

KOKUYO Group
CSR Report
2012



KOKUYO

Contents

- Top Interview 2
- Special Report:
■ Reconstruction after the Tohoku Earthquake 5
- CSR Management 14
- With Customers 21
- With Employees 34
- With Local Communities 42
- With the Global Environment 50
- ISO26000 Table 77

Top Interview

Moving Towards “The Honor of Asia”

Chief Executive Officer, President and Director

Akihiro Kuroda



In 2012 KOKUYO will achieve its 107th year. KOKUYO aims to be useful to students and workers throughout the world. With eyes on the next 100 years of growth, in 2011 we dramatically shifted gears in order to expand our enterprise into Asia. We are pursuing dynamic growth via our business projects and corporate social responsibility initiatives.



“Being Useful to the World Through Our Products”

Our enterprise has continued up to this point by being useful to the world. Profits derived from producing necessary products and services are returned back into the world in the form of employee wages and taxes. This cycle forms the basis of our corporate activity.

In the past, when there was a lack of supply we focused on ‘quantity’, but in modern times when supply is sufficient, we now focus on ‘quality’. Furthermore, now more than ever, the severe assessments made by consumers consider non-tangible “territories” such as corporate philosophy and operational processes.

One KOKUYO product is a notebook that sells for 150JPY. Condensed into that notebook is the brand image, know-how, and craftsmanship built up by our senior management, as well as customer opinions and valuation. That is to say, contained within that notebook is not only the collective effort of our employees, but also the influence of the countless people who created the value hidden in this product. And yet, if even a single employee deviates from established regulations, there is the possibility that the effects of such deviance may endanger the company itself, and deprive our products of the hidden values they possess. It's absolutely necessary to ensure that each and every employee is deeply aware of this fact.

KOKUYO's corporate philosophy is “to be useful to the world through our products”. The purpose of a business' existence is the creation of value that is not possible on an individual level, and to continue being a useful presence in the world. Being the People's Choice. I think that CSR should be the point of origin that businesses return to as they develop themselves for continual growth.



Management Reforms for New Growth

If managerial decision making is restricted to members of similar experience levels, at some point a certain deviance appears between the company's cognizance and societal realities. In the past, KOKUYO faced such a problem. As company president, I felt a deep corporate responsibility in regards to such anti-compliance behavior. In order to continually provide new forms of value, I believe that a guarantee of transparency in decision making is important above all else, even in the midst of the various sudden changes a company may go through. To these ends our corporate governance has been undergoing dramatic reform for the past two years.



In order to increase the breadth of knowledge and experience in our managerial ranks, we have introduced externally sourced full-time and part-time members into our board of directors. The current Board of Directors is comprised of 3 full-time employees (myself included), and 3 outside directors. KOKUYO has also employed its first female auditor. Moving forward our directors themselves intend to continue to pursue and practice this kind of diversity.

Furthermore the functions of management supervision have been separated from other executive functions. By implementing a clear distinction between the roles of normal directors and operating officers, we hope to enhance our company's ability to grow while maintaining a transparency in decision making regarding business processes.

From now on, we will continue to press forward to reform our corporate culture and reconstruct our sense of values at all levels – from management, to our regular employees in direct contact with customers, up to local and international factory workers. I believe this will provide support for our strategy of international growth.

* Additional information : ["Corporate Governance"](#)



First steps: Being Useful to Asia with Our Notebooks

In 2011 we set a goal to increase our overseas market by 30% by the year 2020. Our first steps into the international market will be with our notebooks, which are relied upon and supported by domestic consumers due to their quality and the know-how that goes into their design and production.

In Japan it is commonplace to have a wide selection of products available when you go to purchase something, but in Asia there are some countries in which purchase options are merely inexistent. The store may not even carry the desired product. If you ask to buy a notebook, one is brought out from the back room. Even then, there is only one kind of notebook to choose from. There are some places that don't even have a single notebook to sell. At very least we wish to offer purchase options to the consumers of Asia. We want them to know the joy of being able to choose among many different products. In line with our experience in Vietnam, we are laying the groundwork for distribution systems, production facility expansion, and guarantee of sales networks in India and China.

In addition to our notebooks, we have many other products that are widely accepted and approved by our domestic customers. We wish to be even more useful by delivering this value to Asia. However cultures and senses of value are different across the various regions of Asia. In order to receive true approval in these new markets, it's necessary to become immersed in each region, and to employ individuals from those regions who are able to realize solutions that allow us to be useful in regionally specific ways. We are already in the process of training this strong manpower, and we plan to increase them in the near future.



2011 Tohoku Earthquake: A Reminder of Responsibility

The Great Eastern Japan Earthquake, while causing huge damage, also presented us with many points of reflection and learning opportunities.

Immediately after the earthquake, employees involved in our north-eastern Japan sales divisions were swamped with work. The first priority immediately after such a disaster is the restoration of lifeline functionality. But this time, due to the size of the earthquake, the offices of companies which usually bear the burden of providing said functionality were also in a disastrous situation. KOKUYO's North East Sales Division Offices was repeatedly requested to provide support in order to arrange an emergency headquarters as soon as possible. We then realized that our task was to act as an underlying support for electricity and communication infrastructures. As we play this important role in society, we are once again made aware of the weight of our responsibilities.

As a company focused on supporting students and learners, we are currently considering in what ways KOKUYO ought go forward in supporting the children of north-eastern Japan. This is not something achievable simply by shipping money and goods in from Tokyo or Osaka. To be useful in society, even a local region in the midst of post-earthquake reconstruction, we will continue to provide support in our unique way.



From the “Honor of Japan” to the “Honor of Asia”

In Japanese, our company name, ‘kokuyo’, means “the honor of one’s homeland”. We are aware that, even domestically, we are still in the process of developing our business. We cannot become “the honor” of anywhere if our output is only considered “somewhat high quality, and easy to use”. However, we may someday reach that status by exerting the effort of dozens of men, thoroughly researching the needs of society to such an extent that people would feel amazed to hear of our efforts, and thoroughly investigating all of the ways that our company can be of service.



Since its founding, KOKUYO's trade has been centered on these modest, unglamorous, often burdensome tasks, often qualified as “the trading of dregs”. From now on, through simple and straightforward efforts that may even seem stupid at times, we wish to first truly reach the status of “Honor of Japan”, and then continue on to become the people's choice and “Honor of Asia”.

Hiroaki Okatake, President of KOKUYO Tohoku Sales, speaks

KOKUYO's unique support emerges from a dilemma.



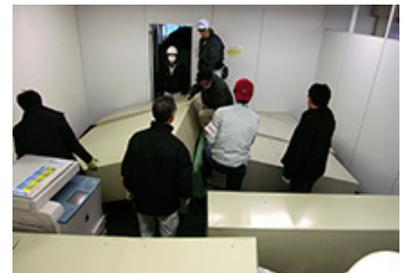
Soon after the earthquake, I realized what our mission as an infrastructure company was

The great earthquake hit Tohoku as snow was falling on March 11. Sendai had experienced big quakes in the past, but never before on this scale. Following the natural disaster management manual for employees, I focused all my efforts on checking whether employees were safe, what damage to company premises there had been, how employees could get home safely, and how we were going to recover. At that time, I was still thinking about the company as my sole priority.

The next day, even employees who according to the manual should have been waiting at home made it to the office, and while we were thinking what to do next, our office received various messages from customers saying “We want to set up a disaster response headquarters, but the library has collapsed, so we have no place to set one up, and we can’t retrieve the documents and manuals we need. Please help us!” or “We urgently need to get hold of disaster response supplies and office supplies.” Many offices had been damaged, and a steady stream of requests for help with finding space for disaster response headquarters came in.

At that moment we realized that, without our help, our customers would not be able to set up disaster response headquarters. If these couldn’t be set up, then it wouldn’t be possible to repair or reactivate electricity supply, communications, or other infrastructure. “We are an infrastructure company too!” I thought.

KOKUYO does not only sell products; we create spaces in which our customers operate businesses. Without a space, it’s impossible to carry on any kind of business. I felt keenly aware of the importance of our duties as a company.



Many offices had been damaged by the earthquake, and a steady stream of requests for help with finding space for disaster response headquarters came in.



Now or never

Aftershocks were continuing, and we didn't know whether the tsunami would come. There wasn't enough water, food or gasoline. We didn't even know how we were going to provide for our daily needs from this point on. You could say that it was an extreme situation.

It is just this kind of extreme situation that shows whether we are serious about the philosophy of "Being useful to the world through our products" which we preach every day. It was a case of "now or never". Together with the employees and managers who had reported for work, I discussed what we should do.

We decided to ask all our staff to come in, but it was quite difficult to get through to them by cell phone. Fortunately, we were able to use text messaging. Also staff members contacted each other and came to the office. Then all our staff began giving their full support to the recovery work.

Our priority in recovery was our infrastructure industry customers. It was very difficult to get hold of gasoline, so we calculated how much gas could be used each day and continued operations as best we could.



Donating not what we think people need, but what they really need

From the end of March onward, in cooperation with KOKUYO Furniture and KOKUYO S&T we were vigorously engaged in donating KOKUYO products to town halls, boards of education, schools, evacuation shelters and so on in the disaster area.

The items which were needed varied according to conditions in each part of the disaster area. We asked people to tell us their requirements in detail, what they really needed, and whether there were any problems. Then we delivered the required items directly.

For example, local authorities badly affected by the disaster were very short of equipment to set up consultation services for residents or disaster response headquarters. We came to the conclusion that it was important to get simple things like folding tables and chairs to them quickly. While normal supply lines for local authorities and hospitals on the Pacific Coast side of the three Prefectures affected by the disaster were in chaos, from a base in Akita we found usable routes on the Sea of Japan side for sending relief items to each area.

Aside from that, we tried to provide some comfort to the victims. Cardboard partitions then in development by KOKUYO Furniture were swiftly brought into production and delivered to each area, and, for children bored with living in evacuation shelters or unhappy because they had nothing to play with, we donated stationery sets with notepads, writing materials and so on.



Cardboard partitions: Victims appreciated these waist-high dividers which afford privacy while allowing communication during a long period living in an evacuation shelter.



Economic independence as the second stage of reconstruction

In the difficult period right after the earthquake, there was a need for relief in the form of goods. However, excess donation of goods will destroy the viability of local industry. If we had continued donating large quantities of stationery, we would have put local stationery stores out of business. We had to think about our exit strategy (the time frame for discontinuing our donations), and we had to support regional economic independence.

In the second stage of our relief effort we are proceeding with the implementation of space design projects in cooperation with local businesses.

This disaster made us realize that schools are institutions which people depend on as assembly points. Henceforth schools will probably need to be designed for use as multifunctional community hubs with disaster management centers and assembly points for children and elderly people. We would like to propose the development of new "learning spaces" appropriate to such hubs, spaces in which excited children will look forward to studying.

A Word from the Section Manager

Doing what we can for the people whom we owe so much to

At the time of the earthquake, I was in a meeting at a government office building on the coast at Kesenuma, an area which suffered heavy damage. With a major tsunami alert sounding, I set off for high ground by car. Although I escaped from the tsunami, I ran out of gasoline, and the batteries in my cell phone died. I got some gasoline from a store and managed to get back to Sendai three days later. I had been the manager for this area for ten years, and I think that knowing the terrain was what allowed me to survive.



Section Manager Ryo Hirayama
KOKUYO Tohoku Sales Co. Ltd
Sendai Branch

Sendai had been affected by the disaster, but there was some, though not much, food, and it was possible to keep warm. However, in areas hit by the tsunami, transport routes were blocked in many places, and relief supplies could not get through. As a result many people were left cold and hungry. I was determined to help in some way or other. Relief supplies from each KOKUYO company were concentrated at Akita, and, using inland routes on which traffic was still flowing, we were able to get supplies to evacuation shelters quickly. I was happy to see that our employees worked together as a team with a single purpose in mind.

Tohoku's people tend to be very warm, but it has a culture that doesn't welcome outsiders. It took a while for me to be accepted as area manager. Once they had accepted me, I realized how warm Tohoku folk can be. Now I truly wish to repay their kindness to me.

With Onagawa on its first step toward recovery



Starting from less than zero: reopening the fish market

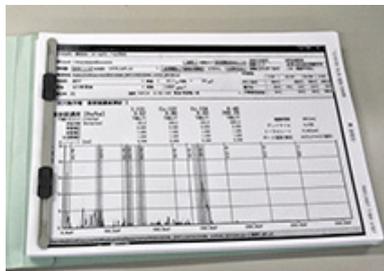
Onagawa's fishing industry was devastated in the tsunami. "What are we going to do now?" was the question being discussed by all our company's staff. In truth, reopening the fish market was going to be difficult. The area around the market was covered in debris, the fishing wharf had been destroyed, and there was no shelter for fishing boats. There were no fish buyers and no fish processors. However, if the fish market did not reopen, Onagawa, as a fishing town, would find it difficult to recover. Saying "let's all pull together", the workers agreed to a 30% cut in salary and started rebuilding the fish market.

First the debris was removed from the buildings. There was an enormous amount of debris, and no machinery to clear it with. With the help of NPOs and volunteers, it was cleared in two months. Repairing the fishing wharf was an urgent task, and we requested Onagawa town hall and Miyagi Prefecture to have the wharf repaired as soon as possible. Initially, we thought to have it open again in time for the saury catch in the autumn, but the repair work was done extremely quickly, and we were able to reopen the wharf on July 1.

For us to move forward, construction of two shared processing facilities is planned for fiscal 2012. A 6000 ton shared-use cold storage facility will also be set up. It would be difficult for one person or one organization to implement such projects, but working together maybe we can do it. In such a small town, it's easier for people to join forces with each other. The road ahead will be difficult, but, with everyone's help, we're hoping to rebuild Onagawa and its fishing industry.



Onagawa Fish Market Co. Ltd
Representative Director
Mr. Minoru Kato



Mr Kato says, "We test for radioactivity every day. We ship only safe fish, so you can eat them without worrying"



Rebuilding the fishing industry and Onagawa together

Speedy reconstruction was important. In Onagawa, besides the development of a new area earmarked for fish processing facilities, we are also planning land elevation work. For the reconstruction of Onagawa, both urban development and the rebuilding of the fish industry have to proceed more rapidly.

KOKUYO went into action quickly. They arrived soon after the earthquake and asked, "Can we do anything to support you?" On their own initiative they came and offered us donations. They donated tables for meetings, desks, lockers, and other office equipment not only to the fish market but also to the buyers' cooperatives. We would like to thank them.

As a fishing port, Onagawa is famous for saury and silver salmon. It has one of the biggest saury catches in Honshū. We hope to get each facility restored as quickly as possible, increase the catches and bring back the vigorous fishing industry we had before the earthquake.



Onagawa Town Hall Fishery, Agriculture and Forestry Division Assistant Director and Market Officer
Mr. Tetsuya Endo

Supplying the real needs of Ishinomaki's Children and Teachers



Recovering from the tsunami damage, reopening the schools

The earthquake hit at 2.46 p.m. After the most intense shaking we had ever felt, we evacuated the children who were still in the school to the third and fourth floors. Local residents also came to take shelter. We could see the tsunami surging in from the south. It piled up heaps of cars that it had swept away, crushing them, and shattered the glass in the entrance doors. We were worried that a school building over 40 years old would not withstand repeated aftershocks, but fortunately earthquake reinforcement work had been done on the school the previous year.

Unfortunately some children did die. Those who had left the school after the end of classes or had gone home with their parents or guardians after the earthquake were caught in the tsunami. For the sake of the surviving children, we decided that we would hold the graduation and end-of-year ceremonies. Volunteers cleaned up the school gym, which had been full of mud, and, although we were not able to contact each child living in an evacuation shelter, with TV and radio stations helping us by making announcements we were able to hold the ceremonies on March 30.

I hope that the children will not carry the psychological trauma with them for long, but also that they will have an awareness of danger, so that, if the worst comes to the worst, they'll be able to protect themselves and survive. That is my fervent wish.



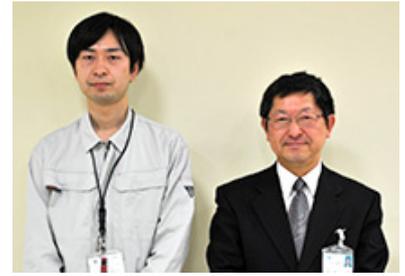
Kama Elementary School, Ishinomaki City
Principal Mr. Hiroshi Tsuda (right)
Senior Teacher and Office Manager Mr. Masami Hoshi (left)



Restoring the educational environment, psychological care for the children

Miyagi Prefecture board of education set April 21 as the target date for its schools to reopen. The problem was to find someplace for the children to study, because large number of people had come to shelter in the schools and were living there 24 hours a day. These people agreed vacate the classrooms and return home if possible or move into school gyms and special classrooms.

When the schools reopened, the children were happy to meet their friends again. Being able to share their pain with their friends was good for them psychologically. For further psychological care, social workers were assigned to schools. I hope that the children will be able to overcome their psychological trauma, and that in the future they will take something valuable from this experience.



Ishinomaki Board of Education School Administration Division
Section Chief Mr. Masayoshi Sugawara (right)
Finance Department Senior Staff Member Mr. Takeshi Takeyama (Left)



Not just donations that suit the donor, but real support

Aid reflects the donor's emotions. A lot of aid was "for the children", so the number of school backpacks that arrived was three times the number of children who were starting school. The problem was that no equipment for the use of teachers had been donated.

That was when KOKUYO's offer to donate any of their products arrived. "Please tell us what you need," they said. We were impressed by KOKUYO'S readiness to listen to our requests.

With the damage the schools had suffered, the donation of desks and chairs for the teachers and other support for the students was a massive help. A very large number of desks and chairs had been washed away or immersed in water, so we were racking our brains over how we could get ready to reopen the schools. Thanks to KOKUYO, the children can now come to school and study.



Even after being washed, desks and chairs which have once been immersed in seawater will eventually rust.



Mr. Takeyama says, "The most important thing is not to get hold of teaching materials but to provide an environment where children can feel safe and concentrate on the class. That means providing equipment like desks and chairs."

Making Children Smile through Writing and Drawing



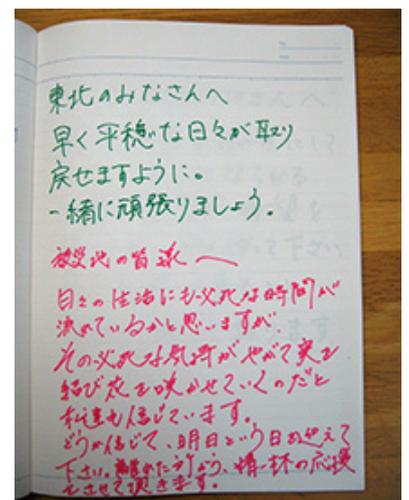
The “Tomorrow’s Notebook!” project by the KOKUYO Group, which has been manufacturing paper products since its foundation over 100 years ago, is a relief activity for children in Tōhoku in which writing and drawing on paper are used to give the children’s morale a little boost. We are running two kinds of activity, the “Deconote Workshops” and the “Tomorrow’s Notebook!” web site presenting messages and artwork by children.



Notebooks at Meitetsu restaurant in Kunimi Service Area

The power of a notebook

In the aftermath of the earthquake, we visited local authorities and schools to provide items such as notebooks, stationery and furniture. While doing this we discovered that, in each area affected by the disaster, notebooks were being used in unexpected ways. In volunteer centers, evacuation shelters, public facilities and so on notebooks had been provided in which victims and people who had been to the disaster area as volunteers were writing down their true feelings at that time, messages of encouragement, and words of gratitude for the support they had received. Once again we noticed the power that words written in a notebook or on paper have. That is where the impetus for this project came from. Also, when we were giving out stationery and so on, we had a lot of contact with the children, and this made us decide to run the project.



A notebook at Sendai Central Post Office

Holding workshops in the disaster area

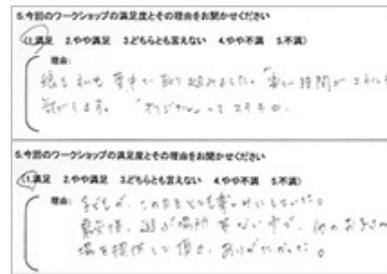
Since August 2011, with the cooperation of various entities including local stores, boards of education, newspaper companies, and NPOs, we have been continually holding workshops. Aimed chiefly at elementary and junior high school students, these workshops involve decorating the covers of notebooks with marker pens and stickers. After the first one in Sendai City, Miyagi Prefecture, workshops were held at the rate of one every two or three months in Aizuwakamatsu City, Fukushima Prefecture, Yamada, Iwate Prefecture, and Minamisoma City, Fukushima Prefecture. Though each workshop lasts about an hour, the children are completely absorbed in the activities. There is great excitement as they use large quantities of stickers and colorful markers, plus masking tape with cute patterns, and their creativity comes to the fore as they express themselves freely in their works. With conditions in the disaster area continuing to make it difficult for children to play, parents and guardians frequently tell us how happy they are that the workshops give their children a good place to play. In the future we'll be continuing these workshops in order to boost the morale of as many children as possible.



Children happily displaying their "unique in the world" notebooks.



Children absorbed in the task of decorating their notebooks; seeing their smiling faces, our staff smile too.



A comment from our survey: "Since the earthquake, there has been nowhere to play. Thank you for providing a place to meet other children."

KOKUYO's CSR Philosophy and Implementation System

All members of the KOKUYO Group have implemented a congruous CSR system that is based on the philosophy of the company founders.



Basic Philosophy

KOKUYO Group was founded in 1905 by Kuroda Zentarō when he opened his small shop selling covers for Japanese-style account ledgers. At the time, the process of making and selling ledger covers, a process of layering several thin sheets of Japanese paper together, was considered a very bothersome and uninteresting kind of business. Despite this, Mr. Kuroda made it his life's pursuit of being useful to the world by continuing work that others are unwilling to do. Even now, over a century later, our operations continue to follow a “managerial doctrine” based on our founder's mental attitude, which led to the present corporate philosophy of “Being useful to the world through our products”.

In 2004, as part of our role as a supportive corporate citizen and in order to establish positive relations with various stakeholders, we established the “KOKUYO Group CSR Charter” (partially revised in 2012) with the founding corporate philosophies as its conceptual basis. As a fundamental policy for the purpose of ensuring continual development of both society and the KOKUYO group, the KOKUYO Group CSR Charter focuses on five themes: ‘Customers’, ‘Regional Communities’, ‘Environmental Conservation’, ‘Corporate Activities’, and ‘Respect for Human Rights.’



CSR Implementation System

KOKUYO Group is strengthening the advancement of the CSR Implementation System to ensure sustainable growth for both itself and society, while plotting a course of harmony with all other stakeholders.

In order to secure management that is continually and reproducibly transparent, efficient, and appropriate, we have constructed the System of Corporate Governance (*1). Furthermore to assure efficient execution of business affairs that are free from injustice or error, we have constructed and implemented our Internal Control System, which is continuously improved and enriched.

*1 More information on the System of Corporate Governance can be found [here](#).

We have installed a unified CSR headquarters division and are solidifying the structure of CSR Implementation System of the entire corporate group. In addition to committees related to Internal Control (Risk Management Committee, Investment council, Internal Accounting Control Committee, Disclosure Committee, Compliance Committee), we also maintain a Central Safety and Health Committee, a Diversity Implementation Committee, and an Environmental Committee. Corporate executive officers of KOKUYO serve as chairmen of these committees, and members selected from several related departments provide specialized points of view on important CSR issues, in order to systematically promote and strengthen these CSR measures throughout our entire organization.

KOKUYO's CSR Charter



KOKUYO's CSR Charter

Grounded in the founding corporate philosophy of “Being useful to the world through our products”, KOKUYO Group conducts business that is necessary for society, while remaining profitable and honest in its business practices. In addition to complying with laws and regulations, we seek to maintain continuity of our business by acquiring the trust of all related stakeholders, investors, and, of course, our customers by fulfilling our social responsibilities as a corporate citizen.

For Our Customers

1. Without being satisfied with the present conditions, we continue to improve the safety and quality of our entire product line and services.
2. Strive to continually innovate society through our business operations by developing new products and services.

For Regional Communities

1. Strive 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.

For Environmental Conservation

1. Concentrate the wisdom of each of our employees, and align the actions of our entire company in order to assist in reaching solutions for the common environmental problems facing the world today.
2. By developing Eco Products, we strive to decrease the environmental burden over the life cycle of these products and to introduce new environmental engineering and green procurement techniques.
3. Contribute towards the advancement of a ‘low carbon society’ by proposing revolutionary work styles and environments, and decrease society’s overall burden on the environment.

Corporate Activities

1. Conduct transparent, just, and free competition and business transactions while keeping sound and correct relations with politicians and governmental bodies.
2. In order to become a trusted company, we strive for business partner relations that are consistently fair and built upon a foundation of reciprocal cooperation, allowing for mutual growth.
3. Recognize our responsibility to increase our corporate value for stockholders, and maintain a corporate management style that earns the trust of society through its transparency and virtue.

Respect for Human Rights

1. Respect the human rights of all individuals involved with or affected by all of our corporate activities. We support work environments free from discrimination, and do not approve of child labor or forced labor practices.
2. Strive to accept each and every employee's individual character and personal values, and become a company where many different human resources can fully express their abilities and develop themselves.

Compliance Implementation



We are focusing our efforts on education activities aimed at compliance in foreign countries.

In addition to our domestic activities, we've begun education initiatives focused on compliance in foreign countries in order to become a proper business in Asia.

Based on the lessons learned from unfortunate events (*) that have occurred since 2008, KOKUYO Group's Compliance Initiatives are grounded in the intent and assumption that all employees of KOKUYO group act in compliance with laws and regulations so that KOKUYO may be considered as an upstanding and honest corporate citizen. Since 2009 we have conducted discussion-type compliance training (CPD), and starting this fiscal year, we will sequentially expand these training initiatives into our overseas locations, starting with China.

* Related Information(described in Japanese):

["Apology for Unfair Practices of Employees in Our Consolidated Subsidiary \(July 2008\)"](#)

["Regarding unfair acquisition of quality benchmark evaluations related to free access floor material, and product verification results" \(November 2011\)](#)

Continuation of Discussion-Type Training

We have implemented domestic CPD annually since 2009. Using mock cases created on the base of actual workplace experience, participants are asked to answer a series of questions triggering problem awareness that they can share with other participants. By investigating the causes of scandals and considering possible points of improvement, the purpose of these events is to increase sensitivity and awareness to prevent the risk of scandals in the future.

In the post-event questionnaire, 100% of participants responded that the training was "meaningful". One respondent wrote, "By speaking my own mind about these things, as well as being able to hear the experience and opinions of members of other groups, I was able to come to new realizations. Some aspects of this training will be helpful to my own work in the future, while other aspects helped me come to new realizations."

Since our fiscal year 2009 approximately 1600 employees have participated in these events, including about 480 in fiscal year 2011 alone.

Regular Legal and Intellectual Property Training

In addition to CPD, awareness training to acquire knowledge of intellectual property and legal affairs has been carried out on a regular basis under the auspices of our Legal Affairs Department.

By taking up issues relevant to each of our constituent companies, these training events are devised to raise the level of awareness and understanding of relevant legislation.

In our fiscal year 2011, KOKUYO S&T and KAUNET conducted training around the following themes.



Training in session

	Theme
KOKUYO S&T	1. Study group regarding contracts 2. Legal and Intellectual Property Considerations for Developing Products with Partner Companies
KAUNET	Legal and Intellectual Property Considerations for Developing Products with Partner Companies

In fiscal year 2012, KOKUYO S&T, KAUNET, and KOKUYO Furniture will continue conducting training in themes appropriate to each company such as “foreign trade training” and “intellectual property and legal training”.

■ Compliance Training in China

From this year onward, we will be particularly focusing on compliance training for our overseas employees.

In order to give all employees a real sense of the damage that lack of compliance awareness can cause to our company, we describe concrete past examples of such events, and have also introduced the “KOKUYO Hotline” internal reporting system.

This training has been carried out in China already this year, and we plan to conduct similar awareness training sessions in Vietnam and India in the future.

■ Development of the KOKUYO Hotline and New Code of Conduct

Up until recently, the “KOKUYO Group Code of Ethics” was used as a rule that employees should respect. Due to recent globalization trends, we have updated and appended the contents so that it may also be applied to employees overseas, and are currently creating a “Code of Conduct” that will be compatible with the local conditions of each country.

To ensure that every employee in the KOKUYO group fully understands these guidelines, we plan to implement a written pledge that must be understood and signed by each employee.

Up until now, the Hotline was limited only to domestic employees, but we are redeveloping it so that overseas employees may also consult from abroad.

In order to become a true business presence in Asia and to sustain corporate activities, we are diligently working both domestically and overseas to ensure that all managerial staff and employees of the KOKUYO Group perform nothing but honest business practices and upstanding conduct.

Thoughts from a Discussion Training Promoter

This time, KAUNET's CPD themes were not based on hypothetical situations, but on 4 real-world past situations that held the possibility of causing scandal for our company.

We thoroughly discussed and shared opinions about the causes of the problems in each group, how to respond to such problems, and measures that may be put in place to prevent recurrences. By sharing and reaffirming past incidents with all company employees, a checklist is created in each individual's mind, moving their awareness beyond the surface of daily business routine, and creating habits of checking even minor interactions with suppliers and other employees. It's clear that this new awareness will make it harder for the seeds of misconduct to take root.



Hiroshi Nakano,
KAUNET Co., Ltd.
Director

Thoughts from a Discussion Training Participant

Personally, since finishing the CPD training I've become able to shift from "deep consideration" about emerging problems to immediate action. Specifically, the act of gathering many opinions in the initial stage of problem solving, and using those opinions to plot out a goal is something I'm always keeping in mind. Also I've become able to quickly determine when I've reached my individual limit, and therefore can move to involve others in a project sooner than before. I'm sure there are others around me who have this same awareness, and I feel that, as a result of this CPD, people share more information and experience within a single department and that the speed of problem solving has increased. Since finishing the CPD in December 2011, we began conducting round-table discussions, including all members of the Development Department. This has enabled us to speak frankly about discontent, uneasiness, and questions that would otherwise go unnoticed, and arrange systems designed to resolve them. From now on we will continue proactively utilizing these round-table discussions to share ideas to turn minuses into plusses. I believe this will ultimately lead to the development of superior products.



Takaaki Oe,
KOKUYO Furniture Co., Ltd.
Strategy Division

SRI Assessment and Our Responsibility to Shareholders

We recognize our responsibility to increase corporate value for our shareholders and investors. We strive to disclose accurate and timely information, as well as maintain transparent and sound corporate management practices.

Improving Managerial Operations Transparency

1) IR Activities

We explain our financial situation through explanatory meetings of account closings and individual visits twice a year. It is our intent to regularly and fairly disclose information relevant to investment decisions to all institutional investors and financial analysts.

2) Information Disclosure

We disclose information in accordance with regulations set out in each stock exchange, such as “Rules on Timely Disclosure of Corporate Information of Listed Securities of the Issuer” (referred to below as “Timely Disclosure Rules”). Additionally, even if certain information does not fall under the guidelines of Timely Disclosure Rules, and if we consider the information to be useful to investors, our basic policy is to take appropriate assertive action to quickly disclose such information on our corporate homepage.

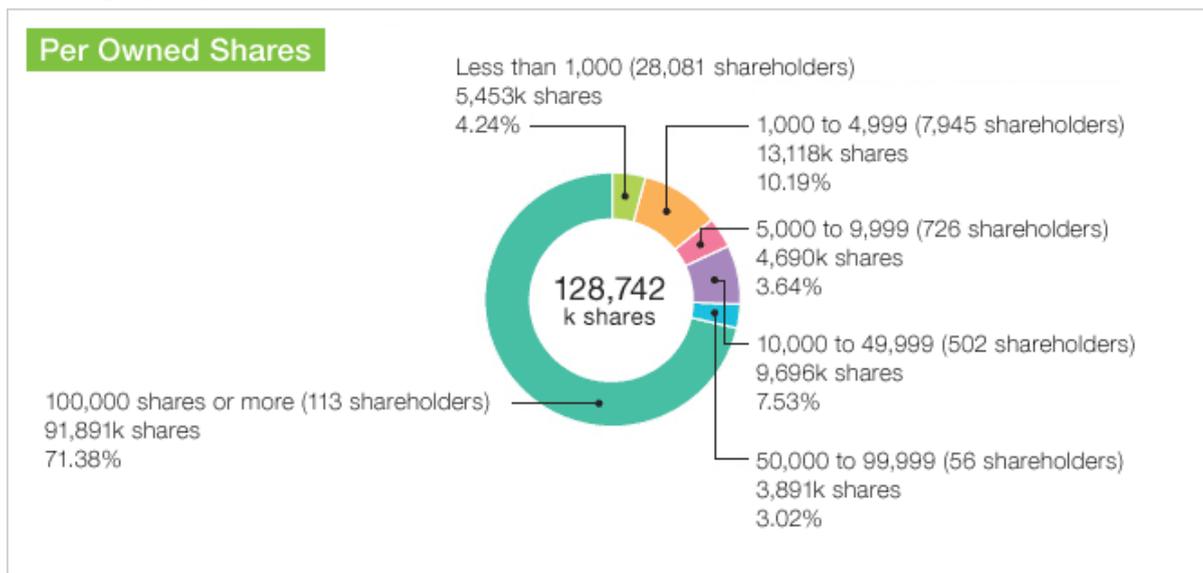
In December 2011, we upgraded our websites intended for our investor and shareholder audience. In addition to increasing usability, we also added over 20 years of Asset Securities Reports and financial highlight information. In the future we plan to further improve our websites to be easier to understand and use.

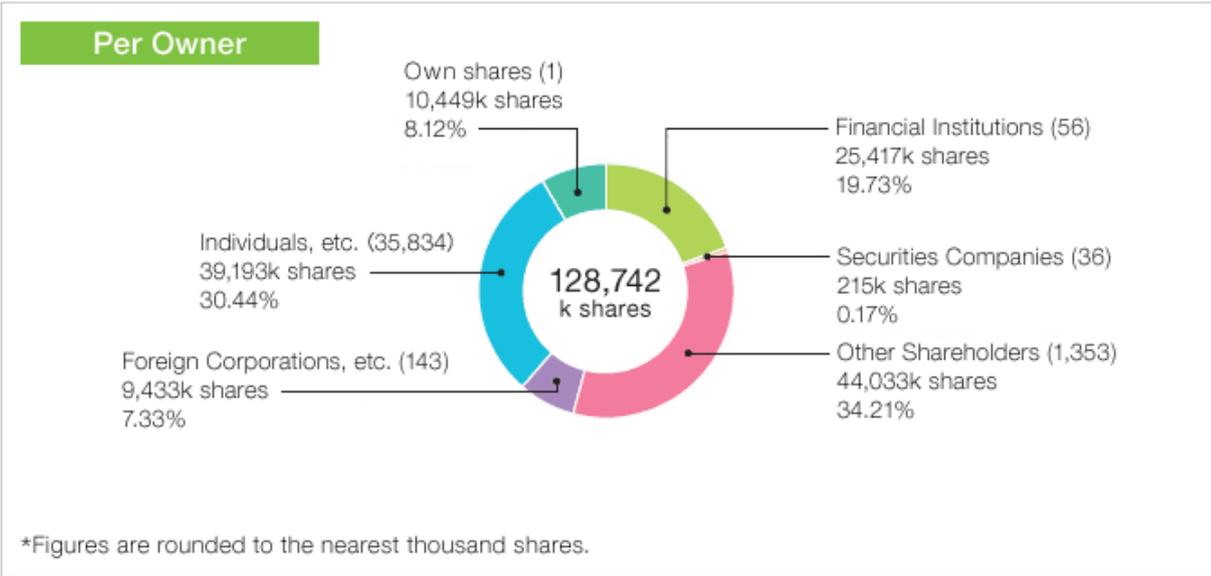
* Related Information: [“IR News”](#)



Announcement of Consolidated Financial Results for the Fiscal Year ended December 31, 2012 at KOKUYO Tokyo Showroom.

Shares Distribution





Shareholder and Equity Situation

As of December 2011 the total number of shares authorized is 128,742,463, with a total of 398,000,000 issuable shares. The total number of shareholders is 37,423.

Dividend Policy and Achievements

With an aim to further shareholder-oriented management, and taking into account prior stable dividends and consolidated financial results, we have implemented a dividend with a prospective payout ratio of 20% or more. Annual dividends have maintained 15JPY per share for more than 10 years (excluding commemorative dividends and 9 month balance sheets), and even in 2011, annual dividends were 15JPY per share (midterm 7.5JPY, end-term 7.5JPY). Retained earnings will be used to further strengthen our managerial constitution, and to bring investment funds for the enhancement of our corporate value.

SRI Index Adoption Status

Socially Responsible Investment (SRI) has primarily expanded in United States and Europe. The SRI Index is a stock index that consists only of companies that meet certain CSR standards such as environmentally sensitive business practices, civil rights and employment practices, and corporate governance. Currently KOKUYO Group has been awarded titles of “FTSE4Good”(1), “ETHIBEL Pioneer”(2), and “ETHIBEL Excellence”.

*1 From FTSE (a joint venture of the Financial Times and London Stock Exchange)

*2 From Ethibel, a non-profit organization based in Belgium



The “Madre” lobby chair, designed for local government office counter services

The “Madre” won Germany's Universal Design Award for 2012

“Universal Design Award” is an international universal design prize by cosponsorship with a German universal design promotion organization (universal design GmbH) and the organization of iF design award (iF International Forum Design GmbH).

All the entries submitted to the universal design award are closely and critically examined and tested by a jury of experts as well as by a consumer jury. The evaluation criteria for the entries are broad and flexible usability, easy and intuitive operation, safety and error tolerance, intercultural character and economy.

Related information: [Universal Design Award](#)



This is a chair to which a great deal more care and consideration has been given, with user experience our primary concern.

In November 2011, we launched our “Madre” lobby chair, designed for the kind of counter services set up in the waiting areas of small local government offices. By focusing our attention on the target space, and designing the product with consideration for changes in the way the user moves and feels, our aim was to create a lobby chair designed specifically for counter services that an even wider cross-section of the public could comfortably use.

Related information(described in Japanese): [Product press release](#)



The “Madre” lobby chair, for local government counter services

Proposal made to local government offices

Taking advantage of the merging of municipalities from 1989 onwards, KOKUYO Furniture has been involved in the maintenance of office environments surrounding the service counters found in many local government offices, and has built up a wealth of achievements and improvement know-how in the intervening years. In particular, the waiting areas in local government office buildings are visited by a very varied cross-section of the public, and are spaces in which local governments have a great deal of interest. When one considers changes in society such as the increased numbers of elderly people and the progress made by those with disabilities, it's clear there is a need for spaces which can be used with a greater degree of safety and comfort than has hitherto been the case. However, at that time KOKUYO Furniture was not able to offer specialized proposals to deal with those needs. This was our starting point for developing a lobby chair for service counters – one that we envisioned being used by a wide variety of users.

Views exchanged at a user participation workshop

In the development process, it was very important for us to pay the utmost attention to the views expressed by those who would use the product. If one has been involved in the development of furniture for many years, what inevitably happens is that fixed ideas and manufacturing-based limitations form in one's mind, and then it becomes much harder to visualize the actual difficulties faced by users. Furthermore, online surveys and so forth only yield information about actual problems that customers have faced, and this is insufficient to create the kind of products that go beyond customers' expectations. This is why we decided to try holding the user participation workshops.

The workshops were attended by various disabled people – wheelchair users, those with tetraplegia (paralysis of all four limbs), and the visually impaired – and we carried out some checks to find the aspects of existing products that are difficult to use, as well as aspects of prototype products that could be improved upon. Limited in terms of their movement and muscular strength, the participants were acutely aware of a particular product being difficult to use, and their participation was extremely important in the way they alerted us to the kind of detailed points that members of the development team would fail to notice, as well as telling us about viewpoints that just wouldn't have occurred to us. In the course of our conversations with the disabled participants, we were also able to find out about the kind of psychological stress they feel, such as people having to be considerate towards them and they towards others, feeling flustered, and feeling uncomfortable in a certain place. Since the difficulties they face are also shared by many other people, we were able to come away with some key ideas that would translate into product commercialization.



A scene from a user participation workshop

Creating spaces for visitors to government offices

For example, it would seem that the main problem wheelchair users experience in government offices is finding a good place to wait. They told us that if they wait alongside lobby chairs, they block the aisle and get in the way of other users, but if they go to the back and wait there, the time taken for them to move when they're called means that they end up making other users wait. We were very much taken aback by what we heard, as we had never realized that they have such a struggle to find somewhere to wait. This prompted us to broaden our horizons, in the sense that we decided to find a solution to the problem of ease of use through the overall layout of the waiting area, rather than through individual products alone.

We made use of the realizations we had come to by creating a layout with a pitted surface that would allow wheelchair users to easily find somewhere to wait, and then arranging variations that allowed such layouts to be put together. When we actually lined up the prototypes and tried testing them out, we found that they worked effectively not only for wheelchair users, but also when using baby buggies, shopping trolleys used by the elderly, and various kinds of bags and suitcases.

Our aim to create a space that can be used without the need for undue consideration to each other by an even wider cross-section of people

Through doing the workshops, we were struck once again by the realization that even though the product we are providing is just a simple lobby chair, it's important to be aware of the psychological dimension of large numbers of people visiting that space being able to do so in a way that's pleasant and comfortable.

Although such workshops are one way to get feedback from customers, we feel there's a need to continue devoting the sort of effort we put into "Madre" to many other furniture items and types of space. We are now entering a period where, over the next few years, many local government buildings across the country will be rebuilt. It is precisely because these buildings will be used for many decades to come that KOKUYO will provide spaces that can be easily used by an even wider cross-section of people.

View from the person in charge

In preparation for the change of city status to “government-ordinance-designated city” on 1 April 2012, the city of Kumamoto in Kumamoto Prefecture looked into the construction of new ward offices in five locations across the city. With its enthusiasm for ‘Universal Design’ bringing it nationwide fame, Kumamoto City was extremely interested in our proposal for the Madre chair, with particular interest shown in the development process behind it. They appreciated the explanation given by the sales representative who took part in the workshops, the way we arrived at universal problems from the difficulties faced by disabled users, and the way we also looked at the psychological burden, through our conversations with those users.



Taka Kato
KOKUYO Furniture Co.,Ltd.
TCM Value Unit



An example of the product delivered to the Nishi-ku Ward Office in Kumamoto City

The ever-evolving Campus Notebooks



The ever-evolving Campus Notebooks. 36 years of pushing boundaries

First launched in 1975, these notebooks have become a favorite with everyone and total sales of the series have topped 2.4 billion. Since they first went on sale all those years ago, we have continuously sought to produce the kind of Campus Notebook that is best suited to the times and its generation. In 2011, we gave the Notebooks a complete makeover, including the design of the logo.



The new Campus Notebook

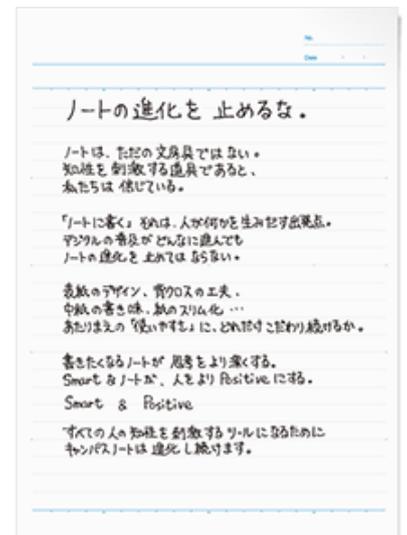
Campus Notebooks continue to evolve, carried forward by ideas from users and feedback about how they're used

There are only three parts that make up a notebook – the cover, the inside pages, and the cloth of the spine. From just those three parts, a mere six elements of value are created and these are: the binding, the quality of the materials, the ruled lines, the size, the design, and the price. KOKUYO has continued to insist on these three parts and six elements of value being absolutely right.

With the first generation of Notebooks it produced, the company was in total pursuit of quality, focusing on such aspects as strength and creating a pleasant writing experience. With the second generation (which first appeared in 1983), while still maintaining the quality of the original product, the focus was on the role played by the cover, with particular attention paid to its design. This featured ruled lines, so that it was clear what sort of notebook it was without having to look at the pages within. The third generation of Notebooks (1991) saw the company strive for originality of design, with the logo placed vertically on the cover, whereas with the fourth generation (2000), despite the continued falling price of notebooks, the company carried out a thorough review of its materials and boldly sought to create added value, such as developing a new cloth that was resistant to tearing.

Of course, the driving force behind these developments was the feedback from the customers who buy and use our products on a regular basis. From children right through to adults, Campus Notebooks are a close companion for our valued customers in all kinds of different situations, from study to the workplace. Thanks to our customers sharing their thoughts with us and telling us how they use our Notebooks, our product continues to evolve, and we firmly believe that surpassing our customers' expectations is the KOKUYO mission.

Related information(described in Japanese): [User's view 01](#)



“Don't stop the evolution of your notebooks”

Campus Notebooks continue to evolve, becoming a means to stimulate everyone's intelligence.



No concessions over many points, in the 5th generation of Campus Notebooks

The current 5th generation of Campus Notebooks has further evolved from conventional notebooks.

Attention to detail – Part 1

We've made absolutely sure that the cloth of the spine will be easy to write on.

- We've treated the cloth of the spine so that it will be easy to write on with a writing instrument such as a ballpoint pen.
- We've used pale colors so that writing on the cloth of the spine will stand out clearly.

Attention to detail – Part 2

We've made absolutely sure that lines on the inside pages are easy to draw.

- In addition to the existing marks in the center and far left-hand side of the upper guideline, we've added a triangular mark on the far right-hand side, so that it's easy to draw vertical lines.
- We've also added marks on the ruled lines in the main part of the page, so that even with short rulers lines can be drawn. And to make it easy to count the number of lines when drawing horizontal lines, we've enlarged the marks that appear on every fifth line.

Attention to detail – Part 3

We've made absolutely sure that the inside pages are environmentally friendly

- KOKUYO selects the optimum materials for each part of the Notebook where they will be used. For example, for the inside pages priority is given to 'writeability', and paper from certified forests is used, whereas for the cover, recyclability is the priority, and we've opted to use cardboard made from a used paper/pulp compound. Furthermore, we have reduced the volume of pulp used from 75g/m² to 70g/m², while still ensuring that the paper is as pleasant to write on as before. (§ figures given are those for semi-B5-size paper)

Views from project team members

By being attentive to customers' needs and responding to them, such as the introduction, over the last few years, of ruled lines with dots along them, and Notebooks specially made to have handouts stuck into their pages, sales of Campus Notebooks have risen steadily every year.

Given that situation, this makeover that we have done has been a huge challenge, but every member of the team tackled it with a strong feeling that can be summed up thus: "the current product isn't perfect. Let's deal with any underlying dissatisfaction users have, and produce a notebook that goes one step beyond what our customers would like."

The two areas to which we paid particular attention were not compromising our product quality in any way, and for customers who currently use our Notebooks to feel that that they had improved, but without any sense there was something strange or different about using them. Because we felt there was a need to respond to environmental concerns on this project, we worked hard to develop a new base paper with a reduced pulp volume. However, despite this change, we have still managed to maintain our existing product quality, in such aspects as how it feels to write on the paper, how it feels to the touch, the way writing doesn't show through on the other side of the page, and the lack of ink smudging or blurring. In addition, although it was a big risk to change the Campus logo, which acts as the "face" of the Campus Notebooks, in order to create a logo which would evoke the new "Smart & Positive" concept, we came together day after day and compared different logos, refining the shape little by little until we finally switched over to the new logo, marking the first change in its design for 28 years. However much progress is made in the world of IT, it is our view that the process of writing marks the starting point for people to create things, and notebooks are more than just mere items of stationery. In order that our Notebooks become a means to stimulate people's intelligence, we shall continue to focus our attention on our product being easy to use, and push the boundaries of the notebook in the years ahead.



KOKUYO S&T Co.,Ltd.
Paper Stationery Value Unit:
(front row, from left) Yuko Tanaka,
Tamiko Ema, Kei Yamada; (back row,
from left) Satoko Murakami, Junko
Miyanishi, Rie Ii, Shinobu Kinugawa

KOKUYO S&T's quality assurance philosophy



Adapting to the local area – devising the optimum quality criteria for each country and region

In order to boost the proportion of sales made in overseas markets, we're changing our philosophy in terms of quality criteria in our product production process, from a standard "one size fits all" approach, to one in which we adapt to the local area. In each country and region, there are differences in culture and values, in economic conditions, such as the per capita GDP, as well as differences in environment and conditions which have a bearing on quality criteria, such as variations in the legal system relating to quality and the environment. While giving top priority to ensuring safety for our customers, KOKUYO is devising the optimum quality criteria that are supported by customers, based on the characteristics of each separate country and region.



Implementing factory-floor diagnoses (quality audits) to continuously maintain and improve quality

In order to continuously maintain and improve the quality of over 10,000 existing product items, as well as a steady stream of new products being created, KOKUYO is carrying out factory-floor diagnoses (quality audits) at both its domestic and overseas plants. By diagnosing the systems that are in place at each individual plant, then clarifying their strengths and weaknesses, we are working hard to bring about an improvement that carries with it the twin goals of increased productivity and quality. Furthermore, determining each plant's capability in terms of quality will also be useful for devising the optimum production strategy to follow as a whole.



Efforts to improve quality

1) Strengthening quality assurance systems

In addition to restructuring quality assurance systems and strengthening governance, such as internal audit functions, KOKUYO has carried out a review of its manufacturing systems, by closely examining the content of its quality assurance operations, for example. This applies to subcontract plants as well, where thorough checks are carried out not only with regard to costs and delivery dates, but also in terms of product quality.

2) Full-scale introduction of quality costs

Dividing investment and expenditure related to quality activities into the three categories of prevention, assessment and failure, quality costs are a concept that make up part of the indicators used to implement quality-related measures. Starting from fiscal 2010, we have fully introduced "failure costs." Defective goods that have leaked on to the market, as well as customer complaints, are quantified not by the number of instances, but in terms of the financial amount of losses sustained. By determining this amount, the company is increasing the degree of attention paid to quality while also clarifying the importance of complaints, all of which efforts lead to an overall improvement. Results are analyzed for each plant, quality capabilities are objectively compared, and efforts are made to set priorities for improvements in quality.

3) Introduction of product risk analysis using the R-map method

In order to prevent product accidents, we have begun to use product risk analysis using the R-map method, which comes from reliability engineering and is recommended by the Ministry of Economy, Trade and Industry. An R-map ('R' stands for 'risk') uses a matrix, "with "frequency of occurrence" along the y-axis, and "degree of harm" along the x-axis, and is a method of displaying how large a particular risk is. Such R-maps are beneficial for drawing up product safety design specifications, as well as for prior and after-the-fact safety assessments, and it is gradually becoming known to everyone in KOKUYO without exception that we are implementing this philosophy in our process of product creation and manufacturing.

KOKUYO Furniture's quality assurance philosophy

In order to move forward with the development and procurement of products which gain the trust of consumers and with which they're satisfied, KOKUYO Furniture is busy carrying out various quality assurance activities based on ISO9001. The company is moving forward with the continuous improvement of quality assurance systems created from the customer's viewpoint, as well as developing and improving efforts to ensure that those customers use our products safely.



Continuously moving forward with activities to improve quality

In the furniture business, the Group works together closely on quality assurance activities, from the marketing of products to after-sales service, with views and requests from customers being fed back into each of those various activities. Furthermore, in order to achieve continuous improvements in quality, regular meetings concerning the quality of delivered and manufactured products are held weekly and monthly, involving creation/manufacturing divisions, and staff from across different divisions at plants. In addition, the company is working hard to increase awareness of information sharing and quality, and coming up with business solutions.



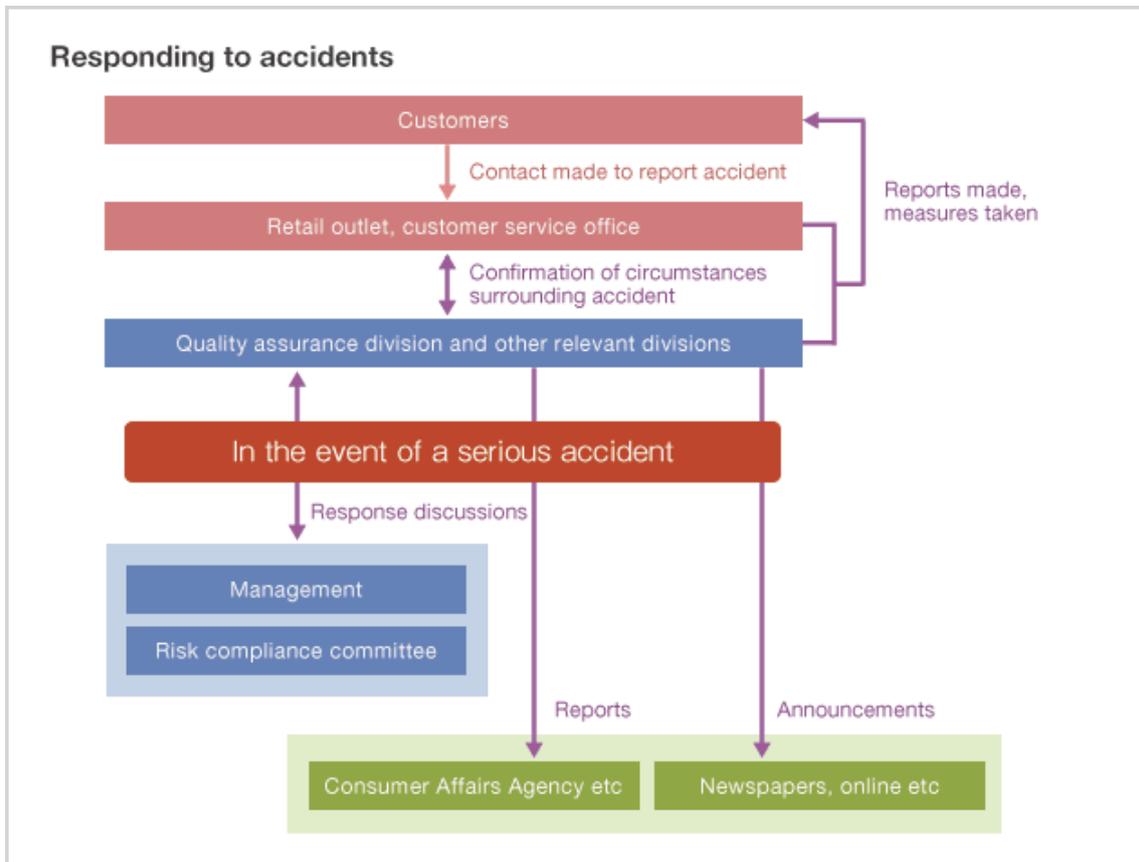
For our customers to be able to use our products with peace of mind

In the development process that goes into new products, related divisions come together from the planning and design stages onwards, and there are many discussions and assessments with regard to the safety of the product, including its usability. When it comes to the production stage, in addition to conforming to JIS and industry standards, we carry out very rigorous inspections based on in-house standards of an even higher level.



Responding to accidents

In the very rare event of a product accident occurring, the relevant divisions work together and respond swiftly. In the event of a serious accident, a report is made to management and the risk compliance committee, and in addition to swiftly taking appropriate measures, a report is made to the relevant government ministries, announcements are made online and to media such as newspapers, and efforts are made to prevent the scale of the accident growing any larger. In addition, the company gets peer groups involved through the implementation of corrective measures, and works hard to prevent the same kind of accident happening again.



Improvement of announcements concerning product safety and quality

At KOKUYO Furniture, we use our company website to make announcements to customers about product safety and quality. Depending on its content, the announcement is then posted on the most appropriate page from one of the 4 categories below. (Described in Japanese)

1. [Important announcements concerning product safety](#)
2. [Important announcements concerning problems with product quality](#)
3. [Announcements to ensure products are used safely and correctly](#)
4. [Other kinds of announcements concerning product safety and quality](#)



[An important announcement concerning product safety and quality](#) on the KOKUYO Furniture website

Efforts toward total quality improvement, covering the whole process up to delivery

In order to deliver the sort of satisfaction that goes beyond the expectations of the customers who buy our furniture, KOKUYO is working hard to achieve the maximum improvement in quality at each stage of the process, from manufacture through to delivery and installation. For example, we have set up a system of in-house qualifications to give guidance to drivers and other delivery staff, whose work brings them into contact with customers. As well as increasing the numbers of those with such certification, “national delivery quality contests” involving delivery staff are held jointly with our partner companies to whom delivery is outsourced. With these and other activities, KOKUYO are aiming for a standard of delivery that impresses, and are actively implementing activities to raise awareness among our employees.



A scene from one of our national delivery quality contests



A further broadening of the operational scope of ISO9001

In 2010, KOKUYO extended the registered scope of the ISO9001 international standard of quality management systems to furniture items for public facilities involving construction, such as stadium seats and museum display cases.

And in June 2012, KOKUYO plans to obtain certification for building material products, such as room partitions as well. By applying this management system-derived PDCA to items besides office furniture, the company is redeveloping its processes and systems as well as standardizing tools, and is also streamlining its management in terms of its quality assurance activities overall.

With an eye to further sales expansion in its overseas markets, KOKUYO is also moving forward with improving its global quality, and in each country is in search of quality that is supported.

Responding to and supporting our customers

Our aim to improve customer satisfaction

We make absolutely sure that customer enquiries are dealt with honesty and politely. In addition, comments that we receive from customers are shared across all companies in the Group as valuable feedback to improve KOKUYO's products and services.

Accurate, prompt, kind and polite – these are our watchwords

We have set up a customer call center as a common point of contact across the KOKUYO Group, in order to respond to enquiries, suggestions and requests from customers, and to ensure their satisfaction with our products and services. We received a total of 131,023 enquiries in fiscal 2011, out of which nearly 90% were telephone enquiries made to our toll-free helpline. When a call from a customer first comes into the customer call center, an agent answers the call and offers the primary response, while the secondary response is dealt with by a supervisor, who has specialist knowledge of the product in question. In order to respond to customers with “accurate, prompt, kind and polite” as our watchwords, the company organizes study meetings to increase knowledge of our products, and is also working towards creating a comprehensive database of product information.

A training experience for employees in which they hear customer feedback for themselves and draw on it in their daily work

The company also provides “customer call center on-site training” for KOKUYO Group employees, in which new recruits, or employees who don't usually have the chance to interact with customers, hear the real voices of customers. Those valuable voices and opinions are then taken back to the factory floor.



The customer call center

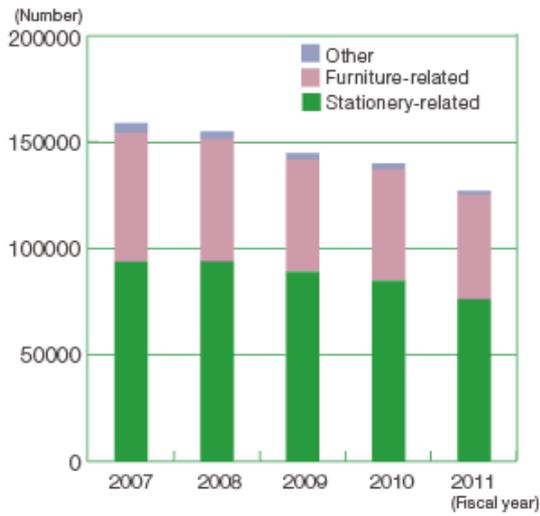


In-house training being given

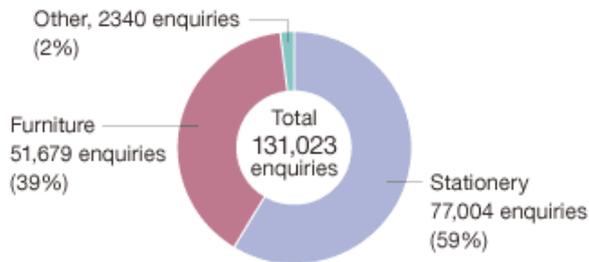
Reflecting the views of customers

In order to share the valuable information and views from customers that come into the call center with all employees in the KOKUYO Group, those customer views are made available on our intranet. Furthermore, the content of the enquiries is added to our database and analyzed, as well as being fed back to the Development Division. These efforts, in addition to improving product performance and the information we display on packaging, all constitute the concrete improvements we are making.

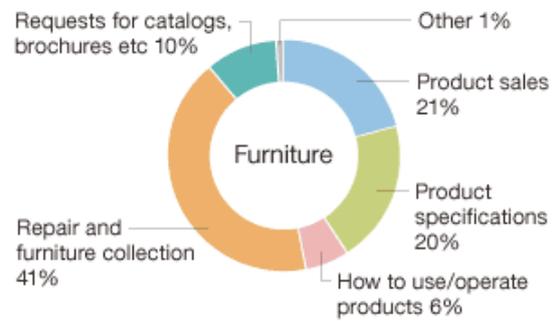
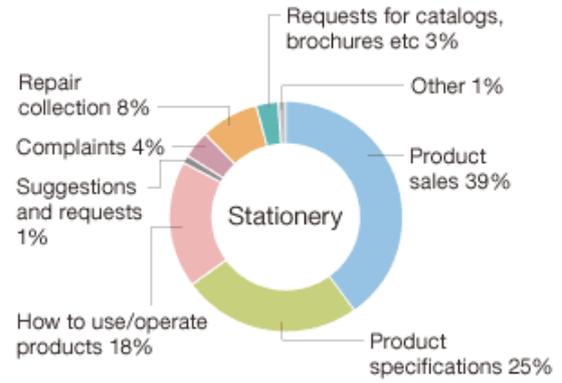
Changes in the number of enquiries



Type of enquiry



Content of enquiries



Mechanisms that make the most of customer feedback

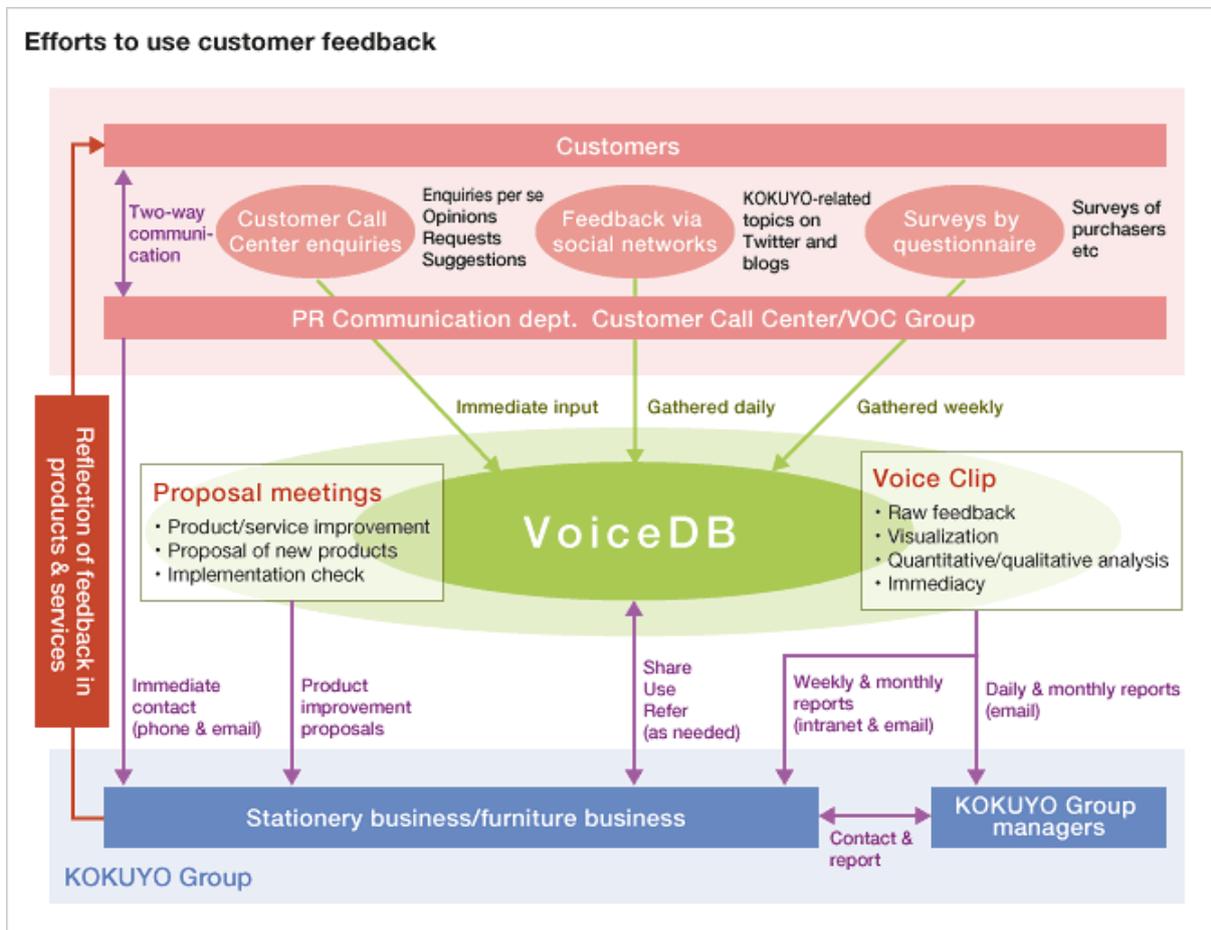
Our “Voice clip” initiative

By always sharing customers' refreshingly honest feedback with employees across the KOKUYO Group, we strive to always heed those voices, and to foster a climate in which that feedback leads to the creation of new products and services.

In order to share feedback from customers with all the companies in the Group, once personal data has been removed, their comments are made available to all Group employees through an intranet called “Voice Clip.” Every week, Voice Clip gives employees the chance to hear raw feedback from customers, from angry ones to those delighted with us, and the system also features a section which brings together enquiries about new products. Furthermore, from fiscal 2011 we have made the system even more comprehensive, so that not only does it contain feedback from calls made to our Customer Call Center, but also customer comments on Twitter and blogs, as well as recording feedback from customer surveys we have implemented through products and campaigns.

In the KOKUYO Group, all the feedback we receive from customers (excluding personal data) is gathered together in what we call our “Voice DB”, which allows all company employees in the Group to freely carry out database searches whenever they need to, based on what they're looking for.

Furthermore, in order to provide Group companies with information that can be used in products and services, at the Customer Call Center we actively listen to what our customers tell us and make a record of it. Aside from the Voice Clip system, staff from the Customer Call Center and each business company regularly sit down together (at proposal meetings) to share information, and strive to come up with improvements to specific products, services and catalogs. 89 such improvements were implemented in fiscal 2011.



Personnel Management Program

KOKUYO Group sees employees as its most important resource. We strive to create an environment where each employee's potential can be fully realized.



Personnel management program and evaluation system

We provide employees with a clear explanation of their duties and roles. At the same time, we base decisions on promotion, demotion, etc. and compensation on a fair evaluation of each employee's competencies and performance. The competencies and roles of management-grade employees in particular were redefined in 2011, at which time we also undertook a review of their promotion and compensation. In all KOKUYO Group Companies, any employee, regardless of age, who aspires to be promoted is eligible to be evaluated for promotion, even to managerial positions.



Toward a corporate culture which “is strict on quality while welcoming challenge”

To nurture employees who are really ready for the challenge of being a Global company, we are transforming our corporate culture and striving to be strict on the pursuit of quality while welcoming challenge.

As we increase the opportunities for each employee to meet challenge at the workplace, KOKUYO at the same time actively supports employees as they face challenge. And, for people who make efforts and want to seize opportunities, we provide a variety of options for them to choose from. Through each of these challenges we aim at continuously fostering a vigorous and dynamic organization.



Career Development Support

Since 2006 we have been operating an “internal transfer marketplace” to facilitate employee transfer between KOKUYO Group Companies. While promoting the optimal use of fundamental knowledge of our industry, product knowledge, and the basic skills that allow KOKUYO Group to function, the internal transfer marketplace also increases the availability of opportunities for employees in search of new horizons.

In addition, to support continuing employment after retirement, we have implemented a “continuing employment system for seniors” for employees who wish to be re-employed after reaching the mandatory retirement age and a “second career support system” for early retirees. Also, since fiscal 2011 we have been providing employees at the 30-, 40-, and 50-year age points with individualized career enhancement training.

Employee training programme

KOKUYO works to train its personnel with the aim of being a company in which everyone from new recruits to the top management learns consistently and continues to evolve.



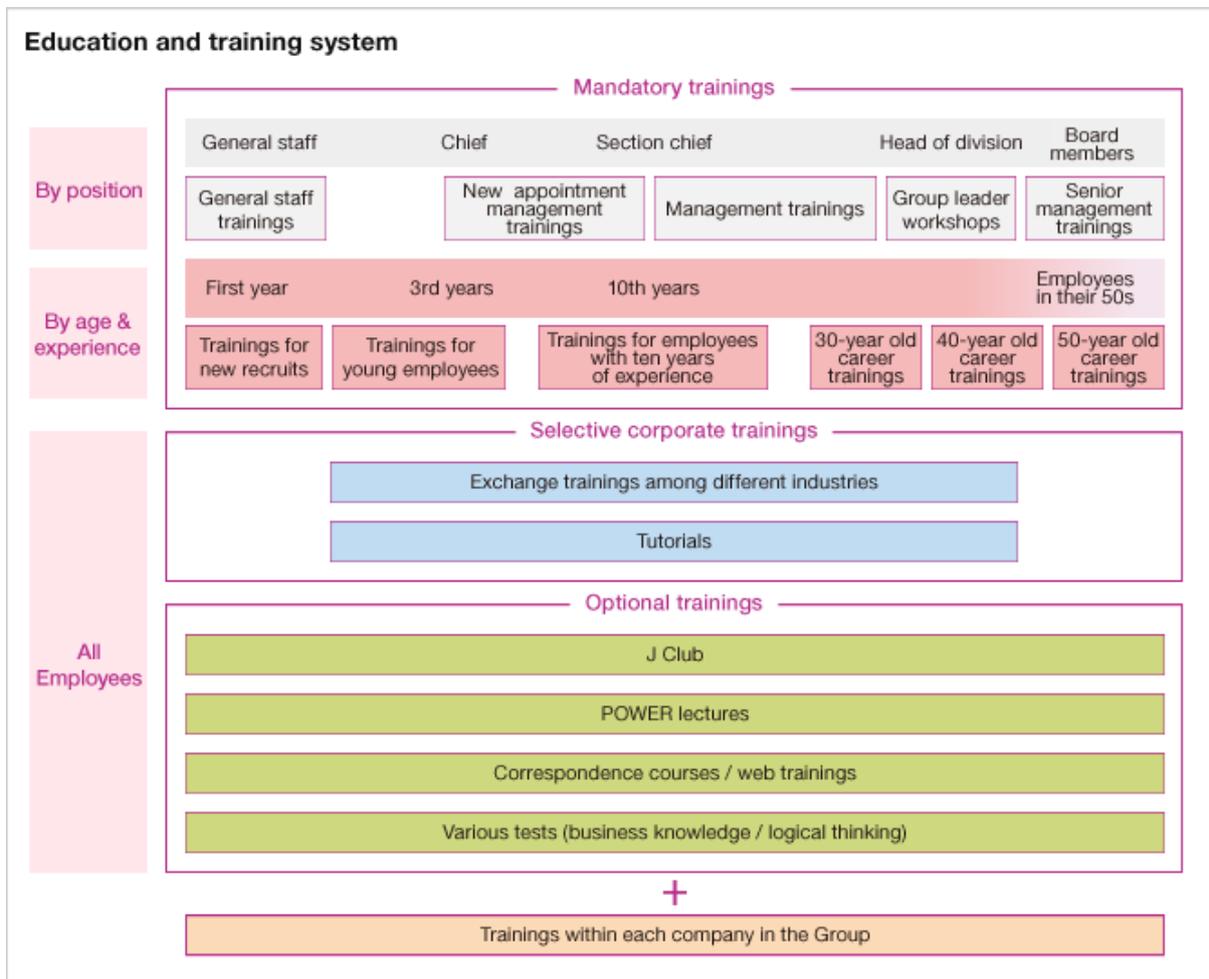
Training system

The KOKUYO Group considers its employees as the base of its business and focuses on assisting them so that each and every one of them reaches his/her peak efficiency.

The company's training system comprises not only mandatory trainings but also selective corporate trainings and optional trainings. The mandatory trainings are the same in the entire Group and start with trainings for new recruits, continuing with trainings by age and experience, as well as trainings by position.

Starting in 2012, the training system is expanding to include senior management trainings, group leader workshops, and carrier trainings by generation, as KOKUYO aims "to train its personnel", "to reinforce its executive management", and "to increase employee conversion flexibility".

Also, trainings on different industries are offered as part of the selective corporate trainings to allow employees to acquire knowledge essential for work while encouraging exchange with personnel from other industries. Moreover, tutorials are offered for employees who are in charge of the intermediate practical training and the training guidance of young employees from the first to the third year in the company. On top of all these trainings, optional trainings are available for employees who want to improve their skills and knowledge in a certain field. KOKUYO thus offers an educational and training system which actively supports employees who have the desire to learn.





Aiming at fully-fledged employees within three years from joining the company through trainings for young employees

A training programme for young employees has been implemented since 2005 to train young recruits to immediately be effective professionals. In combination with a one-month introductory training, regular follow-ups, and a support programme under the form of follow-up interviews, a tutoring system is implemented through which senior employees occupying various posts in various divisions hold practical instructions and training programmes for the first three years.

Philosophy and initiatives regarding diversity promotion

At KOKUYO Group, “diversity” is understood to be “the recognition of the diverse circumstances and values of our employees and the creation of an environment in which a variety of work styles may be successful so that each employee can fully demonstrate their inherent capabilities”. KOKUYO Group believes that all employees should be involved in a variety of ways in the challenges of business management and work to tackle these challenges with the Group as a whole.

The four basic themes of diversity promotion

System Development and penetration

- Creation of systems that enable flexible work styles
- Penetration of various systems within the company

Sharing the significance of the initiatives regarding diversity

- Sharing the significance of creating an environment that is easy to work in
- Sharing the significance of creating an environment in which employees make the most of their capabilities

Work - life - balance Implementation

- Creation of an environment in which work and personal life can coexist
- Implementing highly productive work styles

Support for diverse human resources

- Harnessing diverse human resources, irrespective of nationality, race, sex, age, religion and school background.
- Promoting the success of women in the workplace



* Data from KOKUYO Co., Ltd., KOKUYO S&T Co., Ltd., KOKUYO Furniture Co., Ltd., KOKUYO Engineering & Technology Co., Ltd., KOKUYO Business Service Co., Ltd., KAUNET Co., Ltd.

* As of December 31, 2011

Toward global personnel utilisation

Regardless of nationality, race, sex, age, religion, or education, KOKUYO has been aggressively promoting the employment of a merit system, with non-Japanese forming approximately 20% of the new recruits in 2012(*). The number of foreign employees has been growing gradually every year in the entire Group, and in the future, KOKUYO will continue to work to create new frameworks in order to achieve true diversity.

* Population parameters are shown in relation to the total number of new recruits taken on by the Group's consolidated business corporations

Employment initiatives for people with disabilities

The KOKUYO Group has been making serious efforts to employ people with disabilities since around 1940, more than 70 years ago.

In recent years, KOKUYO K Heart Co., Ltd., established in 2004, and Heartland Co., Ltd., established in 2007, have been certified as special subsidiary companies(*) and promote employment for people with disabilities.

* In Japan, according to the Act on Employment Promotion etc. of Persons with Disabilities (Disabled People Employment Promotion Law), owners of private companies with at least 56 employees have the obligation to employ people with disabilities in a number that corresponds to at least 1.8% of the total number of employees. However, depending on the type of business, people with disabilities may not be able to perform all tasks, and facilities for people with disabilities are not always available. Therefore, a system for special subsidiary companies has been established to allow including the number of employees with disabilities in subsidiaries which give consideration to these employees in the number of employees of new companies. "Special subsidiary companies" are subsidiaries that meet the requirements for this system and which have been certified by the Ministry of Health, Labour and Welfare.

KOKUYO K Heart Co., Ltd.

KOKUYO K Heart Co., Ltd. centres on employees who have physical disabilities such as hearing disorders and mainly offers printing services, but it has lately started to offer various other services with a focus on those used by the Group, such as quality inspections, store display models assembly, direct mailing operations, and reception for broken products.

Since it was established in 2004, KOKUYO K Heart has successfully operated without any incidents or accidents. On May 27, 2011, the company was commended by the Osaka Labour Bureau for 2700 days of work without accidents.

Also, for employees who have trouble commuting due to their disabilities, a telework(*) system has been introduced. The results of this system were recognised with company receiving the Telework Promotion Award in 2009.

* "Telework" means using a telecommunication network to work in places other than an office.



Mr. Hidehiko Kuroda, president of KOKUYO K Heart, accepting the award from Mr. Tanooka, Head of the Osaka Labour Bureau for the achievement of 2700 days of work without accidents.



The award

Heartland Co., Ltd.,

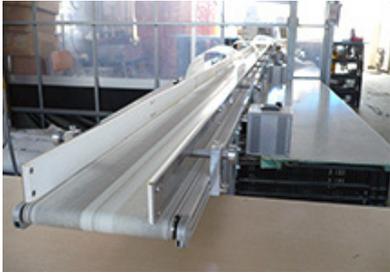
Starting from the belief that agriculture is an optimal solution for people with mental and intellectual disabilities to play a central role in and to work, Heartland Inc. was set up in 2007 as a company which produces and sells vegetables.

Heartland mainly produces spinach for use in salads, which is grown in greenhouses, so it has the advantage of being able to harvest all year long, with no relation to seasonal or weather conditions. Even if it rains, even on cold winter days, employees with disabilities are provided with a place to work.

In 2009, the company received the Osaka Prefecture Heartful Company Award in appreciation of its focus on agriculture as a way of expanding the occupational field for people with disabilities and of its high percentage of employees with mental and intellectual disabilities.



Heartland employees



Automatic packaging machine



Employee at work

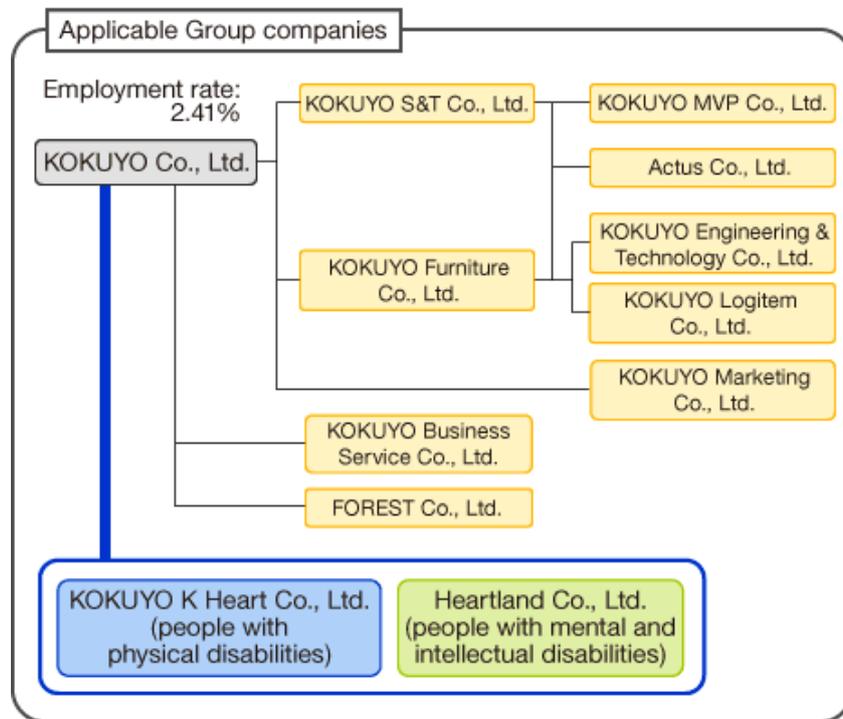


Employee at work

■ The current percentage of employees with disabilities within KOKUYO Group

As of December 31, 2011, the percentage of employees with disabilities within KOKUYO group is 2.41%. Although the 1.8% legal employment rate has been achieved, the Group continues to work to promote the employment of people with disabilities so as to provide a workplace for more and more members of this community.

(As of December 31, 2011)



Promotion of Human Rights Awareness Activities



Promotion of Human Rights Awareness Activities

The Kokuyo Group strives to enhance human rights awareness by conducting human rights training at each level of the company. These training sessions provide education on the importance of respecting human rights, corporate social responsibility (CSR) and compliance, with the aim of realizing a Company and society free of discrimination. In addition, the Group has established the Kokuyo Hotline as a system that provides employees with a window for reporting job harassment incidents and freely seeking counseling on human relations in the workplace.

Furthermore, Kokuyo has dispatched lecturers to workshops to speak on the topic of “Kokuyo Group's Stance on the Employment of People with Disabilities,” and “The Kokuyo Group's Diversity and Inclusion Initiatives,” in an effort to introduce the Group's human rights activities and collaborate closely with local communities on raising awareness.

In fiscal 2011, human rights awareness activities the Group conducted internally included a training session for new recruits entitled “Human Rights for Invigorating the Company and Our Daily Lives,” as well as the continuation from fiscal 2010 of training sessions among veteran and newly appointed managers and supervisors for preventing sexual and power harassment and promoting a harassment free work environment. In conjunction, the Company also held training sessions and seminars for managers on topics ranging from maintaining mental health to the promotion of a management policy of diversity and inclusion.

While these activities were conducted within Japan, the employees comprising the Kokuyo Group have diversified with each passing year and the ratio of non-Japanese employees is rising. A key issue and target for the Group going forward will be the creation of a corporate culture in which people of diverse backgrounds can work together without regard to nationality, race, gender, religion or any other division to strengthen the organization, while mutually respecting the different values of one another.



A scene from human awareness training

Safety and Health Activities Abroad



Safety and Health Activities Abroad

Activities aimed at increasing each employee's safety and health awareness are promoted and carried out constantly at each of the plants at KOKUYO Group's overseas manufacturing bases so as to maintain and ensure safety and health. Focusing on on-the-job training for safety and health education, awareness regarding the importance of the 5 Ss (adjustment (JP: seiri), arrangement (JP: seiton), freshness (JP: seiketsu), cleaning (JP: seiso), and discipline (JP: shitsuke)) is thoroughly instilled during everyday operations. We are working hard to create a safer and more comfortable workplace, instilling the habit of looking carefully at the workplace through activities such as regular safety and health committees and workplace patrolling, and sharing and checking problems to help discover solutions.

Various other actions have been taken, such as gatherings for workplace members to discuss safety, events to increase awareness, company-wide safety initiatives, and having individual employees recall situation in which they were afraid or surprised in order to curb dangerous behaviour.

Also, KOKUYO gives its employees the opportunity to thoroughly check their physical condition by themselves through regular physical examinations.

Mutual communication is essential for guaranteeing and maintaining safety and health in overseas manufacturing bases. Depending on the plant, employees of various ethnic backgrounds work together. Above all, creating a work environment in which employees can bring up incidents they felt were dangerous or inappropriate and discuss them freely helps eliminate dangers before they can cause a problem. KOKUYO will continue its safety and health communication activities.

Painting competition, in India

A certified entry in the Guinness World Records

The “All India Camel Colour Contest” for children, organized by KOKUYO Camlin Ltd., has been certified by Guinness World Records as the largest art competition in the world.

With 6,601 schools taking part in the competition, and a total of 4,850,271 entrants submitting artwork, this certification is due to recognition of the huge and rarely seen scale of the event.

A competition with a 38-year-long unbroken history

Within the framework of school education in India and with the aim of raising awareness of artistic activities and of art itself, the All India Camel Colour Contest has been held continuously for 38 years, and has become a very important event for Indian schools and schoolchildren.



Children working on their artwork at school



The certificate from Guinness World Records

KOKUYO Camlin's efforts to promote artistic activities

The competition is aimed at a very broad cross-section of children, ranging from pre-elementary school age to Year 10 (equivalent to junior high in Japan), with entry categories divided into 5 groups – one for each school year. The paintings that are chosen for each award are displayed in an exhibition that goes on tour around India's major cities.

In addition to this painting competition, KOKUYO Camlin actively promotes other artistic activities in India. The Camel Art Foundation, established in 1997, carries out various activities, such as the annual holding of an exhibition which showcases the work of young artists, the most gifted of whom are invited to go on a tour of Europe.



A booklet which reports the final results of the competition



Guinness World Record certification leads to further expansion and development

2012 is a special milestone year for KOKUYO Camlin Ltd., as it marks 50 years since it made its first foray into art supplies such as crayons and paints, which make up its core range of products. The company will continue to focus its efforts on the painting contest, which has a new level of excitement about it thanks to its Guinness World Record achievement, and on other activities that promote art.

Grassroots support activities, in China

Notebooks for children in deprived regions

KOKUYO is donating notebooks to disadvantaged regions of China, in the educational research field of the Grassroots Human Security Grant Aid system (hereinafter “grassroots grant aid”), sponsored by Japan's Ministry of Foreign Affairs. These grassroots grant aid activities are a system introduced in 1989 to respond to the diverse needs of developing countries, and KOKUYO has been involved in them since 2007.

The current situation in China

A village with no school, deep in the mountains, of the kind we often see on our TV screens. There are still many such villages in today's China. Children live in school boarding houses, and only at weekends do they make the long journey back to their family homes – journeys that can take several hours. They enjoy spending the weekend with their family, and then it's another few hours on the road back to the school boarding house.

Such children are the lucky ones – family circumstances mean that some children can't leave the family home, which in turn means they're not able to attend school.

Participation in Grassroots Grant Aid

Activities that create the opportunities and environment for children in such regions to study equally make up this grassroots grant aid (educational research field), presided over by the Ministry of Foreign Affairs. Thanks to grant aid from a large number of participating companies, school buildings are built and school supplies are provided, along with locations and equipment that allow children to receive an education – children who until now have not been able to study properly due to various circumstances.

By providing Campus Notebooks, KOKUYO is doing its part to help with such efforts.



Presentation ceremony in Guangzhou

Children delighted with their present of Campus Notebooks

At the school opening ceremony, KOKUYO presents the Campus Notebooks to a student (pupil) representative.

When we tell them “Isn't it great that you have a new school! Please use these notebooks and study really hard”, the children look so happy as they receive the notebooks from us.

We would like to use opportunities like this in years to come, to continue doing activities that bring so much pleasure to children from deprived regions.



Presenting students with a list of donated notebooks, in Hainan Province

View from the person in charge

Four hours from the airport by car. Speeding along a bumpy road, I find myself heading to a school opening ceremony, held in the sort of place where you think “can there really be a school in somewhere like this?” Until now, children must have spent hours walking to and from this school. Seeing the unalloyed joy in the eyes of the children as they gaze at the new school building leaves a great impression on me. To be honest, I'm completely exhausted by the journey that brought me here, but when I see the smiles of the children as the notebooks are presented, the exhaustion from the long journey just melts away. It's a moment in which I feel so glad to have done this activity.

Yoshiaki Nishimoto KOKUYO (Shanghai) Management Co.,Ltd.

Donating libraries to Vietnam

■ Donating libraries to Vietnam with the support of 'Room to Read'

KOKUYO Furniture supports the activities of the NGO “Room to Read”, which provides educational assistance to children in developing countries, and has implemented a campaign program in which it donates a portion of the profits from sales of its new Campus Desk & Chair products so that libraries can be set up in developing countries.

■ The development of a desk & chair to help with learning

Centered around paper products such as notebooks, the Campus series has become a familiar brand, but there was a desire among us to do more to help students with learning, and it was this that prompted the company to widen its sphere of activity from paper products to furniture and spaces.

Our first foray into a new product was to develop a Campus Desk & Chair for university lecture halls. Making products easy for students to use has always been of the utmost importance for the Campus brand. In order to thoroughly look into the kind of environment in which students could study comfortably, at the development stage we asked a diverse range of university students, lecturers, and administrative staff to actually touch prototypes we'd made. We listened to what they told us, and made a whole series of improvements.

Through our involvement in that activity, not only did the product gradually near completion, but we also came to have a keen renewed awareness of the significance for students of creating a comfortable learning environment. We felt that it was our mission to boost the number of learning spaces for students with a desire to learn.

■ Campus for Learning

As we were thinking about whether the Campus brand, as a supporter of learning, could make some kind of contribution to society, we found out about Room to Read – an organisation involved in activities to expand various learning opportunities, such as the donation of books to children in developing countries and the setting up of libraries.

From the desire to play a more hands-on role in helping with learning spaces came the implementation of the “Campus for Learning” campaign. Specifically, this involved donating a portion of the money made from sales of the new Campus Desk & Chair product to the setting up of libraries in Vietnam. This lasted for one year, starting in December 2010 when the product first went on sale.

Learning spaces were created using the Campus Desk & Chair thanks to this campaign, and in so doing we were able to develop activities that increased learning opportunities for children in the developing world.

As a result, we were able to donate the costs of setting up two libraries in Vietnam, using the money earned from sales in 2011. (The libraries are due for completion by 2014).



View from the person in charge

I want to use the Campus series to support children looking for opportunities to learn

When we carried out a preliminary survey on attitudes to philanthropy, we found that university students and officials had a very strong desire to make some kind of contribution to support children who are deprived of opportunities to learn. When we then asked them “would you be proud of a university that was involved in such efforts?”, the great majority of them said they would be.

However, we found that there are quite a lot of people who would like to contribute to society but haven't been able to translate that into action, so we decided to implement this campaign, feeling that it was significant.

Although the philanthropic activities took various different forms, including material support such as stationery, and help with scholarships and so forth, there was a strong affinity with the activities of KOKUYO Furniture, and so we decided to support the setting up of libraries, which boost continuity and learning opportunities. Although the libraries won't actually be set up until fiscal 2014, I look forward to letting everyone know that the learning spaces made possible through the Campus series have provided more learning opportunities for children and brought smiles to their faces.



Takumasa Kasama
KOKUYO Furniture Co.,Ltd.
Group Leader
Education TCM Task TCM Value Unit

I want to continue supporting Vietnamese children in their studies

Compulsory education in Vietnam consists of 5 years at elementary school. A lack of facilities in urban areas due to an increase in the number of children means that the same classroom has to be used simultaneously for 2 separate lessons.

Meanwhile, although the economy overall is gradually developing, there are huge disparities in wealth, with many children from rural areas unable to attend school. The situation is particularly serious in the mountainous areas in the north of the country, where many ethnic minorities are concentrated.

Out of a desire for children from those disadvantaged ethnic minorities to be able to read and write, four years ago I launched the “Pantin Village Small Local School Project” in my home village of Pantin, near the city of Da Lat. I am also busy with fundraising activities to cover the costs of building the small local school, and facilities in the village where the community can come together. Although there are limits to what can be achieved with the efforts of one individual, as a Vietnamese I am very happy to be able to support children in my home country who are deprived of opportunities to learn.

I'd also like to say that, as a KOKUYO employee, I'm really looking forward to being able to support the setting up of a library with the help of Room to Read. I firmly believe that first being able to read and write, and then having the chance to pursue one's studies is something that safeguards children's future and leads to a country's development.



Minhan Nguyen
KOKUYO Furniture Co.,Ltd.
Strategic Operations Department
Overseas Business Division

Design promotion

The KOKUYO DESIGN AWARD Initiative

Gathering excellent ideas for products – unique ideas conceived from a user's perspective – from a wide cross-section of general users, KOKUYO has been organizing a product design competition, known as the KOKUYO DESIGN AWARD, with the aim of commercializing some of those ideas.

A global competition approaching its 10th year

This KOKUYO DESIGN AWARD has been held every year since 2002 as an opportunity to put into practice our customers' product-making activities, with 2012 marking its tenth anniversary (2010 was the only year when it wasn't held). It has also come to be recognized, both in Japan and overseas, as a competition that acts as a gateway to success for those who have their sights set on becoming designers. Irrespective of age, gender or nationality, we seek designs from a broad cross-section of entrants in Japan and abroad, and in recent years we have annually received over 1,500 entries from over 20 different countries.



KOKUYO DESIGN AWARD

Attractive product ideas coming from user feedback

What makes this competition special is the fact that the winning entry is commercialized as an actual product. Although awards are given every year to about ten highly commendable designs, of those only a tiny proportion actually reach the commercialization stage – about one per year, if that. This is because even though a product has been highly regarded in the form of an award, we have to subject it to careful testing in our in-house product development process to see if it is really worthy of being made into a product that many people will pick up and use. Of the 9 times that the competition has been held, just 6 designs have actually become commercially made products. However, some very successful products have emerged among those, namely the “Kadokeshi” plastic eraser, which has made its way into the permanent collection of New York’s Museum of Modern Art (MOMA), the “Paracuruno” Campus Notebook, which won the Good Design Award, and the “Beetle Tip” highlighter pen, which is particularly popular with high school girls. It is very difficult to take an idea and turn it into a product to be sold on the market, having taken into account the question of materials and price, and without detracting from the merits of the original idea. However, by listening carefully to users and firmly adhering to our principles, one is reminded that lying dormant beneath all that effort is the rough diamond of a product – something appealing that will be loved by many. With the Design Award, while being a manufacturer, we verify by ourselves the product creation process, originating from the customer, and the competition is a very valuable opportunity to share with everyone the importance of reflecting on that.



The Kadokeshi eraser



The Paracuruno Campus Notebook



Beetle Tip highlighter pens

Enthusiasm for commercialization through connection with product brands

The theme for entries for the 2012 competition is “Campus: More than just notebooks”. Campus has become a brand of university notebook that is loved by many and has been used in all manner of learning environments since its launch in 1975. But after 37 years since its first appearance, Campus is now being restructured as a “learning support” brand, and in future won't just be about notebooks, but will range from stationery to furniture and spaces. In an open field free of category divisions, we're not just pursuing convenience and efficiency, but are stimulating the learning awareness of users and encouraging them to grow. By attracting novel ideas that express this new Campus brand, we hope to take the most accomplished entries and turn them into viable commercial products.

Related information: [Application outline and details for KOKUYO DESIGN AWARD 2012](#)

Related information: [KOKUYO DESIGN AWARD archive](#) (described in Japanese)

Related information: [KOKUYO DESIGN AWARD – some words from the staff](#) (described in Japanese)

Environmental Management

The Group's Vision for the Environment

In order to build a sustainable society, KOKUYO re-examined its vision for the environment in 2010 based on national policies which required the implementation of activities combining initiatives aimed at creating a recycling-oriented, low carbon output society that exists in symbiosis with nature. The policies are comprised of environmental principles that ought to be maintained as well as environmental policies which are concrete activities, and contain seven items: prevention of global warming; resource saving & recycling; acquisition, development, and supply of environmentally friendly products; legal compliance & contamination prevention; information disclosure & communication; environmental management; and biodiversity.

Based on this vision for the environment, each company has developed goals for their various business pursuit and they are all making efforts to reduce their environmental load.

KOKUYO Group's Vision for the Environment

Environmental principles

Since its foundation and based on KOKUYO's enduring corporate philosophy of "being useful to the world through our products", KOKUYO has identified the global environmental challenges to realising a sustainable society such as global warming, resource depletion, and biodiversity conservation as persistent problems shared by the whole world. Taking the initiative, KOKUYO is working to find solutions for these problems by mobilizing the wisdom of various people active in the business world.

Environmental policies

	Prevention of global warming	KOKUYO is taking measures to significantly cut the amount of greenhouse gasses it emits in order to realise a low carbon output society.
	Resource saving & recycling	KOKUYO is taking measures to promote the idea of Reduce - Reuse - Recycle by efficiently using limited resources in order to further the development of a recycling-oriented society.
	Acquisition, development, and supply of environmentally friendly products	KOKUYO is taking measures to promote the development of new environmental technologies and green procurement in order to reduce the environmental load of the entire product recycling process.
	Biodiversity	KOKUYO seeks to reduce its impact on the ecosystem and to maintain a low impact on it by engaging in business activities that give consideration to biodiversity.
	Legal compliance & contamination prevention	In addition to environmental laws and regulations, KOKUYO seeks to observe the industry guidelines which have been accepted by the company and its own standards as well as to prevent environmental pollution.
	Information disclosure & communication	KOKUYO actively discloses environmental information, works on communication with its customers and all external entities, and is fully engaged in environmental preservation activities.
	Environmental management	All KOKUYO employees work together and seek to develop new ecological business models, and the company is taking measures to continuously improve its environmental load and to develop the business.



Middle to Long Term Environmental Action Plan (Fiscal 2020)

Environmental policy	Measures		Goals and results for fiscal 2011		Evaluation	Goals for fiscal 2020
			Goals	Actual achievements		
Prevention of global warming	Global warming preventive measures	CO ₂ emissions reduction (compared with 1990 level)	Over the previous year (except impact on productivity) ▲3%	▲7.9% (Total amount) ▲4.3%	○	30% reduction (nationally)
	Energy saving measures	Energy consumption reduction	Unit requirement over the previous year ▲1%	Sales unit requirement ▲3.6%	○	1% reduction over the previous year (unit requirement)
Resource saving & recycling	Resource saving & recycling measures	Improvement of recycling rate in regards to total waste materials * Including production site waste (general contractors)	Survey of current situation for recycling rate	47 sites completed out of 70 Recycling rate: 96.3%	▲	100%

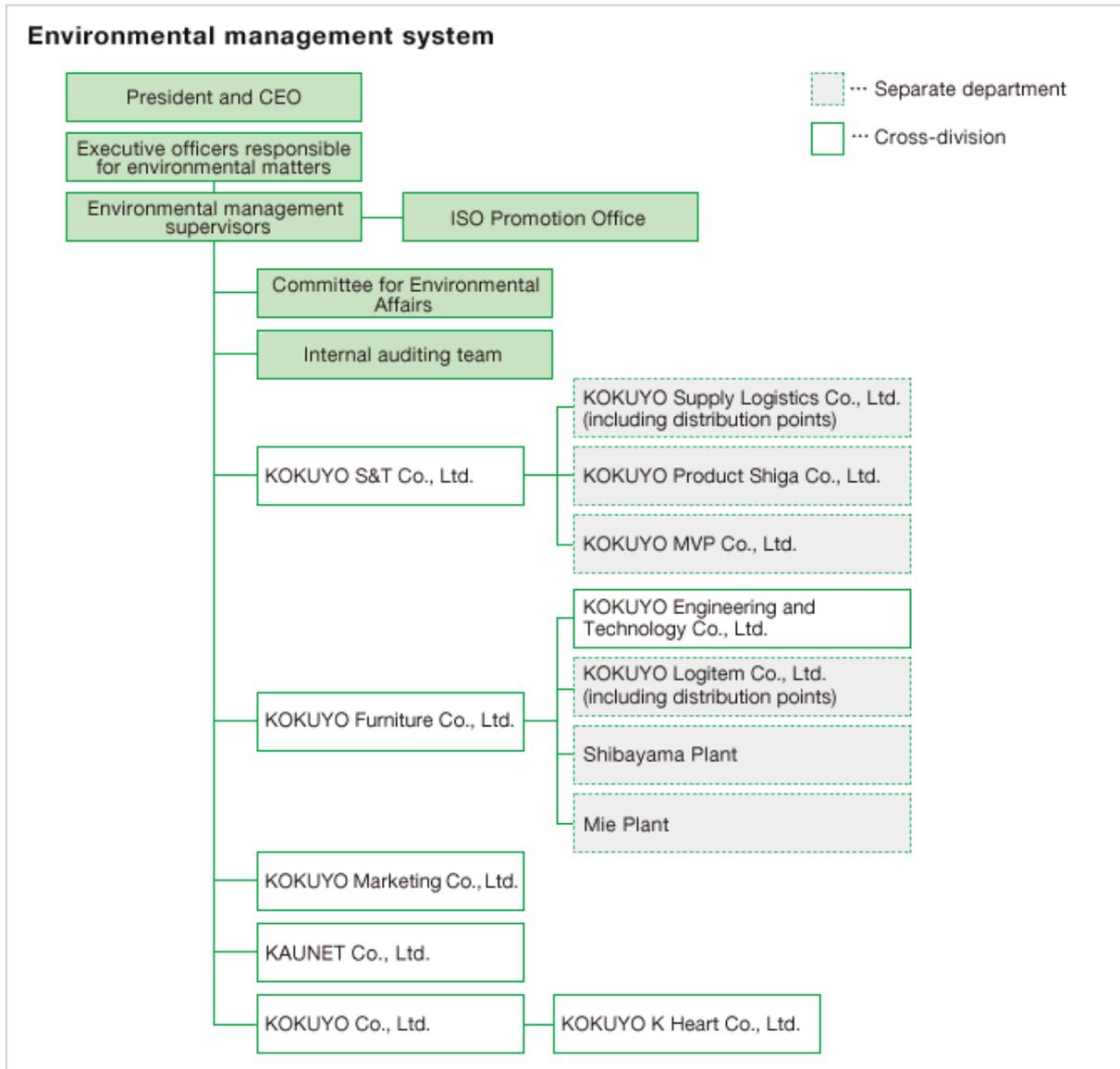


Environmental management system

KOKUYO is focusing on an environmental management method that supports the individuality of each company based on the ISO 14001 Group Integration Certification

Group integration environmental management system establishment and maintenance

In 2004, KOKUYO amplified the scope of its environmental management system registration to include consolidated subsidiaries and turned it into an integrated certification system which covers planning and R&D, manufacturing, sales & services, and storage & delivery. In terms of investments, the KOKUYO Group has maintained consistency as a group and has chosen a scale-appropriate management system by turning corporations and plants with comparatively large environmental loads into “individual departments” and corporations with small environmental loads into “cross-divisions”. Moreover, KOKUYO has been striving to be very careful about independence so as to establish environmental objectives in accordance with each company's business plan and to make it possible to implement environmental management methods suited to the nature of each business. KOKUYO has implemented the “MELON” environmental documentation and record management database system in order to respond to the increase in workload due to registration range expansion and has been increasing the usability, efficiency and accuracy of document management and access.





Activity evaluation through environmental friendliness efficiency indicators

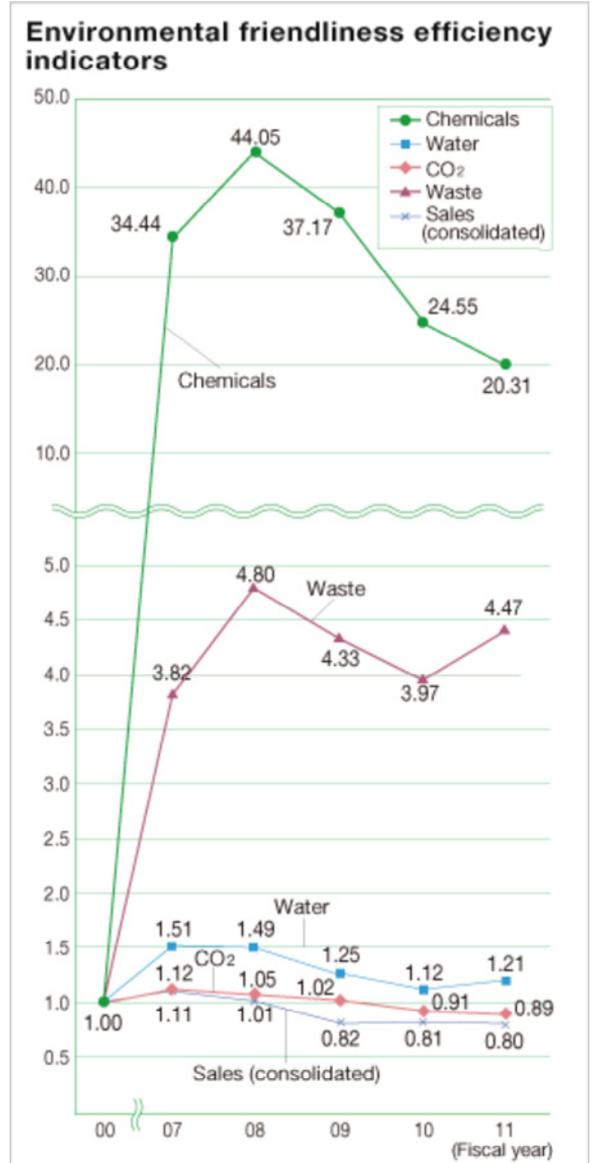
KOKUYO Group designates unique environmental friendliness efficiency indicators as indices that can comprehensively evaluate financial performance and impact on the global environment. These indicators indicate “the extent to which products and services are being offered to society with respect to specific environmental loads” 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

Fiscal 2000 is taken as the baseline for each indicator and the progress status for each fiscal year can be determined. For fiscal 2011, CO2 emissions were reduced for offices and distribution thanks to a variety of measures taken by the entire KOKUYO group as well as each company in the Group such as the re-examination of air conditioning operation methods and work styles to respond to the summer power reductions, but in-house production increased at the plants, so the overall amount of CO2 emissions and usage of chemicals increased.

Environmental friendliness efficiency indicator =

$$\frac{\text{current fiscal year (sales / environmental load data)}}{\text{baseline fiscal year (sales / environmental load data)}}$$



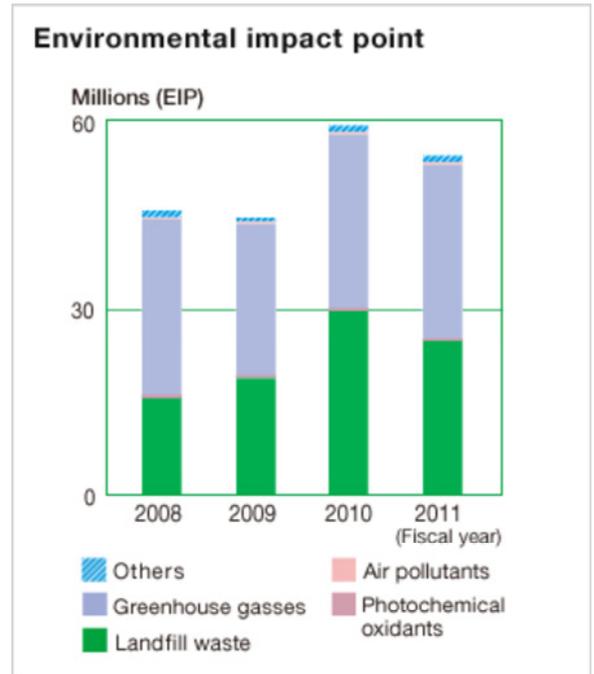
We maintain a comprehensive awareness of the transfer of environmental loads—Using JEPIX for evaluation

KOKUYO Group reduces, analyses, and evaluates different types of environmental load by means of the JEPIX simple calculation sheet in order to maintain a comprehensive awareness of them. In fiscal 2011, greenhouse effect gas emissions increased slightly, most likely due to the reevaluation of the calculation method and to the impact of production increase and plant in-house production. Landfill waste is decreasing and recycling is being promoted, with the number of businesses that are achieving zero emissions on the rise.

About JEPIX

JEPIX (Japan Environmental Policy Index) is a method of quantifying the 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 for each environmentally harmful chemical by the integrated coefficient calculated from the ratio between Japan's environmental policy target and the actual amount of emissions (environmental friendliness factor).

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



Note: The EIP for the environmental load on the JEPIX simple calculation sheet is calculated from among our company's environmental loads listed on the "Environmental Report" page. JEPIX is aimed at calculating environmental loads in Japan, but the EIP has been calculated including the numbers from some subsidiaries outside Japan.

Global warming preventive measures

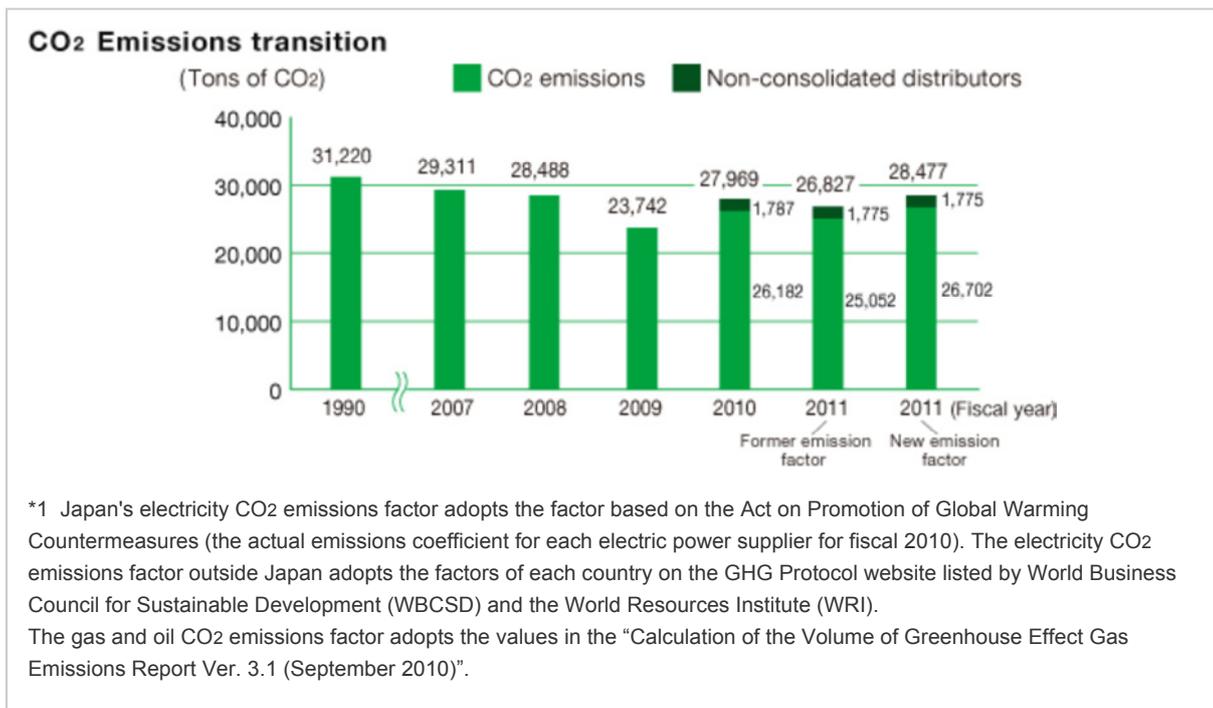
KOKUYO is taking measures to significantly cut the amount of greenhouse gasses it emits in order to realise a low carbon output society.

Fiscal 2011 Goals	Fiscal 2011 Actual achievements
CO ₂ emissions 28,788 tons of CO ₂ 2.9% increase over the previous year	CO ₂ emissions 26,827 tons of CO ₂ 4.1% decrease over the previous year

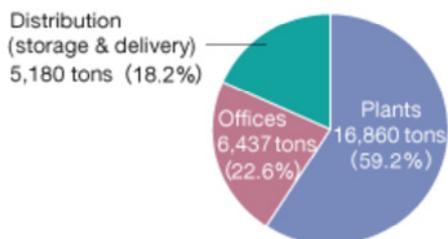
Summary for fiscal 2011

KOKUYO Group's CO₂ emissions for fiscal 2011 were of 26,827 tons, which means a cutback of 1,142 tons compared to the previous year. Although only an estimate, a cutback of 1,421 tons is due to administrative improvements, a cutback of 652 tons is due to facilities improvements, and an increase of 931 tons is due to production and consolidation, making the actual cutback volume 2,073 tons including the improvements in administration and facilities. Emission sources can be differentiated as follows: an increase of 117 tons in plants, a cutback of 519 tons in distribution, and a cutback of 740 tons in offices.

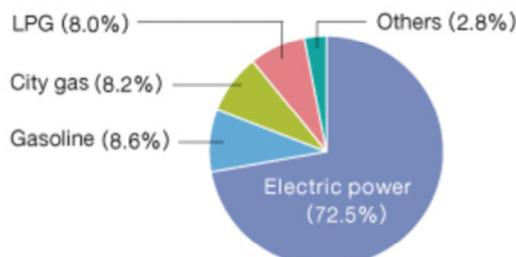
KOKUYO Furniture Shibayama Plant, KOKUYO Shinagawa Office, and KOKUYO Supply Logistics Central Japan IDC of the KOKUYO Group have been affected by the electricity usage restrictions based on Article 27 of the Electricity Business Act implemented within areas covered by Tokyo Electric Power Co., Inc. and Tohoku Electric Power Co., Inc. Maximum power usage was kept within 85% of the limit last summer through independent action at the Shibayama Plant and a joint use restriction scheme at KOKUYO Shinagawa Office and KOKUYO Supply Logistics Central Japan IDC.



Volume of CO₂ Emissions according to source of emission



Volume of CO₂ Emissions according to type of emission



Emission factor modifications

In the past, KOKUYO Group's electric power emissions factor adopted the overall power average of 0.378 kg - CO₂/kwh for 2000 reported by the Federation of Electric Power Companies in order to clearly distinguish the results of KOKUYO's efforts; however, recently, it has become necessary to disclose volumes of emission closer to the actual ones; therefore, starting with fiscal 2011, Japan's electricity CO₂ emission factor adopts the coefficient based on the Act on Promotion of Global Warming Countermeasures (for fiscal 2011, the coefficient was the actual emissions coefficient for each electric power supplier for fiscal 2010) while the electricity CO₂ emissions factor outside Japan adopts the coefficients of each country on the GHG Protocol website listed by World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). As a result, the volume of CO₂ emissions was of 28,477 tons (including 1,775 tons of non-consolidated distributors), equaling an increase of 508 tons as compared to the previous year. Further efforts to reduce emissions will be necessary in the future as the emissions factor is anticipated to grow for electric power suppliers.

Global warming preventive measures at plants

The volume of emissions at plants increased by 117 tons over the previous year (119 tons cutback at plants in Japan and 236 tons increase at plants abroad).

Various CO₂ emissions reduction activities were carried out at each plant in 2011 as well.

At the Shibayama Plant, facility downtimes and set-up times were reduced, excessive stocks were reduced by means of KOSMOS operations (an in-house pre-delivery guarantee and delivery time reduction system) and a cutback of 100 tons was achieved by improving production efficiency through means such as improving the takt (man-hours) involved in the production of vertical storage cabinets.

Also, as a result of efforts to improve production efficiency in each plant, an increase of 117 tons occurred over the previous year, but 798 tons are believed to be the result of increased production, meaning that there was actually a cutback of 681 tons.

Global warming preventive measures for distribution

Distribution (storage & delivery) resulted in a decrease of 519 tons over the previous year.

Efforts were made at KOKUYO Supply Logistics to achieve cutbacks by installing energy saving lighting fixtures, by implementing summertime power saving measures, and by reinforcing the maintenance and improvement of daily CO₂ reduction activities.



Global warming preventive measures for offices

A reduction of 740 tons was achieved for offices over the previous year.

At each office, power reduction countermeasures due to the Eastern Japan Disaster were improved, the “cool biz” period was longer than in other years, air conditioning operation methods and work styles were thoroughly reexamined, activities such as “no overtime day” and “returning home early” were promoted, and LED illumination was installed. Moreover, at the Shinagawa Office, the dining hall kitchen was made all–electric, the air conditioning operation time was reviewed by using a “visibility system”, and the daytime peak power consumption was reduced by efficiently operating heat storage tanks.

We would like to present our experimental “Eco Live Office Shinagawa”(*) as an environmentally friendly solution.

After the Great Eastern Japan Earthquake, and subsequent summer power shortage, we began a program called “ECO-DEN” where by the whole KOKUYO Group of companies promoted their employees environmental awareness to save energy from July to September. In “ECO-DEN”, employees can earn points if they engage in energy saving behavior such as leaving office before 17:45 or turning off the lights in common area. The employees who received highest number of points were given awards in a special ceremony.

As a result of our “ECO-DEN” program, we were able to KOKUYO's CO₂ output by approximately 12 tons or 33,999kwh during the period.

* Related Information(described in Japanese): [Eco Live Office](#)

Resource saving & recycling measures

KOKUYO is taking measures to promote the idea of Reduce – Reuse – Recycle by efficiently using limited resources in order to further the development of a recycling-based society.

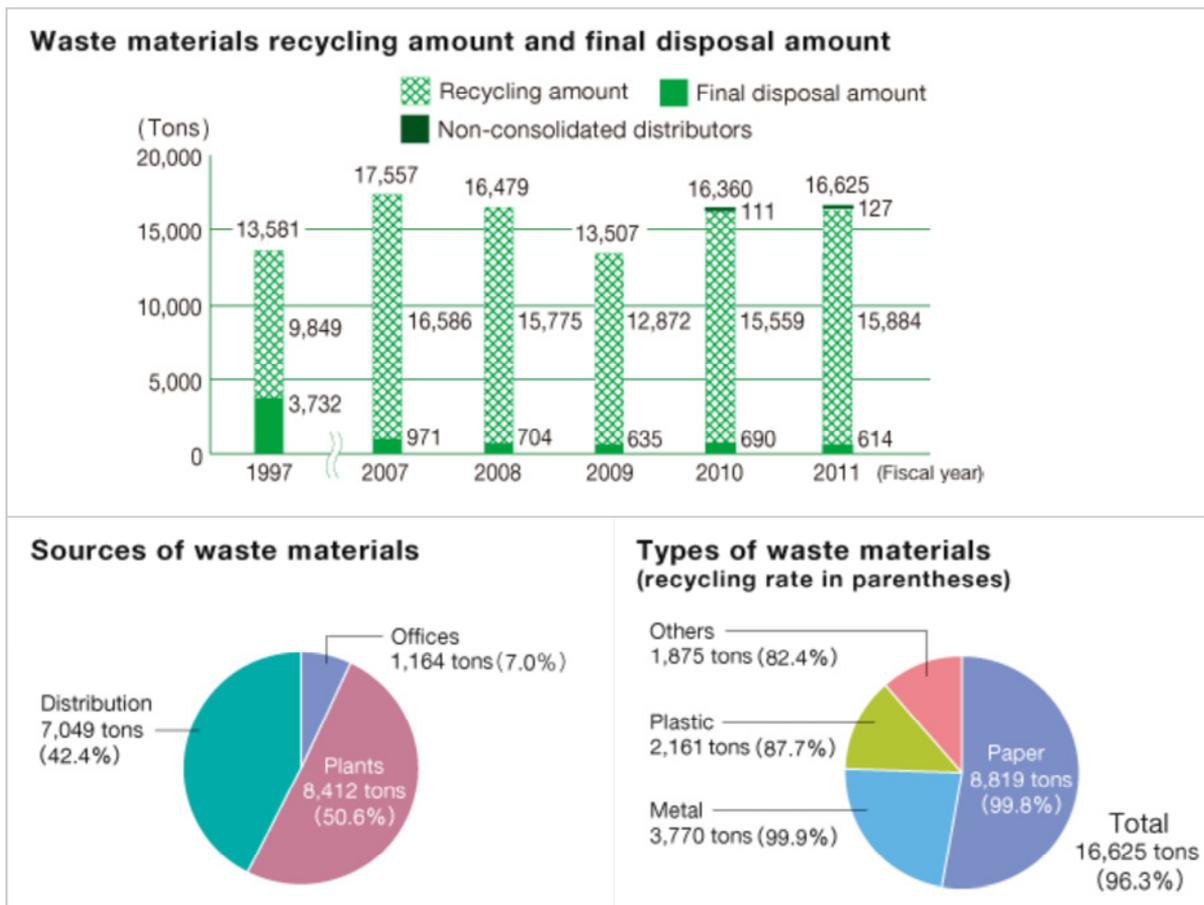


Summary for fiscal 2011

The amount of emissions from the KOKUYO Group for fiscal 2011 including non-consolidated distributors was of 16,625 tons, signifying an increase of 265 tons over the previous year. The recycling rate (*1) grew by 0.5% over the previous year, reaching 96.3%.

Our aim is to continue to dispose of waste properly and reach a recycling rate of 100%, which is our middle and long term target.

*1 Recycling rate: the total ratio between items that have undergone material recycling or thermal recycling from among waste materials and the amount of materials with value.



* Waste from operation sites is not included.

* Includes actual achievements of six non-consolidated distributors since 2010. (Recycling amount for fiscal 2011: 127t; final disposal amount: 14t)



Response to Waste Management and Public Cleansing Act revisions

Since 2011, companies which generate waste materials are now required to make efforts to validate the status of waste disposal and general contractors' responsibilities regarding operation site waste have been clarified. These changes have increased the responsibility of waste-generating companies. Currently, the KOKUYO Group generates approximately 3,600 tons of operation site waste.

The group will promote operation site waste recycling activities and risk reduction in the years ahead.



Reuse and recycling of used products

When products are delivered, KOKUYO continues to make efforts to recycle or reuse - depending on their condition - the used products which customers no longer need.

At KOKUYO Logitem, 845 tons of used products such as office desks and chairs were taken back from customers; of these, 14 tons were reused, while 429 tons were dismantled and disintegrated before being recycled.



Chair dismantlement & disintegration

Development of environmentally friendly products & services

KOKUYO is taking measures to promote the development of new environmental technologies and green procurement in order to reduce the environmental load of the entire product recycling process.



2011 measures

Continuing to pursue the reduction of the “eco-batsu” mark to zero

In the 2008 General Catalogue, the KOKUYO Group adopted the “eco-batsu” mark (an X over the word “eco”) for products which were not sufficiently environmentally friendly in any of the stages of their life cycle, such as during manufacturing, while being used, when thrown out, and while being shipped. KOKUYO Group then started making efforts to bring the number of *eco-batsu* marks down to zero within three years. The goal was reached in the 2011 General Catalogue and the *eco-batsu* mark is also missing completely from the 2012 General Catalogue.

Further progress

The efforts surrounding the *eco-batsu* mark have become the trigger for re-examining KOKUYO's manufacturing processes and even the working methods and office spaces of employees who are not directly involved in manufacturing, as well as the suggestions made to customers. After having reduced the number of *eco-batsu* marks to zero, KOKUYO is engaging in the development of environmentally friendly products that exceed customers' expectations under the key words “environmentally friendly + creative”.



Harinacs continues to evolve

Harinacs is a stapler that doesn't use staples born out of the efforts to bring the number of *eco-batsu* marks down to zero. It has been widely praised since it was launched in 2009 and became a huge hit with sales of 2,000,000 pieces. KOKUYO is also proud to have been awarded the grand prize for its Harinacs Handy Type in the 20th Japan Stationery Award, Japan's most important stationery award for which stationery and paper products with excellent functions and design are selected. KOKUYO was awarded for the stapler's ability to staple eight pages together, an industry first, and for its window, which allows one to view the paper being stapled.

The original Harinacs was a two-hole type stapler and could staple up to ten sheets. Responding to requests for a handier product, the four-sheet handy type was launched. It was met with huge response; however Harinacs' drawbacks were that the number of sheets that could be stapled and its holding power were limited compared to regular staplers. In order to meet customers' needs, KOKUYO re-examined the stapling method itself. What was born out of this was an arrow head type blade with a new structure which made it difficult for stapled pages to fall out when pulled. This new blade also included a device that made it possible to staple a larger number of sheets together, bringing about the industry first eight sheet handy type Harinacs.

Also, by deploying this blade, in February 2012, the desk type 12 sheet Harinacs was born, which is able to staple the largest number of pages together in the industry. This type of stapler leaves one small hole, so the stapler can be applied almost anywhere on a page.

At the same time, in February, the compact Harinacs was launched; although it fits in the palm of your hand and can be easily carried around or used at home, it can staple up to five sheets. It comes in five colours including light pink, white, and light green, and its design makes it easy to use for women.

KOKUYO will continue to listen to what customers' have to say, improve in ways that matter to customers, and develop products that amaze and impress even more.



Harinacs: Left: Desk type for 12 sheets; right: Compact type



Re-examining the concept of office lighting from ground up

From the perspective of improving the value of the office, research on improving productivity in the office has been carried out for years and the implementation of energy reduction and saving measures in offices has become a point of focus since the Eastern Japan Disaster.

The electricity consumed in offices is said to account for approximately 40% of all illumination. Moreover, offices are currently illuminated at fixed light levels and colour temperatures, with lights being turned on and off either simultaneously or in sections, while the number of offices that have adopted illumination which takes productivity into consideration are still very rare.

An intelligent illumination system, advocated by Professor Miki Mitsunori of Doshisha University, Faculty of Engineering, Department of Intelligent Mechanical Engineering, was therefore implemented in November 2008 in our company's experimental office, the Eco Live Office Shinagawa, and its influence on the workers was investigated while they were actually working.

Based on these empirical tests, the Intelligent Work Lighting System was developed.

Importance was given to easiness of implementation (for costs and installation work) and simplicity of operation.

LED illumination is very energy efficient, but implementation costs are also high. It was believed the product might become inaccessible when construction costs were added, so it was made into a product that could only be plugged into an outlet, with no electrical work. This system's merits include not only the fact that construction costs are reduced thanks to the elimination of the need for electrical work, but also the fact that it can be easily installed in locations in which construction work is difficult, such as rented offices. Two types are available: one higher priced model that offers high quality illumination and a moderately priced standard model with lower capabilities. It was found during the experiments carried out at the Eco Live Office that the employees were unable to master a large number of functions, so the system was made easy to use with one touch touch panel operation.

Lately, many businesses have been interested in engaging in environmentally friendly activities and more and more such businesses have begun to first implement their ideas on a trial basis.



Intelligent Work Lighting System



Example of system installed at Descente HQ

AIRFORT has received GREENGUARD Certification*

AIRFORT is an office chair presented at the Orgatec Furniture Fair in Germany before its release in Japan. It perfectly adjusts to the highly individual curve of the spine and was developed with the concept of supporting the lumbar region with both flexibility and firmness. It received the rotating chair design award at the Shanghai International Furniture Exhibition. It has also received GREENGUARD certification, a U.S.-based environmental quality standard, and is an office chair recognized all over the world both for its design and its environmental friendliness.

* Related Information: [AIRFORT](#)



* GREENGUARD Certification is a U.S.-based environmental quality standard designed for office furniture and interior building materials such as flooring and ceiling materials, adhesives, paint, walling, and carpets. This standard was developed based on the standards regarding the emission of organic substances established by the American Society for Testing Materials and on recommendations from the US Environmental Protection Agency (USEPA), Washington State, and the "Blue Angle" eco mark (Germany). It is only offered to products which have passed rigorous tests based on the specifications of the American Society for Testing Materials (ASTM).



AIRFORT

Consideration for biodiversity

KOKUYO seeks to reduce its impact on the ecosystem and to maintain a low impact on it by engaging in business activities that give consideration to biodiversity.



The KOKUYO Group Fundamental Policy on Wood Procurement

KOKUYO Group formulated its fundamental policy regarding wood procurement in 2011 and clearly stated its decision to procure its raw materials from sustainable wood resources. KOKUYO Group has been building and developing businesses that use wood resources such as paper since it was founded. We will continue to strive for development that is in harmony with wood resources by identifying the roles played by forests, such as the prevention of global warming and biodiversity, and by considering factors such as legal compliance, transparency, and sustainability with respect to material procurement.

The KOKUYO Group Fundamental Policy on Wood Procurement

Our group promotes the procurement of wood resources based on the following policies and at the same time seeks continuous improvement.

1. Highly transparent material procurement based on the recognition of problems such as illegal logging and illegal trafficking in timber.
2. Material procurement from more appropriate supply chains for the sake of the sustainable use of wood resources.
3. Material procurement that considers the maintenance and preservation of forests based on the recognition of the social value and of the roles played by forests in the region.



The Yui no Mori Project

The KOKUYO – Shimanto Yui no Mori Project, initiated in 2006 in Kōchi Prefecture, Shimanto for the purpose of revitalizing ruined artificial forests and energizing the region under the theme of a “virtuous circle between the environment and business”, reached its sixth year in 2011.



Participants in the monitoring study

Tree thinning effects have become visible

What is imperative for engaging in forest preservation activities is to make the effects of beneficial tree thinning visible. A monitoring study is carried out once a year in collaboration with the Taisho Town Forest Owners' Cooperative, Shimanto High School, and Tsukuba University in order to monitor the effects over the long term.

The fifth such monitoring study was carried out in October 2010. One part of this monitoring study, a vegetation survey, continues in two specific locations. The survey covers the variety of tree, bush, and herb species and the degree of vegetation coverage. It has been proven that the number of plants has decreased from 81 to 53 and from 48 to 37 in both locations compared to the previous monitoring study.

Local people say that the problem of vegetation being eaten by deer is getting worse in the Yui no Mori forest just as it is getting worse all over Japan and that the decline of vegetation is due to the plants preferred by deer being eaten. As a result of measures such as putting up nets to prevent the plants from being eaten and offering subsidies to control the deer, a recovery trend from 53 to 82 species and from 37 to 38 species respectively was observed this time, but it is not clear whether this increase is the result of the measures taken or merely a coincidence.

Some of the changes thought to be caused by the effects of tree thinning include a reduction in the number of plants that cannot tolerate dryness well and plants that thrive in direct sunlight growing rapidly in number. Carrying out these studies, we have come to understand certain things and have also once again been shown how difficult it is to re-grow forests and the importance of continuing to carry out such studies.

KOKUYO is hoping to find solutions in cooperation with the local people for problems such as damage caused by deer feeding and the changing environment.



Examining the vegetation



Examining water quality

The expanding Yui no Mori Project

Yui no Mori brand products, born out of the KOKUYO Group KAUNET with the purpose of using lumber from thinning efficiently, comprised eight products in 2007 when the project started and reached 93 products in 2011. A system for customers to donate points to the Yui no Mori tree thinning was set up in 2008 in order to increase understanding about these activities and the number of supporters on KAUNET, with approximately 120 applications having been received in this year alone. In addition, the Yui no Mori 1% Donation Project was initiated in February 2011. Through this project, part of the sales of Yui no Mori products are donated to the "Fund-Raising for Plants" project run by the National Land Afforestation Promotion Organization.

Yui no Mori, which started at 100 ha, has reached approximately 3,000 ha in fiscal 2011 and the cumulative tree thinning area has also expanded to 717 ha. The project was issued an absorption certificate for 3,682 tons of CO₂ by Kōchi Prefecture. Yui no Mori, with the support of many people, is slowly expanding. Aiming at becoming a "virtuous circle between the environment and business", Yui no Mori continues to face many challenges.



Absorption certificate granted by Kōchi Prefecture

Compliance and pollution prevention

All companies must comply with environmental legislation, but in addition to this KOKUYO also complies with agreed industry guidelines and self-imposed standards, working hard to prevent environmental pollution.

Environmental risk management

Response to revisions in environmental legislation, and compliance status

KOKUYO Group is working, under the guidance of the ISO Promotion Bureau, to ensure compliance with appropriate environmental legislation through internal audits and compliance checks, working to ensure awareness of compliance status for the Group. Following the revisions to the 2010 Energy Conservation Law, four companies within the group which are designated as Specific Business Operators submitted regular reports and medium-term plans. The company is also moving forward in dealing with waste from work sites following the revisions to the Waste Disposal and Public Cleaning law in April 2011. We also took the opportunity to attend meetings such as “Briefing on laws and regulations” (April) and the “Internal Audit Follow Up Seminars” which were held in Tokyo and Osaka (June) to ensure that we dealt with the situation thoroughly.

Environmental Audit Status

The KOKUYO Group carries out internal first party audits, then at the 2nd stage second party audits are completed by the ISO Promotion Bureau. We also receive an ISO14001 external third party audit and external third party assurance for the CSR report.

The results of the ISO14001 third party audit and internal audit demonstrated that there were no major violations of environmental legislation.

Internal audit

Year of audit	2010	2011
Sites audited	78	73
· First party audit	60	59
· Second party audit	18	14
Issues raised	35	51
· Minor non-conformance	15	8
· Matters for revision	20	43

Third Party Audit (ISO14001)

Year of audit	2010 (periodic)	2011 (periodic)
Sites audited	16	17
Issues for improvement		
· Minor non-conformances	0	0
· Opportunities for improvement	17	16
Strengths (Particularly outstanding points)	3	0
Good points (Outstanding points)	2	3

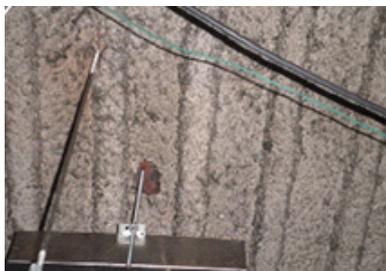


Environmental measures

In 2010 following the dismantling of the former Kashiwara Plant, we disposed of the asbestos which had been sprayed on the ceiling. The asbestos disposal site was inspected prior to disposal to confirm that it was suitable. The results of a voluntary soil inspection were reported to the local council, and contaminated soil was dealt with appropriately.



Former Kashiwara Plant



Asbestos seen through openings in the ceiling



Entrance to the work site



Inspection of the asbestos disposal site



Soil contamination investigation



Reducing Hazardous Chemicals

Reducing hazardous chemicals in the manufacturing process

At the KOKUYO Furniture Shibayama Plant, the volume of xylene handled in 2010 was reduced to zero thanks to a switch from solvent-based to water-based paint materials, and this remained at zero in 2011. Following revisions in the substances to which the PRTR law applies, we revised our MSDS (material data safety sheets) and are working hard to ensure that materials are managed carefully and that we reduce the usage of the applicable substances.

Reducing hazardous chemicals in product development

KOKUYO Group has in place a Chemical Management System and Chemical Substance Management Regulations in accordance with the Data Collection Method Law which help us minimize environmental impact and comply with the relevant legislation. At KOKUYO S&T, as well as obtaining written confirmation from suppliers to reduce hazardous chemicals including those which come under the RoHS (Restriction of Hazardous Substances) control, we carry out further inspections and evaluations of hazardous chemicals in-house by use of x-ray fluorescence analysis equipment to check the results.

At KOKUYO Furniture, we are compiling a database of the inspection results for substances which come under the RoHS control based on the inspection results from the suppliers. We are expanding the number of new products being developed which come under the RoHS control.

Chemicals under the PRTR (pollutant release and transfer register) Law

Official No.	Chemical name	Vol. handled/ kg	Vol. released/transferred				Vol. treated/ kg	Vol. recycled/ kg	Vol. consumed/ kg
			Vol. released to air/ kg	Vol. released in water/ kg	Vol. released to land/ kg	Sub total/ kg			
1	Zinc compounds (water-soluble)	696.3	0.0	7.3	0.0	7.3	219.2	0.0	469.8
20	2-aminoethano	67.2	63.8	3.4	0.0	67.2	0.0	0.0	0.0
80	Xylene	22.3	8.6	0.0	0.1	8.7	0.0	0.0	13.6
125	Chlorobenzene	8.0	0.1	0.0	0.6	0.7	0.0	0.0	7.3
134	Vinyl acetate	478.0	33.1	2.6	33.4	69.1	0.0	0.0	408.9
207	2,6-di-tert-butyl-4-cresol	2.6	0.0	0.0	0.0	0.0	0.0	0.0	2.6
297	1,3,5-trimethylbenzene	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.6
300	Toluene	124.3	6.3	0.0	3.3	9.6	70.7	0.0	44.0
302	Naphthalin	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.5
309	Nickel compounds	110.5	0.0	0.0	77.4	77.4	0.0	0.0	33.1
354	Di-n-butyl phthalate	438.1	0.0	0.0	4.5	4.5	0.0	0.0	433.6
392	N-hexane	2,601.4	2,554.3	0.0	1.4	2,555.7	0.0	0.0	45.7
403	Benzophenone	27.3	0.0	0.0	0.0	0.0	0.0	0.0	27.3
407	Polyalkyl ether	699.6	699.6	0.0	0.0	699.6	0.0	0.0	0.0
410	Polynonylphenyl ether	14.5	14.5	0.0	0.0	14.5	0.0	0.0	0.0
447	Methylenebis diisocyanate	26.0	0.0	0.0	0.0	0.0	0.0	0.0	26.0
	Total	5,317.2	3,380.3	13.3	120.7	3,514.3	289.9	0.0	1,513.0

* The volume of PRTR designated substances which were handled, released/transferred, disposed of, recycled or consumed which were used by the PRTR Law Notification Office. For the calculation methods, see Ministry of the Environment/Ministry of Economy Trade and Industry "PRTR Release Estimation Methods Manual version 4.1 (March 2011)"

* "Volume treated" refers to those PRTR designated substances which were modified by way of incineration, neutralization, breaking down, reactive process etc.

* "Volume of consumption" refers to the volume of PRTR designated substances which were modified by way of reaction into other substances, incorporated into products or moved off-site with products.

Promoting environmental communication

KOKUYO actively discloses information on the environment, communicates with all its clients and those outside the company, and takes an active role in environmental conservation.

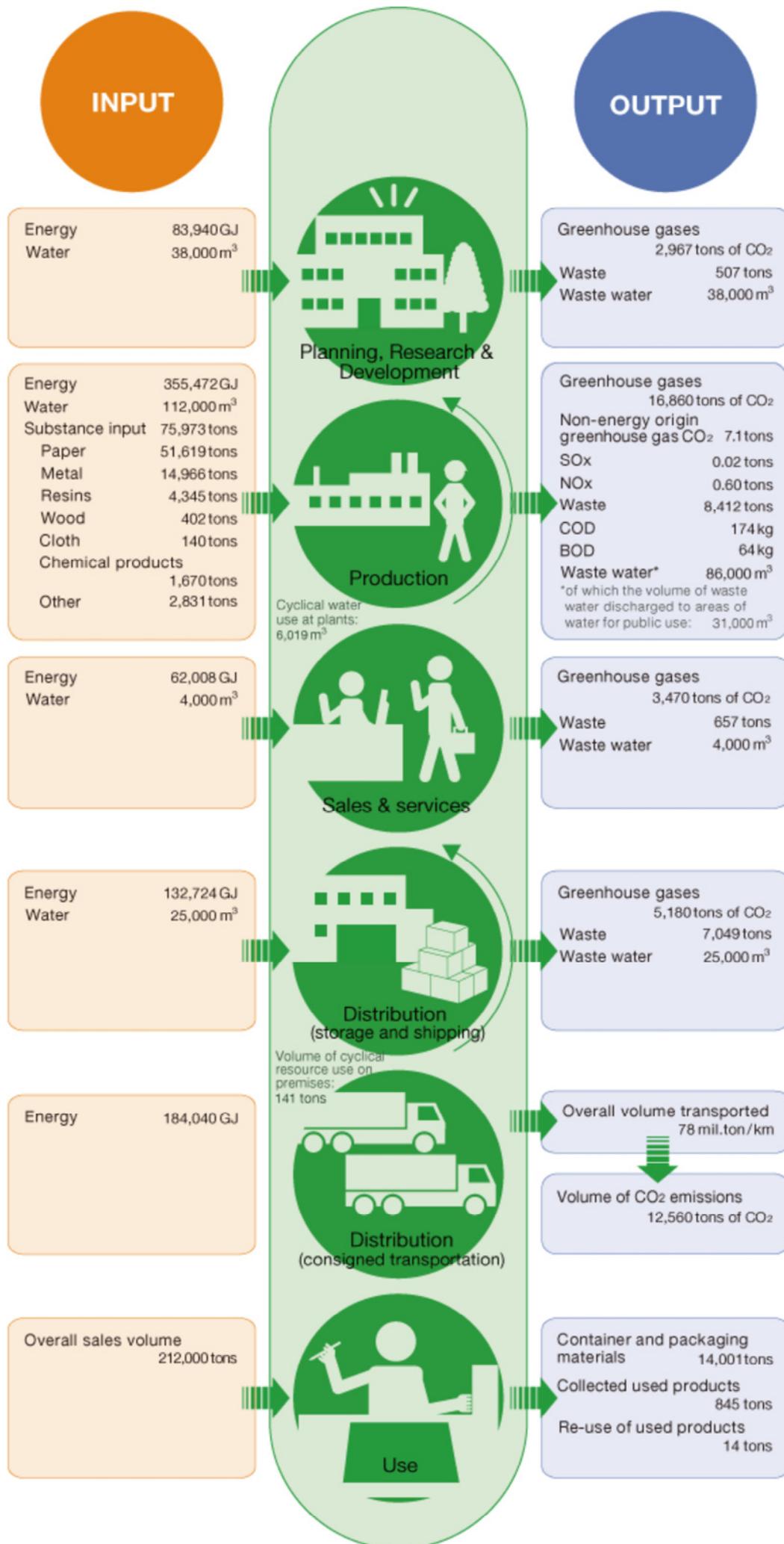


Until products reach everyone

Centered around the production and sale of stationery, furniture and store fixtures, the KOKUYO Group is involved in businesses incidental to all manner of business operations, such as planning, research, distribution, construction, services and so forth. Following all stages of the chain from planning and R&D, right through to the end user, the environmental impact resulting from these activities is quantitatively shown. Of these various stages, the company is promoting environmental conservation principally within the areas of planning, research and development, production, sales and services, and distribution (storage and shipping) – all areas on which management has a bearing.

Since fiscal 2010, KOKUYO has enlarged the scope of its environmental conservation activities, and in the area of sales and services is working hard to gather data on the environmental performance of six non-consolidated sales subsidiaries (Hokkaidō, Tōhoku, North Kantō, Tōkai, Hokuriku-Niigata, Sanyō-Shikoku). The data thus gathered is included in the figures disclosed.

Furthermore, in terms of distribution (consigned transportation), which we outsource, using companies which have been designated Specified Consigners under the Revised Energy Conservation Law, we determine environmental impact and draw up energy saving measures, as well as fulfilling our obligations to submit regular reports and plans. In the months and years ahead, we shall continue to strengthen our data gathering systems, and strive to improve the completeness and accuracy of our data.



Input items

Indicator	Unit	Calculation method
Volume of energy used	GJ	Power, gas (city gas, LPG, natural gas), oil (gasoline, light oil, kerosene) Daytime power values from the Ordinance of Enforcement of the Energy Conservation Law (effective from 1 April 2008) were used for power unit calorific value. Values taken from the Ministry of the Environment and Ministry of Economy, Trade and Industry's "Calculating Greenhouse Gas Emissions/Report Manual Ver. 3.2 (April 2011)" were used for gas and oil unit calorific values.
Water	1,000m ³	Tap water, water for industrial use
Substance input	Tons	The volume of raw materials used to manufacture products
Container and packaging materials	Tons	The volume of packaging material used to package products

Output items

Indicator	Unit	Calculation method
Volume of greenhouse gas emissions	Tons of CO ₂	The volume of carbon dioxide emissions that occur through the use of power, gas and oil →see " Measures to prevent global warming " for reference. Coefficients based on the Law on Promotion of Measures to Cope with Global Warming (actual emission coefficients for each power company for fiscal 2011) were used to calculate CO ₂ emission coefficients from power generation in Japan. Coefficients for each country covered on the GHG Protocol website, released by the World Business Council for Sustainable Development and the World Resources Institute, were used to calculate CO ₂ emission coefficients from overseas power generation. Values taken from the Ministry of the Environment and Ministry of Economy, Trade and Industry's "Calculating Greenhouse Gas Emissions/Report Manual Ver. 3.2 (April 2011)" were used to calculate CO ₂ emission coefficients from gas and oil. The ton/kilo method and the fuel consumption method were used in tandem to calculate the volume of CO ₂ emissions arising from distribution (consigned transportation)
Non-energy origin greenhouse gases	Tons CO ₂	This is a total of the volume of CH ₄ and N ₂ O emitted from the use of fuel at burning facilities and the disposal of industrial effluent, converted into CO ₂ . Values taken from the Ministry of the Environment and Ministry of Economy, Trade and Industry's "Calculating Greenhouse Gas Emissions/Report Manual Ver. 3.2 (April 2011)" were used for emission coefficients.
SO _x , NO _x	Tons	Volume of emissions from smoke- and soot-producing facilities at manufacturing plants
Waste	Tons	The volume of discharged waste (emissions) is the total amount of waste and valuable substances discharged from business establishments. Recycle volume is the total, out of the volume of discharged waste (emissions), of that which has been recycled through material or thermal recycling, to which is added the volume of valuable substances. The final waste volume is the total, out of the volume of discharged waste (emissions), of waste disposed of either by simple incineration or direct landfill. →see " Saving resources and recycling " for reference.
Waste water	1000m ³	Waste water discharged to areas of water for public use and into the sewerage 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	Ton/km	Of consigned transport, this is the total of domestic transportation data (excluding that of KAUNET Co.,Ltd.) of transported furniture and stationery products, to which is added the total for transportation in Malaysia.
Cyclical water use at plants	m ³	The volume of water used in a cyclical way (i.e. recycled) on business premises
Volume of cyclical resource use on premises	Tons	The volume of recycled resources such as packaging materials etc. on the business premises of KOKUYO Logitem Co.,Ltd and KOKUYO Supply Logistics Co.,Ltd
Overall sales volume	10,000tons	Data from furniture and stationery products
Collected used products	Tons	The volume of used products collected from customers by KOKUYO Logitem Co., Ltd.
Re-use of used products	Tons	The volume of re-used products from the used products collected from customers by KOKUYO Logitem Co., Ltd.

The subsidiaries for total	<p>KOKUYO Co.,Ltd. KOKUYO S&T Co.,Ltd. KOKUYO Furniture Co.,Ltd. KAUNET Co.,Ltd. KOKUYO Marketing Co.,Ltd. KOKUYO Engineering & Technology Co.,Ltd. KOKUYO Business Service Co.,Ltd. KOKUYO Supply Logistics Co., Ltd. KOKUYO Logitem Co.,Ltd. KOKUYO Product Shiga Co.,Ltd. KOKUYO MVP Co.,Ltd. KOKUYO Vietnam Co.,Ltd. KOKUYO-IK(Thailand) Co.,Ltd. KOKUYO (Malaysia) Sdn. Bhd. KTL Co.,Ltd. KOKUYO Finance Co.,Ltd. KOKUYO K Heart Co.,Ltd. KOKUYO Hokkaido Sales Co.,Ltd. KOKUYO Tohoku Sales Co.,Ltd. KOKUYO Kitakanto Sales Co.,Ltd. KOKUYO Hokuriku-Niigata Sales Co.,Ltd. KOKUYO Tokai Sales Co.,Ltd. KOKUYO Sanyo-Shikoku Sales Co.,Ltd.</p>
The Total period covered	Jan.1,2011 — Dec.31,2011



Progress made on environmental action

1991	July	Establishment of Waste and Recycling Task Force
1993	Oct	Enactment of KOKUYO environmental action charter and action goals
1994	Oct	Implementation of primary product assessment; total eradication of ozone-depleting substances (specifically CFC's and trichloroethane) from products and manufacturing processes
1995	Jan	KOKUYO launch an industry first – a tube file (eco) in which the outer cover and inside metal clip part can be disposed of separately
1996	Feb	KOKUYO joins the Green Purchasing Network as the founding member
	Apr	Waste and Recycling Task Force is reorganized as the Environmental Action Committee
1998	Feb	The Yao plant gains ISO14001 certification
	Oct	Establishment of the basic principles of KOKUYO Green Purchasing
1999	Mar	5 KOKUYO sites gain ISO14001 certification
	Apr	Implementation of secondary product assessment, using product evaluation stickers
2000	July	Establishment of “KOKUYO Environmental Policy”
2001	Mar	Acquisition of company-wide, integrated ISO14001 certification
2002	Mar	The Shibayama plant achieves zero emission status, marking an industry first
	July	The “KOKUYO Environmental Vision” is drawn up; all KOKUYO plants achieve zero emission status
	Oct	Introduction of environmental performance evaluation and awards system
2003	May	Environmental Conference held, headed by KOKUYO's President and CEO
	July	An “Eco style campaign” is held across the KOKUYO Group
	Aug	The company carries out a reform of its environmental management system
2004	Oct	Consolidated subsidiaries are included in the Group's integrated environmental management system
2006	Mar	Solar power generation system set up in the Shinagawa office
	Apr	Basic agreement reached with Kōchi Prefecture's Taishōchō Forestry Cooperative on the joint implementation of the KOKUYO Shimanto Yui no Mori project
	Oct	Setting up of a model forest within Shimanto-chō, as part of the Yui no Mori project activities
2007	Feb	The Yui no Mori project model forest within Shimanto-chō receives FSC forest management certification
	Nov	Launching of the “ReEDEN project”
2008	Jan	The Eco X-symbol [given to products with insufficient green credentials] starts to be displayed in our main catalog
	Nov	The “Eco live office Shinagawa” facility in Shinagawa opens
2010	Jan	Our Environmental Vision is reviewed
	Dec	The point is reached where no more products have to carry the Eco X-symbol
2011	Apr	Formulation of basic policy on timber procurement

Environmental accounting

Having determined the effect of the results achieved through the capital invested in environmental conservation and the activities carried out, the KOKUYO Group is introducing environmental accounting in order to make the most of environmental management.

Environmental accounting in 2011

The environmental conservation costs for fiscal 2011 were 21.83 million yen spent on investment, and 518.63 million yen on expenditure. Although the amount of expenditure has been rising, due to the fact that until now we have only been gathering data on the volume of emissions discharged from our own company premises, only those disposal costs have been recorded. However, as data on the volume of waste from work sites began to be gathered from 2011 onward, the increase in work site waste disposal costs can be pinpointed as one of the key factors behind the overall rise in expenditure. Furthermore, although there has been an increase in the economic impact of environmental conservation, the fact that powdered paint waste, which traditionally was treated as waste at plants, is now taken away has made it possible for those waste costs to be reduced, and that is also a major factor.

From the next fiscal year onward, we are planning to expand the scope of our environmental data compilation, and aim to have a level of disclosure that is better suited to the actual status of the Group.

(Unit: 10,000 yen)

Item	Environmental conservation costs				Environmental conservation effect		Total	
	Investment		Expenditure		2010	2011	2010	2011
	2010	2011	2010	2011				
Pollution prevention	604	422	5,975	5,566	0	0	6,579	5,988
Global warming prevention	2,621	1,587	108	405	▲3,362	▲2,439	▲633	▲447
Saving resources and recycling	111	140	16,705	25,173	▲10,112	▲12,713	6,704	12,600
Procurement and provision of green products	0	0	5,454	5,498	▲122	▲142	5,332	5,356
Research studies into environmental technology	0	0	6,337	6,295	0	0	6,337	6,295
Environmental communication	0	0	1,671	4,037	0	0	1,671	4,037
Setting up management structures	54	34	9,062	4,745	▲24	0	9,092	4,779
Environmental damage response	0	0	444	144	0	0	444	144
Total	3,390	2,183	45,756	51,863	▲13,620	▲15,294	35,526	38,752

Breakdown of economic effects(Unit: 10,000 yen)

		2010	2011
Global warming prevention	The effect of introducing energy-saving facilities	▲791	▲493
	The effect of improving operations	▲2,571	▲1,946
Saving resources and recycling	Income gained through recycling	▲9,564	▲9,497
	Waste reduction	▲548	▲3,216
Procurement and provision of green products	Cost reductions achieved through the use of recycled items	▲122	▲142
Setting up management structures	Income from the lease of software compliant with the Energy Conservation Law	▲24	0
Total		▲13,620	▲15,294

The subsidiaries for total	<p>KOKUYO Co.,Ltd. KOKUYO S&T Co.,Ltd. KOKUYO Furniture Co.,Ltd. KAUNET Co.,Ltd. KOKUYO Marketing Co.,Ltd. KOKUYO Engineering & Technology Co.,Ltd. KOKUYO Business Service Co.,Ltd. KOKUYO Supply Logistics Co., Ltd. KOKUYO Logitem Co.,Ltd. KOKUYO Product Shiga Co.,Ltd. KOKUYO MVP Co.,Ltd. KOKUYO Vietnam Co.,Ltd. KOKUYO-IK(Thailand) Co.,Ltd. KOKUYO (Malaysia) Sdn. Bhd. KTL Co.,Ltd. KOKUYO Finance Co.,Ltd. KOKUYO K Heart Co.,Ltd. KOKUYO Hokkaido Sales Co.,Ltd. KOKUYO Tohoku Sales Co.,Ltd. KOKUYO Kitakanto Sales Co.,Ltd. KOKUYO Hokuriku-Niigata Sales Co.,Ltd. KOKUYO Tokai Sales Co.,Ltd. KOKUYO Sanyo-Shikoku Sales Co.,Ltd.</p>
The Total period covered	Jan.1,2011 — Dec.31,2011
Guidelines	<p>CSR-related international charters/guidelines KOKUYO endorses</p> <ul style="list-style-type: none"> ▪ Environmental Reporting Guidelines 2012 (Ministry of the Environment) ▪ Global Reporting Initiative (GRI) ▪ Environmental Accounting Guidelines 2005 (Ministry of the Environment)

Third party review report

In order to have independent feedback on the accuracy of the KOKUYO Group's environmental performance data, we asked Bureau Veritas Japan to carry out a third party review.



Third party review overview

At KOKUYO's head office, we have carried out an audit of the environmental impact data from the 23 companies in the KOKUYO Group, as well as performing on-site audits of data measurement methods at KOKUYO Product Shiga, KOKUYO Furniture Shibayama plant, KOKUYO Logitem Keihin DC (distribution section), KOKUYO Supply Logistics Central Japan IDC (distribution section), and the KOKUYO Furniture Malaysia plant.

We were notified of a total of 19 “commendable points,” 29 “opportunities for improvement,” and 28 “modification requests.” In order to further improve the level of accuracy with regard to future disclosure, we plan to actively deal with the points highlighted as being opportunities for improvement.

In 2011, KOKUYO-IK Thailand underwent an audit to determine its compliance with environmental legislation – the first time such an audit had been carried out.



コクヨグループCSR報告書2012
 第三者レビュー報告
 コクヨ株式会社 御中


 2012年3月16日

 ビューローベリタスジャパン株式会社
 システム認定 業務承認

ビューローベリタスジャパン株式会社(以下、BV)は、コクヨ株式会社(以下、コクヨ)の責任において作成された「コクヨグループ CSR 報告書 2012」に記載される環境関連データのうち、コクヨから要請のあったものに対してレビューを実施した。レビューの目的は、対象となる環境関連データについて検証を行うことではなく、その正確性について独立した立場から意見を示すことである。

1. レビュー概要

1) 2011年度事業活動に伴う環境負荷データ

レビュー対象	訪問サイト	レビュー手続
コクヨ株式会社及びグループ会社 22 社の環境負荷データ	コクヨ本社	・コクヨ本社又は訪問サイトによって策定された文書類の確認 ・責任者・担当者へのインタビュー
事業所から本社へ報告された環境負荷データ	国内3拠点① 海外1拠点②	・データの計測方法に関する現場点検 ・収集・報告されたデータと根拠資料との突き合わせ

※1:株式会社コクヨ工業団員、コクヨフニチャー株式会社芝山工場、株式会社コクヨロジテム京浜 DC(物流部門)、コクヨサブアイコシステム株式会社京都 IDC(物流部門)
※2:コクヨフニチャー株式会社マレーシア工場

2) 環境活動評価指標データ

レビュー対象	訪問サイト	レビュー手続
2011年度エコ効率指標 JEPX(環境政策優先度指標 日本版)における 2011年度環境影響ポイント	コクヨ本社	・コクヨ本社によって策定された文書類の確認 ・責任者・担当者へのインタビュー ・収集・報告されたデータと根拠資料との突き合わせ

2. レビュー結果

1) 2011年度事業活動に伴う環境負荷データ

- ・レビュー対象とした環境負荷データについて、「コクヨグループ CSR 報告書 2012」に記載されている情報と、コクヨ本社で収集された情報との間に矛盾する内容は認められなかった。
- ・訪問した事業所からコクヨ本社へ報告された環境負荷データに、重大な誤りは認められなかった。

2) 環境活動評価指標データ

- ・環境活動評価指標の算定に用いられた基準と、コクヨが規定した基準との間に矛盾する内容は認められなかった。
- ・環境活動評価指標の算定に用いられたデータ及び算定結果に、重大な誤りは認められなかった。

以上

Of the environmental data which appeared in the “KOKUYO Group CSR Report 2012 – a document whose production was the responsibility of KOKUYO Co., Ltd (hereafter “KOKUYO”) – Bureau Veritas Japan Co., Ltd. (hereinafter “BV”) reviewed those parts for which KOKUYO had requested a review. The aim of the review was not to verify the environmental data, which formed the focus of the review, but rather to provide feedback about its accuracy from an independent standpoint.

1. Review overview

1) Environmental impact data associated with business activities in fiscal 2011

Subject of review	Sites visited	Review procedures
Environmental impact data from KOKUYO Co., Ltd. and the 22 Group companies	KOKUYO head office	<ul style="list-style-type: none"> - Checking of documentation drawn up by either KOKUYO head office or the site visited - Interview with person responsible/person in charge - On-site audits of data measurement methods - Comparison of collected/reported data with evidential material (to confirm they match up)
Environmental impact data reported to head office from company offices	3 sites in Japan *1 1 site overseas *1	

*1 KOKUYO Product Shiga, KOKUYO Furniture Shibayama plant, KOKUYO Logitem Keihin DC (distribution section), KOKUYO Supply Logistics Central Japan IDC (distribution section)

*2 KOKUYO Furniture Co., Ltd. Malaysia plant

2) Environmental activity evaluation index data

Subject of review	Sites visited	Review procedures
Eco-efficiency indicators for fiscal 2011	KOKUYO head office	<ul style="list-style-type: none"> - Checking of documentation drawn up by KOKUYO head office - Interview with person responsible/person in charge - Comparison of collected/reported data with evidential material
Fiscal 2011 environmental impact points in JEPIX (Environmental Policy Priorities Index for Japan)		

2. Review results

1) Environmental impact data associated with business activities in fiscal 2011

- With regard to the environmental impact data reviewed, anything containing discrepancies between the information contained in the “KOKUYO CSR Report 2012” and that gathered by KOKUYO head office was discounted.
- Serious mistakes in the environmental impact data reported to KOKUYO head office from company offices visited were discounted.

2) Environmental activity evaluation indicator data

- Anything containing discrepancies between the standards used for calculating environmental activity evaluation indicator data and the standards laid down by KOKUYO was discounted.
- Serious mistakes in the data used to calculate environmental activity evaluation indicators and in the calculation results were discounted.

ISO26000 Table

The following classifications have been made based on the ISO26000 core subjects.

* described in Japanese

ISO 26000 Core subjects	Issues	Web page
Organizational governance	Issue 1: Organizational governance	<ul style="list-style-type: none"> • Top Interview • KOKUYO's CSR Philosophy and Implementation System • Corporate governance • KOKUYO's CSR Charter • Compliance Implementation • SRI Assessment and Our Responsibility to Shareholders • "2011 CSR Report" questionnaire results(*)
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	<ul style="list-style-type: none"> • KOKUYO's CSR Charter • KOKUYO's CSR Philosophy and Implementation System • Compliance Implementation • Promotion of human rights educational activities • Basic philosophy regarding diversity • History and current employment of the disabled • K Heart's initiatives • Hartland's initiatives • Graphs(*)
Labour 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	<ul style="list-style-type: none"> • KOKUYO's CSR Charter • Personnel system • Employee training system • Basic philosophy regarding diversity • Child-care/family-care and work compatibility support(*) • Safety at work • Health care and mental health(*) • Safety measures regarding employees during disasters(*) • Graphs(*)
The environment	Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	<ul style="list-style-type: none"> • KOKUYO's CSR Charter • With the global environment <ul style="list-style-type: none"> • Environmental Management • Global warming preventive measures • Resource saving & recycling measures • Development of environmentally friendly products & services • Consideration for biodiversity • Compliance and pollution prevention • Promoting environmental communication • Environmental accounting • Third party review report • Branch reports(*) • Graphs(*)

Fair operating practices	<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>	<ul style="list-style-type: none"> ● KOKUYO's CSR Charter ● Compliance Implementation
Consumer issues	<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>	<ul style="list-style-type: none"> ● KOKUYO's CSR Charter ● With our customers <ul style="list-style-type: none"> ● “Madre” – a chair designed for local government facility lobbies ● Space creation from a child's perspective(*) ● The “OTSUKIAI” Notebook(*) ● The continuously evolving notebook ● The pursuit for quality - Pritt - 42 years since its launch(*) ● The KOKUYO S&T quality assurance philosophy ● The KOKUYO Furniture quality assurance philosophy ● Earthquake countermeasures menu initiative(*) ● Customer response and support ● System for harnessing customer feedback ● Initiative to bond with customers(*) ● Eco batsu initiative(*) ● “2011 CSR Report” questionnaire results(*)
Community involvement and development	<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>	<ul style="list-style-type: none"> ● KOKUYO's CSR Charter ● Special Report: Reconstruction after the Tohoku Earthquake ● With the community <ul style="list-style-type: none"> ● India - Film competition ● China – Grass-roots support activities ● Library donation in Vietnam ● Japan – Job Study initiative(*) ● Regional environment & welfare networking(*) ● Local brand produce(*) ● Design promotion ● Support for education on universal design & the environment(*) ● Yui no Mori(*) ● Consideration for biodiversity

KOKUYO

Published by

KOKUYO Co.,Ltd.

CSR and Environment Group,Corporate Administrations

6-1-1 Oimazato-minami, Higashinari-ku, Osaka 537-8686

Contact

KOKUYO Co.,Ltd. Customer Center

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