

KOKUYO Group
CSR Report
2013



Contents

■ Top Interview	2
■ Introduction of the KOKUYO Group	4
■ The Future of Tohoku	12
■ CSR Management	29
(Organizational governance)	
■ With Customers	46
(Consumer Issues)	
■ With Employees	55
(Human Rights/Labor Practices)	
■ With Business Partners	63
(Fair operating practices)	
■ With Local Communities	66
(Community involvement and development)	
■ With the Global Environment	70
(The environment)	
■ CSR Data	86



Top Interview

Everyone Is Dedicated to Making KOKUYO the “Honor of Asia”

Chief Executive Officer, President and Director

Akihiro Kuroda

The year 2013 is the 108th year since KOKUYO started operations. Our ability to succeed over more than a century is the result of the constant efforts of everyone at our organization to maintain KOKUYO's reputation as the “honor of Japan.” Looking ahead to our next century, we are extending our operations to Asia to advance to a new stage of growth. We are rededicating ourselves to the importance of the concept of “honor” as we continue to move forward vigorously to earn recognition as “the honor of Asia.”



The Chain Reaction from a Commitment to “More” Is the Origin of New Value

KOKUYO's corporate philosophy is “enrich the world through our products and services.” In the past, growth was the obvious goal. However, today our markets in Japan are mature and the division of roles in the value chain is progressing. In this environment, it is difficult for our employees to incorporate this philosophy in their activities. All employees must ask themselves how their output contributes to society. Determining the answer to this question and reflecting this answer in our work will create the energy to take on even greater challenges. Merely using the value chain to hear about customers' problems is not enough. I want our people to find and study these problems themselves. This process will enable us to come up with ideas for how we can do “more” for customers. Our customers will thank us for these ideas and then we can seek the next “more.” This repetitive cycle is the essence of our business activities.



The Pursuit of Japanese Creativity

To meet customers' demands for “more,” KOKUYO started a furniture business about 50 years ago. In 1969, our entire Osaka Head Office building became a “live office” as we created a “living experimental building that looks ahead to business systems of the future.” In the spring of 2012, we established the Creative Lounge MOV in Tokyo's Shibuya district to show how a working area can enable people to do their jobs in innovative and creative ways. The lounge creates new working styles and value by smoothly bringing together people of different ages, nationalities, job categories, and industries. KOKUYO has determined to use these new ways to work and other fresh ideas to produce the next generation of value. Various actions are under way to accomplish this goal. Offering ideas for working styles that incorporate Japanese creativity can produce value that transcends individual organizations and business sectors and allow companies to start new businesses. I want these ideas to eventually be used worldwide. I believe that providing support to companies for taking on this type of challenge as well will be an important role of KOKUYO.





We Must Not Simply Transplant Japan to Growing Asian Markets

For more progress over the next century, KOKUYO has started to build a foundation in Asia for a new stage of growth. Extending operations to Asia will allow us to discover a “more” that does not exist in Japan and give our employees the opportunity to aim for a new types of “more.” The value needed to satisfy customers, which we call “more,” differs significantly in the mature markets of Japan and the growing markets of Asia. We cannot succeed in Asia by simply transplanting values, work practices, and mind-sets from Japan to this region. We must work with our overseas employees to listen carefully to customers in other countries. A thorough understanding of customers' requirements and values is important to identify the “more” that will be truly useful. For example, our measures to produce notebooks for Vietnam in the best way for this market earned us certification as a high-quality, made-in-Vietnam product. In India, the staff of KOKUYO Camlin Ltd. and people from KOKUYO in Japan have combined their know-how to start numerous initiatives. One example is the establishment of an information network system to support activities like processing orders from wholesalers and stationery stores. Using this system raises distribution speed, keeps items in stock, and allows identifying customers' needs. In China, we purchased the operations of Chinese notebook manufacturer HOT ROCKS STATIONERY (Shenzhen) Co., Ltd., and started an operating a factory in Shanghai. We can now produce more than 100 million notebooks each year in China. In both Vietnam and China, we utilized manufacturing expertise from Japan while facing many restrictions and issues associated with operating in these countries. But the know-how obtained from dealing with these difficulties amid the restrictions is the basis for growth. We will continue to move forward with our workforces in these countries to achieve a “more” that is deeply rooted in each region.



Aiming for the “Honor of Asia”

KOKUYO significantly altered its corporate governance in 2010 to implement CSR management amid the rapid changes taking place in the world. As company president, I take very seriously the situation in the past that led to compliance violations. We have once again examined the sustainability of KOKUYO's management. One step was having individuals from outside our Group make up the majority of our directors and corporate auditors to guarantee transparency in decision making and increase the breadth of knowledge and experience in our management. In addition, we separated the roles of supervising management and conducting business operations.



Achieving the growth and development of every employee is vital to the growth of a company. We are building a framework that allows employees to realize themselves that their value is increasing year after year. Everyone from new employees to managers must be aware of the importance of learning. KOKUYO has a training program that uses a medium-term perspective and places particular emphasis on developing global leaders. Sincerity is the most-important value of all with respect to sustaining the growth of a company. KOKUYO has placed priority on sincerity since its inception. We define sincerity as “focusing all our energy on thinking of others from their standpoints, understanding what others want, and then creating the best response in each case.” This involves more than merely “results” that are visible. We will settle for nothing less than “sincerity” that encompasses the entire process used to achieve these results. We used this thinking to establish a new global KOKUYO Group Code of Conduct with the aim of giving everyone from executives to employees a firm commitment to compliance. Furthermore, we have established a KOKUYO Group Fundamental Procurement Policy to achieve mutual progress of our Group and our suppliers. By performing “sincere work” across the whole supply chain, we can achieve true customer satisfaction, help protect resources and the environment, and grow along with the regions we serve. “Honor” is not something we decide on our own. “Honor” is a quality that we earn by consistently operating in a manner that can receive the approval of our customers and the public. This is why I want everyone at the KOKUYO Group to be committed to sincerity with the spirit of “not yet” and “more.” Always ask yourself if you are behaving in a manner that is consistent with “honor.” Our ability to become the “honor of Asia” will depend on the dedication of each and every individual in our Group to the principles that have always defined KOKUYO.

Mission Statement and Origin of the “KOKUYO” Name



Our Mission Statement Handed Down from the Time of KOKUYO's Founding: “Enrich the World through Our Products and Services”

The origins of today's KOKUYO Group trace back to 1905 when our founder, Zentaro Kuroda, opened a shop selling covers for Japanese-style accounting ledgers. In that era, making covers for ledgers that contained many sheets of thin, Japanese-style paper was regarded as a troublesome, low-value-added business activity. The founder of KOKUYO thought otherwise. His view was that even work that is troublesome or bothersome, provided KOKUYO approached it with sincerity and thoroughness, would eventually lead to the development of items with new value added. He held fast to this belief throughout his life. Since then, under its mission statement of “enrich the world through our products and services,” KOKUYO has focused on developing its business activities, working to raise its profitability as it becomes a company that society needs, and will be the first choice of its customers.



“Honor of the Country” Inherent in the KOKUYO Name

The KOKUYO name was originally written in Japanese as a combination of the character for “country” and the character for “honor.” When KOKUYO's founder Zentaro Kuroda left his native city, he was told to “become someone who brings honor to his hometown.” When he founded his own business, he adopted the trade name “KOKUYO” (Country“国”+ Honor“誉”) to remind himself at all times of his mission, and the name has remained unchanged until today. Over the 100 years since KOKUYO was founded, its businesses have evolved along with the changing times, but each and every employee is aware of his or her behavior and avoids any activities that might dishonor the Company name. At present, the KOKUYO Group is growing from being a Japanese company to become an Asian company and is striving to become the “honor of Asia.”



History—The First 100 Years

1905	Founder Zentaro Kuroda opened the Kuroda Ledger Cover Shop
1917	Trade name KOKUYO adopted
1960	Entered the furniture business
1961	Name changed to KOKUYO Co., Ltd.
1969	Entire Head Office opened as a showroom (the origin of the experimental office and “live office” concept)
1975	<i>Campus</i> brand notebooks introduced
1982	Shinagawa showroom opened
1989	Akihiro Kuroda became President and CEO
2001	Mail-order service for office supplies launched, <i>Kaunet</i> established
2003	KOKUYO Commerce (Shanghai) Co., Ltd., established and full-scale business operations began in China
2005	100th anniversary of KOKUYO's founding. “Easybuy” mail-order service for office supplies introduced in China
2006	KOKUYO Furniture Commerce & Trading (Shanghai) Co., Ltd., established
2008	KOKUYO opened its “Eco Life Office Shinagawa,” an eco-friendly office in the Shinagawa area of Tokyo
2010	KOKUYO Vietnam Trading Co., Ltd., established
2011	Implementation of corporate governance reforms, introduction of the executive officer system. Completed acquisition of shares of Camlin Limited and changed its corporate name to KOKUYO Camlin Ltd. Concluded business succession agreement with HOT ROCKS STATIONERY (Shenzhen) Co., Ltd.
2012	Shanghai plant of KOKUYO Commerce (Shanghai) Co., Ltd., went into full operation

KOKUYO at a Glance

Aiming to Be a Company that Grows with Society

The KOKUYO Group was founded in 1905 with the aim of “Enrich the world through our products and services.” Following the words left to us by the founder, “Profit is compensation given to us by society,” the KOKUYO Group aims to be a company that develops with and supports society through the conduct of its principal businesses of (a) manufacturing and selling stationery products, including writing utensils and materials as well as office supplies, (b) manufacturing and selling furniture, including furniture for offices and public space as well as the design of office spaces, and (c) selling office supplies online as well as selling office supplies, interior goods, and items for daily life online and through retail stores.

Stationery Business

KOKUYO's stationery business began to make covers for bookkeeping ledgers in 1908. After about 100 years, in 2012, KOKUYO introduced 400 new items, and the total number of items in production was about 12,000. Sales of KOKUYO's stationery business amounted to ¥92.1 billion during the fiscal year ended March 31, 2013, thus making it the leading company in the stationery business in Japan by a wide margin. KOKUYO's stationery items are familiar to virtually everyone in Japan, and, as a national brand, the awareness of KOKUYO is high. Today, KOKUYO has set the goal in the domestic market of being “the dominant and leading presence that customers continue to choose.” Overseas, KOKUYO's goal is to grow to become the leading manufacturer of stationery products in China, India, and Vietnam. Especially overseas, to expand sales of its notebooks, in which KOKUYO has absolute confidence, in China, Vietnam, and India, KOKUYO is working to secure its sales network, expand production facilities, and structure distribution systems.



Furniture Business

In its furniture business, KOKUYO began, in 1960, by manufacturing and selling steel filing cabinets. Up to that time, KOKUYO had grown by supplying paper products, and entering this new, completely different business posed major challenges. However, KOKUYO was successful in entering this new market because, in addition to offering cabinets, in line with its approach to other business, it also offered information on the techniques of storing documents. At present, KOKUYO serves the needs not only of office spaces but also the needs of educational and medical institutions. Since the collapse of Lehman Brothers, the market for office furniture has decreased in size, and the operating environment has continued to be challenging. Nevertheless, during the fiscal year ended March 31, 2013, KOKUYO's sales in this business expanded 3.3% over the previous year, to ¥105.2 billion, and it showed its first profit in four years. For more than 40 years, KOKUYO has experimented with the "live office" concept, opening some of its own offices for display and demonstration. Through these venues, KOKUYO has communicated information on the latest trends in work styles based on ethnography (research based on the actual observation of human behavior), and this has been highly appraised. Looking ahead, KOKUYO plans to further evolve the live office concept and build on its business model, which is based on an ongoing conversation with customers and "thinking about office space from a human-centric perspective."



Online and Catalog Sales and Retail Business

During the fiscal year ended March 31, 2013, KOKUYO reported sales of ¥106.4 billion, an increase of 5.6% over the previous year in this business segment. As a result of the rise in sales and improvement in the gross profit ratio, operating income expanded 32.6%, to ¥2.3 billion. In the Online and Catalog Sales and Retail business, the Kaunet mail and online order business for offices offers its customers a very wide selection of merchandise, ranging from standard stationery and office goods to everyday items, food products, apparel, furniture, and other products. In the retail business, this segment sells interior goods and other merchandise for everyday living. Through its ACTUS and The Conran Shop retail venues, this business offers customers products and services to meet their demanding lifestyle tastes and needs, thus helping them to add touches of "high quality" and "inspiration" to their daily lives.



Business Topics

The KOKUYO Group is dedicated to growing in Japan by creating demand while also extending its operations to other countries in Asia. In the growing markets of Asia, we will leverage the expertise and technologies gained from operations in Japan while acquiring knowledge about these markets. We will use this approach to make steady progress toward our goal.

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

Our objective is to supply products and services that can enhance the fulfillment and creativity of the jobs and lives of people in the regions where we do business. We want the KOKUYO Group to play a role in the further advancement of the rapidly growing economies of countries in Asia.

Progress toward Becoming the “Honor of Asia”



China

Opened Showroom in Shanghai

KOKUYO Furniture has opened a flagship showroom in Shanghai, which is its largest showroom outside Japan. The facility also has a “live office.” For its innovative concept, lighting design and environmental measures, the showroom received a prestigious Interior Space Design Award Grand Prize at the China Bund Design Awards.



Operations start at the Shanghai factory of KOKUYO Commerce (Shanghai)

KOKUYA started operating a factory in Shanghai after acquiring the operations of a Chinese notebook manufacturer. The factory produces a variety of notebooks with perfect binding and has an annual output capacity of more than 100 million units.



India

Support from KOKUYO Camlin for an Indian version of Star of the Giants

KOKUYO Camlin is restructuring its entire business in order to advance management. As a part of this initiative, the Company co-sponsored in the production of Suraj the Rising Star, a remake of the popular Japanese animated program titled Star of the Giants.

Story: Based on the manga "Star of the Giants" published by KODANSHA LTD.
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Vietnam

KOKUYO VIETNAM products receive Vietnam High Quality Product Certification

Campus brand notebooks and other products made by KOKUYO VIETNAM have been certified as Vietnam High Quality Products. These products are selected every year based on questionnaires returned by consumers. In the stationery category, KOKUYO VIETNAM was the only Japanese-affiliated company that received this recognition.



Singapore

Opened Showroom in Singapore

KOKUYO Furniture has established a showroom in Singapore to function as a branding base for the office furniture market in Asia. Operating this showroom will raise awareness of KOKUYO among global and local companies in this region and help build partnerships with design offices.



Thailand

KOKUYO-IK completes its second factory

KOKUYO-IK (THAILAND) started operations 15 years ago as the first overseas KOKUYO factory and a producer of resin products. To become an even more important part of the global manufacturing network of KOKUYO's stationery business, this company has added a second factory that will further enhance its technological capabilities and production capacity.



Japan

The Creative Lounge MOV opens

KOKUYO Furniture started operating Creative Lounge MOV in April 2012. Located in Tokyo's Shibuya Hikarie, this members-only office space is designed for people who work in a creative style and people who work in teams. There are no restrictions regarding organizations, nationalities and age. People from many business fields and backgrounds can gather to share their experiences and knowledge. The aim is to use this innovative approach for working in order to create new forms of value.



Opened NEXT OFFICE, a “live office” in Kasumigaseki

KOKUYO Furniture has opened NEXT OFFICE, a “live office” in Tokyo's Kasumigaseki. One aim is to take team communications to a higher level. This actual operating office is also structured to create value by using new forms of links with customers and external business partners. Cloud technology is used to facilitate communications with no restrictions involving time or place. The result is an innovative idea for new way of working that produces strong bonds within a team.



Establishment of the KOKUYO Group Code of Conduct

A new KOKUYO Group Code of Conduct has been established in order to ensure that all business activities comply with laws and regulations as well as ethical standards. In addition, to reflect the increasingly global scale of operations, the KOKUYO Group Code of Conduct Handbook has been prepared. This publication includes supplemental information about business customs, laws and other subjects in different countries and regions. Information meetings were held overseas using this handbook.



Staple-free stapler appreciated at the International Monetary Fund

The annual meeting of the International Monetary Fund and World Bank took place in Tokyo in October 2012. Participants received Harinacs staple-free staplers from KOKUYO S&T. Everyone was very impressed with this innovative product, which helped raise global recognition of the KOKUYO brand.





Feature KOKUYO Group Dialog on Tohoku's Future

Thoughts about Tohoku's future from the perspective of "learning" and "working"

Participants in the Dialog



Hideki Ishida

Professor
Environmental Science
Research Department
Graduate School,
Tohoku University



Taro Tamura

Senior Policy Research Fellow
Reconstruction Agency



Aya Nakagawa

Director,
Project Yui (Project Connect)
(General Incorporated
Association)



Yurie Shirakawa

Deputy Director General
Community Affairs Bureau
CITY OF SENDAI



Hiroaki Okatake

Representative Director and
President
KOKUYO Tohoku Sales
Co., Ltd.



Yu Yatsuka

Space Solution Headquarters
KOKUYO Furniture



Facilitator

Hisataka Shimizu

Representative Director and
President
DFF Co., Ltd.

We invited some of our stakeholders to discuss the following questions from the perspectives of "learning" and "working."
"What contributions can KOKUYO make that are suited to the nature of its business and other characteristics as the Tohoku region moves toward the future? What scenarios can we write?"



What will an affluent life be like in the year 2030? What will we do to make this future life a reality?

Shimizu: Why should we be thinking of the recovery of the Tohoku region centered around the year 2030? One reason is that I think we want to look for ways to provide real assistance for the recovery by developing a long-term vision for the region. Another reason is the need to consider recovery from the perspective of constraints presented by the natural environment. Mr. Ishida, from your viewpoint as a specialist in environmental matters, could you elaborate on that point?

Ishida: At present, we are faced with a number of risks. These include the exhaustion of resources and energy, the decline in biodiversity, the allocation of water and food, a rapid increase in population, and climate change. If we do nothing about these risks, I believe that we will run into limits on all these risks around the year 2030. Therefore, I think it is extremely important to consider what we can do from the perspective of the natural environment.

Also, Japan imports 60% of its food. There are only five prefectures and major cities that are 100% or more self-sufficient in terms of food. Four of these prefectures are located in the Tohoku region, and most of them have suffered severe destruction.

Under these circumstances, what must we do between now and 2030? The most-important thing is to be affluent. How can we overcome environmental issues and constraints, not by relying on self-restraint but as we enjoy affluent and satisfying lifestyles?



Professor Ishida and KOKUYO have been discussing future work styles for close to a year. Our discussions have been compiled into a book entitled "Let's Design the Work Style of the Future: The Eco-Conscious Work Style in 2030."

Nakagawa: As I was listening to Professor Ishida's comments, I began to think about what "affluence" will mean in the year 2030.

I am providing support for recovery to schools and children under the theme of "education." I think that the people of Tohoku thus far have had the feeling that they had to do everything for themselves. After the earthquake, however, they accepted people from outside the region, and, in some respects, they have realized the advantages of this. By looking outside and talking with people outside the region, they seem to have realized that good things can happen as a result.

Maybe it has to do with raising children in the region, but when the earthquake occurred, it was necessary for the names and faces of children in the region to match. That was effective in the operation of the emergency shelters.

I think that to create an affluent society, and this is not limited just to disaster-stricken areas, the education of children and providing places for learning must be reviewed and positioned as the duty of adults.



Ms. Nakagawa is a director of Project Yui (Project Connect) and, as a partner with KOKUYO in the "Great! KOKUYO Project," has cooperated in providing help for schools in Tohoku.

Tamura: From now on, we have to proceed on the assumption that emergency shelters and towns will have to be built so that they will operate even if the only inhabitants are senior citizens. Compared with the time of the Great Hanshin Awaji Earthquake in 1995, at present the number of younger people has declined to about two-thirds of the previous level. In the case of

the Great East Japan Earthquake, the number of younger generation volunteers was not sufficient, and we called for additional help from the baby boom generation. If a disaster of comparable magnitude occurs in 2030, we probably will not be able to cope by drawing only on human resources in Japan.

Also, at the times of the Great Hanshi Awaji Earthquake and the Niigata Chuetsu Earthquake, it was possible to recover using the interest on funds received. However, now that interest rates are extremely low, we are not able to use that recovery scheme.

With Japan's shrinking population and economy, it will be impossible to rely only on government financial resources. In reviving the Tohoku region, I believe we will have to adopt different approaches. It will be necessary to review the roles of government, corporations, and citizens and find ways for them to work as a team. The people in the devastated areas will have to rebuild their towns with their own hands using their resources and working together with outside resources. Corporations will have to create ties with the stricken areas drawing on their main businesses. In other words, fulfilling corporate social responsibility (CSR) will be required.

Shirakawa: he city of Sendai had just formulated a new comprehensive plan, but, following the earthquake, that has been partially revised. The thinking was that recovery will have to move forward not just in Sendai but in the Tohoku region as a whole. Compared with the Tokyo and Osaka metropolitan areas, incomes in Tohoku are low. However, there is an affluence in life that cannot be measured by GDP. There are ties within the region, agricultural products are grown nearby, and fish can be caught in the nearby ocean. This kind of affluence, which does not require money, was evident in Tohoku prior to the earthquake. I think that economic affluence and the kind of affluence that will make the region develop are different things. I would really like to see both kinds of affluence advance at the same time. For example, if there are new kinds of useful materials, systems, and other things, we can develop these globally and use them to generate economic profits. On the other hand, I think that if, through the collaboration of citizens of the region and NPO staff, it would be good if we could search for a new kind of community that would not return to the past but have a different kind of affluence.



Ms. Shirakawa is engaged in promoting rebuilding in Sendai with citizen collaboration. She is working in cooperation with the "Creating Together Recovery Promotion Project Research Committee," in which KOKUYO is also participating.

Okatake: As local companies in the region, we are engaged in a range of support activities in collaboration with government organizations, NPOs, and other companies.

One of these is co-sponsorship support for the Michinoku Future Fund for young people orphaned by the disaster to enable them to enter universities. The other day, when we were discussing the dreams of the future of young people who have received scholarships, I was shocked that there were very few opinions regarding returning to their hometowns in Tohoku. There were just a few with that desire, and they were mainly interested in medicine and nursing, food, and government service. There was no one who expressed an interest in setting up a company in their local towns. I suddenly thought that these young people were not being shown their dreams and felt some regrets as a local businessperson. If they cannot feel a sense of both affluence and excitement, these young people will probably not stay in the region.





If we change our standards of measurement, we can have new aspirations. Shall we try “a new measurement standard from Tohoku” that the world can look up to?

Shimizu: I think a number of issues that we must address have emerged in our discussion, such as education, population problems, the community, and aspirations.

Ishida: I believe that all of us have a common awareness that we want to build an affluent Tohoku within the constraints it faces. Normally, there must be constraints on an affluent life. Human beings have latent desires for convenience at the same time they want to enjoy various pleasures and the natural environment. Also, as they become one with society, they want to grow and develop. It is precisely because there are constraints that they have a sense of accomplishment and the happiness that accompanies growth when they achieve some of their aspirations.

I think the Tohoku region of the year 2030 could become the fabled “golden Japan.” Tohoku can create a new lifestyle that the peoples of the rest of Asia will emulate and say “we want to live like that.” Right now, there are many delicious foods available in Tokyo’s Tsukiji fish market. But, rather than go there, we want the people of Tokyo to think, “Before I die, I want to go the Ishinomaki port in Tohoku at least once and enjoy some of the delicacies from the sea it has to offer.” We want the people of Tokyo to long for a visit to Ishinomaki.

Tamura: Basically, Tohoku is a place that has an abundance of good food. The third-largest fishing port in the world is located there, and, rather than cook the fish, they are delicious when eaten raw, as sashimi. However, if we decided to boil or fry the fish, that creates new jobs. The “sixth industry” is the one that adds value through “time and effort.” If time and effort must be exerted, then work increases and the number of human beings involved also rises.

Shirakawa: Yes, what we want to do is increase work and jobs by adding time and effort. We want to do more than just attract factories to the region and increase work and employment; we want to find ways to add value through the exertion of time and effort.

Ishida: Even though hand-wound clocks are occasionally inaccurate, they cost more than extremely accurate quartz clocks. Even though they have to be wound up, and that means time and effort, people believe the value of hand-wound exceeds the time and effort needed to wind them. To create affluence within constraints, we have to change the standards of measurement.

Tamura: I think we have to change the standards of measurement for learning and working. Some examples are hiring females to work as firefighters to deal with the decline in the number of young people in the population, or introducing fire hoses that even senior citizens can use to extinguish fires. We have to change our ways of thinking.

In Osaka, there seem to be two standards of measurement (judging from the way friends greet each other): “Are you making any money?” and “Are you finding that interesting?” When there are multiple standards of measurement, there are many cases where this is a saving grace. I would really like to find another standard of measurement for Tohoku.



Mr. Tamura is working on a wide range of support efforts at the Reconstruction Agency and is also participating in the Joint Creation Reconstruction Promotion Project Research Committee. Starting immediately after the earthquake, he has advised KOKUYO regarding its recovery supply activities.

Ishida: That is what CSR is all about. We have started to measure corporate value using standards of measurement other than economic value.

If we are given new standards of measurement, industries as we have known them thus far could be completely transformed. For example, what about a measure of work and life together? In Japan in years gone by, people used the time between their agricultural chores to raise their children and prepare their meals. We do not want to return to those days, but we need to evolve our lifestyles.

Yatsuka: “Work” and “life” are different things, but viewed from the perspective of “lifestyles,” they are the same, right?

Once I spent four days in a Zen temple. Every day, over and over, we cleaned the temple, meditated in the Zen cross-legged position, and read from the Buddhist sutras. Vegetables were grown on the temple grounds and we obtained rice from local farmers. When we visited someone, we took rice along. This lifestyle, which was largely self-sufficient and complete and flowed in a cycle, had been going on for more than 1,000 years.

Ishida: The lifestyle at a Zen temple and our daily lifestyles are completely separate today, but, if we think of them on the same foundation, that becomes a new sense of values. If we put work and life together, then it becomes necessary to do away with the idea of an age-limit system for retirement. There is no age limit in the primary industries, and, as you know, there are many people over 70 years of age who are still working and in good health. My own work style has been to change occupations every 10 years, unrelated to any age limit. Even if you reach 60 or more, that does not mean that life is over.

Tamura: Under standards that have been used so far, people were only required to work in full-time jobs. However, one method would also be to create small jobs that take up only two or three days a week or require short working hours and pay the employees several tens of thousands of yen. There are workplaces that could create work like this, even in the region affected by the earthquake. People who want to make more money can take several of these jobs. The more sources of income they have, the greater their peace of mind. I would really like to create new frameworks for this new work style, where working people would feel they were not losing something, and it would be realistic from a business perspective.

Nakagawa: That would make it easy for women to work and raise their children, wouldn't it? That might turn into a new Japanese-style work sharing arrangement.

Okatake: There would be merits from the company's point of view, too. Since there is considerable land in the Tohoku region; even in Miyagi there are greater distances than in Iwate and Fukushima. By signing employment contracts with people in the region, it would be possible to develop businesses that are close to their regions, just as such businesses have developed in milk-based products and cosmetics in other parts of Japan.



We want to create a “place for learning” and a “city for learning” that will broaden our possibilities as we enjoy ourselves.

Shimizu: To create a workplace of that kind, what sorts of places for learning and education are necessary?

Nakagawa: I think I would like to have the kind of place that would draw on the basic academic skills we learned in school. Schools are like second homes. I want to create the kind of environment that is a place for living and not just studying. To do that, it will be important to first create a model school. Then, so that members of society can create their education and make choices freely, I think we should change the country's educational system.



Ishida: We need schools for adults, don't you think? Schools for cooks and schools where people can learn technical skills.

Tamura: It would be good, too, if adults could attend the schools at night. If we can provide such schools, the nature of the blackboard and desks will change. Also, we would like to think about new kinds of houses and ways of living. In the United States, where I paid a visit at the end of the 1990s, in housing for low-income persons, there were rooms set aside on the first or second floors for job-training purposes. If the residents did not attend the program that was offered, they lost their qualifications for living in the housing. In Tohoku, public reconstruction housing has been built in various parts of the region, but all that has been done is to provide low-rent dwellings, and there are no further plans going forward. I think it would be a good idea to also build “schools for adults” in the housing projects. However, in reality, separate projects are under way with the Ministry of Education, Science and Culture in charge of “learning,” the Ministry of Health, Labour and Welfare in charge of “working,” and the Ministry of Land, Infrastructure, Transportation and Tourism taking charge of “living.”

Shirakawa: That is exactly the reason why we are looking to corporations. For example, if it were KOKUYO, we would like to see them create school-like spaces where people who are interested in stationery and related items would congregate together, conduct their activities, and study about these items. Because of the effects of the earthquake, nothing has been done related to the “Museum City” plan originated by the city of Sendai. This Sendai proposal was to have places for learning in various parts of the city, not limited to art or other kinds of museums. The idea was to locate places of learning in parks, in post offices, and in one corner of shopping areas. In other words, just about everywhere, the city would be a place for people to broaden their knowledge and possibilities while enjoying themselves. I would like to see this plan put into action. With every one of the same mind and heart, the reconstruction will proceed and the future of Tohoku will come into being through collaboration among citizens, government agencies, and private companies.



Recovery is proceeding as people have a unity of intentions, and residents, government organizations, and companies are collaborating to build Tohoku's future.

Tamura: Reconstruction is a series of meetings. Reconstruction will move ahead when we can reach a consensus. If we cannot reach a consensus, houses will not be built, towns will not be constructed, and reconstruction will not happen.

As you know, depending on the positioning of tables and chairs, the flow of meetings can change. Real results are needed and that will require support for meetings to enable participants to reach a consensus smoothly and some kind of framework that makes it possible for people in remote areas to participate also.

What companies can provide is not confined to things and labor. Every company should provide support based on their respective main businesses. Sometimes they should experiment with ideas and plans that are new to Tohoku as they draw on their businesses. In towns where the residents have held discussions, reached a consensus, and been successful in reconstruction, former residents come back to live there. You know, their attitude is that “we made this reconstructed town ourselves, and we will clean it up ourselves, too.” Rather than leaving things up to the local governments, the residents must build the towns, even if it is laborious and takes time.

Nakagawa: In New Zealand, after the major earthquake there, governments acted only as facilitators and did a thorough job of collecting the opinions of the town residents. As a result, the opinions of the residents were reflected in the reconstruction. Therefore, people were persuaded and gave their active cooperation to the reconstruction.

However, in Japan, even if comments of the public reach the government, it is usually only about 100. In New Zealand, about 100,000 comments reached the government's ears. It seems that either governments in Japan have no skills in facilitation or they think it is unnecessary. I believe companies should play the role of facilitators.

Yatsuka: If we change our perspective and make “working” and “learning” a part of “lifestyles,” I think more possibilities will spread out before us.

Some people have the impression that adopting new things and new values means creating something that does not yet exist. However, we can make things interesting and fresher by making new combinations of existing things and values. For example, let us think about combinations of time and space. I think that if the good things about Tohoku that have been handed down through the ages are combined with new standards of measurement, this will help to realize lifestyles that are affluent in the true sense of the word.



Okatake: In listening to everyone's comments, I had the feeling that we have come up with new perspectives and concepts in our dialog today. As was mentioned regarding support for meetings, there are other ways of offering assistance than providing desks and notebooks. It will be important for us to tackle new challenges, as we apply new standards of measurement and feel a sense of excitement and enjoyment. As we move toward the year 2030, I would like for us to create new values so that the children who will inherit the Tohoku of the future and the adults of Tohoku can have hope.



This dialog was held in the research office of Professor Ishida of Tohoku University. This office is also a showroom where examples of “Nature and Technology,” are on display to enable viewers to learn from nature. Also on display are models used for explanations and panels showing photographs taken by children who were affected by the earthquake as well as written messages. The dialog participants viewed these items on display and were stimulated to ask questions, and this, in turn, led into a lively discussion during the dialog.

In Conclusion

“What contributions can KOKUYO make that are suited to the nature of its business and other characteristics as Tohoku moves toward the future? What scenarios can we write?”

For KOKUYO, which is a company that continues to create tools and spaces for “people who are working” and “people who are learning,” this is a major theme. Based on the comments made during the dialog, I believe that the participants taught KOKUYO some things about what contributions it can make. These included “This is an opportunity to create new standards of measurement,” “This is the stage of challenge when we should think about what Tohoku-life affluence should be, as we rethink “working” and “learning” from the perspective of “lifestyles.”” Going forward, as we move toward a future characterized by a Tohoku-like affluence, we will continue to think about this major theme as we gather many opinions and views. In closing, I would like to express my thanks for these excellent opinions and hints.

Masako Teramoto CSR and Environment Management Group
Corporate Administrations KOKUYO Co., Ltd.

A Single Notebook Puts Smiles on Children's Faces



With the collaboration of many people from stores in the Tohoku region, education committee members, newspapers, and NPOs, KOKUYO is holding a continuing series of Deco-Notebook Workshops. More than 1,000 children have participated in the workshops, and all have shown us smiles of delight.

The Power of Notebooks

After the earthquake, we visited local government offices and schools and offered various articles, such as notebooks, writing materials, and furniture. During these visits to earthquake-stricken areas, we came into contact with an unexpected way of using notebooks. Notebooks have been made available in volunteer centers, emergency shelters, public facilities, and elsewhere. People who experienced the earthquake and volunteers who came to the stricken areas wrote down their thoughts, including what their real experiences and feelings were, messages of encouragement, thanks for the assistance of volunteers and others, in a single notebook. This made us realize once again the power of notebooks and writing paper.

* Related information: [Making Children Smile through Writing and Drawing](#)

Relieving Stress by Writing and Drawing

KOKUYO's "Deco-Note Workshops" have the theme of encouraging the children of the Tohoku region to become cheerful again through writing and drawing ("Hang in There Children of Tohoku. We Hope You Will Cheer Up by Writing and Drawing"), and they involve having children use marker pens and seals to decorate the covers of their Campus notebooks. These workshops started from the idea that creative activities, such as "writing down words" and "drawing pictures," help to relieve stress and from the desire to have the children write down their present feelings in their diaries and exchange notebooks and use this as a basis for future growth and development. Children who attend these workshops use such materials as many types of seals, colorful marking pens, and masking tape with cute patterns to exercise their creativity and decorate the covers of Campus notebooks that then become a kind of work of art. Children become absorbed in decorating their notebook covers, and the one hour spent in the workshop goes by very quickly. As the children leave with their very own "one-of-a-kind notebook in the whole world," they smile radiantly saying things like "that was fun" and "please have another workshop." Some of the children turn around several times on their way home to say "thank you" over and over. Some of the children also made new friends at the workshops.



Boys also participate in the workshops.



Even the faces of sales personnel just naturally break into a smile.



Everyone has completed their own "one-of-a-kind notebook in the whole world."



An Opportunity to Think about Why Employees Are Working

Beginning in August 2011, KOKUYO began holding workshops, first in Sendai and then later once every two to three months in Aizu Wakamatsu in Fukushima Prefecture, Yamada-cho in Iwate Prefecture, Minami Soma and Nihon Matsu in Fukushima Prefecture, and Natori in Miyagi Prefecture. These workshops are conducted by KOKUYO employees acting as volunteers, who are hoping to express their gratitude to the people of the Tohoku region and assist them in some way. Through these activities, KOKUYO personnel are experiencing firsthand the its Corporate Philosophy statement, "Enrich the world through our products and services," and this activity offers them the opportunity to discover why they working.



View from person in charge

Children exclaim “Eh!?” when they hear the announcement “you have five minutes left” from the workshop staff. However, we staff members are relieved because, judging from the enthusiastic reaction of the children, we think “they really enjoyed the workshops.”

I know there are difficulties we face that the children cannot know about, but the children we meet in these workshops are energetic and their eyes are almost shining as they grapple with their notebooks. This is an activity we are conducting because we want the children to be energetic and happy again, and we receive renewed energy ourselves.

Just after the earthquake, I heard several comments that impressed me. “Even when children seem to be bright and happy, they may just be putting on a show before adults, and actually stress is building up in inside them.” “There are cases where writing and drawing can relieve stress.” These comments gave us the idea for starting the “Deco-Notebook Workshops.” Especially in Fukushima, where children could not play outdoors, stress was building up. Many children stayed at home and spent much of their time playing games. The Deco-Notebook Workshops delighted children because they allowed children to stay indoors and play with their friends. All that is needed is a notebook.

Expressions of gratitude from parents and guardians included “It has been a long time since I saw my child so happy and completely engrossed in something.” “We feel apologetic that, for our own reasons as parents, we cannot take refuge somewhere else with our children; that is why we are truly grateful for the support of you people from KOKUYO.” Just one notebook can make spirits brighter, communicate thoughts, and warm hearts. And it is so in keeping with KOKUYO's main business.



Go Hoshi
KOKUYO Corporate Communications



Chie Sakurada
Marketing Strategy Office
KOKUYO Tohoku Sales

Design Workshop in a Multipurpose School Facility

KOKUYO presented a workshop on the theme of “Contributing to Recovery in Tohoku” with Waseda University. The necessary elements for schools and government office buildings were determined through fieldwork and interchange, and a proposal was submitted for a “Multipurpose Facility for the Recovery Zone.”



Consideration of a Multipurpose School for Tohoku Recovery

In response to the issue posed, “What can KOKUYO do to help in the recovery?,” KOKUYO decided to sponsor this workshop with Waseda University which had been conducting a number of activities related to recovery in Tohoku. In the process of devising solutions from the students' perspective to the various issues related to recovery, KOKUYO offered its know-how and supported the students with advice based on its experience.



Presentation to residents of Matsushima Town



The Theme: Creating Futuristic Multipurpose Facilities Centering around Schools from Tohoku

In response to the issue posed to KOKUYO, namely, what can it do to contribute to “Recovery in Tohoku,” we thought solutions from a broad perspective were called for and not just solutions from the perspective of citizens of society. Working together with the “Professional Workshop,” which is an activity at Waseda University and involved having companies (citizens of society) and university students take initiatives in devising solutions, we took the students' perspective into consideration and considered and made proposals for multipurpose facilities centered around the schools in the recovery areas.

As a result of the Great East Japan Earthquake, the roles of schools in regional communities and as bases for preventing disasters were recognized, and what is required is to upgrade their functions not only as schools but their other functions as well. Working together with six students in two teams and looking forward to their ideas based on flexible thinking, we prepared a proposal for a model facility at the Matsushima First Elementary School in Matsushima Town in Miyagi Prefecture. We went beyond desk research and performed fieldwork as well, and



surveyed conditions at the time of the disaster, the current state of the community, and requests of local government entities, residents, and schools. After working on this for three months, we gave a presentation to Matsushima Town and then reported the results in person to Dr. Kaoru Kamata, president of Waseda University, and Mr. Hidekuni Kuroda, president of KOKUYO Furniture.

■ Proposal 1: Title: "Everyone's Health Plaza"

Under this proposal, facilities, principally for food and health, would be established in the same location. Cafeterias and sports facilities would be given additional functions as headquarters for dealing with disasters. Since people of many generations would use these facilities together, interchange would take place on a daily basis, and the aim would be to develop relationships that would facilitate mutual assistance in time of emergencies.

■ Proposal 2: Title: "Matsushima Children's Kingdom"

Under this proposal, an interchange center mainly for children would be added to the facilities. With space mainly for interchange among children and senior citizens, the proposal calls for the participation of residents in teaching situations. In time of emergencies, this space would serve as a first aid center and as housing for senior citizens.



Implementing Proposals that Match the Realities of the Stricken Areas

As a result of this workshop, we were able to learn about the state of the stricken areas and a portion of the issues they faced. Looking ahead, the ideas we developed will be used in making proposals to schools in the recovery areas. We would like this to lead to the implementation of facilities that match the realities of the stricken areas.

Person in Charge

Standing Face to Face with Customers

Many students participated in the workshop, from various university departments and from different classes. As we listened to the students' ideas carefully, we developed an interface with the stricken areas and thought in detail about how we could convey our proposals persuasively. In the end, we were able to provide persuasive proposals to Matsushima Town, the students, and KOKUYO. Through the single-minded initiatives of the students, we again felt firsthand the importance of standing face to face with our customers.



Satomi Aizawa
TCM Marketing Strategy Department
KOKUYO Furniture

IINE! Project2012

Through the KOKUYO Fair 2012, volunteer members launched the “IINE! Project2012,” and after about a year, in October 2012, we provided “a place for learning” to the Ishinomaki City Ayukawa Primary School.



IINE! Project2012



We Want to Deliver the Many Words of Sympathy Received from Customers.

The “IINE! Project2012” was launched by volunteer members from among KOKUYO employees with the aim of “maintaining the high motivation of employees, communicating value accurately, and having customers enjoy themselves” at the 2012 KOKUYO Fair.

After making our way through various concerns and issues, we decided to take the approach of communicating the value by having staff members using iPads to actively give explanations to customers and receive (mileage) points as their expressions of sympathy. Then, on the day of the fair, to be sure we caught all the expressions of sympathy, we deployed iPads in 38 locations, and had a total of about 80 “Great! Man” KOKUYO staff promoters attend the fair.

Some of the comments we received from customers were, “The staff members giving the explanations did a good job, and I enjoyed it” and “The atmosphere created by the staff members was friendly, and the enjoyment was communicated to the participants.” We received a total of 103,915 points and converted these to cash, and then began activities aimed at providing “a place for learning” to the children of Tohoku.

* “Iine” in Japanese expresses approval of actions and words



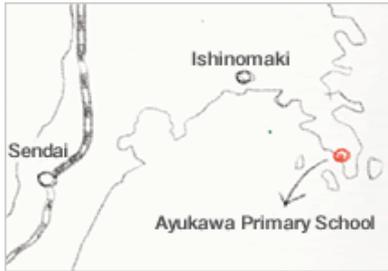
Words of Sympathy for the Children Who Will Create the Ishinomaki of the Future



Selection of Ishinomaki City Ayukawa Primary School

After the fair was over, we held many discussions among those staff members who were stationed in Tohoku and the staff of KOKUYO Tohoku Sales to determine what kind of assistance was needed and what KOKUYO could do to assist. What was important and emphasized in these discussions was that the assistance should not be one-sided, but that we should get close to the people of Tohoku and provide assistance that they really need. To do this, we conducted interviews with NPOs and other organizations that were engaged in providing hands-on assistance in the region. In total, we talked to about 13 organizations over a period of three months. As a result, we came to the conclusions that the most-urgent and most-important theme for recovery in the Tohoku region was “providing places where the children can learn and play.” We thought that providing places where the children, who will become responsible for the recovery of the region, can feel at ease as they study was just the mission that KOKUYO could perform. In providing these places, we received backup from

the Ishinomaki City Education Committee, and, together with Project Yui (a general incorporated association), went on to provide hands-on assistance to schools in the region by redecorating two rooms in the Ishinomaki City Ayukawa Primary School.



The Ayukawa Primary School is located on the Ojika Peninsula.



Project Yui is a general incorporated association that is helping the children of the region to receive instruction in schools.

Establishment of the Classroom Concept

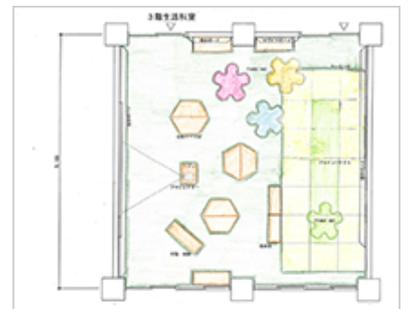
What we emphasized when creating the classrooms was to design spaces just the way that everyone at the Ayukawa Primary School thought was necessary. To do this, when we drew up the space plans, we carefully selected the issues to be addressed and placed emphasis on exchanging opinions with the primary school teachers and students as well as the people living in the region. As a result, we identified three issues the Ayukawa Primary School faced.

1. There were no spaces in the existing school for interfacing with the people of the region.
2. There were no multipurpose spaces that were available for use by anyone.
3. There were no places for optimal learning where children of different classes could study together.

The concept that was developed to address these issues was “create spaces where adults and children of the region and school can come together as they wish as part of their daily lives.”



Meeting to exchange opinion with teachers present



Plans were developed using sketches that were easy for everyone to understand.

Creating Classrooms together with Children

When renovating the classrooms, we paid particular attention to one other point. Even in the phase of activities where the classrooms were being designed, we emphasized working together with teachers and students. At the end of September, we held a workshop for painting the walls and shelves together with the children, KOKUYO members of the project, and members of Project Yui. This was in part because we felt that, if the children participated in the process of creating the spaces, they would develop a fondness for them and make active use of them.





Completion of the New Places for Learning

First Floor: Conference Room

We created a “multipurpose space” where tables, chairs, whiteboards, cabinets, and other furniture could be placed and could be used flexibly for different purposes and with differing numbers of participants. We also created “loungue spaces” that included sofas and kitchen shelves and could be used for relaxing.

Third Floor: Living Environment Room

We created a “work space” where the young children could assemble and was large enough to use for various activities. We also created a “floor sitting space” where people could spread mats where people could sit down, relax, read, and listen.



First floor conference room



Third floor living environment room



Opening Ceremony

At the end of October, we held an opening ceremony in the Ayukawa Primary School gymnasium for the completed learning spaces. Students from all the schools gathered for the ceremony, and we received thanks from the principal of the school and the students.

Afterwards, we gave explanations to the children and teachers about how we thought the rooms should be used.

Comments from School Principal Yamamoto

“There are many things that human beings cannot do alone. We must thank many people from our hearts for helping and encouraging us. KOKUYO representatives have spent much of their time discussing with everyone from the Ayukawa Primary School and the residents of this region about how to create these places for learning and make them easy to use. As a result, they have designed magnificent learning spaces. KOKUYO has strongly cheered us onward. As good evidence of our thanks to them, everyone, let’s use them as much as we can!”



Student representative expresses thanks to KOKUYO.



School principal Yamamoto comments, “KOKUYO has strongly cheered us onward.”



Continuing Tohoku Recovery Assistance

We will maintain the valuable relationships that we have built with the Ayukawa Primary School and Project Yui as part of our "IINE! Project2012." Looking ahead, as a sign of thanks to the people who attend KOKUYO's fairs, we think that we would like to give new shapes to our desire for recovery in Tohoku. We want to begin by using the Ayukawa Primary School learning spaces and holding workshops and events together with everyone in the region.

Groping Our Way along in Project Activities

The IINE! Project2012 lasted for a full year, and we made progress by groping our way along. People from KOKUYO with many talents and strengths assembled to do everything from planning and publicity to operation and design. When we finally consummated the project through a series of discussions and visits to the regions, it was already October. Going forward, we want to treasure the relationships we have built, and, with an even stronger membership in our group, we want to be even more useful to society and express our gratitude.



Members participating in the workshop

KOKUYO's CSR Charter

KOKUYO's CSR Charter

Grounded in the founding corporate philosophy of “enriching the world through our products and services,” the 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.

Corporate Governance

Since its founding, under its corporate philosophy of “enriching the world through our products and services,” the KOKUYO Group has worked to fulfill its social responsibilities as a corporate citizen.

Management Policy

The KOKUYO Group, accompanying the globalization of its business activities, has positioned compliance as its most-important management issue. To develop its activities as one company in countries and regions where cultures and values are diverse and laws differ, it is necessary for the Group to have a common code of conduct. To this end, the Group revised its KOKUYO Corporate Code of Ethics in August 2012, which it originally issued in 2001, to make it the uniform code for the Group, and changed its name to the KOKUYO Group Code of Conduct. This code sets forth the basic standards for conduct that all management and other staff of the KOKUYO Group must follow, whether they are in Japan or overseas. In addition, taking account of different business customs, laws, and other matters in various countries and regions, the Group has prepared its KOKUYO Standards of Conduct Handbook and plans to distribute this to all its staff members throughout the world. This handbook has been prepared for the seven countries and regions where the Group conducts its business activities at the present time (China, Vietnam, Thailand, Malaysia, Singapore, Hong Kong, and India) and explanations of the content will be provided in each of these locations.

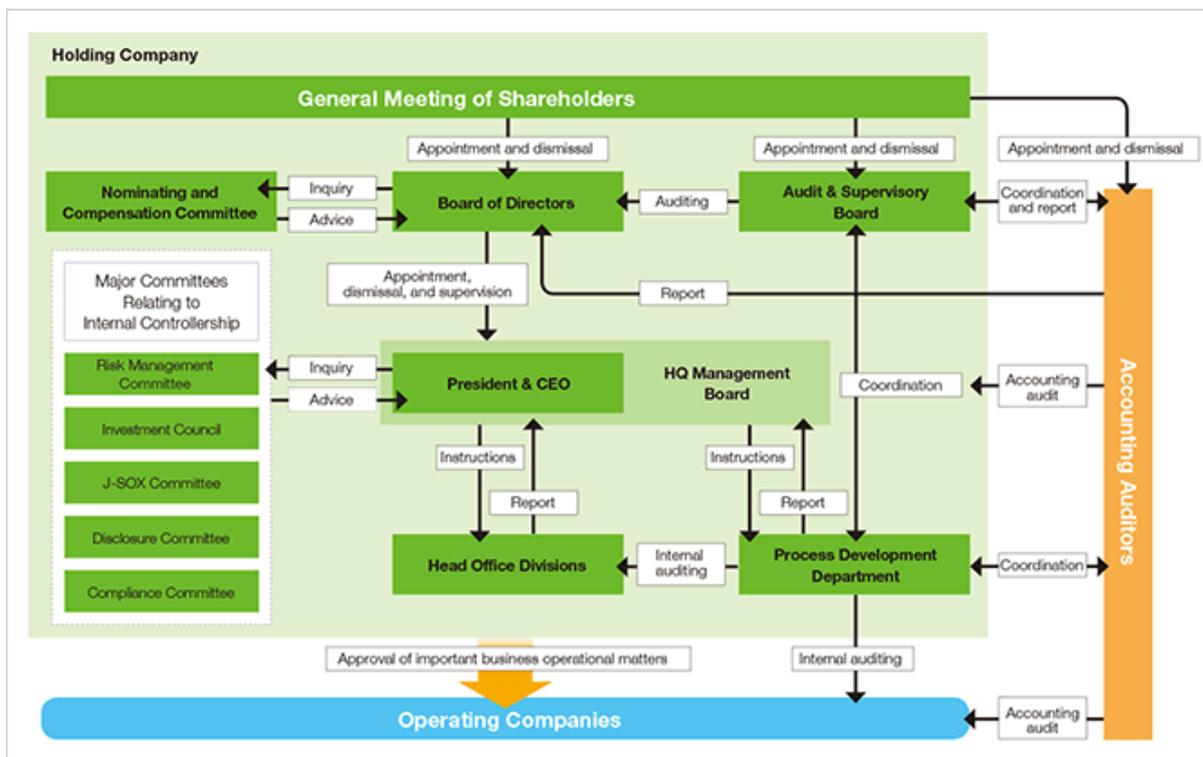
Corporate Governance

Under its corporate philosophy of “enriching the world through our products and services,” the KOKUYO Group strives to achieve sustainable growth while maintaining harmonious relations with its shareholders. By creating and maintaining a structure which ensures replicability and continuity of transparent, apt, and efficient business administration, the KOKUYO Group will continue to work toward elevating its corporate governance standards.

The KOKUYO Group is a company that has an Audit & Supervisory Board. We have created a corporate governance system that consists of a Board of Directors that supervises the execution of business, and the Audit & Supervisory Board that, as an entity independent of the Board of Directors, audits the duties executed by the directors. As a global company, we strive to build corporate governance that is worthy of our shareholders' trust. To realize this goal, we work to enhance our supervisory function, clarify the responsibilities of management at all levels, and heighten the objectivity and transparency of business administration.

Structure of Corporate Governance Business Execution

The KOKUYO Group's Board of Directors is comprised of a total of six members, half (three) of which are outside directors. As part of a system that is able to respond to corporate governance promptly to changes in the business environment, directors are appointed for a term of one year. In attendance at the board meetings, along with the directors, are four audit & supervisory board members, including two outside statutory audit & supervisory board members. The KOKUYO Group has separated its supervisory and executive functions and, in order to promote faster decision making and streamlined business execution, adopted a corporate officer system. The Board of Directors, which assumes a supervisory function, makes crucial decisions on such matters as Group-wide management policies and various business plans. Also, as an entity responsible for business execution, it runs the Headquarters Management Board. This board is comprised of four Group Headquarters Operating Officers, the head of which is the President and CEO, and its main functions are to deliberate and make decisions on issues related to the Group Headquarters. Further, issues regarding business execution are discussed and decided upon at the Board of Directors' meetings held at respective Group operating companies.



Advisory Body for the Board of Directors

As an advisory body for our Board of Directors, we have in place a Human Resources Committee, a majority of which consists of external members or directors. The Human Resources Committee reviews, appoints, and dismisses candidates for director, audit & supervisory board member, and operating officer (hereinafter collectively referred to as “officers”). It also deliberates on compensation plans, evaluates individual officers, verifies remunerations, and offers reports and recommendations regarding such matters to the Board of Directors.

Audit & Supervisory Board

The KOKUYO Group’s Audit & Supervisory Board is comprised of two full-time internal audit & supervisory board members and two outside audit & supervisory board members who possess a wealth of knowledge and experiences in a wide range of fields. The audit & supervisory board members attend the Board of Directors and other important meetings to audit the legality of the duties executed by the directors. Moreover, to ensure the effectiveness of audits, the audit & supervisory board members exchange opinions regularly with personnel in charge of various duties and functions, as well as have in place a system for working closely with the Internal Audit Division and the audit & supervisory board members of the main subsidiary companies.

Internal Audit Division

The Internal Audit Division has set up the Process Development Division—the head director of which is appointed by the Board of Directors—and audits the Group Headquarters and affiliated companies. The Process Development Division audits, from a Company-wide standpoint, the appropriateness of risk-management, compliance, and business operations. It also evaluates the efficacy of internal control and reports on the audits directly to the President and CEO at the Headquarters Management Board. It also reports of its activities to the Board of Directors at appropriate times.

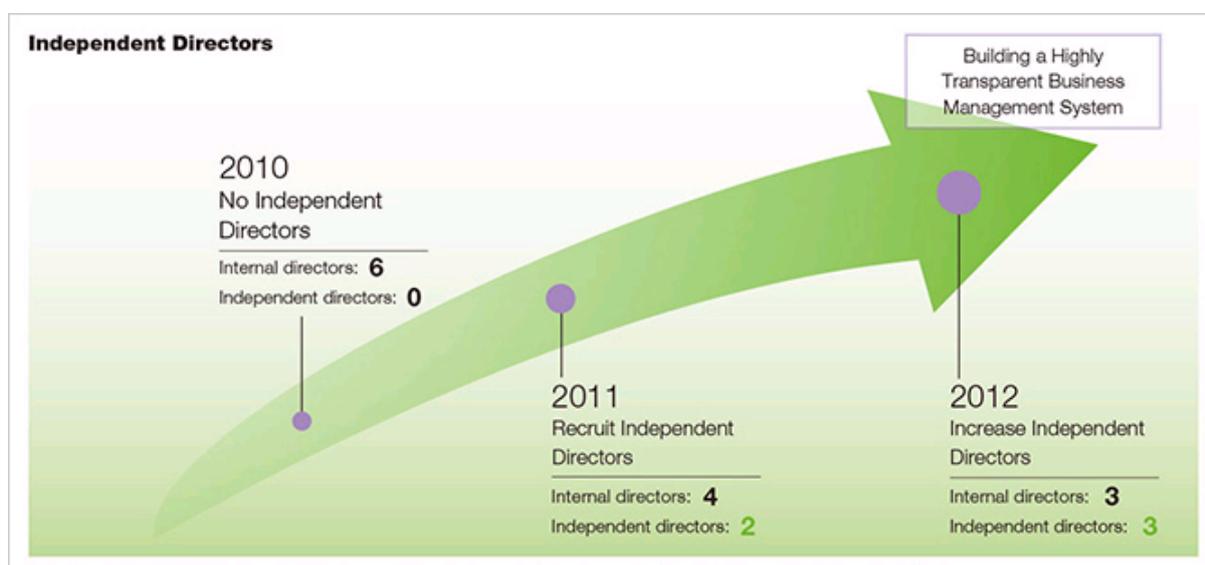
Compliance Implementation

In addition to our domestic activities, the KOKUYO Group has 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, the KOKUYO Group's Compliance Initiatives are grounded in the intent and assumption that all employees of the 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, and starting this fiscal year, we will sequentially expand these training initiatives into our overseas locations, starting with China.

Compensation of Directors and Audit & Supervisory Board Members

Position	Applicable directors and Audit & Supervisory Board members	Total compensation (Millions of yen)
Directors (excluding independent directors)	4	163
Independent directors	3	29
Audit & Supervisory Board members (excluding outside Audit & Supervisory board members)	3	31
Outside Audit & Supervisory Board members	3	13

* The number of applicable directors and Audit & Supervisory Board members includes one director and two Audit & Supervisory Board members who resigned their positions at the end of the General Meeting of Shareholders held on March 29, 2012.



* One-half of KOKUYO's Board of Directors qualify as independent directors under the stipulations of the Tokyo Stock Exchange.



From left to right: Nobuyuki Oneda, Masa Matsushita, Akihiro Kuroda, Yasuhiro Kuroda, Takeharu Nagata, and Hisao Sakuta

Members of the Board

Akihiro Kuroda

Representative Director of the Board, President and CEO

April 1972	Joined KOKUYO Co., Ltd.
December 1977	Director of the Board, KOKUYO Co., Ltd.
August 1989	Representative Director of the Board, President, KOKUYO Co., Ltd.
March 2011	Representative Director of the Board, President and CEO, KOKUYO Co., Ltd. (to present)

- Directors' Meetings Attended
Attended all 13 sessions

Yasuhiro Kuroda

Representative Director of the Board, Executive Vice President

April 1975	Joined KOKUYO Co., Ltd.
June 1991	Director of the Board, KOKUYO Co., Ltd.
March 2010	Representative Director of the Board, Vice President, KOKUYO Co., Ltd.
March 2011	Representative Director of the Board, Executive Vice President, KOKUYO Co., Ltd. (to present)

- Directors' Meetings Attended
Attended all 13 sessions

Masa Matsushita

Director of the Board, Senior Corporate Officer

April 1989	Registered attorney (Tokyo Bar Association)
March 2003	Vice President and Director of the Board, General Electric Japan, Ltd.
September 2005	Director of the Board, Executive Vice President, FAST RETAILING CO., LTD.
July 2010	Director of the Board and Executive Vice President, Siemens Japan K.K.
March 2011	Director of the Board, Senior Corporate Officer, KOKUYO Co., Ltd. (to present)

- Directors' Meetings Attended
Attended all 13 sessions

Takeharu Nagata

Independent Director of the Board

April 1967	Joined Sumitomo Bank, Limited
June 2002	Deputy President, Executive Officer, Sumitomo Mitsui Banking Corporation
June 2005	Outside Statutory Auditor, Shionogi & Co., Ltd. (to present)
June 2010	Chairman, Keihanshin Building Co., Ltd. (to present)
March 2011	Independent Director of the Board, KOKUYO Co., Ltd. (to present)

- Reasons for Election
To substantially increase the transparency of the Company's management by drawing on Mr. Nagata's experience, knowledge, and professionalism that he has gained through many years in the management of a leading financial institution. We believe Mr. Nagata can provide high-level management judgments from his neutral and fair perspective.
- Directors' Meetings Attended
Attended all 13 sessions

Nobuyuki Oneda

Independent Director of the Board

April 1969	Joined Sony Corporation
June 2005	Deputy President, Executive Officer, Sumitomo Mitsui Banking Corporation
June 2005	Director of the Board, Executive Vice President and Chief Financial Officer, Sony Corporation
March 2011	Independent Director of the Board, KOKUYO Co., Ltd. (to present), Outside Statutory Auditor, Kirin Holdings Company, Limited (to present)

- Reasons for Election
We look to Mr. Oneda to assist the Company in raising the level of corporate governance and transparency, based on his years of experience and knowledge gained in the management of a leading corporation.
- Directors' Meetings Attended
Attended 12 of the 13 sessions

Hisao Sakuta

Independent Director of the Board

April 1968	Joined OMRON Corporation
June 2003	Chief Executive Officer and Representative Director of the Board, OMRON Corporation
June 2011	Chairman of the Board of Directors, OMRON Corporation (to present)
March 2012	Independent Director of the Board, KOKUYO Co., Ltd. (to present)

■ Reasons for Election

We look to Mr. Sakuta to provide appropriate advice for strategic decision making as the Company expands its operations globally, based on his broad experience and knowledge gained in the management of a leading company with overseas operations.

- Attended 10 of the 11 Board of Directors' Meetings that were held after his appointment on March 29, 2012

Audit & Supervisory Board Members



From left to right: Hiroshi Mizuno, Nobuyuki Miyagaki, Yoichi Kotani, and Tomomi Yatsu

Yoichi Kotani

Standing Audit & Supervisory Board Member

April 1972	Joined KOKUYO Co., Ltd.
June 2001	Director of the Board, KOKUYO Co., Ltd.
March 2009	Audit & Supervisory Board Member, KOKUYO Co., Ltd. (to present)

■ Directors' Meetings Attended

Attended all 13 sessions

■ Audit & Supervisory Board Meetings Attended

Attended all 14 sessions

Nobuyuki Miyagaki

Standing Audit & Supervisory Board Member

April 1978	Joined KOKUYO Co., Ltd.
April 2011	General Manager, Process Reform Division, KOKUYO Co., Ltd.
March 2012	Audit & Supervisory Board Member, KOKUYO Co., Ltd. (to present)

- Directors' Meetings Attended
Attended all 13 sessions
- Audit & Supervisory Board Meetings Attended
Attended all 14 sessions

Tomomi Yatsu

Outside Audit & Supervisory Board Member

September 1990	Registered certified public accountant
November 2001	Registered attorney (Tokyo Bar Association)
April 2007	Partner, Bingham McCutchen LLP (to present)
June 2009	Outside Statutory Auditor, CALBEE, Inc. (to present)
March 2012	Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd. (to present)

- Reasons for Election
Ms. Yatsu was selected to provide the Company with her professional knowledge, which she has gained from many years as a registered certified public accountant and her experience as outside Audit & Supervisory Board Member for leading corporations.
- Attended all 11 of the Board of Directors and Audit & Supervisory Board meetings that were held after her appointment on March 29, 2012.

Hiroshi Mizuno

Outside Audit & Supervisory Board Member

April 1969	Entered Matsushita Electric Industrial Co., Ltd. (currently, Panasonic Corporation)
April 2003	Became vice president of Panasonic Automotive Systems and, concurrently, representative director and president of Panasonic Car Electronics
June 2011	Became outside auditor of Santen Pharmaceutical Co., Ltd. (currently holds this position)
March 2013	Became Audit & Supervisory Board Member, KOKUYO Co., Ltd. (to present)

- Reasons for Election
Mr. Mizuno was selected to be outside auditor of KOKUYO Corporation to enable KOKUYO to draw on the extensive knowledge and experience as well as the broad perspective he has gained in senior management and the position of external auditor in other industrial corporations.



Corporate Officers



From left to right: Yasuhiro Kuroda, Masa Matsushita, Motohiro Hojo, Takuya Morikawa, Hidekuni Kuroda, and Akihiro Kuroda

Akihiro Kuroda

President and CEO

Yasuhiro Kuroda

Executive Vice President

Masa Matsushita

Senior Corporate Officer

Takuya Morikawa

Senior Corporate Officer
Representative Director and
President,
KOKUYO S&T Co., Ltd.

Hidekuni Kuroda

Senior Corporate Officer
Representative Director and
President,
KOKUYO Furniture Co., Ltd.

Motohiro Hojo

Corporate Officer
General Manager of Group
Strategy, KOKUYO Co., Ltd.

Compliance

As it develops and becomes a truly Asian company, the KOKUYO Group is working to ensure that all management and staff will have a strong awareness of compliance and will take the right actions in sincerity at all times.

Preparation of the KOKUYO Group Code of Conduct

KOKUYO is developing its business activities based on the belief that “sincerity” is the most-important value for attaining sustainable growth as a company. Accompanying the development of KOKUYO’s overseas activities, compliance with laws and regulations has become an important management issue in globalization. In nations overseas, there is a diversity of culture and values, and interpretations of laws differ from country to country. However, we believe that, while taking account of local customs and mores, it is necessary to prepare a common code of conduct for the Group. Accordingly, following on from the KOKUYO Corporate Ethics Guidelines that were issued in 2001, in August 2012, we prepared and issued the KOKUYO Group Code of Conduct. This code states the basic standards for conduct that all KOKUYO Group management and staff should observe, both in and outside Japan. In addition, we are preparing a series of KOKUYO Group Code of Conduct Handbooks that take into account differences in business practices, laws, and other matters across countries and regions. At present, handbooks are in the process of being prepared for the seven countries and regions where the KOKUYO Group has operations (China, Vietnam, Thailand, Malaysia, Singapore, Hong Kong, and India). Meetings will be held to explain the handbooks for these countries.

Focusing on Raising Awareness of Compliance

Duty to Submit a Pledge

Following the establishment of the KOKUYO Group Code of Conduct, all management and staff are now required to submit a pledge indicating they will be compliant with laws and regulations. Each member of management and staff is expected to confirm the content of the code of conduct periodically. The aim of the pledge is to encourage management and staff to review their own conduct and to provide an opportunity to think about compliance.

Review of the Internal Informant System

Along with the establishment of the KOKUYO Code of Conduct, the “KOKUYO Group Hotline,” which is the internal informant system of the Group, came under review. To make it more effective, certain changes were made in the operation of the system, including the clarification of the process flow. In addition, to make it possible for all KOKUYO Group employees, including those overseas, to use this system, measures will be taken to gradually make available a system of this kind in KOKUYO Group companies around the world.

Implementation of Compliance “Self-Checks”

We have made arrangements for compliance “self-checks” by group leaders in various workplaces. These checks have the group leaders verify periodically the operating risks in daily business processes and create opportunities for them to be aware of such risks. In addition, the results of the checks are discussed among the organizational head and group leaders with the objective of promoting communication. In 2012, these self-checks were first conducted by 456 group leaders, and they covered the categories of “sales functions,” “procurement functions,” and “regulations and rules.”

Compliance Surveys

Although we had not conducted compliance surveys since 2007, we resumed these for the first time in five years. The most-recent survey covered 26 Group companies in Japan and 10 Group companies in China and it was aimed at obtaining a grasp of the level of compliance awareness among management and staff. The results will be used to prepare measures to increasing the level of awareness, and the surveys will be conducted annually.

Periodic Training Overseas

Beginning in 2009, we started to hold discussion-type training, named “Compliance Discussion (CPD)”, on a continuing basis. These CPDs have been held a total of 41 times with the participation of a total of 516 employees in Japan and China. In addition to the periodic training courses on intellectual property and legal matters that have been held so far in Japan, we will begin to hold these sessions periodically overseas as well. Also, in Japan, we are continuing to hold training sessions on the prevention of collusion and tests for participants via the Internet.

Risk Management



KOKUYO's Business Continuity Planning Initiatives

The KOKUYO Group began the consideration and preparations of business continuity planning (BCP) in 2007 to be ready for damage that might be sustained to production facilities and office functions in the event of national disasters and other contingencies.



Lessons from the Great East Japan Earthquake

During the Great East Japan Earthquake that occurred on March 11, 2011, the plans that had already been made in KOKUYO's BCP activities, including the sharing of information and various countermeasures, proved to be useful. Although none of KOKUYO's business locations suffered serious damage, we staged practice drills under the assumption that such damage had occurred. In addition, in some cases, suppliers of raw materials did suffer damage, and, as part of our BCP activities, we surveyed the suppliers of raw materials for our major products and considered alternative suppliers. On the other hand, we faced a large number of unexpected issues, including confusion in product distribution because of shortages of fuel and production stoppages because of scheduled power outages. In the future, we will take these issues into account, and, to ensure a faster return to stable product supplies, we will implement the following measures in our BCP activities.

(1)Early response measures during disasters

The disturbing impact of major disasters on employees was greater than anticipated, and we realized once more that how to restore calm behavior was a major issue. Following the earthquake, we printed and distributed a "survival card" to employees and took measures to acquaint everyone of the proper behavior during times of disaster.

(2)Creation of a safety confirmation system and implementation of practice drills

To make quick confirmation of the safety of Group employees in times of major disasters, in 2006, we set up a safety confirmation system using the mobile phones, PCs, fixed line telephones, and other means of communication of employees. Immediately after the earthquake, it was temporarily not possible to use telephones and e-mail. At present, however, no other alternative systems seem to exist that would enable confirmation of the safety of a large number of employees. For the time being, we will continue to require all employees to register their mobile and other contact addresses and make sure that these are kept up to date and in a usable state.

(3)Implementation of Large-scale evacuations of business locations

Along with regular countermeasures for earthquakes, we are conducting periodic training and drills that assume major earthquakes have occurred. We are also taking steps to make improvements when problems are identified in these practice sessions, and appropriate changes are constantly being made in the content of suggested courses of action contained in disaster manuals.

(4)Policies for disease epidemics

Based on the experience gained during the H1N1 influenza epidemic in 2009, we are considering and pursuing countermeasures for the recurrence of such epidemics. To respond to the dangers of possible epidemics, such as the one that might occur following the transmission of the H5N1 avian influenza virus to and among human beings, we are working to prepare BCP contingency measures.



Structuring Business Continuity Management Systems

KOKUYO Furniture has been designated as the KOKUYO Group's pilot company for BCP activities. Beginning in 2007, measures have been taken to identify and make assessments of risks in major business processes within the supply chain and prepare recovery scenarios and related plans. In fiscal 2008, KOKUYO's business processes related to office furniture, construction material manufacturing and shipment, and customer response and service systems received certification under BS 25999-2 standards for its Business Continuity Management System (BCMS). This was the first such certification received by a company in the office furniture industry in Japan.



KOKUYO Furniture's Basic Policy for BCM Activities



Objective

Kokuyo's aim is to fulfill corporate social responsibilities and secure customer satisfaction and trust by taking initiatives for business continuity management to ensure and share continuity in the provision of furniture-related products and services in the event of unexpected circumstances.



Policy for BCM Activities

1. Assess risks that may endanger business continuity and implement appropriate countermeasures
2. In preparation for unforeseen circumstances, prepare recovery plans and measures in advance
3. Make continuing improvements in BCM systems

KOKUYO'S Responsibilities to Stakeholders

KOKUYO is aware that raising corporate value is a responsibility that it has to shareholders and investors, and, to maintain transparent and sound corporate management, it strives to make accurate and timely disclosure of corporate information.

* Related information: [Inclusion of Shares in SRI Indexes](#)

Policy and Achievements regarding Dividends

With the objective of emphasizing shareholder interest, in addition to the previous policy of paying stable dividends, KOKUYO takes account of consolidated financial results and pays dividends aiming at a dividend payout ratio of 20% or more. Retained earnings are employed to make investments for future growth with the aim of increasing corporate value.

Making Management More Transparent

IR Activities

With the aim of providing information needed for investment decisions to investors and securities analysts, KOKUYO discloses information in a fair and timely manner on a continuing basis. To explain performance and other topics, financial results presentations are held twice a year, small meetings are conducted four times a year, and one-on-one meetings with investors are held at appropriate intervals. At the financial results presentations, the Representative Director and Chief Executive Officer of KOKUYO is the principal speaker, and the meeting is attended by directors and executive officers. Small meetings are conducted by the Chief Financial Officer. In addition, on-site tours are conducted at KOKUYO's Tokyo Showroom and Eco Live Office in Shinagawa, in the Kasumigaseki Live Office, and in The Conran Shop.



The financial results briefing for the fiscal year was held on 19 February 2013

Information Disclosure

KOKUYO discloses corporate information in accordance with the rules established by various stock exchanges for timely disclosure by listed issuers of securities. In addition, even for information for which timely disclosure is not mandatory, as much as possible, KOKUYO discloses by appropriate and fair methods, other information that, in its judgment, will help investors in better understanding the Company. KOKUYO strives to make such information available promptly on its website.

* Related information: [Investor Relations](#)

ISO26000 Table

Information about issues concerning the following core subjects of ISO26000 can be viewed in the following sections of this CSR report.

ISO26000 Core subjects	Issues	Web page
Organizational governance	Issue 1: Organizational governance	<ul style="list-style-type: none"> ▪ Top Interview ▪ Mission Statement and Origin of the “KOKUYO” Name ▪ Corporate Governance ▪ KOKUYO's CSR Charter ▪ Compliance ▪ Risk Management ▪ KOKUYO'S Responsibilities to Stakeholders ▪ Third-Party Assessments ▪ KOKUYO Group Dialog on Tohoku's Future
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"> ▪ Mission Statement and Origin of the “KOKUYO” Name ▪ KOKUYO's CSR Charter ▪ Compliance ▪ Human Rights(Human Resource Development) ▪ Human Rights(Diversity) ▪ Fair Transactions ▪ CSR Data “Society”
Labor practices	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace	<ul style="list-style-type: none"> ▪ KOKUYO's CSR Charter ▪ Compliance ▪ Human Rights(Human Resource Development) ▪ Human Rights(Diversity) ▪ Labor Practices/Safety and Health ▪ CSR Data “Society”

<p>The environment</p>	<p>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</p>	<ul style="list-style-type: none"> ▪ KOKUYO's CSR Charter ▪ Compliance ▪ Environmental Management ▪ Resource Saving and Recycling ▪ Environmentally Friendly Products and Services ▪ Biodiversity ▪ Third-Party Verification Report ▪ Environmental Performance Data ▪ Global warming preventive measures
<p>Fair operating practices</p>	<p>Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights</p>	<ul style="list-style-type: none"> ▪ Corporate Governance ▪ KOKUYO's CSR Charter ▪ Compliance ▪ Fair Transactions
<p>Consumer issues</p>	<p>Issue 1: Fair marketing, factual and unbiased information, and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption Issue 4: Consumer services, 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 ▪ Stationery: Products and Services Designed from the Customer's Perspective ▪ Furniture: Products and Services Designed from the Customer's Perspective ▪ Quality Assurance ▪ KOKUYO Group Dialog on Tohoku's Future
<p>Community involvement and development</p>	<p>Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment</p>	<ul style="list-style-type: none"> ▪ KOKUYO's CSR Charter ▪ Compliance ▪ A Single Notebook Puts Smiles on Children's Faces ▪ Design Workshop in a Multipurpose School Facility ▪ IINE! Project2012 ▪ Activities throughout Japan ▪ Activities around the World ▪ Biodiversity

Stationery: Products and Services Designed from the Customer's Perspective

To offer all of our customers truly excellent products, we develop products with new value that has not been available previously, and, by strict product quality control, we work to enhance customer service.



“Life Event Support Series” a Big Success

The “Life Event Support Series” of KOKUYO products has been designed to provide first-step support for those customers who keep things that concern them in order by making a note of them. Since launching the first item in this series, the Last Will and Testament Kit, in June 2009, KOKUYO has subsequently offered the second item, My Final Note “Living and Ending Notebook”. This was followed, in turn, by the third item, entitled “Relationship data Notebook” The total number of items in this series sold to date had exceeded 550,000 as of January 2013. Then, in March 2013, KOKUYO introduced the fourth item in the series, entitled “Health and Lifestyle Notebook”.

How the Series Was Created

The idea for this series of products was suggested to a KOKUYO product specialist, who was volunteering his services to provide legal advice, and was asked about how to write a last will and testament. That is why the first item in the series was entitled the Last Will and Testament Kit. During the process of designing this item, KOKUYO personnel conducted in-depth interviews that lasted about one hour each with 100 men and women from various age-groups and walks of life. One of the findings was that the younger generations also have a strong interest in inheritance matters. Drawing on the findings of these interviews, we were able to develop the Last Will and Testament Kit, a product that had not existed before, that enables even people with no prior experience to understand how to write a will that is legally binding.



Life Event Support Series

My Final Note “Living and Ending Notebook”

To collect customers' ideas and opinions for the Last Will and Testament Kit, we inserted a reply questionnaire postcard inside the notebook. The kit generated many responses after it was launched, and many customers replied that they “wanted to write down things in more detail.” We decided to conduct more interviews and, as a result, we were able to develop a “final note” product that went beyond previous items of this kind and could be used by persons of all ages. That became the My Final Note “Living and Ending Notebook”. Customers purchasing these notebooks find it easy to start making entries, and, to make it as easy as possible for customers to continue to add content, we gave careful consideration to the items included and their order. We put spaces for memos, such as information on bank accounts, credit cards, and other such matters, in the first half of the notebook. A wide range of user age-groups from 14 to 97 purchased and made comments in these notebooks. Since the My Final Note “Living and Ending Notebook” was introduced in 2010, 360,000 have been sold, thus making it a major hit product.

Gathering More Opinions from Customers

After launching the “Living and Ending Notebook”, we received many responses to our reply questionnaire postcard. Comments included “we want to keep records of our gifts” and “we want to write more about medical matters.” As we continued to conduct in-depth interviews, we uncovered things that concerned users and things they viewed as inconvenient. This led to the third item in this series, entitled “Relationship data Notebook” and the fourth item, entitled A “Health and Lifestyle Notebook”. We pay close attention to details in designing these notebooks, making sure to use paper that is smooth and easy to write on and using bindings that will open easily and lie flat on the desk to give customers the impression that products are really “user friendly” and “somehow superior.” One of the comments of KOKUYO's founder was “we must make products that are somehow superior.” We believe that this extra effort, which may represent just a small improvement, is needed to give customers peace of mind and make them want to use our products.

Creating Better Products Based on Customer Inputs

Through the replies to our questionnaire postcards, we have received many comments from customers, such as “I have been able to keep things that have concerned me for a long time in order. So, I feel better and have a sense of peace of mind.” Other gratifying comments also suggested that husbands, wives, and families have been able to think together and have built closer ties with one another. Through this series of notebooks, we want to give support to customers who are thinking “I had been thinking that this is something I should do, but just have not had the chance.” We want our customers to pick up and use these products without feeling stress and with peace of mind. As we launch other new products, we believe we will have the pleasure of gathering the views of many more customers. Although we may receive some critical comments from time to time, we are going to treat these as value inputs and somehow put them to work in our products.

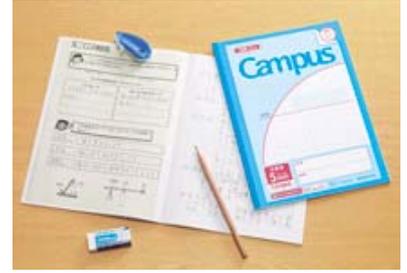
Campus Notebooks for Primary School Students

According to a survey of the mothers of primary school students (conducted in December 2010 by KOKUYO S&T with a sample size of 1,800), the principal complaint that they have regarding the notebooks used by their children (with a response rate of 44%) is that “even after using an eraser, the previous impression does not disappear completely.” Based on this research finding, KOKUYO fully revamped its series of Campus Notebooks (classified by application) and adopted its newly launched Paper Easily Erasable with an Eraser in its notebooks.

Development of Easy-to-Write-in-Pencil, Easy-to-Erase Paper

Since primary school students generally write with pencils, we newly developed a type of paper especially for writing with pencils. Since the space between the fibers in this type of paper has been reduced and the openings between fibers have been filled in, this prevents the graphite (black lead) of a pencil from lodging itself into the paper. In addition, since the surface of the paper has been made smoother, it is easier for the graphite to stick to the eraser, thus making it possible to erase the paper cleanly. In addition to securing writing density equal to previous papers, it is also possible to write characters and letters with the large number of strokes distinctly.

When the surface of the paper is smoother, letters written with a graphite pencil are easier to erase, but the density of the writing strokes decreases, making it more difficult to write clearly and distinctly. On the other hand, when the surface of the paper is rough, the density of the writing strokes increases, but they become more difficult to erase. By processing the paper to balance these contradictory properties, after considerable effort, KOKUYO was able to develop paper for writing clear, distinct letters that are easy to erase.



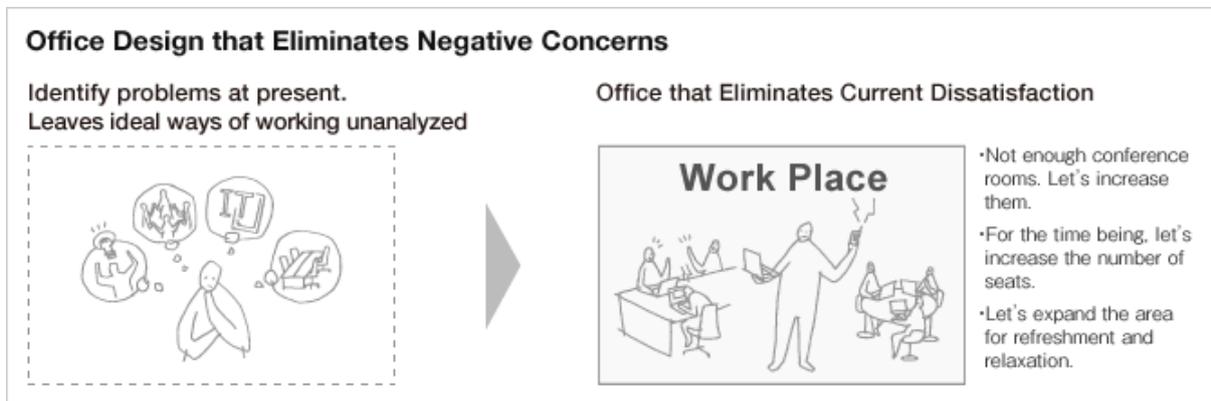
Furniture: Products and Services Designed from the Customer's Perspective

By changing the way we work, we can create new value in the office. This is the point that KOKUYO Furniture emphasizes the most in designing offices. KOKUYO Furniture has conducted many kinds of research, experiments, and analyses over and over, and is continuing to pursue this point.

KOKUYO's Approach to Office Design

Office Design in General to Date

Even if we design new offices based only on customers' current opinions about offices, that would only create offices that are free of those issues that concern them at present.



KOKUYO's Idea of Office Design

Compile and put in order what customers think they would like to see change and want to change. Think about what office workers are requesting when they talk about "new ways of working," which is equivalent to their ideal. Then, offer spaces and furniture that make what these office workers want a reality. This is KOKUYO's concept approach to office design.



The basis for KOKUYO's "new ways of working" lies in accumulated research, experimentation, and analysis of human behavior. These new ways of working are also the result of the accumulation of experiments in KOKUYO's own "live office," which have been conducted for more than 40 years; product planning that draws on ethnography (observation surveys of human behavior); and many other initiatives, including KOKUYO's own magazine that has continued to transmit information on the latest trends in working and has won a high evaluation.

Main Initiatives that Led to "New Ways of Working"

WORKSIGHT

This is KOKUYO's strategic communication tool that spreads information about work styles and is aimed at key persons in corporations whose job it is to think about the working environment. The approach of this communication tool is to address the management problems that companies face from the perspective of "the redesign of the working environment," which is equivalent to the sum of the special infrastructure and the systemic infrastructure. WORKSIGHT is the combination of a printed paper media that comes out twice a year and an Internet website that is revised on an ongoing basis. In addition, the WORKSIGHT communication tool is linked with the events sponsored by its editorial department and is aimed at creating a community composed of "key people in corporations whose job it is to think about the working environment."



WORKSIGHT

* Related information: [「WORKSIGHT」](#)

NEXT OFFICE KASUMIGASEKI

This is a new way of linking what we call in Japanese shinrin, which means deepening circles of collaboration internally, and koen, which means building new ties outside of KOKUYO, to create new "crowd working" among people. The concepts of shinrin and koen build ties among "management and the workplace," "members," and "the inside and outside of projects" and thereby create venues that forge a "strong team" that can respond to change.



NEXT OFFICE-KASUMIGASEKI-

Creative Lounge MOV

Setting a new course that will overcome the boundaries of organizations, nations, and generations, people from differing fields, differing cultures meet. They share experiences and knowledge and work in new ways to create new value. With the idea of responding to needs such as , Creative Lounge MOV was born in Tokyo's Shibuya Hikarie 8 Center. MOV was started with an idea of stimulating new movements from its location to the rest of the world. Creative Lounge MOV is a workspace, much like the Shibuya district itself, where people can work and polish their capabilities, create an organic community, communicate from one individual to another, and link up with companies.



Creative Lounge MOV



Manufacturing Initiatives Based on Dialog

At KOKUYO Furniture, we bring together the feelings of a diverse group of furniture users and take the initiative in developing furniture that incorporates and responds to the fine details of the concerns of users. The ease of use of KOKUYO furniture and the process of its creation have been highly evaluated, and it has been adopted in waiting rooms in government offices and medical institutions nationwide.

Through the Medium of Workshops We Can Create with Users

The waiting rooms of the offices of municipal governments are places where many kinds of citizens visit, and they need furniture that creates spaces that are comfortable and puts them at ease. What we at KOKUYO think is important is the process of listening with maximum attentiveness to the voices of customers in workshops which are attended by the users of our products. That is the way we take the initiative in finding the shapes and forms that are universally easy to use. We do this, for example, by confirming the movements of users with physical handicaps, testing our ideas, and finding out about the physical and psychological concerns and doubts of users through the conversations we exchange in spare moments. That is why our finished products are easy for a wide range of people to use, of course, not just for persons with physical handicaps, but also for senior citizens, women nearing childbirth, people with bulky packages, and others.



Dialog Style Development Process UD+3

We find that our products developed through this process, with their attention to detail, have won the understanding of our customers, and we can sense the delight and positive response of our customers that comes from offering products of true value. We summarize this approach in three processes that we call “UD+3” and are working to apply it to a broader range of products. After launching our Madre lobby chair, which won the Universal Design Award 2012, we introduced our Padre lobby chair, which features a sharp design and ease of maintenance through the exchange of parts. We also launched our risuma conference room tables, which can easily be used in conference rooms of public meeting places and other venues. The products in this series bear the “UD+3” mark, and this enables customers to identify them and choose them easily.



Madre sofas in the Minami Ward office in Saitama Prefecture



Padre lobby chairs excel in ease of maintenance



KOKUYO's LISMA conference room table that is easy for seniors to use

Quality Assurance

As the KOKUYO Group increases the ratio of its sales in markets outside Japan, thinking about quality standards will shift from being uniform across markets to being “the right product for the right region.” While giving maximum priority to ensuring consumer safety, the KOKUYO Group is preparing quality standards that customers will support suited to the features of various countries and regions.

The business environment and conditions that influence thinking about quality standards differ from one country or region to another. These differences in thinking are influenced by culture, people's sense of values, such economic conditions as per capita GDP, laws and regulations relating to quality, and the natural environment. To maintain and increase the quality of its products and services, the KOKUYO Group is taking the following approaches.



Views regarding Quality Assurance at KOKUYO S&T

Tightening the Quality Assurance System

KOKUYO S&T has realigned its quality assurance organization and systems, strengthened related corporate governance activities, including internal auditing functions, and reviewed its manufacturing system, including the close examination of the content of quality assurance operations. KOKUYO's Partner Plant also conduct thoroughgoing checks not only regarding cost and delivery issues but also from the perspective of quality.



Full-Scale Introduction of the Quality Cost Concept

Quality cost comprises the investment and expenditures needed for quality assurance activities. Quality cost is divided into three categories—prevention, assessment, and failure costs, and it is considered one indicator for implementing quality control policy. Beginning in 2010, KOKUYO made a full-scale introduction of the concept of “failure cost.” By measuring not just the number of instances of faulty products that entered the market and customer complaints but also the cost of dealing with these, KOKUYO is working to strengthen the focus on quality, clarify the magnitude of claims against the Company, and stimulate initiatives to make improvement. The actual results by plant are analyzed, used to compare plant capabilities for delivering quality objectively, and used to set priorities for quality improvement.



Persons in charge of product development and quality assurance give products a joint check

Introduction of Product Risk Analysis Using the R-Map Method

To prevent accidents involving products, KOKUYO has begun to analyze the risk inherent in its products using the risk map (R-Map) method, adopted from the field of reliability engineering. The R-Map method uses a matrix, with “frequency of occurrence” on the vertical axis and “level of damage” on the horizontal axis, to express the level of risk. This approach is useful in preparing safe design specifications for products and making assessments of safety before the fact and after the fact. Use of this method is spreading among companies concerned with manufacturing excellence.

Conduct of Plant Diagnoses (Quality Audits)

To maintain and increase product quality among KOKUYO's more-than-10,000 items, it conducts plant diagnoses (quality audits) in its plants in Japan and overseas. This involves the examination of the framework of individual plants and the clarification of their respective strengths and weaknesses. This information is then used to make improvements in productivity and quality. In addition measurements of the capability of various plants to deliver quality products is then put to good use in developing optimal production strategies.



Views regarding Quality Assurance at KOKUYO Furniture

KOKUYO Furniture expanded the scope of its ISO 9001 certification in 2010 to include furniture for public-sector facilities that are accompanied by construction and then again in 2012 to include construction material products, such as room dividers and partitions. As sales in overseas markets are expanded, KOKUYO Furniture will make preparations to meet global quality standards and aim for a level of quality that will be accepted in various countries the world.



Activities for Enhancing Quality

In the furniture business, the issues go beyond product quality and include quality-control activities covering the full supply chain from product marketing to after-sales service and requiring close communication among various departments. In addition, the opinions and requests from customers are used as feedback to departments in charge of each of these activities to improve overall quality.



Enabling Customers to Use KOKUYO Products with Confidence

Setting High “In-House Standards”

In the process of developing new products, related departments hold meeting from the planning and design stages and have discussions as well as make assessments of product safety, including ease of use. When new products are to be commercialized, thorough examinations are conducted to ensure compliance with Japanese Industrial Standards (JIS), industry, and other specifications as well as even more demanding “in-house standards.”

Responding when Accidents Occur

In the rare cases where accidents occur, related departments work together to give a fast response. In the event of major accidents also, reports are made to management and the Compliance Committee, and appropriate measures are taken promptly. In addition, reports are made to the relevant government authorities, and notifications are issued in newspapers and via the Internet as well as other media to prevent the possible spread and recurrence of accidents. In addition, corrective measures are taken and policies implemented to prevent the occurrence of similar accidents horizontally across product lines.

Notifications Regarding Product Safety and Quality

KOKUYO Furniture uses its corporate website as a media for making notifications regarding product safety and quality. The most-appropriate section of the website is selected, depending on the nature of the notifications.

Full Set of Initiatives through to Delivery

To give customers who have purchased KOKUYO Furniture products an even higher level of satisfaction than they had expected, at each stage of the value delivery process from manufacturing to delivery and then to installation, efforts are made to provide maximum quality. For example, KOKUYO Furniture has instituted an in-house qualifications system for employees who interface with customers, including delivery vehicle drivers and other delivery personnel. The number of qualified staff under this system is being increased daily, and a “National Contest for Delivery Service Quality” is held together with partner companies who deliver products on a subcontracting basis. The aim of these activities is to make “Inspiring Deliveries” and raise the awareness among employees of the importance of high service quality.

Activities for Creating a Menu of Countermeasures for Disasters

Raising the Level of Awareness

KOKUYO is working aggressively to raise the awareness of the need to be prepared for disasters. These include holding seminars around Japan on the theme of “earthquake countermeasures for offices.” Subjects covered in these seminars have included the difficulties faced by management immediately after disasters (using KOKUYO Tohoku Sales Co., Ltd., as an example), disaster countermeasures from the perspective of business continuity planning (BCP) (KOKUYO S&T), designing offices that can withstand strong earthquakes (KOKUYO Furniture), and other topics.

Proposing Stockpiling of Emergency Supplies to Corporations

How to stockpile emergency supplies is a necessary part of BCP for organizations. KOKUYO is, therefore, developing its “Disaster Solution” business, which includes offering proposals for disaster countermeasures that are tailor to the needs of individual customers. KOKUYO's guidebook, “SONAeL, for companies on stockpiling of emergency supplies and the “Disaster Countermeasure Expert Series of KOKUYO original products for coping with disasters have been highly appraised. These provide practical and workable solutions to disaster issues, and their approach is from the perspective of analyzing and improving office storage conditions.

Human Rights(Diversity)

Diversity

At KOKUYO, we believe that diversity means creating a workplace environment where many positions and values are mutually recognized and various work styles are permitted, thus making it possible for each and every employee to draw on his or her innate abilities.

Basic Framework for Diversity

KOKUYO has identified four basic themes related to diversity. These have been positioned as management themes that all staff members should participate in and should be addressed by the KOKUYO Group as a whole.

(1) Structuring a system and implementing it throughout the Company

- Develop a system to make flexible work styles possible
- Implement these systems throughout the Company

(2) Sharing the significance of diversity initiatives

- Share the significance as a means of creating an atmosphere where it is easy to work
- Share the significance as a means of creating an atmosphere where employees can draw fully on their abilities

(3) Achieving a good work/life balance

- Create an environment where employees can achieve a good balance between work and their private lives
- Realize a highly productive work style

(4) Supporting the activities of a diversity of human resources

- Make the most of diverse human resources, regardless of nationality, ethnic origin, gender, age, religious beliefs, academic background, and other characteristics
- Promote an active role for female employees

Supporting a Balance between Work and Child Rearing/Senior Care

The KOKUYO Group is working to make improvements in its systems that will create an environment where it is easy to strike a balance between work on the one hand and bearing children, raising them, and caring for senior family members on the other. KOKUYO has put into place child-rearing benefits that exceed those required by law. Mothers have a choice of taking a leave for childbirth up to the end of the April after the child has reached one year of age or after the child is one year and six months old, whichever is longer. This provision takes account of the need for a “breaking in” period before the child can be placed in a nursery school and allows mothers to extend their leave through the end of April. This provision was met with a positive response from female employees who said “This will allow us to return to our jobs without difficulties.”

KOKUYO has also introduced a provision to allow employees to work shorter hours to match the content of work to the conditions of individual employees; this allows employees to shorten the number of working hours per day. Beginning in fiscal 2010, KOKUYO also introduced a re-employment system. This provides opportunities for employees who chose to retire from the Company for having and rearing children or for other personal reasons to return and make use of their experience, knowledge, and skills without concern for possible difficulties. Another reason for adopting this system is that it also enables KOKUYO to secure fully qualified personnel who can contribute immediately to business activities.

In KOKUYO Group companies also, workshops are held to provide support for working mothers, provisions are being introduced to allow employees to work at home, and other measures are being adopted to introduce systems for supporting a good balance between work and child rearing/senior care.



Workshop in progress with experienced employee as facilitator



Female employee on leave for child rearing and her child are greeted by her supervisor

Promoting Understanding of Human Rights

The KOKUYO Group conducts training programs for various levels of employees to promote a better understanding and awareness of the importance of respecting human rights as well as CSR and compliance. The aim of these activities is to encourage the development of a company and society that is without any kind of discrimination. In addition, KOKUYO has provided for the “KOKUYO Hotline,” which makes it possible for employees to report harassment and human relationship issues at any time, while also providing related counseling services. In fiscal 2012, internal activities to increase understanding and awareness of human rights included training programs for employees newly entering the Company. These included sessions entitled “Respect for Human Rights Brings New Life to the Company and Everyone Can Enjoy a Better Life,” “Training Program on Diversity Management for Newly Appointed Managerial-Level Personnel,” and “Training Program on Dealing with Mental Health.”

Initiatives to Support the Physically Challenged at KOKUYO

Since the period prior to World War II, the founder of KOKUYO supported physically challenged employees. At present, KOKUYO K Heart and Heartland, which are special subsidiaries(*) of KOKUYO, offer a range of job opportunities to employees with physical disabilities, and these companies are aiming to develop a progressive new business model for the employment of the physically challenged. In March 2013, KOKUYO was selected for inclusion in the “100 Diversity Management Corporations,” which is sponsored by Japan's Ministry of Economy, Trade and Industry.

* Under the system applied to corporate groups, employees (physically challenged personnel) of special subsidiaries are regarded as being employed by a company (or group of companies) and can be included in calculating employment ratios.

Human Rights(Human Resource Development)

Human Resource Development

KOKUYO believes that the growth of companies is based on the growth of individuals who work in these companies. KOKUYO, therefore, implements a range of initiatives to draw forth the full capabilities of a diversity of human resources, with differing personal attributes and differing ways of thinking and values, to realize its own growth and development.

New Employee System Off to a Running Start

In fiscal 2012, KOKUYO newly introduced a redefined personnel system related to capabilities, roles, and terms of employment of managerial-level personnel. Along with the start-up of this system, consideration was given to how to leverage it to promote the “growth” of individual employees. Along with this, specific initiatives were begun in the areas of “goal setting,” “evaluation,” “feedback,” and “reflecting results in terms of employment.” Also, since abilities, roles, and terms of employment of non-managerial personnel were redefined, after the redefinition of those pertaining to managerial personnel, those of all levels of personnel in the system were renewed as of fiscal 2013.

Practical Support Programs

As a new initiative in 2012, a practical support program for group leaders, who are the core leaders in the workplace, was introduced. The two objectives of this program are to provide strong support for managers at the working level and, thereby, promote the implementation of the KOKUYO Group's strategy as well as to develop management capabilities that will enable us to continue to show results as a team.

Emphasizing Human Resource Development throughout Asia

Program for Training Global Leaders

The KOKUYO Group aims to grow as an “Asian company.” Therefore, KOKUYO is conducting a two-year Global Leader Development Program for global leader candidates who will be responsible for leading the development of the Group in Asia. This program is based on the corporate philosophy of the KOKUYO Group and has the objectives of having participants draw on their identities (value provided, sense of values, etc.) acquire the knowledge, skills, and mind-set required of global leaders. In 2012, which was the second year of the program, we made improvements in the program adopted previously. In the first year, program content included joint diversity sessions with managers of overseas subsidiaries to enable program participants to experience diversity firsthand, a session on financial and labor management required of management-level personnel in overseas subsidiaries, and a session on strengthening management judgment capabilities.



Managerial-Level Training and Courses on Issue Identification and Goal Setting in China

Beginning in May 2012 over a half-year period, KOKUYO conducted a six-day management training program for 63 members of the management of six of its subsidiaries in China, located in Shanghai, Beijing, Guangzhou, Shenzhen, and Dalian. The principal goals were to give participants an understanding and knowledge about KOKUYO's history, management philosophy, the current state of KOKUYO's global expansion, compliance, and other subjects. The program was supported by Japan-related departments who assisted in developing the content and brushing up the program materials, and, as a result, the program was not academic but enabled the participants to gain practical knowledge and skills. In addition, KOKUYO conducted training in issue identification and goal setting for the management of its Chinese subsidiaries. This program was conducted in a total of four days, from December 2012 through January 2013 with participants, from a total of four companies, numbering 22. During the training sessions, after gaining an understanding of the KOKUYO Group's overall strategy, the strategies of the participants' companies, and the business and management plans for the current year, participants clarified the issues faced by their respective companies and then aimed to gain skills to enable them to set objectives. This program was not positioned simply as a training program, but the knowledge gained was to be used in setting the actual goals for the first half of fiscal 2013 and to make these companies an integral part of the KOKUYO Group, closely linked to the KOKUYO value chain.



Training for Country Managers in the Stationery Business

Beginning in 2011, in the stationery business, KOKUYO has conducted training for country managers by having them come to Japan. In 2012, a total of 25 managers from four companies—KOKUYO Commerce, KOKUYO Vietnam, KOKUYO IK Thailand, and KOKUYO Camlin—in four countries participated in the training program. The program was sponsored by the human resource development department of KOKUYO S&T, which is in charge of personnel development. The principal objective of the program is to have participants, as members of the KOKUYO Group, learn about its founding spirit, corporate philosophy, and history as well as develop a mind-set that might be expressed as “I am going to work for the good of my country.” In addition to seeing firsthand KOKUYO's manufacturing and distribution facilities in Japan, participants also meet with members of the management, key persons, and others in the stationery business and work to build their personal human networks. For KOKUYO to grow, it will be necessary for the personnel hired by overseas offices to understand the code of behavior that is unique to KOKUYO. To become an “Asian company” (or “the honor of Asia”), KOKUYO will step up its drive to develop global human resources with its base in Asia.





* 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, 2012

Labor Practices/Safety and Health

Activities of the KOKUYO Group extend from manufacturing to construction and cargo transportation. We undertake health and safety measures that match the requirements of each activity to help maintain safety, peace of mind, and comfort for employees. Monthly Safety and Health Committee activities in each workplace are the basis for health and safety measures. There are also many special events during National Safety Week and National Health Week in Japan to raise awareness of the importance of workplace safety and health.

Fundamental Policy for Workplace Safety and Health

<p>Fundamental Policy</p>	<p>Safety and health are vital to the business operations of the KOKUYO Group. By establishing a framework for the oversight and promotion of safety and health, the Group will ensure the safety and health of employees, conduct business operations in a sound manner, and preserve pleasant working environments.</p> <p>(1) Accident prevention, (2) Pleasant workplaces, and (3) Healthy living</p>
<p>Slogan</p>	<p>A healthy mind and body—Let's fill our workplaces with smiles.</p>

Initiatives that Match the Requirements of Each Workplace Category

Manufacturing

The 2nd KOKUYO Group Factory Safety Conference took place in December 2012. Representatives of all seven Group factories in Japan attended this event. Presentations were given to allow everyone to share their knowledge about safety and health programs. In addition, a Safety Conference was held at the Malaysia factory of KOKUYO Furniture in July 2012 during Japan's National Safety Week.



Construction

A KOKUYO Group Construction Safety and Health Conference was held at several locations in Japan in June 2012. This event was conducted by the Central Safety and Health Committee. About 600 people, including employees in the Group's construction business and executives from partner companies attended the regional conferences. Participants made presentations about accidents involving construction activities and talked about ways to prevent accidents. The goals were to horizontally increase the use of safety and health activities, upgrade education programs, and eliminate third-party accidents.



Transportation

Group companies start every day by confirming that workplaces are clean and orderly and hold monthly safety patrols. Furthermore, to make transportation workplaces at the KOKUYO Group safer, there are regular training sessions for operating forklifts, working in high places, and performing other tasks. This training improves the safety skills of workers. For off-site work, workers check the safety and quality of all tasks performed at delivery sites and make continuous improvements.



Offices

Many workplaces have a weekly no-overtime day and a patrol system to be certain that no one stays late on those days. When overtime of more than 80 hours in a month occurred unavoidably, everyone who has done this overtime undergoes a medical interview and checkup. In addition, an improvement plan must be submitted for the following month. One of the monthly Safety and Health Committee activities is a visit by an industrial physician. There are also constant measures to improve safety wherever necessary.



Fiscal 2012 Lost Time Accidents

	Accidents	Time off	Frequency rate*1	Accident severity rate*2
Mie Plant	3	30	5.12	0.051
Shibayama Plant	2	106	4.48	0.237
KOKUYO Product Shiga	0	0	0	0
KOKUYO MVP	1	26	1.95	0.051
IWAMI Paper Industry	1	40	5.54	0.222
Total	7	202	3.33	0.096

*1 Number of workplace deaths and injuries/Total working hours x 1 million

*2 Number of working days lost/Total working hours x 1,000

Healthy Living and Mental Health

There are many activities associated with physical and mental health based on the belief that preserving and enhancing the health of employees is the foundation for supporting the sound growth of the KOKUYO Group.

Healthy meals at the Company cafeteria

The cafeterias at KOKUYO's Osaka Head Office and Shinagawa office in Tokyo started offering a healthy lunch set (under 600kcal and 3g of sodium) in August 2012. To encourage people to select this meal, there was a campaign that gave individuals one free meal ticket after buying 10 healthy lunch sets.

Mental health

Employees have access to mental health checkups to prevent problems related to stress. There is also an employee assistance program that gives individuals access to counseling with an external professional directly or via telephone or e-mail.

KOKUYO Group health targets

We have established the following targets for the Group's workforce to prevent lifestyle diseases.

- Lower percentage of employees with a BMI over 25 (overweight) from 23% to 20% over the next three years
- Lower the percentage of employees who smoke from 28% to 19% over the next three years

Activities to reach the targets

As one way to lower the overweight ratio from 23% to 20%, Company cafeterias have healthy menu items. There are also regular health seminars and other activities to make people aware of the importance of leading a healthy life. To reduce smoking, KOKUYO and its health insurance association are working together to create an environment that makes it easy to quit smoking. A no-smoking campaign is under way to assist people who have recently stopped smoking.



Labor Relations

The KOKUYO Labor Union has programs aimed at helping its members enjoy their lives. There are measures to create workplace environments where people can fully use their skills and to maintain stability in their lives. The union is also involved in social activities. Labor and management have a sound relationship that was developed over many years. The two sides understand each other's positions and have used unified Group labor discussions to debate ways to maximize the overall efficiency and effectiveness of the Group's operations. Labor and management will continue to hold discussions with the goal of creating energetic working environments where employees can realize their full potential.

Fair Transactions



Basic Procurement Policy

The KOKUYO Group creates new value together with its business partners and pursues customer satisfaction. In addition, to build relationships of trust with its business partners and achieve mutual development, KOKUYO has prepared its Basic Procurement Policy.

KOKUYO Group Basic Procurement Policy

As it aims to become the “honor of Asia,” the KOKUYO Group, with the understanding that mutual understanding with suppliers and mutual development with them will be increasingly important, prepared its Basic Procurement Policy in March 2013. The KOKUYO Group will take this as an opportunity to build stronger relationships of trust.

■ Pursuit of quality and safety

To motivate customers to continue to select the products and services of the KOKUYO Group, it will pursue optimal quality and safety suited to the special needs of individual countries and regions.

■ Mutual development

The KOKUYO Group will respect the relevant laws and social norms of the countries and regions where it has a business presence, conduct fair and transparent transactions, and work to build relationships of sincere trust and achieve mutual development.

■ Human rights

The KOKUYO Group will work to understand the culture and customs of countries and regions where it conducts its operations and aim to be a company where the rights of all human beings are respected.

■ Environmental protection and symbiosis with the community

The KOKUYO Group will take initiatives to preserve the natural environment on a global scale and, by participating actively in the community, work to build symbiotic relationships with society as a good corporate citizen.

In addition, based on the KOKUYO Group Basic Procurement Policy, the Group identifies the objectives it would like to attain with its suppliers and issues these in the KOKUYO Group Procurement Guidelines.



Working Together with Our Suppliers

To increase the value that we offer to customers, we arrange to share our strategies and policies with both our manufacturing and logistics service suppliers periodically with the aim of building long-term relationships of trust and achieving mutual development.

KOKUYO Furniture Holds Periodic Meetings with Partner Plants

KOKUYO Furniture holds “Partner Plant Meetings” with its principal subcontractors twice each year. The first of these annual meetings is intended to look back over the previous year and share business strategies for the current year. At the second annual meeting, we mainly look back over the first half of the current year and discuss the outlook for the second half. In addition, partner plants that took outstanding initiatives in implementing business strategy are awarded a certificate of thanks and designated as POWER Partner Plants. We share the content of their initiatives at the meeting and use this to motivate other plants to take their activities to a higher level. Looking ahead, we will work hard together to achieve co-existence and co-prosperity with our partner plants and aim for excellence in manufacturing that exceeds our customers' expectations.



Certificate of thanks received by the
“POWER Cooperator Plant”

Kaunet Holds Catalog Partner Kickoff Meetings

Kaunet publishes its mail-order and online catalogs twice yearly in February and August. When preparation for the next catalog begins, each time, Kaunet holds a Catalog Partner Kickoff Meeting that is attended by its suppliers (procurement suppliers) and other companies involved in preparation of the catalogs. At this meeting, the presentations are made on the editorial policy of the upcoming catalog, policies for choosing products to be included in the catalog, and product development policies. The purpose of these meetings is to share with and help participants to gain an understanding of Kaunet's thinking and its strategic directions. Kaunet's value added is more than just “price” and “a good selection of merchandise.” Kaunet also takes care to add value by making it “easy for the customer to select items” and offer its “awareness” to come up with solutions to help customers overcome any dissatisfaction and problems that arise. By staying in close touch with suppliers and partner companies, it aims to be “Kaunet that is chosen over and over by its customers.”



Working with Supply Channel Participants

The KOKUYO Group works together with supply channel participants with the aims of really delivering value to customers and meeting a diverse range of needs. To do this, the Group shares its strategies and policies with participants, works to secure “customer satisfaction,” and achieve mutual development.

44th KJM Awards Ceremony Held

The 44th KOKUYO Jewelry Members (KJMs) Awards Ceremony(*) was held on November 19, 2012. KJMs with outstanding sales results for the previous year were invited as a gesture of thanks to them for their efforts. A total of 220 persons, including KJMs and other KOKUYO-related participants, attended the ceremony.

* There are currently 1,335 KJMs. These are divided into two courses, one for stationery and the other for furniture, and the KJMs are classified into various ranks, such as diamond, sapphire, opal, etc., according to their ranking in terms of sales made.



Staff members of the KJM Store, which received an award for being one of the best 10 in handling KOKUYO products

KOKUYO S&T Retail Messe 2012 Held

KOKUYO S&T held its Retail Messe 2012 in July 2012 in KOKUYO's Tokyo Showroom. This messe (exhibition) has been held annually since 1997 and has the aim of developing sales. The theme of the exhibition in 2012 was "Let's Bind Together for New Discoveries and Rediscoveries," and topics introduced included the outstanding value of new products born from new ways of thinking, new value from existing products created by changing the point of view, and creating sales spaces. A total of 1,153 buyers and others from retail stores and mass retailers attended, making the event a successful occasion.



Immediately after the opening, KOKUYO's exhibit received many visits by interested retailers

"Training Sessions by Market" Held for Nationwide Dealers

Between November 2011 and January 2012, KOKUYO Furniture and other KOKUYO Group sales companies jointly sponsored the KOKUYO University Training Sessions by Market 2012 for major dealers in 11 cities (in the order of Tokyo, Osaka, Hiroshima, Fukuoka, Okayama, Nagoya, Sapporo, Niigata, Utsunomiya, Toyama, and Morioka). A total of more than 600 dealer employees attended the sessions. Comments of participants included "This was very useful because I learned about how to approach markets," "I understood the aims of new product development." "This was very useful because there are very few opportunities to hear explanations as we view the products," "The scales fell from my eyes regarding how asking customers a series of questions can reveal customer needs."



Training session in Nagoya was attended by close to 100 retailers

Activities throughout Japan

Activities throughout Japan

Contribution Activities Deeply Rooted in Regional Communities

Along with providing tours of its showrooms, KOKUYO has prepared off-campus learning programs covering a range of topics, including anecdotes about product development, differences between new and previous products, universal design, and eco-friendliness. In fiscal 2012, KOKUYO provided a course on a theme appropriate for a stationery manufacturer—"Let's get acquainted with the importance of writing!", which was attended by 97 parents and guardians. At these sessions, the children acted as reporters and summarized the content of their conversations with people sitting next to them. Afterwards, they made reports on these conversations, and they were very well received. At the KOKUYO Mie Plant, activities are being conducted to preserve the area around the Higashiyama Fureai no Mori. Also, in Osaka and at KOKUYO Group plants and logistics centers in the area, active initiatives include cleanup and blood donation drive efforts in many parts of the city of Osaka. At KOKUYO's Shinagawa Office, which is the base for operations in the Tokyo area, lessons were learned from the large number of persons who were stranded in the JR Shinagawa Station area following the Great East Japan Earthquake, and, working with Minato City (a subdistrict of Tokyo), KOKUYO is readying countermeasures for future major disasters.



Training in progress using floor plans



Participants in contribution activities

The "Job Study" Initiative

The "Job Study" program was created in 2005 to help address the issue of the high percentage of newly hired college graduates, about 30%, who leave their employment within only three years. To address this "early departure issue," this program provides an opportunity for corporations and students to come together and have interactive communication on the theme of "the meaning of work." KOKUYO played a central role in starting this program, and, as a leading organizer, is in charge of its overall operation. At present, 32 leading companies are members of the program, and, each year, more than 10,000 university students take part.



Copy Paper Links to the Environment, Welfare, and the Community

KOKUYO was among the first participants in the "Eco-Lab Heart Shiga" initiative, which is one of the activities of the Shiga Social Work Business Promotion Center of Shiga Prefecture. This initiative is a system for having persons from a joint work center deliver copy paper, which is used every day, without the use of paperboard packaging. This initiative got under way in 2007 with the of achieving two objectives at the same time—caring for the environment (reducing the unnecessary use of paperboard) + welfare (promoting work for the physically challenged).



Plastic packaging that is used as a substitute for paperboard packaging

Regional Brand Production

KOKUYO Furniture has been promoting the use of domestic timber for more than 10 years. Using its know-how and network, KOKUYO Furniture has utilized Kitayama cedar from the Kyoto region and white birch from Hokkaido to produce various types of furniture. Although the use of timber around the world is on a rising trend, but Japan relies on imports for about 75% of the supply that is processed in Japan. Domestic timber is higher cost, and, not only are the opportunities for using it declining but also because of the high cost of forest maintenance compared with income, the condition of forest areas has deteriorated. The Japanese government is taking various measures to remedy this and increase the use of domestic timber. To this end, the government passed the Public Building Wood Use Promotion Law in 2010 and is promoting the wider use of domestic timber for interior decoration and furniture. Through its activities in manufacturing furniture, KOKUYO Furniture is engaged in initiatives with the people of regional areas to solve the related problems.



Furniture made by Kitayama cedar of Kyoto



Furniture made by plywood of white birch of Hokkaido

Sponsorship of Design Awards

Since 2002, the Company has sponsored the KOKUYO Design Awards, and the 10th set of awards have been presented. The theme selected for the awards in 2012 was “Let’s extend the Campus Brand beyond notebooks.” Designs eligible for entry in the award contest were learning-related items other than notebooks.

Campus notebooks have been in use in learning-related situations since 1975, and they have now marked their 37th anniversary. Over the years, the Campus brand has been repositioned and applied more broadly, not just to notebooks but also to other stationery items, furniture, and special designs. The Campus brand is a free field not belonging to any particular categories. This brand has pursued the delivery of convenience and efficiency as well as going even further to encourage individual growth by stimulating the desire to learn of users. With this in mind, KOKUYO has solicited new and exciting designs in Japan and from overseas to give expression to the Campus brand. As a result, KOKUYO has received 1,170 designs from creators desiring to participate in 21 countries.



The detail information of the prize winners is shown on the homepage of “KOKUYO Design Awards”

<http://www.kokuyo.co.jp/award/>

Activities around the World

Activities around the World

KOKUYO Camlin of India's Promotion of Artistic Activities

Camlin, Ltd. is a long-established manufacturer of stationery items and visual art materials, including pens and crayons. Camlin is also a pioneer in the area of supporting artistic activities in India, and, even after it became a member of the KOKUYO Group in 2011, as KOKUYO Camlin, it has continued to actively provide support for the arts. One of the most representative of these activities is the "All India Camel Colour Contest" for children. This contest has been held now for 39 years with the objective of raising the awareness of students regarding artistic activities and art, within the context of school education in India. In fiscal 2012, 4,972,995 students from 5,400 schools participated in the contest. The unheard-of scale and size of this content have been acclaimed, and it was entered in the Guinness Book of Records as "The largest art competition in the world."



Children preparing their drawings

Grassroots Support Activities in China

Within the field of outright grants to support education and research at the grassroots level, KOKUYO donates notebooks to underprivileged children in China. In villages in remote mountainous areas without schools that are often introduced in TV programs, children live in dormitories and spend several hours to return to their parents' homes on weekends. They spend happy times with their families on weekends, and then spend several hours to return to their dormitories for study. Children who follow this pattern, however, are fortunate because some children are not able to leave their parents for family reasons and cannot attend schools at all. To provide for equal educational opportunities and environments in such regions, Japan's Ministry of Foreign Affairs has arranged for cooperation grants at the grassroots level in the educational field. As a result of grant support of many companies participating in these activities, schools have been constructed and educational materials provided. This provision of schools and educational tools has made it possible to further the education of children who, for many differing reasons, have not been able to secure sufficient education in the past.



Children in China (Anhui Sheng district of Lu'An city) delighted to receive their notebooks

KOKUYO is participating in this cooperative effort through the donation of Campus notebooks, and in fiscal 2012, 21,120 notebooks were provided. Since the start-up of these activities in 2007, KOKUYO has donated more than 400,000 notebooks to this cause.

Library Donated in Vietnam

The period of compulsory education in Vietnam is five years. Since a shortage of educational facilities has emerged because of the rise in the number of children, as a result, the same classrooms are used in two shifts during the day. On the other hand, although the Vietnamese economy as a whole is growing, income differentials are extreme, and many children in agricultural areas cannot go to school. This situation is particularly serious in the mountainous regions in the north of the country where many minority peoples are concentrated.



KOKUYO Furniture participates in the “Room to Read” activities, which provide support for the education of underprivileged children in developing countries. On the occasion of the launching of the Campus series of furniture for educational facilities, KOKUYO Furniture implemented a campaign program involving the donation of a portion of the sales from this series for libraries in Vietnam. Completion of the libraries is scheduled for 2014.

* “[Room to Read](#)” is the name of an NGO (based in the United States) that provides support for education of children in developing countries. This NGO aims to have provided educational support for a total of 10 million children by 2015.

Contributing by Planting Trees in Tanzania

Since 2008, KOKUYO has worked with the Tanzania Pole Pole Club, a citizen's group engaging in international cooperation activities (gathering used stamps and cards) that cooperates with villagers in tree-planting activities in the region. In 2012, KOKUYO donated 302,583 stamps and 672 cards to this group, and, as a result, about 800 tree seedlings were donated. These seedlings were planted as part of afforestation activities being conducted near Mt. Kilimanjaro (in Tanzania), which has been designated as a World Heritage site.

Environmental Management

The Group's Vision for the Environment

To achieve a sustainable society, the KOKUYO Group is working on solutions for global environmental issues by drawing on the knowledge of a broad range of people associated with the group's business operations. All activities are based on the awareness that environmental problems ranging from climate change to resource depletion and the need to protect biodiversity are issues on a global scale.

Building a sustainable society will require creating a recycling-oriented, low-carbon society that can coexist with nature. The KOKUYO Group Vision for the Environment consists of an environmental philosophy and an environmental policy with seven specific activities: prevention of global warming; resource saving and recycling; procurement, development and supply of environmentally friendly products; biodiversity; legal compliance and preventing pollution; information disclosure and communication; and environmental management. Based on this vision, all group companies have developed goals that reflect the characteristics of their business activities and are working on reducing their environmental impact.

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.
	Procurement, 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 & Preventing pollution	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.



Goals of the Medium to Long-term Environmental Action Plan

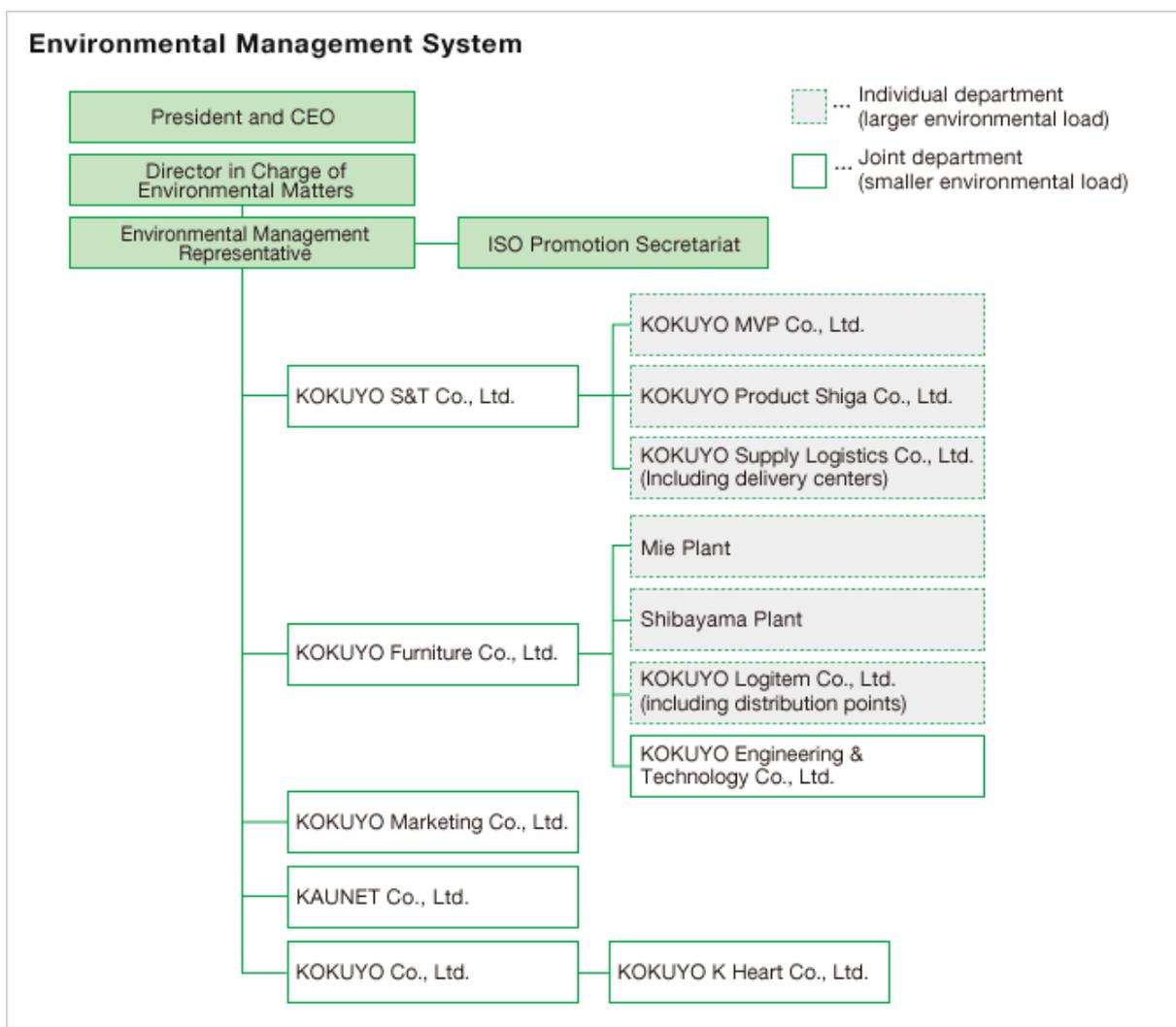
Fiscal 2020 Goals of the Medium to Long-term Environmental Action Plan

Environmental policy	Measures		Fiscal 2012 performance	Fiscal 2020 goals
Prevention of global warming	Prevention of global warming	Cut CO ₂ emissions	15% reduction (in Japan)	30% reduction (in Japan)
	Energy conservation	Cut energy consumption (vs. FY 2010)	Down 3.3% from FY 2011	Annual reduction of 1% in unit energy consumption
Resource saving and recycling	Measures to save and recycle resources	Increase recycling rate in relation to cost of transporting waste materials * Increase recycling rate in relation to cost of transporting waste materials	Monitor waste materials at jobsites associated with FN	100%



Environmental management at group companies based on ISO 14001 Group Multi-site Certification

In 2004, the scope of environmental management system registration was enlarged to cover all major consolidated subsidiaries in Japan. This resulted in a multi-site certification system that encompasses planning, R&D, manufacturing, sales and service, and warehousing and shipping operations. The environmental management system is structured to reflect the level of the environmental impact while preserving consistency across the KOKUYO Group. Companies with a relatively large environmental impact and factories are classified as individual units. Companies with a relatively small impact are classified as common units. In addition, the environmental management system reflects the unique aspects of the activities of each group company. This allows companies to perform environmental management that matches their operations, such as by establishing goals based on each company's business plan. The MELON environmental documentation and record management database system is used to handle the larger workload resulting from the broader registration scope. Using this system increases the ease, efficiency and accuracy of document management and access.



Compliance with industry guidelines and voluntary standards to prevent pollution

The KOKUYO Group performs internal audits in two stages: audits performed by operating companies and second-party audits performed by the ISO Promotion Secretariat. Ensuring compliance with laws and regulations is the highest priority of these audits. Group audits also undergo ISO 14001 third-party audits and the CSR Report is checked by a third party. As a result, it was determined that the specifications of a portion of the products of KOKUYO Furniture that were being manufactured and sold did not meet the requirements of Law on promoting Green Purchasing(*). To prevent recurrence of this issue, KOKUYO is now conducting strict supervision of its product-related information.

* Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities

Internal Auditing

Year of implementation	2011	2012
Number of sites subject to audits	78	75
· Primary audit	60	59
· Secondary audit	18	16
Items cited	35	52
· Slight deficiency items	15	13
· Items for correction	20	39

Third-Party Inspection (ISO 14001)

Year of implementation	2011 (Periodic)	2012 (Periodic)
Number of sites subject to inspection	17	24
Items cited for improvement		
· Slight deficiency items	0	0
· Improvement opportunities	16	26
Strong points (Particularly good points)	0	0
Good points (Good points)	3	7

Environmentally Friendly Products and Services

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

Fiscal 2012 Goals	Fiscal 2012 Actual achievements	Assessment
Maintain zero eco-batsu	Zero was maintained	Accomplished

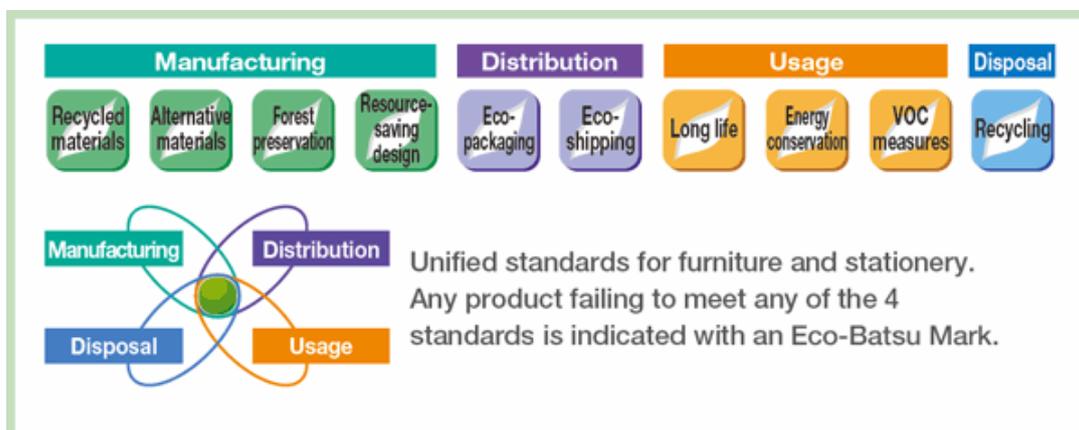
Fiscal 2012 Activities

Continuing to Pursue the Reduction of the “Eco-Batsu” Mark to Zero

The KOKUYO Group started using the eco-batsu mark for products in the 2008 General Catalog. The mark is used for group products that are not sufficiently environmentally friendly in any of the stages of their life cycle: manufacturing, Distribution, usage, and disposal. To give sufficient consideration to eco-friendliness, the Group set the objective of removing the eco-batsu mark from all its products. This goal was reached in the 2011 General Catalog and there have been no eco-batsu products since then, including in the 2013 catalog. In fiscal 2012, the examination for giving a product an eco-batsu mark became stricter. As a result, examinations revealed that two types of reception room chairs did not clear the “use” category for products manufactured between January 2010 and October 2012. The reason is that the wood materials used were not equivalent to F☆☆☆☆. Improvements are now completed.

Further Progress

Eco-batsu activities go beyond manufacturing processes. Even for employees not directly involved in production, eco-batsu creates a reason to reexamine how jobs are done, the utilization of office space and the proposals submitted to customers. Since achieving the goal of removing the eco-batsu mark from its products, group companies have been using the theme of “eco + creativity” to develop eco-products that surpass customers' expectations.



Provision of More Information about Chemicals Used in Hakadori Label products

Public interest in substances that affect the environment has been increasing worldwide. For example, the EU has enacted the REACH regulations (*1) and Japan has revised restrictions concerning the use of chemicals. In particular, there has been an increase in questions about chemicals of environmental concern contained in labels used to identify electrical products, automotive parts and other items. KOKUYO received about 800 inquiries from customers in fiscal 2011 about this subject. Recently, KOKUYO S&T has updated and expanded its lineup of Hakadori brand labels. Along with these changes, this company has established the following framework for quickly supplying customers with information about substances of environmental concern in these labels.

- 1) Studies are performed to determine the use of substances of environmental concern. KOKUYO obtains information about the composition of raw materials from upstream companies, determines the intentional use of REACH substances of very high concern (SVHC) (*2), conducts ICP analysis (*4) for the six restricted substances designated by the EU RoHS (*3), and performs other activities.
- 2) Fixed formats have been established for four categories where there are a particularly large number of requests from customers: Confirmation of Absence of the Six RoHS Restricted Substances; REACH Regulations SVHC Study Report; Analysis Report for the Six RoHS Restricted Substances; and Product Information Sheet (*5). Customers can use the Internet to ask for any of these forms and the information will be submitted using e-mail. The KOKUYO Group plans to further increase the number of products for which information about substances of environmental concern is provided.



OA Label <HAKADORI Label> site

*1 REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) is a European Union regulation concerning chemicals and their safe use.

*2 REACH SVHC: Substances of very high concern (SVHC) are substances that may have a severe effect on health or the environment. KOKUYO performs studies to monitor all SVHC substances as of the seventh candidate list (2012).

*3 RoHS directive: The RoHS (Restriction of Hazardous Substances) directive is a European Union regulation that restricts the use of certain hazardous substances in electrical and electronic equipment. The directive applies to six substances: lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs).

*4 ICP analysis: Inductively coupled plasma (ICP) is a testing method for precisely measuring the amount of the six RoHS restricted substances and other substances. The results of this analysis are called ICP data.

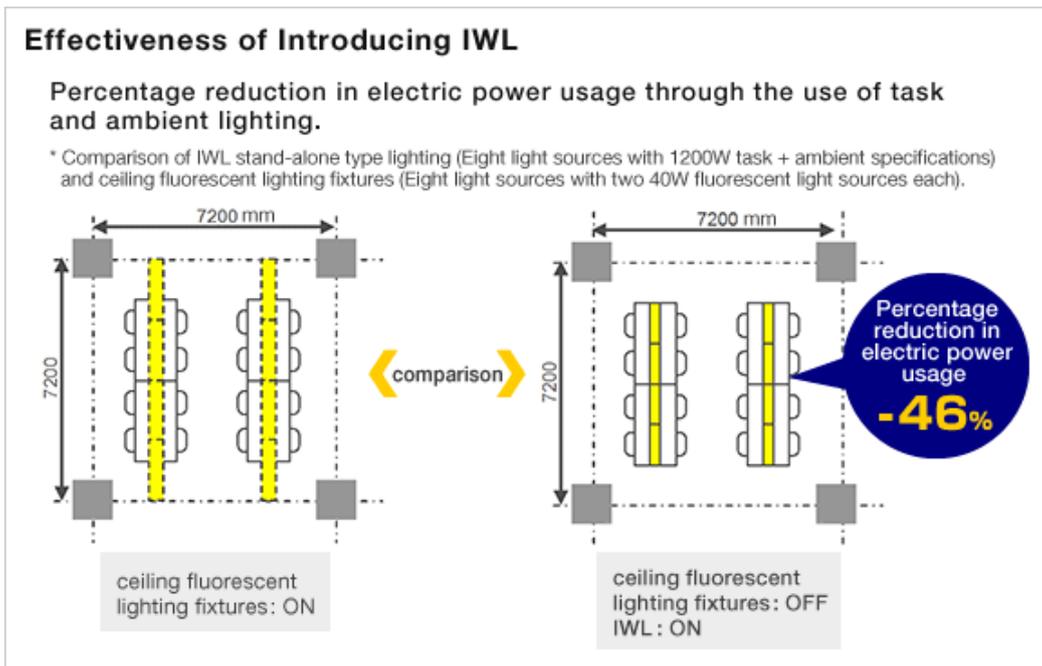
*5 Product information sheets: Prepared based on the format for safety data sheets (SDS; formerly MSDS), these sheets list a variety of information concerning a particular product.

*6 Label showing product information manufactured according to SDS (Safety data sheet) and former MSDS form



Benefits of the Intelligent Work Lighting System

Intelligent work lighting (IWL) systems are furniture lighting systems that can light the area around a piece of furniture (a desktop and nearby area) without relying on a building's lighting equipment. Task lighting is used for the desktop and ambient lighting for around the chair. Using this combination produces a sense of brightness in order to create a pleasant environment for work. The result is comfort along with energy conservation. Following the Great East Japan Earthquake, there has been substantial demand in Japan for ways to cut electricity and other energy use in offices. Due to the strong interest in IWL systems, KOKUYO's has sold more than 2,000 units since these systems were introduced in 2011. Collectively, the use of these systems has lowered CO₂ emissions by approximately 52 tons.



Resource Saving and 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-based society.

Fiscal 2012 Goals	Fiscal 2012 Actual achievements	Assessment
<ul style="list-style-type: none"> • Raise the recycling rate for all waste materials • Monitor waste volume at production sites • Monitor waste volume at production sites 	<ul style="list-style-type: none"> • Recycling rate: 97.4% • Monitored waste materials at furniture business construction sites • Completed revision of the Guidelines for Processing Waste Materials 	<p>Accomplished</p>

Summary for Fiscal 2012

Higher Recycling Rate

The volume of waste materials at the KOKUYO Group including all consolidated subsidiaries, was 17,472 tons in fiscal 2012 (including 115 tons at non-consolidated sales companies). The number of companies used to calculate this figure is different than in fiscal 2011. Compared with fiscal 2011, waste materials increased 847 tons and the recycling rate increased by 0.9 percentage point to 97.4%.

Strict Adherence to Proper Disposal of Waste Materials

The responsibilities of general contractors for the processing of construction site waste materials are clearly defined and obligations of companies that generate waste materials are becoming even stricter. In fiscal 2012, the KOKUYO Group worked on determining the volume of waste and recycling rate for construction sites. The total amount of waste materials was about 3,000 tons and the recycling rate was approximately 90%. In addition, the KOKUYO Group Guidelines for Processing Waste Materials was revised for the first time in eight years. We will continue to take actions aimed at properly disposing of waste materials and achieving the medium to long-term goal of a recycling rate of 100%.

Reuse and Recycling of End-of-Life Products

When we deliver products, we pick up products for disposal from customers and recycle or reuse these items depending on their condition. In fiscal 2012, KOKUYO Logitem collected 1,065 tons of office desks and chairs and other used products. Eleven tons were reused and 584 tons were dismantled and sorted for recycling.



Used chair being disassembled and sorted for recycling

ACTUS EcoCochi Plan

When we have furniture that we really love, we want to continue to use it for a lifetime, even if it has to be repaired sometimes. Also, if we use furniture for a long time, we do not need to waste energy or effort in disposing of it. That is also good for the environment. Related to these ideas, ACTUS is conducting “activities that change comfort into eco-friendliness” that it has named the “EcoCochi Plan.” It involves developing products that have a long useful life, are completely safe and have no ill effects on human beings, are integrated into recycling activities, and for which after-sales service is easy to access. As a result of this EcoCochi Plan, customers are able to choose furniture that is perfectly safe, as a matter of course, and gentle on the environment.



* Related information : [[EcoCochi Plan](#)]

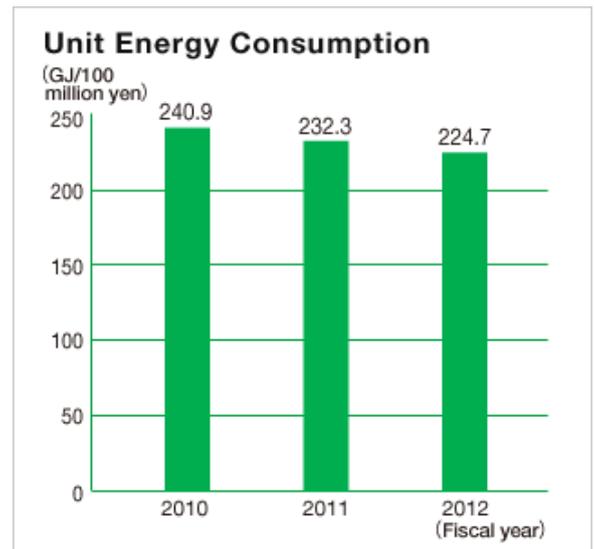
Global warming preventive measures

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

Fiscal 2012 Goals	Fiscal 2012 Actual achievements	Assessment
Reduce CO ₂ emissions from fiscal 2011 by 3.6% (excluding effect of manufacturing) (Total emissions: +1.9%)	Reduced CO ₂ emissions from fiscal 2011 by 5.6% (excluding effect of manufacturing) (Total emissions: +16.5%) 25,760 tons of CO ₂ [Constant electricity emission factor: 0.378] 31,105 tons of CO ₂ [Separate emission factor for each electric utility and country]	Accomplished
Reduce unit-sales energy consumption from fiscal 2011 by 2.6%	Reduced unit-sales energy consumption from fiscal 2011 by 3.3%	Accomplished

Summary for fiscal 2012

The KOKUYO Group's CO₂ emissions in fiscal 2012 totaled 25,760 tons, 708 tons more than in fiscal 2011. Emissions are calculated for the existing scope of operations and use the electricity emissions factor of 0.378 kg-CO₂/kwh, which is the overall power average in 2000 reported by the Federation of Electric Power Companies. Based on estimates, there were emission reductions of 1,179 tons due to operational improvements and 326 tons due to equipment improvements. Manufacturing operations and closing and consolidating facilities raised emissions by 2,213 tons. As a result, there was an effective reduction in CO₂ emissions of 1,505 tons from operational and equipment improvements. Consequently, excluding the effect of production activities, emissions were down 5.6% from the previous fiscal year, well above the target of 3.6%. Looking at sources of CO₂ emissions, there was a 604 ton decrease at factories because of higher manufacturing efficiency and other improvements. However, factories recorded a net increase in emissions of about 1,355 tons because growth in production volume raised emissions by 1,959 tons. For distribution activities, although emissions increased 380 tons because of the higher volume of operations, there was a net reduction of 126 tons due to heightened measures to conserve electricity and other energy use. At offices, emissions were down 521 tons because of the more efficient use of heating and cooling systems and the effective use of heat storage. Additionally, to use energy more efficiently, we oversee unit energy consumption, which is obtained by dividing energy consumption by sales. In fiscal 2012, our unit energy consumption was 3.3% less than in fiscal 2011.



Global warming preventive measures at factories

Operational improvements at factories lowered CO₂ emissions by 559 tons. Examples of activities include replacing product molds faster, reviewing compressor operations, performing inspections, strictly following operating rules for production equipment, and conducting energy checks to reduce waste. Installing energy-conservation equipment like inverters and LED lighting cut emissions by 45 tons. Overall, factory CO₂ emissions were 1,355 tons higher than in fiscal 2011, the result of increases of 1,188 tons in Japan and 167 tons at factories in other countries. However, higher production volume raised emissions by 1,959 tons, resulting in a net increase of 1,355 tons after deducting the 604 ton reduction from operational and equipment improvements.

Global warming preventive measures for distribution

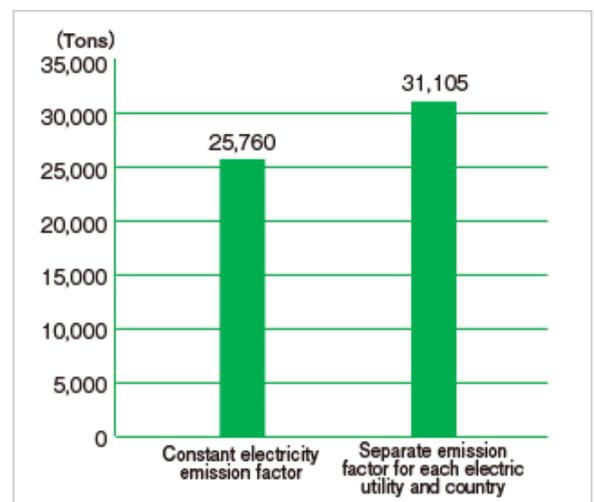
Emissions associated with distribution (storage and shipments) were 126 tons less than in fiscal 2011. Constant measures to conserve energy resulted in operational improvements that cut emissions by 156 tons. Equipment improvements such as using energy-efficient lighting fixtures and reviewing the proper lighting of distributing centers lowered emissions by 221 tons. At the KOKUYO Logitem Ina Distribution Center, which has an automated multilevel warehouse, a power demand monitoring system was installed to hold down this facility's peak electricity use. Distribution CO₂ emissions increased 383 tons in fiscal 2012 because of the larger volume of operations. Overall, though, there was a net reduction of 126 tons after including the declines of 377 tons from operational and equipment improvements and 132 tons from the closing and consolidation of distribution facilities.

Global warming preventive measures at offices

Offices lowered CO₂ emissions by 521 from the previous fiscal year. To do this, a review of the methods of operating heating and cooling systems, a review of working styles, and activities like days for no overtime and going home early were implemented. There were also measures to reduce electricity use, such as by replacing lighting fixtures with LEDs. At the Shinagawa office, an electric power visualization system is used to lower peak daytime power use through the efficient operation of heating and cooling systems and heat storage tanks. In addition, a program that encourages people to use public transportation for sales activities cut gasoline use by 22%, which is a 278 ton reduction in CO₂ emissions. In fiscal 2012, the cool biz and warm biz campaigns were combined into a smart biz campaign that takes place all year.

Major increase in CO₂ as emission figures deteriorate

If the figures for each of the various countries on the greenhouse gas (GHG) protocol website made public by the World Business Council for Sustainable Development and the World Resource Institute are adopted as the figures for the CO₂ emission coefficients and added to the Japanese CO₂ emission coefficients based on the Law Concerning Promotion of Global Warming Countermeasures (figures by electric power utility in fiscal 2012 and actual coefficients in fiscal 2011), then the total rises 5,345 tons, to 31,105 tons.





All consolidated subsidiaries now included in emission calculations

Starting in fiscal 2012, the KOKUYO Group is including all consolidated subsidiaries in the calculation of CO₂ emissions. As a result, emissions totaled 40,954 tons, including 1,839 tons at non-consolidated sales companies. Extending emission reporting to more companies and using a less favorable emission coefficient have resulted in significant changes for the KOKUYO Group. Consequently, we believe that the medium-term goals for emissions will have to be reexamined.

Solar power system at KOKUYO Product Shiga

KOKUYO Product Shiga has a strong commitment to protecting the environment, particularly with regard to nearby Lake Biwa. The company recently installed a solar power system and sells all of this renewable energy to the electric utility. Another benefit of this system is the ability to gain know-how about internal power generation and storage in order to establish a foundation for stable production activities in the future.



KOKUYO has installed 1,020 solar panels on the roof of its Building C

Biodiversity

The KOKUYO Group strives to give proper regard to biodiversity in its business activities and works to reduce its impact on the natural habitat.

KOKUYO Group's Basic Policy for Timber Procurement

In 2011, the KOKUYO Group prepared its Basic Policy for Timber Procurement and clarified its stance regarding the sustainability of forest resources that are the most significant of the Group's important raw materials. Since its founding, the KOKUYO Group has broadened and developed its business activities using forest-derived materials, including paper production. KOKUYO is fully aware of the roles that forests have played and will continue to play regarding global warming and biodiversity. KOKUYO will aim to develop in harmony with forest resources as it gives proper regard to the rational procurement of materials, transparency, and sustainability.

KOKUYO Group Basic Policy for Timber Procurement

The KOKUYO Group procures forest-derived materials according to the following policy and is working to make continuing improvements.

1. Aim for highly transparent materials procurement, with an awareness of the illegal cutting and illegal transactions issues in the timber trade.
2. Procure material through more appropriate supply chains to support sustainable use of forest resources.
3. Based on an awareness of the social value and roles of forest resources in the region, procure materials with due consideration for maintaining supply and preservation of resources.

ReEDEN Project

The KOKUYO Shiga Plant, one of the KOKUYO Group's principal manufacturing facilities, engages actively in environmental preservation projects. One of these receiving special emphasis is the ReEDEN Project, which began in 2007 and aims to promote the use of the yoshi, or the common reed plant, which grows along the shores of nearby Lake Biwa, and conduct an educational program about this plant species. The yoshi absorb CO₂, nitrogen, and phosphorous and thereby help to purify the lake's water. It is, therefore, indispensable for preserving the habitats of other living organisms in the lake. KOKUYO took a further step in this project by using yoshi to make paper and conduct activities to raise environmental awareness about preserving Lake Biwa.



Yoshi (reed) plants grown to one meter in height in May

Protecting Lake Biwa by Expanding Use of "Yoshi" Reed Plants

Drawing on KOKUYO's production technology and the development capabilities of paper manufacturing companies, KOKUYO is cultivating yoshi, using it in the production of industrial products, including copy paper and notebooks, and selling it at appropriate market prices in the ReEDEN brand series. In addition, KOKUYO has developed higher-value-added products, such as paper for calling cards using 100% yoshi pulp and yoshi calligraphy pens. The objective of these activities is to promote the use of yoshi to create markets that will contribute to preserving the environment. KOKUYO's ReEDEN series of products aims to create products and services that communicate the attractive aspects of Shiga Prefecture, and KOKUYO's "Koko Cool Motherlake Selection 2012" was chosen by the prefecture as one of its official brands. In addition, a portion of the sales of these products is donated to environment-related groups and used in activities to preserve yoshi.



Broadening the Circle of Friends Helping to Preserve Lake Biwa as Members of the Community

The "Network for Preserving Yoshi and Lake Biwa" was formed in 2009, and an office for this group was located in the KOKUYO Shiga Plant. The purpose of the network is to contribute to preserving the natural environment of Lake Biwa through a loose alliance of a wide range of companies, groups, and others. At the beginning, the network comprised only a few companies as members, but now that more than 80 companies have joined, the network shows indications of having an even broader scope of like-minded members. The main activities of the network include initiatives to preserve the yoshi that play an important role in preserving the natural habitats and the water environment of Lake Biwa. Initially, a few employees from the KOKUYO Shiga Plant began these activities by harvesting the yoshi several times during the appropriate season. Now, however, several hundred members of local environment-related groups and the network gather together for harvesting. In addition, these members are working to develop even closer ties through introducing the environment-related issues of the region and environmental activities of network members. To further heighten awareness of the environment and strengthen ties among the members, the network sends out a newsletter. Looking ahead, to contribute broadly to improving the Lake Biwa environment, the network is examining a range of issues related to the lake and, as members and others enjoy their activities in preserving the environment, is searching for new activities that will draw the attention of the regional community.



ReEDEN series



Member of the "Network for Preserving Yoshi and Lake Biwa"



Yui no Mori Project

The KOKUYO Shimanto Yui no Mori Project, which began in 2006 in the Shimanto region of Kochi Prefecture with the theme of “creating a virtuous circle between the environment and the economy,” has the objectives of regenerating the man-made forests that have deteriorated and revitalizing the areas that protect these forests. This project marked the seventh year since its inception in 2012.

Positive Effects of Forest Thinning Emerge

One of the indispensable aspects of forest protection activities is to make the positive effects of forest thinning visible. To observe the effects of these thinning activities over the long term, KOKUYO works with interested persons from the Taisho-cho Forest Union, Shimanto High School, and Tsukuba University to conduct annual monitoring surveys.

The sixth of these surveys was implemented in October 2012. Vegetation surveys, which are one of the types of surveys conducted, are continuing in two specific locations to determine the degree of growth thickness of vegetation, including tall trees, short trees, and herbaceous plants. In the October 2012 survey, it was found that one category of herbaceous growth had declined from 90 to 68 and another category from 55 to 44, but, because the amount of sunlight has increased due to thinning, it is believed likely that vegetation that thrives in sunnier locations will increase and the number of such types of vegetation will also grow.



Expanding the Yui no Mori Project

To use the wood fiber cut in thinning activities effectively, KOKUYO Furniture has worked in collaboration with the local Shimanto-cho Forest Union since 2000 to manufacture and sell furniture made from wood from the forest. In addition, KAUNET, the mail-order and online shopping company of the KOKUYO Group, has begun to sell products, mainly stationery items under the Yui no Mori brand, and the number of these items as of 2012 was 98. To increase understanding of the project, since 2008, KAUNET has created a system to allow customers to donate some of the points they have earned to the project, and, in 2012, about 100 applications were made for donating points. In addition, beginning in February 2011, the “Yui no Mori 1% Gift Project” was inaugurated and has continued to the present. Under the latter project, a portion of the sales of Yui no Mori brand products is donated to the Midori no Bokin (Green Collection Drive) of Japan’s National Land Afforestation Promotion Organization. Although the Yui no Mori project began with only 100 hectares, in fiscal 2012, the land area covered by the project had grown to about 3,400 hectares, and the cumulated area thinned had expanded to 883 hectares. The project received a CO₂ absorption certificate from Kochi Prefecture, testifying that the forestlands had absorbed 2,078 tons of CO₂. With the support of so many interested persons, we will continue to expand the Yui no Mori project. Aiming for a virtuous circle between the environment and the economy, the Yui no Mori project will remain committed to accepting the challenge of attaining its objectives.



Third-Party Verification Report

To obtain an independent opinion regarding the accuracy, transparency, consistency, validity, and completeness of the environmental performance data of the KOKUYO Group, we requested Bureau Veritas Japan Co., Ltd., to prepare a third-party verification report.

Summary of third-party verification report

The environment load data of 36 companies of the KOKUYO Group was subjected to a third-party verification at the KOKUYO Head Office. In addition, on-site examinations of data measurement and management methods were conducted at the KOKUYO MVP Tottori Plant, the KOKUYO Furniture Mie Plant, KOKUYO Supply Logistics Kinki IDC (logistics division), KOKUYO Engineering & Technology Kansai Branch (sales and service division), KOKUYO Vietnam, and KOKUYO Camlin Tarapur Plant.

As a result of the verifications and examinations, KOKUYO received a rating of “assessable” for 13 cases, “improvement opportunity” for 20 cases, and “request revisions” for 35 cases. KOKUYO is scheduled to respond proactively to increasing the accuracy of information disclosure in those cases rated as “improvement opportunity.”

**KOKUYO Group CSR Report 2013
Independent Verification Report**

To: KOKUYO Co., Ltd.

Mar. 25, 2013

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by KOKUYO Co., Ltd. (KOKUYO) to conduct an independent verification of its selected environmental data for inclusion in the KOKUYO Group CSR Report 2013 (the Report), issued under the responsibility of KOKUYO. The aim of this verification is to consider the accuracy and the reliability of environmental data detailed in the Report and to provide a verification opinion based on objective evidence.

1. Verification Outline

1) Environmental Impact data generated through business operations in FY2012 (January 1, 2012 through December 31, 2012).

Scope of Verification	Site Visited	Verification Methodology
Environmental impact data generated through business operations of KOKUYO and its 36 subsidiary companies (*)	- KOKUYO's Head Office - KOKUYO MVP Tottori plant - KOKUYO Furniture Mie plant - KOKUYO Engineering & Technology Kansai office - KOKUYO Supply Logistics Kinki IDC - KOKUYO VIETNAM Co., Ltd. - KOKUYO CAMLIN Ltd.	- Review of documentary evidence produced by KOKUYO's Head Office and the sites visited - Interviews with relevant personnel of KOKUYO's Head Office and the sites visited - Site inspection and review of data monitoring procedures - Validation of the reported data against supporting documentary evidence

(*) Environmental impact data verified are energy usage, water usage, substance input, container and packaging materials, greenhouse gas emissions, SOx/NOx, waste discharged, waste water discharged, COD/BOD, crystal water use at plants, optical resource use in premises, collected used products, reuse of used products, and PFRN Law designated substances.

2) Environmental accounting data and Environmental Activity Evaluation Index data in FY2012 (January 1, 2012 through December 31, 2012).

Scope of Verification	Site Visited	Verification Methodology
Environmental accounting data	- KOKUYO's Head Office	- Review of documentary evidence produced by KOKUYO's Head Office
Environmental friendliness efficiency indicators		- Interviews with relevant personnel of KOKUYO
Environmental impact points in JEPPI (Japan Environmental Policy Index)		- Validation of the reported data against supporting documentary evidence

This verification was conducted using Bureau Veritas' standard procedures and guidelines for external verification of non-financial reporting, based on current best practice. Bureau Veritas refers to the international Standard on Assurance Engagements (ISAE) 3000 in providing a limited assurance for the scope of work stated herein.

2. Findings

1) Environmental Impact data generated through business operations in FY2012
Based on the verification work and processes followed, there is no evidence to suggest that:
- the environmental data stated in the KOKUYO Group CSR Report 2013 is not consistent with the data collected and consolidated by KOKUYO's head office.
- the environmental data reported to KOKUYO's head office by those sites visited by Bureau Veritas is not free from significant error or bias.

2) Environmental accounting data and Environmental Activity Evaluation Index data in FY2012
Based on the verification work and processes followed, there is no evidence to suggest that:
- the calculation of Environmental accounting data and Environmental Activity Evaluation Index data is not consistent and in accordance with the criteria prepared by KOKUYO for this purpose.
- significant errors are included in the data used for calculating Environmental accounting data and Environmental Activity Evaluation Index data and in their calculation results.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all of our staff maintain high standards in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest. Bureau Veritas activities for KOKUYO are for social reporting verification only and we believe our verification assignment did not raise any conflicts of interest.

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: KOKUYO Co., Ltd.

March 25, 2013

Bureau Veritas Japan Co., Ltd.
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by KOKUYO Co., Ltd. (KOKUYO) to conduct limited assurance for the greenhouse gas (GHG) emissions reported in the KOKUYO Group CSR Report 2013 for the period of January 1, 2012 through December 31, 2012.

1. Scope of Verification
KOKUYO requested Bureau Veritas to verify the accuracy of the following GHG information, to a limited level of assurance:

- Scope 1 and Scope 2 emissions:
GHG emissions through business operations of KOKUYO and its 36 subsidiary companies.
- Scope 3 emissions:
CO₂ emissions from product logistics within the geographical boundary of Japan
CO₂ emissions from product logistics between the KOKUYO Furniture Co., Ltd. Malaysia plant and the domestic port in Malaysia.

2. Methodology
Bureau Veritas conducted the verification in accordance with the requirements of the international standard ISO 14064-3:2009 - Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

As part of Bureau Veritas' assurance, the following activities were undertaken:
- Interviews with relevant personnel of KOKUYO responsible for the identification and calculation of GHG emissions;
- Review of KOKUYO's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

3. Conclusion
Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:
- are not materially correct and are not a fair representation of the GHG emissions data assertions below
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by KOKUYO.

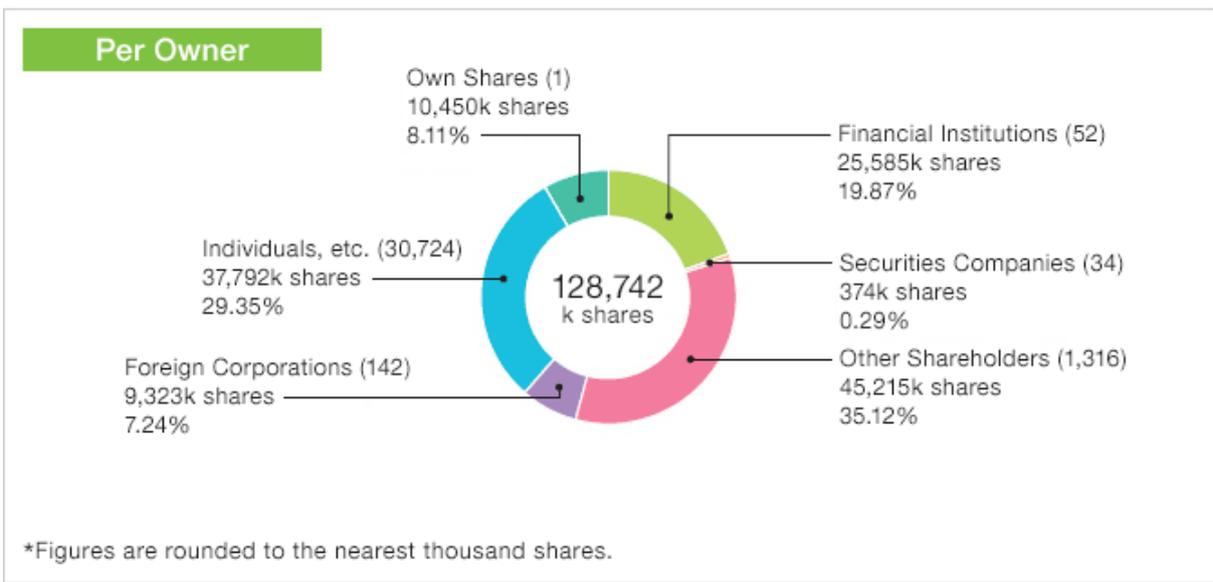
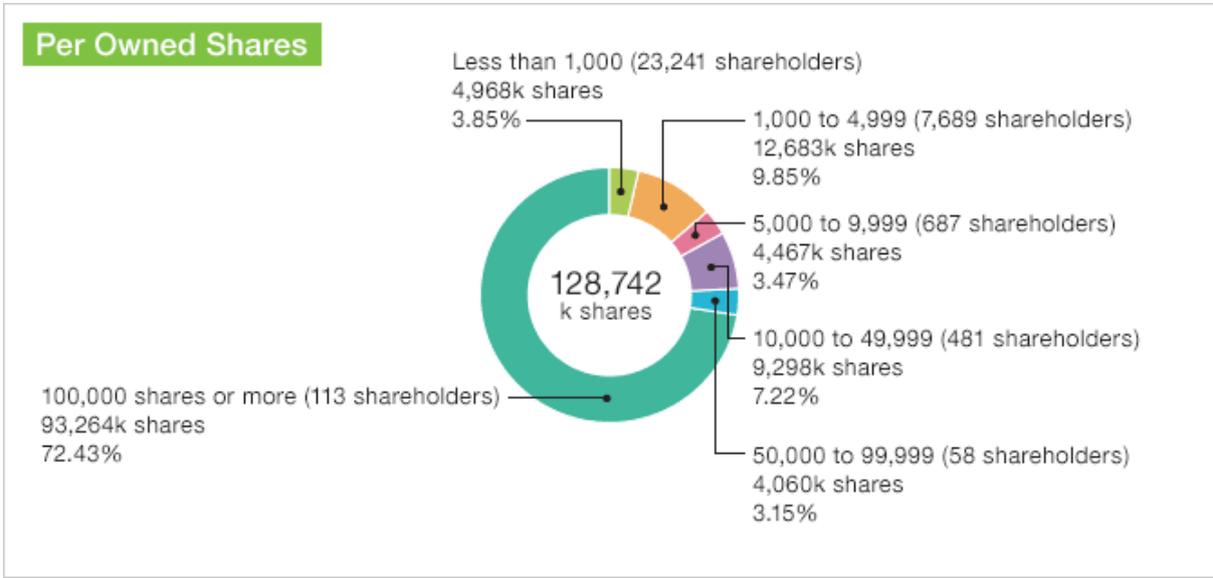
Verified greenhouse gas emissions		
Scope 1	Scope 2	Scope 3
8,890 t-CO ₂ e	32,100 t-CO ₂ e	21,400 t-CO ₂ e

[Statement of independence, impartiality and competence]
Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 100 years' history in providing independent assurance services. No member of the verification team has a business relationship with KOKUYO, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, and has an excellent understanding of Bureau Veritas' standard methodology for the verification of greenhouse gas emissions data.



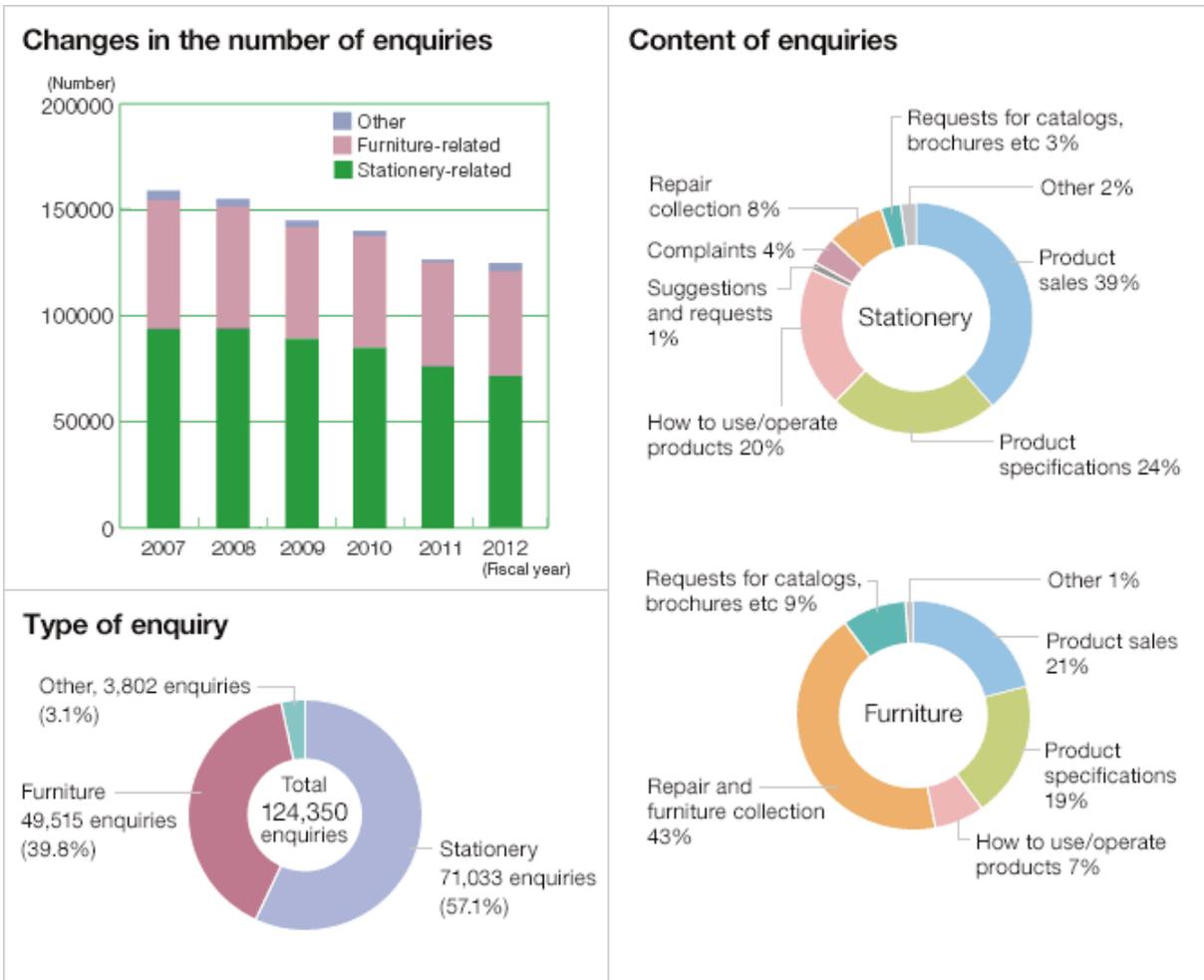
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Society

Reflecting the views of customers



Labor/Management Composition



* As of December 31, 2011

* 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.

Number of Employees Taking Leave for Childbearing and Senior Care

Fiscal year		2006	2007	2008	2009	2010	2011	2012
Leave for child rearing	Male	0	4	6	1	1	3	1
	Female	18	40	23	38	37	36	34
Leave for senior care	Male	0	0	0	0	3	1	0
	Female	0	0	0	0	0	1	0

* These figures cover KOKUYO S&T Co., Ltd., KOKUYO Furniture Co., Ltd., KOKUYO Marketing Co., Ltd., KAUNET Co., Ltd., KOKUYO Engineering & Technology Co., Ltd., KOKUYO Logitem Co., Ltd., and KOKUYO Supply Logistics Co., Ltd.

* Figures are compiled on the basis of the year when the leave time began.

Fiscal 2012 Lost Time Accidents

	Accidents	Time off	Frequency rate*1	Accident severity rate*2
Mie Plant	3	30	5.12	0.051
Shibayama Plant	2	106	4.48	0.237
KOKUYO Product Shiga	0	0	0	0
KOKUYO MVP	1	26	1.95	0.051
IWAMI Paper Industry	1	40	5.54	0.222
Total	7	202	3.33	0.096

*1 Number of workplace deaths and injuries/Total working hours x 1 million

*2 Number of working days lost/Total working hours x 1,000

Environmental Performance Data

■ Period covered

Fiscal 2012 (January 1, 2012, to December 31, 2012)

■ Guidelines Used for Reference

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

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

Global Reporting Initiative (GRI), Sustainability Reporting Guidelines

■ Organizational Units Covered

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

However, since the targets for 2012 were set for the companies in Group A shown in the table below, only data on this group has been disclosed here.

	Consolidated subsidiaries	Other subsidiaries and affiliates
A	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 Supply Logistics Co., Ltd., KOKUYO Logitem Co., Ltd., KOKUYO Product Shiga Co., Ltd., KOKUYO MVP Co., Ltd., KOKUYO Vietnam Co., Ltd., KOKUYO (Malaysia) Sdn. Bhd., KOKUYO Finance Co., Ltd., and KOKUYO International Co., Ltd.	KOKUYO K Heart Co., Ltd., and KOKUYO-IK (Thailand), KTL
B	ACTUS Co., Ltd., FOREST Co., Ltd., LmD International Co., Ltd., KOKUYO Commerce (Shanghai) Co., Ltd., KOKUYO (Shanghai) Management Co., Ltd., KOKUYO Furniture Commerce & Trading (Shanghai) Co., Ltd., KOKUYO Commerce (Shanghai) Co., Ltd. (Stationery Business), KOKUYO International Asia Co., Ltd., KOKUYO International (Malaysia) Co., Ltd., KOKUYO Vietnam Trading Co., Ltd., KOKUYO Camlin Co., Ltd., and LmD International Co., Ltd.	KOKUYO Hokkaido Sales Co., Ltd., KOKUYO Tohoku Sales Co., Ltd., KOKUYO Kitakanto Sales Co., Ltd., KOKUYO Tokai Sales Co., Ltd., KOKUYO Hokuriku Niigata Sales Co., Ltd., KOKUYO Sanyo-Shikoku Sales Co., Ltd., and Heartland Co., Ltd.

A: The scope of coverage through fiscal 2011 was Group A and included KOKUYO Co, Ltd., 13 consolidated subsidiaries, and 3 other subsidiaries and affiliates.

B: The scope of coverage from fiscal 2012 is Group B and includes KOKUYO Co., Ltd., 26 consolidated subsidiaries, and 10 other subsidiaries and affiliates.



Fiscal 2012 Actual achievements

Environmental policy	Goals and results for fiscal 2012		Evaluation
	Goals	Actual achievements	
Prevention of global warming	Over the previous year (except impact on productivity) -3.6%	-5.6% (Total amount +3.4%)	○
	Unit requirement over the previous year -2.6%	Sales unit requirement -3.3%	○
Resource saving & recycling	Survey of current situation for recycling rate	47 sites completed out of 70 Recycling rate: 97.6%	○
Procurement, development, and offering of eco-friendly products	Maintain eco x zero	Continuing to maintain	○
Information disclosure and communication	<p>Implement programs to increase awareness of CSR activities among employees</p> <ul style="list-style-type: none"> e-Learning: 100% understanding <p>Implement eco-activities with participation of all employees</p> <ul style="list-style-type: none"> Eco-den 3: Participation rate of 70% or more Cut CO₂ emissions 10% from the previous year 	<p>Implemented CSR e-learning</p> <ul style="list-style-type: none"> Participation rate: 68%, understanding rate: 77% <p>Implemented Eco-den 3</p> <ul style="list-style-type: none"> Participation rate: 48% Reduction in CO₂ emissions: 2% from the previous year 	○
Environmental management	Quantify the load on the environment on a consolidated basis	<p>Quantified the load on the environment on a consolidated basis</p> <ul style="list-style-type: none"> Moved up in the standings in the Nikkei Environmental Management Survey to 81st (compared with 178th in the previous survey) Received assessment of A in Buna no Mori (Japanese Beech Tree Forest) environmental questionnaire (also assessed as A in the previous year) Received ESG assessment of AAA in Tokyo Keizai's CSR ratings Received overall assessment of "4" in the FTSE4Good rankings Received CDP disclosure score of 85 Received performance score of C 	○



Environmental friendliness efficiency indicators

The 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

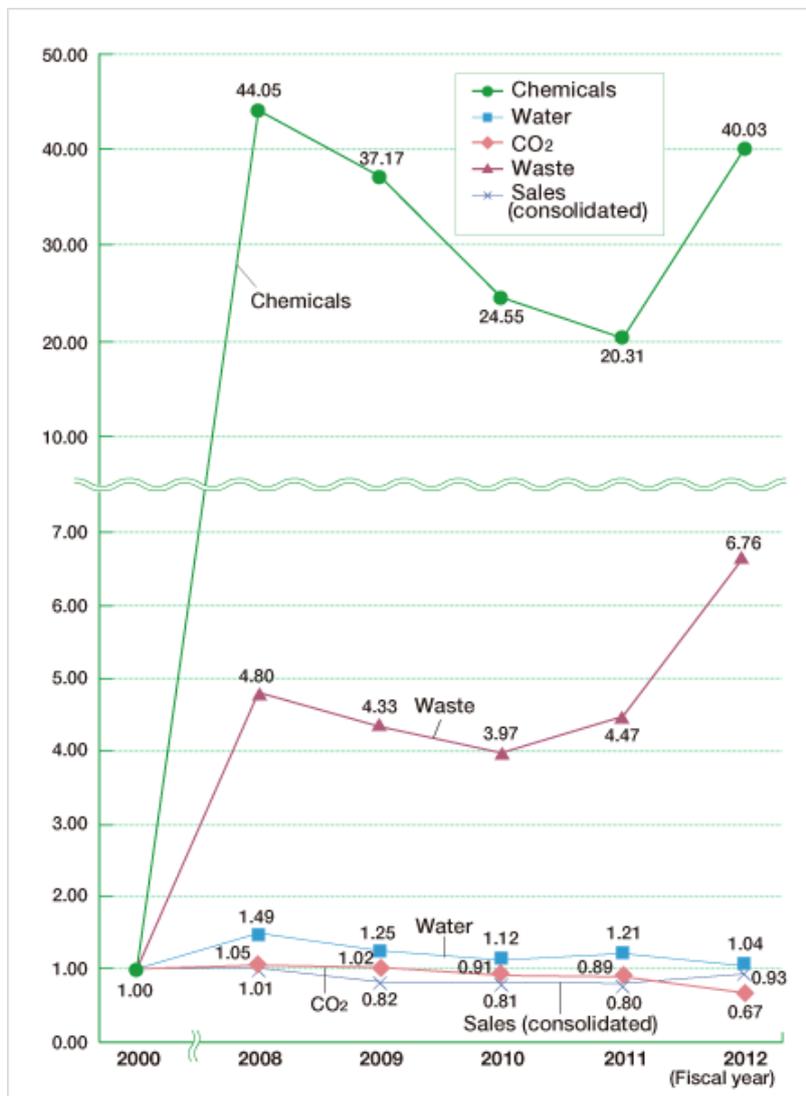
Environmental friendliness efficiency indicator =

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

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

Fiscal 2000 is taken as the baseline for each indicator and the progress status for each fiscal year can be determined.

Environmental friendliness efficiency indicators



* The scope of reporting coverage through fiscal 2011 was [Group A](#). From fiscal 2012, the scope of reporting coverage was expanded to [Group B](#).

* The volumes of chemical substances subject to reporting under the PRTR regulations were calculated based on the amounts reported by the KOKUYO Group's business locations that are subject to reporting of such substances under the PRTR regulations.

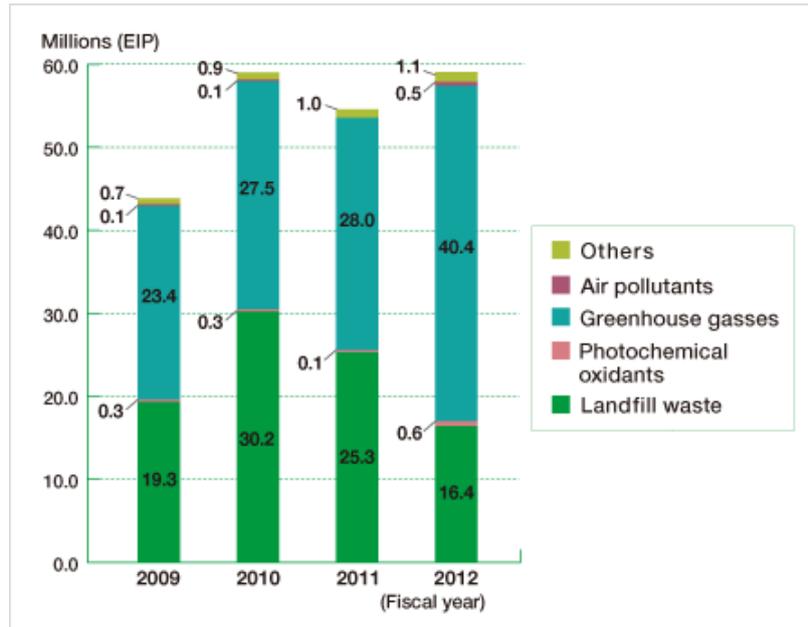


About JEPIX

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).

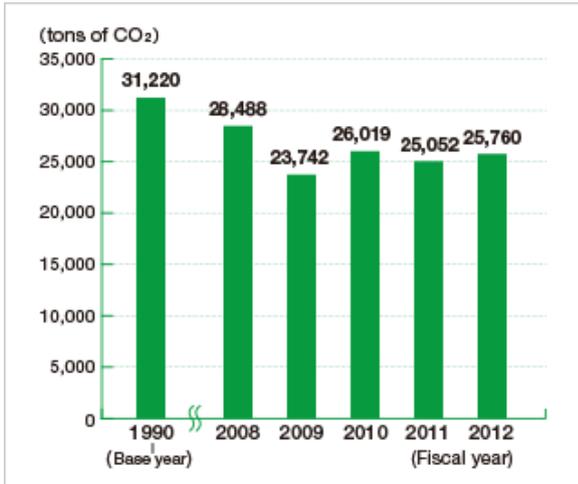
$$\text{Environmental impact point (EIP)} = \sum (\text{environmental loads} \times \text{environmentally friendliness factors})$$

JEPIX



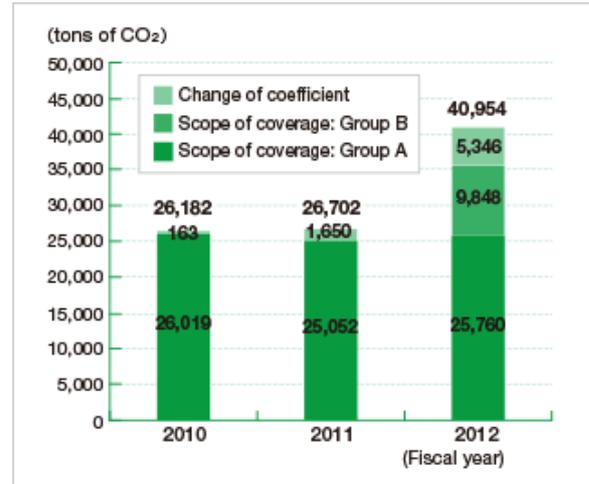
* The scope of coverage through fiscal 2011 was [Group A](#). From fiscal 2012, the scope of reporting coverage was expanded to [Group B](#).

CO2 emissions transition



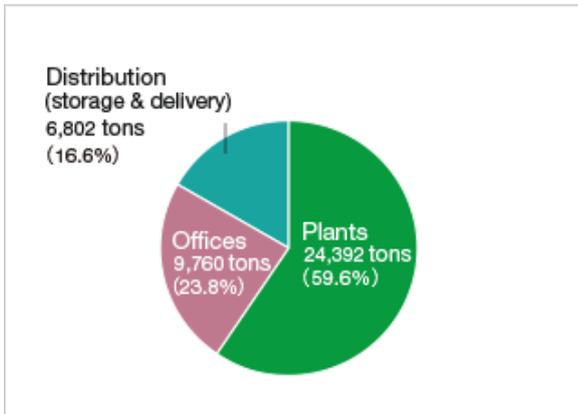
* These figures cover [Group A](#).

CO2 emissions transition

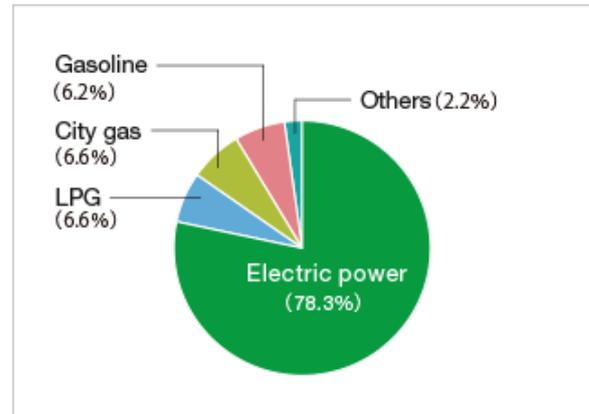


* The scope of coverage through fiscal 2011 was [Group A](#). From fiscal 2012, the scope of reporting coverage was expanded to [Group B](#).

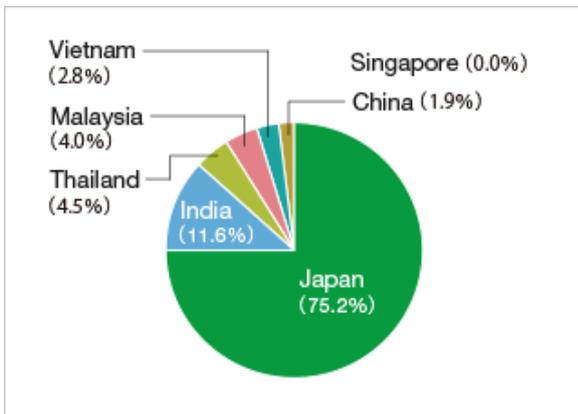
Volume of CO2 emissions according to sources of emissions



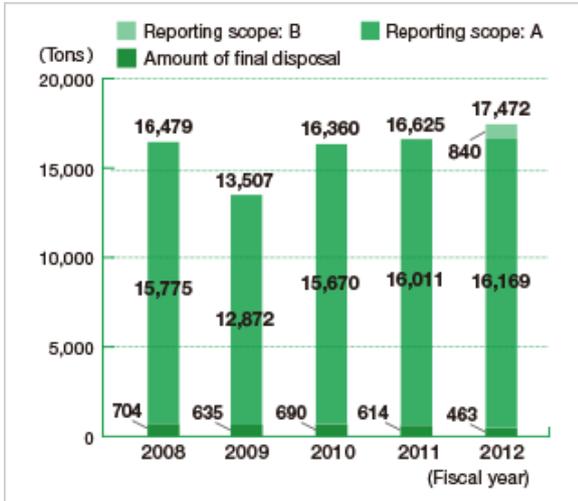
Volume of CO2 emissions according to types of emissions



CO2 Emission Volume by Country

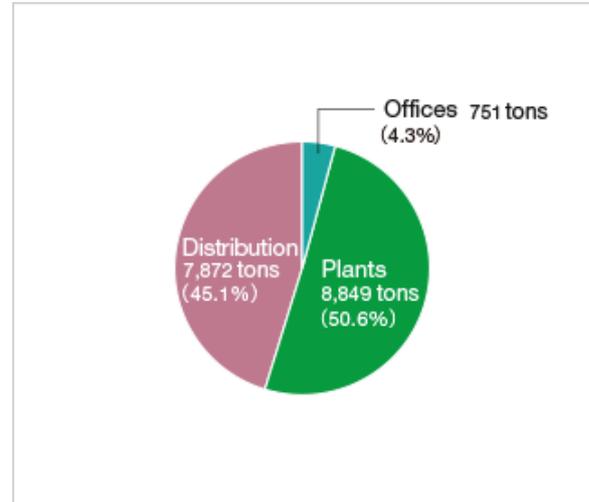


Waste materials recycling amount and final disposal amount

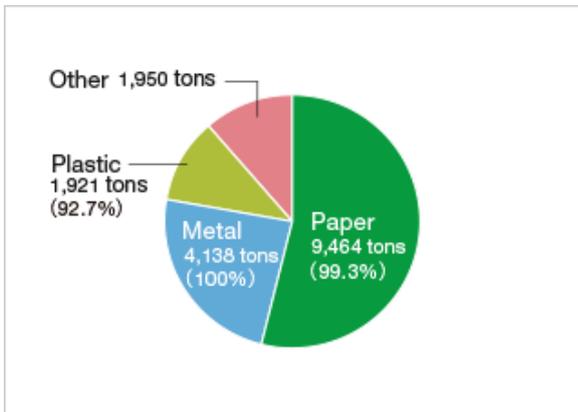


* The scope of coverage through fiscal 2011 was [Group A](#). From fiscal 2012, the scope of reporting coverage was expanded to [Group B](#).

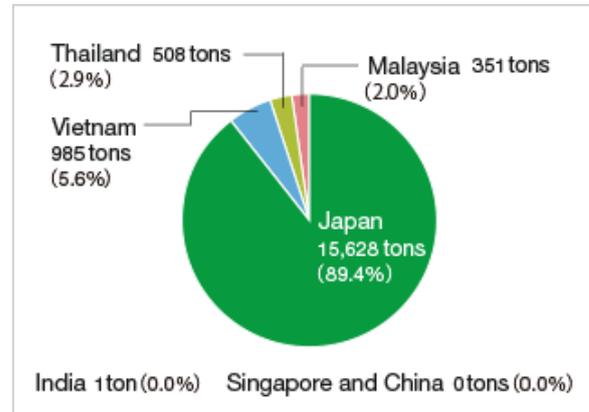
Source of waste materials



Types of waste materials (recycling rate in c)



Emissions by Country





Chemical substances subject to PRTR regulations

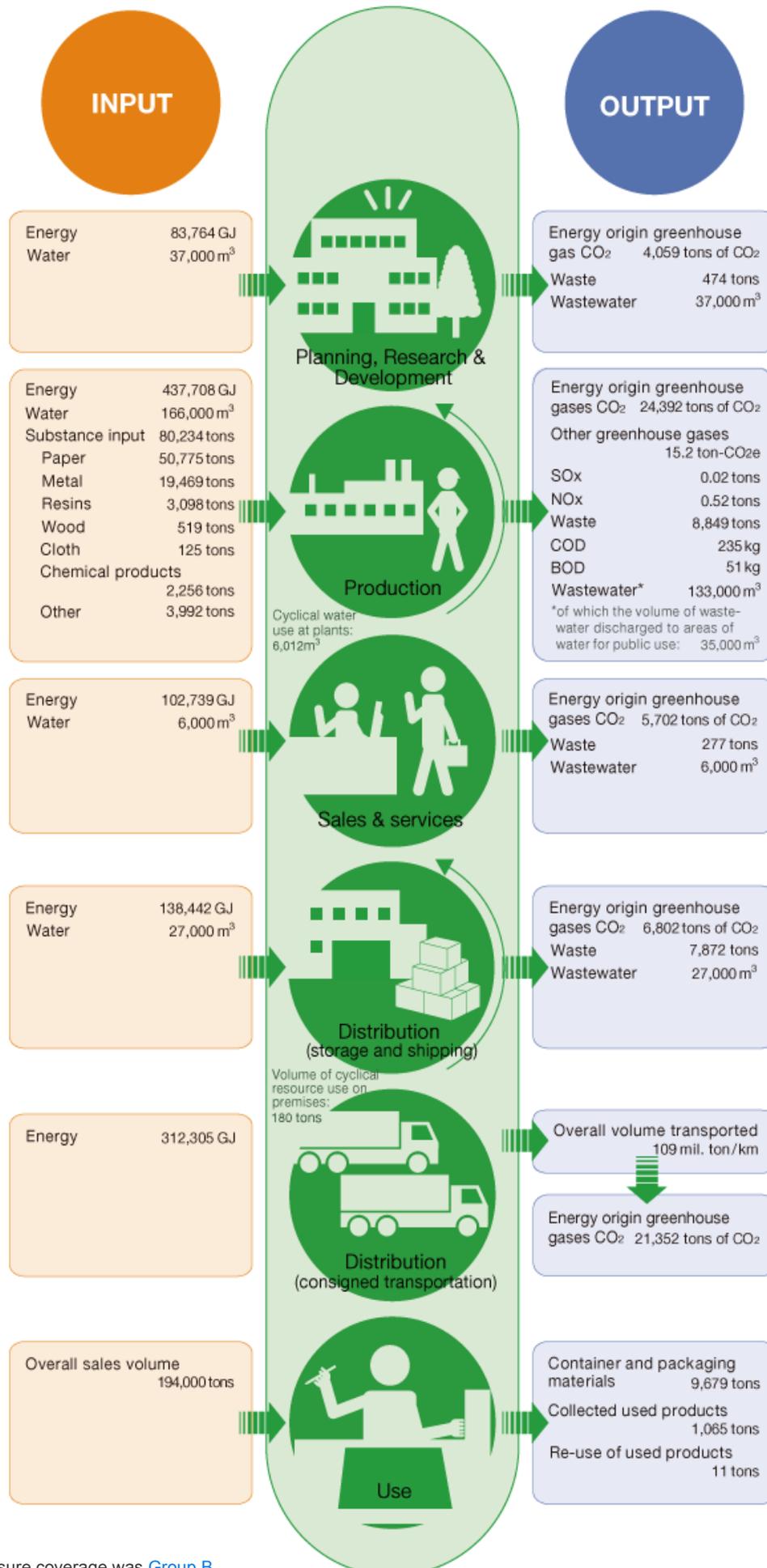
Official No.	Chemical name	Vol. handled/kg	Vol. released/transferred					Vol. treated/kg	Vol. treated/kg
			Vol. released to air/kg	Vol. Released in public bodies of water / kg	Vol. transported in sewers / kg	Vol. released to land/kg	Sub-total/kg		
1	Zinc compounds (water-soluble)	159.3	0.0	14.2	0.0	0.0	14.2	15.2	129.9
20	2-aminoethano	70.0	66.5	3.5	0.0	0.0	70.0	0.0	0.0
53	Ethylbenzene	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.5
57	Ethyl glycol monoethyl ether	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
80	Xylene	201.1	185.9	0.0	0.0	0.1	186.1	0.0	15.0
125	Chlorobenzene	7.0	0.1	0.0	0.0	0.5	0.6	0.0	6.4
134	Vinyl acetate	444.4	28.7	2.8	4.2	17.3	53.0	0.0	391.4
207	2,6-di-tert-butyl-4-cresol	4.8	0.0	0.0	0.0	0.0	0.0	0.0	4.8
297	1,3,5-trimethylbenzene	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
300	Toluene	168.4	94.0	0.0	0.0	1.4	95.4	48.4	24.6
302	Naphthalin	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
309	Nickel compounds	12.0	0.0	0.0	0.0	8.4	8.4	0.0	3.6
354	Di-n-butyl phthalate	364.3	0.0	0.0	0.0	3.1	3.1	0.0	361.2
392	N-hexane	777.3	759.0	0.0	0.0	0.5	759.5	0.0	17.8
403	Benzophenone	36.1	0.0	0.0	0.0	0.0	0.0	0.0	36.1
407	Polyalkyl ether	810.2	588.2	0.0	0.0	222.0	810.2	0.0	0.0
410	Polynonylphenyl ether	14.8	12.9	0.0	0.0	0.1	13.0	0.0	1.7
447	Methylenebis diisocyanate	71.6	0.0	0.0	0.0	0.0	0.0	0.0	71.6
Total		3,142.3	1,735.4	20.5	4.2	253.4	2,013.5	63.6	1,065.2

* 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 the Ministry of the Environment/Ministry of Economy Trade and Industry's "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.

Environmental Load Material Flow



* The scope of disclosure coverage was [Group B](#).

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 April 1, 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
Overall sales volume	10,000 tons	Data from furniture and stationery products (excluding KOKUYO Camlin)
packaging materials	Tons	The volume of packaging material used to package products

Output items

Indicator	Unit	Calculation method
Volume of CO ₂ released by energy usage	Tons of CO ₂	The volume of CO ₂ emissions that occur through the use of power, gas and oil. 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 the Ministry of Economy, Trade and Industry's "Calculating Greenhouse Gas Emissions/Report Manual ver. 3.3 (May 2012)" 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)
Other greenhouse gases	Ton-CO ₂ e	Emissions of greenhouse gases (CO ₂ , CH ₄ , N ₂ O) related to production activities, but excluding such emissions from energy sources, have been converted to a CO ₂ basis. Values taken from the Ministry of the Environment and the Ministry of Economy, Trade and Industry's "Calculating Greenhouse Gas Emissions/Report Manual ver. 3.3 (April 2012)" 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.
Wastewater	1,000m 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	Among subcontracted transportation, this figure is the total for domestic transportation and the volume of transportation in Malaysia related to transport of furniture products, stationery products, transport related to Kaunet mail order deliveries, and transportation of ACTUS products.
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
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.



Sites with ISO 14001 Certification

No.	Company name	Site name
1	KOKUYO	Head office
2		Kasumigaseki office
3		Nagoya office
4		Shinagawa office
5	KOKUYO K Heart	Head office
6	KOKUYO S&T	Head office
7		Shinagawa office
8	KOKUYO MVP	Tottori plant
9		Aoya plant
10	KOKUYO Product Shiga	Head office
11	KOKUYO Furniture	Head office (including WS)
12		Shinagawa office
13		Kasumigaseki office
14		Osaki office
15		Nagoya office
16		Mie plant
17		Shibayama plant
18	KOKUYO Logitem	Head office
19		Sendai delivery center
20		Gunma delivery center
21		Keihin delivery center
22		Shin Chiba delivery center
23		Shiga delivery center
24		Mie delivery center
25		Ina delivery center
26		Nagoya delivery center
27		Fujiwara delivery center
28		Okayama delivery center
29		Saga delivery center
30		Minato delivery center
31	KOKUYO Supply Logistics	Head office
32		Ibaraki delivery center
33		Tokyo Metropolitan IDC
34		Chubu IDC
35		Shiga NDC
36		Osaka Konan delivery center
37		Kyushu IDC
38		Kinki IDC

No.	Company name	Site name
39	KAUNET	Head office
40		Nagoya logistics center
41		Fukuoka logistics center
42	KOKUYO Engineering & Technology	Head office
43		Sapporo business office
44		Tohoku branch
45		Chubu branch
46		Kansai branch
47		ChuShikoku branch
48		Kyushu branch
49		KOKUYO Marketing
50	Tachikawa office	
51	Chiba office	
52	Saitama office	
53	Yokohama office	
54	Nagano office	
55	Nagoya office	
56	Shizuoka office	
57	Osaka office	
58	Kyoto office	
59	Kobe office	
60	Wakayama office	
61	Hiroshima office	
62	Yamaguchi office	
63	Matsue office	
64	Fukuoka office	
65	Nagasaki office	
66	Kagoshima office	
67	Okinawa office	
68	Miyazaki office	
69	KTL	Head office
70	KOKUYO (Malasia)	Head office
71	KOKUYO IK Thailand	Head office
72	KOKUYO Camlin	Tarapur
73		Samba



Environmental accounting

Environmental accounting

(Unit: Millions of yen)

Item	Environment-related investments		Costs		Effects		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
Pollution prevention	422	308	5,566	6,029	0	0	5,988	6,337
Global warming prevention	1,587	1,181	405	564	-2,439	-2,727	-447	-982
Saving resources and recycling	140	324	25,173	29,519	-12,713	-17,482	12,600	12,361
Procurement and provision of green products	0	0	5,498	10,917	-142	0	5,356	10,917
Research studies into environmental technology	0	0	6,295	3,146	0	0	6,295	3,146
Environmental communication	0	0	4,037	2,621	0	0	4,037	2,621
Setting up management structures	34	0	4,745	4,461	0	0	4,779	4,461
Environmental damage response	0	0	144	358	0	0	144	358
Total	2,183	1,813	51,863	57,616	-15,294	-20,209	38,752	39,220

* The scope of reporting coverage through fiscal 2011 was [Group A](#). From fiscal 2012, the scope of reporting coverage was expanded to [Group B](#).

Breakdown of economic effects

Item	Content of counter measures	2011	2012
Global warming prevention	The effect of introducing energy-saving facilities	-493	-1,759
	The effect of improving operations	-1,946	-968
Saving resources and recycling	Income from sorting and recycling of waste materials	-9,497	-14,491
	Waste reduction	-3,216	-2,991
Procurement and provision of green products	Cost reductions achieved through the use of recycled items	-142	0
Total		-15,294	-20,209

Reports by Business Site

Reports on Business Sites in Japan

KOKUYO measures the effects on the natural environment of the activities of its principal business sites in Japan and overseas and uses this information in considering appropriate policies, setting objectives, and in other activities. KOKUYO discloses such information on five manufacturing plants in Japan. In fiscal 2012, total CO₂ emissions volume at these five domestic plants exceeded the level of the previous year because of the effects of increases in production and shifts to internal production.

* In tables in this report, the figure "0" indicates that numbers have been rounded off to zero. Also, "-" indicates there are no figures corresponding to this item.

* Effluent emissions are disclosed herein for those business sites where measurement of such emissions is required by law. Measurement at the KOKUYO Product Shiga plant is not required by law; however, because abnormal pH values were discovered there in fiscal 2007, emissions have been disclosed separately.

▷ KOKUYO Furniture
(Mie Plant)

▷ KOKUYO Furniture
(Shibayama Plant)

▷ KOKUYO Product
Shiga

▷ KOKUYO MVP
(Tottori Plant)

▷ KOKUYO MVP
(Aoya Plant)

Reports on Business Sites Overseas

Although CO₂ emissions increased in fiscal 2012 because of higher production at KOKUYO-IK (Thailand), both plants in Malaysia and Vietnam engaged in activities to restrain emissions. As a result, total CO₂ emissions of KOKUYO's three overseas plants reported only a slight increase.

Please note that in fiscal 2012, in addition to the three principal overseas plants, data will be gathered on the five production facilities of KOKUYO Camlin, and the resulting emissions data will be disclosed.

▷ KOKUYO-IK (Thailand)

▷ KOKUYO (Malaysia)

▷ KOKUYO Vietnam

▷ KOKUYO Camlin
(Tarapur, India)

▷ KOKUYO Camlin
(Taloja, India)

▷ KOKUYO Camlin
(Vasai, India)

▷ KOKUYO Camlin
(Samba, India)

▷ KOKUYO Camlin
(Jammu, India)

Reports by Business Site

KOKUYO Furniture (Mie Plant)



Location	2012, Nishitawara, Nabari-shi, Mie Prefecture
Principal products	Steel desks, low partitions, etc.
Commencement of operations	May 1993
Site area	145,977m ²

Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	76,449GJ	92,298GJ
	Fuel	27,089GJ	34,468GJ
	Electricity	49,360GJ	57,830GJ
Water resources	City/well water	34,000m ³	43,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	3,942t	5,041t
	SO _x	0.02t	0.02t
	NO _x	0.44t	0.44t
Waste emissions	Total waste volume	817t	933t
	Reuse/recovery	815t	932t
	Final disposal	2t	1t
Emissions into bodies of water	Volume of effluent	21,000m ³	24,000m ³
	Emissions into public water areas	21,000m ³	24,000m ³
	Emissions into sewage systems	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 7.8	pH 7.2~7.7
	COD	7.3mg/L	10.4mg/L
	BOD	1.5mg/L	2.3mg/L
	Suspended solids (SS)	1.3mg/L	1.0mg/L

Reports by Business Site

KOKUYO Furniture (Shibayama Plant)

Location	3155-4 Ohdai, Shibayama-machi, Sanbu-gun, Chiba Prefecture
Principal products	Room dividers, low partitions, cabinets, etc.
Commencement of operations	June 1994
Site area	73,734m ²



Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	89,576GJ	106,398GJ
	Fuel	42,924GJ	50,457GJ
	Electricity	46,652GJ	55,941GJ
Water resources	City/well water	14,000m ³	18,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	3,893t	5,117t
	SO _x	-	-
	NO _x	-	-
Waste emissions	Total waste volume	1,925t	2,356t
	Reuse/recovery	1,921t	2,356t
	Final disposal	4t	0t
Emissions into bodies of water	Volume of effluent	9,000m ³	12,000m ³
	Emissions into public water areas	4,000m ³	6,000m ³
	Emissions into sewage systems	5,000m ³	6,000m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 6.9	pH 7.3
	COD	5.0mg/L	3.6mg/L
	BOD	9.0mg/L	0.7mg/L
	Suspended solids (SS)	4.0mg/L	1.0mg/L

Reports by Business Site

KOKUYO Product Shiga

Location	312, Kamigano, Aisho-cho, Echi-gun, Shiga Prefecture
Principal products	Notebooks, plain paper copy paper, carbon duplication books, loose-leaf supplies, etc.
Commencement of operations	October 1980
Site area	114,294m ²



Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	69,137GJ	65,033GJ
	Fuel	1,240GJ	1,064GJ
	Electricity	67,897GJ	63,969GJ
Water resources	City/well water	5,000m ³	6,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	2,195t	2,953t
	SO _x	-	-
	NO _x	-	-
Waste emissions	Total waste volume	2,343t	2,492t
	Reuse/recovery	2,343t	2,492t
	Final disposal	0t	0t
Emissions into bodies of water	Volume of effluent	5,000m ³	6,000m ³
	Emissions into public water areas	-	-
	Emissions into sewage systems	5,000m ³	6,000m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 6.8~8.0	pH 6.5~7.4
	COD	4.7mg/L	2.0mg/L
	BOD	3.5mg/L	3.9mg/L
	Suspended solids (SS)	4.8mg/L	2.5mg/L

Reports by Business Site

KOKUYO MVP (Tottori Plant)

Location	201, Minami 2-chome, Koyama-cho, Tottori-shi, Tottori Prefecture
Principal products	Custom-made stationery
Commencement of operations	September 2007 (Predecessor company, KOKUYO Office Supplies Industrial, began operations in December 1962)
Site area	38,389m ²



Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	18,804GJ	18,057GJ
	Fuel	2,690GJ	2,023GJ
	Electricity	16,114GJ	16,034GJ
Water resources	City/well water	9,000m ³	7,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	1,359t	1,194t
	SO _x	0.0t	0.003t
	NO _x	0.157t	0.075t
Waste emissions	Total waste volume	880t	833t
	Reuse/recovery	876t	832t
	Final disposal	4t	1t
Emissions into bodies of water	Volume of effluent	9,000m ³	7,000m ³
	Emissions into public water areas	-	-
	Emissions into sewage systems	9,000m ³	7,000m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	Not subject to regulation	Not subject to regulation
	COD	Not subject to regulation	Not subject to regulation
	BOD	Not subject to regulation	Not subject to regulation
	Suspended solids (SS)	Not subject to regulation	Not subject to regulation

Reports by Business Site

KOKUYO MVP (Aoya Plant)

Location	1114, Aoya, Aoya-cho, Tottori-shi, Tottori Prefecture
Principal products	Custom made stationery
Commencement of operations	September 2007 (Predecessor company, KOKUYO Office Supplies Industrial, Aotani Plant, began operations in April 2000)
Site area	34,607m ²



Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	12,307GJ	13,165GJ
	Fuel	858GJ	1,018GJ
	Electricity	11,449GJ	12,147GJ
Water resources	City/well water	3,000m ³	3,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	887t	861t
	SO _x	-	-
	NO _x	-	-
Waste emissions	Total waste volume	377t	388t
	Reuse/recovery	377t	388t
	Final disposal	0t	0t
Emissions into bodies of water	Volume of effluent	3,000m ³	3,000m ³
	Emissions into public water areas	3,000m ³	3,000m ³
	Emissions into sewage systems	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 6.2~6.9	pH 6.9~7.0
	COD	Not subject to regulation	Not subject to regulation
	BOD	2.5mg/L	4.65mg/L
	Suspended solids (SS)	3.2mg/L	7.2mg/L

Reports by Business Site

KOKUYO-IK (Thailand)



Location	529 Moo 4 Bangpoo Industrial Estate Soi 8C, T.Prasa, A.Muang, Samutprakam 10280, Thailand
Principal products	Clear books (transparent document holders), PP (plain paper) files, tape adhesives, etc.
Commencement of operations	December 1996
Site area	12,679m ²

Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	31,557GJ	35,765GJ
	Fuel	899GJ	890GJ
	Electricity	30,658GJ	34,875GJ
Water resources	City/well water	17,000m ³	20,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	1,686t	1,853t
	SO _x	-	-
	NO _x	-	-
Waste emissions	Total waste volume	557t	508t
	Reuse/recovery	293t	267t
	Final disposal	264t	241t
Emissions into bodies of water	Volume of effluent	14,000m ³	16,000m ³
	Emissions into public water areas	-	-
	Emissions into sewage systems	14,000m ³	16,000m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 7.6	pH 7.7
	COD	86.2mg/L	74.9mg/L
	BOD	17.91mg/L	62.0mg/L
	Suspended solids (SS)	43.3mg/L	57.9mg/L

Reports by Business Site

KOKUYO (Malaysia)

Location	Lot 79 & 83, Persiaran Bunga Tanjung 1, Senawang Industrial Park, 70400 Seremban, Negeri Sembilan Darul Khusus, Malaysia
Principal products	Steel desks, low partitions, cabinets, etc.
Commencement of operations	October 1999
Site area	58,000m ²



Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	26,617GJ	25,945GJ
	Fuel	11,040GJ	11,092GJ
	Electricity	15,577GJ	14,853GJ
Water resources	City/well water	10,000m ³	9,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	1,612t	1,547t
	SO _x	-	-
	NO _x	-	-
Waste emissions	Total waste volume	440t	351t
	Reuse/recovery	373t	337t
	Final disposal	67t	14t
Emissions into bodies of water	Volume of effluent	6,000m ³	3,000m ³
	Emissions into public water areas	3,000m ³	1,000m ³
	Emissions into sewage systems	3,000m ³	2,000m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 6.9	pH 7.5
	COD	38.0mg/L	13.0mg/L
	BOD	13.0mg/L	4.0mg/L
	Suspended solids (SS)	10.0mg/L	5.0mg/L

Reports by Business Site

KOKUYO Vietnam

Location	Land Plot B2-B7, Nomura-Haiphong IZ, An Duong Dist., Haiphong City, Vietnam
Principal products	Notebooks, flat files, files for thick covers, tack labels, etc.
Commencement of operations	November 2006
Site area	51,544m ²



Inputs		Fiscal 2011	Fiscal 2012
Energy	Volume of energy inputs	29,282GJ	29,300GJ
	Fuel	663GJ	681GJ
	Electricity	28,619GJ	28,619GJ
Water resources	City/well water	19,000m ³	12,000m ³
Outputs		Fiscal 2011	Fiscal 2012
Atmospheric emissions	CO ₂	1,225t	1,143t
	SO _x	-	-
	NO _x	-	-
Waste emissions	Total waste volume	1,073t	985t
	Reuse/recovery	1,073t	974t
	Final disposal	0t	11t
Emissions into bodies of water	Volume of effluent	19,000m ³	12,000m ³
	Emissions into public water areas	-	-
	Emissions into sewage systems	19,000m ³	12,000m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 6.3	pH 6.9
	COD	38.0mg/L	62.3mg/L
	BOD	12.0mg/L	33.7mg/L
	Suspended solids (SS)	Not subject to measurement	Not subject to measurement

Reports by Business Site

KOKUYO Camlin (Tarapur, India)

Location	MIDC Tarapur, Tal- Palghar, Dist- Thane, Pin- 401506
Principal products	Art supplies, poster colors, crayons, lead for mechanical pencils, etc.
Commencement of operations	April 1974
Site area	10,045m ²

Inputs		Fiscal 2012
Energy	Volume of energy inputs	22,572GJ
	Fuel	852GJ
	Electricity	21,720GJ
Water resources	City/well water	29,252m ³
Outputs		Fiscal 2012
Atmospheric emissions	CO ₂	2,128t
	SO _x	-
	NO _x	-
Waste emissions	Total waste volume	0.8t
	Reuse/recovery	0t
	Final disposal	0.8t
Emissions into bodies of water	Volume of effluent	29,252m ³
	Emissions into public water areas	-
	Emissions into sewage systems	29,252m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 7.2
	COD	120.0mg/L
	BOD	50.0mg/L
	Suspended solids (SS)	12.0mg/L

Reports by Business Site

KOKUYO Camlin (Taloja, India)

Location	M.I.D.C Taloja Navi Mumbai - 410 208
Principal products	Ink, stick paste, etc.
Commencement of operations	April 1996
Site area	3,801m ²

Inputs		Fiscal 2012
Energy	Volume of energy inputs	4,568GJ
	Fuel	1,267GJ
	Electricity	3,301GJ
Water resources	City/well water	11,138m ³
Outputs		Fiscal 2012
Atmospheric emissions	CO ₂	401t
	SO _x	-
	NO _x	-
Waste emissions	Total waste volume	-
	Reuse/recovery	-
	Final disposal	-
Emissions into bodies of water	Volume of effluent	11,138m ³
	Emissions into public water areas	-
	Emissions into sewage systems	11,138m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	-
	COD	Less than 100mg/L
	BOD	Less than 100mg/L
	Suspended solids (SS)	-

Reports by Business Site

KOKUYO Camlin (Vasai, India)

Location	Rajprabha Udyog Nagar Building No. 4, Golani Naka, Walive, Vasai (East) Dist.-Thane - 401 30
Principal products	Markers, ball pens, gel pens, correcting pens, mechanical pencils, etc.
Commencement of operations	2009
Site area	3,528m ²

Inputs		Fiscal 2012
Energy	Volume of energy inputs	7,972GJ
	Fuel	154GJ
	Electricity	7,818GJ
Water resources	City/well water	735m ³
Outputs		Fiscal 2012
Atmospheric emissions	CO ₂	758t
	SO _x	-
	NO _x	-
Waste emissions	Total waste volume	-
	Reuse/recovery	-
	Final disposal	-
Emissions into bodies of water	Volume of effluent	735m ³
	Emissions into public water areas	-
	Emissions into sewage systems	735m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	Not subject to regulation
	COD	Not subject to regulation
	BOD	Not subject to regulation
	Suspended solids (SS)	Not subject to regulation

Reports by Business Site

KOKUYO Camlin (Samba, India)

Location	LANE NO. 9, SIDCO, PHASE - 1 I.G.C., SAMBA- 184 121
Principal products	Art supplies
Commencement of operations	January 2008
Site area	10,040m ²

Inputs		Fiscal 2012
Energy	Volume of energy inputs	9,871GJ
	Fuel	12GJ
	Electricity	9,859GJ
Water resources	City/well water	3,266m ³
Outputs		Fiscal 2012
Atmospheric emissions	CO ₂	941t
	SO _x	-
	NO _x	-
Waste emissions	Total waste volume	-
	Reuse/recovery	-
	Final disposal	-
Emissions into bodies of water	Volume of effluent	3,266m ³
	Emissions into public water areas	-
	Emissions into sewage systems	3,266m ³
Restricted items emitted into bodies of water	Hydrogen ion concentration	pH 5.7-7.4
	COD	125.0mg/L
	BOD	20.0mg/L
	Suspended solids (SS)	83.0mg/L

Reports by Business Site

KOKUYO Camlin (Jammu, India)

Location	101, Gangyal Industrial Area Phase II Jammu - 180 004
Principal products	Art supplies
Commencement of operations	April 2012
Site area	-

Inputs		Fiscal 2012
Energy	Volume of energy inputs	2,379GJ
	Fuel	-
	Electricity	2,379GJ
Water resources	City/well water	-
Outputs		Fiscal 2012
Atmospheric emissions	CO ₂	227t
	SO _x	-
	NO _x	-
Waste emissions	Total waste volume	-
	Reuse/recovery	-
	Final disposal	-
Emissions into bodies of water	Volume of effluent	-
	Emissions into public water areas	-
	Emissions into sewage systems	-
Restricted items emitted into bodies of water	Hydrogen ion concentration	Not subject to regulation
	COD	Not subject to regulation
	BOD	Not subject to regulation
	Suspended solids (SS)	Not subject to regulation

Third-Party Assessments

Inclusion of Shares in SRI Indexes

In recent years, in the management of investment trusts, interest in socially responsible investment (SRI) has risen. Under SRI practices, not just financial but also environmental and social aspects of corporate behavior, have become more important as standards for making investment judgments. The world market for SRI is forecast to rise to US\$26.5 trillion by 2015. Looking ahead, as SRI spreads more widely in Japan also, further growth in the size of the market is expected. At present, KOKUYO's shares are included in the Morningstar socially responsible investing index (MS-SRI) as well as in the FTSE4Good, ETHIBEL Pioneer, and ETHIBEL Excellence indexes



[「ETHIBEL Pioneer」](#) [「ETHIBEL Excellence」](#)



FTSE4Good

[「FTSE4Good」](#)



[「Morningstar socially responsible investing index \(MS-SRI\)」](#)

Ministry of Economy, Trade and Industry (METI) Awards: “Diversity Management Selection 100”

KOKUYO was selected for inclusion in the “Diversity Management Selection 100” awards, which are sponsored by METI. These companies were chosen on the basis of their creative innovation, increases in productivity, and other attributes that have resulted from their employment of a diversity of human resources, including women, foreigners, seniors, persons with physical and other challenges, and others.

The companies included in the “Diversity Management Selection 100” varied widely by size and industry, but all were highly evaluated for their active “diversity management” and “management power that contributes to economic growth.” These awards were introduced this year with the aim of broadening the scope of activities to promote diversity by recognizing publicly the “best practice” aspects of the diversity management of the companies selected for the awards.



This year, 43 companies were chosen from more than 160 making applications. Under its corporate philosophy of “Enrich the world through our products and services,” KOKUYO is striving to be a company that can grow by accepting each of its employees as individuals with differing ways of thinking and values and, thereby, allowing them to draw fully on their diverse capabilities. KOKUYO will mark the 108th year since its founding this year, but, because of the strong desire of its founder, KOKUYO began to employ physically challenged persons before World War II, or more than 70 years ago.

At present, KOKUYO K Heart Co., Ltd., which is a special corporation employing challenged persons, is responsible not only for the printing and binding of catalogs and leaflets but also has been assigned full responsibility for routing operations to allow the Group's other companies to concentrate on their core businesses.

KOKUYO K Heart is, therefore, playing an important role in raising the corporate value of the Group as a whole. To make this possible, KOKUYO K Heart offers a wide range of working styles, including performing tasks at home, to challenged persons with a wide range of disabilities and other special needs. In addition, another KOKUYO Group special company, Heartland Co., Ltd., is endeavoring to promote the employment of challenged persons and achieve stable management by having these persons engage in the hydroponic cultivation of salad spinach and forming a network for sales of the spinach under the “Heartland” brand. This activity of Heartland was highly evaluated in the choice of KOKUYO for this award.

Looking ahead, for each and every employee to draw on his or her innate abilities, the Group will promote the mutual recognition of a wide range of individual circumstances and values and work to create a work environment where a diversity of human resources can work.



Yasuhiro Kuroda, Executive Vice President of KOKUYO (right), and Hidehiko Kuroda, President of KOKUYO K Heartland (left), attended the awards ceremony to receive the commemorative trophy.

Awards and Other Recognitions Received from Outside KOKUYO Group

Names of company	Names of some of the awards received	The sponsor	Date
KOKUYO S&T	KOKUYO received the “GOLD BRANDS” award in the Philippines	GOLD BRANDS COUNCIL PHILIPPINES	March 2013
KOKUYO Camlin	KOKUYO's in-house newsletter “NewsCafe” received a special recognition award in the ICE Awards competition.	Shailaja Nair Foundation	October 2012
KOKUYO Furniture	KOKUYO Furniture's Madre lobby chair designed for waiting rooms received Germany's “Universal Design Award 2012”	universal design GmbH, iF International Forum Design GmbH	April 2012
KOKUYO S&T	KOKUYO's “SMOOTHSTYLE” mobile watch and “X-ViZ” (pronounced “Cross Viz”) portable speakers, both of which are sold under KOKUYO's original “trystram” brand, received design awards in Germany's “Red Dot Design Prize: Product Design 2012.”	Design Zentrum Nordrhein Westfalen	March 2013



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