net-CO₂-free power. By rolling out net-CO₂-free power in other factories and offices in Japan, we will cut such emissions.

Examining ways to achieve the 2024 reduction target

In a first step toward decarbonizing our supply chains, we have started exploring ways to reduce CO₂ emissions from our own facilities and resources. Much of our scope 1 and 2 emissions are attributable to electricity. We have therefore launched a cross-organizational taskforce to examine ways of reducing electricity-related CO₂ emissions. The taskforce includes facility managers for production sites with high CO₂ emissions, administrative staff in charge of managing electricity and facilities, and the planning staff for business units.

Noting that KOKUYO will need to cut emissions dramatically and quickly in order to achieve the 2024 target, the taskforce decided on a policy of buying net-CO₂-free electricity from power companies.

In 2022, KOKUYO Mie Plant switched to net-CO₂-free electricity, and other KOKUYO facilities in Japan are set to do so too. By transitioning to net-CO₂-free electricity in Japan, we will meet our 2024 commitment goal of 50% reduction in CO₂ from the 2013 level.

KOKUYO Mie Plant switches to net-CO₂-free electricity

In November 2022, KOKUYO Mie Plant switched to net-CO₂-free electricity in a first step toward meeting the 2024 target of 50% reduction in CO₂. KOKUYO Mie Plant is a core production site in our furniture business.

Because it now purchases net-CO₂-free electricity, KOKUYO Mie Plant boasts a zero as its coefficient for electricity-related CO₂ emissions in its production of office furniture.



KOKUYO Mie Plant
(Yabata industrial estate, Nabari)

KOKUYO Mie Plant has engaged in environmental activities since it first entered service in 1993. In FY2022, the plant's greening efforts were honored in the 2022 National Award for Greenery Factory (the plant earned the Chairperson's Award of the Japan Greenery Research and Development Center). The plant's greening efforts include creating more green space, considering flower and tree species, flowering time, and leaf and petal colors. They also include reducing CO₂ emissions, recycling, and contributing to the local community.

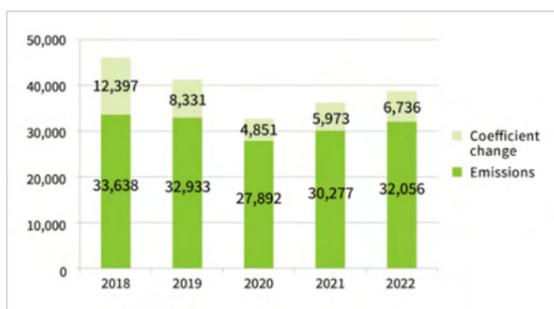
Scope 1 emissions (emissions from owned or controlled sources) and scope 2 emissions (emissions from the generation of purchased electricity or heating)

CO₂ emissions from 31 KOKUYO Group companies (including overseas companies)

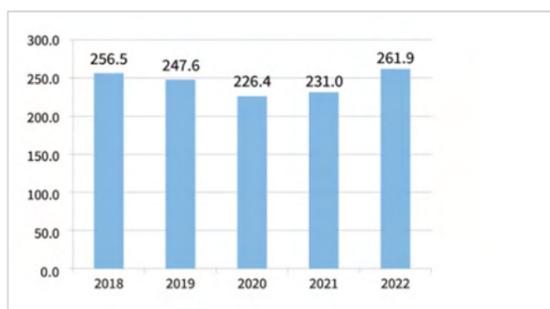
Total emissions for all 31 organizations in the corporate group (which includes Iwami Paper Industry since 2018)* 1 amounted to 38,792 tons, * 2 an increase of 2,542 tons from the 2021 level. Around 763 tons of the increase was attributable to a change in emissions factor data among energy providers. The remaining 1,779 tons was attributable to an upswing in the Indian stationery business, reflecting a recovery in demand for stationery following the reopening of schools.

* 1 View ESG data (responding to the climate crisis)

* 2 As to CO₂ emission coefficients for electricity in Japan, we adopt the coefficients based on the Act on Promotion of Global Warming Countermeasures (base emission coefficients for each electricity company based on actual performance for FY2020 and FY2021). As to CO₂ emission coefficients for overseas electricity, we adopt the country-specific factors cited in Emissions Factors 2022 published by the International Energy Agency (IEA). The difference due to change in coefficients is the difference with the emissions calculated based on the average of all electricity sources for 2000 (0.378 kg-CO₂/kWh).



Scope 1 and 2 emissions



Energy consumption per sales revenue

* We adopted the ASBJ Accounting Standard for Revenue Recognition (No. 29, March 31, 2020) at the start of 2022. With this standard retroactively applied, the result for 2021 would be 252.7 GJ / 100 million yen.

CO₂ emissions from sources in Japan

In 2022, a total of 24,101 tons of CO₂ was emitted by 11 consolidated subsidiaries in Japan* 1 and by our disability-friendly subsidiaries, KOKUYO K Heart and Heartland. This is 2 tons less than the previous year's figure (0.0% year-on-year change). The factors behind this change include a decrease of 21 tons attributable to a change in emission coefficients.* 2 If the change in emission coefficients is discounted, the emissions actually increased by 19 tons. According to our estimates, the factors behind this 19 ton-increase were as follows: Consolidating manufacturing operations increased emissions by 487 tons, more than offsetting a decrease of 405 tons from operational improvements and a decrease of 63 tons from improvements in facilities and equipment. Disclosed below are the results by sector (offices, plants, distribution).

* 1 The companies are as follows: KOKUYO, KOKUYO Product Shiga, KOKUYO MVP, KOKUYO Logitem, KOKUYO Supply Logistics, KOKUYO Marketing, Kaunet, Actus, KOKUYO Finance, KOKUYO & Partners, LmD International.

* 2 As to CO₂ emission coefficients for electricity, we adopt the coefficients based on Japan's Act on Promotion of Global Warming Countermeasures (base emission coefficients for each electricity company based on actual performance for FY2020 and FY2021).

Efforts among offices in Japan

Offices emitted 23 more tons than they did last year (20 more tons if we discount the impact of the emission coefficient). Emissions increased by 95 tons because of brisk office in Tokyo Shinagawa Office following the opening of a floor that was under renovation. However, this increase was partially offset by a reduction of 54 tons caused by remote working, and a reduction of 21 tons caused by the upgrading air conditioning systems and installing LED lighting.



Solar panels installed on the new wing of the Osaka office

Efforts among plants

Plants emitted 26 more tons than they did last year (4 more tons if we discount the impact of the emission coefficient). Emissions increased by 302 tons because of higher production and insourcing. However, this increase was offset by a reduction of 256 tons caused by quicker assembly line changes and stricter enforcement of machinery operation rules, and a reduction of 42 tons caused by more efficient compressor-room ventilation and adoption of more energy-efficient technology (LED lighting).



Solar panels installed on Shiga Plant

* We have discounted Mie Plant's shift to net-zero energy.

Efforts in distribution operations in Japan (storage, shipment)

Distribution operations emitted 51 less tons than they did last year (5 less tons if we discount the impact of the emission coefficient). Emissions increased by 90 tons because of a higher transaction volume and consolidations of distribution centers. However, this increase was more than offset by a reduction of 95 tons caused by the adoption of more energy-efficient practices and adjustments of lighting levels in distribution centers.



Hybrid streetlights installed at our integrated distribution center for the Tokyo Metropolitan Area

Expand our scope 3 emissions coverage

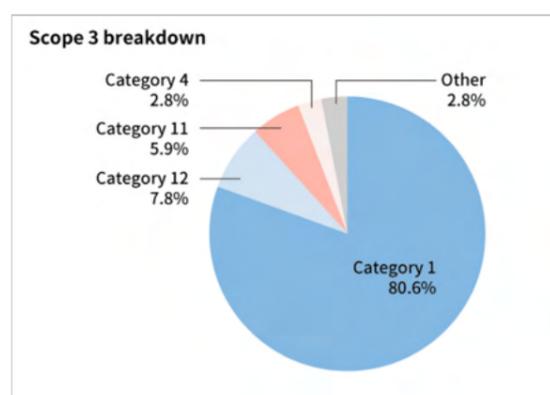
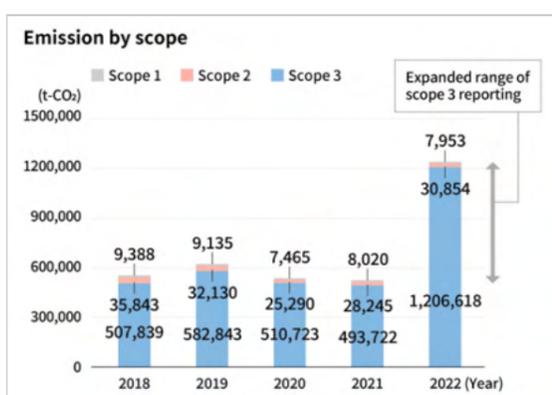
We are working to comply with the increasing societal demand for companies to manage and report their scope 3 emissions, which are emissions from sources that the company indirectly affects in its value chain (such as emissions from manufacturing services, transport and distribution, or from the use and end-of-life treatment of sold products).

In 2022, we expanded the range of our scope 3 reporting with a view to making our value chain carbon free. To ascertain the impacts of our business activities across our value chain, we started quantifying the impacts of all activities across our corporate group, instead just those related to KOKUYO brands as before.

With this wider scope, total GHG emissions in 2022 amounted to 1,245,425 tons, 2.5 times the 2021 result. Scope 3 emissions accounted for 97% of this total, and 80.6% of the scope 3 emissions were in category 1 (purchased goods and services).

We will continue our efforts to reduce our value chain emissions.

* The reliability of our environmental data was confirmed in an independent assessment conducted by Bureau Veritas Japan.



* Entities assessed for scope 3: 31 companies in KOKUYO Group (KOKUYO, 20 consolidated subsidiaries, 10 associated companies)

[View scope 3 emissions by category here >](#)

Endorsement of TCFD, TCFD-compliant disclosure



Governance

In 2022, we 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 decides on matters of strategic importance.

The Sustainability Committee's membership consists entirely of executives and the committee is chaired by the Managing Officer of the CSV Division. The committee monitors social and environmental trends to identify strategic concerns related to sustainability. It then formulates actions 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.

Strategy

We use scenario analysis to identify the 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.

The scenario analysis conducted in FY2021 covered the furniture and business supply distribution businesses, which fall under the Workstyle segment. In FY2022, it covered the stationery and interior retail businesses, which fall under the Lifestyle segment. We have identified the climate-related risks and opportunities in the stationery and interior retail businesses and will now analyze the financial impacts of these risks and opportunities.

Scenario	Description of scenario	References
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 pre-industrial 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	Stated Policies Scenario: Government regulation is weak compared to the other two scenarios. 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 remain as it is now.	<ul style="list-style-type: none"> ● IEO World Energy Outlook 2021. Stated policies Scenario ● IPCC SSP5-8.5

Risks and opportunities

< Workstyle Field >

Scenario	Furniture Businesses
1.5 °C	With growing pressure around the world for a net-zero transition, our customers, suppliers, and other social stakeholders will take more action to contribute to the net-zero transition and to reduce waste. The financial/business risks include higher CO ₂ emissions costs, the need for more capital spending, higher raw material costs, and a decline in sales revenue following changes in customers' needs. The opportunities include the potential for developing goods and services to cover shifting customer needs and behavior, and the potential to expand business domains by developing low-emissions businesses. Accordingly, we will seize the opportunity to develop new products and services so that we can create value suited to the changes among customers and in society.

Scenario	Furniture Businesses
4 °C	Timber prices rise amid the global spread in consumer activism coupled with climate impacts. Manufacturing and transportation become increasingly vulnerable to climate-related disaster risks. The financial/business risks include higher raw materials costs and the risk that hiking sales prices to absorb the cost increases may cause a drop in demand for furniture products. Where physical risks materialize, the risks include opportunity losses, business suspension, and the cost of responding to the incident. We will address the risks by increasing our organization's resilience. We also eye opportunities in the changing market trends, including the rise of disaster management efforts and new workstyles in our customers' offices. To capture these opportunities, we will develop new solutions that create value.

Scenario	Business Supply Distribution
1.5 °C	As the net-zero transition progresses, customers, distributors, and other social stakeholders take more action to contribute to the net-zero transition and to reduce waste. The financial/business risks include the costs of carbon taxes, higher transport costs, and a decline in sales revenue following changes in customers' needs. The opportunities include the potential to increase sales revenue with a lineup suited to the shifting customer needs. Accordingly, we will seize the opportunity to change our product lineup and expand our digital measures so that we can increase our climate resilience and create value suited to the changes among customers and in society.
4 °C	Raw material prices rise amid the global spread in consumer activism coupled with climate impacts. Physical risks materialize, disrupting transportation and other parts of the supply chain, which may have severe ramifications for the business model. The financial/business risks include higher costs, both for raw materials and for transportation. Where physical risks materialize, the risks include opportunity losses, business suspension, and the cost of responding to the incident. To address the risks, we will strengthen our organization's resilience by altering our procurement strategy and expanding digital measures.

< Lifestyle Field >

Scenario	Global Stationery
1.5 °C	The global net-zero transition leads to new consumer and market trends, with consumers changing their attitudes toward stationery and other consumables and with new workstyles and learning styles emerging. The financial/business risks include higher CO ₂ emissions costs, higher raw material costs, the costs of added investment, and the risk that the stationery market shrinks amid digitalization. The financial/business opportunities include the chance to create new value by developing products and services for Japanese and overseas markets that cater to the emerging trends.
4 °C	Cost pressures increase amid the global spread in consumer activism and the physical impacts of climate change become an increasing threat. The financial/business risks include higher costs in raw materials and energy. Where physical risks materialize, the risks include opportunity losses and the cost of responding to the incident. Financial/business opportunities include a growing demand for stationery in overseas markets. The opportunities can be realized by strengthening resilience, globalizing the supply chain, and expanding in overseas markets.

Scenario	Interior retail businesses
1.5 °C	The net-zero transition increases pressure to realize ecological sustainability, including reducing the CO ₂ emissions generated in the life cycle of furniture (from production to disposal). The financial/business risks include higher CO ₂ emissions costs, higher raw material costs, and the costs of added investment. They also include the risk that people purchase interior goods less frequently out of concern for the environment and the risk of increased competition from furniture rental and subscription services. Financial/business opportunities can be realized by balancing business interests with environmental friendliness, such as by carbon footprint labeling and developing services that reduce furniture waste (e.g. repair services).
4 °C	Prices for timber goods and other products rise amid the global spread in consumer activism coupled with climate impacts. The supply chain and retail activities become increasingly vulnerable to climate-related disaster risk. The financial/business risks include higher raw materials costs and the risk that hiking sales prices to absorb the cost increases may cause a drop in demand for furniture products. Where physical risks materialize, the risks include opportunity losses and the cost of responding to the incident. To manage these risks, we will strengthen resilience and ensure stable deliveries of our products by altering our procurement strategy and developing our e-commerce business.

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 attendance of managers responsible for each business division. Once the risks are identified and evaluated, they are

communicated to 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. To integrate climate-related risk management into this existing system for groupwide risk management, the Risk Management Committee will now coordinate with the Sustainability Committee's Environment Subcommittee.

Specifically, the Environment Subcommittee will inform the Risk Management Committee about important matters concerning risk management and about the state of compliance with environmental regulations.

Metrics and Targets

We will step up efforts to reduce CO₂ emissions to mitigate climate change and contribute to a net-zero transition. We have defined the following metric and target for 2024.

Metric	2024 target	2022 result
CO ₂ emissions	50% reduction from 2013 level in scopes 1 and 2: consolidated subsidiaries in Japan,* KOKUYO K Heart Co., Ltd., and Heartland Co., Ltd.	21.4% down from 2013 level (24,101 t-CO ₂)*

* These subsidiaries consist of the following: KOKUYO, KOKUYO Product Shiga, KOKUYO MVP, KOKUYO Logitem, KOKUYO Supply Logistics, KOKUYO Marketing, Kaunet, Actus, KOKUYO Finance, KOKUYO & Partners, LmD International

Alongside efforts to reduce CO₂ emissions, we support forest carbon sequestration by a forest-thinning program. In FY2021, we thinned 88.55 hectares of forest, contributing to the absorption of 4,698 tons of CO₂.

- MATERIAL ISSUE 4 - CONTRIBUTE TOWARD A CIRCULAR ECONOMY

KOKUYO Materiality

Contribute toward a circular economy



Basic policy

We want to use the planet's limited resources efficiently in delivering value to customers. Accordingly, we've been working to recycle more of our waste and to develop ecologically sustainable products and services. As an organization that provides products that are as accessible to as many people as possible, we also aim to promote individualized zero-waste lifestyles. We'll engage partners and customers in our efforts to help build a circular economy, one that recycles and reuses rather than wasting.

Outcome	2030 challenge goals		2024 commitment goal
		KPI	
Our collaboration with partners and customers leads the way toward a zero-waste society by reducing, reusing, and recycling.	Over 16% of the Japanese population participates in our programs for building a circular economy, creating positive behavioral changes in society.	At least 80% of net sales attributable to products sold by group (including overseas companies) that support a transition to a circular economy	100% of new products incorporate circular-economy design principles
		100% of waste (office, construction services, inventory) recycled	
	We conduct numerous experiments for a circular economy, encouraging more companies to commit.	100% of suppliers endorse our circular-economy design principles	100% of key suppliers (some 400 companies) provided feedback (evaluations, issues to address) in supplier evaluation survey

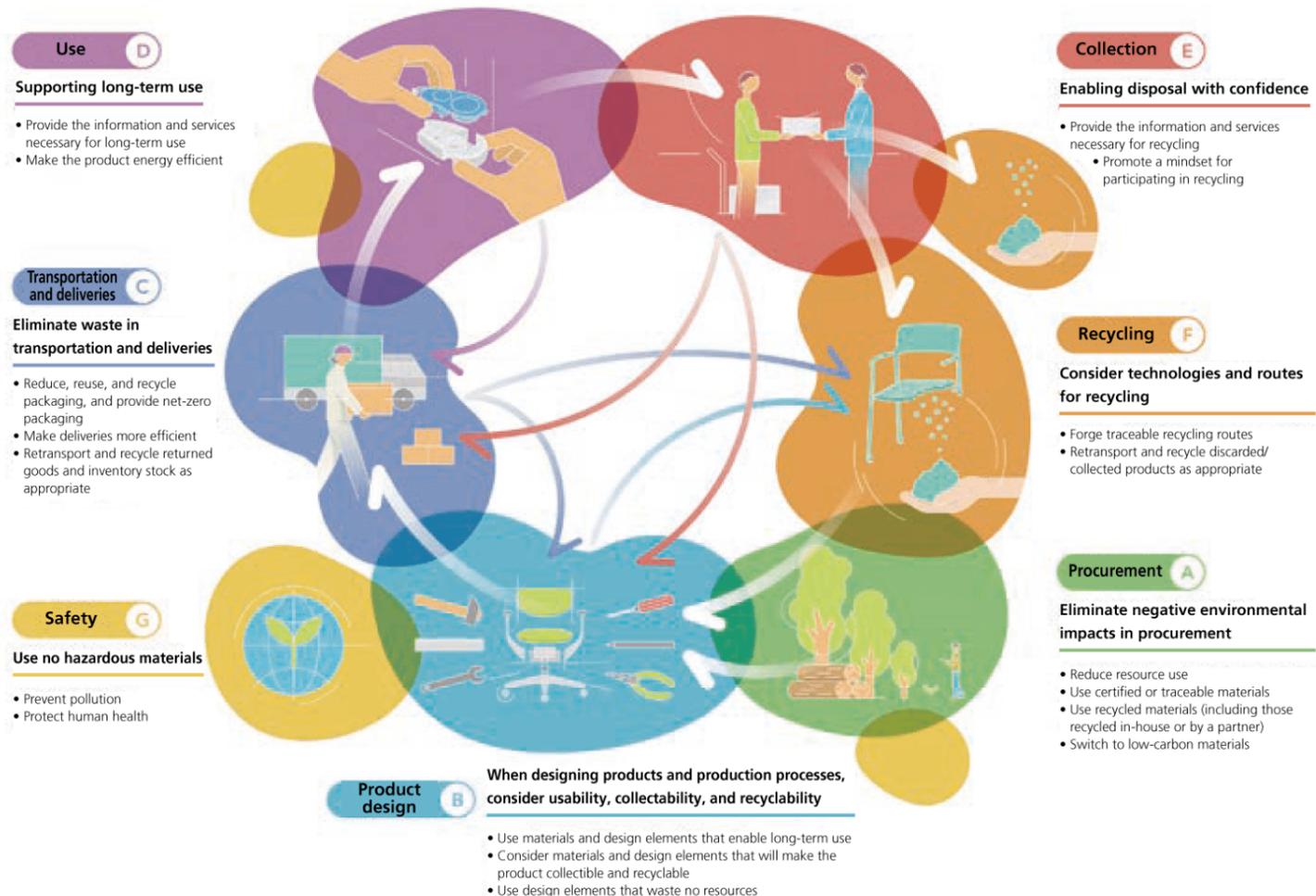
2022 result	2023 plan
<ul style="list-style-type: none"> Completed Circular Business Guidelines (ver. 1) Offices: 95.9% of waste recycled. Construction services: 82.3% of waste recycled 511 of 549 key suppliers responded to survey (93% response rate) 	<ul style="list-style-type: none"> Circular Business Guidelines (ver. 1) will enter force in April Start trial scheme for collecting used stationery from schools Launch five circular-economy initiatives for new offices and office relocations Feed back survey results to key suppliers and ask some of the suppliers to make improvements

Circular Business Guidelines

Shifting to a circular model in both tangible and intangible aspects

We created the Circular Business Guidelines as an updated version of the eco-batsu initiative, which we have continued since 2008. The guidelines are designed to support closed-loop recycling and reduce recycling speed by reinforcing efforts in use, collection, and recycling. They also emphasize communicating with users and the venous industry (companies that turn industrial waste into reusable resources) to promote a shift to genuinely recyclable products and to develop the maintenance and collection services that underpin closed-loop recycling.

Circular Business Guidelines schema



We would like to acknowledge the support we received from the Daijiro Mizuno Laboratory of the Kyoto Institute of Technology and from Re: Public Inc.

Examples of business initiatives

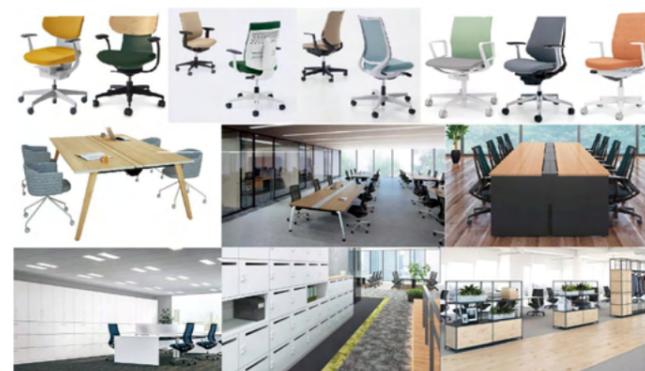
Kaunet: Loopa (E, F, and A in the Circular Business Guidelines)

We launched Loopa, a simple, convenient, and reliable service for recycling office wastepaper. Loopa now collects and recycles paper packs, paper cups, confidential documents, and miscellaneous wastepaper. In 2023, we plan to expand the coverage to eight wastepaper categories. To facilitate the recycling of many more materials, we will incorporate a design-for-recyclability strategy (using design and manufacturing processes that enable recycling).



Furniture Business: Launched 10-year warranty (D)

We started extending our warranty to ten years for the core structures of office furniture so that customers can use the products over a longer period with peace of mind, thereby reducing waste. The ten-year warranty has initially been introduced for some items in our chair series, table series, and storage series.



Stationery Business: Neo Critz From Fishing Nets Recycling (F, A, and B in the Circular Business Guidelines)

Discarded fishing gear makes up the largest percentage by volume (at around 26%) of the ocean plastics adrift in Japanese waters. We launched a pencil case made in part from old fishing nets. The product is intended to make people more aware and interested in problem of ocean plastic pollution.



In partnership with Alliance for the Blue

Actus (F, A, and B in the Circular Business Guidelines)

Actus is reducing furniture waste in three ways:

- 1) Actus repairs furniture to increase its lifespan.
- 2) When users have no alternative but to discard furniture (such as when the family composition has changed or when they move house), Actus offers to buy back the furniture and upcycle it.
- 3) Actus recycles 100% of worn-out or broken furniture.



Efforts in logistics operations (C and F in the Circular Business Guidelines)

In our logistics operations, we have many circular-economy initiatives: We use simplified packaging, collapsible containers, and returnable packaging materials. We reuse pallets and upcycle some waste plastics into stretch film and other products. We repurchase second-hand furniture. We also minimize the carbon footprint of our logistics network with efficiency improvements such as reducing misshipments, using truck space more efficiently, and embracing the modal shift.



Sustainable procurement efforts

In 2022, we surveyed 549 suppliers about their sustainability efforts. Of these suppliers, 93% responded to the survey. In 2023, we will feed back the survey results to the suppliers and hold dialogues with some of the suppliers to help them address the concerns.

Number of suppliers	549
No. of respondents	511
Response rate	93%

voice

The taskforce's second year in review

The idea behind the guidelines and how they will be used

The purpose of the Circular Business Guidelines is to encourage customers to engage with us in our circular-economy initiatives. To that end, the guidelines set out a vision and objectives related to customer communications as well as to tangible products. Using these guidelines, we'll develop tangible products and intangible services with a focus on what happens after the product is delivered and what happens after the customer discards it. We're still in a trial-and-error stage, but we're excited about engaging with lots of stakeholders to build a wasteless society.



**Stationery Business Division
Technology Development
Center
Material Technology
Development Group
Daiki Kishimoto**

Piloting a stationery collect-and-recycle scheme for schools

Self-righteous corporate activism will never bring about a circular economy. You need something that will keep customers engaged, something exciting that people want to talk about. As well as being a manufacturer, KOKUYO has many logistics operations, and this is where we can create truly engaging services. This year, we've formed more partnerships for notebook collect-and-recycle services. We'll use these partnerships to collect used notebooks, recycle them into new notebooks (in a process known in Japan as "horizontal recycling"), and then hand them to the participating children. The children will experience their stationery being given a new lease of life, and this experience will encourage them to join with us in building a wasteless society.



**Kaunet
Product Development
Department, Merchandising
Division
Development Group 1
Yo Otake**

Building circular, long-life offices

The Workplace Business Division creates numerous products with long lifespans and modifiability. These design values underpin a sustainability that's distinctive to office furniture. We have many loyal customers who have bought many of our products. That's why we want to ensure that customers can continue to use the products for many years with peace of mind, thereby reducing waste. Accordingly, in 2022, we started extending our warranty to ten years for long-selling products. In 2023, we'll release a series of updatable office furniture. The products will be based on the furniture our customers already use, but they can be updated to suit the customer's workstyle and design preferences. We'll keep offering more options for long-term use while exploring ideas for discarded units that inevitably turn up in the process.



**Workplace Business
Division
Marketing Division
Value Creation Unit
Miki Kawamura**

Related information

Waste output, recycling volume

The volume of waste materials generated by the group's 31 business offices* 1 in 2022 was 20,124 tons (previous year: 21,933 tons), and the recycling rate was 95.9% (previous year: 97.4%). We generated 4,628 tons of waste materials on construction sites (previous year: 4,863 tons) with a recycling rate of 82.3% (previous year: 80.7%). The responsibilities of the prime contractor with respect to the disposition of waste materials generated on construction sites have been clarified, and the obligations of the waste-generating company have been tightened. Efforts were made to contain waste materials in part through a review of the methods by which parts subject to processing at construction sites are ordered. As waste materials generated on construction sites are not homogenous, there are many cases in which recycling is difficult due to the intermingling of various types of waste materials in a given batch. Nevertheless, we will continue to properly dispose of waste materials in conjunction with the implementation of controls on their generation and aim to achieve our target of 100% for the rate at which waste materials are recycled.

Office efforts

In 2022, our offices produced 1,185 tons of waste (compared to 795 tons in 2021) and recycled 82.3% of waste (compared to 97.8% in 2021). The increase in waste and reduction in recycling occurred because disposal of inventory assets prompted a spike in industrial waste. Although there is a limit to what an office can do, our office staff are doing their bit by separating waste and going paperless.

Plant efforts

In 2022, our factories produced 10,620 tons of waste (compared to 10,684 tons in 2021) and recycled 96.8% of waste (compared to 96.9% in 2021). Since 2009, our Japanese production sites produce zero emissions over a ten-year period when disposing of waste. Overall, they recycled 99.1% of waste (compared to 99.2% in 2021), because plasterboard at Mie plant is now reused (material recycling) instead of being burned for energy (thermal recycling), resulting in a slight increase in residues. Shibayama Plant recycled 96.2% of its waste. The plant generates glass waste in varying volumes, making it unfeasible in some cases to recycle the waste. In these cases, the waste gets sent from the intermediate site to a final disposal site (i.e. landfill). Corrective measures are being taken so that the plant can return to net-zero emissions. In 2022, our overseas production sites recycled 91.0% of waste (compared to 90.3% in 2021). We encourage each of these sites to reduce and recycle, while taking into account local recycling standards.

Efforts in distribution channels

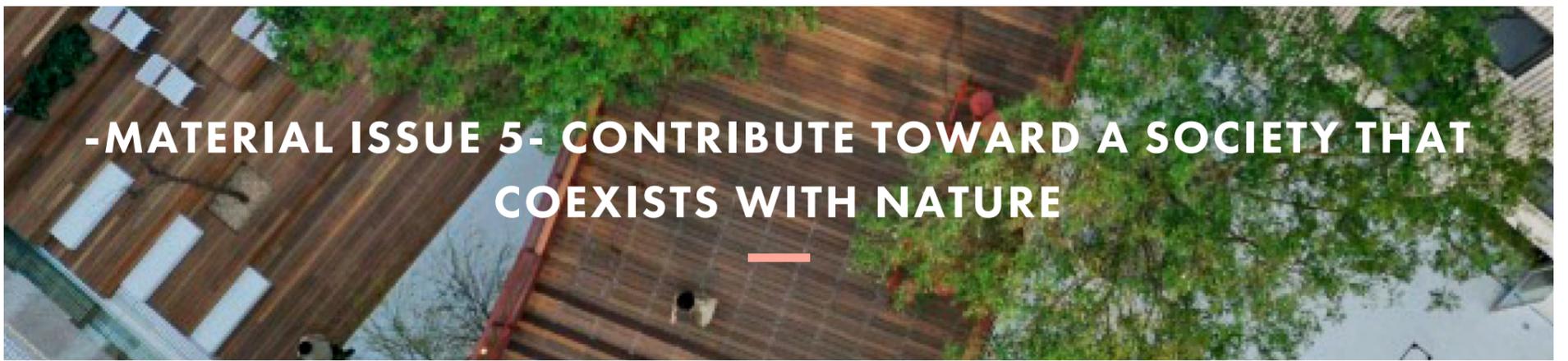
In 2022, our distribution channels produced 8,318 tons of waste (compared to 10,454 tons in 2021) and recycled 96.6% of waste (compared to 97.9% in 2021). Cardboard and wooden pallets used in packaging are repaired and reused. We will continue our active efforts to use resources effectively.

KOKUYO products: Reuse, recycle

KOKUYO Logitem runs a collect and reuse/recycle scheme. After delivering products, the company offers to take away the customer's disused products so that they can be reused and recycled according to their condition. In 2022, KOKUYO Logitem collected around 2,474 tons of used office furniture (desks, chairs, and so on). Around 176 tons of the collected furniture was salvaged for reuse. The remainder was dismantled and sorted for recycling.



A desk being dismantled and sorted



KOKUYO Materiality

Contribute toward a society that coexists with nature



Basic policy

Conservation of forests is a major imperative for us since we use plenty of timber (not least in our mainstay products of notebooks and office furniture). Over the years, we have worked to conserve biodiversity and reduce our use of hazardous materials in order to minimize our impact on the environment. From this year, we'll 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.

Outcome	2030 challenge goals	
		KPI
We safeguard the planet by balancing business activities with natural capital.	We now disclose our carbon footprint and actions to minimize it, encouraging an eco-friendly attitude in the market.	Carbon footprint of business activities visualized and carbon neutrality achieved
		Forest conservation: Forests thinned at 150 hectares a year
		Reedbed conservation: Reeds trimmed at 1.5 hectares a year

2022 result	2023 plan
<ul style="list-style-type: none"> Identified mandatory metrics for measuring environmental impacts Forest conservation: 88.55 hectares of forest thinned Reedbed conservation: 0.45 hectares of reeds trimmed 	<ul style="list-style-type: none"> Use model site to identify environmental impacts Develop activities to create positive environmental impacts

Measuring environmental impacts

We are developing metrics to measure how well we discharge our responsibility as a company whose businesses use forest resources. The metrics, all describing an aspect of co-existence with nature, include understanding biodiversity, relationship between business and biodiversity, evaluation of raw material risks, and identification of risks to business sites and the surrounding area. With companies increasingly expected to disclose information in line with the Taskforce on Nature-related Financial Disclosures (TNFD), we are also monitoring this trend and working to understand what the requirements are.

KOKUYO Group's nature conservation efforts

Yui-no-Mori Project

In 2006, we launched a project to conserve a private forest in the Taisho district of Shimanto, Kochi Prefecture, which we named Yui-no-Mori ("linkage forest"). In this project, we thin the forest and make effective use of the resulting timber. Our purpose is to lead the way in reviving manmade forests and restoring the link between the natural environment and local livelihoods. In 2007, the project was certified by the Forest Stewardship Council® (FSC®). Today, Yui-no-Mori has a surface area of 5,430 hectares, and a cumulative area of 1,989 hectares has been thinned. Kochi Prefecture has awarded us the "CO₂ absorption certificate" since 2007. In FY2021, the forest absorbed 4,698 t-CO₂ in that year. The cumulative total (April 2006 to March 2022) stands at 72,089 t-CO₂.

In 2022, Yui-no-Mori earned two accolades, bringing its accolade tally to nine: In January, it won the "grand prize in the conservation in practice category" at the Japan Nature Conservation Award 2022. In May, it won the "excellence award" (Forestry Agency Director-General Award) at Forests × Decarbonization Challenge 2022. The project earned accolades in past years too: In 2020, it earned a "sustainability action" commendation from the Ecological Life and Culture Organization and the "18th Corporate Philanthropy Award" from the Japan Philanthropic Association; in 2019, it won a commendation at the Low Carbon Challenge Cup 2019 and a "minister's prize" in the corporate category of the Ministry of the Environment's Good Life Awards; in 2018, it won a "Green Wave Award" prize at the Biodiversity Action Awards; in 2017, it won the Japan Wood Design Award.



Japan Nature Conservation Award 2022: Grand prize in the conservation in practice category



Forests × Decarbonization Challenge 2022: Forestry Agency Director-General Award

Kochi Prefecture confers certificate of carbon sequestration

On July 15, 2022, Kochi Prefecture awarded KOKUYO and Kaunet a CO₂ absorption certificate in recognition of the fact that we had offset a total of 4,698 tons of CO₂ (KOKUYO offset 4,120 tons and Kaunet offset 578 tons). The award ceremony was held at the prefectural office. Presenting the award, Nobuyuki Mutou (who heads the prefecture's department for forestry and the environment) thanked the two companies for contributing over the years to Kochi's efforts to preserve its environment,

manage its forests, promote local industry, and support its PR. The 4,698-ton offset represented 12% of the group's total CO₂ emissions in 2022 (38,792 tons). As well as preserving forests, this effort proves valuable for mitigating climate change.

FSC certification

Yui-no-Mori has enjoyed FSC certification since 2007. Following a regular audit performed on 14 and 15 September, 2022, the project was recertified.



Presentation of CO₂ absorption certificates



CO₂ absorption certificate



An FSC certification audit in progress

Monitoring thinning outcomes

An important part of forest conservation is seeing the outcomes of thinning. We monitor these outcomes over the long term in partnership with Shimanto Forestry Association, Shimanto High School, officials of Kochi Prefecture and Shimanto. On July 17, 2022, we measured the water quality of Shimanto River. On November 19, we conducted a vegetation survey. We conduct regular vegetation surveys in two locations.

Using the byproducts of thinning

Since 2000, we have used the byproduct of thinning work to make furniture products in partnership with Shimanto Forestry Association. In 2007, Kaunet started marketing furniture, among other things, under the Yui-no-Mori brand. As of 2022, the distributor offers 11 Yui no Mori products. To help spread the word about Yui-no-Mori, Kaunet launched a scheme in 2008 whereby customers can use their loyalty points to fund the thinning work. In 2022, there were around 167 applications for the scheme. Since February 2011, Kaunet has donated 1% of the proceeds from some Yui-no-Mori products to an afforestation campaign (Midori no bokin; "green appeal") organized by the National Land Afforestation Promotion Organization.



A vegetation survey



Participants measuring water quality in Shimanto River



Kaunet's Yui no Mori products

The reeds of Lake Biwa play an essential role. They provide an aquatic habitat, support biodiversity, and absorb CO₂. In the past, the reeds served as material for roofing and sudare screens, but with the decline of such traditional industries, the reedbeds are no longer maintained so well. The lake once had 260 hectares of reedbeds, but only half remains. In 1992, Shiga Prefecture passed an ordinance to address the problem by conserving, cultivating, and using the reeds. Believing that such action would preserve Lake Biwa's beautiful environment and fight climate change, KOKUYO Product Shiga (which operates near the lake's shore) launched ReEden Project in 2007 to raise awareness about the reeds and promote their use, and thereby help conserve Lake Biwa's environment.

Network for Protecting Lake Biwa Through Reed Management

Winter reed cutting is essential for reed cultivation. At Lake Biwa, this task is performed by a network of volunteers called the Network for protecting Lake Biwa through reed management. Formed in 2009 on the premise that it takes more than one organization to protect Lake Biwa, the network aims to bring on board a variety of local organizations. To that end, members visit business premises and share the message about Lake Biwa as a way to persuade the organization to take an interest in local environment. Consisting initially of several companies that shared the same vision, the network now encompasses 132 companies. For more than ten years, the companies have worked with universities and local government to undertake the winter reed cutting (which takes place three times a year, from December to March). In recent years, participation in the cutting had expanded from company employees and family members to include local residents, public servants, museums and schools. With approximately 300 participants, the event had grown into one of the largest reed cutting activities in the prefecture. However, we have refrained from holding events for the Network due to the impact of COVID-19 since last year. We are continuing conservation activities on our own at a smaller scale.



A winter reed cutting event



How reed conservation can contribute to a low-carbon world: Showing the impact

Previously, the reed conservation work was evaluated using just a single metric: the area of lake in which reeds were conserved (the only data point released by Shiga Prefecture). It was felt that there was potential for broader scientific evaluation. Meanwhile, across the country, conservation groups were promoting rate of carbon sequestration (capture and removal of CO₂) as an index for measuring the effects of forest thinning and other forest management work. Given that reeds also absorb CO₂, we decided that we could use the same measure for ReEden. In 2017, we started inviting researchers to conduct a biomass survey during the winter cutting. Across a three-year period, the researchers measured reed height, density, weight, thickness, and carbon sequestration. Consequently, we established a methodology for showing the extent to which ReEden offsets CO₂ emissions.

We now had a completely new perspective, something other than evaluating the project just in terms of area conserved. This biologic approach was praised by a group of academics who had formed a committee to conserve reedbeds in the prefecture. Members of government, academia, and industry joined forces to develop a tool that measures CO₂ absorption in reeds by multiplying reed cutting area by reed height equivalent. Released at the end of 2019, the formula has been published on Shiga Prefecture's website. With the release of the tool, people can now see how the project is contributing toward a low-carbon world. The data has demonstrated that the project is mitigating climate change in addition to improving the lake's water quality and biodiversity. This knowledge has boosted participants' motivation and brought more people on board. The project team plans to expand use of the tool with a view to benefiting the whole of the prefecture.

The team's vision is to follow up the carbon sequestration work in forests across Japan by developing an unprecedented carbon sequestration system for lakeside environments.



Measuring reed density



Measuring reed weight



Measuring reed thickness



Measuring reed height

Related information

KOKUYO Group's policy on timber procurement

In 2011, we released a groupwide policy on timber procurement to enshrine our commitment to sustainable use of forest resources. Since our foundation, timber has served as an important resource in our products, such as paper. Recognizing the vital role forests play in mitigating global warming and supporting biodiversity, we aim to promote harmony with forests by ensuring that our timber procurement is legal, transparent, and sustainable.

KOKUYO Group's policy on timber procurement

In procuring forest resources, we pledge to observe the following principles and continually strive for more ethical and sustainable procurement.

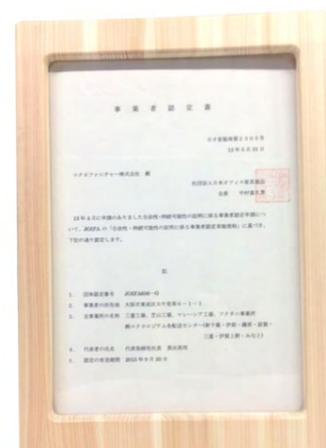
1. Make procurement more transparent, mindful of the problem of illegal logging and related timber trade
2. Choose timber suppliers in a more meticulous and scrupulous way to promote the sustainable use of forest resources
3. Recognize the valuable roles that forests play in local communities and ensure that procurement activities preserve and facilitate these roles

Results of due-diligence review of timber compliance (in accordance with Timber Legality Certification Due Diligence System Manual – Furniture Edition)

In 2022, our due-diligence review of timber compliance revealed potential legal issues with the timber used in three of our conference chair brands: Airtreave (veneer), Augus (veneer), and WT-150. For our 2023 general catalog, we therefore derecognized the chairs as products complying with the Act on Promoting Green Procurement. We will continue performing rigorous due diligence while finding ways to further enhance the manual's effectiveness. You can view the manual by following the link below.

Certified as a procurer of legal and sustainable timber

After the Act on Promoting Green Procurement was strengthened, we were certified as a "procurer of legal and sustainable timber" by the Japan Office Institutional Furniture Association (JOIFA). In line with the new legal requirements, we strive to ensure that the timber we use is legal and sustainable by providing a paper trail to show how the timber is procured and used and by appointing the right people to manage this process.



FSC Certification

In 2003, we received chain-of-custody (COC) certification from the Forest Stewardship Council® (FSC). The FSC is an international non-governmental organization that runs a system of third-party forestry certification. Its purpose is to preserve forest environments by promoting a responsible form of forest management that benefits local communities and is economically sustainable. COC certification applies to the processing and distribution of FSC-certified products. The organizations in our group that have obtained COC certification are KOKUYO, Kaunet, and KOKUYO Product Shiga. The FSC has approved our products, including our printer paper and notebooks. In 2016, we received COC certification under the Programme for the Endorsement of Forest Certification (PEFC). The PEFC is a forest certification scheme. Its criteria is based on accepted intergovernmental standards. We aim to get more of our products certified for their sustainable use of forest resources. (FSC® C004748)



責任ある森林管理
のマーク



Printer paper (PPC Color Paper)



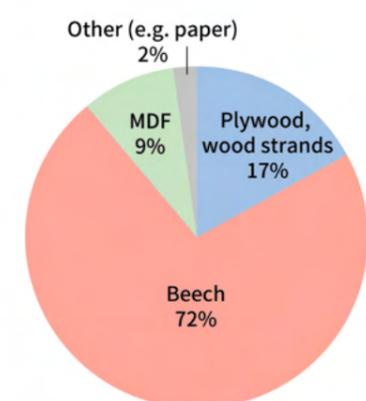
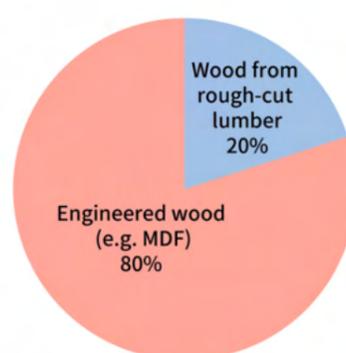
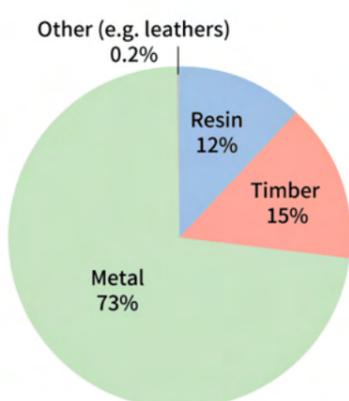
Reed paper



FUBI

How we have used forest resources

In 2022, we used around 7,012 tons of wood in furniture products, equivalent to 15% of our total raw materials (excluding packaging materials). Of this wood, 20% consisted of rough-cut lumber that was made into solid wood or engineered wood (including plywood). The remaining 80% consisted of forest residues (byproduct from thinning or clearing) or engineered wood (including medium-density fiberboard and particle board) made from such. Each year, we report such data to JOIFA, the body that certifies us as a “procurer of legal and sustainable timber,” in compliance with the Act on Promoting Green Procurement. As per JOIFA’s reporting guidelines, we try to identify the wood species among the timber we use.



Engineered wood versus rough-cut lumber

Timber use survey

We conduct an annual survey to monitor the following data items for the timber used in our furniture products, including wood species, volume used, and country or region of origin. It is often unfeasible to identify the country or region of origin of the timber used in products, but we do our best to source the products sustainably.

Tree species	Condition	Volume used (m ³)	Country or region of origin
Ash	Wood strands, veneers	2	USA
Kapur	Plywood	1	Malaysia, Indonesia
Japanese cedar	Engineered wood	4	Japan
Beech	Solid wood, plywood	159	Germany, Croatia
Poplar	-	129	USA, Canada
Lauan	Plywood	282	Indonesia, Malaysia, China, Japan
Rubberwood	Engineered wood, solid wood	28	Vietnam, Thailand, Malaysia
Monterey pine	Engineered wood	3	New Zealand
Eucalyptus	Plywood	55	China
Total		663	

* The data in the above table has been aggregated from the figures provided by each supplier. The data covers only wood from rough-cut lumber.

* The table shows only wood species for which we could identify the country or region.

Accolades and recognition

Accolades

Yui no Mori earns grand prize in the conservation in practice category” at the Japan Nature Conservation Award 2022

The Japan Nature Conservation Award is an award program run by the Nature Conservation Society of Japan. Founded in fiscal 2014, the program honors forestry initiatives that contribute significantly to biological and ecological research, nature conservation, and environmental education. The following aspects are considered: Community engagement, sustainability, expertise, innovativeness, and collaboration. Yui-no-Mori was selected for the grand prize from among 101 contenders in the conservation practice category. The judges were impressed by how the project balances forest conservation with local economic development. The prize is shared with our project partner, the Shimantocho Forestry Association.



Presentation of award

Yui no Mori earns “excellence award” at Forests × Decarbonization Challenge 2022 (Forestry Agency Director-General Award)

Launched in 2022, the Forests × Decarbonization Challenge 2022 is a contest of forestry initiatives of private-sector and non-governmental organizations. The program honors initiatives that are particularly outstanding in view of the carbon offsets they generate and in view of various other benefits. Yui-no-Mori was commended in the following respects:

- **The byproducts of thinning are put to good use as much as possible.**
- **In partnership with the Shimantocho Forestry Association, the byproducts of thinning are developed into furniture products and sold across Japan.**



Presentation of award

Mie Plant earns Chairperson’s Award of the Japan Greenery Research and Development Center at the National Award for Greenery Factory

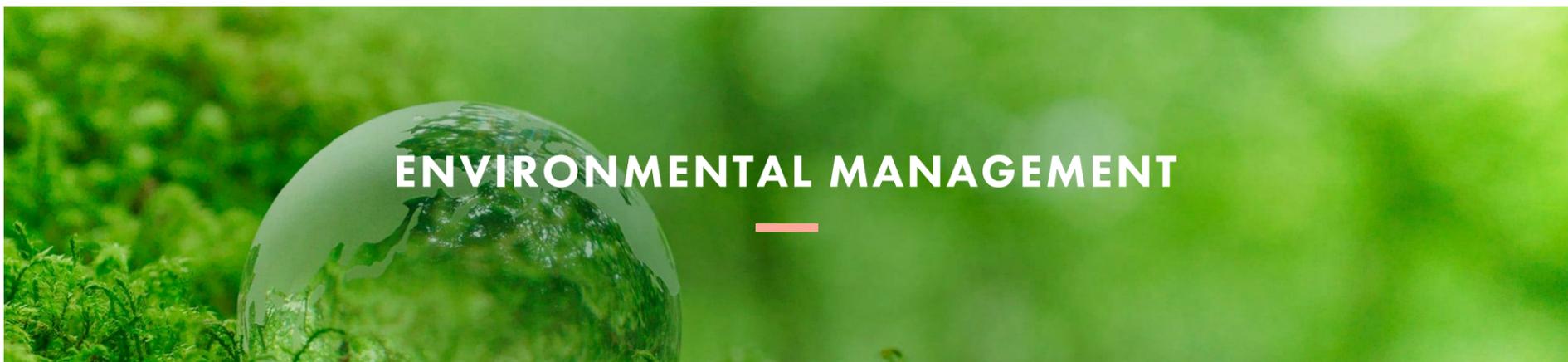
First launched in 1982, the National Award for Greenery Factory encourages greenification in industrial areas by honoring organizations and individuals that improve environments in and around factories.

What impressed the judges about Mie Plant

1. Green spaces make up 32% of the site, 9% more than when operations began.
2. Great care is taken when selecting tree species and locations for the trees. The green spaces are well maintained.
3. There is active engagement with the local community.
4. Efforts are made to contribute to society.



Presentation of award



Environment

Environmental Management

Basic Concepts

KOKUYO recognizes that environmental problems, including global warming and the reduction of forest resources, are pressing issues. We will bring together the best business brains to develop sustainable solutions.

KOKUYO Group Environmental Policy

Building a sustainable society will require the creation of a decarbonized and recycling-oriented society that can coexist with nature. The KOKUYO Group Environmental Policy defines the following seven items as the specific activity items to achieve that: response to the climate crisis; contribution to a recycling-oriented society; contribution to a society that coexists with nature; procurement, development and supply of environmentally friendly products; legal compliance and pollution prevention; information disclosure and communication; and environmental management. Each operating company sets targets in line with the characteristics of their business based on this KOKUYO Group Environmental Policy. They then strive to improve their environmental performance.

KOKUYO Group Environmental Policy		We recognize that global warming, depletion of resources, biodiversity conservation and other global environmental problems are perpetual issues shared by the whole world to achieve a sustainable society. Accordingly, the KOKUYO Group will assume the lead in taking action to resolve these issues by bring together the wisdom of various people involved in our business activities.
	Response to the Climate Crisis	We will take measures to significantly cut and absorb the amount of greenhouse gasses we emit to realize a decarbonized society.
	Contribution to a Recycling-oriented Society	We will strive to thoroughly save resources and reduce waste materials as far as possible and then effectively utilize them as resources to develop a recycling-oriented society.
	Contribution to a Society That Coexists with Nature	We will promote the conservation of biodiversity and the reduction in harmful chemical substances through our business activities to minimize our environmental impact on ecosystems.

**KOKUYO Group
Environmental Policy**

We recognize that global warming, depletion of resources, biodiversity conservation and other global environmental problems are perpetual issues shared by the whole world to achieve a sustainable society. Accordingly, the KOKUYO Group will assume the lead in taking action to resolve these issues by bring together the wisdom of various people involved in our business activities.

	<p>Procurement, Development and Supply of Environmentally Friendly Products</p>	<p>We will reduce our environmental burden over the entire product life cycle and will work on the development of new environmental technologies and green procurement.</p>
	<p>Legal Compliance and Pollution Prevention</p>	<p>In addition to environmental laws and regulations, we will seek to observe the industry guidelines we have accepted and our own standards, as well as to prevent environmental pollution.</p>
	<p>Information Disclosure and Communication</p>	<p>We will actively disclose environmental information, work on communication with our customers and all external entities, and will fully engage in environmental preservation activities.</p>
	<p>Environmental Management</p>	<p>We will strive to continuously improve our environmental performance and to solve social issues through our business activities to realize a sustainable society.</p>

We have set challenge goals for 2030 and commitment goals for 2024.

Our materiality assessment has identified three critical challenges: respond to the climate crisis, contribute toward a recycling-oriented economy and contribute toward a society that coexists with nature. We started considering the state we want to achieve in 2030 and then established indicators (KPI) for that when promoting activities. We have set ambitious targets for 2030 as challenge goals and targets we are aiming to realize in the Medium-Term Plan as commitment goals to serve as a milestone for that.

Material Issue		Outcome	2030 Challenge Goals	2024 Commitment Goals
Safeguard the planet as a place for work and life	Material issue 3 Response to the Climate Crisis	Our collaboration with partners contributes toward carbon neutrality throughout our supply chains.	We are working with partners to achieve carbon emissions reductions targets based on the Science Based Targets initiative (SBTI).	Reduce CO ₂ emissions: Reduce CO ₂ emissions in Japan by 50% compared to 2013
	Material issue 4 Contribution to a Recycling-oriented Society	Our collaboration with partners and customers leads the way toward a zero-waste society by reducing, reusing, and recycling.	Over 16% of the Japanese population participates in our circular-economy initiatives, creating positive behavioral changes in society.	100% of new products based on the recycling-oriented design guidelines
			We conduct numerous experiments for a circular economy, encouraging more companies to commit.	100% of our key suppliers (some 400 companies) respond to our feedback survey.
Material issue 5 Contribution to a Society That Coexists with Nature	We safeguard the planet by balancing business activities with natural capital.	We now disclose our carbon footprint and actions to minimize it, encouraging an eco-friendly attitude in the market.	-	

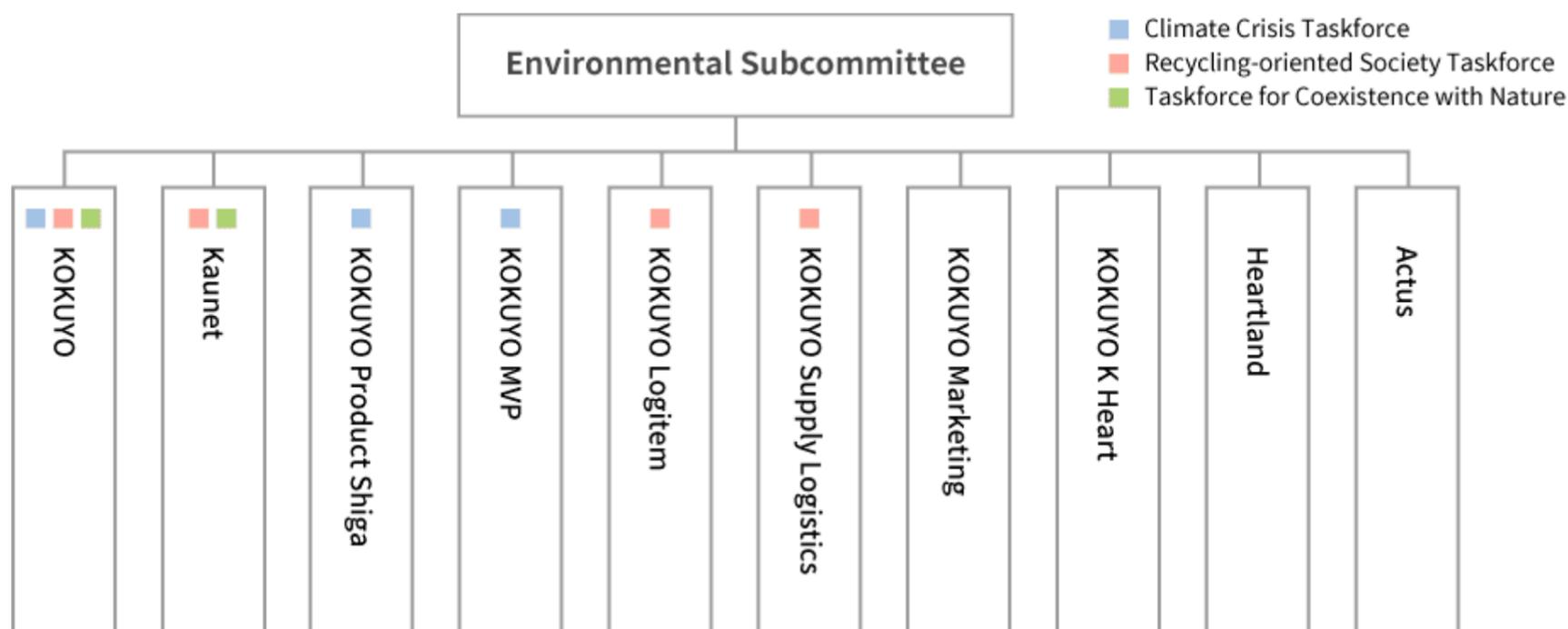
* This target applies to the following companies: KOKUYO, KOKUYO Product Shiga, KOKUYO MVP, KOKUYO Logitem, KOKUYO Supply Logistics, KOKUYO Marketing, Kaunet, Actus, KOKUYO Finance, KOKUYO & Partners, LmD International, KOKUYO K Heart, and Heartland

* SBT : Science Based Targets

Environmental Management System (EMS)

Our Environmental Management System (EMS) consists of an integrated accreditation system for planning, R&D, production, marketing, sales, services, storage, and shipment. Since 2004, the system covers KOKUYO and all major subsidiaries in Japan. While keeping the core elements of the EMS consistent across the group, we differentiate according to the scale of the environmental impact. Specifically, operating companies and plants with a relatively large environmental impact get case-specific treatment, while those with less impact get standard treatment. We also try to give the companies sufficient leeway to manage their environmental impacts in a manner that suits the nature of their businesses. For example, we allow the companies to set environmental targets in line with their business strategies.

Previously, our environmental initiatives were led by the Environment Committee. This committee coordinated efforts to address environmental issues and monitored socioenvironmental trends. However, we later decided that a more group-wide approach was necessary to deal with the increasingly diverse and complex environmental issues in Japan and around the world. In 2022, we reorganized the committee into a subcommittee (Environmental Subcommittee) of the new Sustainability Committee and increased its membership to include Actus (our interior retail business) and Heartland (a special subsidiary—a company focused on employing people with disabilities). The Environmental Subcommittee has three taskforces for leading cross-organizational efforts to accomplish the goals for the three material issues: the Climate Crisis Taskforce, the Recycling-oriented Society Taskforce, and the Taskforce for Coexistence with Nature.



Three taskforces for accomplishing the material goals

Climate Crisis Taskforce

- KOKUYO
- KOKUYO Product Shiga
- KOKUYO MVP

Recycling-oriented Society Taskforce

- KOKUYO
- Kaunet
- KOKUYO Logitem
- KOKUYO Supply Logistics

Taskforce for Coexistence with Nature

- KOKUYO
- Kaunet

Environmental Education

We provide training opportunities to raise employees' awareness about environmental conservation, learn the knowledge necessary for accomplishing our environmental goals, and gain the expertise to deal with emergencies. These opportunities include briefing sessions about environmental law, which are provided by the ISO Promotion Office, workshops for training the auditing team, and an assortment of training provided by each corporate division. In fiscal 2022, we focused on educating employees about Japan's Air Pollution Control Act, which has toughened the obligations for preventing asbestos dispersal. Consequently, we saw higher attendance numbers for the sessions on environmental goals and regulation.

Education and training category	Number of attendees		
	2020	2021	2022
General environmental education	2,708	2,561	2,611
Briefings on environmental targets and legislation	162	372	1,711
Accident/emergency response drills	211	325	234
Training for internal audit team	96	30	17
Other training	7	744	68
Total	3,184	4,032	4,641



Internal (first- and second-party) auditing and third-party auditing

Internal audits (first- and second-party audits) are performed to ensure conformity across our corporate group, with a focus on legal compliance. In first-party audits, the auditee (a group company) performs the audit on itself. In second-party audits, our ISO Promotion Office performs the audit on the auditee. In 2022, first-party audits were performed from July 1 to September 8, second-party audits were performed from August 1 to September 12, and third-party (ISO 14001) audits were performed from December 5 to 9. The first- and second-party audits identified 26 instances requiring corrective action. The most common of the issue (there were seven such instances) concerned operations management.

The third-party audit found no issues as such. However, compared to previous reports, the section on "opportunities for improvement" raised the bar for us, the auditor's emphasis having shifted from evaluating compliance to evaluating the effectiveness of practices. Given the heightened expectations, we must toughen the operational side and take actions to enhance internal auditing. Such actions will include interdepartmental auditing and making the first- and second-party auditing as transparent as possible.

The third-party audit highlighted as a "good aspect" our projects for promoting biodiversity. One example is the award-winning Yui-no-Mori Project. Another is Mie plant's success in greenifying its vicinity, which earned the plant an award. The third-party audit in 2022 was a surveillance audit.

Internal audits

Year	2020	2021	2022
Sites audited	74	77	72
• First-party audit	59	61	56
• Second-party audit	15	16	16
• Extraordinary audit	—	—	—
Issues identified	48	38	26
• Minor nonconformity	13	14	6
• Corrective action	35	24	20

Third-party audits

Year	2020 surveillance audit	2021 surveillance audit	2022 surveillance audit
Sites audited	20	21	14
Excellent aspect	1	0	0
Good aspect	2	16	10
Minor nonconformity	0	0	0
Opportunity for improvement	26	32	28



ISO14001 audit
(KOKUYO Osaka Office WS)



ISO14001 audit
(KOKUYO Tokyo Shinagawa Office)



ISO14001 audit
(KOKUYO Mie Plant)



ISO14001 audit
(KOKUYO Logitem Tokyo DC)



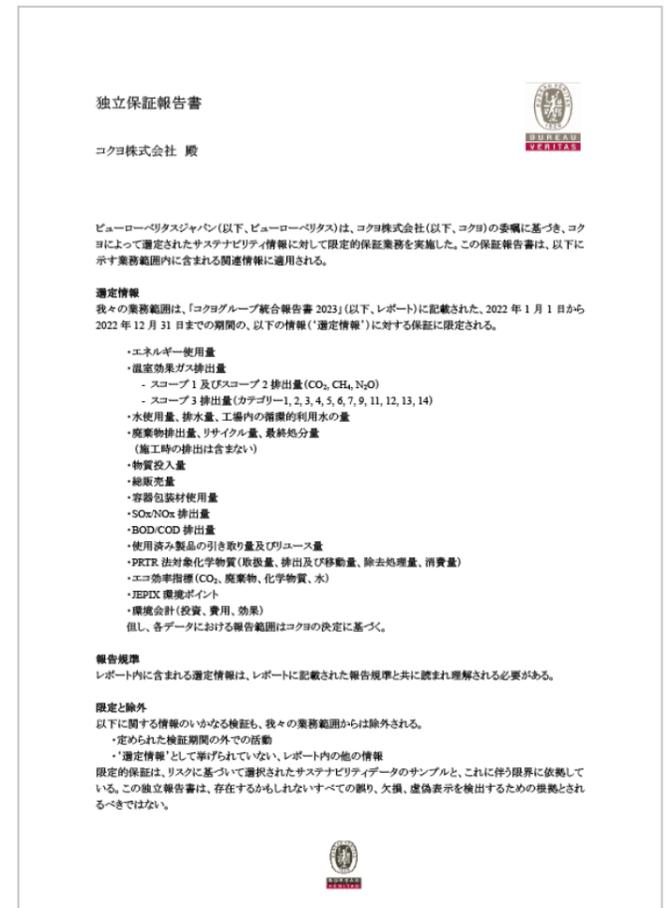
ISO14001 audit
(KOKUYO Logitem Sapporo DC)



ISO14001 audit
(KOKUYO Product Shiga)

Overview of Third-party Reviews of Environmental Performance Data

Our environmental reporting was independently reviewed and certified by Bureau Veritas Japan for the purpose of receiving independent feedback on the accuracy, transparency, consistency, validity, and completeness of the reporting. In its third-party review, Bureau Veritas Japan reviewed environmental performance data and scope 3 emissions data pertaining to the 31 organizations that make up KOKUYO Group.* 1 It also visited workplaces to see how data was being measured and managed. Three Japanese workplaces were visited: KOKUYO's Hokuriku sales office, KOKUYO MVP's Tottori plant, and KOKUYO Supply Logistics' Ibaraki distribution center. One overseas workplace was visited: KOKUYO Camlin's Patalganga plant). The review identified 11 excellent aspects and 12 opportunities for improvement. It also identified 38 issues requiring corrective action and seven opaque aspects requiring better transparency. During the review period, we rectified the issues and clarified the opaque aspects. The review commended our approach to measuring and collecting data, while highlighting certain areas for improvement, such as the need to correct weighing scales and clarify review approaches. In light of the issues raised, we will work harder to improve the accuracy and precision of disclosures both internally and throughout our supply chains.



Year	2020	2021	2022
Excellent aspects	8	8	11
Opportunity for improvement	11	10	12
Issue requiring corrective action	42	43	38
Aspect requiring better transparency	13	0	7



Third-party audit of environmental performance data at KOKUYO Supply Logistics' Ibaraki distribution center

* 1 The review covered data reporting from the following organizations

	Consolidated subsidiaries	Affiliates
Japan	KOKUYO Co., Ltd.	KOKUYO K Heart Co., Ltd., Heartland Co., Ltd., IWAMI Paper Industry Co., Ltd., KOKUYO Hokkaido Sales Co., Ltd., KOKUYO Tohoku Sales Co., Ltd., KOKUYO Kitakanto Sales Co., Ltd., KOKUYO Tokai Sales Co., Ltd., KOKUYO Hoku-riku-Niigata Sales Co., Ltd., KOKUYO Sanyo-Shikoku Sales Co., Ltd.
	Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., KOKUYO Logitem Co., Ltd., KOKUYO Product Shiga Co., Ltd., KOKUYO MVP Co., Ltd., LmD International Co., Ltd., Actus Co., Ltd., KOKUYO Finance Co., Ltd, KOKUYO & Partners Co., Ltd.	
Overseas	KOKUYO Vietnam Co., Ltd., KOKUYO Malaysia Sdn. Bhd., KOKUYO (Shanghai) Management Co., Ltd., KOKUYO Commerce (Shanghai) Co., Ltd., KOKUYO Furniture (China) Co., Ltd., KOKUYO Design Consultants (Shanghai) Co., Ltd., KOKUYO International Asia Co., Ltd., KOKUYO International (Malaysia) Sdn. Bhd., KOKUYO Vietnam Trading Co., Ltd., KOKUYO CAMLIN Ltd.	KOKUYO-IK (Thailand) Co., Ltd.

ENVIRONMENTALLY-FRIENDLY PRODUCTS AND SERVICES

Green Procurement, Green Development, Green Supply

Environmentally-Friendly Products and Services

Basic Concepts

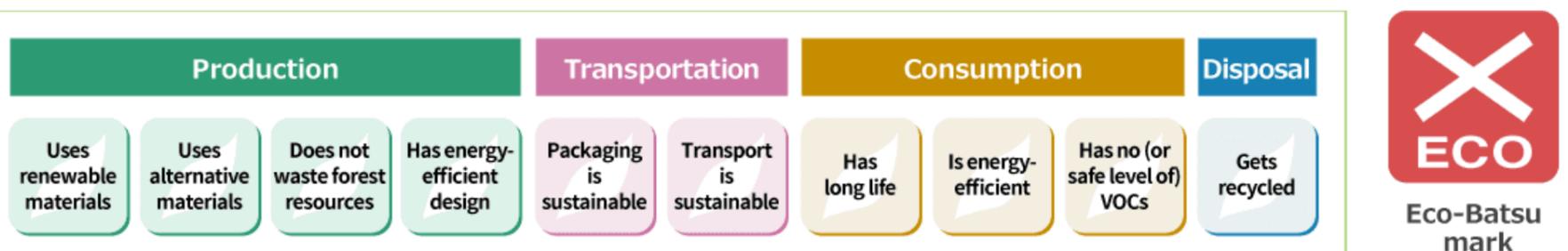
The KOKUYO Group is working on new environmental technologies and green procurement in order to reduce the environmental load over the entire life cycle of its products.

Systems

Eco-Batsu initiative, Circular Business Guidelines

The KOKUYO Group started using the Eco-Batsu (“no good”) mark for products in the 2008 General Catalog. This mark is used for group products that are not sufficiently environmentally friendly at any stage of their life cycle, including manufacturing, distribution, usage, and disposal. We tasked ourselves with removing the Eco-Batsu mark from all of our products in three years, and this goal was reached in the 2011 General Catalog. We continue to apply the due-diligence system to products in the 2023 General Catalog.

In 2022, we updated the initiative, creating the Circular Business Guidelines. The guidelines are designed to support closed-loop recycling and reduce recycling speed by reinforcing efforts in use, collection, and recycling. They also emphasize communicating with users and the venous industry (companies that turn industrial waste into reusable resources) to promote a shift to genuinely recyclable products and to develop the maintenance and collection services that underpin closed-loop recycling.



Action against plastic pollution

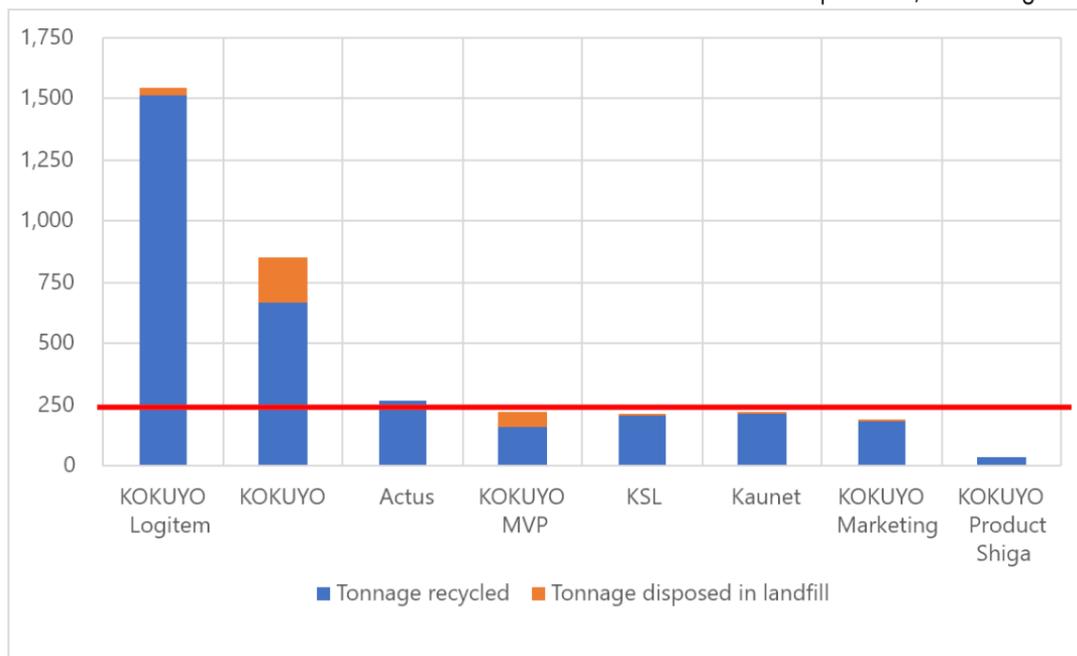
The proportion of plastics among raw materials is not large in the KOKUYO Group. Nevertheless, we are strengthening our efforts to meet the growing international interest in plastic pollution in recent years and the expectations of our consumers and customers.

Plastic recycling initiatives

KOKUYO Group generated 3,547 tons of plastic waste between April 2022 and March 2023. Our group's logistics operations accounted for the largest share, followed by construction and manufacturing operations. We are working to generate less plastic waste, recycle more of the waste, and improve the quality of recycling (by switching from thermal recycling to chemical or material recycling).

【Plastic waste tonnage by group company】

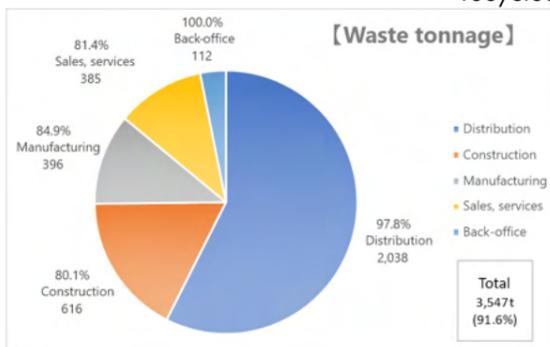
* 1 ton is equal to 1,000 kilograms



* Japan's Act on Promotion of Resource Circulation for Plastics defines as a high-waste-producing business any business that produced more than 250 tons of plastic waste in the previous year.

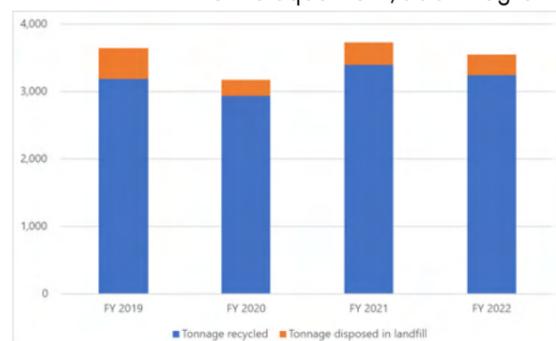
【Plastic waste tonnage by business operation】

* 1 ton is equal to 1,000 kilograms, % indicates percentage of plastic waste that was recycled



【Inter-year comparison in plastic waste tonnage in Japan】

* 1 ton is equal to 1,000 kilograms



The All-Paper series

This is a series of filing products made fully from paper. When it was launched in March 2004, the series received praise for being able to be disposed without having to incur effort to separate into paper, plastic, metal and other materials. With the recent global rise in the problem of ocean plastics, the series is again gaining recognition from the perspective of moving

away from plastic. In 2020, we added some more products to the series. One of the new products is a folder with a window which lets you see the contents. Another is a large-capacity flat file.

The All-Paper series is involved in the Plastics Smart Campaign established by Japan's Ministry of the Environment toward solving the global problem of ocean plastics that supports the advancement of initiatives through the partnership and cooperation of a wide range of entities such as individuals, local governments, NGOs, companies, and research agencies. For example, we are a member of the Japan Clean Ocean Material Alliance (CLOMA), and such membership helps us stay abreast of the latest technological advances in addressing the problem of ocean plastics.

Kaunet's Initiatives

One of Kaunet's eco-initiatives is to offer simplified packaging for its deliveries. Moreover, it has switched to environmentally-friendly biomass plastic for all the plastic used in its simplified packaging.

* When ordering online, customers are presented with three packaging options: simplified, cardboard, and no-preference. The company has also switched to biomass plastic bags for the plastic bags it uses to deliver its with Kaunet catalogs.

Resource Recycling Initiatives

The Act on Promotion of Resource Circulation for Plastics has served as an impetus for action on plastic recycling: Many companies have started encouraging serving drinks to visitors in paper cartons rather than in plastic bottles. Noting this shift to paper cartons, and noting that the cartons are rarely collected for recycling, Kaunet launched a collect-and-recycle scheme called Loopa in partnership with a beverage company and recycler. In Loopa, Kaunet collects used paper cartons and cups and upcycles them into paper products.

KOKUYO MVP has entered into a contract with a manufacturer that manufactures pallets for distribution made with composite materials. The company is working to recycle the waste plastic generated from its factories into resources through this initiative. KOKUYO Logitem is promoting closed recycling. The company is using a recycling operator to convert the stretch film and cable ties generated from its distribution centers into plastic bags. It then reuses those bags internally.



Large-capacity flat file (all paper)



Paper folder with window (all paper)



The logo for Loopa, Kaunet's collect-and-recycle scheme

Showing the carbon footprint of our products

In 2010, we started monitoring and publicly disclosing the carbon footprint of products from the time they are produced to the time they are disposed of or recycled. Please refer to the page below for details.

■ Using Japanese-made, Locally Produced Materials

As much as 67% of Japan's landmass is covered by forests. Forests help prevent sediment runoff, contribute to water retention, and absorb CO₂. They also provide a renewable resource. However, in much of the country's man-made forests, which account for 40% of all the forests, these roles are not fully performed due to insufficient forest thinning. In 1998, we started developing furniture products made from timber harvested from forest thinning operations. We released the products to the market in 2000. By making our office products from Japanese timber that was harvested during thinning operations, we create new demand for wood while also contributing to sustainable forestry.

■ Yuimori

Back in October 2006, we launched the Yui-no-Mori Project in partnership with the Taisho-cho Forestry Association (now the Shimanto-cho Forestry Association) in Kochi Prefecture. More recently, we launched Yuimori, a brand of wooden furniture made from timber harvested in Yui-no-Mori Project. By using Japanese timber, the brand contributes to harmony with nature. Yuimori products feature elegant and impactful designs along with the high quality required for office furniture. They are also designed for sustainable disposal. The products were designed by Keiji Ashizawa, who boasts an extensive design portfolio from architecture to furniture. Furniture experts Tendo Mokko (headquartered in Tendo, Yamagata; represented by Yukio Kato) fabricated the designs, bringing out the timber feel. We contributed our own know-how in office furniture, such as ideas for making a chair comfortable. Through Yuimori, we contribute to greater harmony with nature.



View the Yuimori webpage : <https://kokuyo.jp/yuimori>

■ Protocol Counter

In response to the demand for locally sourced materials, we developed a reception desk that uses such materials. Designed by Graf: Decorative Mode Number 3, the product has a crisp, modern feel. It also embodies universal design principles: the table edge has a groove for securing a walking stick or similar items and a grip for wheelchair users.



Protocol Counter, winner of the Japan Wood Design Award 2017



UU Chair

EF Counter, featuring modesty panels made from locally sourced timber

EF Counter is a series of modular counters that can be rearranged to suit changes in the organization or changes in desired use. With their universal design, the counters are friendly to the elderly and to wheelchair users. While part of the structure is made from standardized materials, the modesty panel is made from timber sourced from the locality in question. This arrangement ensures that the counters are no less functional and versatile than standard counters are. As with Protocol Counter, the table edge has a groove for securing a walking stick or similar items and a grip for wheelchair users.

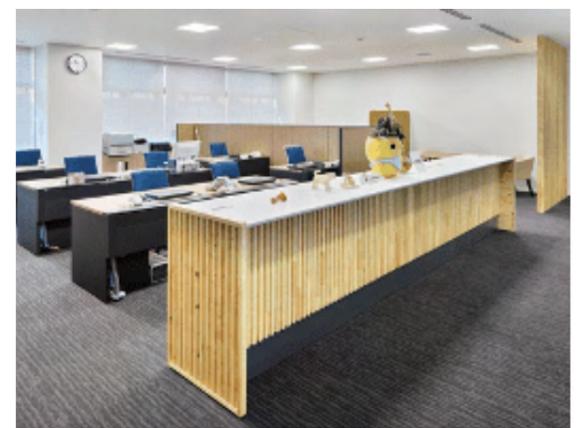
Protocol Counter serving in the new municipal building of Yamato-Koriyama, Nara



Ground floor, waiting area



Ground floor, main reception desk



Fourth floor, secretariat's reception desk

In March 2022, we delivered a protocol counter made of Yoshino hinoki cypress for use in Yamato-Koriyama's new municipal building, which was due to be completed in June 2023. With the new building intended to serve as a new symbol of the municipality, the building would have a welcoming atmosphere, with an interior design that was straightforward, accessible, and employee-friendly. To that end, the interior would feature plenty of local timber, emphasizing harmony between nature and residents. Accordingly, we pitched a reception counter made from Nara timber, emphasizing that this aligned with the interior design. Our pitch proved successful. We will continue pitching furniture that is made from local timber and that is functional, user-friendly, green, in order to encourage the use of (or a shift to) timber in public buildings.

LEGAL COMPLIANCE AND POLLUTION PREVENTION

Legal Compliance and Pollution Prevention

Addressing water risks and managing chemical substances in products

Basic Concepts

We are striving to prevent environmental pollution by complying with statutes and regulations relating to the environment as well as industry guidelines to which we have subscribed and our own standards.

Summary for 2022

Twenty-nine environmental laws and regulations are currently applicable to the KOKUYO Group within Japan. In June every year, we evaluate the status of our compliance with these laws and regulations. Following the 2022 evaluation, we excluded some timber furniture products from coverage under the Act on Promoting Green Procurement because of the questionable legality of their use. We also reported to authorities a CFC leakage that occurred at a stationery plant when disposing of a compressor. We'll strengthen legal compliance to ensure that such an incident never reoccurs. No other products were found to be in violation of the requirements.

Response to Water Risks

Water is an indispensable resource to all people, companies and organizations active on the planet. On the other hand, water-related risks are rising as the world's population increases. The KOKUYO Group considers water to be a valuable resource. Accordingly, we strive to use it efficiently. At the same time, we properly grasp and respond to water-related risks.

● Awareness of Water Stress

The KOKUYO Group has defined 44 countries as water stress areas. These are areas where the water stress has been rated as "extremely high" or "high" according to the Aqueduct water risk-related evaluation tool provided by the World Resources Institute (WRI). We have a production base in India in a water stress area that produces stationery and painting supplies. We are appropriately managing and gathering information on the amount of water used in that area. Water risks, such as the impact on business from a shortage in water, have not yet materialized in relation to our business at the present time. Nevertheless, we will continue to grasp local information in that area to analyze water risks. Together with

that, we will appropriately manage business so that our business activities do not have an adverse effect on the environment.

● **Compliance with Water-related Laws, Regulations and Standards**

The KOKUYO Group complies with the laws, regulations and standards in our business areas. There were no items identified as being legal violations or unjust in relation to water in FY2022.

Water Usage in the KOKUYO Group and Water Usage in Water Stress Areas (2022) Cubic kilometers (km³)

		KOKUYO Group	KOKUYO Camlin				
			Total	Tarapur	Patalganga	Samba	Excella Pencils
Input	Volume of water intake	271	85	24	39	10	12
Output	Volume of wastewater	177	46	24	0	10	12
	Public water drainage	40	-	-	-	-	-
	Drainage to the sewer system	137	46	24	-	10	12

Promoting the Management of Chemical Substances Included in Products

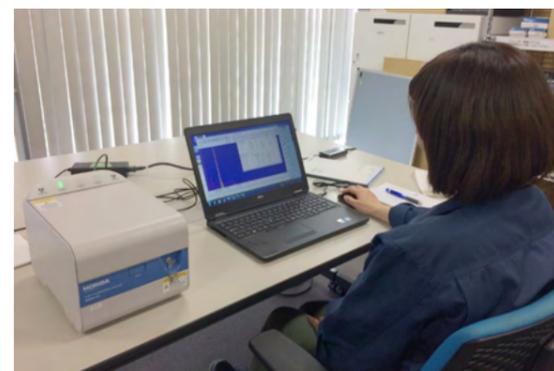
We recognize that every supplier has a moral responsibility not only to avoid the use of prohibited substances but also to handle hazardous substances (substances that could harm the environment or health) safely and to communicate the hazard information. We also recognize that there has been a clear global shift in the regulation of chemical substances. Specifically, countries around the world are moving from the traditional hazard-based approach, which focuses on the inherent properties of a chemical substance that make it potentially hazardous, to a more scientific risk-based approach, which focuses instead on the circumstances in which these potential hazards may cause harm. We, too, have shifted toward risk-based assessments over the past several years. In 2014, we listed up the hazards in the chemical substances we use. Referring to this list, we started examining the risks of the substances in 2015 on a priority basis. In 2017, we released our findings on the hazards and exposure risks in a report titled Guidelines for Managing Chemical Substances Included in Product (Stationery Edition). In 2022, we researched regulatory developments in Japan and elsewhere and started updating the stationery edition of the Guidelines for Managing Chemical Substances Included in Products. We will continue to fulfill our responsibility to comply with chemical substance regulations and communicate chemical information.



Enforcing appropriate management and handling of chemical substances (KOKUYO Head Office)



Publicizing the harms and dangers of chemical substances on noticeboard panels (KOKUYO Shibayama Plant)



Scanning for heavy metals using X-ray fluorescence

Respect for Human Rights

We have a code, policy, and guidelines to ensure that our stakeholders' human rights are always respected in the course of our business activities.

KOKUYO Group Code of Conduct

After we started expanding globally, it became apparent that we needed to define a set of common behavioral standards while giving leeway to local differences, such as cultural differences, differences in values, and differences in legal interpretations. We therefore established the KOKUYO Group Code of Conduct in August 2012 along with accompanying handbooks containing locally relevant guidance, taking into account the customs and the legal and regulatory landscape of the territory in question.

Defining the expectations for our board members and employees helps ensure that we always conform with legal and regulatory requirements and with societal norms, which is essential in our endeavor to expand our business fields and develop new business ideas.

Key actions

Supply chain action

Rapid economic globalization has given rise to colossal multinationals. Many are extending their supply chains into developing economies in an effort to drive down costs. This trend has exacerbated socioenvironmental issues. Examples include human rights issues such as forced labor and child labor, widening inequality, and environmental degradation. Along with our supply-chain partners, we are determined to fulfill our corporate social responsibility by creating positive socioeconomic impacts.

Personal information protection

We have established the Personal Information Protection Policy.

Employee health and safety

Rectification, redress

Whistleblowing hotline

We have a group-wide hotline (the KOKUYO Group Hotline). Employees can use the hotline to raise concerns about compliance or business ethics when they feel uncomfortable raising such concerns through the usual channels, or if they doubt that the usual channels would resolve the issue satisfactorily. The hotline is global and accessible to all employees of the global KOKUYO Group, whether they work in Japan or an overseas location.



Labor and Talent

Workstyle Reform, Diversity, and Inclusion

Basic Concepts

Well-being—the state of being healthy and happy—is something we want to see in the workplace and in society. To that end, we want to build a diverse and inclusive organization, an organization in which everyone feels valued and empowered, regardless of gender, disability, or nationality.

Systems

Measures to Promote Workplace Diversity*

We exceed regulatory requirements in our effort to support the careers of diverse employees and accommodate their needs associated with each life stage. Underlined text indicates a measure that exceeds regulatory requirements.

Maternity leave	Pregnant employees are entitled to a leave of absence for a period lasting from six weeks before the due date (14 weeks if a multiple pregnancy) to eight weeks after.
Spouse's leave	Employees whose spouse is pregnant are entitled to <u>two days leave around the due date.</u>
Parental leave	<u>Employees are entitled to a leave of absence to care for their children until the child's 2nd birthday (if the child's second birthday falls in April, until the end of that April).</u>
Sick child leave	Employees with children who are yet to enroll at elementary school are entitled to five days of leave a year or, if they have multiple applicable children, 10 days of leave a year (the leave can be taken on an hourly basis).
Nursing care leave	Employees are entitled to take, for each care dependent, up to three periods of leave <u>totaling no more than 183 days.</u>
Short nursing care leave	Employees are entitled to take, for each care dependent, five days of leave a year or, if they have multiple elderly dependents, 10 days of leave a year (the leave can be taken on an hourly basis).

Shorter hours	<u>Childcare: Employees with children are entitled to take shorter work schedules until the children complete grade 3 of elementary school.</u> Nursing care: Employees with dependents are entitled to take shorter work schedules for up to three years for each dependent.
Work from home	We promote a mixture of home and office working.
Complete flextime (with no predetermined core period)	We encourage employee productivity with flexible work hours.
Re-employment system for employees who voluntarily resigned	<u>We run a returnship program to help reintegrate into the workplace regular employees who resigned because of marriage, childbirth, childcare, nursing care, spouse relocation, overseas study, charity work, a career change, or other valid personal reasons.</u> We believe that bringing in outside experience and insight further increases the diversity of our organization.
Re-employing mandatory retirees	We have in place a system which, in principle, allows employees who wish to work at the KOKUYO Group after retiring at the mandatory age of 60 to continue work as senior employees. Through this initiative, we offer opportunities for employees to continue applying themselves in society after mandatory retirement. At the same time, we can expect them to use their experience and knowledge developed so far in their work to contribute toward developing younger employees.
* Programs of KOKUYO and our major subsidiaries	

Kokuyo-Style Hybrid Work

In 2022, we launched Kokuyo-Style Hybrid Work. This program honors diversity while encouraging employees to engage in workstyles that improve the productivity and creativity of the team as a whole, so that personal growth can accompany team outcomes. KOKUYO’s distinctive workstyle model is practiced by supporting each employee’s life-based working, a term we use to describe a situation in which the one’s workstyle, learning style, and lifestyle are balanced and embody one’s uniqueness. For example, employees choose one of three workstyle categories (office-based, balanced, home-based) and then decide with their superiors on a workstyle that will best suit their individual and team performance. Teams regularly review members’ workstyles to see how they can improve. With the workplace expanding, we provide employees with a satellite-style multipurpose space, known as n.5 (pronounced “enu-ten-go”). The space may be used as a satellite office, but it can also be used for activities related to employees’ working, learning, and living. Employees use n.5 for a variety of purposes, including for self-led seminars and other self-organized events.”



Flextime in distribution centers

The distribution industry faces a number of labor challenges. For example, restrictions on truckers' overtime will come into effect in Japan in 2024. To address the challenges, KOKUYO Logitem Co., Ltd., has embraced workstyle reform. While many have written off flextime as unfeasible for the distribution industry, KOKUYO Logitem, having already introduced flextime for office staff back in 2009, introduced it for distribution center staff in 2022. With the take-up rate improving in the workplace, KOKUYO Logitem's initiative has now become a best practice example for flexible workstyles in the industry.

Achieving a Good Work/Life Balance

The KOKUYO Group endeavors to create an employee-friendly working environment with consideration for the work/life balance. These initiatives have been recognized. Three companies in our group have acquired the Kurumin Mark as of the end of December 2022. The Kurumin Mark is granted to companies and organizations which proactively support childrearing by the Ministry of Health, Labour and Welfare that is working to reduce the declining birthrate. This initiative is based on the Law for Measures to Support the Development of the Next Generation.

* The companies which have acquired the Kurumin Mark (as of the end of December 2022):
KOKUYO Co., Ltd., Kaunet Co., Ltd., and KOKUYO Marketing Co., Ltd.



Employing People with Disabilities

KOKUYO has been an active employer of people with disabilities ever since 1940. In that year, KOKUYO started recruiting students from a school for the deaf in Osaka (now known as Chuo School for the Deaf). The students were employed in the company's factory in Imazato, which stood on the site of what is now our Head Office. A turning point in our policy for employing people with disabilities came in 2002, when we unveiled a program of structural reform. This reform program involved spinning off our business units into new companies. A question we then faced was how to provide jobs in the new group companies for people with disabilities. In September 2003, we founded KOKUYO K Heart as a "special subsidiary" (meaning a disability-friendly employer that is counted as part of the parent company). In December 2006, we founded Heartland, a subsidiary devoted to employing people with mental disabilities. As of June 1, 2022, people with disabilities make up 2.33% of the group's workforce.



Heartland Co., Ltd., is a special subsidiary of KOKUYO. It employs people with disabilities and specializes in the running of agriculture. It creates employment for a total of approximately 7,000 people with disabilities in the region annually.

Participating in the Iku-boss Corporation Alliance

KOKUYO has been member of the Iku-boss Corporate Alliance (Sponsored by Fathering Japan) ever since the program began in December 2014. This agenda requires a change of attitudes in employee management, especially in regard to work-life balance: Managers must provide an understanding and supportive environment so that employees can balance family and



work commitments and perform at their best level. We want to take the opportunities afforded to us by participation in the Iku-boss Corporation Alliance. We will share knowledge with advanced companies that have the same awareness of issues as us to rethink the optimal state of our diversity management, workstyles and workplace culture. We will think about and nurture the ideal image of a boss (Iku-boss) in the new era through collaboration between participating companies. At the same time, we will aim to connect that to solving our customers' issues as a company that proposes new workstyles.



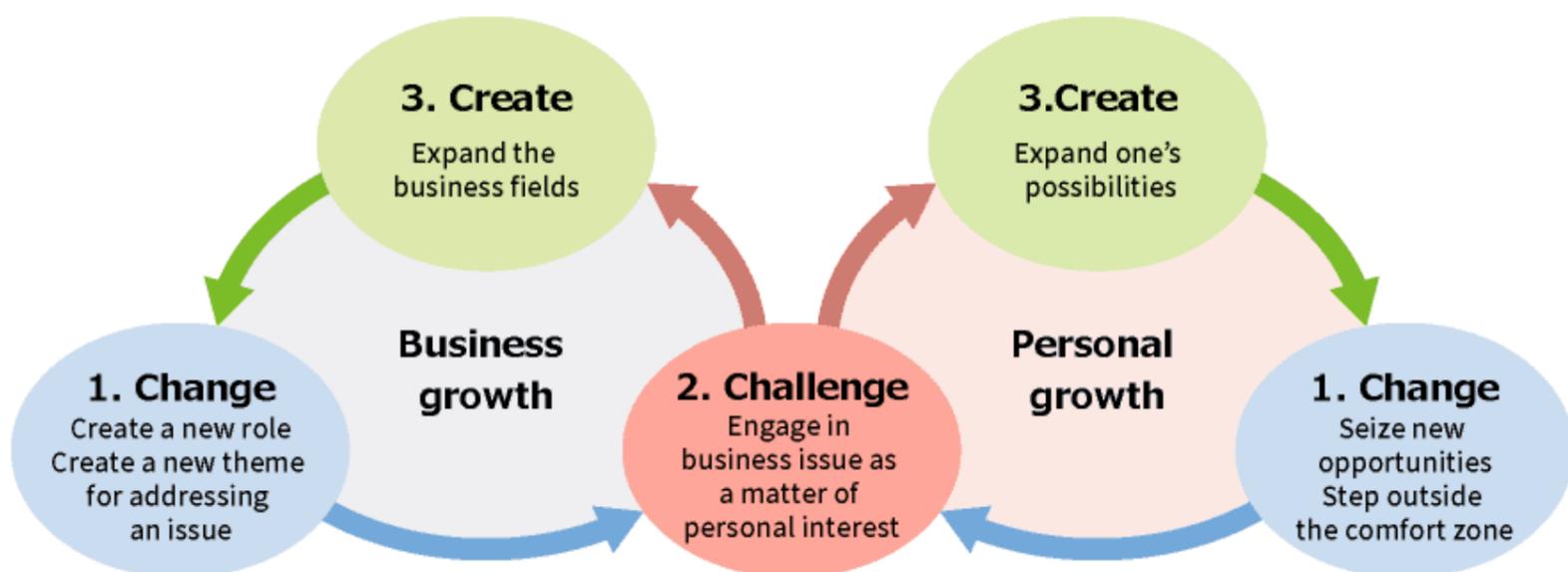
Labor and Talent

Human Resources Management

Basic Concepts

We aim for a cyclical process of employee growth and business growth. This approach balances two goals: expanding our business portfolio to cultivate a diverse ecosystem of businesses, and allowing individuals to expand their career opportunities.

Creating a Cyclical Process of Employee Growth and Business Growth



Systems

Creating Opportunities to Take on New Challenges

In fiscal 2018, we launched a new employee reward system. Line managers receive rank-based pay, which reflects the person's roles and responsibilities with no regard to their age or experience. Regular employees receive skill-based pay, reflecting the person's knowledge, skills, or training. This new system delineates organizational functions and roles according to the company's strategy, ensuring that the right person is matched to the right job. It also encourages dialogue between managers and employees concerning the company's goals and how the employee can help achieve them. Attainment of these goals (measured on an absolute scale) is taken into account in employee evaluations in order to achieve a more differentiated approach to evaluation and treatment. We have been strengthening our initiatives to match and promote the right people to

the right jobs and to develop their abilities while utilizing our personnel system as infrastructure since FY2019.” In fact, we are increasingly promoting based on merit, not seniority. In a growing number of cases, employees are promoted to line manager in their early 30s, to middle manager (department manager) in their late 30s, and to an executive position in their 40s. We are proceeding with our third medium-term plan, Field Expansion 2024, which we announced in November 2021. The plan forms part of our long-term vision for 2030, titled Change, Challenge, Create (CCC) 2030. As part of the plan and vision, we are training leaders who will drive the transformation and creation of business. We are also increasing the mobility of in-house human resources to create opportunities in which diverse employees play an active role.

Human Resources Management Structure to Create Cyclical Process of Employee Growth and Business Growth

We strategically move through the human resources training cycle with a commitment to creating new opportunities and discovering those who are rough around the edges but who have great potential at an early stage, appointing and promoting human resources in a timely manner, backing those who take on challenges, and conducting growth reviews from multiple viewpoints.

	Non-managerial staff	Managerial staff	
Growth stage	Challenges him/herself at work and engages with others to contribute toward business success	Demonstrates inspirational leadership and motivates others toward business success, opening up new future possibilities	
	Skills development	Goal setting, goal evaluation	Deployment
Aim	Using the skill-will matrix, help employee expand his/her limits and work toward business growth in the medium to long term	Clarify roles through dialogue and measure attainment (on an absolute scale) to encourage engagement	Create opportunities for employee to challenge him/herself by assigning him/her work that best-matching overall in line with business strategy
Actions	<ul style="list-style-type: none"> • <u>Hone leadership skills</u> • <u>Hone core skills</u> Focus on three C' s of leadership, engaging others, trial and error • <u>Hone job-specific skills</u> • <u>Support employee autonomy</u> Tutoring, follow-ups 	<ul style="list-style-type: none"> • <u>Cascade goals</u> Use manager-employee dialogues to clarify the company' s goals and how the employee can help achieve them • <u>Expand limits</u> Clarify what areas the employee should improve and how Set goals appropriate to the employee' s attributes • <u>Measure attainment on an absolute scale</u> 	<ul style="list-style-type: none"> • <u>Assign work that matches the employee's talent</u> Use HR meetings, meetings about changing job grade • <u>Career challenge</u> Give employee opportunity to declare career objective, provide career counseling • <u>20% challenge (internal moonlighting)</u> • <u>Cross-organizational projects</u>

Career Center: Encouraging Employees to Take on New Challenges

In 2018, we opened the Career Center to facilitate our goal of linking employee growth with business success and empowering employees to challenge themselves and expand their limits. The Career Center offers employees one-on-one careers counseling with a professional career adviser. During the counseling, employees use a tool called Career Challenge to communicate the challenges they feel they could take on, or the skills they feel they could improve, in connection with the organization’s three-year strategy. Such one-on-one dialogues help clarify each employee’s intentions for their professional

development, giving managers a better idea of what work to assign them. In turn, the employees feel all the more motivated and empowered.

Initiatives in 2022

Creation of Opportunities to Take on New Challenges

● 20% Challenge: Internal moonlighting

To promote an empowered workplace in which employees actively pursue opportunities for professional development, we launched 20% Challenge, a program of internal moonlighting in which participants spend 20% of their working time engaging in a job for another organizational division. Organizational divisions issue recruitment notices for certain jobs (“challenges”), employees apply for them, and the head of the division in question works with the HR team to find the right candidate. The program runs for three to 12 months, and participants’ achievements and efforts count toward their individual personnel evaluation. Over three years, approximately 193 employees have participated. These participants stepped across organizational boundaries to engage in challenges such as market research for overseas businesses, strategy support, R&Ding solutions for digital learning, and raising employees’ eco-awareness. The idea is that employees, by dividing their time 80–20 between their normal work and the new assignment, will raise workplace productivity without compromising their normal work. The program is helping us to visualize workplace activity and identify aspects to rectify or recalibrate through dialogues between the employees concerned and their managers and HR.

求人元組織 （メイン/部門）	チャレンジテーマ	チャレンジメンバー （メイン/部門）
1 コーポレート/新規事業開発	学びのデジタル化を促進するサービス企画と試行検証	- 内- 内職/企画 - 内- 内職/企画
2 コーポレート/海外事業戦略	対象国別の戦略推進支援	- 内職/企画 - コーポレート/海外戦略
3 空想職/マーケティング	デジタルマーケティングの企画実行	- 空想職/企画 - コーポレート/海外戦略
4 内- 内職/企画/マーケティング	WEBコンテンツの企画制作/企画編集	- 空想職/企画/マーケティング - 空想職/企画/マーケティング
5 内- 内職/企画/マーケティング	WEB/UX時代のワークスタイル企画立案	- 空想職/企画/マーケティング - 内- 内職/企画/マーケティング - 内- 内職/企画/マーケティング
6 ビジネスアライ/MD	ネット/プライベート/ビジネス/生活/商品の企画	- 空想職/企画/マーケティング - 空想職/企画/マーケティング
7 コーポレート/広報	音声/動画/デジタル/印刷/書籍/雑誌/雑誌を駆使したデジタルマーケティングの企画実行	- 空想職/企画 - コーポレート/PR - コーポレート/事業開発



Theme No. 4



Theme No. 7

Examples of challenges

● KOKUYO Marketing University and KOKUYO Marketing Graduate School

KOKUYO Marketing University is a management report-based practical program for younger employees in their third to twelfth year after leaving school. It aims to allow participants to take on the challenge of a way of working that promotes issue solving by capturing unsatisfied needs from the customer’s point of view. The participants do this through the acquisition of marketing skills by devising new forms of business and formulating strategies. After they have learned techniques for marketing strategy, attendees start applying this knowledge in a project to create a new concept for a KOKUYO product. Under the guidance of external corporate strategists, they spend around half a year perfecting the product idea and then present it to the management. We started the program in 2017. More than 151 younger employees in all types of jobs have taken on challenges not just limited to development and planning. Now over five years’ old, the program continues to provide a starting point for employee development and action. For example, attendees can enhance their learning by making use of the program’s mentorship system, in which they receive support from graduates of the program. Additionally, attending the program leads to positive changes in workplace outputs and encourages the employees to accept an offer of redeployment and the fresh challenges it brings. KOKUYO Marketing Graduate School is a program mainly for mid-level leaders in their 30s and 40s. It aims to allow participants to take on the challenge of a way of proceeding with work that examines strategies by objectively considering the future business environment. During

the program, attendees are presented with 10-year business themes determined by the management. Under the guidance of external marketing professionals, they spend around nine months engaging in team work to perfect their growth strategy for KOKUYO and then present it to the management. A cumulative total of approximately 93 employees have taken on this challenge as of the fourth year of the program in 2022. In addition, approximately 70% of the 69 participants in the first three years of the program have grown and are playing an active part in the company after seizing opportunities to take on the challenge of an even larger role such as through company-wide projects after completing the program.



KOKUYO Marketing University, seventh year: Group discussion



KOKUYO Marketing Graduate School, third year: A final presentation session



EMPLOYEE HEALTH AND SAFETY

Employee safety

Basic Concepts

KOKUYO believes that creation of a safe, secure and pleasant working environment, safety measures in times of disaster and other measures are the foundations for employees to work vigorously and demonstrate their full abilities. Therefore, the KOKUYO Group Central Safety Health Committee—which has the function of overseeing safety and health within the KOKUYO Group—takes the lead to link the health and safety committees of our offices to establish mechanisms and systems while actively exchanging opinions with our employees.

KOKUYO Group Safety and Health Basic Policy

【Basic Policy】

We take a safety-first approach on the belief that the cornerstone of all our business is the mental and physical wellness of every employee.

【Code of Conduct】

1. Comply with all relevant laws and regulations (such as the Industrial Safety and Health Law) as well as internal guidelines and standards.
2. Encourage continuous and autonomous workplace improvement, and strive to prevent occupational accidents and health problems.
3. To ensure the health and safety of everyone involved in the Group's business, we promote the creation of a transparent culture in which everyone participates.

Systems

KOKUYO Group construction industry health-and-safety conferences

During Japan's National Safety Week* (first week of July), we organize health-and-safety conferences to enhance safety-consciousness across the corporate group. The conference in fiscal 2022 was well attended. The conference used a hybrid format: It was primarily an offline event, with anti-infection measures taken, but the event was also livestreamed.

* Run by the Ministry of Health, Labour and Welfare and the Japan Industrial Safety & Health Association, National Safety Week is a campaign that calls upon employers to take voluntary actions to prevent workplace injuries. It also aims to raise awareness about health and safety and entrench workplace safety.

- **Construction industry: KOKUYO Group construction industry health-and-safety conferences**

The KOKUYO Construction Industry Health and Safety Promotion Committee organizes health-and-safety conferences at seven venues for our construction partners in KOKUYO Group. It does so on the belief that employee health and safety is foundational to business growth. The conferences in fiscal 2022 used a hybrid format: They were held offline for the first time in three years and also webcasted. During the conferences, the committee reported its activities and presented awards to our construction partners.

- **Plants: Safety conventions and safety patrols in plants in the KOKUYO Group in Japan**

We hold safety conferences and conduct safety patrols at seven bases in five plants in Japan. There were again explanations about occupational accident data and safety initiatives and themed training at the safety conferences in FY2022 as there are every year. We were able to hold these conferences by taking measures such as devising ways to avoid the Three Cs (crowded places, close contact settings and closed spaces) in each plant. We will also continue to provide opportunities to take a pause and think about safety once a year at each site over our entire group in the future. We will do that to connect a culture that protects safety with the future.

- **Development: Manufacturing safety conference and safety patrol**

With participation by workshops which develop KOKUYO products and inspect quality, we hold a safety conference and conduct a safety patrol at the KOKUYO Head Office. However, we held these in a hybrid format both in-person and online to avoid the Three Cs (crowded places, close contact settings and closed spaces) in fiscal 2022. This safety conference is a forum to once again inform employees about occupational accident prevention and to confirm with them what needs to be done prevent such accidents. We do that because machinery and equipment and many chemical substances are also often handled at development sites. The hybrid format resulted in a higher number of attendees, as it was possible for remote workers and staff at the Shinagawa office to attend online. The conference therefore succeeded in raising safety awareness in many employees.



Initiatives in 2022

Meetings for Plants in the KOKUYO Group to Exchange Opinions in 2022

We held meetings for plants to exchange opinions organized by the KOKUYO Group Central Safety Health Committee from October to November. These meetings featured exchanges of opinions about daily safety and health activities and future issues in each company with plant managers and safety personnel from each plant in our group in Japan and overseas. We proactively exchanged opinions aiming to widen the circle of safety and health in our group that transcends industrial sectors.

The KOKUYO Group believes the health and safety of our employees are the foundations that support the growth of our company. Based on that idea, we are aiming to maintain the health and safety of employees through such activities to build an environment and culture where they can work with enthusiasm.

Foreperson leadership training

To help develop the talent pool for plants over the medium and long term, the KOKUYO Group Central Safety Health Committee works and KOKUYO MVP (one of our manufacturing subsidiaries) jointly run leadership workshops with an emphasis on communication skills. We plan to roll this leadership program out to other plants. In this program, attendees will practice getting their message across and engaging in dialogue effectively so that they can foster a positive workplace culture that keeps employees feeling secure and confident.



EMPLOYEE HEALTH AND SAFETY

Employee health

Basic Concepts

[Well-being: Building a healthy workplace]

The foundations of wellbeing are employee health and engagement.



[KOKUYO Health and Productivity Declaration]

We have issued the following declaration to signal our commitment to building a healthy workplace as part of our sustainability strategy.

KOKUYO Health and Productivity Declaration

Sustainable Business Strategy is stated as follows: To build a self-directed, collaborative society, we will present a tomorrow you can't wait for and lead the way in sustainable business practices. A key part of this strategy is promoting wellbeing both within and outside our organization.

Three main strategies for improving wellbeing:

- Pitch ideas for new workstyles
- Promote diversity, inclusion, and innovation
- Promote employee health and engagement

Well-being (a state of being healthy and happy) is critical to building a healthy workplace. We therefore support employees' physical and mental health and encourage employee engagement. In this task, we cooperate with our employees, our health insurance association, and our workforce's labor union, glean insights and best practices for promoting well-being in society at large.

Systems

Six core actions for building a healthy workplace

Six core actions for building a healthy workplace

Health management

Provide health checks and follow-ups and offer a range of medical options to maintain employees' health or prevent deterioration.

workplace

Continuously improve the workplace to support the physical and mental wellbeing of employees.

Mental health

Analyze the results of stress checks and other employee surveys to identify how to support employees' mental health and engagement.

New workstyles

Facilitate flexible work arrangements—allow remote working, reduce overtime, encourage uptake of annual leave, support employees with caring commitments, and help employees balance work with family obligations.

Health awareness

Provide employees with information and education to promote self-care.

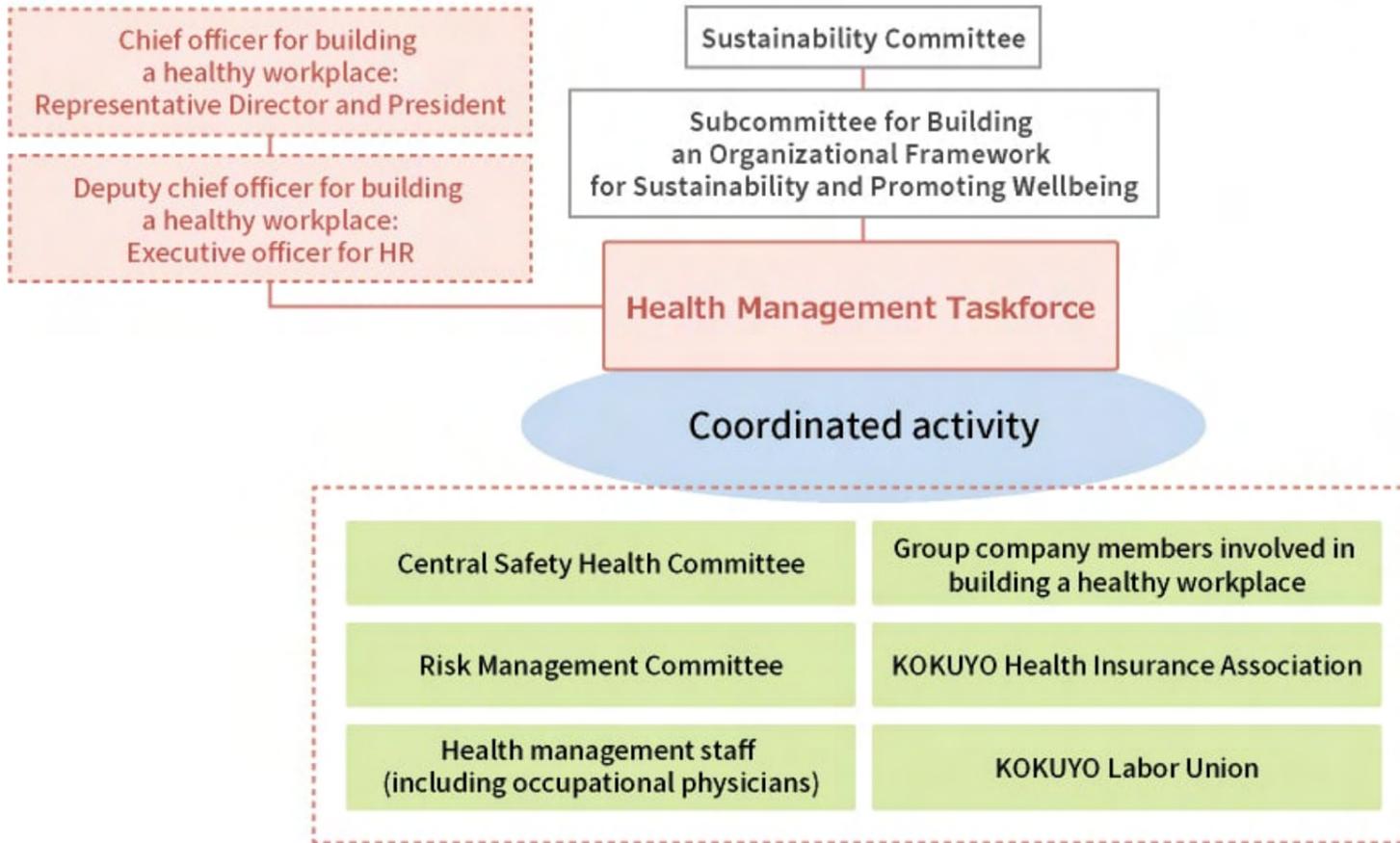
Employee engagement

Clarify problems in the organizational culture and make the necessary changes to encourage greater engagement in work

Organizational framework for building a healthy workplace

In fiscal 2022, we established the Health Management Taskforce within the Subcommittee for Building an Organizational Framework for Sustainability and Promoting Wellbeing in order to expedite efforts to build a healthy workplace. Employee health and engagement is managed by the KOKUYO Group Central Safety Health Committee, Risk Management Committee, KOKUYO's health management staff, group company members involved in building a healthy workplace, health insurance associations, labor unions, and the Health Management Taskforce.

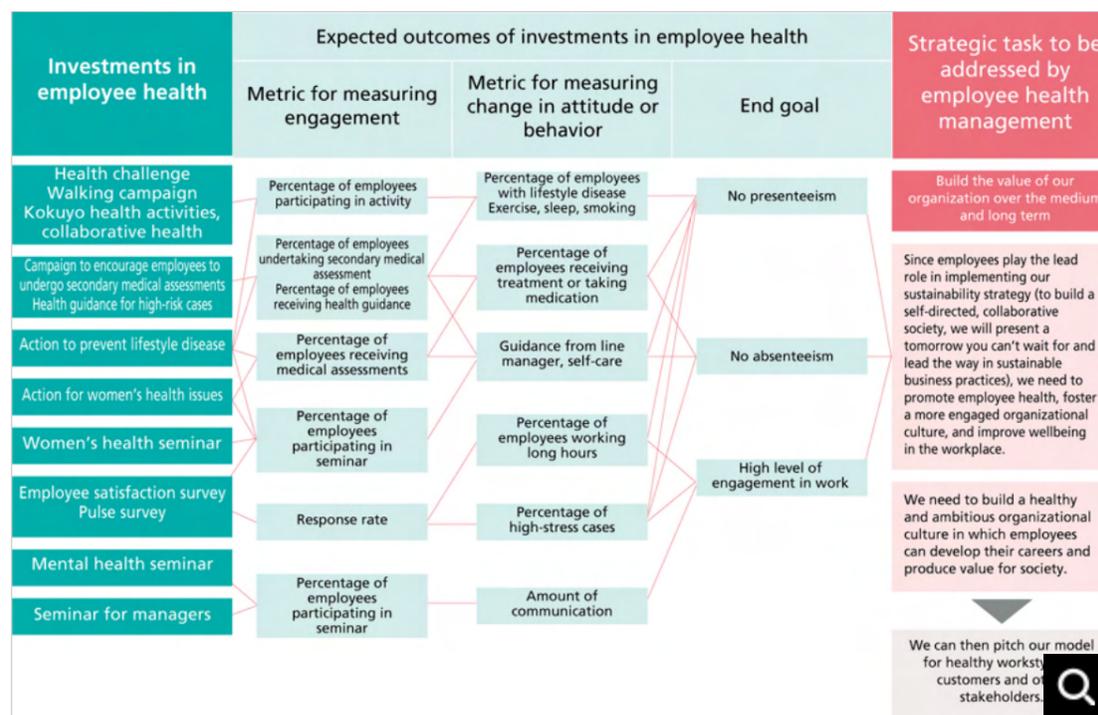
Organizational framework for building a healthy workplace



Strategic roadmap for KOKUYO health and productivity management

As part of our strategy for promoting employee health, we set out goals, tasks, expected outcomes, and investments.

* The roadmap shows, from the left, investments, expected outcomes, tasks, and the ultimate goal.



Initiatives in 2022

Recognition as a 2023 Certified Health & Productivity Management Outstanding Organization (White 500) and a 2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

On March 8, 2023, KOKUYO and Kaunet became two of the 500 whitelisted companies in an award program run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, earning the official designation “2023 Certified Health & Productivity Management Outstanding Organization (White 500).” On the same date, KOKUYO Marketing earned a separate accolade under the same program (“Health and productivity Management Outstanding Organization” 2023, large enterprise category). The program (officially translated as “2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program”) gives recognition to companies that make exemplary efforts toward a healthy and productive workplace. We will continue to promote well-being in line with the KOKUYO Health and Productivity Declaration, which we established in October 2019 and updated in 2022.



Employee Health Goals: 2022 Results

In 2013, we set concrete goals for promoting health behaviors that help prevent lifestyle diseases. Since then, our internal health insurance associations have worked with the health management office on actions to meet these goals. The health-promotion activities include tracking employees’ daily steps and weight, organizing fun walking campaigns, and running diet seminars in partnership with public health centers. We also encourage our employees to undergo regular screening for colorectal cancer and breast cancer. To that end, we have installed a mammography unit on the premises. Additionally, we worked to increase the range of health-check options, giving employees more opportunities to go and get a health check. For example, comprehensive medical checkups (called “ningen dock”) are available for employees who want them. We have had to suspend some services because of the pandemic, but we still worked to promote health consciousness by running an online survey on health behaviors and an e-learning course.

Showcasing our expertise in health and productivity management through THE CAMPUS, a space for experimenting with new workstyles and lifestyles

In February 2021, we opened THE CAMPUS in Shinagawa, Tokyo. THE CAMPUS is a space for experimenting with new workstyles and lifestyles.

THE CAMPUS is a space in which people from different professional backgrounds gather to explore and test new ideas to identify the values of the future. It is tied in with KOKUYO’S Next Experience, a project to engage in tasks for solving long-term social issues. In the past, we have used THE CAMPUS to broadcast our solutions for health and productivity management.

We continue to use THE CAMPUS to showcase our solutions for social issues. One such issue is a rise in mental health problems following a shift to remote work. For this issue, we present techniques for enhancing communication, fostering inter-project or inter-departmental collaboration, and encouraging concentration and immersion. These solutions include interior goods and stationery that can be modified to suit the user's purpose.

For concerns about infection risk, we exhibit empirical techniques that help prevent droplet-based, contact-based, or aerosol-based infections, along with IoT-based analytics to show who is infected or who has come into contact with an infected person.

We will continue using THE CAMPUS to showcase solutions for supporting employees' physical and mental health.

The initiatives showcased at The Campus have earned a number of our facilities in Japan the WELL Health-Safety Rated seal.

* The WELL Health-Safety Rating for Facility Operations and Management provides third-party verification that the certified building is clean and safe. The rating was launched by the International WELL Building Institute in June 2020 in response to the spread of Covid. The criteria for the rating include anti-Covid measures, emergency preparedness programs, cleaning and sanitization procedures, and air and water quality management.

Other initiatives

• Employee welfare

Health is the key principle in Play Work Mileage, our choice-based program of employee welfare. Play Work Mileage supports employee health in the following ways.

1) It encourages employees to invest in their own health

Employees can redeem points against expenses they incur in promoting their health, including expenses for optional medical checkups (ningen docks), medical bills, and other costs. In fiscal 2022, our employees redeemed a collective total of 170 million yen in points.

2) It encourages employees to promote their own health

Employees earn points according to distance walked or other everyday fitness efforts. Our Walking Challenge program encourages employees to walk more by tracking employees' walking performance on a leaderboard. In fiscal 2023, we provided a walking app to make the program easier to use.

• A program for encouraging health screening

Before and after receiving a regular health screening, employees attend a seminar run by an occupational therapist. These seminars encourage employees to make improvements based on the results of their screening. They are held online so that employees' family members can attend.

• Smokefree workplace

Data from Japan Tobacco's annual Japan Smoking Rate Survey indicates a high rate of smoking among male employees in our corporate group. On April 11, 2020, Japan banned indoor smoking with some exceptions. In conjunction with the ban, we banned smoking on all company premises in Japan. We continue our efforts to raise employees' awareness of the risks of smoking.

Health Insurance Association: Increased Subsidy for Cancer Screening

Across the group, rates of screening for breast cancer and cervical cancer are low at 20%. Accordingly, in April 2020, the KOKUYO Health Insurance Association raised the subsidy for breast cancer screening from 5,000 to a maximum of 10,000 yen.

We have made it possible to undertake free cervical cancer risk screenings from 2021. That program also extends to colorectal cancer screenings for those who are 30 years old and over.

We will continue our efforts to help prevent or detect cancer and promote cancer awareness.

Mental Health Action

We conduct an annual stress check as required by law.

To promote a culture of self-care, in which employees feel comfortable asking for help after the stress check, we have introduced the Employee Assistance Program. This externally run program encourages employees to recognize the warning signs and symptoms of stress and to seek preventive health services at an early stage.

In addition to the employee survey, we have been conducting the pulse survey monthly since 2021. The purpose of this is to promote fixed-point observation of issues in ways of working and workplaces and to encourage dialogue in teams to build even better organizations.

We identify issues that we will tackle with priority and measures to deal with those issues by business and human resource departments engaging in dialogue while comprehensively looking at these survey results and personnel and organizational data.

Inculcating Compliance

Basic Concepts

Operations across our group are governed by a range of regulatory standards, including those related to quality, business transactions (e.g. fair trading), environmental impact, labor, health & safety, accounting, tax, anti-bribery, and information management. To ensure that we always comply with these regulations and uphold high ethical standards in all our business activities, we have established the KOKUYO Group Code of Conduct, which all employees are expected to follow. This code applies to everyday business activities across the global group.

Systems

Whistleblowing Hotline

KOKUYO has a group-wide hotline (the KOKUYO Group Hotline). Employees can use the hotline to raise concerns about compliance or business ethics when they feel uncomfortable raising such concerns through the usual channels, or if they doubt that the usual channels would resolve the issue satisfactorily. The hotline is global and accessible to all employees of the global KOKUYO Group, whether they work in Japan or an overseas location.

It is appropriate for the hotline to receive a certain amount of inquiries/reports given that the number of inquiries/reports received by the hotline is an indicator of the hotline's effectiveness. The number received in the past several years has remained fairly constant. Around half of the inquiries/reports concern management issues like workplace bullying/harassment and personnel evaluations.

Compliance Training

We have also provided guidelines on gifts and hospitality to ensure that our employees never deviate from acceptable business customs when giving or receiving gifts or hospitality. Similarly, we provide annual training to prevent collusion in bid-rigging.

Risk Management

Basic Concepts

Our third medium-term plan, Field Expansion 2024, commits us to tweaking existing businesses and expanding into new business fields. We must therefore detect risks that could disrupt these efforts and then actively develop measures to address these risks. To that end, we are enhancing our risk sensitivity and developing a risk management program involving both management and frontline staff.



Systems

Risk Management Promotion Structure

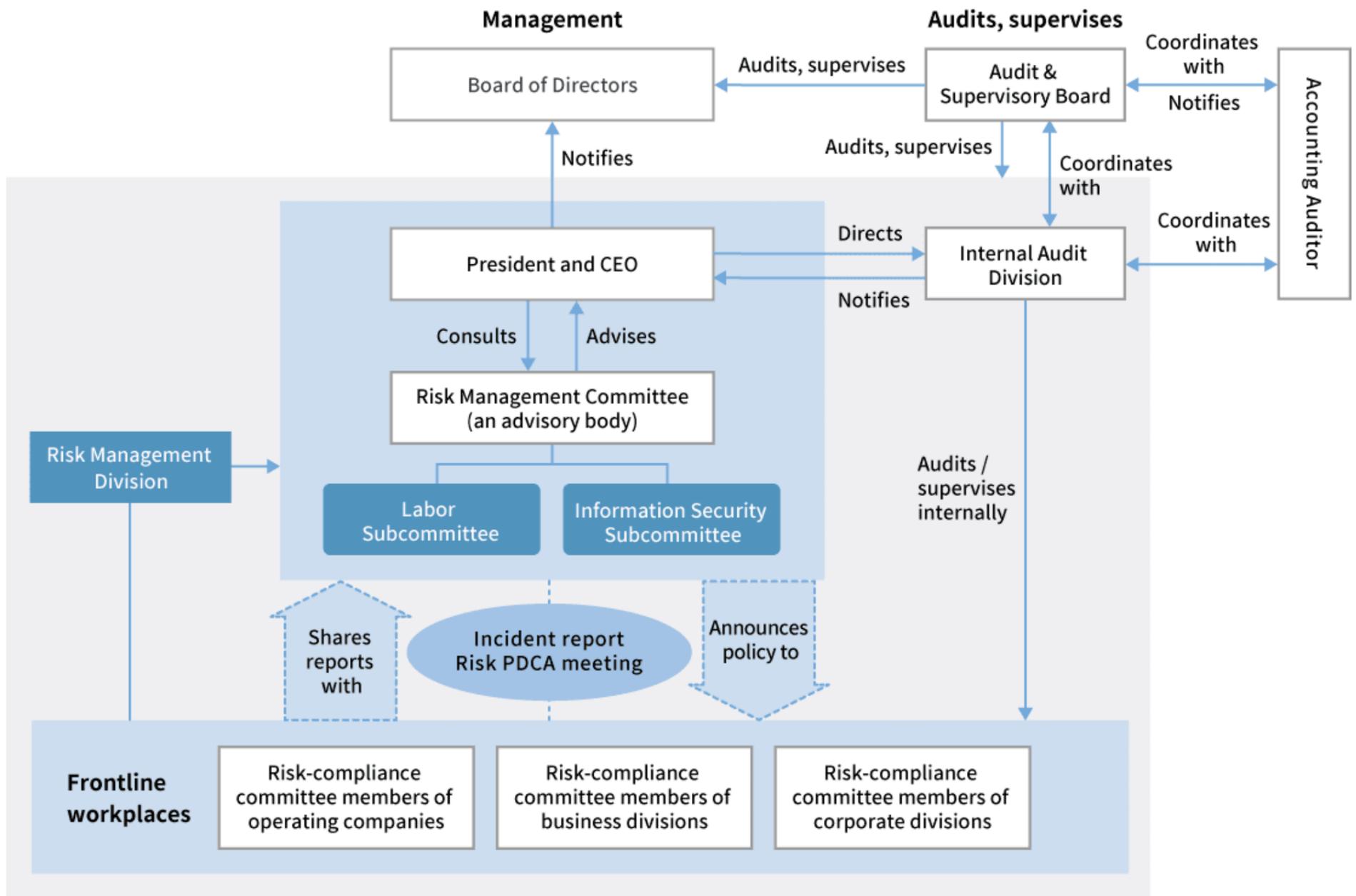
We have established the Risk Management Committee as a committee to advise the President. The purpose of this committee is to promote risk management to appropriately control (avoid, reduce, transfer and accept) the impact on management by comprehensively grasping and evaluating various risks involved in corporate group management. In February 2023, we established the Risk Management Division to bolster risk management across KOKUYO Group.

As the nexus of risk management, the Risk Management Committee coordinates efforts between management and frontline workplaces to minimize the risk of an unforeseen corporate scandal or the risk of an employee perpetrating or getting embroiled in malpractice.

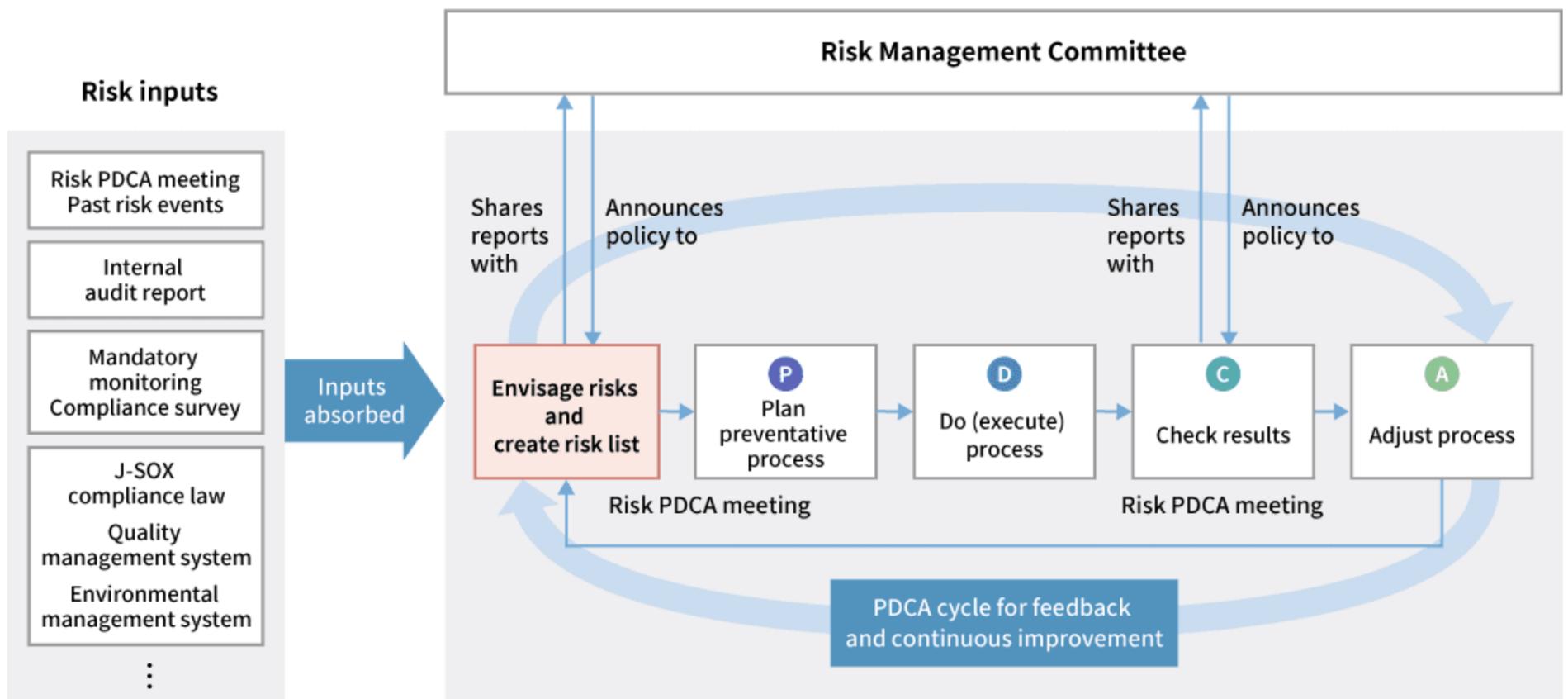
In non-emergency times, the committee holds regular quarterly meetings to provide unified management of risks that have occurred in KOKUYO Group and to undertake a PDCA cycle in which it monitors corrective/preventive action and risk response planning. The committee has subcommittees devoted to risk categories that pose a particular concern: cybersecurity risk and labor risk. For cybersecurity risk, the committee analyzes cyber vulnerabilities. For labor risk, it analyzes responses in employee surveys to identify

occupational issues in group companies. In these ways, the committee contributes to a more effective and efficient system of risk management for KOKUYO Group.

< Organizational framework >



< Risk management process >



Business Continuity Planning

We have developed a business continuity plan, which we continually review and revise as part of a business continuity planning lifecycle. The plan includes measures for maintaining a stable supply of goods when an emergency disrupts operations in our plants or offices. Mindful of how severely businesses can be affected by the increasingly prevalent catastrophic events such as earthquakes, extreme storms, flooding, fires, major power outages, and infectious disease, we have reaffirmed the importance of getting the initial responses right and minimizing the damage from such calamities. We use emergency manuals, emergency drills, and similar means to ensure that every employee will act swiftly and safely in an emergency to safeguard human life. In view of the rising concern for sustainability (ESG, SDGs), our emergency power sources include batteries charged by a solar energy system.

Initiatives Regarding Management of Intellectual Property Rights

As one of the strategies to differentiate ourselves from competitors, the KOKUYO Group promotes the following initiatives to encourage the acquisition of intellectual property rights, and at the same time, to respect intellectual property rights of others.

1) Management and Operational Structure of Intellectual Property Rights

Our legal department has a unit devoted to managing intellectual property (IP) for our subsidiaries in Japan and overseas. The unit works to standardize and unify the use of, and strategies concerning, intellectual property across KOKUYO Group. The unit's duties include managing procedures for obtaining protections for our IP (inventions, designs, and trademarks), conducting preliminary surveys to ensure that we avoid violating the IP rights of others, and monitoring rival products to check for potential violations of our own IP rights. Should a dispute occur, the unit will coordinate with the management to enable a swift and satisfactory resolution.

2) Protection and Legal Compliance of Intellectual Property Rights

The KOKUYO Group Code of Conduct stipulates that we respect the intellectual property rights of others while the intellectual property unit establishes and operates the system for research, analysis, and close investigation to prevent and avoid the violation of rights held by others. In addition, awareness-raising activities for respecting the intellectual property rights of others and improving awareness of legal compliance are conducted for development departments through training as the necessity arises and as part of daily work.

3) Promotion of Creation and Utilization of Intellectual Property Rights

The intellectual property unit and development departments work closely from the early stage of development to increase the superiority of the products in the market and focus on creating and discovering inventions that contribute to differentiation from competitors' products. We also aim to adhere to Sec. 35 of the Patents Act and establish an incentive system for employee invention as an internal rule, with the aim of increasing customer satisfaction and encouraging inventions that strengthen the Group's development.

Initiatives Regarding Information Security

The KOKUYO Group undertakes the establishment of an information security management system, adherence with relevant laws and regulations, and safety management of confidential information (customer information, personal information, etc.) in our possession obtained as part of our business.

1) Laws and ordinances regarding information security and other standards are adhered to.

- 2) **Personal information is managed according to the Personal Information Protection Policy defined by the KOKUYO Group.**
- 3) **Appropriate safety measures are taken in order to prevent unauthorized access to information assets, as well as loss, falsification and leakage, etc. of information assets.**
- 4) **Regulations and rules regarding the management and use of information assets are formulated and revised, and education is continually conducted to employees about these regulations and rules.**
- 5) **Inspections and improvements are continually conducted on the management system and initiatives related to information security.**

Initiatives in 2022

Workshop on Business Continuity Planning 2022 for Stationery Businesses

Employees involved in the stationery business attend an annual workshop on business continuity planning. The workshop is organized by the BCP Promotion Committee, which has members from eight business units under the Stationery Business Division. The 2022 workshop provided training to 35 attendees, spanning organizational boundaries. The committee members were joined at the event by employees from the General Affairs Department, who attended as observers. The event had three parts. In the first part, the participants were informed about BCP and about BCP incidents that had occurred in the past year. In the second part, attendees heard reports about the outcomes of initiating business continuity protocols. The third part consisted of a workshop on the theme of substitute delivery. Substitute delivery means that, if the delivery functions of a distribution warehouse stop, a warehouse at another base will substitute for those functions. The workshop emphasized the need to specify roles and responsibilities in substitute delivery procedures so that everyone knows who does what. With this focus, the attendees sharpened their knowledge about what procedures to take during a crisis, and attendee discussions resulted in an update to the BCP.



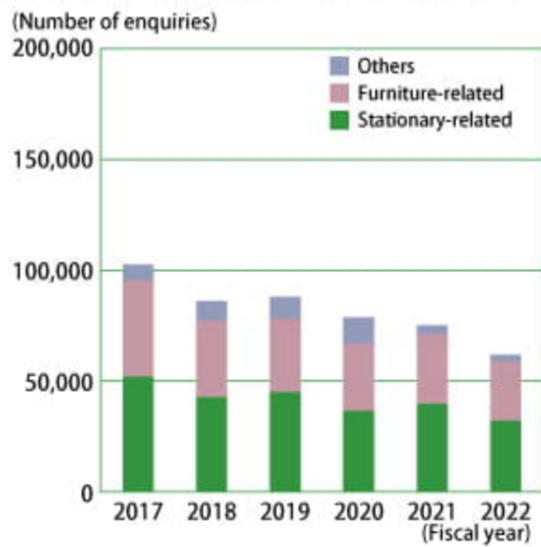
DATABANK
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Reporting Period

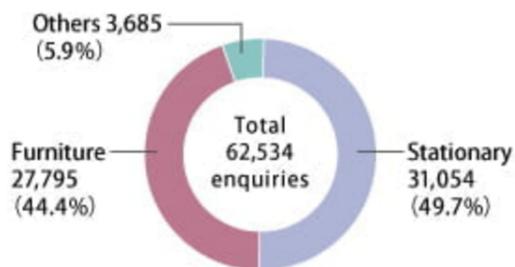
January 1 to December 31 of the applicable year (the results are current as of December 31)

Listening to Customers

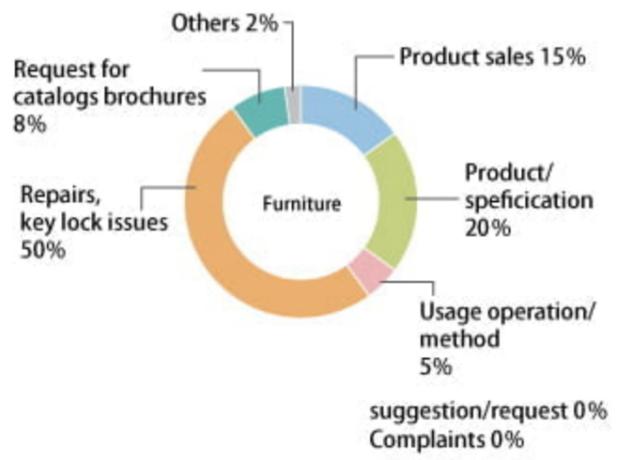
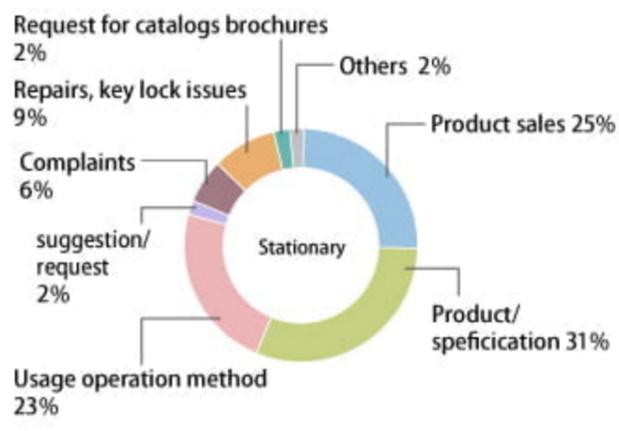
CHANGES IN THE NUMBER OF ENQUIRIES



TYPE OF ENQUIRIES



CHANGES IN THE NUMBER OF ENQUIRSE



Employee* Composition: By Position

* Employees here includes outside directors and members of the Audit & Supervisory Board

		Subject	2018	2019	2020	2021	2022
Number of Executives and Directors	Inside	Non-consolidated	5	4	3	3	2
	Outside	Non-consolidated	4	3	4	4	4
	Total	Non-consolidated	9	7	7	7	6
Number of Members of the Audit & Supervisory Board	Inside	Non-consolidated	0	0	1	1	1
	Outside	Non-consolidated	3	3	2	2	2
	Total	Non-consolidated	3	3	3	3	3
Number of employees	Male	Non-consolidated	1,498	1,631	1,634	1,601	1,452
	Female	Non-consolidated	521	583	607	606	610
	Total	Non-consolidated	2,019	2,214	2,241	2,207	2,062

Employee Composition: By Gender

		Subject	2018	2019	2020	2021	2022
Number of employees (KOKUYO Group)	Male	Consolidated	4,865	4,946	4,899	4,915	4,645
	Female	Consolidated	1,919	2,015	1,983	1,910	2,219
	Total	Consolidated	6,784	6,961	6,882	6,825	6,864

Employee Composition: By Contract type and by Gender

		Subject	2018	2019	2020	2021	2022
Total number of employees ^{※1}		Consolidated	6,784	6,961	6,882	6,825	6,864
Non-regular employees ^{※1}		Consolidated	1,854	1,832	2,333	2,711	4,097
Percentage of non-regular employees ^{※1}		Consolidated	21.46	20.83	25.31	28.43	37.38
Regular employees	Male	Five main group companies of KOKUYO	2,499	2,494	2,511	2,511	2,480
	Female	Five main group companies of KOKUYO	780	829	888	928	960
	Total	Five main group companies of KOKUYO	3,279	3,323	3,399	3,439	3,440

		Subject	2018	2019	2020	2021	2022
Senior employees	Male	Five main group companies of KOKUYO	248	253	268	256	263
	Female	Five main group companies of KOKUYO	7	10	8	11	14
	Total	Five main group companies of KOKUYO	255	263	276	267	277
Contracted employees	Male	Five main group companies of KOKUYO	159	135	105	83	60
	Female	Five main group companies of KOKUYO	91	95	102	101	91
	Total	Five main group companies of KOKUYO	250	230	207	184	151
Part-time/casual employees	Male	Five main group companies of KOKUYO	112	111	118	112	133
	Female	Five main group companies of KOKUYO	170	163	180	188	195
	Total	Five main group companies of KOKUYO	282	274	298	300	328
Temporary employees	Male	Five main group companies of KOKUYO	169	186	142	128	183
	Female	Five main group companies of KOKUYO	340	347	167	146	199
	Total	Five main group companies of KOKUYO	509	533	309	274	382

* 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.

*2 In 2022, we changed the definitions of regular and non-regular employees. "Regular employees" now includes only managing officers and non-managerial regular employees, whereas before it also included senior employees. "Non-regular employees" now includes senior employees alongside contracted employees, and part-time or casual employees, whereas before senior employees were not included.

Employee Composition: By Contract Type and by Region

		Subject	2018	2019	2020	2021	2022
Regular employees	Within Japan	Consolidated	3,991	4,090	4,145	4,183	4,218
	Overseas	Consolidated	2,443	2,475	2,347	2,308	2,646
	Total	Consolidated	6,434	6,565	6,492	6,491	6,864
Senior employees	Within Japan	Consolidated	284	300	322	308	328
	Overseas	Consolidated	3	4	4	2	18
	Total	Consolidated	287	304	326	310	346
Contracted employees	Within Japan	Consolidated	573	594	564	598	631
	Overseas	Consolidated	59	45	36	70	533
	Total	Consolidated	632	639	600	668	1,164
Part-time/casual employees	Within Japan	Consolidated	602	584	553	571	575
	Overseas	Consolidated	23	37	4	2	21
	Total	Consolidated	625	621	557	573	596
Temporary employees	Within Japan	Consolidated	578	589	379	331	434
	Overseas	Consolidated	1,642	1,401	974	1,162	1,557
	Total	Consolidated	2,220	1,990	1,353	1,493	1,991

Employee Composition: By Age, Average Ages of Male and Female Employees, Average Tenure

		Subject	2018	2019	2020	2021	2022
Number of employees by age group	Under 30	Five main group companies of KOKUYO	376	423	470	469	465
	30s	Five main group companies of KOKUYO	605	579	591	595	619
	40s	Five main group companies of KOKUYO	1,326	1,233	1,150	1,076	965
	50s	Five main group companies of KOKUYO	971	1,086	1,188	1,299	1,379
	60s or older	Five main group companies of KOKUYO	256	265	276	267	0

		Subject	2018	2019	2020	2021	2022
Average tenure (years)	Male	Five main group companies of KOKUYO	46.35	46.57	46.8	47.22	45.8
	Female	Five main group companies of KOKUYO	39.36	39.33	39.32	39.79	40.05
	Average	Five main group companies of KOKUYO	44.8	44.87	44.98	45.34	44.21
Average length of continuous service (years)	Male	Five main group companies of KOKUYO	20.52	20.7	20.9	21.31	19.94
	Female	Five main group companies of KOKUYO	14.3	14.06	13.83	14.05	14.16
	Average	Five main group companies of KOKUYO	19.14	19.14	19.18	19.47	18.34

* 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.

Employee Composition: By Nationality

		Subject	2018	2019	2020	2021	2022
Number of employees	Non-Japanese employees in the KOKUYO Group	Five main group companies of KOKUYO	12	12	11	11	12
	Non-Japanese employees at KOKUYO	Non-consolidated	12	12	11	9	10

* 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.

Employees Composition: Employees with Disabilities

		Subject	2018	2019	2020	2021	2022
Number of employees with disabilities		Group companies dedicated to employing people with disabilities	122	128	129	134	134
Percentage of employees with disabilities		Group companies dedicated to employing people with disabilities	2.26	2.31	2.3	2.37	2.33

Breakdown of New Hires

		Subject	2018	2019	2020	2021	2022
Number of fresh graduate hires	Male	Five main group companies of KOKUYO	47	33	40	28	35
	Female	Five main group companies of KOKUYO	28	37	40	18	18
	Total	Five main group companies of KOKUYO	75	70	80	46	53
Number of mid-career hires	Male	Five main group companies of KOKUYO	27	32	28	23	47
	Female	Five main group companies of KOKUYO	22	21	23	24	26
	Total	Five main group companies of KOKUYO	49	53	51	47	73
Percentage of mid-career hires ※1		KOKUYO	32	25	22	29	43
Turnover rate	Male	Five main group companies of KOKUYO	2.38	1.60	1.96	1.39	1.91
	Female	Five main group companies of KOKUYO	2.73	2.95	1.81	1.56	2.65
	Total	Five main group companies of KOKUYO	2.46	1.92	1.93	1.44	2.11

* 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.

*1 As of April 2022, we are legally required to report the percentage of mid-career hires (under the revised Act for Promoting Labor Policy, enacted in that month).

■ Managerial Appointments: By Gender

			Subject	2018	2019	2020	2021	2022
Number of managerial appointments	Executives and higher	Male	Five main group companies of KOKUYO	20	20	22	20	18
		Female	Five main group companies of KOKUYO	0	1	2	2	2
	Department heads	Male	Five main group companies of KOKUYO	62	63	65	77	95
		Female	Five main group companies of KOKUYO	3	4	4	2	2
	Section chiefs	Male	Five main group companies of KOKUYO	747	750	732	768	808
		Female	Five main group companies of KOKUYO	48	54	55	69	78
	Sub-section chiefs	Male	Five main group companies of KOKUYO	1,112	1,118	1,066	1,034	1,009
		Female	Five main group companies of KOKUYO	254	273	288	314	337
		Total	Five main group companies of KOKUYO	2,246	2,283	2,234	2,286	2,349

* 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.

■ Managerial Appointments: Percentage of Managerial Posts Occupied by Women

		Subject	2018	2019	2020	2021	2022
Percentage of middle management posts (department heads, section chiefs) occupied by women		Five main group companies of KOKUYO	5.93	6.66	6.89	7.75	8.14
managerial posts (sub-section chief or higher) occupied by women	Executives and higher	Five main group companies of KOKUYO	0.00	4.76	8.33	9.09	10
	Department heads	Five main group companies of KOKUYO	4.62	5.97	5.80	2.53	2.06
	Section chiefs	Five main group companies of KOKUYO	6.04	6.72	6.99	8.24	8.8
	Sub-section chiefs	Five main group companies of KOKUYO	18.59	19.63	21.27	23.29	25.04
Total		Five main group companies of KOKUYO	13.58	14.54	15.62	16.93	17.84

* 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.

■ Managerial Appointments: (Number of Non-Japanese Employees)

		Subject	2018	2019	2020	2021	2022
Managerial appointments: Non-Japanese managers	Executives and higher	Five main group companies of KOKUYO	0	0	0	0	0
	Department heads	Five main group companies of KOKUYO	0	0	0	0	0
	Section chiefs	Five main group companies of KOKUYO	2	3	3	3	4
	Sub-section chiefs	Five main group companies of KOKUYO	7	7	6	5	5
Total		Five main group companies of KOKUYO	9	10	9	8	9

* 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.

■ Managerial Appointments: Percentage of Managerial Posts Occupied by Non-Japanese Staff

		Subject	2018	2019	2020	2021	2022
Percentage of managerial posts occupied by non-Japanese employees	Executives and higher	Five main group companies of KOKUYO	0.00	0.00	0.00	0.00	0.00
	Department heads	Five main group companies of KOKUYO	0.00	0.00	0.00	0.00	0.00
	Section chiefs	Five main group companies of KOKUYO	0.25	0.37	0.38	0.36	0.45
	Sub-section chiefs	Five main group companies of KOKUYO	0.51	0.50	0.44	0.37	0.37
	Total	Five main group companies of KOKUYO	0.4	0.44	0.40	0.35	0.38

* 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.

■ Working Hours, Paid Leave Takeup Rate

	Subject	2018	2019	2020	2021	2022
Total working hours per year	Five main group companies of KOKUYO	2089.1	2060.6	2056.7	2092.5	2087.7
Non-prescribed working hours per year	Five main group companies of KOKUYO	274.9	256.3	226.9	260.3	269.1
Long-time worker rate (over 360 hours of total annual overtime)	Five main group companies of KOKUYO	28.7	23.5	17.4	24.0	25.2
Paid leave uptake rate (%)	Five main group companies of KOKUYO	53.69	61.40	48.9	48.4	54.3
Yearly education and training costs per employee (yen)	Five main group companies of KOKUYO	37,156	37,408	35,562	39,107	42,955

* 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.

Number of Employees on Childcare Leave

		Subject	2018	2019	2020	2021	2022
Employees on childcare leave	Male	Five main group companies of KOKUYO	4	6	12	26	35
	Female	Five main group companies of KOKUYO	52	60	58	72	70
	Total	Five main group companies of KOKUYO	56	66	70	98	105

* 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.

Employees on Long-Term-Care Leave

		Subject	2018	2019	2020	2021	2022
Employees taking time off for long-term care	Male	Five main group companies of KOKUYO	0	3	1	0	0
	Female	Five main group companies of KOKUYO	2	1	1	1	0
	Total	Five main group companies of KOKUYO	2	4	2	1	0

* 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.

Health management

	Subject	2018	2019	2020	2021	2022
Regular health checkup attendance rate (%)	—	98.9	99.6	98.6	99.4	99.6
Voluntary checkup attendance number (breast cancer, colorectal cancer checkups)	—	346	1,222	1,551	3,482	4,871
Regular health checkup finding rate (%)	—	28.0	27.5	19.8	29.5	29.0
Percentage of employees receiving full medical checkup (%)	—	55.9	87.3	70.5	75.8	78.0
Lifestyle-related disease occurrence/specific health checkup attendance rate (%)	—	98	98	98	98	98

	Subject	2018	2019	2020	2021	2022
Lifestyle-related disease occurrence/specific health guidance rate (proactive support) (%)	—	35	34	39	47	42
Lifestyle-related disease occurrence/lifestyle-related disease medical costs (including health insurance dependents) (million yen)	—	143	139	161	144	149
Response rate for stress check survey (%)	Employees of companies that conduct a stress check survey	96.0	94.8	96.4	95.9	94.1
Stretch check score (deviation value)	Employees of companies that conduct a stress check survey	54	54	55	54	49
Percentage of employees with poor mental health(with severe stress) (%) ^{※4}	Employees of companies that conduct a stress check survey	4.9	5.5	4.8	5.6	9.3
Number of employees who took leave due to poor mental health	※5	11	10	16	10	16
Number of employees who took leave due to other illnesses	※5	6	11	9	2	5
Number of employees who retired due to poor mental health	※5	8	3	10	1	5
Number of employees who left due to other health issues	※5	5	6	6	8	2
Absenteeism: Annual working days per employee lost due to injury or disease ^{※1}	Kokuyo (including what was once Ket), Kaunet	—	—	—	—	4.3
Presenteeism: Score for productivity lost because of illness, injury, or other conditions in employees attending work ^{※2}	Kokuyo (including what was once Ket), Kaunet	—	—	—	—	21
Employee engagement score (deviation value) ^{※3}	Employees of companies that conduct a stress check survey	49	49	49	50	51.1
Percentage of participants in health activity(walking campaign) (%)	Kokuyo (including what was once Ket), Kaunet	19.4	23.8	25.3	—	33
Percentage of participants in health activity(walking campaign) satisfied by activity (%)	Kokuyo (including what was once Ket), Kaunet	—	—	—	—	90

*1 Absenteeism is calculated as follows: Annual working days lost due to injury or disease divided by total working days for all employees.

*2 The presenteeism score represents the difference between maximum productivity (scaled at 100) and employees' actual productivity rate (according to survey findings).

*3 The employee engagement score describes the extent to which employees identify with and actively commit themselves to the organization's strategy and goals.

*4 The vendor estimation method was changed in 2022.

*5 Kokuyo (including what was once Ket), Kaunet, Kokuyo Logitem, Kokuyo Supplies Logitem, Kokuyo Marketing.

Occupational Health and Safety

Coverage: KOKUYO Co., Ltd. Mie Factory and Shibayama Factory, KOKUYO Product Shiga Co., Ltd., KOKUYO MVP Co., Ltd., IWAMI Paper Industry Co., Ltd.

		2018	2019	2020	2021	2022
Number of work-related accidents	Consolidated factories	5	2	5	1	6
	Mie Factory	2	1	0	0	0
	Shibayama Factory	0	0	0	0	1
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	3	1	3	1	5
	IWAMI Paper Industry	0	0	1	0	0
Work-related accident frequency rate(%) ^{※1}	Consolidated factories	2.10	0.85	2.33	0.44	2.61
	Mie Factory	2.82	1.37	0	0	0
	Shibayama Factory	0	0	0.02	0	1.43
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	5.90	2.16	6.79	2.14	11.19
	IWAMI Paper Industry	0	0	6.67	0	0
Severity rate for work-related accidents(%) ^{※2 ※3}	Consolidated factories	0.14	0.05	0.02	0	0
	Mie Factory	0.20	0.15	0	0	0
	Shibayama Factory	0	0	1.83	0	0
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	0.39	0	0.09	0.01	0.00
	IWAMI Paper Industry	0	0	0.03	0	0
Workdays lost due to work-related accidents	Consolidated factories	415	132	63.5	8	32
	Mie Factory	173	130	0	0	0
	Shibayama Factory	0	0	12	0	26
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	242	2	46.5	8	6
	IWAMI Paper Industry	0	0	5	0	0

* Number of work-related accidents includes only accidents that resulted in at least one full workday of leave. It excludes accidents that employees suffered when commuting.

*1 Work-related accident rate is calculated as follows: Number of employees who experienced a work-related accident × 1,000,000 / Total person-hours

*2 Work-related accident severity rate is calculated as follows: Number of lost workdays / Total person-hours × 1,000

*3 The work-related accident rate is shown with the third decimal place rounded off

A score of "0" indicates that absolutely no fatal work-related accidents occurred.

On the other hand, a score of "0.00" would indicate a fatality rate higher than 0 but less than 0.005.



DATABANK

ENVIRONMENTAL PERFORMANCE DATA

■ Reporting Period

Fiscal 2022 (January 1 to December 31, 2022)

■ Guidelines Used for Reference

Ministry of the Environment, Environmental Report Guidelines (2012 Edition)

Ministry of the Environment, Environmental Accounting Guidelines (2005 Edition)

Global Reporting Initiative (GRI), Sustainability Reporting Guidelines

■ Organizational Units Covered

From 2012, the scope of coverage was extended to all consolidated subsidiaries.

	Consolidated Subsidiaries	Other Subsidiaries and Affiliates
Japan	<p>KOKUYO Co., Ltd.</p> <p>Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., KOKUYO Logitem Co., Ltd., KOKUYO Product Shiga Co., Ltd., KOKUYO MVP Co., Ltd., LmD International Co., Ltd., Actus Co., Ltd., KOKUYO Finance Co., Ltd, KOKUYO & Partners Co., Ltd.</p>	<p>KOKUYO K Heart Co., Ltd., Heartland Co., Ltd., IWAMI Paper Industry Co., Ltd., KOKUYO Hokkaido Sales Co., Ltd., KOKUYO Tohoku Sales Co., Ltd., KOKUYO Kitakanto Sales Co., Ltd., KOKUYO Tokai Sales Co., Ltd., KOKUYO Hokuriku-Niigata Sales Co., Ltd., KOKUYO Sanyo-Shikoku Sales Co., Ltd.</p>
Overseas	<p>KOKUYO Vietnam Co., Ltd., KOKUYO Malaysia Sdn. Bhd., KOKUYO (Shanghai) Management Co., Ltd., KOKUYO Commerce (Shanghai) Co., Ltd., KOKUYO Furniture (China) Co., Ltd., KOKUYO Design Consultants (Shanghai) Co., Ltd., KOKUYO International Asia Co., Ltd., KOKUYO International (Malaysia) Sdn Hbd, KOKUYO Vietnam TRADING Co., Ltd., Kokuyo Camlin Limited</p>	<p>KOKUYO-IK (Thailand) Co., Ltd.</p>

Scope of Report: KOKUYO Co., Ltd., 20 consolidated subsidiaries, and 10 affiliates

2022 Results

Environmental Policy	Goals and Results for 2022		Goal met?
	Goal	Result	
Prevention of global warming *Domestic consolidated subsidiaries, Kokuyo K Heart, Heartland	Reduction of CO ₂ emissions Total year-on-year change in volume: +5.1% (when production is excluded: -2.0%)	-0.0% (reduction efforts reduced emissions by 1.9%)	No
	Reduction of unit energy consumption Year-on-year reduction: -1.0%	Per unit of sales: +8.2%	No
Resource Conservation and Recycling	Improve recycling rate in relation to total waste volume • Business offices: 97.4% and over • Construction sites: 82.0% and over	Business offices: 95.9%	No
		Construction sites: 82.3%	Yes
Procurement, development, and provision of eco-friendly products	Maintain eco x zero	Maintained	Yes
Information disclosure and communication	Publication of CSR report 2022	Publication of CSR report 2022	Yes
Environmental management	ISO 14001: Regular inspection in 2015	Regular inspection results • Strong point: 0 cases • Good points: 10 cases • Matters pointed out for improvement: 0 cases • Opportunities for improvement: 28 cases	Yes

Environmental Friendliness Efficiency Indicators

Kokuyo Group designates unique environmental friendliness efficiency indicators as indices to comprehensively evaluate financial performance and impact on the global environment.

These indicators show the extent to which products and services are being offered to society with respect to specific environmental load and correspond to the following four items.

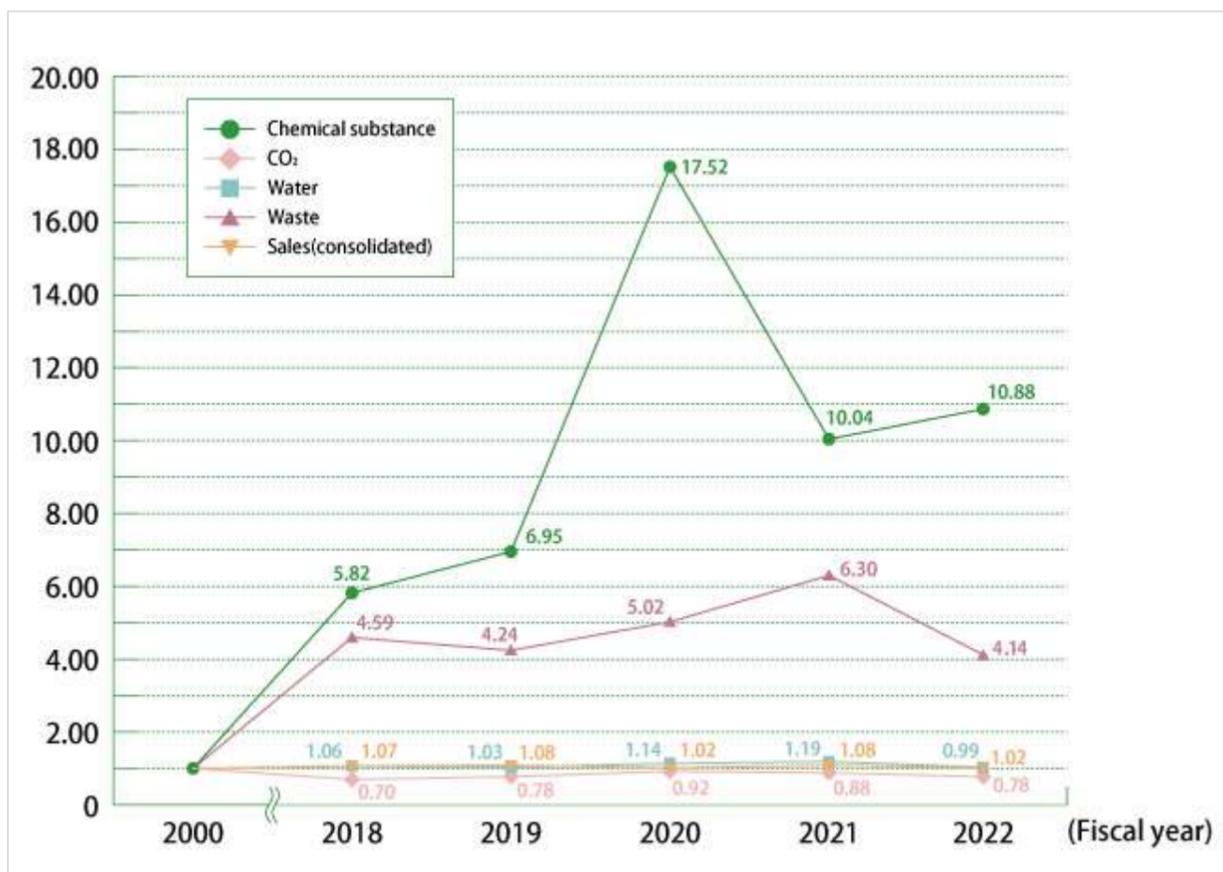
1. CO₂ emissions
2. Final waste disposal
3. Usage of chemical substances subject to PRTR regulations
4. Water usage

Environmental friendliness efficiency indicator =

$$\frac{\text{Current fiscal year (Sales / Environmental load data)}}{\text{Baseline fiscal year (Sales / Environmental load data)}}$$

Using fiscal 2000 as the baseline for each indicator, the progress status for each fiscal year can be determined.

Environmental Friendliness Efficiency Indicators



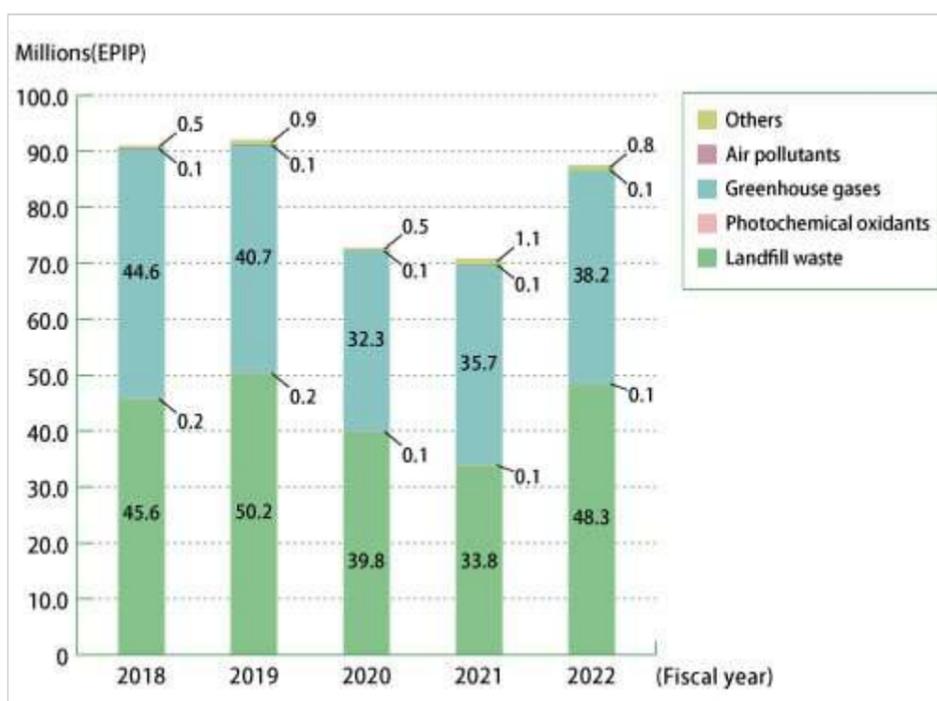
* "Chemical substances" indicates the volume of Class 1 PRTR substances handled by reporting sites that are required to report the data under PRTR regulations.

JEPIX

The Japan Environmental Policy Priorities Index (JEPIX) is a method of quantifying the individual amount of different types of environmental loads, such as greenhouse gas emissions and air pollutants, as single indicators called Environmental Impact Points (EIP). The EIP is calculated by multiplying the environmental load of each environmentally harmful chemical by the integrated coefficient, which is calculated from the ratio between Japan's environmental policy target and the actual amount of emissions (environmental friendliness factor), and then obtaining the sum total of them all.

$$\text{Environmental impact point (EIP)} = \sum (\text{environmental loads} \times \text{environmentally friendliness factors})$$

JEPIX

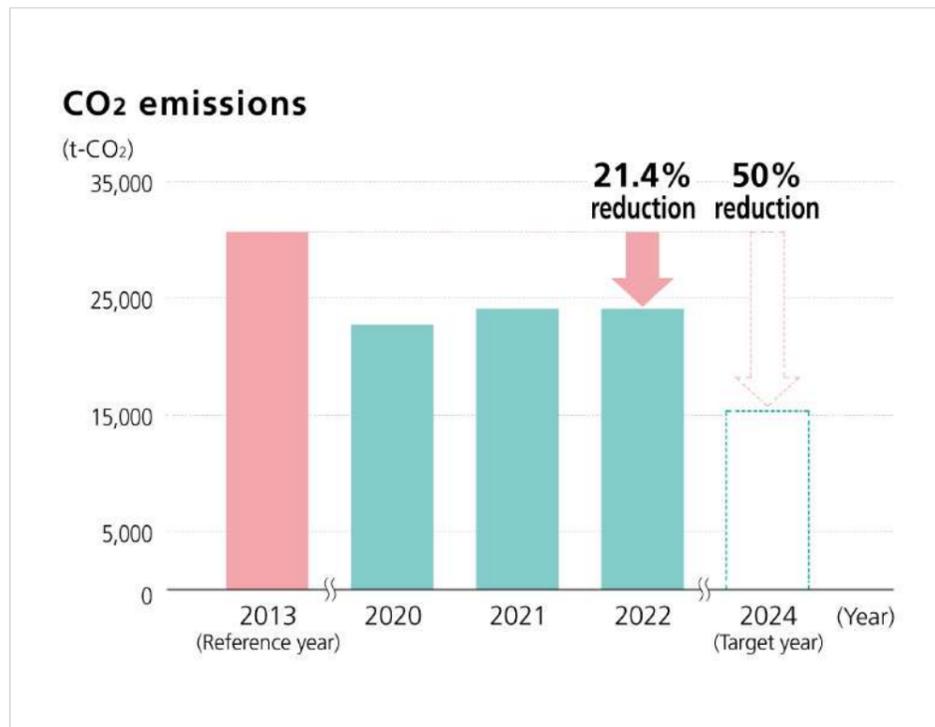


Global Warming Preventive Measures (Material issue 3: Respond to the climate crisis)

Attainment of 2024 goal

Domestic consolidated subsidiaries, Kokuyo K Heart, Heartland

CO₂ Emission Transition

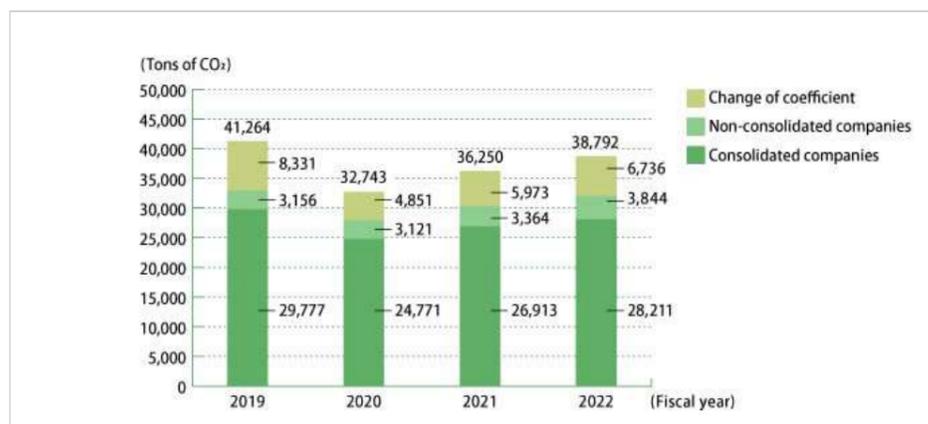


- * The graph excludes greenhouse gas emissions from sources other than electric power as such emissions were negligible (accounting for less than 0.1% of total emissions).
- * Electricity-based emission factors are calculated using the basic emission factors of the relevant electrical power companies for each given year
- * Results for 2020 and later are disclosed based on a market-based approach.

Scope 1 and 2 Emissions

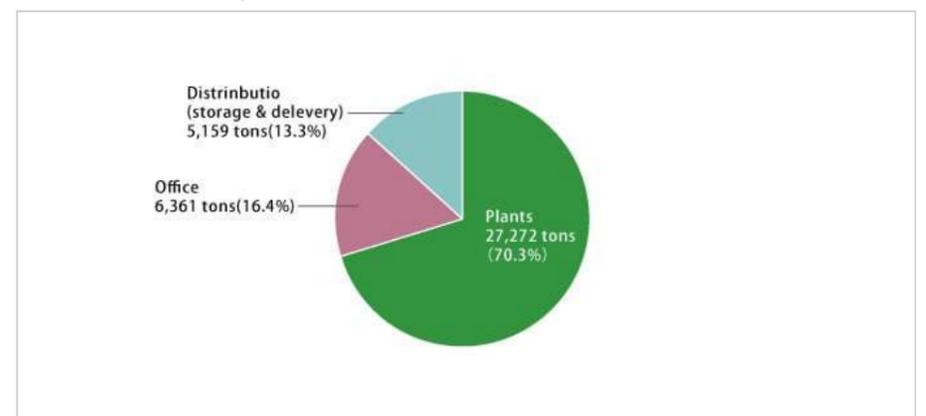
Kokuyo, 20 consolidated subsidiaries (domestic and overseas), 10 affiliates (domestic and overseas)

CO₂ emission transitions



- * Market-based
- * In line with the GHG Protocol's Scope 2 Guidance, we take the market-based approach (which reflects supplier-specific emissions factors associated with our energy purchases).
- * Differences due to changes in emission factors are calculated using the average emission factors of all power sources in 2000 (0.378kg-CO₂/kwh).

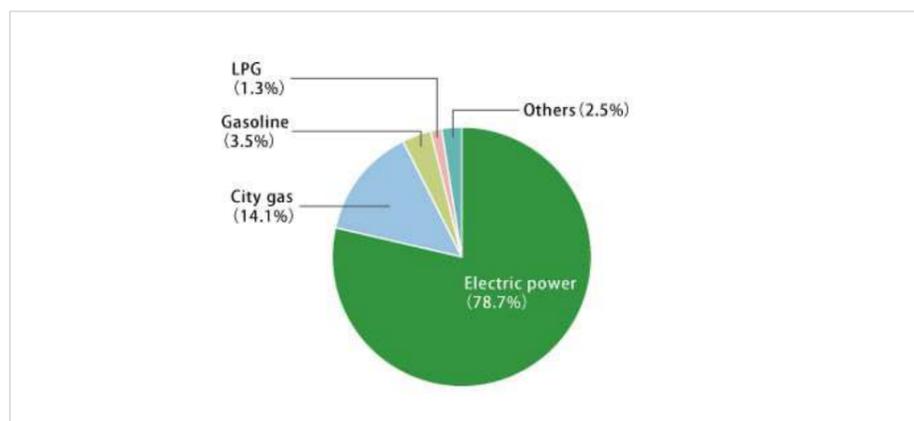
CO₂ emission by source



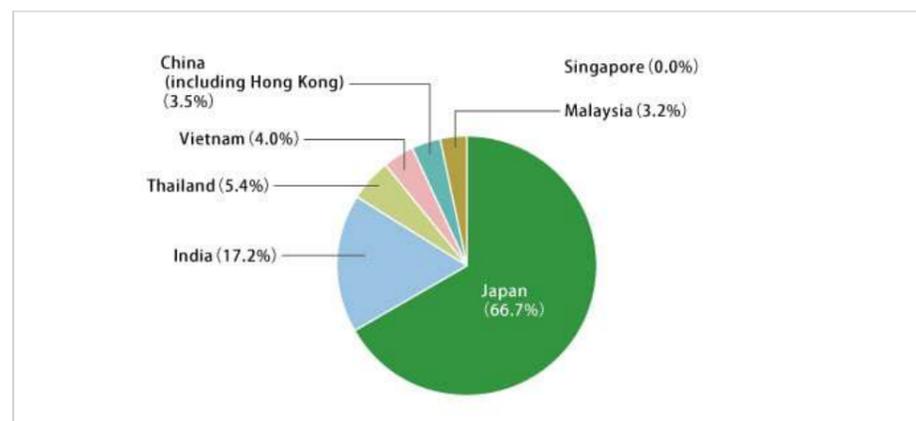
- * Market-based

CO₂ emission by source

CO₂ emission by country



* Market-based

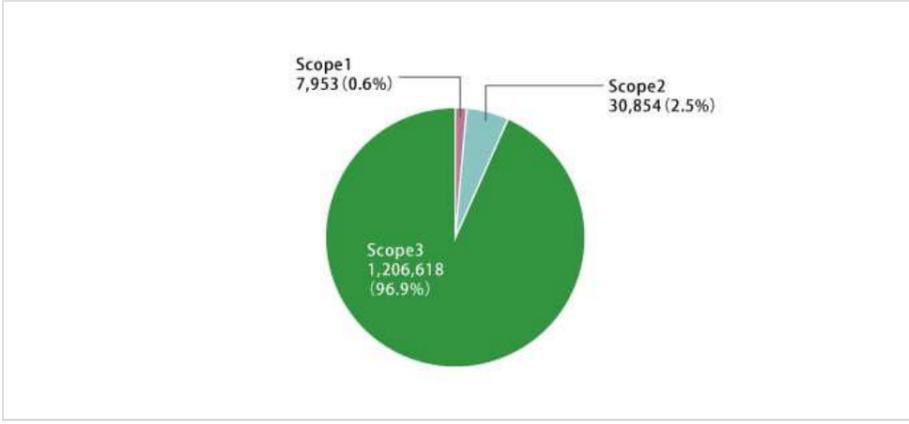


* Location-based

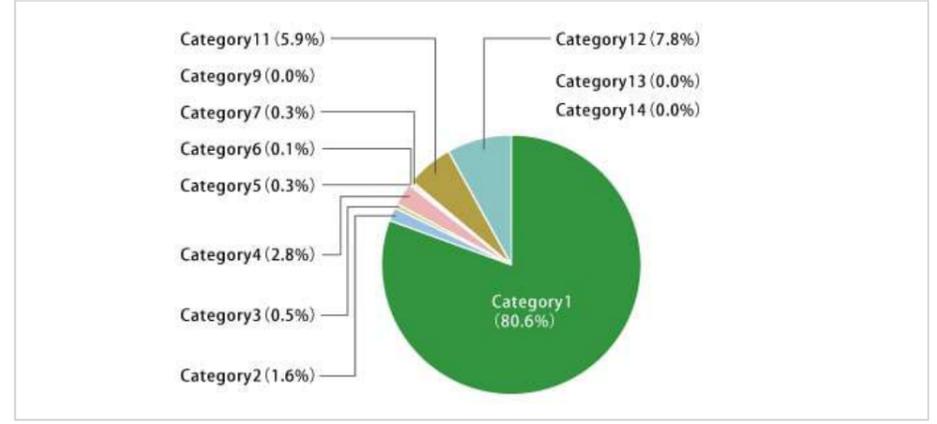
Scope 3 categories and emissions

Category	Category	Applicable/ Not applicable	Reason for Non-applicability	Scope 3 Emissions	As Percentage of Total	As Percentage of Total Emissions
Category 1	Purchased products / services	Applicable	-	972,882	80.6%	78.1%
Category 2	Capital goods	Applicable	-	19,026	1.6%	1.5%
Category 3	Fuel not included in Scope 1 or 2 and energy-related activities	Applicable	-	6,276	0.5%	0.5%
Category 4	Shipping and delivery (upstream)	Applicable	-	33,436	2.8%	2.7%
Category 5	Waste materials generated by businesses	Applicable	-	3,870	0.3%	0.3%
Category 6	Business trips	Applicable	-	1,169	0.1%	0.1%
Category 7	Commuting by workers	Applicable	-	3,057	0.3%	0.2%
Category 8	Leased assets (upstream)	Not applicable	Included in Scope 1 / 2	-	-	-
Category 9	Shipping and delivery (downstream)	Applicable	-	127	0.0%	0.0%
Category 10	Processing of sold products	Not applicable	Kokuyo is a manufacturer of completed products and does not deal with intermediate products	-	-	-
Category 11	Use of sold products	Applicable	-	71,429	5.9%	5.7%
Category 12	Discarding of sold products	Applicable	-	94,596	7.8%	7.6%
Category 13	Leased assets (downstream)	Applicable	-	303	0.0%	0.0%
Category 14	Franchises	Applicable	-	446	0.0%	0.0%
Category 15	Investments	Not applicable	No investments	-	-	-
Total	-	-	-	1,206,618	-	-

Greenhouse gases emitted by the supply chain
(by scope) (Tons of CO₂)

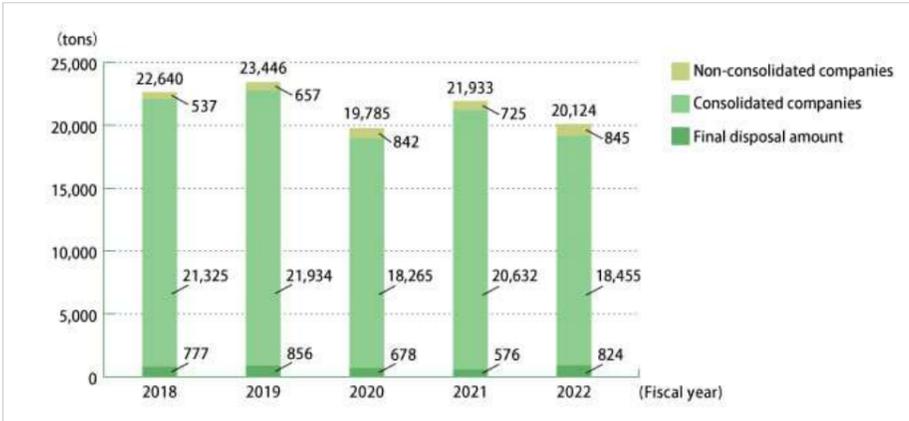


Greenhouse gases emitted by the supply chain
(for Scope 3)

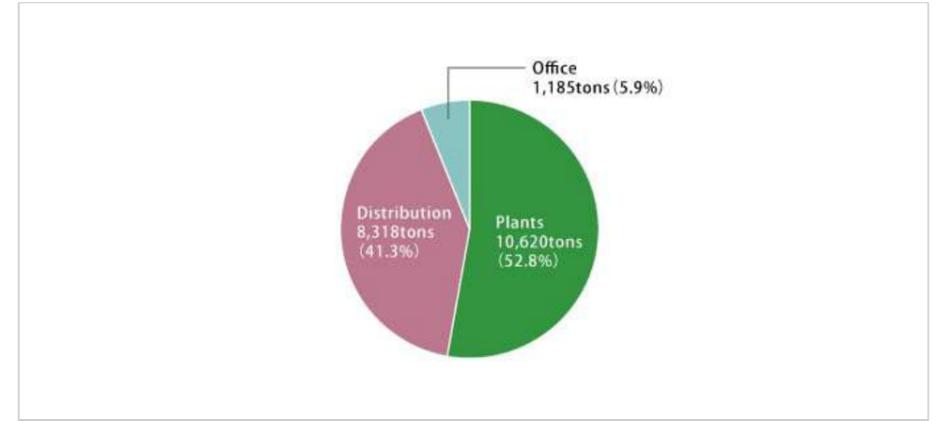


Resource Saving and Recycling

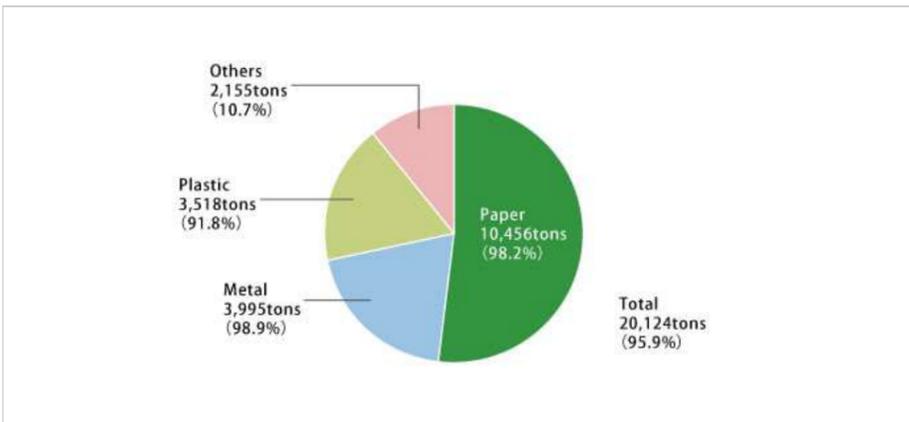
Waste Materials: Recycling and Final Disposal Amounts



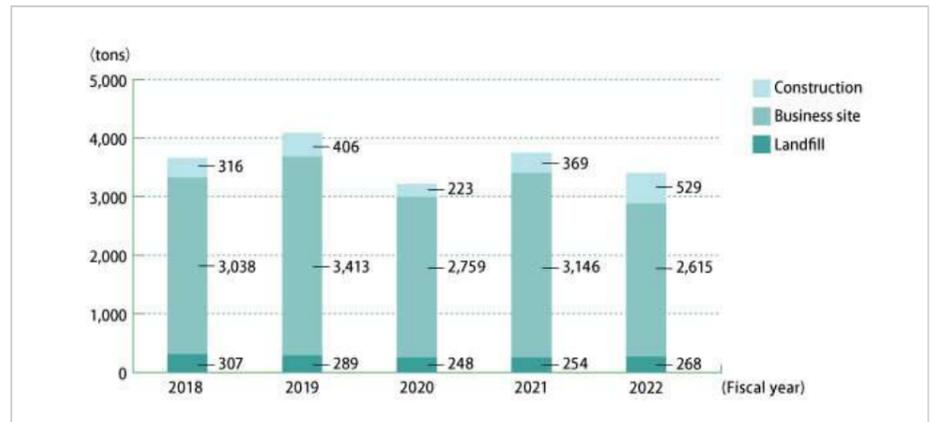
Waste Materials by Activity



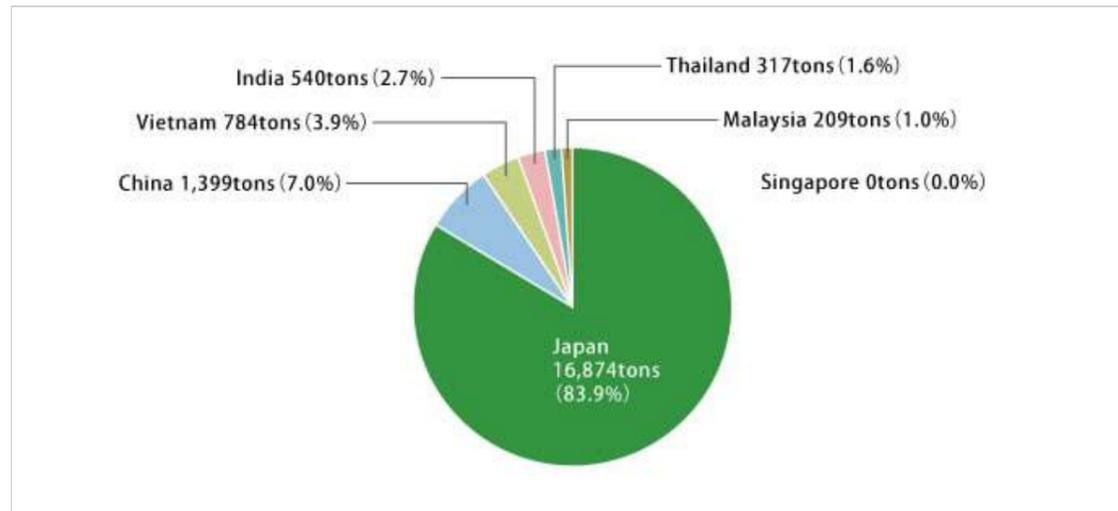
Waste material types (Recycling rate in brackets)



Plastic waste generation (in Japan)

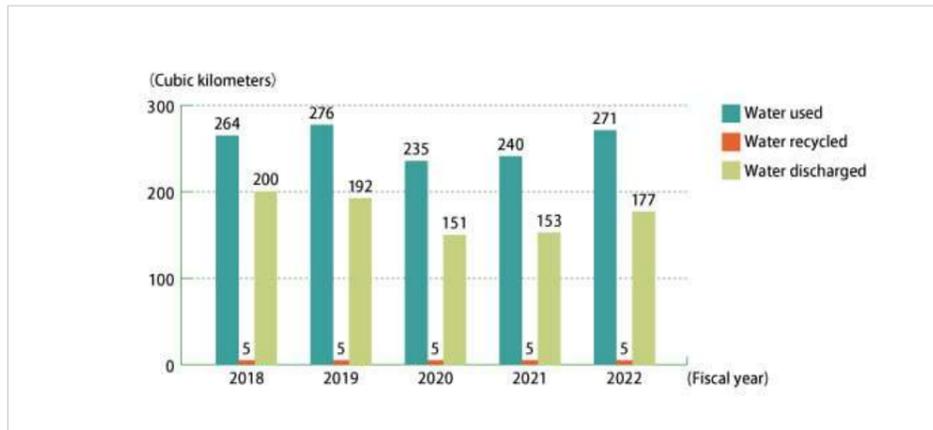


Emissions by Country

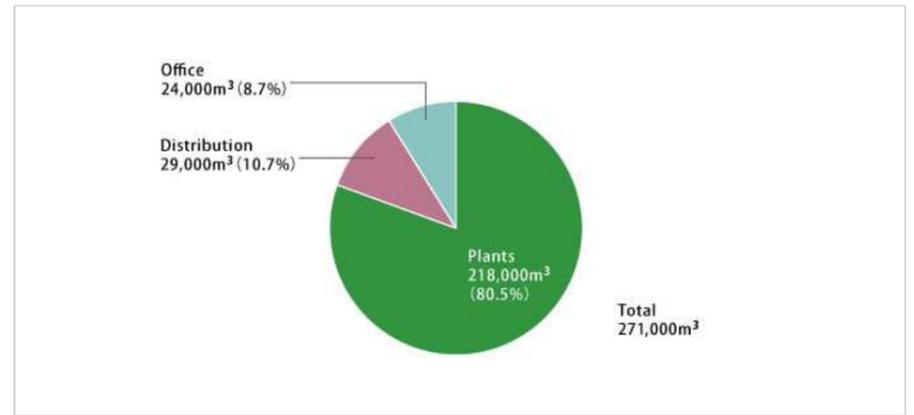


Water Resources

Water used, water recycled, water discharged



Water usage by location

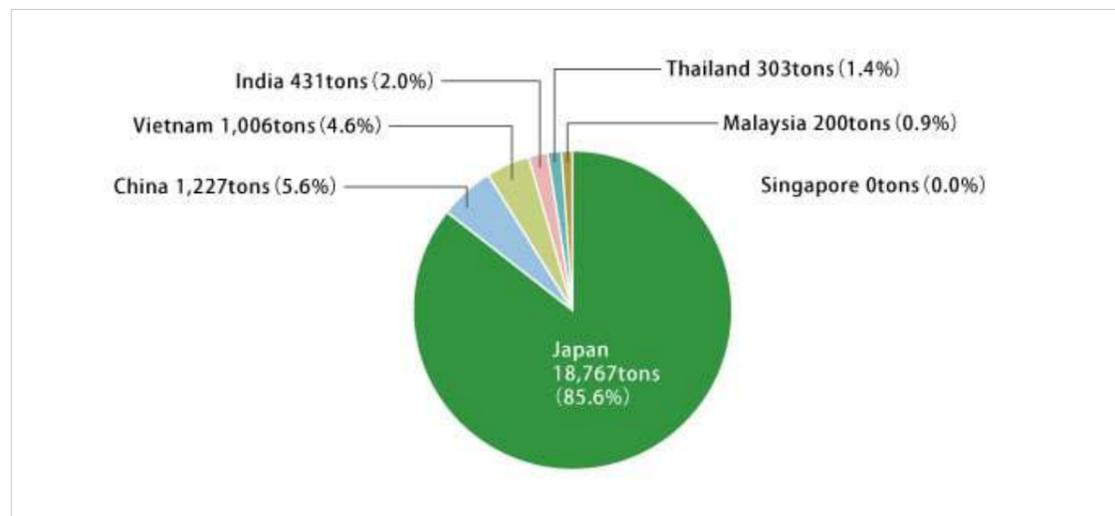


* Water recycled: Water recycled in factories

* Water discharged: Wastewater discharged into public water bodies or sewers

* The volume of water used and discharged increased in 2022 because the Indian subsidiary was included in that year.

Water usage by country



Chemical Substances Subject to PRTR Law

Official No.	Chemical name	Vol. handled (kg)	Vol. Released				Sub-total (kg)	Vol. Treated (kg)	Vol. Consumed (kg)
			Vol. Released into Air (kg)	Vol. Released into Public Bodies of Water (kg)	Vol. Released into Sewers (kg)	Vol. Sent to Landfill (kg)			
1	Zinc compounds (water-soluble)	201.9	0.0	0.0	0.0	201.9	201.9	0.0	0.0
20	2-aminoethanol	165.2	0.0	0.0	0.0	165.2	165.2	0.0	0.0
30	Linear Alkyl Benzene Sulfonic Acid and its salts (LAS)	195.0	0.0	0.0	0.0	195.0	195.0	0.0	0.0
53	Ethylbenzene	15.4	15.4	0.0	0.0	0.0	15.4	0.0	0.0
57	Ethylene glycol monoethyl ether	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

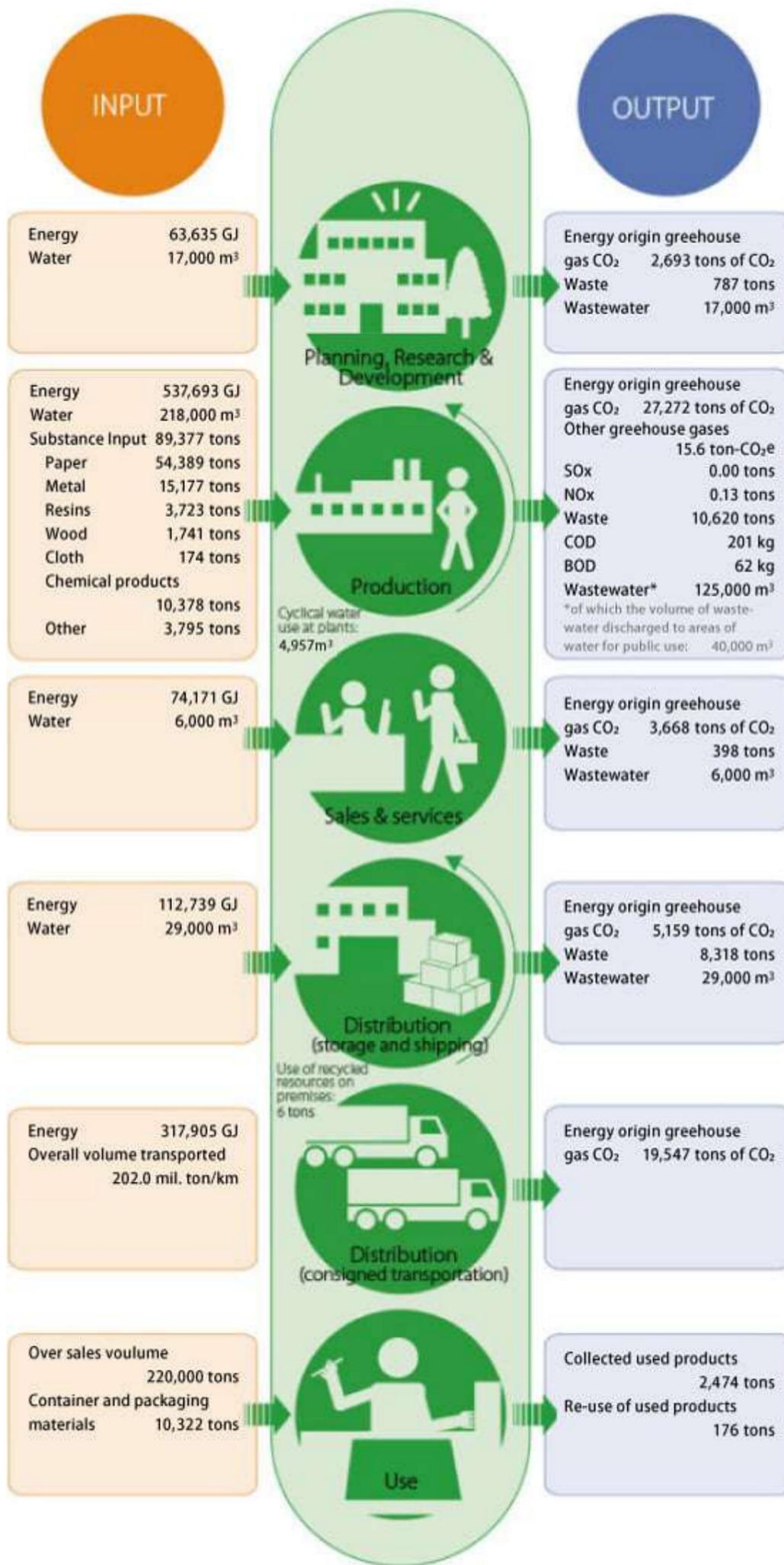
Official No.	Chemical name	Vol. handled (kg)	Vol. Released					Vol. Treated (kg)	Vol. Consumed (kg)
			Vol. Released into Air (kg)	Vol. Released into Public Bodies of Water (kg)	Vol. Released into Sewers (kg)	Vol. Sent to Landfill (kg)	Sub-total (kg)		
71	Ferric chloride	9,030.0	0.0	0.0	0.0	0.0	0.0	0.0	9,030.0
80	Xylene	21.3	21.3	0.0	0.0	0.0	21.3	0.0	0.0
82	Silver and its water-soluble compounds	1.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
125	Chlorobenzene	16.1	10.1	0.0	0.0	0.4	10.5	0.0	5.6
134	Vinyl acetate	216.7	21.7	3.5	1.8	13.1	40.1	0.0	176.5
235	Water-soluble salts of bromic acid	505.9	0.0	0.0	0.0	0.0	0.0	505.9	0.0
300	Toluene	81.2	17.8	0.0	0.0	4.4	22.2	0.0	59.0
302	Naphthalene	12.5	0.0	0.0	0.0	0.3	0.3	0.0	12.2
306	Hexamethylene diacrylate	455.3	0.0	0.0	0.0	23.7	23.7	0.0	431.7
309	Nickel compounds	16.8	0.0	0.0	0.0	0.0	0.0	16.8	0.0
354	Di-n-butyl phthalate	82.0	0.0	0.0	0.0	4.1	4.1	0.0	77.9
392	N-hexane	178.7	178.7	0.0	0.0	0.0	178.7	0.0	0.0
403	Benzophenone	63.1	0.0	0.0	0.0	3.3	3.3	0.0	59.8
407	Poly(oxyethylene) alkyl ether	682.0	0.0	0.0	14.4	398.9	413.3	1.9	266.8
410	Poly(oxyethylene) nonylphenyl ether	9.0	0.0	0.0	0.0	0.5	0.5	0.0	8.5
412	Manganese and its compounds	17.8	0.8	0.0	0.0	6.3	7.1	0.0	10.7
448	Methylenebis(4,1-cyclohexylene) diisocyanate	438.1	0.0	0.0	0.0	0.0	0.0	0.0	438.1
453	Molybdenum and its compounds	204.6	0.0	0.0	0.0	0.0	0.0	0.0	204.6
Total		12,609.6	265.8	3.5	16.3	1,017.0	1,302.6	525.6	10,781.4

* The volume of PRTR Law Class I Designated Chemical Substances that were used, handled, released, transferred, disposed, recycled, and consumed by the business establishments (in Japan) subject to notification under the PRTR Law. For the calculation methods, see the Ministry of the Environment/Ministry of Economy, Trade and Industry's PRTR Release Estimation Methods Manual, version 4.2 (March 2019).

* "Volume treated" refers to those PRTR designated substances that were treated on site by incineration, neutralization, breaking down, reactive process, etc.

* "Volume consumed" refers to the volume of substances that were removed from the site by the removal of the products containing or accompanying them or that were modified for disposal by means of chemical reaction with other substances.

Environmental Load Material Flow



		Planning, R&D	Manufacturing	Sales, services	Distribution (storage, deliveries)	Logistics (contracted goods transportation)	Total	
Inputs	Energy (GJ)	63,635	537,693	74,171	112,739	317,905		
	Water (km ³)	17	218	6	29			
	Total volume transported (Mt)					202.0		
	Substance inputs (t)		89,377					
	Paper (t)		54,389					
	Metals (t)		15,177					
	Resins (t)		3,723					
	Wood (t)		1,741					
	Cloth (t)		174					
	Chemical products (t)		10,378					
	Other (t)		3,795					
	Total volume sold (kt × 10)							22.0
	Packaging (t)							10,322
Recycling	Water recycled in factories (m ³)		4,957					
Outputs	CO ₂ emissions from electrical power (tCO ₂)	2,693	27,272	3,668	5,159	19,547		
	GHG emissions from sources other than electrical power (tCO ₂ e)		15.6					
	SO _x (t)		-					
	NO _x (t)		0.13					
	Waste (t)	787	10,620	398	8,318			
	Wastewater (km ³)	17	125	6	29			
	Discharges to public water bodies (km ³)		40					
	COD (kg)		201					
	BOD (kg)		62					
	Used products collected (t)							2,474
	Used products reused (t)							176

Input items

Indicator	Unit	Calculation method
Volume of energy used	GJ	Power, gas (city gas, LPG, natural gas), oil (gasoline, light oil, kerosene, fuel oil A), heat (hot water, cold water) The power unit calorific values are the daytime and nighttime power values stated in the Enforcement Regulations of the Act on the Rational Use of Energy (effective from April 1, 2008). The unit calorific values of gas, oil, and heat are those values presented in the Greenhouse Gas Emission Calculation and Reporting Manual, Ver. 4.8 (Jan 2022, Ministry of the Environment, Ministry of Economy, Trade and Industry).
Water	km ³	Tap water, water for industrial use
Substance Input	t	The volume of raw materials used to manufacture Kokuyo products
Overall Sales Volume	kt × 10	Data from furniture and stationery products
Container and Packaging Materials	t	The volume of packaging materials used to package products

Output Items

Indicator	Unit	Calculation method
CO₂ Emissions from Energy Use	t-CO ₂	CO ₂ emissions from the use of electricity, gas, oil, and heat (see Global Warming Preventive Measures: Respond to the climate crisis) Coefficients based on the Act on Promotion of Global Warming Countermeasures (adjusted emission coefficients for each power company for fiscal 2019 and 2020) were used to calculate the CO ₂ emissions from power consumption in Japan. For power consumption overseas, we use the local emissions factors listed in IEA Emissions Factors 2022. Values presented in the Greenhouse Gas Emission Calculation and Reporting Manual, Ver. 4.8 (Jan 2022) (Ministry of the Environment, Ministry of Economy, Trade and Industry) were used to calculate CO ₂ emissions from the use of gas, oil, and heat. The ton/kilo method and the fuel consumption method were both used to calculate the distribution (consigned transportation) CO ₂ emissions.
Other Greenhouse Gases	t-CO ₂ e	Emissions of greenhouse gases (CO ₂ , CH ₄ , N ₂ O) related to production activities, (in Japan), but excluding such emissions from energy sources, have been converted to a CO ₂ basis. Emission coefficient values were taken from the Ministry of the Environment and the Ministry of Economy, Trade and Industry's Greenhouse Gas Emission Calculation and Reporting Manual, Ver. 4.8 (Jan 2022).
SO₂">x, NO₂">x	t	Emissions from smoke- and soot-producing facilities at manufacturing plants (in Japan)
Waste	t	The volume of discharged waste (emissions) is the total amount of waste and valuable substances discharged from business establishments. The recycle volume is the total of the volume of discharged waste (emissions) that has been recycled through material or thermal recycling, and the volume of valuable substances. The final waste volume is the combined total of the recycling residue and the volume of waste directly disposed of in landfills, out of the total volume of discharged waste (solid waste) (<u>see Resource Saving and Recycling: Contribute toward a circular economy</u>). If industrial waste has been calculated by cubic measurement, conversion factors (reference) for converting cubic measurements of industrial waste into weights as stated in a notice released by the Ministry of the Environment (December 27, 2006; Env. Ind. Waste Issue No. 061227006) were used.
Wastewater	km ³	Wastewater discharged to areas of water for public use and into the sewage system
COD, BOD	kg	Of plants in Japan, the volume of effluent discharged to areas of water for public use by plants with a legal obligation to measure water quality

Other items

Indicator	Unit	Calculation method
Overall Transportation Volume	tkm	The total of the following outsourced transportation volumes: total domestic transportation in Japan including the transportation of furniture products, store fixtures, stationery products, transportation of catalog sales by Kaunet, and transportation of Actus products; and transportation of products between overseas sites and within Malaysia.

Indicator	Unit	Calculation method
Cyclical Water Use at Plants	m ³	The volume of water used in a cyclical way (i.e. recycled) on business premises
Cyclical Resource Use on Sitest	t	The volume of recycled resources, such as packaging materials, on the business premises of Kokuyo Logitem and Kokuyo Supply Logistics.
Collected Used Products	t	The volume of used products collected from customers by Kokuyo Logitem.
Re-use of Used Products	t	The volume of re-used products from the used products collected from customers by Kokuyo Logitem.

Environmental Accounting

Environmental Accounting (Unit: Multiple of 10 thousand yen)

Item	Environment-related Investments			Costs			Effects			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Pollution prevention	0	690	0	3,963	1,532	1,778	0	0	0	3,963	1,532	1,778
Global warming prevention	11,842	10,785	7,491	8,363	8,200	2,481	▲1,923	▲2,160	▲1,603	6,440	6,040	878
Resource saving and recycling	0	0	0	42,117	54,265	50,736	▲15,315	▲24,564	▲26,213	26,802	29,701	24,523
Procurement and provision of eco-friendly products	0	0	0	3,181	3,583	4,980	0	0	0	3,181	3,583	4,980
Survey and research into environmental technology	0	0	0	184	160	148	0	0	0	184	160	148
Environmental communication	0	0	0	1,442	1,623	3,547	0	0	0	1,442	1,623	3,547
Setting up management structures	0	0	0	5,881	6,369	9,244	0	0	0	5,851	6,369	9,244
Environmental damage response	0	0	0	0	0	0	0	0	0	0	0	0
Total	11,842	11,475	7,491	65,100	75,732	72,915	▲17,237	▲26,723	▲27,817	47,863	49,009	45,098

Breakdown of economic effects

Item	Content of countermeasures	2020	2021	2022
Global warming prevention	Effects of introducing energy-saving facilities	▲703	▲1,124	▲633
	Effects of solar power generation	▲1,009	▲978	▲936
	Effects of improving operations	▲211	▲58	▲34

Item	Content of countermeasures	2020	2021	2022
Resource saving and recycling	Proceeds from garbage sorting and recycling	▲15,313	▲24,561	▲26,213
	Waste Reduction	▲2	▲2	0
	Cost reductions achieved through the promotion of recycling		0	0
Total		▲17,237	▲26,723	▲27,817

Sites with ISO 14001 Certification

No.	Company Name	Site Name	No.	Company Name	Site Name
1	Kokuyo	Head Office (including XT and WS)	40	Kaunet	Head Office
2		Tokyo Shinagawa Office	41		Tokyo Shinagawa Office
3		Tokyo Shinagawa SST Office	42	Kokuyo Marketing	Head Office
4		Tokyo Kasumigaseki Office	43		Tachikawa Office
5		Nagoya Office	44		Chiba Office
6		Osaka Umeda Office	45		Saitama Office
7		Mie Factory	46		Yokohama Office
8		Shibayama Factory	47		Nagano Office
9	Kokuyo K Heart	Head Office	48		Matsumoto Office
10	Kokuyo MVP	Tottori Factory	49		Nagoya Office
11		Aoya Factory	50		Shizuoka Office
12	Kokuyo Product Shiga	Head Office	51		Umeda Office
13	Kokuyo Logitem	Head Office	52		Kyoto Office
14		Sapporo Distribution Center	53		Kobe Office
15		Sendai Distribution Center	54		Wakayama Office
16		Gunma Distribution Center	55	Hiroshima Office	
17		Central Japan Delivery and Distribution Center	56	Yamaguchi Office	
18		Central Japan Delivery Center	57	Matsue Office	
19		Shin Chiba Distribution Center	58	Fukuoka Office	
20		Shiga Distribution Center	59	Nagasaki Office	
21		Mie Distribution Center	60	Miyazaki Office	
22		Ina Distribution Center	61	Kagoshima Office	
			62	Kumamoto Office	
			63	Oita Office	

No.	Company Name	Site Name	
23		Chubu Delivery and Distribution Center	
24		Toyama Distribution Center	
25		Fujiwara Distribution Center	
26		Komono Distribution Center	
27		Kansai Delivery and Distribution Center	
28		Okayama Distribution Center	
29		Kyushu Distribution Center	
30		Kokuyo Supply Logistics	Head Office
31			Sapporo Distribution Center
32	Ibaraki Distribution Center		
33	Metropolitan Area Integrated Distribution Center		
34	Kyushu Integrated Distribution Center		
35	Chubu Integrated Distribution Center		
36	Shiga National Distribution Center		
37	Kinki Integrated Distribution Center		
38	Osaka Nanko Distribution Center		
39	Fukuoka Distribution Center		

No.	Company Name	Site Name
64		Okinawa Office
65	Kokuyo (Malaysia)	Head Office
66	Kokuyo-IK Thailand	Head Office
67	Kokuyo Camlin	Patalganga Plant
68		Tarapur Plant
69		Samba Plant
70	Kokuyo Commere (Shanghai)	Head Office
71		Beijing Office
72		Shenzhen Office

KOKUYO (MIE PLANT)

LOCATION	2012 Nishitawara, Nabari-shi, Mie
PRINCIPAL PRODUCTS	Steel desks, low partitions, etc.
COMMENCEMENT OF OPERATIONS	May 1993
SITE AREA	145,977m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	95,839	102,694	100,880
	Fuel	38,137	40,836	39,532
	Electricity	57,702	61,858	61,348
Water resources (m ³)	City/well water	61,718	62,873	64,067
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	4,410	4,621	4,310
	SO _x	-	-	-
	NO _x	0.37	0.3	0.13
Waste emissions (t)	Total waste volume	1,196	1,337	1,265
	Reuse/heat recovery	1,194	1,334	1,261
	Final disposal	3	3	3
Emissions into bodies of water (m ³)	Volume of effluent	28,416	30,467	31,097
	Emissions into public water areas	28,416	30,467	31,097
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.4~7.9	7.6~8.1	7.6~8.0
	COD(mg/L)	13	11.3	8.6
	BOD(mg/L)	2	4.1	2.4
	SS(mg/L)	2.0	2.7	2.3

KOKUYO PRODUCT SHIGA

LOCATION	312 Kamigano, Aisho-cho, Echi-gun, Shiga
PRINCIPAL PRODUCTS	Notebooks, plain paper copy paper, carbon duplication books, loose-leaf supplies, etc.
COMMENCEMENT OF OPERATIONS	October 1980
SITE AREA	114,294m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	50,171	52,351	52,931
	Fuel	1,003	1,022	1,010
	Electricity	49,167	51,328	51,921
Water resources (m ³)	City/well water	4,741	4,230	4,796
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	1,757	1,894	1,751
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	2,215	2,155	2,177
	Reuse/heat recovery	2,215	2,149	2,177
	Final disposal	0	6	6
Emissions into bodies of water (m ³)	Volume of effluent	4,633	4,174	4,708
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	4,633	4,174	4,708
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.6~9.1	6.9~8.9	7.0~7.9
	COD(mg/L)	5.7	5.1	4.4
	BOD(mg/L)	8.6	13.0	6.9
	SS(mg/L)	2.9	46	4.6

KOKUYO MVP (AOYA FACTORY)

LOCATION	1114 Aoya, Aoya-cho, Tottori-shi, Tottori
PRINCIPAL PRODUCTS	Custom made stationery
COMMENCEMENT OF OPERATIONS	September 2007 (Predecessor company, KOKUYO Office Supplies Industrial, Aoya Factory, began operations in April 2000)
SITE AREA	34,607m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	12,395	14,523	15,022
	Fuel	532	979	900
	Electricity	11,863	13,544	14,122
Water resources (m ³)	City/well water	4,724	4,327	1,201
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	719	791	816
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	380	438	424
	Reuse/heat recovery	379	437	423
	Final disposal	1	1	1
Emissions into bodies of water (m ³)	Volume of effluent	4,724	4,327	1,201
	Emissions into public water areas	4,724	4,327	1,201
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

IWAMI PAPER INDUSTRY CO., LTD. (ATO FACTORY)

LOCATION	586-3 Atotokusa, Yamaguchi-shi, Yamaguchi
PRINCIPAL PRODUCTS	Resume form, manuscript paper, slip pad, report paper, etc.
COMMENCEMENT OF OPERATIONS	April 1991
SITE AREA	28,297m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	7,597	9,266	7,223
	Fuel	169	1,988	212
	Electricity	7,428	7,279	7,011
Water resources (m ³)	City/well water	718	704	631
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	290	520	384
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	311	272	294
	Reuse/heat recovery	311	272	284
	Final disposal	0	0	9
Emissions into bodies of water (m ³)	Volume of effluent	718	704	631
	Emissions into public water areas	718	704	631
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.8~7.6	6.5~7.9	6.5~7.9
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

KOKUYO (SHIBAYAMA PLANT)

LOCATION	3155-4 Ohdai, Shibayama-machi, Sanbu-gun, Chiba
PRINCIPAL PRODUCTS	Room dividers, low partitions, cabinets, etc.
COMMENCEMENT OF OPERATIONS	June 1994
SITE AREA	73,734m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	106,889	116,567	120,133
	Fuel	51,978	59,518	61,458
	Electricity	54,911	57,049	58,675
Water resources (m ³)	City/well water	13,192	15,065	15,336
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	5,155	5,572	5,767
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	2,315	2,222	2,107
	Reuse/heat recovery	2,315	2,222	2,091
	Final disposal	0	0	16
Emissions into bodies of water (m ³)	Volume of effluent	8,755	10,156	10,428
	Emissions into public water areas	3,631	4,945	5,089
	Emissions into sewage systems	5,124	5,211	5,339
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.7	7.4	7.3
	COD(mg/L)	1.2	2.8	1.8
	BOD(mg/L)	0.0	1.4	1.6
	SS(mg/L)	0.0	0.7	0.5

KOKUYO MVP (TOTTORI FACTORY)

LOCATION	2-201 Minami, Koyama-cho, Tottori-shi, Tottori
PRINCIPAL PRODUCTS	Custom-made stationery
COMMENCEMENT OF OPERATIONS	September 2007 (Predecessor company, KOKUYO Office Supplies Industrial, began operations in December 1962)
SITE AREA	38,389m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	15,220	21,632	27,886
	Fuel	542	206	216
	Electricity	14,677	21,426	27,670
Water resources (m ³)	City/well water	6,989	2,924	2,331
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	889	1,170	1,507
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	926	942	966
	Reuse/heat recovery	911	926	953
	Final disposal	15	15	13
Emissions into bodies of water (m ³)	Volume of effluent	6,989	2,924	2,331
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	6,989	2,924	2,331
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

IWAMI PAPER INDUSTRY CO., LTD. (HEADQUARTERS FACTORY)

LOCATION	I-378 Ushiroda, Tsuwano-cho, Kanoashi-gun, Shimane
PRINCIPAL PRODUCTS	Letter paper, receipt, vocabulary notebook, memo pad, etc.
COMMENCEMENT OF OPERATIONS	October 1918
SITE AREA	5,382m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	2,733	2,806	2,553
	Fuel	374	282	390
	Electricity	2,359	2,525	2,162
Water resources (m ³)	City/well water	398	496	422
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	159	133	120
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	70	82	66
	Reuse/heat recovery	70	82	66
	Final disposal	0	0	0
Emissions into bodies of water (m ³)	Volume of effluent	398	496	422
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	398	496	422
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.0~8.4	6.9~8.4	6.0~8.4
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

KOKUYO-IK (THAILAND)

LOCATION	529 Moo 4 Bangpoo Industrial Estate Soi 8C, T. Praksa, A. Muang, Samutprakam 10280 Thailand
PRINCIPAL PRODUCTS	Clear books (transparent document holders), PP (plain paper) files, tape adhesives, etc.
COMMENCEMENT OF OPERATIONS	December 1996
SITE AREA	12,679m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	37,442	41,945	44,798
	Fuel	343	321	343
	Electricity	37,099	41,624	44,454
Water resources (m ³)	City/well water	14,739	16,576	19,728
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	1,943	1,782	2,126
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	382	303	317
	Reuse/heat recovery	351	265	278
	Final disposal	30	38	39
Emissions into bodies of water (m ³)	Volume of effluent	11,840	13,262	15,782
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	11,840	13,262	15,782
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.7	7.1	7.0
	COD(mg/L)	225.9	102.64	73.3
	BOD(mg/L)	122.2	177.8	32.6
	SS(mg/L)	8.5	10.0	13.8

KOKUYO VIETNAM

LOCATION	Land Plot B2-B7, Nomura-Haiphong IZ, An Duong Dist., Haiphong City, Vietnam
PRINCIPAL PRODUCTS	Notebooks, flat files, files for thick covers, tack labels, etc.
COMMENCEMENT OF OPERATIONS	November 2006
SITE AREA	51,544m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	26,486	29,485	24,795
	Fuel	421	575	629
	Electricity	26,065	28,910	24,166
Water resources (m ³)	City/well water	10,740	9,569	8,668
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	967	1,917	1,562
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	761	1,006	784
	Reuse/heat recovery	564	806	611
	Final disposal	197	200	173
Emissions into bodies of water (m ³)	Volume of effluent	8,592	7,655	6,934
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	8,592	7,655	6,934
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.3	7.0	7.2
	COD(mg/L)	316	188.5	134.5
	BOD(mg/L)	157.0	71.5	65.4
	SS(mg/L)	150.5	101.5	74.8

KOKUYO CAMLIN (TARAPUR FACTORY, INDIA)

LOCATION	MIDC Tarapur, Tal- Palghar, Dist- Thane, Pin-401506
PRINCIPAL PRODUCTS	Art supplies, poster colors, crayons, lead for mechanical pencils, etc.
COMMENCEMENT OF OPERATIONS	April 1974
SITE AREA	10,045m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	21,018	20,539	45,533
	Fuel	542	286	790
	Electricity	20,476	20,252	44,743
Water resources (m ³)	City/well water	20,263	17,901	23,874
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	1,512	1,487	3,145
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	105.1	45.2	85.0
	Reuse/heat recovery	105.1	45.2	85.0
	Final disposal	0	0	0
Emissions into bodies of water (m ³)	Volume of effluent	20,263	17,901	23,874
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	20,263	17,901	23,874
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.52	7.72	7.37
	COD(mg/L)	59.0	69.0	46.0
	BOD(mg/L)	13.0	12.0	10.0
	SS(mg/L)	38.0	2.0	23.0

KOKUYO CAMLIN (SAMBA FACTORY, INDIA)

LOCATION	Lane No. 9, Sidco, Phase - 1 I.G.C., Samba-184 121
PRINCIPAL PRODUCTS	Art supplies
COMMENCEMENT OF OPERATIONS	January 2008
SITE AREA	10,040m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	5,219	6,820	8,680
	Fuel	516	579	752
	Electricity	4,703	6,241	7,928
Water resources (m ³)	City/well water	2,563	6,977	10,259
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	374	492	600
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	59.9	103.4	116.2
	Reuse/heat recovery	59.9	103.4	116.2
	Final disposal	0	0	0
Emissions into bodies of water (m ³)	Volume of effluent	2,563	6,977	10,259
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	2,563	6,977	10,259
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.4	7.6	7.5
	COD(mg/L)	88.0	48.0	104.0
	BOD(mg/L)	17.0	8.0	23.0
	SS(mg/L)	19.0	10.0	56.0

KOKUYO CAMLIN (PATALGANGA FACTORY, INDIA)

LOCATION	MIDC, Village-Chavane, Taluka-Panvel, Dist-Raigad-410 220, Maharashtra, India
PRINCIPAL PRODUCTS	Writing instrument (Marker, pencil pen, correction pen, Gel pen, sketch pen) Ink, crayon
COMMENCEMENT OF OPERATIONS	April 2017
SITE AREA	56,000m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	15,350	23,227	26,224
	Fuel	1,324	1,203	987
	Electricity	14,026	22,025	25,237
Water resources (m ³)	City/well water	29,688	35,571	38,640
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	1,101	1,678	1,812
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	169	281.9	222.9
	Reuse/heat recovery	169	281.7	222.3
	Final disposal	0	0	0.626
Emissions into bodies of water (m ³)	Volume of effluent	0	0	0
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.3	6.5	7.5
	COD(mg/L)	8.0	32.0	120.0
	BOD(mg/L)	2.0	8.0	32.0
	SS(mg/L)	6.0	17.0	28.0

KOKUYO (MALAYSIA)

LOCATION	Lots 79 & 83, Persiaran Bunga Tanjung 1, Senawang Industrial Park 70400 Seremban, Negeri Sembilan Darul Khusus, Malaysia
PRINCIPAL PRODUCTS	Steel desks, low partitions, cabinets, etc.
COMMENCEMENT OF OPERATIONS	October 1999
SITE AREA	58,000m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	18,671	18,778	18,958
	Fuel	6,115	6,001	5,554
	Electricity	12,555	12,777	13,404
Water resources (m ³)	City/well water	10,980	8,124	11,426
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	1,143	1,164	1,170
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	186	200	209
	Reuse/heat recovery	131	164	165
	Final disposal	55	36	45
Emissions into bodies of water (m ³)	Volume of effluent	2,166	2,156	3,217
	Emissions into public water areas	996	1,121	1,854
	Emissions into sewage systems	1,170	1,035	1,363
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.1	7.7	8.0
	COD(mg/L)	27.9	18.4	28.3
	BOD(mg/L)	7.9	6.8	8.6
	SS(mg/L)	6.4	8.5	9.8

KOKUYO COMMERC (SHANGHAI) CO., LTD SHANGHAI FACTORY

LOCATION	No.128 RenJie RD, FengXian District, Shanghai,P.R,China 201402
PRINCIPAL PRODUCTS	Adhesive-bound notebooks, spiral notebooks, twin-ring notebooks, report pads, etc.
COMMENCEMENT OF OPERATIONS	August 2012
SITE AREA	27,457.7m ²



Inputs		2020	2021	2022
Energy (GJ)	Volume of energy inputs	10,925	16,864	16,197
	Fuel	480	511	283
	Electricity	10,445	16,353	15,915
Water resources (m ³)	City/well water	1,455	1,800	1,763
Outputs		2020	2021	2022
Atmospheric emissions (t)	CO ₂	685	1,055	1,000
	SO _x	-	-	-
	NO _x	-	-	-
Waste emissions (t)	Total waste volume	787	1,227	1,399
	Reuse/heat recovery	760	1,193	1,364
	Final disposal	28	34	34
Emissions into bodies of water (m ³)	Volume of effluent	1,313	1,620	1,587
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	1,313	1,620	1,587
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	Not subject to measurement	Not subject to measurement	Not subject to measurement
	COD(mg/L)	Not subject to measurement	Not subject to measurement	Not subject to measurement
	BOD(mg/L)	Not subject to measurement	Not subject to measurement	Not subject to measurement
	SS(mg/L)	Not subject to measurement	Not subject to measurement	Not subject to measurement

Mapping to other guidelines

Mapping to GRI Standards

Below we have mapped our sustainability information to the 2016 GRI Standards for sustainability reporting.

Index	Core	Disclosure	GRI Standard	Relevant page
General Disclosures				
GRI 102: General disclosures				
1.Organizational profile	<input type="radio"/>	102-1	Name of the organization	<u>Corporate Data</u>
	<input type="radio"/>	102-2	Activities, brands, products, and services	<u>Business Overview</u>
	<input type="radio"/>	102-3	Location of headquarters	<u>Corporate Data</u>
	<input type="radio"/>	102-4	Location of operations	<u>Affiliated Companies (Japanese Only)</u>
	<input type="radio"/>	102-5	Ownership and legal form	<u>Corporate Data</u>
	<input type="radio"/>	102-6	Markets served	<u>Business Domains</u>
	<input type="radio"/>	102-7	Scale of the organization	<u>Corporate Data</u>
				<u>Affiliated Companies (Japanese Only)</u>
				<u>Earnings Highlights</u>
				<u>Financial Position</u>
	<input type="radio"/>	102-8	Information on employees and other workers	<u>Databank Society</u>
	<input type="radio"/>	102-9	Supply chain	<u>Working with Supply Chain Partners</u>
	<input type="radio"/>	102-10	Significant changes to the organization and its supply chain	
<input type="radio"/>	102-11	Precautionary Principle or approach	<u>Employee Safety</u> <u>Risk Management</u>	
<input type="radio"/>	102-12	External initiatives	<u>Awards and Accolades</u>	
<input type="radio"/>	102-13	Membership of associations		
2.Strategy	<input type="radio"/>	102-14	Statement from senior decision-maker	<u>Message from the President</u>
		102-15	Key impacts, risks, and opportunities	<u>Page 13 of our latest annual securities report (827 kb) (Japanese Only)</u> <u>Business and other risks</u>

Index	Core	Disclosure	GRI Standard	Relevant page
3.Ethics and integrity	○	102-16	Values, principles, standards, and norms of behavior	<u>Corporate philosophy</u> <u>Sustainable Business Strategy</u> <u>KOKUYO Group Code of Conduct</u>
		102-17	Mechanisms for advice and concerns about ethics	<u>Page 31 of our latest annual securities report (827 kb) (Japanese Only)</u>
4.Governance	○	102-18	Governance structure	<u>Corporate Governance</u>
		102-19	Delegating authority	
		102-20	Executive-level responsibility for economic, environmental, and social topics	
		102-21	Consulting stakeholders on economic, environmental, and social topics	
		102-22	Composition of the highest governance body and its committees	<u>Corporate Governance</u>
		102-23	Chair of the highest governance body	<u>Corporate Governance</u>
		102-24	Nominating and selecting the highest governance body	<u>Corporate Governance</u>
		102-25	Conflicts of interest	<u>Corporate Governance</u>
		102-26	Role of highest governance body in setting purpose, values, and strategy	
		102-27	Collective knowledge of highest governance body	
		102-28	Evaluating the highest governance body's performance	
		102-29	Identifying and managing economic, environmental, and social impacts	<u>Sustainable Business Strategy</u>
		102-30	Effectiveness of risk management processes	<u>Risk Management</u>
		102-31	Review of economic, environmental, and social topics	<u>Sustainable Business Strategy</u>
		102-32	Highest governance body's role in sustainability reporting	<u>Sustainable Business Strategy</u>
		102-33	Communicating critical concerns	<u>Risk Management</u>
		102-34	Nature and total number of critical concerns	
		102-35	Remuneration policies	<u>Corporate Governance</u>
		102-36	Process for determining remuneration	<u>Corporate Governance</u>
		102-37	Stakeholders' involvement in remuneration	<u>Corporate Governance</u>
	102-38	Annual total compensation ratio		
	102-39	Percentage increase in annual total compensation ratio		

Index	Core	Disclosure	GRI Standard	Relevant page
5.Stakeholder engagement	○	102-40	List of stakeholder groups	<u>Stakeholder Engagement</u>
	○	102-41	Collective bargaining agreements	<u>Page 9 of our latest annual securities report (827 kb) (Japanese Only)</u>
	○	102-42	Identifying and selecting stakeholders	<u>Stakeholder Engagement</u>
	○	102-43	Approach to stakeholder engagement	<u>Stakeholder Engagement</u> <u>Dialogue with our Customers</u> <u>Employee Communication</u> <u>Working with Supply Chain Partners</u> <u>Social Contribution</u>
	○	102-44	Key topics and concerns raised	
6.Report	○	102-45	Entities included in the consolidated financial statements	<u>Page 7 of our latest annual securities report (827 kb) (Japanese Only)</u>
	○	102-46	Defining report content and topic Boundaries	
	○	102-47	List of material topics	<u>The 5 Materialities</u>
	○	102-48	Restatements of information	
	○	102-49	Changes in reporting	
	○	102-50	Reporting period	<u>Editorial Policy</u>
	○	102-51	Date of most recent report	<u>Editorial Policy</u>
	○	102-52	Reporting cycle	<u>Editorial Policy</u>
	○	102-53	Contact point for questions regarding the report	<u>For questions regarding the report, please contact below. (Japanese)</u>
	○	102-54	Claims of reporting in accordance with the GRI Standards	
	○	102-55	GRI content index	<u>Mapping to other guidelines</u>
	○	102-56	External assurance	<u>Environmental management, third-party verification</u>
GRI 103: Management Approach				
		103-1	Explanation of the material topic and its Boundary	<u>The 5 Materialities</u>
		103-2	The management approach and its components	<u>Sustainable Business Strategy</u>
		103-3	Evaluation of the management approach	<u>Sustainable Business Strategy</u>
Material topics				
GRI 200: Economic				
GRI 201: Economic Performance		201-1	Direct economic value generated and distributed	<u>Earnings Highlights</u>

Index	Core	Disclosure	GRI Standard	Relevant page
		201-2	Financial implications and other risks and opportunities due to climate change	Climate Action
		201-3	Defined benefit plan obligations and other retirement plans	Page 83 of our latest annual securities report (827 kb) (Japanese Only)
		201-4	Financial assistance received from government	
GRI 202: Market Presence		202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
		202-2	Proportion of senior management hired from the local community	
GRI 203: Indirect Economic Impacts		203-1	Infrastructure investments and services supported	
		203-2	Significant indirect economic impacts	
GRI 204: Procurement Practices		204-1	Proportion of spending on local suppliers	
GRI 205: Anti-corruption		205-1	Operations assessed for risks related to corruption	
		205-2	Communication and training about anti-corruption policies and procedures	
		205-3	Confirmed incidents of corruption and actions taken	
GRI 206: Anti-competitive Behavior		206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI 207: Tax		207-1	Approach to tax	
		207-2	Tax governance, control, and risk management	
		207-3	Stakeholder engagement and management of concerns related to tax	
		207-4	Country-by-country reporting	
GRI 300: Environment				
GRI 301: Materials		301-1	Materials used by weight or volume	Databank Environmental
		301-2	Recycled input materials used	Databank Environmental
		301-3	Reclaimed products and their packaging materials	
GRI 302: Energy		302-1	Energy consumption within the organization	Databank Environmental
		302-2	Energy consumption outside of the organization	Databank Environmental
		302-3	Energy intensity	Databank Environmental
		302-4	Reduction of energy consumption	Databank Environmental
		302-5	Reductions in energy requirements of products and services	

Index	Core	Disclosure	GRI Standard	Relevant page
GRI 303: Water and effluents		303-1	Interactions with water as a shared resource	
		303-2	Management of water discharge-related impacts	
		303-3	Water withdrawal	<u>Reports by Business Sites</u>
		303-4	Water discharge	<u>Reports by Business Sites</u>
		303-5	Water consumption	<u>Reports by Business Sites</u>
GRI 304: Biodiversity		304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<u>Yui no Mori (Japanese)</u>
				<u>Contribute toward a society that coexists with nature</u>
		304-2	Significant impacts of activities, products, and services on biodiversity	
		304-3	Habitats protected or restored	<u>Yui no Mori (Japanese)</u>
GRI 305: Emissions		305-1	Direct (Scope 1) GHG emissions	<u>Databank Environmental</u>
		305-2	Energy indirect (Scope 2) GHG emissions	<u>Databank Environmental</u>
		305-3	Other indirect (Scope 3) GHG emissions	<u>Databank Environmental</u>
		305-4	GHG emissions intensity	<u>Databank Environmental</u>
		305-5	Reduction of GHG emissions	<u>Databank Environmental</u>
		305-6	Emissions of ozone-depleting substances (ODS)	
		305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<u>Databank Environmental</u>
GRI 306: Effluents and Waste		306-1	Water discharge by quality and destination	<u>Reports by Business Sites</u>
		306-2	Waste by type and disposal method	<u>Databank Environmental</u>
		306-3	Significant spills	
		306-4	Transport of hazardous waste	
		306-5	Water bodies affected by water discharges and/or runoff	
GRI 307: Environmental Compliance		307-1	Non-compliance with environmental laws and regulations	<u>Legal Compliance and Pollution Prevention</u>
GRI 308: Supplier Environmental Assessment		308-1	New suppliers that were screened using environmental criteria	
		308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 400: Social				

Index	Core	Disclosure	GRI Standard	Relevant page
GRI 401: Employment		401-1	New employee hires and employee turnover	Databank Society
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
		401-3	Parental leave	Databank Society
GRI 402: Labor/Management Relations		402-1	Minimum notice periods regarding operational changes	
GRI 403: Occupational Health and Safety		403-1	Occupational health and safety management system	Employee Safety Employee Health
		403-2	Hazard identification, risk assessment, and incident investigation	
		403-3	Occupational health services	Employee Safety
		403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Safety
		403-5	Worker training on occupational health and safety	Employee Safety
		403-6	Promotion of worker health	Employee health
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee health
		403-8	Workers covered by an occupational health and safety management system	Page 9 of our latest annual securities report (827 kb) (Japanese Only)
		403-9	Work-related injuries	Databank Society
		403-10	Work-related ill health	
GRI 404: Training and Education		404-1	Average hours of training per year per employee	
		404-2	Programs for upgrading employee skills and transition assistance programs	Human Resources Management
		404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity		405-1	Diversity of governance bodies and employees	Databank Society
		405-2	Ratio of basic salary and remuneration of women to men	
GRI 406: Non-discrimination		406-1	Incidents of discrimination and corrective actions taken	
GRI 407: Freedom of Association and Collective Bargaining		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labor		408-1	Operations and suppliers at significant risk for incidents of child labor	Working with Supply Chain Partners

Index	Core	Disclosure	GRI Standard	Relevant page
GRI 409: Forced or Compulsory Labor		409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<u>Working with Supply Chain Partners</u>
GRI 410: Security Practices		410-1	Security personnel trained in human rights policies or procedures	
GRI 411: Rights of Indigenous Peoples		411-1	Incidents of violations involving rights of indigenous peoples	
GRI 412: Human Rights Assessment		412-1	Operations that have been subject to human rights reviews or impact assessments	
		412-2	Employee training on human rights policies or procedures	
		412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
GRI 413: Local Communities		413-1	Operations with local community engagement, impact assessments, and development programs	<u>Social Contribution</u>
		413-2	Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier Social Assessment		414-1	New suppliers that were screened using social criteria	
		414-2	Negative social impacts in the supply chain and actions taken	<u>Working with Supply Chain Partners</u>
GRI 415: Public Policy		415-1	Political contributions	
GRI 416: Customer Health and Safety		416-1	Assessment of the health and safety impacts of product and service categories	<u>Providing Peace of Mind and Safety to Customers</u>
		416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 417 Marketing and Labeling		417-1	Requirements for product and service information and labeling	
		417-2	Incidents of non-compliance concerning product and service information and labeling	
		417-3	Incidents of non-compliance concerning marketing communications	
GRI 418: Customer Privacy		418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
GRI 419: Socioeconomic Compliance		419-1	Non-compliance with laws and regulations in the social and economic area	

Below, we have mapped disclosures to the ISO 26000 core subjects.

ISO 26000 Core Subject	Issues	Page
Organizational governance	Issue 1: Organizational governance	Message from the President Sustainable Business Strategy Corporate Governance
Human rights	Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Discrimination and vulnerable groups Issue 6: Civil and political rights Issue 7: Economic, social and cultural rights Issue 8: Fundamental principles and rights at work	Sustainable Business Strategy KOKUYO Group Code of Conduct Labor and Human Resources Respect for Human Rights Working with Supply Chain Partners Databank Society
Labor practices	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace	Sustainable Business Strategy KOKUYO Group Code of Conduct Labor and Human Resources Improve Wellbeing Respect for Human Rights Working with Supply Chain Partners Databank Society
Environment	Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection and restoration of the natural environment	Sustainability Business Strategy KOKUYO Group Code of Conduct Supply Chain Management Environmental Management Climate Action Contribute to circular economy Legal Compliance and Pollution Prevention Contribute toward a society that coexists with nature Environmental Performance Data Reports by Business Sites Yui no Mori (Japanese)

<p>Fair operating practices</p>	<p>Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights</p>	<p><u>Sustainable Business Strategy</u> <u>Sustainability framework</u> <u>KOKUYO Group Code of Conduct</u> <u>Working with Supply Chain Partners</u> <u>Compliance</u> <u>Risk Management</u></p>
<p>Consumer issues</p>	<p>Issue 1: Fair marketing, factual, and unbiased information and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption Issue 4: Consumer service, support, and complaint and dispute resolution Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness</p>	<p><u>Sustainable Business Strategy</u> <u>Providing Peace of Mind and Safety to Customers</u> <u>Databank: Society Listening to Customers</u> <u>Environmentally friendly products</u> <u>Dialogue with our Customers</u></p>
<p>Community involvement and development</p>	<p>Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment</p>	<p><u>Sustainable Business Strategy</u> <u>KOKUYO Group Code of Conduct</u> <u>Improve wellbeing</u> <u>Human Resources Management</u> <u>Social Contribution</u> <u>Awards and Accolades</u> <u>Contribute toward a Society that Coexists with Nature</u> <u>Databank Society</u></p>

Sustainability Policy, Guidelines

Basic Concepts

We have established a policy and guidelines to guide our efforts to incorporate sustainability into our business activities.

Sustainable Business Strategy

We established the Sustainable Business Strategy to bridge our long-term vision with our policy on stakeholder engagement.

KOKUYO Group Environmental Policy

Building a sustainable society will require the creation of a decarbonized and recycling-oriented society that can coexist with nature. The KOKUYO Group Environmental Policy sets out specific actions to that end.

KOKUYO Group Code of Conduct

After we started expanding globally, it became apparent that we needed to define a set of common behavioral standards while giving leeway to local differences, such as cultural differences, differences in values, and differences in legal interpretations. To that end, we established the KOKUYO Group Code of Conduct.

KOKUYO Group Safety and Health Basic Policy

KOKUYO believes that creation of a safe, secure and pleasant working environment, safety measures in times of disaster and other measures are the foundations for employees to work vigorously and demonstrate their full abilities. To that end, we established the KOKUYO Group Safety and Health Basic Policy.

KOKUYO Health and Productivity Management Declaration

We support employee health and productivity on the belief that the key to employee well-being is to encourage employees to take an interest in their health and engage positively at work. Our commitment is enshrined in the KOKUYO Health and Productivity Management Declaration, which is aligned with the Sustainable Business Strategy.

Circular Business Guidelines

In 2022, we created the Circular Business Guidelines as an updated version of the eco-batsu initiative, which we have continued since 2008. The guidelines are designed to support closed-loop recycling and reduce recycling speed by reinforcing efforts in use, collection, and recycling.

KOKUYO Group Sustainable Procurement Policy

The KOKUYO Group Sustainable Procurement Policy enshrines our commitment to ensuring that our procurement activities contribute to a sustainable planet and society. Under this policy, we communicate our belief in co-creation with empathy to our supply chain partners, work to build mutual trust with them, and continue working with them to fulfill our collective social responsibility to support development of society.

Sustainable Procurement Guidelines

To ensure that our supply chain contributes to a sustainable planet and society, we established the KOKUYO Group Procurement Guidelines. Based on the Sustainable Procurement Policy, these guidelines clarify the requirements and expectations for both KOKUYO and our suppliers.

Policy on Timber Procurement

In 2011, we released the Policy on Timber Procurement to enshrine our commitment to sustainable use of forest resources.

KOKUYO Quality Pledge

The KOKUYO Quality Pledge enshrines our commitment to quality. In line with this pledge, we will satisfy customers and earn their trust by delivering products and services that enrich work, learning, and living. We will also manage risks effectively and ensure the accuracy of information about our products and services.



Employees

Employee Communication

Basic Concepts

We are aiming to foster an open and easy-to-communicate organizational culture in which it is possible to create value through varied experimentation with members who have different values. The purpose of that is to be a company that creates new value by extracting the value of diversified human resources and solving social issues in 2030. We will look to entrench a culture of experimentation where all employees respect each other and can easily access the information they need. It will also be one where value is produced through repeated trial and error in our third medium-term plan, Field Expansion 2024. Our goal with that is to change the way of working at KOKUYO into one of hybrid work and project-based work.

Systems

Employee Satisfaction Survey (stress check)

We conduct an annual stress check as required under law. By analyzing the responses, along with overtime data and interview data, we identify issues. With this information, HR facilitates dialogues aimed at prompting self-led solutions.

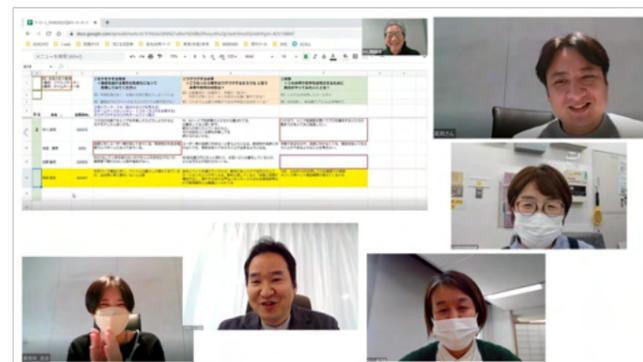
Pulse Survey

We began a pulse survey to be able to rotate through the PDCA cycle at a high pace of once a month in KOKUYO Co., Ltd. and Kaunet Co., Ltd. One purpose of the survey is to grasp the state of teams and workplaces and to then use it as the impetus for discussions between members and dialogue between superiors and subordinates. Another purpose of the survey is for management to grasp the state of sites and employees even more timely and accurately while taking various measures such as new ways of working and initiatives to realize our long-term vision. We are aiming to foster an easy-to-communicate corporate culture in which employees can think and talk with each other about the company on an equal footing regardless of their position through establishing a habit to always be aware of the condition of their teams and organizations by continuing this survey every month.

■ Initiatives in 2022

■ Employee Town Meetings

In May 2022, we published our first integrated report and unveiled our corporate purpose: Presenting a tomorrow you can't wait for. Since then, we've held a number of employee town meetings for discussing the purpose with employees. During the meetings, employees discussed what the purpose means to them and how they interpret and apply it.



■ President's Award

In FY2020, we launched the President's Award to honor initiatives that help build KOKUYO's value. In 2022, the second year of the program, the prestigious award went to the project team behind seating for the Japan National Stadium. The stadium opened in January 2020 and seats up to 60 thousand spectators. For this new stadium, the team developed and delivered Centura seats.* Centura uses a slim form while making the user feel secure and comfortable. The seating features a range of randomly assigned colors, creating a warm, natural feeling, evoking dappled sunlight filtering through forest trees. During what was the first in-person ceremony for the award scheme, each team member received a glass medal and bouquet, modeled after the Olympic prizes, along with a card bearing a message penned by President Hidekuni Kuroda. The winners were treated to a warm applause, with smiles all around.



* This was a special delivery just for the stadium. The Centura model is not a regular model for sale.

■ In-house award program: Dynamism Challenge

A strategic priority in our previous medium-term plan (2019–2021) was to turbo-charge workplace productivity ("doubling the speed of operations through variety"). In 2019, we launched an initiative to help cultivate a workplace culture that rewards employees for thinking independently and taking the initiative. The initiative is titled Bottom Up, Top Pull ("bottom up" means frontline employees raising concerns or suggesting ideas, and "top pull" means the management taking up these ideas). In 2022, the following two prizes were awarded: Top-Pull Prize: This prize honors leaders who helped their team achieve growth or improve their performance. Entries are nominated by others. Dynamism Prize: This prize honors individuals and teams who push the envelope with bold initiatives for turbo-charging workplace productivity. Entries are self-nominated or nominated by others. Prizes were awarded at a business unit and regional level. For the top prize, the corporate officers then picked one individual (or team) from among the organization as a whole. The honored initiatives were then announced to employees in the company newsletter.



Customers

Providing Peace of Mind and Safety to Customers

Basic policy

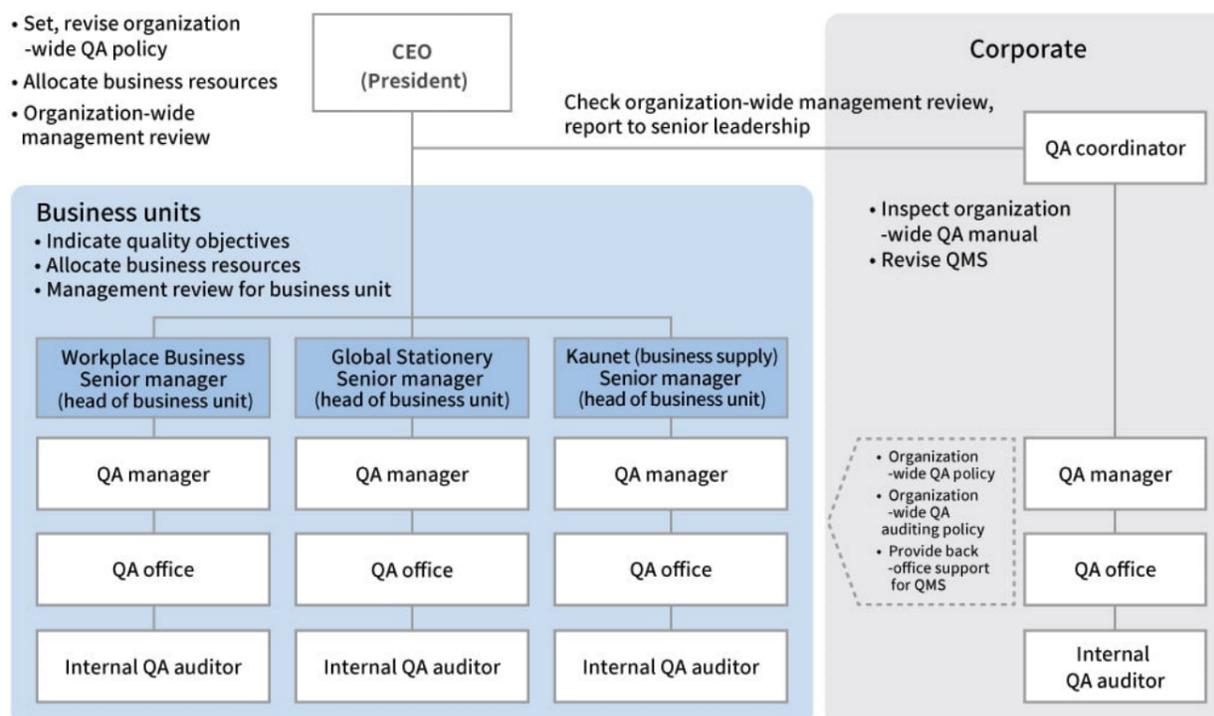
KOKUYO always develops new products and services from the perspectives of customers, and, without being satisfied with the present conditions, we continue to improve the safety and quality of our entire product line and services.

KOKUYO Quality Pledge

We shall continually aim to delight and win the trust of customers by providing products and services that help people work, play, and learn better.

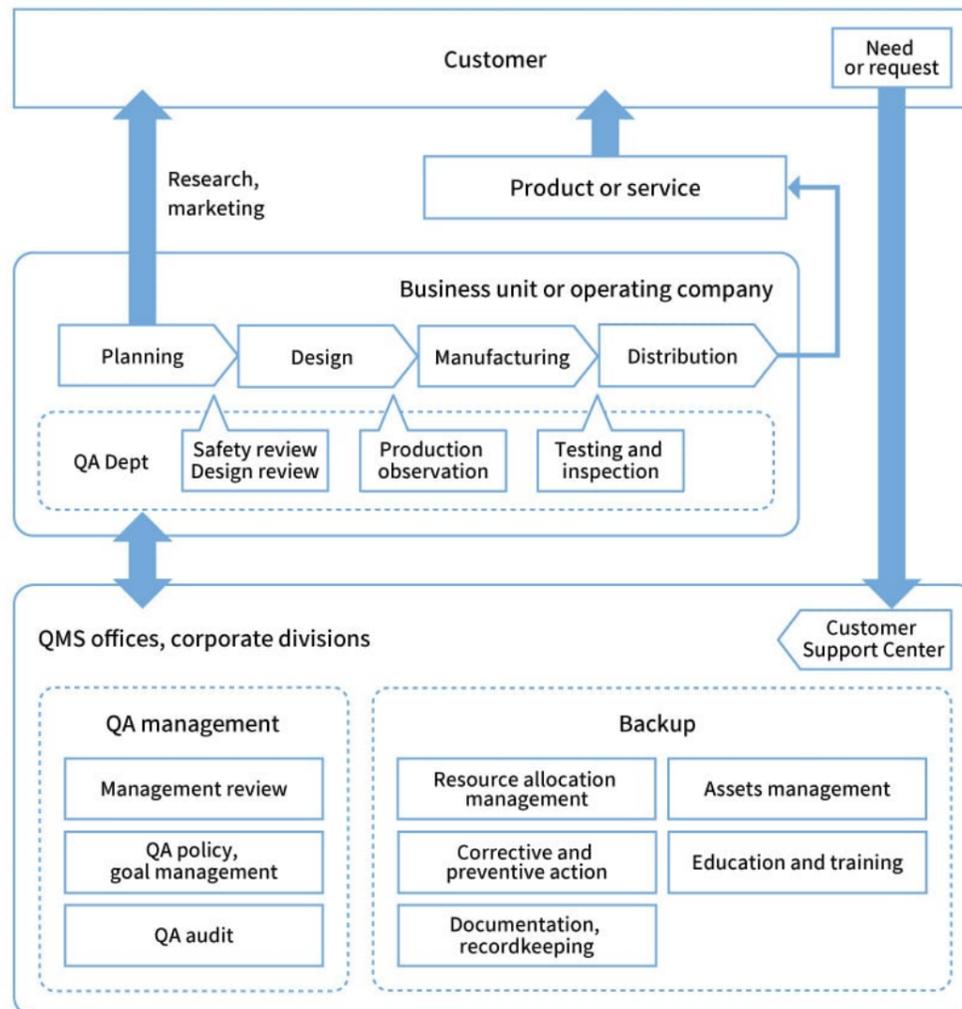
1. We shall endeavor to develop products that exceed customer expectations in every way
2. We shall endeavor to ensure product safety and to raise the bar on product quality
3. We shall comply with legal requirements and fulfill our corporate social responsibility
4. We shall listen to customers and incorporate their feedback into the development cycle
5. We shall update our management system in response to changes in the business landscape

Quality Management System (QMS)



Managing the quality assurance process

In accordance with our QMS, we manage and continually improve quality at each process: planning, design, manufacturing, and distribution.



QA activities

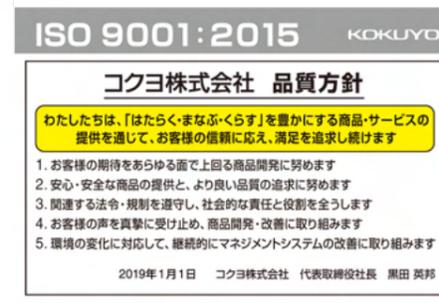
- In accordance with our QMS, a third-party audit and internal audit are conducted once a year.
- We provide organized and sustained QA education (team leader training and programs for training, or improving the skills of, QA auditors).
- We inform employees about the QMS, improve its effectiveness, and improve motivation to engage in it (using our newsletter Online, webcasts, an award program, and issuing QMS badges).

Systems

Attainment of ISO 9001 (Quality Management System) Certification by All Companies

As of June 2019, all companies in our corporate group have attained ISO 9001:2015 (which specifies requirements for a quality management system) and we have standardized the manufacturing ("craftsmanship process") for our three main kinds of business: office furniture, stationery, and Kaunet's office supplies. Our quality management systems, as well as complying with the requirements

specified in ISO 9001:2015, are continually improved. In other words, we continually look for ways to make our workforce more quality consciousness and to improve customer satisfaction, believing that quality goes hand in hand with sustained business growth.



Registration certificate number: JQA-2029

Registered business: KOKUYO Co., Ltd.

Scope of registered activities:

- Design, development and manufacture of office furniture
- Purchase and sale of office furniture
- Design, development, manufacture and construction of furniture used in public facilities
- Design, development, manufacture and construction of building materials
- Design and development of stationery products
- Purchase and sale of stationery products
- Planning, development, purchase and sale of products handled by Kaunet

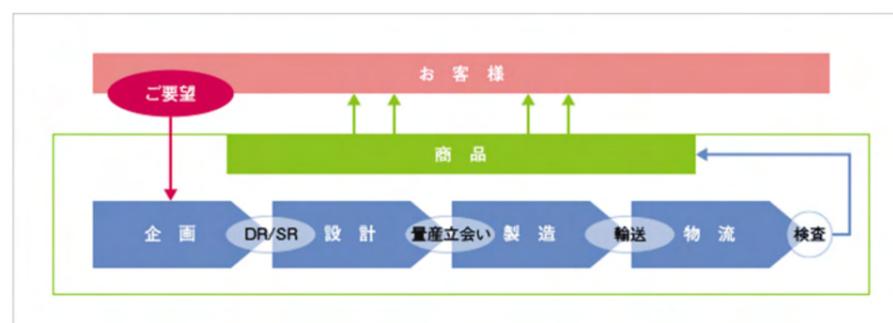
Relevant business / production sites:

- Furniture businesses: Head Office, Mie Plant, Shibayama Plant, Tokyo Shinagawa Office and Umeda Office
- Stationery businesses: Head Office, Tokyo SST Office, Ibaraki Delivery Center, Shiga NDC and Osaka Nanko Delivery Center
- Kaunet Co., Ltd.: Tokyo Shinagawa SST Office

* Current as of April 15, 2022

Quality Assurance for Stationery

In order to deliver quality that our customers can trust, we have taken steps to systematically build, operate and improve our systems for quality assurance, covering planning, design, manufacturing, and distribution.



1) Continually improving quality assurance

To ensure that customers can use our products safely and securely, we continually improve our system for quality assurance by updating the key processes (design review, safety review, production observation, chemical safety management, legal compliance). We also perform risk assessments to identify and mitigate potential risks.

2) Inspection and testing based on international standards

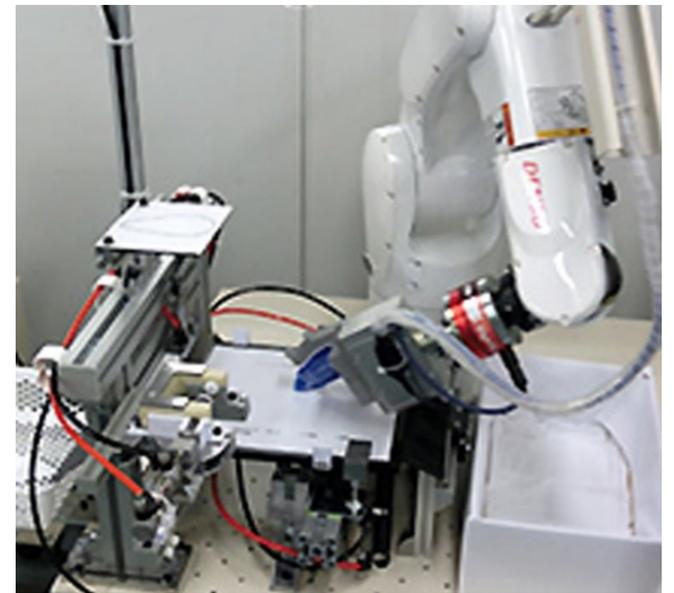
When testing and inspecting products, we apply international standards. We evaluate testing and inspection processes with a view to improving the country-specific standards. Additionally, we endeavor to do more to catch defects before the product is sold to customers.

3) Responding to customer complaints quicker and more accurately

It is not enough for a product to be objectively safe; the customer must feel reassured that it is so. This is especially true in today's world, where people have a plethora of information at their fingertips. Accordingly, we need to respond all the quicker and all the more accurately to customer complaints. To that end, we have established clear and standardized protocols, tools, and criteria for responding to such incidents. Such standardization streamlines the response process and minimizes inconsistencies in responses.

4) Testing for quality, testing for value

We have always performed thorough quality evaluations when updating products or releasing new ones, and we recently introduced robotics to enhance the reproducibility and accuracy of the testing. For a product to satisfy customers, it must not only be reasonably priced and reliable; it must also have a wow-factor. We have started quantifying the extent to which a product has this.



Robotics technology for quality testing

Quality Assurance for Furniture

Our furniture businesses attained ISO 9001 certification in 1997. Since then, we have standardized the marketing, planning, design, production, and installation processes for furniture. We use a PDCA cycle to ensure that we always provide products and services that are tailored to the changing ways in which people work, study, and live. We continually strive to improve our manufacturing, delivery, and installation. We listen to feedback from customers and use this feedback to inform and guide our continual-improvement activities.

1) Setting high standards for craftsmanship

When developing a product, we assess safety and functionality using a variety of metrics. As well as measuring the product against the Japanese Industrial Standards and other industry standards, we measure it against our own standards, which are even higher and which we update annually.

2) Dealing with defects

When a customer finds a defect in one of our products, we inform the relevant personnel without delay. As well as investigating the cause for the defect, we make the necessary improvements in the product or manufacturing process to prevent a similar defect. If there is a serious safety issue, the Risk Compliance Committee will determine the response. To limit the damage, we will notify the relevant authorities and issue notices on our website and in newspapers and other media to alert consumers.



KOKUYO corporate site

3) Public notices concerning safety or quality issues

We use our website to alert consumers about safety or quality issues with our products.

Quality Assurance for Kaunet's Products

Kaunet has a huge lineup that includes stationery, office supplies, food and drink, home appliances, gifts, medical equipment, shop equipment, order-made business cards and seals/stamps, and office furniture. The business has around a thousand suppliers. It also has its own premium brand, Kaukore, which emphasizes workplace productivity. At least 5,200 products are sold under this brand. Kaunet always strives to develop useful products based on ideas from the user's perspective. To ensure that its products are safe and command confidence, Kaunet works together in the value chain to improve not only the quality of its goods but also the customer service at call centers and delivery.

1. Kaukore, Kaunet's premium series

When developing a product, we assess safety and functionality using a variety of metrics. As well as measuring the product against the Japanese Industrial Standards and other industry standards, we measure it against our own standards, which are even higher and which we update annually.



2. Hearing it straight from the customers: Monitor Kaunet

Kaunet operates Monitor Kaunet, a web community through which it interacts with customers directly. Monitor Kaunet helps Kaunet understand the concerns and problems customers experience on a daily basis, providing inspiration for product ideas.



3. A call center for hearing customer feedback on a daily basis

As well as Monitor Kaunet, Kaunet operates a call center. The feedback obtained over the phone leads to improvements to existing products and services as well as to new products. Kaunet shares the feedback throughout the entire company so that it can improve its products and services.

4. Trustworthy delivery service

Customers can order Kaunet products on the company's website or from its printed catalog. Goods are delivered on the same day or on the following day at the latest. An assembly service is also available for bulky furniture and items that are tricky to assemble. For this service, delivery staff trained in furniture assembly will assemble and install the item in the customer's office or home and take all the packaging away with them.

Initiatives in 2022

QMS talent development

Through our QMS, we keep improving our processes to enhance customer satisfaction. To that end, we secure a steady stream of QA talent. This task forms part of the senior leadership's Quality Pledge. Every year, the business units' QA offices organize training to provide for the expected roles and ability levels.

Annual Training to Improve the Skills of the Members of the QMS Internal Audit Team

We conduct internal audits every year in our quality management system (QMS) activities. The purpose of those audits is to evaluate whether the QMS is producing results as intended. The members of the internal audit team appointed by the organization evaluate whether products, services and the processes that produce those comply with the requirements in internal audits. If there is a problem, the identified organization promptly strives to correct it. KOKUYO considers these internal audits to be a very important measures to enhance customer satisfaction. Accordingly, we provide skills-upgrading training every year so that members of the internal audit team improve their skills to be able to conduct effective internal audits.

Regular team leader training

Team leaders are process owners (they are accountable for the process in question). To train up process owners, we organize an annual training program focusing on how to apply the QMS in organizational management. In group discussions, attendees deepen their knowledge about the need for the QMS, the role of a team leader, effective strategies, and how they should support members.



Customers

Dialogue with Our Customers

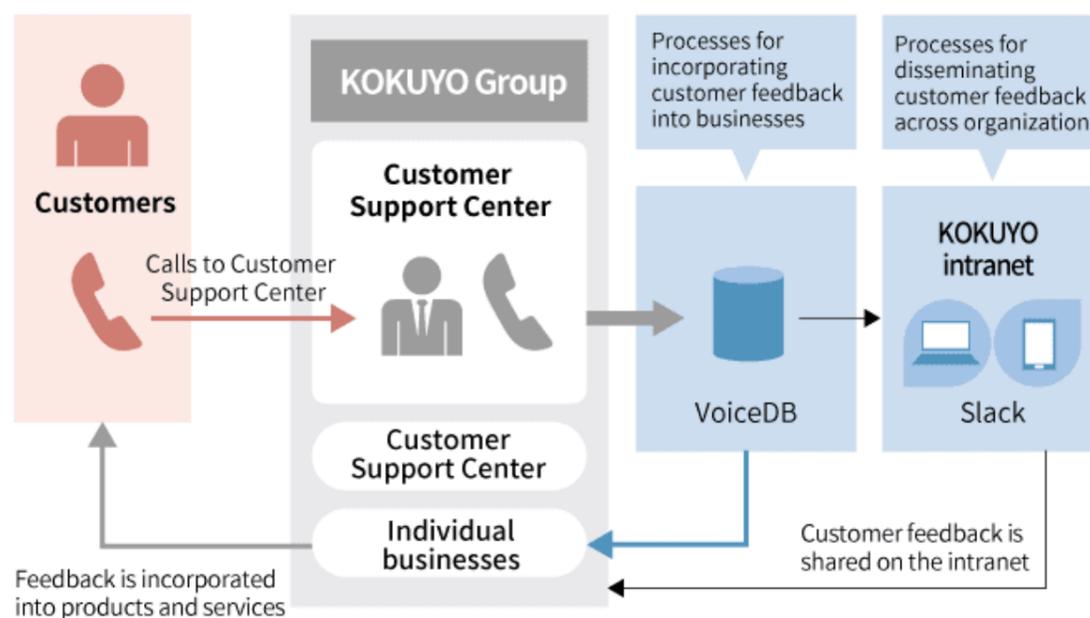
Basic Concepts

We handle all customer inquiries thoroughly and sincerely. In addition, we take feedback as valuable opinions for improving KOKUYO's products and services, and make effort to share them across the entire company.

Systems

A System for Utilizing Feedback from Customers

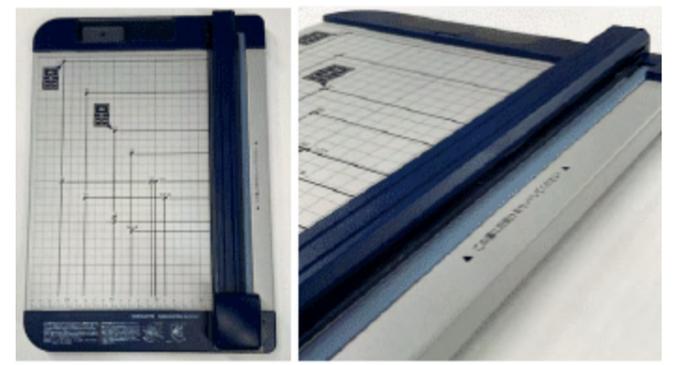
Our Customer Support Center handles more than 200 inquiries a day. We log the feedback onto an internal database called VoiceDB. The feedback is then shared throughout the organization (after removing all personally identifiable data), allowing employees to identify ways to improve products and services at the planning and development stages. Every week, we use Slack, a business communication tool, to share the top picks from among the customer comments—both positive feedback and issues. This practice leads to improvements in products and services.



【Product Improvement Example: Paper Cutter (Rotary Type)】

Paper cutters (rotary types) require a tooth rest to catch cutter teeth when cutting paper. However, many customers were forgetting to put it in, so they continued to be troubled by the fact their paper was not being cut as a result. We shared this information with development who took this concern of our customers seriously. As a result, we printed a warning to “please set the tooth rest” on the main unit of four new products. That led to an improvement in the prevention of erroneous use.

Although a small improvement, we believe it has led to many customers being able to use our products without hesitation. We will continue to evolve as the forefront of customer communication to be able to solve our customer’s troubles in the future.



We were able to greatly improve convenience for our customers with just a small improvement.

Initiatives in 2022

Revamped inquiry webpage

The Customer Support Center revamped the inquiry webpage on our corporate website. The new webpage design makes it easier for customers to identify the problem. We keep making improvements to the frequently asked questions section, enabling customers to resolve the issue themselves in many cases. We will keep monitoring customer inquiries and providing customers useful information in a timely fashion.



COMMUNITY

community

Social Contribution

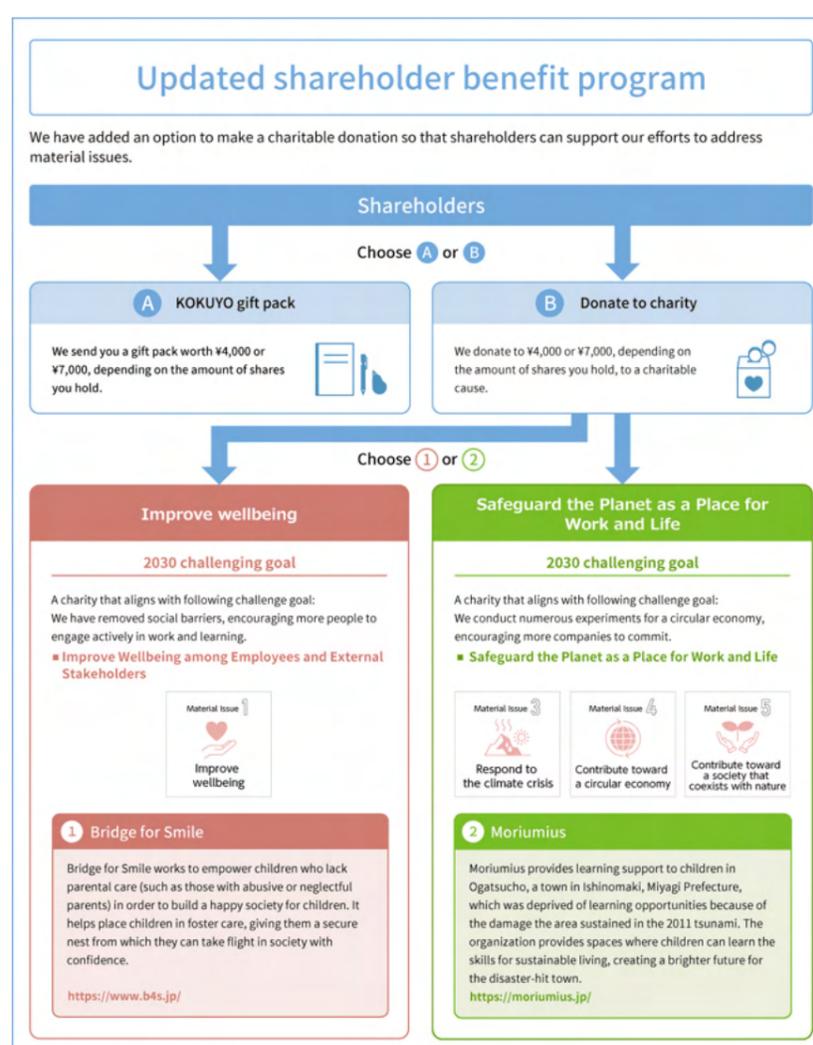
Basic Concepts

KOKUYO strives to be a trusted corporate citizen on both regional and national levels via proactive interaction and planning with regional communities, while respecting regional culture and customs and encouraging their advancement.

Initiatives in 2022

Updated shareholder benefit program

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 support our efforts to address material issues. Of the eligible shareholders, 4.4% have chosen the donation option. This is considerably more than our first-year target of 3%, which is the average among companies with a donation option.



Comments from staff: Shinichiro Miura, head of IR office



Over the years, we've gift packs to shareholders so that they can get a better idea of our products. More recently, we've pivoted to a sustainability strategy to aid our sustainable corporate development. As part of this, we now want shareholders to engage with us in tackling the material issues. That's why we, with the help of 20% Challenge members, introduced the charitable giving option.

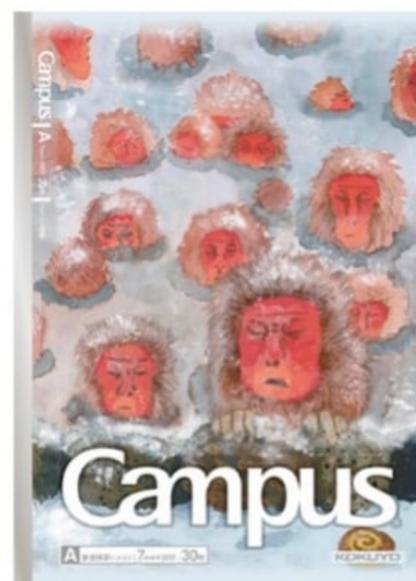
Comments from staff: Konami Nishibayashi, an employee engaging in the 20% Challenge



KOKUYO runs the 20% Challenge, an internal moonlighting program. Through this program, I applied to do moonlighting at the IR office, as I wanted to learn skills for communicating with shareholders and other stakeholders. I had a great time working on the shareholder benefit program. It was exciting and I learned a great deal. I'll use the experience to spread the word about how KOKUYO is addressing the material issues.

Campus Art Awards 2022: A Painting Competition for Junior High and High School Students

We hold the Campus Art Awards in partnership with The Yomiuri Chukosei Shimbun. Campus Art Awards is a drawing competition for students at junior high school and high school. The award program began in 2015, and 2,039 works were showcased this year. The theme for 2021 was titled "my sweet hometown." This theme focused on the landscapes, customs, traditions, events, cuisine, confectionary, and other motifs associated with the students' hometowns. The purpose was to give students an opportunity to take an interest in their hometown, discover its charms, and express them. For the top individual prize, the winner received 50 Campus notebooks featuring the person's winning picture. The school of the winner received 1,000 of the notebooks featuring the winning picture.



The top individual prize-winning piece: "There's nothing like a nice bath!"
by Mitsuru Komiyama, a second-year student at Nagano Junior High School

Michinoku Future Fund: A scholarship for students left orphaned by the 2011 disaster

Since the year after the Tohoku disaster of March 11, 2011, we have donated to Michinoku Future Fund*, a scholarship program for students who lost their parents in the disaster. In 2022, the foundation awarded its 11th annual set of scholarship. Scholarships were awarded to 70 students, securing them a place in a higher or further education institution, where they can start their journey towards a bright career. In previous years, supporters, students, graduates, and foundation staff would gather at a ceremony held in March for the benefit of the recipients of the scholarships as well as for scholarship students who were about to graduate. However, because of Covid concerns, the ceremony was restricted to students and foundation staff. Unfortunately, that meant we were unable to hear from the recipients directly. Nevertheless, we remain as committed as ever to supporting the good work of the foundation.



The sendoff event in 2019

* Founded by Rohto Pharmaceutical, Calbee, and Kagome, Michinoku Future Fund provides higher or further education scholarships to students who lost their parents in the March 2011 disaster, on the belief that future generations are the foundation for the recovery. There have been 1,044 scholarship recipients since the foundation of the fund. Over 760 students have already finished their schooling and are working in their respective fields.

CSR in China: Chasing Big Dreams with Small Notebooks

We want to contribute to a self-directed, collaborative society, in which everyone thrives. In 2014, we launched a community outreach program called Chasing Big Dreams with Small Notebook. This year marked the seventh year of the program, following a three-year suspension amid Covid concerns. Volunteers from KOKUYO's workforce visit an elementary school in Hunan, China. They conduct a lesson and organize games with the children to forge ties with the community. The school receives a donation from KOKUYO and the children receive KOKUYO notebooks.

For this year, we had a live linkup. For employees in China unable to visit the school in person, the live session made them feel like they were there. The event brought home the importance of community outreach.



With everyone's good will, we make a huge difference



September 19, 2022: Daqiaojiang Primary School, Huaihua, Hunan province

Supply Chain Management

Basic Concepts

Rapid economic globalization has given rise to colossal multinationals. Many are extending their supply chains into developing economies in an effort to drive down costs. This trend has exacerbated socioenvironmental issues. Examples include human rights issues such as forced labor and child labor, widening inequality, and environmental degradation. Along with our supply-chain partners, we are determined to fulfill our corporate social responsibility by creating positive socioeconomic impacts.

KOKUYO Group Sustainable Procurement Policy

Desiring a sustainable planet and society, we commit to corporate social responsibility throughout our supply chain. We will build trust with our suppliers and communicate to them our values, particularly co-creation with empathy.

Quality management

We will satisfy customers and earn their trust by delivering products and services that enrich work, learning, and living. We will manage risks effectively and ensure the accuracy of information about our products and services.

Respect for Human Rights

We desire a world of intercultural understanding, where everyone's human rights are respected. We will never tolerate unjustified discrimination, child labor, and forced labor, and will never deal with organizations that engage in such. We will never tolerate sexual harassment, workplace bullying/harassment, or similar violations of human rights.

Health and safety

We will comply with Japan's Industrial Safety and Health Law and other legal and regulatory requirements concerning health and safety. We will pay fair wages and expenses, provide employee welfare programs, offer fair employment contracts, and comply with legal and regulatory requirements concerning employee rights. We will encourage sustained and self-led efforts to improve the workplace and work to prevent occupational accidents and disease.

Environment

As part of our corporate social responsibility, we will support environmental conservation at a global scale and involve local communities in these efforts. We will comply with environmental laws, integrate a concern for the environment into all our business activities, and organize initiatives that protect the environment and support biodiversity.

Fair and honest trade practices

In our procurement activities, we will comply with the laws of the territories in question, our contractual obligations, and industrial and international norms. We will maintain a strict policy of non-engagement with organized crime groups, including groups (including those labelled in Japan as “anti-social forces”) and another group that threatens public order or security. We will refuse all demands from such groups and never do any business with them. In these ways, we will honor the rights of our suppliers, prevent extortion, bribery, and all other forms of corruption, and ensure fair and honest trade practices.

Information security

We will safeguard commercially sensitive information (including information about sales, technology, and business strategy) and personal information from loss and leaks. We will never engage in insider trading (trading in a stocks of KOKUYO or an affiliate based on material information that is not yet in the public domain) or insider tipping.

Sustainable Procurement Guidelines

To ensure that our supply chain contributes to a sustainable planet and society, we established the KOKUYO Group Procurement Guidelines. Based on the Sustainable Procurement Policy, these guidelines clarify the requirements and expectations for both KOKUYO and our suppliers.

1. Quality management

We will satisfy customers and earn their trust by delivering products and services that enrich work, learning, and living. We will manage risks effectively and ensure the accuracy of information about our products and services.

1-1 Ensuring product safety

To fulfill our responsibility as suppliers, we will satisfy product safety standards specified in the laws of the territories concerned and prioritize product safety in design, manufacturing, and sales operations.

1-2 Quality management

To meet the customer’s requirements, we will comply with KOKUYO Group’s safety standards for products and services as well as legal and regulatory obligations related to such.

1-3 Ensuring accurate information

We will be transparent about our business activities and about product quality and safety, and ascertain and disclose information as necessary to meet stakeholder demands.

1-4 Risk management

We will maintain an effective risk management system to ensure continuity of supply in times of disaster.

2. Respect for Human Rights

We desire a world of intercultural understanding, where everyone's human rights are respected. We will never tolerate unjustified discrimination. We will never tolerate child labor and forced labor. We will never deal with organizations that engage in such. We will never tolerate sexual harassment, workplace bullying/harassment, or similar violations of human rights.

2-1 Non-tolerance of child labor and forced labor

We will never tolerate unjustified discrimination. We will never tolerate child labor and forced labor. We will never deal with organizations that engage in such.

2-2 Non-tolerance of sexual harassment, workplace bullying/harassment, and discrimination

We will never tolerate sexual harassment, workplace bullying/harassment, or similar violations of human rights. We will make reasonable accommodations for religious observance.

2-3 Freedom of association, right to collective bargaining

In compliance with local laws and regulations, we respect employees' freedom of association and their right to bargain collectively with their employer for better work conditions or wages.

3. Health and safety

We will comply with Japan's Industrial Safety and Health Law and other legal and regulatory requirements concerning health and safety. We will pay fair wages and expenses, provide employee welfare programs, offer fair employment contracts, and comply with legal and regulatory requirements concerning employee rights. We will encourage sustained and self-led efforts to improve the workplace and work to prevent occupational accidents and disease.

3-1 Employee health and safety

We will prioritize employees' health and safety and provide a safe, secure, and comfortable working environment.

3-2 Respecting employees' time

We will never allow working hours to exceed the statutory limits. In managing employee working hours and time off, we will consider international standards.

3-3 Reasonable wages and expenses

We will comply with all applicable laws and regulations regarding employee compensation, including requirements for minimum wage, overtime pay, and legally mandated expenses and rent discounts). We will pay a living wage—a wage that covers the employee's basic needs.

3-4 Emergency response

We will prepare for accidents, disasters, and other emergencies that threaten employees' lives and health. We will identify the risks (including the likelihood they occur) and prepare emergency procedures and secure the necessary provisions to minimize damage to employees and assets. We will also organize training and drills so that employees understand what to do in an emergency.

3-5 Occupational accidents and disease

We will identify, assess, document, and report occupational accidents and disease and then take corrective and preventive action.

3-6 Workplace hazards

We will identify, assess, and control the risk of employees becoming exposed to biological, chemical, or physical hazards.

3-7 Considering workload

As part of our efforts to control the risk of occupational accidents and disease, we will identify and assess employees' physical workload.

3-8 Machine safety

We will assess the machinery used by employees to ensure it poses no threat to employee safety.

3-9 Safety in employee amenities

We will ensure the safety of employee amenities such as accommodation, dining areas, and toilets.

3-10 Health and safety communication

We will educate and train employees in the workplace hazards using a language and approach they will understand, and incorporate employee feedback regarding health and safety.

3-11 Managing employee health and productivity

We will manage the health and productivity of all employees.

4. Environment

As part of our corporate social responsibility, we will support environmental conservation at a global scale and involve local communities in these efforts. We will comply with environmental laws, integrate a concern for the environment into all our business activities, and organize initiatives that protect the environment and support biodiversity.

4-1 Reducing energy consumption and greenhouse emissions

We will make sustained efforts to use energy more efficiently, reduce energy consumption, and reduce greenhouse emissions.

4-2 Pollution

We will take reasonable steps to reduce atmospheric discharges of hazardous substances.

4-3 Water management

We will manage the environmental impacts of our water intake and wastewater discharges. As part of this, we will monitor and control the amount of water we use and discharge. We will monitor, control, and process pre-discharge wastewater. We will identify and control pollution sources that could contaminate water.

4-4 Protecting biodiversity

We will protect biodiversity in areas we source products from and in areas where we operate.

4-5 Using resources effectively, managing waste

We will use resources effectively and manage waste with the three Rs: reduce, reuse, and recycle.

4-6 Managing chemical substances

We will identify, disclose, and control chemical substances and other substances that are hazardous to human health and the environment. These controls will involve on ensuring safety when the substances are handled, transported, stored, used, recycled, reused, and disposed of.

4-7 Managing chemical substances in products

We will comply with legal prohibitions or restrictions on the use of certain substances in products. We will also comply with customer requirements related to such.

4-8 Community engagement

We will organize social, educational, and cultural programs. We will engage with communities, organize local cleanups, and encourage voluntarism.

5. Fair and honest trade practices

In our procurement activities, we will comply with the laws of the territories in question, our contractual obligations, and industrial and international norms. We will maintain a strict policy of non-engagement with organized crime groups, including groups (including those labelled in Japan as “anti-social forces”) and another group that threatens public order or security. We will refuse all demands from such groups and never do any business with them. In these ways, we will honor the rights of our suppliers, prevent extortion, bribery, and all other forms of corruption, and ensure fair and honest trade practices.

5-1 Promoting compliance

We will comply with local legal and regulatory requirements, societal norms, and corporate ethics. We will inform employees about the need for such compliance.

5-2 Fair and honest trading

We will engage in fair, free, and honest trading. When procuring, we will never exploit our position as the client and demand unreasonably low prices or special treatment.

5-3 Non-engagement with organized crime

We will maintain a strict policy of non-engagement with organized crime groups, including groups (including those labelled in Japan as “anti-social forces”) and another group that threatens public order or security. We will refuse all demands from such groups and never do any business with them.

5-4 Protecting intellectual property

We will protect intellectual property from unauthorized use.

5-5 No conflict of interest

No board member, executive, or employee will exploit their position for personal gain to the detriment of the company’s interests.

5-6 Whistleblower protection

We will treat whistleblower inquiries in confidence, protect whistleblowers’ anonymity, and never tolerate retribution against whistleblowers.

5-7 No insider trading

We will never engage in insider trading (trading in a stocks of KOKUYO or an affiliate based on material information that is not yet in the public domain) or insider tipping.

5-8 Responsible mineral procurement

In procuring the tantalum, tin, tungsten, and gold used in our products, we will monitor the mining enterprises in question to confirm that they are neither fueling nor contributing to human rights abuses, environmental destruction, corruption, or conflict in conflict-affected or high-risk areas.

6. Information Security

We will safeguard commercially sensitive information (including information about sales, technology, and business strategy) and personal information from loss and leaks. We will never engage in insider trading (trading in a stocks of KOKUYO or an affiliate based on material information that is not yet in the public domain) or insider tipping.

6-1 Cyber defenses

We will use cyber defenses to stave off the threat of cyberattacks that may harm our company or a third party.

6-2 Personal information protection

We will safeguard the personal information of suppliers, clients, consumers, employees, and other stakeholders as required by law.

6-3 Preventing information leaks

We will safeguard our own information and confidential information entrusted to us by a client or third party.

Sustainable procurement efforts

In 2022, we surveyed 549 suppliers about their sustainability efforts. Of these suppliers, 93% responded to the survey. In 2023, we will feed back the survey results to the suppliers and hold dialogues with some of the suppliers to help them address the concerns.

No. of suppliers	No. of respondents	Return rate
549	511	93%

Endorsement

Basic Concepts

We endorse international initiatives and guidelines related to sustainability.

Japan's Guidance for Collaborative Value Creation

In our integrated reporting, we adhere to the Guidance for Collaborative Value Creation provided by Japan's Ministry of Economy, Trade and Industry. This guidance serves as a lingua franca for companies and investors to engage with each other. Business leaders use the guidance to organize and integrate the information investors want to know (the organization's values, business model, strategy, governance, and so on) so that they can communicate more effectively with the investors.

Task Force on Climate-related Financial Disclosures (TCFD)

Our integrated reporting also follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which we have endorsed. Specifically, our disclosures of strategies and policies include non-financial information such as initiatives for a zero-carbon transition. The TCFD provides companies a framework for disclosing climate-related financial information, including climate-related risks, opportunities, and initiatives.

Sustainable Development Goals

Our material issues align with the Sustainable Development Goals (SDGs), and we keep the SDGs in mind when developing products and services. The SDGs were enshrined in the 2030 Agenda for Sustainable Development, released in 2016 following its adoption at the UN Summit in September 2015. They represent the aspiration of the 193 member states to achieve a better and more sustainable world by 2030.

Integrated Reporting Framework of the International Integrated Reporting Council

Our integrated reporting is also guided by the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). We use this framework to organize information about our value-creation process. The IIRC is a global coalition of regulators, investors, companies, standard setters, accountants, and NGOs.

ISO 26000

We align our disclosures with the core themes set out in ISO 26000. ISO 26000 is a guidance standard concerning social responsibility. It was published by the International Organization for Standardization on November 1, 2010.

GRI Guidelines

The GRI Guidelines serve as a framework for reporting environmental, social, and governance information. The guidelines are provided by the Global Reporting Initiative, an NPO dedicated to setting international standards on sustainability.

SASB Standards

We follow the SASB Standards when identifying our material issues. The SASB Standards are provided by the Sustainability Accounting Standards Board, an NPO that sets standards for corporate disclosures of non-financial information, by which a company's long-term value can be measured.

Awards and Accolades

Rankings and Recognitions

Name of Recognition	Date of Announcement	Results
Sustainalytics ESG Risk Rating	April 2023	Negligible Risk
Toyo Keizai CSR Ranking 2023 (Toyo Keizai Inc.)	February 2023	Overall ranking: 301st
CDP2022	December 2022	Climate Change B- (Management)
		Forests C (Awareness)
MSCI Japan Empowering Women Index (WIN)	December 2022	Selected for inclusion in index
4th Nikkei SDGs Management Survey (Nikkei Inc.)	November 2022	Grade: 3.5 out of 5
6th Nikkei Smart Work Management	November 2022	Grade: 3.5 out of 5
FTSE ESG Rating 2020	December 2022	2.4
MSCI ESG Rating 2020	April 2022	AA
S&P/JPX Carbon Efficient Index	March 2022	Index weight: 0.03% Decile classification: 8

Other Awards and Certifications

Awards and Certifications for Sustainability Initiatives



April 2023

We received the Career Ownership Management Award (highly commended)



January 2022

Yui-no-Mori Project received the grand prize in the conservation in practice category" at the Japan Nature Conservation Awards 2022.



May 2022

Yui-no-Mori Project received the excellence award (Forestry Agency Director-General Award) at Forests [and] Decarbonization Challenge 2022.



January 2023

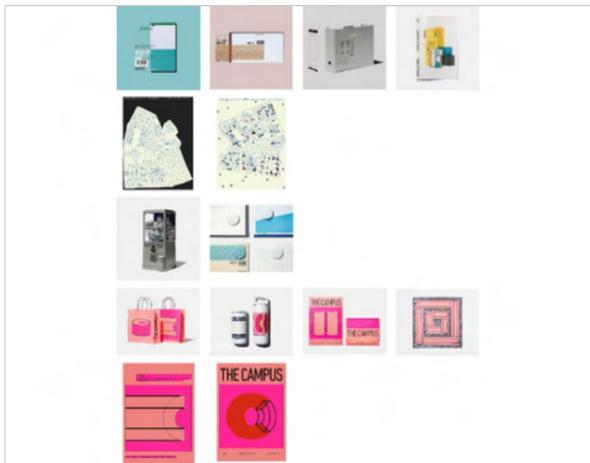
Mie Plant received the Chairperson's Award of the Japan Greenery Research and Development Center at METI's 2022 National Award for Greenery Factory.



March 2023

Recognition as a 2023 Certified Health & Productivity Management Outstanding Organization (White 500) and a 2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

Accolades Earned by KOKUYO and Its Employees



February 2022

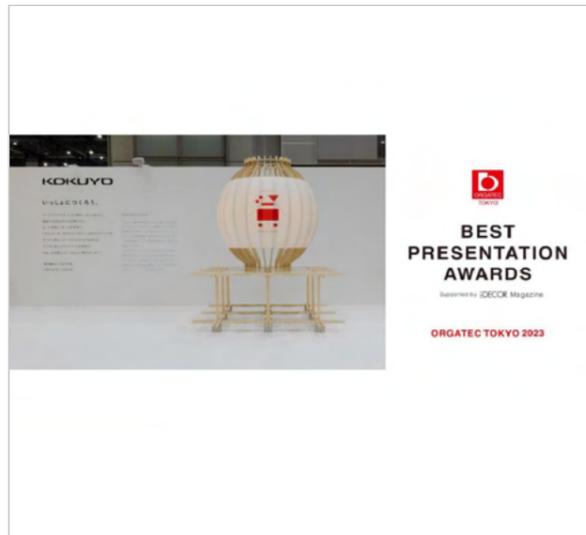
Taku Sasaki from KOKUYO YOHAK_DESIGN STUDIO earned the JAGDA Newcomer Award 2022.

* In the photo, the four image in the top row are tools/goods from stationery maker EX-. The two images in the second row are tools/goods from online store THINK OF THINGS MIDNIGHT SHOP. The two images in the third row are goods from stationery maker KOKUYO MICROSCOPES. The four images in the fourth row are goods from mixed-use facility THE CAMPUS. The two images in the bottom row are examples of branding for THE CAMPUS.



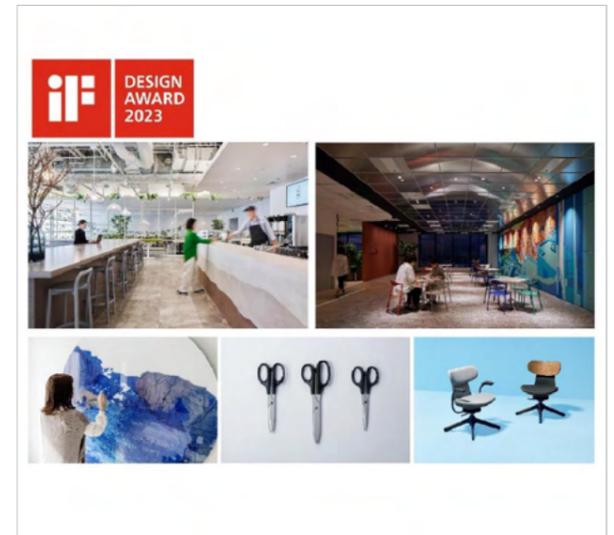
April 2023
KOKUYO wins 2023 Red Dot Design Award for pallo and Liite chairs.

* In the photo, lower image shows pallo chairs and the top right image shows Liite chairs.



April 2023
KOKUYO booth wins Grand Prix in the ORGATEC TOKYO 2023 BEST PRESENTATION AWARDS Supported by ELLE DECOR Magazine for second consecutive year.

* The photo shows part of the KOKUYO's booth at the exhibition (an interactive model with a festival theme).



April 2023
KOKUYO wins 2023 iF Design Awards for two facility interior designs and three product designs.

* Upper-left: lounge space Aroma Square Lounge. Upper-right: free-address area Cybozu TeamHub Tokyo. Bottom-left: ARTBOARD, a whiteboard-style painting canvas. Bottom-middle: HASA (deluxe scissors). Bottom-right: ingLife, a working chair.



April 2023
KOKUYO's Mechanical Pencil Gets Honorable Mention at China's 2022 Design Intelligence Award.

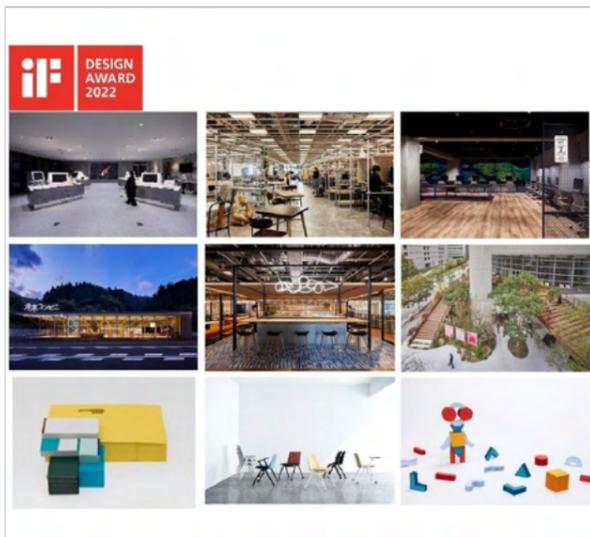


March 2023
Group company KOKUYO & Partners was commended as an exemplar at SPRING's Japan Service Innovation 2022.



October 2022
16 KOKUYO products receive the Good Design Award.

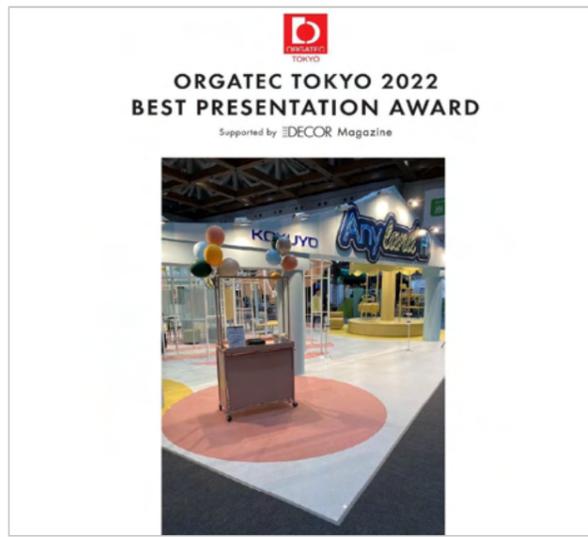
* Top row, from left: Carton 2.0 Archive Box, Carry Campus, Workpod Flex (mobile work booth), Fore (panel booth system). Second row, from left: Leafy (panels), Join (height-adjustable stool), Multis (compact table), Grabis (panel with whiteboard function). Third row, from left: ingLife (a working chair), Energy Series, Rooney, Synergyca Co-Creation Lounge (co-creation space). Fourth row, from left: Bizrack bag-in-bag, Perpanep (lay-flat notebook), Bizrack laptop stand with slide board, clipboard file holder.



April 2022

KOKUYO received the iF Design Award for six construction/interior design projects it worked on and for three of its product designs.

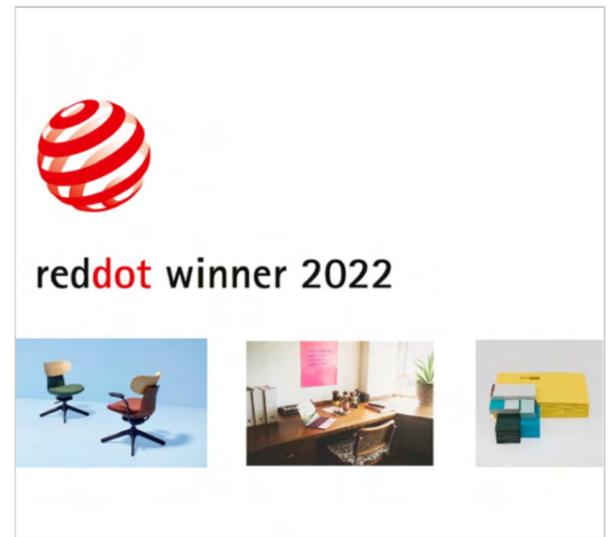
* Top row, from left: JX Nippon Mining & Metals SQUARE LAB & LOUNGE, NISSIN GARAGE, Clay Studio 2. Middle row, from left: MIRAI CONVENIENCE STORE, mot. Mitsui Office for Tomorrow OTEMACHI ONE, THE CAMPUS. Bottom row, from left: EX-, STACKA, Tsumishi.



April 2022

KOKUYO's booth won the top prize at Orgatec Tokyo 2022's Best Presentation Award, which is sponsored by Elle Decor.

* The photo shows part of the KOKUYO's booth at the exhibition (based on an amusement park).



April 2022

KOKUYO's "ingLIFE" Multi Objective Chair, "EX-" stationery series, and "PAPIER BOARD" whiteboard sheet win 2022 Red Dot Design Awards.

* From left: ingLIFE, PAPIER BOARD, EX-

Editorial policy

We recently restated our philosophy and embarked on a program of transformation to achieve our next growth goal. In 2023, we published Integrated Report 2023, which gives our shareholders and other stakeholders a clear idea of our new strategic direction and how we aim to achieve sustainable corporate development and create value on the road to 2030 and beyond. By reading the report, you will discover we defined our value-creation story and material issues, and how we have aligned these issues with our business strategies. By exploring this website, you can learn about our initiatives for addressing material issues and our other sustainability initiatives. We have included plenty of referential data too.

Period to which the integrated report pertains

Integrated Report 2023 pertains to the fiscal year ended December 31, 2022.

* However, it also includes information that predates or postdates that fiscal year.

Report scope

Integrated Report 2023 focuses on KOKUYO CO., Ltd., 20 consolidated subsidiaries, and 10 associated companies.