

KOKUYO Group
CSR Report

2014

Detailed Version

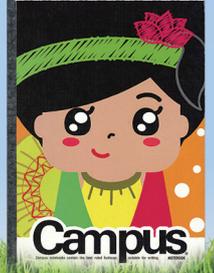
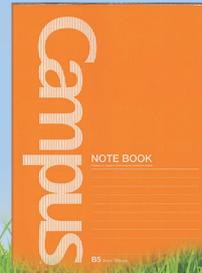
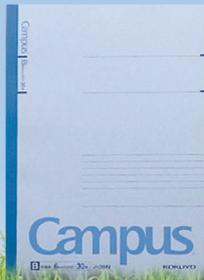


Japan

India

China

Vietnam



Editorial Policy

Each year, the KOKUYO Group publishes a CSR Report to provide our stakeholders with the Group's efforts to realize a sustainable society, along with intelligible information concerning its social responsibilities to maintain good communication with diverse stakeholders. There are several reporting tools to facilitate the reading and visualization of the report. The special feature articles not only cover the approaches and devotions of top management in pursuit of creating new value for those who learn and work, but also the messages from employees who bear each function of the value chain.

CSR Reporting Tools

● A Website for CSR and Environmental Management



The website contains a comprehensive report of the Group's overall activities.

<http://www.kokuyo.com/en/csr/>

● CSR Report: Detailed Version in PDF files



The information disclosed on the website for CSR and environmental management is published annually in PDF files.

● CSR Report: Data Collection in PDF

Data related to environment, society and governance is published annually in PDF files.

Period Covered

This report focuses on activities carried out from January 1, 2013, to December 31, 2013, but also includes some information about the most recent activities.

Scope of the Report

The KOKUYO Group refers to KOKUYO Co., Ltd., and its domestic and overseas Group companies, comprising 25 consolidated subsidiaries, except certain activities implemented by other subsidiaries and affiliates.

Guidelines Used As Reference

- ISO 26000
- Japanese Ministry of the Environment Environmental Reporting Guidelines 2012
- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 3.1 Edition

Next Publication

April 2015 (TBD)

Outline of the KOKUYO Group

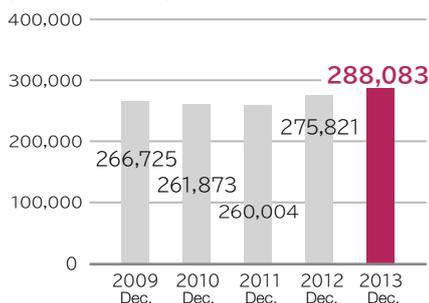
The KOKUYO Group practices an axial business model centered on the stationary business segment, which makes and sells stationery and office supplies; the furniture business segment, which makes and sells furniture for offices and public spaces and handles office space configuration; and the mail-order and retail business segment, which is engaged in the mail-order sales of office supplies and the sale of interiors and household goods.

Establishment : October 2, 1905
 Registered capital : 15.8 billion Japanese yen
 Representative : Akihiro Kuroda

Headquarters address : 6-1-1 Oimazato-minami, Higashinari-ku, Osaka-shi, Osaka
 Number of consolidated subsidiaries : 24
 Number of employees : 6,399 (consolidated) *As of the end of December 2013

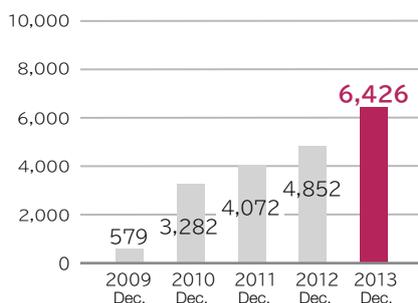
Consolidated Net Sales

(Unit: JPY 1 million)

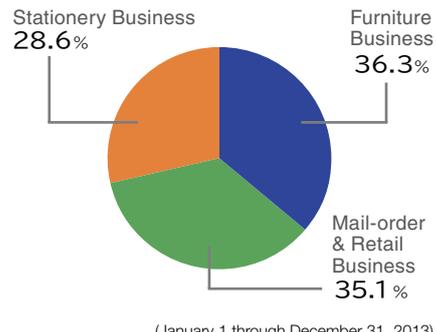


Group Operating Profit

(Unit: JPY 1 million)



Composition of Consolidated Net Sales





KOKUYO's CSR Charter

Grounded in the founding corporate philosophy of "Enrich the World through Our Products" 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.

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A Company that Contributes to the
Enrichment of the Lives of People
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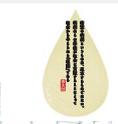
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The Origin for the Creation of Value that Has Been Handed Down Since the Inception of the Company Via the *thorough Commitment to each Task* and the *Pursuit of Excellence in Every Ordinary Task*.

Kuroda KOKUYO's founding spirit is the Business of kasu. The word means that it makes good business sense to sincerely commit to a troublesome, small potato-like (kasu) task that no one wants to do and bring it to the level where it becomes essential for the world. This is the founder's business spirit. Our company will celebrate its 110th anniversary next year. Through these years, the business spirit has been passed down in our company and served as the driving force for business. Unicharm upholds "the three DNAs" as core corporate values.

Takahara In my view, the strongest organization is a momotaro (a popular hero from Japanese folklore) team that wipes out ogres while sucking on a piece of Kintaro candy (traditional cylinder-shaped candy: no matter how the cylinder-shaped candy is cut, Kintaro's face appears). The Kintaro candy represents a set of values shared among our employees while the momotaro team symbolizes an organizational operation system based on the right-person-in-the-right-place principle. At Unicharm, the Kintaro candy to be passed on to future generations is called "the three DNAs" (changing values, find reason within ourselves, maintain our No. 1 position through continued and dedicated service).

Simply put, changing values means to generate new values by continuing to change every day without settling for the status quo. Find reason within ourselves means that one can continue growing if he/she reflects upon him/herself all the time in a humble manner and listens to others' views. Maintain our No. 1 position through continued and dedicated service means to develop an altruistic attitude. While our founder has left many other lessons to us, we have condensed the essence of his lessons into the three DNAs. None of the people with different values or people of different ages or none of the countries in the world would disagree with the three principles. Anyone who works at Unicharm must inherit, practice, and embody them.

Kuroda "Maintain our No. 1 position through continued and dedicated service" has something in common with KOKUYO's business of kasu. Our second president launched the furniture business and said that the business of kasu means to leave nothing undone. He said, "Thorough commitment to each task" because thoroughness was his life's motto. He said that we should do all we can do and leave nothing undone, all the more so for troublesome, tiring tasks. He believed that it is in such tasks that we find unmet or new value for customers.

Takahara I empathize with what you just said. Our company puts it in another way, that is, the thorough practice of ordinary tasks leads to something extraordinary. This value is exactly the same as your company's and means that repeated practice gives rise to evolution. If we keep doing the same thing, we can achieve a sudden breakthrough like finally climbing up a flight of stairs. However, in reality, it is not easy to do. Persons who produce products grow tired of doing the same thing faster than customers and tend to want to start something different.

Kuroda Yes, I know. When a new product does not sell well, employees stop trying by attributing the cause of dull sales to changes in the needs of customers or to strong competitors. As shown by one of the three DNAs of your company, the cause inhibiting continuous effort lies in us.



Takahara You are right. Until a chemical change occurs, a manager needs to be patient and encourage employees to continue their efforts. A Japanese proverb says, “Three years on a cold stone will make the stone warm,” and so a significant change or the understanding of the true nature of the problem requires three years of patience. Based on this understanding, we have recently made the span of personnel changes a little longer than before.

Kuroda To mark the 50th anniversary, our founder put his ideas into the KOKUYO Creed. One phrase that represents the essence of the Creed is “integrity not in words but in action.” In an effort to encourage all employees, including those overseas, to gain a deep understanding of the essence and put it into practice, we redefined it last year as the Guiding Principle: Act with Integrity (share the mission and seek true customer value) x Take Charge (take on challenges and grow with others) x Pursuit of Excellence (pursue value to the limits and over-deliver). We believe that if each employee practices the Guiding Principle, it will generate a chain of trust, leading to the generation of business power unique to KOKUYO.



Employees' Realization of Growth and Enrichment Are the Source of the Development of Human Resources

Kuroda The development of global human resources is our urgent issue for the further development of KOKUYO in Asia. I understand that Unicharm is one of the companies that entered Asia early and has since developed as a global company. How do you address the development of human resources that enables continuous growth?

Takahara When we began global expansion, I defined a global company based not on the number of countries where we do business or the percentage of foreign employees, but as “a company that can do business in any country or region based on a shared management model, a shared business style, and shared values.” To that end, values, the guiding principles, and management method, which should be shared, were spelled out, and put together as the Unicharm Way in a binder of bible size. The manual was translated into different languages and distributed to all employees around the world, who are required to carry it with them at all times.



Kuroda The tool is meant to instill Unicharmism in every employee.

Takahara Naturally, the penetration rate varies from country to country. I think that the most important factor required to nurture and retain people in an organization is not salary or position, but a solid sense that one is growing through work. The distribution of the human resources of a company is in the form of a pyramid with 20% in the upper section, 60% in the middle, the largest section, and 20%, who need more effort, in the lower section. Since the strength of a company is the total area of the pyramid, the expansion of the upper triangle does not have a significant impact on overall company strength. Actually, the middle (60%) and lower (20%) sections have greater potential for growth and constitute critical areas for the growth of the company. The development of human resources at Unicharm, therefore, focuses on the development of ordinary employees and those who have difficulty reaching their full potential.

Kuroda You mean you also focus on the development of the bottom 20% of employees. I can tell that you are prepared to nurture all employees as a manager. However, training each employee to fulfill his/her potential is a tough task.

Takahara Yes, it is. Specifically, we use our unique business management technique called the SAPS Management Model* for our human resources development, which centers on OJT. The system is where one PDCA (plan, do, check, act) cycle is implemented and completed each week under the leadership of a superior to have employees acquire the behavior.

Takahara When coaching someone, we often just say the goal instead of issuing instructions on how to achieve it. In baseball, for example, a manager would just say, "Hit a homerun!" If a player could have hit a homerun, he would have done so. In our case, when a sales representative is having difficulty getting orders from clients, we give the representative a specific action to take, for example, to increase the visit frequency from once in two weeks to three times a week. While the representative may not immediately realize the difference that such an action can make, continuing to visit three times a week will require the person to prepare more business proposals or deepen each proposal. In short, if a person is forced to act, the employee will go back to the original goal and start pondering strategies to achieve it on his/her own.

Kuroda I see. You mean that a behavior pattern changes the person's attitude. I suppose that the implementation of the PDCA cycle on a weekly basis would be quite tough for employees, but frequent communication between superiors and subordinates will feel like coaching in a timely manner and a proper evaluation to them. Communication will also enhance the overall trust relationships within the organization. It is an excellent human resources development model that reflects close care by management. President Takahara, do you also check the cycle yourself?

Takahara In reality, it is difficult for me to check it every week, but I confirm the issues of the entire Group and those of directors in weekly meetings. Before listening to person-to-person explanations by the heads of departments where performance has been low, I check the dedicated format that lists past performance in the SAPS management model. Since the SAPS management model has a common format used by all group companies around the world, I can readily grasp the causes of a problem by having the corresponding section written in a foreign language translated into

Japanese. I often say that slowing or cessation of performance and growth is due to four mental disorders (conceit, arrogance, dependence, and mannerisms). While we often use the third person when talking about departments and organizations, this is not right: a company does not become sick. Individuals become sick, and the company is a group of sick individuals. The weekly check system allows us to readily identify the four disorders. The founder of our company used to say that it is a change in the mindset of employees that brings about a change in behavior. I tell employees, however, that a behavioral change starts everything. A behavioral change will lead to a change in the mindset, capabilities, and eventually one's life.



Kuroda KOKUYO's strength has long been its unique value chain encompassing everything from development and production to distribution and sales. However, along with the maturity of the markets, customers who acquired new values are leaving KOKUYO. Before we know it, our value chain will become a relay devoid of customers. Consequently, each function in the value chain must begin to combine with other functions like in a centipede race. Actions intended to take charge and pursue excellence for customers are making the functions seek collaboration with particular persons or functions, leading to the generation of a chain of trust. These DNAs seem to be activated in situations where customers are in trouble and unite every employee beyond positional and departmental borders. This year, we received many orders in March as a result of corporate relocations and reorganizations. However, as it coincided with the last-minute demand prior to the tax increase, it became difficult for us to make arrangements for truck transportation required to meet the delivery dates specified by our customers. At the time, I was surprised to see employees in all departments, regardless of their positions,

cooperating with one another and making a desperate attempt to secure trucks in order not to cause any trouble for customers, particularly individual customers.

Takahara It sounds great. It is something that becomes more difficult to find as an organization becomes bigger. When I saw your offices a while ago, I found good teamwork there. I think that great corporate culture and spirit are firmly established at KOKUYO.

Kuroda Thank you. We decided to keep asking nine questions to each other at each worksite to promote the implementation of the Guiding Principle: “Do you know to whom we should deliver value and what value they want?” “Are you avoiding troublesome, difficult tasks?” and “Do you continuously raise the bar?” While it sounds an analog approach, we believe that building a chain of trust not only within our company, but including suppliers and customers by continuously pursuing value, which enriches our customers, and excellence to the limits will lead to the growth of and the actual experience of enrichment by each employee.

* The SAPS Management Model is a management style where business objectives are broken down into annual, monthly, and weekly objectives, which are implemented by repeating the following cycle on a weekly basis: S (Schedule: Creation of an action plan), A (Action: Implementation of the plan), P (Performance: Review of the effect), and S (Schedule: Creation of the next action plan based on the review).



Business that Leverages Domestic Business Strengths and Contributes to the Realization of Enrichment in Asia

Kuroda At present, KOKUYO is trying to implement its corporate philosophy, “Enrich the world through our products,” in Asia by applying its strengths developed through domestic business to the Asian market. This goal cannot be achieved unless every employee ponders ways to be useful for society and put the ideas into practice. I hope that witnessing the severe reality of the serious social issues of the reconstruction of Tohoku, which was significantly damaged by the Great East Japan Earthquake and the learning environment of children in Asia, will inspire and drive our employees to the firm resolution to become useful human resources.

Takahara The ultimate goal of our corporate philosophy, NOLA & DOLA (Necessity of Life with Activities & Dream of Life with Activities), is to provide support to every being, including babies, the elderly, and companion animals, through products that free them from burdens and thereby fulfill the dream of each citizen. In Asia, we began our business with the provision of high-demand, yet poorly supplied goods, such as feminine hygiene products and baby care products. We believe that supporting the enrichment of each consumer will lead to the development of society and eventually the development of a country. For example, the dissemination of diapers will free people from the washing of cloth diapers and those people can use the time for doing something new. While babies grow soundly when freed from the discomfort of cloth diapers, a decrease in the frequency of crying and diaper changes at night reduces the mental and physical stress on grandparents and parents, who used to wake up often in the middle of the night. If each of these people can use the time for their own well-being and for the development of society or the country, it will produce energy for society or the country.

Kuroda KOKUYO has also provided high-demand, yet poorly supplied products and services for many years. During the high-growth period in Japan, we served customers by delivering an enormous amount of products without any out-of-stock cases, and by doing so, KOKUYO grew. In India, where we began our business through M&As, we can make the most of our capability to “deliver products without any out-of-stock cases” since the country is in the process of making a great leap forward. Since we cannot immediately build factories or warehouses, we established a system where local sales representatives use tablet PCs to promptly transmit orders from customers to manufacturers' warehouses. We are finally reaping the fruits of the system. The presidents of our affiliated companies in India are pleased with



the system, saying that it is a typical Japanese business style. In the future, we will continue pursuing ways to become useful, which are tailored to each country and region, to the limit.

Takahara While it is not limited to the Asian market, the CSR activity of our company aims to contribute to society through our core business and its ultimate goal is to contribute to the realization of symbiotic society. Our ideal society is a place where every person, including infants and the elderly, can lead an independent life as much as possible. We aim to support people's independent lives through our products.

Kuroda The realization of symbiotic society is directly linked to your business activities.

Takahara Clearly, a symbiotic society cannot be realized only with our products. However, since Japan is one of the most advanced countries in terms of population aging and there are countries in Asia where population aging is taking place faster than Japan, if we can create success in Japan, we think that we can apply that to Asia.

Kuroda I think that the driving force for the global growth of Unicharm lies in the fact that the daily practice of business objectives based on behavioral patterns implanted in each of several thousand employees is directly linked to the realization of its lofty mission. What is most remarkable is the attitude of your company where even the employees in the bottom 20% of the HR pyramid are nurtured in an effort to enhance the development of the organization as a whole. The weekly management method inevitably requires superiors to take time for inferiors who have problems or are behind schedule while engaging people in the upper 20% in the improvement of each department. This talk gave us many ideas for the future development of our company in Asia. While KOKUYO is trying to break down its corporate philosophy into behavioral patterns, I realized that our effort has been insufficient in light of lessons you gave us today.

We will continue to tackle challenges by asking the questions: "What are the actions that contribute to the growth and enrichment of working and learning people?" "Are we pursuing to the limits?" and "What are the limits?" in a repeated manner between superiors and inferiors and among colleagues and by using the commitment of each employee to "becoming the glory of Asia" as the driving force.

Thank you very much for sharing your valuable experience with us today.

Corporate Philosophy and Origin of the “KOKUYO” Name



Our Corporate Philosophy Handed Down from the Time of KOKUYO's Founding: “Enrich the World through Our Products”

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 corporate philosophy of “Enrich the World through Our Products” 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.”

KOKUYO at a Glance

At present, the KOKUYO Group practices an axial business model with three main business segments: Stationery Business, Furniture Business, and Mail-Order & Retail Business. By straightening coordination in the entire value chain, we are committed to agile management practices, timely product development, and the provision of products and services that suit consumer's specific demands.

Stationery Business

Being of Assistance to those Who Work and Learn

Centering on the manufacture and sales of paper products, KOKUYO's stationery business offers stationery and PC-related products designed to facilitate the knowledge work performed by diverse customers in a variety of working and learning environments. The company's aim is to achieve sustained growth by targeting both domestic and overseas markets; to do this, we will actively expand our business in rapidly growing emerging Asian markets of Vietnam, China, and India.



- Stationery
- Hirameki Products with Inspirations
- Office solutions

Furniture Business

Taking on the Challenge for New Work Styles

The furniture business segment engages in the manufacture and sales of furniture for offices, public areas, and retail spaces and provides a variety of spatial planning for offices, public facilities, and commercial establishments. Using results from a survey on corporate strategies, work styles, and facility characteristics, we offer a personalized solution for spatial design and total project support to create spatial values with customers. Also in Asia, we are embarking on a new challenge to deliver highly competitive products to the market by stepping up marketing, planning, and the development of office furniture.



- Office space
- Educational institutions
- Retail and commercial space
- Civil services and public facilities
- Medical facilities
- Hotel space



Mail-Order & Retail Business of Office Supplies



Delivering an Excitement Beyond Happiness

Aiming to serve the needs of customers by taking their perspective, KOKUYO engages in the mail-order and retail business of office supplies for corporations and individuals from diversified directions with the KAUNET mail and online order business at the core.



- **Online and Catalog Sales Business**
- **Wholesale Business**
- **Online and Catalog Business of Office Supplies in China**

Easy Buy

Offers all necessary office supplies you need as well as KOKUYO's products and stationery supplies



Retail Business



Bringing a Sense of Fine Quality and Excitement to Daily Life

KOKUYO operates ACTUS, specializing in furniture, textiles, and general home furnishings mainly imported from Europe.



- **ACTUS**
Promoting a gracious way of living where people esteem highly of products that ensure satisfaction.
- **Ecocochi Plans**
ACTUS engages in an activity for changing comfort into eco-friendly.

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 enhance the fulfillment and creativity of the jobs and lives of people in the countries and 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.



Aiming for the “Honor of Asia”



■ Vietnam

Stationery Business **A TV Ad for Campus Notebook Launched!**

To coincide with the demand season of notebooks from May to August, KOKUYO Vietnam Trading launched a large-scale promotional campaign to boost the sales of Campus notebooks mainly using a TV ad., Pao-chan, a popular high-school model, has been picked as a poster girl and appears in the TV ad.



■ Thailand

Furniture Business **Grand Opening of Newly Renovated Showroom**

Thanks to the booming economy across ASEAN countries in recent years, KOKUYO INTERNATIONAL (THAILAND) has been greatly improving its financial results after the grand opening of its newly renovated showroom. It has been making a major contribution to the design of office space for both local and Japanese-affiliated companies in Thailand.



■ India

Stationery Business **KOKUYO Reached an M&A Agreement with the Indian Notebook Manufacturer, Riddhi Enterprises**

KOKUYO concluded an M&A agreement with the Indian notebook manufacturer, Riddhi Enterprises, in August. Looking ahead, as we continue to gain production capacity for notebooks, this M&A deal will help us make inroads into new markets in America, South and Central America, the Middle East, and Africa, creating an opportunity to launch new markets from India, further strengthening cost competitiveness.



Stationery Business **Conclusion of Rights Issue and Acquisition of Land for New Factory by KOKUYO Camlin Limited**

KOKUYO Camlin Limited has recently finished raising a total of about 1,600 million Japanese yen from a rights issue (allocation of new shares). KOKUYO S&T was allocated the vast majority of the shares of the rights issue, pushing its equity ratio to 65.77%. Simultaneously, KOKUYO Camlin Limited purchased the land of approximately 56,000 m2 for the new factory. While increasing business efficiency by proceeding with the concentrating of factories, which were previously scattered in various places, to the new factory, KOKUYO Camlin Limited will gain competitiveness in the domestic market in India from a substantial reinforcement of production capacity.

■ Japan

Stationery Business **Launch of First KiSPA Catalog, Which Lists Office Supplies from Nearly 450 Manufacturers**

For the purposes of further promoting partnership with stationery stores and enhancing the customers' convenience when buying stationery and office supplies, we published the first KiSPA catalog. For the catalog preparation, we utilized our know-how to the utmost extent, which we have accumulated by operating the mail-order company, KAUNET.



Furniture Business **Umeda Live Office and Umeda Showroom Opened near JR Osaka Station**

KOKUYO Furniture and KOKUYO Marketing jointly opened a Live Office and showroom to serve as a new business base in the Kansai area. Located at the Knowledge Capital at Grand Front Osaka, these venues will be utilized as a place to showcase a range of office space design ideas that lead to expansion and growth of customer companies.



Indonesia

Furniture Business **KOKUYO Furniture Opens Jakarta Showroom**

KOKUYO Furniture and its dealer, Krisson Indonesia, joined hands to open a showroom in Jakarta, the capital city of Indonesia, to gain domestic demand for office furniture among the middle and high class.



China

Furniture Business **Shanghai Flagship Showroom Acquired LEED Gold Certification for the First Time for the KOKUYO Group!**

For the first time for the KOKUYO Group worldwide, a flagship showroom in Shanghai acquired LEED Gold certification. Leadership in Energy and Environmental Design (LEED) is a set of rating systems for the overall design, construction, operation, and maintenance of green buildings, which is intended to allocate points based on the energy-saving benefits and potential environmental impacts. With the acquisition of the LEED certification, KOKUYO is expected to see a significant increase in its social valuation.



Furniture Business **The First Issue of Quarterly Magazine, *HOMARE*, Published for Dealers in China**

KOKUYO Furniture Commerce & Trading (Shanghai) launched its first issue of a quarterly magazine, *HOMARE*, for dealers in China. By sharing new products from KOKUYO and its participating events with dealers, KOKUYO aims to support their sales efforts and deepen relations of trust as a KOKUYO's true partner dealer.



Stationery Business **The First Independent Exhibition Held in China**

For the first time since its establishment, KOKUYO Commerce (Shanghai) held an independent exhibition in Shenzhen to showcase new products, along with sales promotion meetings and individual business negotiation sessions with the aim of developing an understanding of KOKUYO's products for dealers.



Stationery Business **Notebook Cover Design Competition in China**

As an academic-industrial cooperation project with Mode Gakuen, KOKUYO Commerce (Shanghai) held a design competition, aiming to study a wide variety of design accepted by the Chinese market. Some of the best designs have been chosen for commercialization.



KOKUYO Participated in the 2013 NeoCon, One of the world's Largest Furniture Fair

In June, KOKUYO joined 2013 NeoCon, one of the world's largest furniture fairs held in Chicago, USA, for the first time to showcase its AIRFORT series.



39th Anniversary of Campus Notebooks

KOKUYO Campus notebooks marked the 39th anniversary in 2014. To express our gratitude to our customers, a series of appreciation events has been offered in celebration of the 39th anniversary.



Top Interview - Learning



Notebooks Create a Starting Point for Learning

Although people in Japan routinely obtain stationery anywhere and receive a quality education in a well-organized environment, many children in some parts of Asia do not even have notebooks and pencils. While this is an extreme example, children living in the rural areas of India use the ground as a notebook or write and erase notes so they can reuse notebooks. In the cities, I saw a thousand children studying outdoors while holding an umbrella in the rain trying to get an education. Even though their notebooks were wet, the glint in their eyes showed a total commitment to learning. I was deeply moved by how desperately these children wanted to learn. There is always a notebook when a person starts learning. These children taught me anew that notebooks were the starting point for learning.

Upon witnessing the reality of education in Asia, I felt even more strongly about helping those in need and providing a better learning environment and tools. With the goal of making education readily available, we have embarked on a mission to offer reasonably priced, high-quality products, which we have achieved with KOKUYO's Campus notebooks, while keeping pace with the actual conditions in China, Vietnam, and India.



Takuya Morikawa
Representative Director and
President
KOKUYO S&T Co., Ltd.

Campus Notebooks Continue to Surpass Customer Expectations

KOKUYO is celebrating the 39th anniversary of Campus notebooks this year. For these many years, we have consistently pursued the upper limits of customer satisfaction and worked to attain the ultimate in quality and functionality.

A notebook consists of three parts—the cover, the inside pages, and the cloth of the spine. From these three parts, six elements of value are created: the binding, quality of the materials, ruled lines, size, design, and price. This is why we consistently focus on the details, make the best use of inventiveness, and seek excellence, aiming to enhance the fundamental value of Campus notebooks.

Campus notebooks with dotted lines (released in 2008), which generated value with the ease of organizing text, neat writing, and memorizing information, were further improved by taking student perspectives to the limit, such as a notebook designed for humanities, one for sciences, and the launch of the new Campus notebook series, a Campus notebook with ruled lines designed for learning (released in 2013). This is indeed a good example of our commitment to overcome the challenge of surpassing customer expectations at all times.

I believe that the outcome of all of our efforts is that Campus notebooks now rank at the top in popularity by domestic customers (as of April 2014), and I always tell company employees to follow the success of Campus notebooks or even exceed that success. My belief is that, in order for us to enrich the world through our products and services, we must learn



and develop ingenuity.

As we stand on the mission to increase learning opportunities for people in Asia to strengthen the ability to learn, we have worked to accelerate growth and motivate people to learn using KOKUYO products, tools, and a learning environment, which also fuels the development of these countries.

While the challenges people face differ from country to country when it comes to learning, we strive to create value appropriate for each region to be consistently recognized and chosen by customers, as we continue to step closer to earn recognition as the honor of Asia. Even though the road is long and rough in earning this honor, we pledge to pursue customer satisfaction to the limit.

* Related information: [「Campus Notebooks with Ruled Lines Designed for Study」](#)

Top Interview - Working



For Workers Who Are Set to Create Innovation

With the aging of Japanese society, companies are expected to innovate in every aspect of corporate activities by changing the mindset and creating new value. The sources of innovation that lead to the sustainable development of society are those who work, and thus, our mission is to challenge ourselves to support those workers. As we continue to tackle the challenges presented by customers, the employees of KOKUYO have worked on the design of office spaces and proposed new work styles, as well as researching value creation, by expanding into paper products and furniture. As a result of continuous research of work styles began in 1986, I have sensed changes in the relationship between individuals and company in step with the times. To that end, we established the Worksight Lab to promote the study of next-generation working and learning styles by incorporating the Future Center.*1 Faced with challenge, different corporate sectors participated in the Worksight Lab to regularly discuss the cases listed in Worksight*2 and the challenges faced by member corporations. The Creative Lounge MOV was one project where we accepted the challenge of providing advanced practice. As the challenges posed by customers are becoming increasingly complicated and sophisticated, people say it is difficult to nurture innovation from an isolated office. The aims of MOV are to provide self-sustaining individuals with a venue to discover each other and create an organic community irrespective of generations and organizations, generating new connections for individuals and between individuals and corporations. Two years have passed since the launch of MOV, and I am starting to see signs of innovation being created from the new community.



Hidekuni Kuroda
Representative Director and
President,
KOKUYO Furniture Co., Ltd.



*1 The WORKSIGHT LAB is a place where people of different trades, sectors and specialties come together to have conversational interaction to work on creating new businesses and solving social issues.

*2 WORKSIGHT is the work-style strategic media for a business person to think about the working environment. It is focused on the perspective of re-designing the working environment consisting of workspace and work policy.

A Challenge to Produce New Value from Diversity

In every aspect of corporate activities, we strive to stay on top of the challenge to create value from a diverse community. One excellent example is the development of the Madre lobby chair designed for public spaces. A cross-functional team of sales personnel, developers, and designers repeatedly discussed the ideal lobby chair for government offices, which were visited by the public and thus became the focal point of the project. The development target was to create a comfortable place for a diversity of users, including elderly people, expectant mothers, and mothers with infants, not for the benefit of the

government office. In particular, we invited physically challenged people, who experience the greatest inconvenience, and extracted potential needs via observation and interviews, as well as verification of the prototype, successfully completing the development project as a team. As a result, Madre has received favorable reviews from a variety of public spaces, providing a sense of fulfillment to enrich the world through our products and allowing us to share it with physically challenged people and employees. Employees who were involved in the development sometimes debated all through the night. Their forward-looking attitudes were extraordinary—everyone enjoyed working 100 times longer than usual. When I saw it, I felt that the DNA accumulated from KOKUYO's forerunners had been passed down from generation to generation.

In this way, each of us strives to take on the difficult challenge of bringing joy to customers by pursuing maximum value. Our commitment is to design the relationships of corporations and individuals, including the personnel system and organizational design so that all employees can actually feel that they serve a useful purpose in enriching the world.

* Related information: [「The UD+3 Series」](#)

For Learners



KOKUYO intends to offer more learning opportunities to persons in Asia to strengthen the power of learning. Each of the employees in the value chain strives to continuously raise the bar and to create value suitable for each country and region.



Inquire

With the aim of offering products that meet the detailed demands of customers, KOKUYO understands the need to focus on the future of customers in each country and region. To do this, we must appreciate the environment where people learn. For example, we visit classrooms to talk to teachers and students and bring products that are on sale to grasp the convenient features of a product. Also, by considering the characteristics of each country and region in the determination of the product logo, color, and sales promotion, we constantly market our products while asking each other if we are pushing ourselves without limitation.



Scott Crist
Global Marketing GPCW
Development Dept
KOKUYO S&T



Create

With the objective of offering the right product to the right person, we seek out products that customers truly find delightful. Product development involves the difficulties of high cost, the inability to decide on the design, and failure to produce the expected quality. The interesting part and the real thrill is to work as a team to resolve each issue. To properly solve both the visible and invisible problems of customers, we collect opinions from many customers so that we can constantly provide new value.



Yoshiko Yokota
Manager of the Development
Innovation Dept.
Stationery Products Business
Division
KOKUYO S&T



Produce

For the past 30 years since I joined the company, I have watched the evolution of Campus notebooks from the second generation to the fifth generation in my capacity to develop ideas for technology and manufacturing as the person in charge of manufacturing. While a notebook is just part of the annual production of a hundred million notebooks as producers, one notebook is invaluable to customers. To offer products that customers treasure, we continue to focus on the durability and quality of ruled lines without compromise. In Vietnam and China, where I went to give technical guidance, their eagerness tells me that this idea has been passed down to them.



Yasuji Kato
KOKUYO Product Shiga



Protect

I help to develop the technology for the adhesive tape glue, Dot Liner. The current Dot Liner was developed from the printing technology for glue patterns, which originated from the development of photo album pages by our predecessors. Even though the initial version had a tape thickness of 25 μ ,* it was improved to 19 μ , then to 12 μ for the current version, meeting the requests of customers for a super tiny size that fits in a pen case. We could not perfect the technology without the cooperation of the team in obtaining a patent and designing performance. My biggest protection for customers is to push adhesive technology to its limits. I will continue working with my peers to challenge myself for customers.

* μ : micrometer



Hiroyuki Kasahara
Technology Group No. 2
Technical Center
KOKUYO S&T



Communicate

The store is where customers meet products, and this is where I communicate the attractive product features to customers. To have our products chosen by customers, the marketers must play their role through the value chain before products reach the store. We seek to maximize product appeal by ensuring that each product exceeds customer expectations, and we make the packaging properly convey what it is supposed to convey. Since the packaging serves as the only communication tool, we thoroughly review the packaging. When I see customers choosing our products, I rejoice that I am doing something useful.



Mai Kitagawa
Market Creation Dept.
Store-Front Marketing Division
KOKUYO S&T



Deliver

At present, distribution centers across the country are promoting a project to reinforce workplace skills. By improving the movement by one or two seconds for each operation at a job site, the accumulation of these efforts becomes a larger improvement effect, which eventually leads to improved value for customers. While we strive to fulfill physical distribution function, which is to form value for customers, we are committed to maximizing the value for customers with logistics at the core.



Kohei Arinishi
Section manager of the
management division at Kinki IDC
CS Operation Dept.
KOKUYO Supply Logistics Co., Ltd.



Rooted in the Community

Vietnam is seeing a surge in living standards and needs on a daily basis. KOKUYO Vietnam cannot grow bigger without continuously being selected by customers. That's why we believe it is important to provide customers with value that exceeds their expectations. In Vietnam, sales of adhesive-bound notebooks were launched in 2009, venturing into the innovative changes of notebooks by adding the new value of adhesive binding. In 2014, sales of notebooks with 8 mm dotted lines for students were launched, enjoying popularity from dealers. We are stepping up our efforts to provide value by sharing KOKUYO's corporate philosophy with team members.



Pham Tung Lam
KOKUYO Vietnam Trading

For Workers



The KOKUYO mission is to challenge ourselves to support those who work because they are the source of innovation and the creation of new value. We pledge to push the boundaries of the search for customer value and our own work style through the autonomous challenge of overcoming difficult issues by each one of the employees who play a role in the value chain.

Inquire

I am in charge of the marketing of furniture for medical facilities. In a hospital, medical personnel work closely together in attending to their duties and experience overwhelming tension and fatigue. We must have a clear understanding of not only effectiveness but also the ways that people work because the hospital is a place where people cure disease and watch over patients. Even though our products do not cure patients, I believe that the more we improve the work environment for medical personnel, the more the personnel improve medical performance. We also serve a useful purpose for hospitals, our customers, but we also serve patients who are the end users.



Yumiko Aoyanagi
Development Marketing Group
Medical TCM
KOKUYO Furniture

Create

The development team shapes ideas. We sometimes face the tradeoff between costs and convenient functions, or products become less attractive after cutting back on costs too much. We work on shaping ideas by setting the priority through dialogs with marketers and customers to overcome the limitations of manufacturing. We are committed to provide customers with KOKUYO products that make workers feel more alive. Although we cannot directly excite workers with the value provided by products, we strive to develop products that are capable of supporting these scenes.



Toru Hasegawa
Desk Value Team
Product Making Value Unit
KOKUYO Furniture



Produce

I place a high priority on communicating the necessary information faithfully without omission. While the design of plants is the starting process, design drawings serve to give instructions—incorrect drawings make employees work hard to produce the wrong products. In my day-to-day work, I cherish the words of my predecessors: we must place ourselves in the position of users when making products and the post-process is always the customer. Making sure that we communicate the necessary information faithfully without omission when making drawings ultimately serves a useful purpose for customers, and this is something I do thoroughly.



Yasushi Okada
Building Materials Design and
Development Team
Shibayama Plant
KOKUYO Furniture



Protect

My job is to resolve customer complaints, and I always try to relate to the context of complaints as much as possible. I not only have to understand the immediate complaint, but I must also understand the essence of the dissatisfaction to find the best solution. Even though a concern may remain after presenting the best solution to customers, since there is only so much we can do, I believe that if I continue giving sincere responses, customers will return and purchase KOKUYO products in the future.



Takeshi Nishiguchi
Quality Assurance Dept.
KOKUYO Furniture



Design

Design projects vary depending on the customer objectives, the type of buildings, costs, and the period of construction. Although there are limitations with each project, I believe one of the missions for the design team is to create an office that makes the best use of client desires by overcoming the limitations. While considering the actual end users of the office, I strive each day to design spaces based on each work style with the goal of creating an office that surpasses the expectations of clients.



Ai Yamamoto
The Group No. 2
Space Solution Section No. 1
KOKUYO Furniture



Construct

I aim to become is a complete professional serving as the final anchor bringing additional value to the existing value chain for a construction project. In order to complete the construction project, we share goals internally and with partner companies as we discuss the details of the execution design, parts, component arrangements, and construction management. Looking ahead, we work in locations across the nation as the sales force with the goal of accumulating experience patiently and gradually to be constantly selected by customers while placing ultimate priority on quality and safety.



Kazuyasu Oura
SE Section No. 1
KET Tokyo Office



Rooted in the Community

I am engaged in sales at Chinese outlet stores and dealers in Shanghai. By offering KOKUYO products and services across China, I get the pleasure of providing a more comfortable environment for workers in China, which is my main motivation. With the rapid economic growth in China, changes have taken place in worker customs and management attitudes. I visit many companies so that I can come up with the value sought by the Chinese with the concerted efforts of dealers. By communicating these values with the development sector in Japan and China, I hope to develop products that satisfy customers and further contribute to the development of Chinese corporations.



Zhonghong Qian
KOKUYO Furniture Commerce &
Trading (Shanghai) Co., Ltd.

CSR Management

Grounded in the founding corporate philosophy of enriching the world through our products, the KOKUYO Group conducts business that is necessary for society and that customers continue to select, while remaining profitable and honest in its business practices.

商売の利潤というものは、追求するものではない。
利潤はその事業が社会に貢献することによって
社会から与えられる「報酬」である

善太郎

Pursuit of profit is not our purpose in business.
The profit is the reward that is given from
society when our business contributes to its
development.

- Zentaro Kuroda, " Oriori gusa"

出典：黒田善太郎「おりおり草」(二九頁)

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Views linked with the corporate philosophy, which have been highly valued by KOKUYO

Shō Hyaku Mai Wachō -A notebook with 100 pages

Three years after the founder started his business, he decided to start the production of wach pads in 1908. At that time, it was standard practice to consider 96 as a complete hundred. However, the founder insisted that the cover and backing paper were for protecting the inner pages and should not be included in a count. He then produced a 100-page notepad and added an inscription of *shō hyaku mai* (meaning exactly 100 sheets) on the cover. Even though the founder was faced with peer pressure, he constantly considered customer perspectives and felt massively confident about his products, making him stick to what he believed in without giving up. It is the origin of KOKUYO's sense of integrity, forming the basis of KOKUYO.

Corporate Philosophy

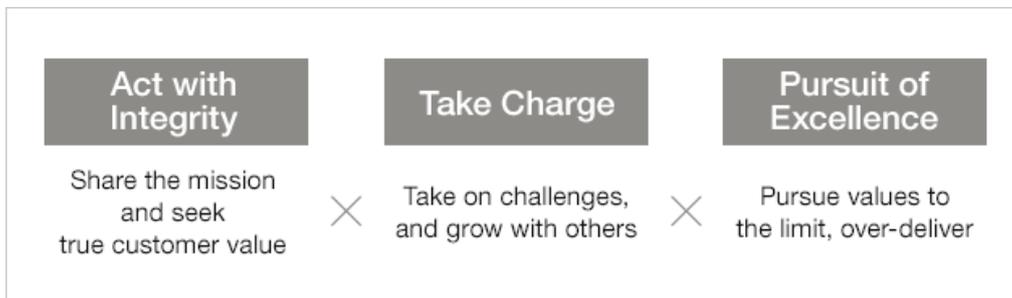
Corporate Philosophy

Enrich the World through Our Products

We shall continue to enrich our customers and society by contributing to the growth of our customers through the provision of unique values.

Guiding Principle

Integrity not in words but in action



The KOKUYO Creed

*When born into this world, a child has nothing to call its own.
Our bodies, minds and spirits grow and are nourished
by the love of our parents and families, the guidance and discipline
of our teachers, and the encouragement of society as a whole.*

We grow and adopt vocations suitable to ourselves and the education instilled in us.

*These vocations must be pursued with utmost diligence by gaining the trust
of colleagues, clients and communities around us.*

*The only way to secure this trust is to act with absolute integrity
in every action and endeavor we undertake.*

*In this way, our endeavors succeed in and of themselves,
and we are happy in our vocations.*

*Integrity is not in words but in action.
This is the KOKUYO creed.*

Top Commitment and Basic Concepts

Top Commitment

KOKUYO remained focused on the corporate philosophy of enriching the world through our products by facing the challenges from customers in successive periods and demonstrating the ability to create new value. In 2011, KOKUYO made a major commitment to looking for a new stage of growth in Asia. The social issues facing Asia and Japan today are complicated and becoming more serious while the challenges and needs of customers are becoming much more diverse. To offer value that surpasses customer expectations, KOKUYO continues to accept the challenge to persevere with activities that are deeply entrenched in each country and region.

In Japan, we tried to bring the value chain closer to the suppliers and retail channels outside our borders to reconstruct our unique selling position. Overseas, we are constructing a mechanism to offer a stable supply of products and maintain a reliable inventory so as to support the rapid growth of customers.

In order for us to practice the corporate philosophy in Asia, I believe it is crucial to know that each and every employee in Asia will strengthen our business capabilities and take action. To that end, we have set the guiding principle to sincerely face customers' challenges and think through to the limit while pursuing excellence to the end. We aim to cause a chain reaction of small successes to enrich the world, accumulating success faithfully, so as to be recognized by customers and society. Even though it is a long, rough road, we are pledged to take each step, aiming to become the Honor of Asia.



Akihiro Kuroda
Chief Executive Officer, President
and Director
KOKUYO Co., Ltd.

黒田 孝祐

Basic Concepts

The KOKUYO Group began when founder Zentaro Kuroda opened a small shop selling ledger covers made with Japanese paper in 1905. It was his understanding that high value-added businesses were already being operated by others, leaving behind only low value-added pickings from among which someone likes him could choose. The founder nevertheless believed that even troublesome work can enrich the world if it were to be infused with original ideas in a simple and honest manner and held fast to this ideal his entire life. For over a hundred years, the KOKUYO Group has ceaselessly adhered to this founding spirit as captured in this business of *KASU* and operated under our corporate philosophy of enriching the world through our products.

The founder also bequeathed us with his basic ideas on CSR: *We do not pursue business profits. Profit is the reward conferred onto us by society for contributing to society through our business.* In 2004, based on our corporate philosophy we enacted the KOKUYO Group CSR Charter to establish better relations with various stakeholders as a good corporate citizen (which was partially revised in 2012). Our basic policy for ensuring the ongoing growth of society and the KOKUYO Group has been clarified in line with five key themes: our customers, regional communities, environmental conservation, corporate activities, and respect for human rights.



System for the Promotion of CSR

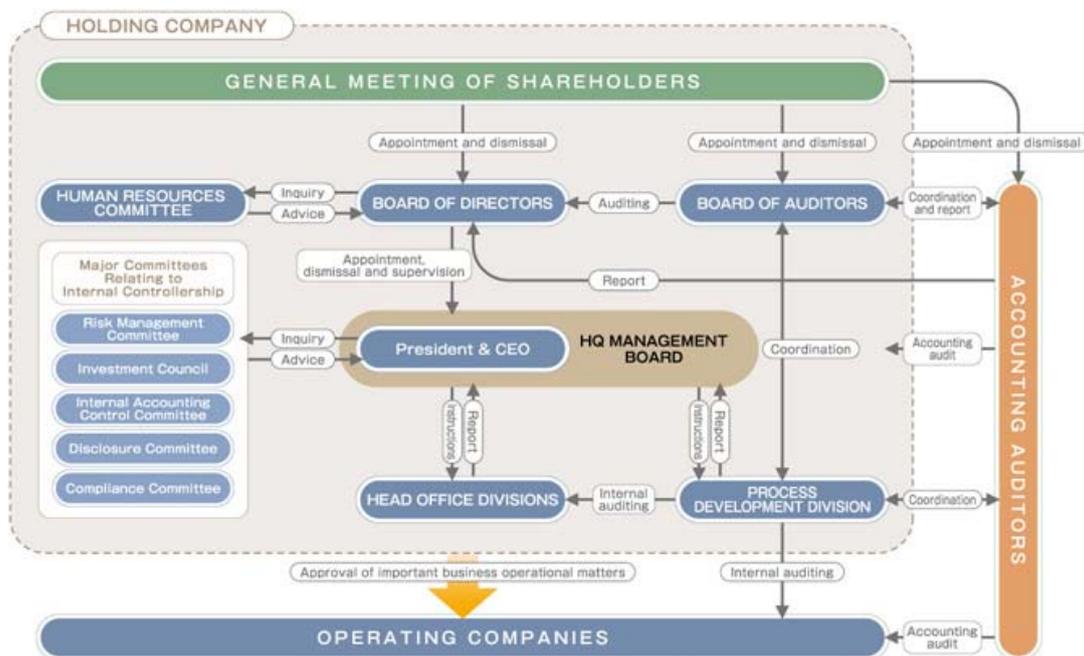
The KOKUYO Group promotes CSR activities on a group-wide basis through linkages among CSR-related sections. In this connection, the CSR & Environmental Group was established as a special section charged with carrying out functions that have an impact on the entire company. The CSR & Environmental Group formulates and reviews policies and helps to define issues and targets in order to strategically promote CSR.

We also operate an environmental committee, a central health and safety committee, and a diversity promotion committee, among other such organs tasked with dealing with important concerns. With special sections leading the way, our entire group pursues these concerns in a coordinated fashion. In aspiring to become an Asian company, the establishment of a system for the promotion of CSR in a global context will become an issue that will need to be addressed. We will continue to strive to achieve sustained growth for society and the Group while maintaining a state of harmony with stakeholders through CSR information disclosure and dialogue.



Governance Structure

With the aim of ensuring the reproducibility and continuity of transparent, apt, and efficient business administration, we established a structure for corporate governance. In order to ensure that business and operations are carried out without improprieties, without mistakes, and efficiently, we developed and are operating a system of internal control that we are striving to improve and enhance on an ongoing basis. Headed by various board members, key committees linked to internal control (the risk committee, investments and loans council, J-SOX committee, disclosure committee, and compliance committee) appoint members from among multiple related sections and endeavor to systematically promote and fortify responses to important issues concerning CSR on a group-wide basis.





Board of Directors, Audit & Supervisory Board Members, and Corporate Officers

Board of Directors

Representative Director
Akihiro Kuroda

Representative Director
Yasuhiro Kuroda

Director
Takuya Morikawa

Director
Hidekuni Kuroda

Director
Masa Matsushita

Independent Director
Takeharu Nagata

Independent Director
Nobuyuki Oneda

Independent Director
Hisao Sakuta

Independent Director
Hiroshi Hamada



Board of Directors

Audit & Supervisory Board Members

Standing Audit & Supervisory
Yoichi Kotani

Standing Audit & Supervisory
Nobuyuki Miyazaki

Outside Audit & Supervisory
Tomomi Yatsu

Outside Audit & Supervisory
Yutaka Mizuno



Audit & Supervisory Board
Members

Corporate Officers

President and CEO
Akihiro Kuroda

Executive Vice-President
Yasuhiro Kuroda

Senior Executive Officer
Takuya Morikawa

Senior Executive Officer
Hidekuni Kuroda

Senior Corporate Officer
Masa Matsushita

KOKUYO's CSR Charter



KOKUYO's CSR Charter

Grounded in the founding corporate philosophy of “Enrich the World through Our Products” 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.

Kokuyo Group Code of Conduct

Accompanying the development of KOKUYO's overseas activities, it is necessary to prepare a common code of contact for the group by taking into account of local customs and mores. In August 2012, the KOKUYO Group enacted its KOKUYO Group Code of Conduct as a set of common provisions applicable to the KOKUYO Group and prepared the KOKUYO Group Code of Conduct Handbook with supplementary points based on business practices, laws, and other matters that differ depending on the country or region.

1) Compliance with laws and internal rules and acting with integrity

We not only comply with laws and internal rules, but also act with high ethical standards and integrity.

2) Respect for human rights and personality

We do not discriminate based on race, ethnicity, religion, nationality, language, gender, disability or other status.

We do not engage in conduct that constitutes sexual harassment or power harassment.

We do not tolerate child labor or forced labor.

3) Preservation of the global environment

We work to eliminate or reduce the environmental burden whilst focusing on global environmental issues, such as global warming and declining forest resources.

4) Free competition and fair trading

We comply with laws and internal rules related to prohibition of monopolization, fair competition and fair trading and will not engage in conduct that deviates from these standards.

5) Provision of safe and reliable goods and services

We strive to win customers' satisfaction continuously through the provision of safe and reliable goods and services.

6) Proper handling of company assets and protection of intellectual property

We properly manage, maintain, and utilize every tangible and intangible company asset. We respect the intellectual property rights of others.

7) Proper information management and financial reporting

We honestly and properly create records of the company, as well as manage and report information collected and obtained in the course of business in accordance with proper procedures based on the materiality of such information.

We carry out accounting and financial reporting in compliance with laws and internal rules relevant to financial, accounting, and tax affairs.

8) Prohibition of acts involving conflicts of interest

We will not engage in any act that involves or may involve a conflict between personal and corporate interests. If there is a possible conflict of interest, we will report it to our superiors.

9) Prohibition of insider trading

We will not engage in insider trading or any act that triggers insider trading laws or regulations in connection with the trading in shares of the Kokuyo Group or any other company.

10) Proper management of entertainment and gifts

We will not give or receive entertainment and gifts in deviation from normal business practices. We will not illegally give entertainment or gifts to public servants or government officials.

11) Handling of unreasonable external demands

We will not comply with any unreasonable external demand.

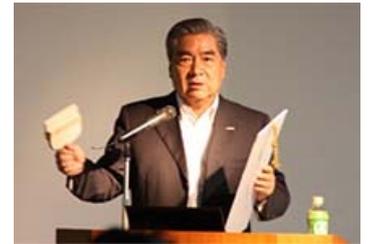
Start of the Anniversary Month of KOKUYO's Founding

KOKUYO celebrated its 108th anniversary on October 2, 2013. Starting in 2012, the company has set October of each year as the anniversary month of the KOKUYO's founding to provide each employee with an opportunity to think over the significance of its founding spirit and corporate philosophy for the entire month with the goal of encouraging its embodiment into their day-to-day tasks and activities.



A Founding Anniversary Lecture Held for Executives

On the day of the founding anniversary, the executives from major operating companies were invited to join the representative of the KOKUYO Group, Akihiro Kuroda, for a lecture where he spoke for more than two hours. He talked about significant remarks made by the founder and stories about how the company continued to meet the challenges of successive periods, as well as the Founding Spirit that underlies the company and the concept of values that have always been upheld, calling for an in-depth understanding among the executives. He shared his goal of becoming the Honor of Asia with the executives by making KOKUYO's intangible essence that has been passed down up to now as the axis of the business strategy.



A Corporate Philosophy Meeting Launched for Employees on Their 11th Year

Since 2013, as an approach to mark the founding anniversary month, a corporate philosophy meeting has been launched to provide employees of 11 years an opportunity to have a dialogue with President Kuroda on the theme of the corporate philosophy. The employees who marked 10 years since they joined the company and have been delegated to responsible tasks, entering a position to nurture young players, got together to talk to each other face-to-face as to why KOKUYO has made such development and the significance of working. In the first half of the meeting, President Kuroda provided the essential meaning of KOKUYO's founding spirit, the business of *KASU*, and why the corporate philosophy was important for corporations, while the participants discussed with each other their experiences based on the corporate philosophy and how they actually felt about their growth through these experiences in the latter half.



Delivering the Explanation of "Integrity Not in Words but in Action" (From the KOKUYO Creed) by the Top Executives from the Operating Companies

During the founding anniversary month launched in the previous year, a specific theme is set annually and messages from the top executives of the operating companies are published on the intranet. KOKUYO's concept of value that had been respected since the founding was compiled as the KOKUYO Creed on the 50th anniversary of its founding. Since then, the KOKUYO Creed has been handed down carefully as the action guidelines for employees. Above all, "Integrity not in words but in action" is the words that maintain the essence. For the anniversary month, the top executives of major operating companies explained the implications of the KOKUYO Creed along with their own experiences and thoughts so as to provide the momentum for pushing the company in the direction it is aimed at.



Efforts for Promoting an Understanding of KOKUYO'S CSR Activities

With the goal of raising awareness and promoting an understanding of CSR initiatives among employees, the KOKUYO Group has implemented e-learning training for all employees and group newsletters via intranet to facilitate communication among employees.

CSR Is Our Business Itself

In recent years, CSR includes the natural environment, employment, human rights, governance, risk management and other general business responsibilities. For KOKUYO, which defines its corporate philosophy as *enriching the world through our products*, CSR is our business itself, and in order for us to make continuous development and fulfill our role as a company that society can continue to rely on, we believe it is our responsibility to promote CSR through our business activities. Since 2011, the KOKUYO Group has implemented a CSR e-learning program via intranet to provide the group employees with the necessary knowledge about CSR initiatives and its importance in their day-to-day operations.

CSR E-Learning for the Entire Employees in Japan

The CSR e-learning program for 2013 was implemented with an aim to actively communicate KOKUYO's CSR activities to stakeholders. In addition to cover the themes of customers, shareholders, business partners, local communities, natural environment, and employees, the CSR e-learning program addressed the important themes, such as corporate governance and compliance. Also, prior to start the e-learning training, the group newsletter, YOU, published on the intranet, featured department-specific activities that employees talked about their efforts toward CSR, on the themes of CSR for protection and CSR for growth, which helped gain further understanding of the employees for CSR. In fiscal 2013, the e-learning training was attended by nearly 3,000 domestic employees of the KOKUYO Group, which was successful in promoting a better understanding of CSR through each operation of the KOKUYO Group.

Additionally, in fiscal 2013, as the first attempt to further widen the understanding of CSR among employees working overseas, a Chinese group newsletter was published to introduce the fundamental knowledge of CSR and KOKUYO's views on CSR among local employees in China, as well as an employee survey to assess their awareness. To enhance and improve the CSR activities, it is vital to recognize the importance and share the significance among employees. The KOKUYO Group is pledged to maintaining efforts to increase the awareness of CSR among all employees including the management layer.



Training materials for CSR e-learning



Group newsletters are used to communicate case studies specific to departments



CSR awareness survey for Chinese employees

KOKUYO People Series Introduce the Passion of Employees for Working

The KOKUYO Group periodically publishes a group newsletter YOU on the intranet and features KOKUYO people where diverse group employees talk about their passion for work and the real pleasure of working. It introduces employees who have been practicing KOKUYO's philosophy in their tasks and what they are aware of and how they face with daily tasks, as well as how they receive feedback from customers and colleagues with it. The KOKUYO people series are published once a month and so far, a total of seven employees had shared their stories.

In addition, the page where the series are provided has a like button and a space to leave comments to contrive ways to share feedback of employees, rather than focusing on a one-way transmission of information.



The KOKUYO people series

Initiatives to Promote 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.

Global Efforts to Lay a Framework Focused on Raising Awareness of Compliance

KOKUYO Group Code of Conduct Explanatory Meetings in Offices Overseas.

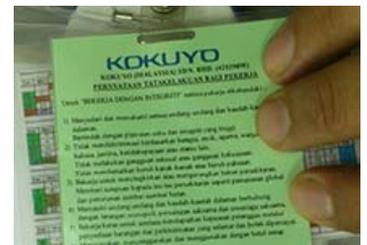
Formulated in 2012, the KOKUYO Group Code of Conduct is intended to establish the basic standards to ensure that all KOKUYO Group management and staff comply with laws and regulations and conduct its business activities in compliance with social ethics. After it was deployed in Japan, we also laid a framework focused on raising awareness of the KOKUYO Group Code of Conduct globally.

In 2013, meetings were held to explain the KOKUYO Group Code of Conduct in the seven countries and regions where the KOKUYO Group has operations (China, Vietnam, Thailand, Malaysia, Singapore, Hong Kong, and India). At the beginning of each meeting, a responsible person in each country emphasized the importance of compliance as a member of the KOKUYO Group and explained the Group's views toward compliance and the background of formulating the Code of Conduct, with an aim to foster a better understanding of the content of the KOKUYO Group Code of Conduct among participants. Local employees shared their feelings that "it became a good opportunity for me to understand the importance of compliance and made realize that I was a part of the group" and "I was able to understand more about the importance of compliance and it made me want to learn more."

Additionally, in China, where we prioritized its introduction and meetings, as a part of the efforts to deepen the understanding of the KOKUYO Group Code of Conduct, a book of case studies that reflected actual cases in China was compiled and distributed to the entire eligible employees. Also, the employees of KOKUYO Malaysia are embarking on their own efforts based on an idea of local employees (see the column for more detail). We will continue to work hand-in-hand with each company to engage in activities focused on raising awareness of compliance that matches regional situations.



A picture taken at a meeting at KOKUYO Malaysia.



A pocket-size card with the KOKUYO Creed and the 11 Rules of Code of Conduct

Annual mandatory pledge on the establishment anniversary month (October) to encourage employees to think about compliance

Following the establishment of the KOKUYO Group Code of Conduct in 2012, all management and staff are now required to submit a pledge each year 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.

In 2013, in addition to the KOKUYO Group Code of Conduct (common global office regulations), a KOKUYO Group Code of Conduct handbook was compiled to take into account differences in business practices, laws, and other matters across countries and regions, and meetings were held in series to explain the handbook in each area. With these, the entire employees working overseas submitted a pledge indicating they will also be compliant with the KOKUYO Group Code of Conduct.



KOKUYO Group Code of Conduct Handbook for each country



Continuous Implementation of Compliance Surveys

Further Expansion of the Target Range of Compliance Surveys

While the compliance surveys targeted only Japan and China in 2012, the compliance surveys of 2013 covered the entire KOKUYO Group, targeting a total of 43 companies including overseas bases (29 domestic companies, five companies in China and nine companies overseas excluding China). The fixed point observation of the awareness of compliance allows us to detect changes and signs to grasp problems and take necessary measures beforehand. The KOKUYO Group plans to conduct the compliance surveys on a yearly basis in the future.

The results of the compliance surveys are fed back to employees of each company, and the problems that can be detected from the compliance surveys are responded by dividing into measures to be taken by each company and those by the entire group. In 2013, the entire group reviewed the guidelines for client entertainment and gifting, as well as the development of rules and standards such as the guidelines for side jobs and businesses.



Compliance Enlightenment Activities

Implementation of Compliance Business Self-Checks

We have made arrangements for compliance business 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 raising awareness and 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. To further expand target companies and categories, a total of nine domestic companies and three principal companies in China newly participated in the compliance business self-checks in 2013. The contents of discussion among the organizational head and group leaders were stored in the database with the aims of clarifying challenges as a company and taking necessary measures to solve problems.



Periodic Training Both Overseas and in Japan

In 2013, over 1,000 employees took part in discussion-type training, named Compliance Discussion, which was held 20 sessions in Japan and China. Also, starting 2013, discussion-type compliance training has been added to the training program sponsored by the Human Resource Development Department, such as training for new employees, newly appointed management and newly-hired mid-career employees.

In the periodic training courses on intellectual property and legal matters held in Japan and overseas, in a new effort to draw awareness among employees and prevent risks, a guidebook was compiled to include basic things that the group employees need to know about intellectual property and legal matters, and meetings were held for the entire group to learn about the guidebook. In addition, to respond to individual requests from a business unit, workshops, joint study sessions and other interactive training program was held both at home and overseas.



People holding a discussion at KOKUYO Logitem

Mini Compliance Quiz Choikon Launched

Mini compliance quiz called Choikon covers topics that people tend to misunderstand and surprising facts about compliance, which employees participate willingly. Participants can answer questions on database and check their results and obtain explanations within moments. The mini compliance quiz has been implemented since June 2013, and since then, quiz is given twice a month (five questions per session) and each session is attended by nearly 400 people. Since we received positive feedback that the "... quiz is made simple and I can do it in my spare time" and "... familiar questions make it easy to understand," indicating that the quiz plays a part in creating a knowledge base for learning compliance for employees.



A screen for mini compliance quiz

*Choikon: It was named with the hope to encourage employees to come in contact with compliance occasionally.

View from Person in Charge at an Overseas Subsidiary

A Great Opportunity for Promoting Voluntary Activities with Leaders at Its Core

KOKUYO (Malaysia) Sdn. Bhd. mainly serves as a manufacturing plant of desks and storage units and began its operations in 1997. At present, it employs a total of nearly 170 employees. After a meeting was held in May 2013 to explain the KOKUYO Group Code of Conduct ("Code of Conduct"), a pocket-size card with the KOKUYO Creed and the 11 Rules of Code of Conduct is prepared and distributed among all employees, with the hopes to cultivate loyalty to the company by having them develop a deeper understanding for KOKUYO and to understand the importance of conducting ourselves by taking the perspective of others.

In addition, to thoroughly implement the Code of Conduct, not only we explain the KOKUYO Creed in a general morning assembly each month, but we also read out the pocket-size card and each item of the Code of Conduct in a daily morning assembly for each sector. Since the start of the activities, inter-company communication, especially among leaders, became active, encouraging them to think they want to make a better company, which also manifests in their behaviors.

Not only when forming a line to do a morning exercise, leaders are playing a central role in making improvements, such as improving the arrangement in the merchandise storage space, development and implementation of organization methods and the visualization of process progress and each activity in a plant.



Director (President)
Kamarulzaman Bin Othman

KOKUYO's Business Continuity Planning Initiatives

The KOKUYO Group develops and proceeds with the preparations of necessary business continuity plans and procedures to ensure recovery of its operations in the event of large-scale disaster and a new influenza pandemic.



KOKUYO's Formulation and Implementation of the Business Continuity Planning

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. 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, even though we have learnt many things from the experience of the unprecedented great disasters. Although none of KOKUYO's business locations suffered serious damage, 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 prompt and precise information collection, good judgment, quick dissemination of information, and how to restore calm behavior were major issues. In 2013, in addition to survival cards, which were distributed previously, emergency action plans for employees were newly created and posted on the intranet so that employees can browse at anytime.

■ (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. (In 2013, practice drills were implemented twice with approximately 5,500 participants)

■ (3) Implementation of Emergency Drills at Business Locations

Along with regular countermeasures for earthquakes, we are conducting periodic training and drills that simulate a fictional large-scale earthquake on weekdays. In 2013, the Osaka head office and Shinagawa office held an evacuation drill and firefighting training. Also, a desktop exercise that simulated a fictional large-scale earthquake was implemented in principal domestic bases to increase the group-wide crisis-response capability.



An emergency drill implemented at the Osaka Head Office



An emergency drill held at the Shinagawa Office



A desktop exercise held at principal offices across Japan.

■ (4) Countermeasures 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. In 2013, the Group mainly focused on countermeasures for influenza for the 2013-2013 seasons. In addition, 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 (Furniture)

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. After 2012, based on the issues that have been brought to light after the Great East Japan Earthquake, we are promoting the reconstruction of our unique BCP activity plans with the goal of delivering a better and highly practical system.

■ 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.

■ Issues of BCP Initiatives and the Redevelopment of Action Plans

In the aftermath of the Great East Japan Earthquake, KOKUYO reminded us of our role as a part of infrastructure companies because we received a series of restoration requests from infrastructure companies. Although we have implemented the business continuity management initiatives as a manufacturer, we faced with various difficulties during and after the Great East Japan Earthquake, causing inconveniences to our customers and bringing the deficiency in planning to our attention. Based on the experiences, we are clarifying problems with the front, production, logistics, delivery, and systems by functions and sectors to formulate feasible plans by clarifying priorities. Additionally, we organize the actions to take in response to emergencies in detail in chronological order by functions to create more workable systems. We will continue to familiarize employees with the measures by each function and bring about a continuous improvement in BCP initiatives.



A picture taken at the walkthrough training.

For the Establishment of Crisis-Management System in Overseas Bases

While the KOKUYO Group has expanded its overseas bases in Asian countries (China, Thailand, Malaysia, Singapore, Vietnam, India and Indonesia), we think it is extremely challenging to respond without any delay to crisis occurred overseas because there are not too many things we can do from Japan in the initial stage. As the phrase goes, protect your own safety on your own, people are required to make decisions and take actions in response to crisis right then and there. To this end, we have started laying out a system to encourage employees to calm down and take actions in the event of crisis. At present, we are working on clarifying possible risks involved with responsible persons overseas and offices in each country to consider measures and add them to crisis action plans. As for the production base, although certain levels of system and action procedures exist, we feel the need to examine its validity and make recurring improvements of the measures. We continuously improve the measures under constant review, without being satisfied with the status quo of countermeasures against crisis, regardless of home and abroad.



Persons in charge of crisis-management system in KOKUYO, China



Action manual in Chinese



Firefighting training at a plant in Thailand

With Customers



KOKUYO develops products and services from the customer's perspective at all times and continues to improve safety and quality of all products and services without being satisfied with the status quo.



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Views linked with the corporate philosophy, which have been highly valued by KOKUYO

The products today exist for products tomorrow.

There are no products that are absolutes

Shonosuke Kuroda

Every product rests on customer dissatisfaction. The moment when a customer picks up a product, and the second when he or she finds satisfaction in some part of the product, the demand for "better products" starts there. Unlike high-tech products, as stationery is a product that necessarily does not attract interest from the community, KOKUYO constantly value the attitude of making a direct effort to keep our ears open for customers' next demands.

INSPINE - Inspiring Innovations in Office Chairs

The information technology environment surrounding workers is rapidly changing. KOKUYO focused on the changes in working styles and attitude and developed office chairs, INSPINE, with a new design that supports individual's movement and differences in physique, offering seating comfort.

■ The Half-Century History of the Office Chair Development Is Consolidated into the Fundamental thought of Three Principles Plus One.

KOKUYO's history of developing office chairs dates back to half a century and the development also involved the research of ergonomics and working styles. In the efforts, although we used to be meticulous about the form of the backrest and seating surface, or the movement of the backrest, we questioned anew to see what has been truly valued, making clear the "three principles plus one" for comfortable chairs. These principles have been shared not only among development members but also in the entire value chain. Also, by making a declarative statement to customers, we promise to deliver value unique to KOKUYO that also leads to an increase in proposal capability.

■ Unique Function and Leading-Edge Aesthetic Sensitivity Created from the New Production System

To further respond to the needs of customers and surpass their expectations, the marketing and development functions for office chairs have been consolidated to launch a Chair Value Team in 2012. A team of highly professional members in marketing, development, and production work together and continue creating new value, instead of manufacturing in the form of a relay. In the development of INSPINE office chairs, the development team focused attention on changes in working styles and attitude involved in the rapidly changing information technology environment surrounding workers. INSPINE office chairs take new ideas of offering support to individual differences in physique to offer seating comfort, combined with functional beauty suitable for advanced office settings. By making use of our studies and know-how in working styles and ergonomics we have gained in the past, a team of highly professional members brought together the wisdom in each function to pursue a unique set of values.



INSPINE

■ The Flexibility of a Single Wire That Supports Advanced Working Style

To flexibly follow the posture and movement of workers, the backrest has a wired lumbar support for the first time in the industry in which the backrest is wired with a single wire using a certain tension. Also, the wire is designed to slidingly move along with the changes in body pressure toward the upper or lower part of the backrest, distributing the body pressure properly according to the changes in body posture. The seating surface has a unique posture support seat where a cushion layer is placed on a base layer that has a surface shape for supporting the pelvis, as well as the function to support the position of forward inclining that optimally adjusts the seating surface angle. These features prevent the waist from shifting forward, which is known as one of the problems of losing the seating posture, bringing the stability in retaining posture and realizing proper dispersion of body pressure in various postures from the position of forward and backward inclining.



Wire Lumbar Support

The Voice of a Person in Charge

Under the new system of the Chair Value Team, we were able to promote trust with sales by receiving any type of inquiries, expanding the opportunities for feedback from customers by leaps and bounds. It also gave us a sense of unity across the entire value chain. For the development of INSPINE office chairs, we made a prototype once a week and everyone from VT members and partner plants gathered together to make a valuation, trying to fine down the office chair. The entire members involved in the development repeated hearings with customers and the sales to keep thinking endlessly. The INSPINE office chairs are the product that was born after a process of condensed adhesion.



Wataru Saito, Kazuo Oku and
Yasutaka Takahashi
Chair Value Team
KOKUYO Furniture

Campus Notebooks with Ruled Lines Designed for Study

After a thorough study of 500 notebooks used by actual junior and high school students, KOKUYO has successfully developed a new series of Campus notebooks: Campus notebooks with ruled lines for writing (designed for learning humanities subjects, making it easy to read and write) and Campus notebooks with ruled lines for drawing charts (designed for learning science subjects, making it easy to draw charts).



Further Evolution of a Smash-Hit Series, Campus Notebooks with Dotted Lines

In the evolution of the Campus notebook series, which the first series was released 39 years ago, we have launched a new series, Campus notebooks with dotted lines, in 2008, developed to provide learning support for junior and high school students. After the new series was launched, as the notebook market continues to expand in the context of new launches of ruled notebooks by various manufacturers, we started to notice the actual situation of users, including "there are so many types and I don't know which will work best for me" and "the existing ruled lines are hard to use depending on subjects." As we listened to the opinions of actual students, even though the new series with dotted lines enjoyed great popularity and became a students' standard notebook, we saw the necessity of further evolving the series and embarked on the development of Campus notebooks with ruled lines designed for study.



Released in 2008
Campus Notebook series with dotted lines

New Concepts of Notebooks Designed for Humanities and Science Subjects, which Were Developed after a Use Survey

A Thorough Study of 500 Notebooks Used by Actual Junior and High School Students

To begin with, a total of 500 used notebooks were collected from junior and high school students for intensive study. By making a detailed analysis of present conditions, such as which notebooks are used for which subjects, how they use their ingenuity according to each subject and what characteristics are found in a neat and easy-to-ready notebook, we repeatedly examined the new ways of ruled lines and dots that best support the learning needs of students.

After spending many days discussing, it came to our attention that the age group of junior and high school students are at an important point where they have to decide whether to choose humanities course or science course for the consideration of their future path. In such a background, a new idea of notebooks designed for humanities and science subjects was created by employing a new angle, in hopes of offering the fun of choosing notebooks appropriate to subjects, as well as the ease of use and review.



Used notebooks collected from students

To study ruled lines and dots appropriate to subjects, we repeated hypothesis testing and trial production and invited 100 students from junior and high schools to compare notebooks to directly obtain comments and requests about usability. As a result, the development allowed us to offer two products: Campus notebooks with ruled lines for writing (designed for learning humanities subjects, making it easy to read and write) and Campus notebooks with ruled lines for drawing charts (designed for learning science subjects, making it easy to draw charts).

■ An Inventive Approach to the Printing Technology for Unobtrusive, Visible Dots and Lines

The development of Campus notebooks with ruled lines designed for study also required hard work in the production stage. In addition to know-how accumulated from the development of Campus notebooks with dotted lines released in 2008, it took a lot of trial and error in order to be creative with the size and shade of dots between ruled lines for a notebook with lines for drawing charts. Even though dots are necessary for junior and high school students, the shade and size of dots must maintain a fine balance so that they will not interfere when students read back. Additionally, it was an obstacle to evenly print small light gray dots throughout a page, requiring repeated tests.

Points That Match the Trend of Subjects

Along the development, it was brought to our attention that a notebook used for humanities subjects that was easy to read back had an appropriate amount of blank space, as well as that a notebook used for science subjects that was easy to read back indicated students' ingenuity in drawing charts. After a process of trial and error, blank spaces were added to a notebook for humanities subjects (with ruled lines for writing) while maintaining the average size of text to be written on a notebook. For a notebook for science subjects (with ruled lines for drawing charts), it was designed to make it easy to draw charts by adding dots between ruled lines about quarterly apart.

Okurigana can be written in the margins to maintain the balance of the text, making it easy to read!

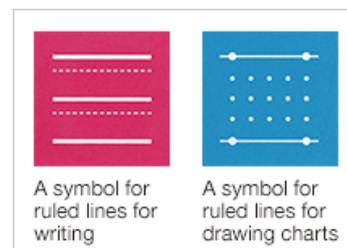
Use small dots as a mark to draw curved lines of values in detail!

Thank you! Campus notebooks marked the 39th anniversary in 2014. To express our hearty thanks to our customers, we are holding a series of appreciation events to celebrate the 39th anniversary.

■ Adding a Special Symbol to the Cover of Notebooks to Make It Easy to Find at Stores

The development team also made the best use of inventiveness in designing a notebook cover so that not only students but also parents can easily find new Campus notebooks in stores to facilitate the distinction of the Campus Notebook series with ruled lines for study, as well as the distinction of notebooks with ruled lines for writing and for drawing charts among many types of Campus notebooks. The notebook with ruled lines for writing was designed with colorful two-tone color combination and that one for drawing charts was designed with sophisticated gray-based color combination.

Additionally, both covers were designed with a special mark indicating each feature, which was placed next to the logo on a cover. For a five-pack version, an instruction was added to a back cover to show examples of how to use ruled lines because the content cannot be checked from the outside.



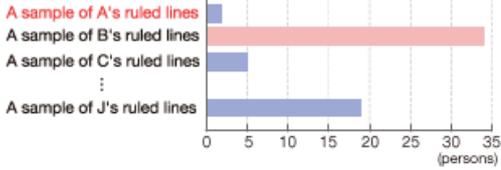
■ Teachers Chose as the Most Recommended Notebook to Students for each Humanities and Science Subject

A survey of 150 junior and high school teachers was implemented using ten types of notebooks with functional ruled line*, including those from other manufacturers to study notebooks that they want to recommend to students for each humanities and science subject. The result showed that teachers chose Campus notebooks with ruled lines <for writing> and Campus notebooks with ruled lines <for drawing charts> as the most recommended notebooks to students for learning each humanities and science subject.

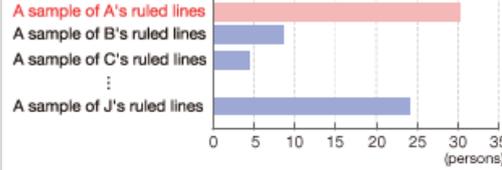
* Notebooks with functional ruled line

A type of notebook that has auxiliary lines and dots for ease of writing/drawing text and charts with enhanced readability.

Q. A notebook the most recommended to students for humanities subjects



Q. A notebook the most recommended to students for science subjects



The Voice of a Person in Charge

The Development of Learning Support through Notebooks

It is a product where I was involved in product planning for the first time. I took part in the development in hopes of delivering the fun of neat note taking to junior and high school students. I hope the notebooks in which students took note neatly will become their one and only study guide. (Fujitani)

I sometimes receive a letter from customers saying they succeeded in entrance examination of a high school/university because they studied with Campus notebooks. I am always delighted to hear such a positive comment because it gives me a realization that Campus notebooks are serving their useful purpose. I will continue to develop better products to support the students' learning. (Miyanishi)



Junko Miyanishi and Shingo Fujitani
Paper Stationery Value Unit,
Creative Products Dept.
KOKUYO S&T Co.,Ltd.

The UD+3 Series

The UD+3 (Universal Design Plus 3) series offers furniture designed for public spaces, which are developed jointly with sensitive users.*

* Sensitive user

Sensitive users are those who are people with visual impairments, wheelchair users, and general users with difficulties, such as hemiplegia. While they have limitations on transportation, movement, and recognition, they are our key partners because they are sensitive toward challenges and shed light on hidden difficulties and the stress they experience by sharing how it should be and necessary processes.



The UD+3 Series with Attentive Usefulness

The UD+3 series were furniture developed for public spaces to offer comfort to any users. Through an exhaustive study of physical and psychological difficulty provided by users with disabilities, we successfully refined the existing values. Beginning with the release of Madre chairs in 2010, four series are available at present, including the LISMA foldable conference room table released in 2011, the PADRE series released in 2012, and the SATIO series released in 2013.

Development Process That was Evolved in Step with Customers

1. The Momentum of the Birth of UD+3 Series

Taking advantage of municipal mergers nowadays, KOKUYO Furniture has been engaged in a number of improvement projects for the workplace environment around reception desks in local government offices. Despite the circumstances, KOKUYO Furniture at that time did not have any suggestible products specializing in waiting spaces that are of capital interest to local governments. In view of the growing elderly population, the social progress of persons with disabilities, and other social trends, the company has embarked on the development of lobby chairs around a reception desk designed with the use of diverse users in mind, aiming to respond to the increasing needs for spaces that anyone can use safely and comfortably.

Three Approaches toward Universal Design

KOKUYO supports the idea of Universal Design that creates a reliable product a diversity of people can use safely and equally. In order to reflect the idea more strongly, the UD+3 series uses the following three approaches to study product usability with thoroughness:

1. UD products are tested in a realistic environment close to usage scenes
2. UD products are tested based on a series of user's movement
3. Users' unconscious stress are discovered through dialogue with users

These three approaches are practiced in a workshop by inviting users of various ages, genders, and physical



characteristics. After testing, UD products are granted a mark to prove that they were designed with universal design principles.

2. Dialogue at a Workshop Featuring the Participation of End Users

The development team then made an attempt by holding a workshop with users with disabilities. Wheelchair users and those with paralysis of the extremities and visual impairments experience limited movement and muscle power and they tend to be extremely sensitive to any slight difficulty, so they gave the team additional details that development members might overlook, as well as a fresh perspective that they could not think of. Another advantage of carrying out discussions with end users was that the team got to know their psychological stress, such as being overly concerned, feeling pressed, and uncomfortable, helping us to improve the quality of usability.



The team began by understanding the problems they experienced in a replicated waiting room.



Each idea was verified right then and there. Using paper, the team discussed how long the distance should be between a wheelchair and seat.

3. Ripple Effects of Workshops

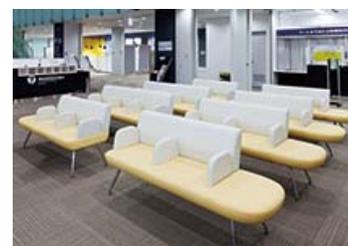
After the launch of the Madre series, it came to the attention of the development team that there was a difference in the level of awareness between sales personnel who took part in a workshop and those who did not. It became apparent that sales personnel who determined the necessity of UD gave a product description to end users more diligently. To solve this, a product briefing session was held by inviting sales personnel who did not participate in a workshop in order to make necessity of UD appreciated by them. At the session, end users talked about problems they experienced at the reception desk of a government office and various effects of ingenuity implemented for the Madre series, so that the sales personnel could understand why UD products were necessary and how they were effective through actual experience. In closing, several participants made a simulated presentation to customers to check each other's understanding.

4. Expansion to a spatial proposal

The products developed through a trial and error process are packed with usability designed for many people. Also, KOKUYO makes a proposal of universal design for planning itself at the time of installation because we got the know-how, such as the arrangement of lobby chairs and the measurement of traffic lines, though study by three approaches.

Aiming for a public space where anyone can spend time without being overly concerned

After its release, the UD+3 series has been widely used in public spaces, such as local governments, medical institutions, and banks across the country. Customers also sent us comments of agreement saying they were surprised to know the UD+3 series was developed with a well-reasoned plan. Additionally, the release of tables (LISMA) and chairs (Satio) for conference rooms of community centers and libraries for the general public was another success. KOKUYO is gradually expanding its types of spaces suitable for proposing universal design.



Saitama City Minami Ward Office



Creating Better Products in Step with Customers

What we have reaffirmed from a workshop is that the important things to create pleasant and comfortable public space for many people are not only to enhance the usability of each piece of furniture, but also to improve physical and psychological usability through the space designs. To that end, we believe that an important key is to create a partnership where we consider how customers feel and work together through dialog, instead of merely listening to their voices. We are committed to continuing our positive attitude to work with customers to brush up on products while playing a role in developing public space where many people can use without anxiety.

KOKUYO Won a Number of International Awards for Universal Design:

- Universal Design Award 2012
- IAUD Award 2012 Product Design Gold Award
- IAUD Award 2013 Product Design IAUD Award



Red Tech: Red-Colored Instant Adhesive That Turns Transparent as It Dries

The liquid of instant adhesives that are available in general is colorless and transparent. To solve a customer concern that it is difficult to see where and how much glue is applied, KOKUYO developed an instant adhesive, Red Tech, in which a transparent adhesive stays red when applied but changes to transparent as it dries.

Major Dissatisfaction with the Way of Application

When KOKUYO conducted a survey to determine why customers were dissatisfied with instant adhesives, a number of customers reported the difficulty of application that it was hard to see where and how much glue was applied, besides the fact that the glue dried out and it became unable and it was difficult to get the glue off of a hand (n=531, surveyed by KOKUYO S&T). To that end, KOKUYO focused attention on the method of application and started working towards the development of red-colored instant adhesive that was easy to see where and how much the glue was applied, as well as to prevent running off or applying excessively, and after application, the red-colored adhesive should turn transparent as it dried.

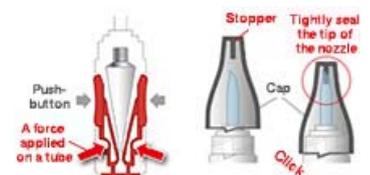
The Pursuit of the Technology of Glue That Has a Color and Then Turns to Transparent as it Dries

KOKUYO started off by thoroughly sorting out the technology for changing to transparent glue. We repeated tests using various methods, such as the technology using heat retained in stationery to remove the color and the reaction with air with the use of pH indicators like stick glue. As a result, we focused attention on the technology called photochromic, which uses light to remove color, as it worked best with instant adhesive. After three years of trial and error, photochromic materials were successfully developed and by developing unique production facilities that enable mass production, KOKUYO made the development of red-colored instant adhesive possible, introducing glue that is red when applied and becomes transparent as it dries. The instant adhesive developed using the photochromic technology has obtained a patent for its composition.



The Structure of the Main Unit Offers the Ease of Application for Adhesive That Does not Harden Easily

To further pursue the ease of application, KOKUYO has made all kinds of efforts to deliver a neat finish by introducing a useful inclined nozzle to make it easy to apply glue with precision and a pushbutton mechanism for the case to make it easy to adjust the adhesive amount. In addition, to prevent adhesive from hardening easily and to use for a long time, the structure of the cap has great sealing performance so as to use it in an upright position, bringing together the wisdom of KOKUYO employees to complete the case for the main unit.



The Voice of a Person in Charge

KOKUYO's successful adhesive products include Pritt; stick glue released in 1969, and Dotted Liner; tape glue released in 2005, and a number of product series have been deployed. The instant adhesive was one of the products that we explored ideas trying to create new value further. However, the knowledge and know-how of adhesive bonding and adhesion that have been accumulated over a long period of time could not easily undergo horizontal expansion. As a result of trial and error trying to commercialize the technology of changing red-colored adhesive to transparent while maintaining the quality as an instant adhesive, finally seeing the possibility of commercialization, we faced a major challenge in that the red color could not be maintained before filling in the tube. We spent a year and a half reviewing the material and after uniquely designing and developing production facilities, we managed to construct a framework for mass production. We will continue to upgrade our technical skills to solve customers' problems.



Masako Yanai, Takashi Ohashi
and Shogo Kobayashi
Glue Stationery VU
Creative Products Department
KOKUYO S&T

KAUNET Offers *Ease of Choice and Awareness*

KAUNET offers mail-order and online shopping services of office supplies. Its value added is more than just price and a good selection of merchandise. KAUNET is committed to delivering catalogs and website by making it easy for the customer to select items and to offering its awareness to come up with solutions to help customers overcome any dissatisfaction and problems that arise.



KAUNET's Website Is Developed to Deliver *Ease of Choice and Awareness*

While KAUNET publishes its mail-order catalogs twice yearly, KAUNET's website is updated daily to include new products and information. For that reason, we are seeing growing importance of the website, and according to the results of a customer survey, customers are expecting to see a website that allows them to place orders accurately and expeditiously. Because most customers browse a product detail page that gives details about a product and its use situation, we made efforts to enhance information provided on a product detail page. Other enhancements include characters and images, as well as product videos for certain products to transmit product usage and user-friendliness that cannot be fully expressed using printed catalogs.



A product detail page



Value-Added Original Products, Kau-Core Premium, and Kau-Core Price Offering Affordability

The elements of ease of choice and awareness are also incorporated into the development of original products, Kau-Core series. Kau-Core Premium offers value-added products by adding a new twist and originality unique to KAUNET, such as a flat file with reinforced spine, which is equipped with a durable file spine, and drawstring trash bags for shredded paper, which have a mechanism to prevent paper scraps from flying around, offering original products with small schemes to help customers overcome any dissatisfaction and problems that arise. On the other hand, Kau-Core Price handles copy paper, clear holder sheets and an array of products at lower prices, which also come with dependable quality.



Fall/Winter 2013 Catalog and logo marks for Kau-Core

Reliable Support Services to Relieve Concerns Associated with Selecting Furniture

To offer *ease of choice and awareness* in selecting office furniture, KAUNET had made various improvements, such as the notation of catalogue by adding reference index of comfort for office chairs and free returns to enhance customer services, so that customers can purchase furniture with an easy mind.

However, some customers feel uneasy about using online shopping to purchase office furniture because they do not know how to make choices and that they cannot see actual products. To relieve such concerns, we launched counseling services where our expert staff helps customers select furniture. Additionally, we have implemented a free trial program of our leading product, Luna Chair, so that customers can actually try the level of comfort before they buy, which is the first of its kind in the industry, and it has been received well by customers.



Views Regarding Quality Assurance at KOKUYO S&T

As the KOKUYO S&T increases the ratio of its sales in markets outside Japan, we are preparing quality standards that customers will support suited to the features of various countries and regions.



Right Product for the Right Region - Creating Optimum Quality Standards According to 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. While giving maximum priority to ensuring consumer safety, our thoughts for quality standards are shifting from being uniform across markets to being the right product for the right region.



Quality Maintenance and Improvement

(1) 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 conducts thoroughgoing checks not only regarding cost and delivery issues but also from the perspective of quality.



(2) 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.



People in charge of product development and quality assurance get together to check out product quality

(3) 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 and recommended by Ministry of Economy, Trade and Industry. 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.

(4) 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.

Immigration Quality Gate Opened in KOKUYO Camlin

In September 2013, KOKUYO Camlin opened the Immigration Quality Gate (IQG), which is designed to conduct an acceptance inspection of purchased goods produced in partner plants in India and overseas on a consignment basis, after remodeling a portion of the mother depot (main physical distribution base) in an outlying city of Mumbai, Bhiwandi. The IQG was established with the aims of achieving better quality more efficiently and effectively by consolidating its quality inspection system and improving skills by working together with the S&T quality assurance department to acquire and accumulate knowhow in quality control. The IQG was named with the hope to ensure quality control that as with airports, products that pass the gate get the all clear to make their ways to markets. Looking ahead, we are planning to open a similar IQG in the Delhi area in the future.



Measuring a paper pressure using a machine

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 prepare 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

(1) 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.

(2) 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.

(3) 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 one of the following four sections of the website is selected, depending on the nature of the notifications.

1. Important notice regarding product safety
2. Important notice regarding defective quality
3. Announcement regarding the safety and proper use of a product
4. Other announcement regarding product safety and quality



Web page for KOKUYO FURNITURE Co.,Ltd Notifications Regarding Product Safety and Quality

(4) 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.

National Driver Competition Held at KOKUYO Logitem

With the aim of improving the quality of delivery services offered by deliverymen who serve as a contact point with customers, KOKUYO Logitem has begun holding an annual National Driver Competition since 2010. This company-wide competition is joined by representatives of delivery partners from around the country who are selected from a total of nearly 800 drivers, competing with each other in the skills that they practiced every day on their jobs, such as delivery services, assembly techniques and hospitality. On August 10, 2013, the final game of the fourth National Driver Competition was held on the eighth floor of the KOKUYO Head Office, and it was contested by three teams from partner companies who passed the competition's preliminary rounds that lasted about three months from May at delivery centers around the country.



People in charge of product development and quality assurance get together to check out product quality

Activities for Creating a Menu of Countermeasures for Disasters

KOKUYO is working to develop a menu of countermeasures to prepare for large-scale earthquakes.

The weight of responsibility that was brought to our attention by the Earthquake

While KOKUYO has been making efforts to better prepare for disasters since 2007 as part of the disaster solution business, the Great East Japan Earthquake occurred on March 11, 2011, not only caused tremendous damage but also made us realize that we were a member of infrastructure companies. It was because we received a considerable amount of requests from customers asking us to help establish disaster headquarters for restoration activities.

(1) Implementation of demonstration experiments under various seismic motions and conditions

After the Great East Japan Earthquake, an increased number of customers, especially from around the Tokyo area, sent us consultation requests to prepare for earthquakes, and we saw many requests that cannot be solved with verification experiments for vibration in the past, asking us how to prepare for earthquakes from the perspectives of BCP (business continuity plan) and cost advantages, as well as reasons why there was damage even though countermeasures were taken. To respond sincerely to these requests and make a concrete proposal on countermeasures, we implemented vibration experiments according to the seismic intensity scale to obtain data sets and study the behaviors of storage furniture by using different methods of fixation. The experiment also recreated seismic waves that occurred in Kobe during the Great Hanshin-Awaji Earthquake, and the killer pulse,* which is known to overturning of furniture, as well as similar long-duration seismic waves that hit Sendai, which is one of the characteristics of the Great East Japan Earthquake. We spent more than 200 hours and experimented 300 patterns to obtain data.

* What is a killer pulse?

In seismology, the killer pulse is a period of earthquake of one to two seconds, and it is known to damage wooded houses in particular. In general, if the shock of the earthquake is closer to the natural period of a building, buildings tend to shake more intensively. The killer pulse is known to be a period that medium-low story buildings and wooden houses become most vulnerable to damage, and it is a type of seismic activity that demands maximum alert.



Equivalent to the intensity 6 upper level

Left: With wall fixtures

Right: Without wall fixtures



Equivalent to the intensity 5 lower level

Left: Without connectors

Right: With connectors

Multidimensional Support for BCP and Earthquake Preparedness

The KOKUYO Group has two companies: KOKUYO Furniture; a company that accumulates know-how on countermeasures to prevent overturning of office furniture and designing offices that can withstand strong earthquakes, and KOKUYO S&T; a company that not only offer emergency supplies but also a service for proposing stockpiling of emergency supplies.

Bringing together our Group's know-how enables us to offer proposals special to KOKUYO, such as implementing a disaster-preparedness plan at the timing of new construction and relocation and bringing a well-balanced stockpiling plan in consideration of everyday work environment and work efficiency. KOKUYO believes that improving the disaster preparedness in each company speed the recovery of supply chain during times of emergency, allowing us to continue with economic activities. We hope to serve as a bridge to make offices in Japan stronger.



A desired future image aimed at with a joint effort of S&T and FN.

This service also works simultaneously with furniture delivery, and customers also enjoy the advantage of being able to place bulk orders.

Customer Support and Services

KOKUYO strive to respond to customers' inquiries with the best of intentions in a respectful manner. We also share feedback from customers company-wide as valuable opinions to help us offer better products and services.

Accuracy, Readiness, Kindness, and Politeness as Our Motto for Improving Customer Satisfaction

With the goal of improving customer satisfaction, we offer a group-wide customer support center to respond to inquiries, proposals and requests sent from customers. In fiscal 2013, we received a total of nearly 120,000 inquiries and of them, nearly 90% of the customers called our toll-free number. At the customer support center, where our representatives receive calls from customers in the first place, we hold study sessions to improve product knowledge and make efforts to create better database of product information with the aim of serving customers with accuracy, readiness, kindness and politeness. In addition, our website introduces frequently asked questions and answers, as well as improvements made with the help of customers.



A portion of the inquiry menu provided on our website

Experience-Based Training That Listens to Customers to Apply into Day-to-Day Work

The KOKUYO Group has enhanced its employee training by providing them with opportunities to experience the actual work site of customer service center and hear opinions directly from customers because they do not get a chance to come face-to-face with customers at other times. This training has been successful in bringing customers' valuable inputs and opinions to manufacturing sites. Also, similar training is offered to new employees in May to get the experience of working in customer support center. Listening to customers' feedback is vital in knowing the basics of manufacturing. The training provides employees with good communication technique with customers and how customers' feedback is utilized for developing products. They work in tandem with an experienced-operator to respond to an array of inquiries submitted to the customer support center. In addition, international employees who newly joined the KOKUYO Group experience speed-recognition technology, which converts the content of conversation with customers into a text. This training aims to cultivate necessary skills, such as readability and an ease of utilization, to share accurate information about customer's standpoint, sentiment and views within the KOKUYO Group.



An employee role-plays a training scenario at a new employees' training. To prepare for actual training session, participants learn communications skills, including the ability of attentive listening, capacity to empathize and the speaking ability.

Implementation of Product Movies Introducing Convenient and Safety Use of Products, Products with Excellent Features and Our Unique Efforts

Using the inquiries submitted to the customer support center, we create a movie to introduce contents that are difficult to express by phone and letters. All of the movies we created are published on the website under the KOKUYO's room for instruction manuals of the KOKUYO Channel page. The KOKUYO Channel uses unique approaches to introduce our products, how to use, corporate activities and employees' efforts so that customers can learn more about us.



In addition to the KOKUYO's room for instruction manuals of the KOKUYO Channel page, other sections include KOKUYO G Men; a section that is dedicated to reveal the secrets of products, Let's Report!; a section that introduces working styles practiced in

offices at KOKUYO and the coverage of events that are held for improving intellectual productively, Benri no Tane; a section that focuses on KOKUYO products with unique features, Shuukatsu no Tobira; a section designed to introduce activities for student job seekers and KOKUYO Kudasai!; a section that actual employees choose and introduce the Group's unpopular products and activities.



A System for Utilizing Feedback from Customers

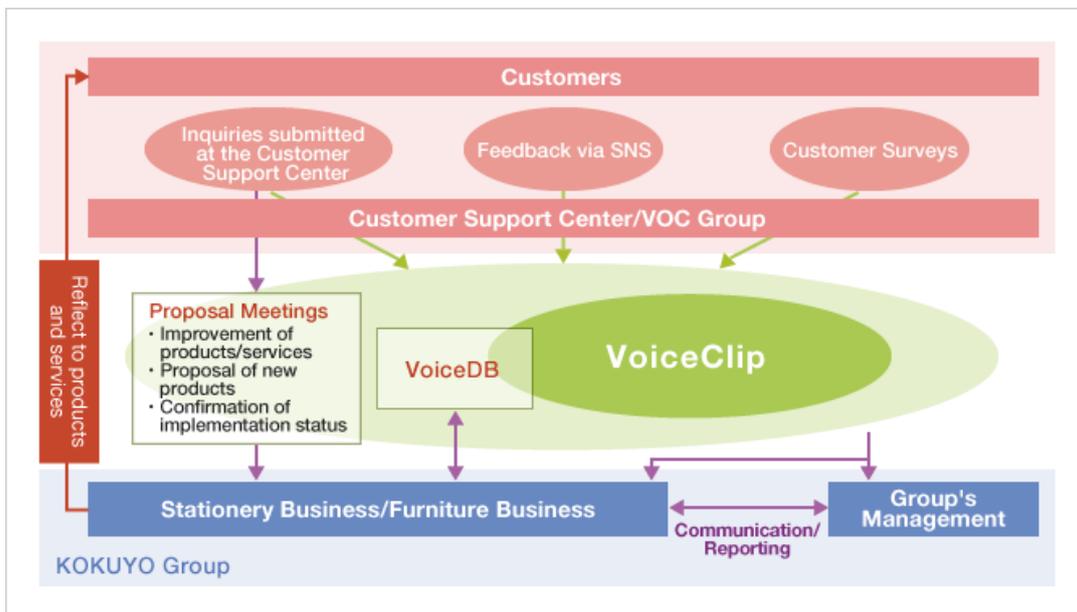
The KOKUYO Group is working consistently to share live feedback from customers with group employees to always listen to our customers and strives to foster an environment for developing new products and services by utilizing customers' feedback.



All KOKUYO Employees Are Pledged to Accept Customers' Feedback with Sincerity

In order to share customers' feedback across the entire group, we use the intranet, VoiceClip, to publish feedback submitted by customers excluding any personal information to share with all group employees. In addition to angry complaints and words of appreciations given from customers, which are updated weekly, VoiceClip includes customers' feedback submitted via Twitter and blogs and the results of customer surveys, which are provided to customers through products and promotional campaigns. Starting 2012, we are working to improve visualization by displaying customers' feedback on a top page of the Group's intranet.

Additionally, the customers' feedback submitted to the customer support center are summarized in a database, VoiceDB, excluding personal information, so that the Group employees can access the database to freely navigate through previous feedback according to purposes.



Casting Customers' Feedback into Shape

Water-Resistant Paper Labels

KNC Laboratories Co., Ltd. mainly engages in OEM production and R&D manufacturing of chemical compounds to assist chemical manufacturers in the development stage. The company uses printer labels on bottles filled with chemical compounds before shipping to customers. Because of the characteristics of their products, they need to use printer labels that can withstand refrigerator and freezer conditions. For that reason, they carry out their own quality inspection to test the labels for endurance against sweating, smudging and running of ink when bringing to room temperature from a refrigerator/freezer.

We visually confirm that KOKUYO's water-resistant paper labels are highly water-resistant, just like the name suggests. The labels also have a great texture and are best suited to use on our made-to-order, high value-added products, which requires extensive refrigeration and freezing. Although we use computer and free printing software (Awase Meijin) to print labels with a printer, the labels do not work well with some printers. I think the product increases usability by resolving this issue and becomes a choice by many businesses.



Yasuhide Kuriyama and Mayumi
Furuki
KNC Laboratories Co., Ltd.

With Employees



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.



- 65p Personnel System
- 67p Human Resource Development Program
- 69p Enhancement of Global Human Resource Development
- 72p Basic Framework for Diversity

- 74p Achieving a Good Work/Life Balance
- 77p Support for Active Participation of Diverse Human Resources
- 83p Labor Practices/Safety and Health
- 85p Healthy Living and Mental Health

Views linked with the corporate philosophy, which have been highly valued by KOKUYO

Those who do not undergo personal transformation
can never bring changes to products

Shonosuke Kuroda

Those who can bring changes to themselves can bring changes to products, and because changes are brought to products, the society can be improved and changed for better convenience of customers. KOKUYO considers that products are ourselves and better products are generated from our own growth. With the goal of generating better value for our customers, new employees to the top management aim to learn constantly to continue making progress.

Personnel System

At the KOKUYO Group, we see our human resources as the most important element of management. We are promoting the creation of an environment to facilitate the growth of employees in their daily work and to bring the best out of each employee. The personnel system is also one of the infrastructures that have to be improved. As the goal for 2020, the KOKUYO Group is striving to create an environment where employees can work enthusiastically and be assessed, trained, promoted, and treated fairly and equally regardless of race, nationality, gender, or age, while they repeat challenges and grow to continuously create customer value to achieve a virtuous circle.



Creating an Environment that Facilitates the Growth of each Employee

We provide a fair assessment of employees' job skill and performance after clarifying the duties and roles of employees, and we reflect the assessment appropriately in their treatment and compensation. We further review the result of the assessment and link it to the growth of employees and improve the environment to ensure that our efforts function well.

In fiscal 2012, KOKUYO introduced a renewed personnel system in which the capabilities, roles, and terms of employment of managerial-level personnel were redefined. Along with the start 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 the 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. In addition, the KOKUYO Group is promoting the development of a mechanism and an environment where capable and enthusiastic employees can play an active role in a workplace and where they are appreciated for their performance regardless of race, nationality, gender, or age. One example is that, prior to 2012, the Group implemented a system to re-employ retiring elderly employees aged 60 to 65 after reaching the mandatory retirement age (hereinafter referred to as a "Senior Employee System") to offer a place of employment for the elderly who are older than 60 years old. However, starting in 2013, the Group reviewed the Senior Employee System and considered offering a place of employment as a matter of course, bringing about a major change in direction to seek the display of higher performance and to further make the elderly a substantial part of the workforce, which is expected to increase in future.

The KOKUYO Group is striving for the realization of an environment that facilitates the growth of employees through daily pursuits and brings the best out of each employee by promoting active participation to increase job satisfaction and by reflecting the increased expectations in their treatment.



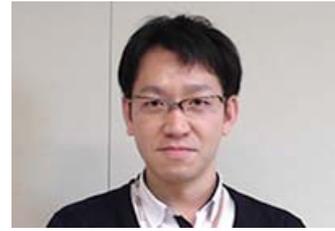
Creating the Environment where any Employee can make a Significant Contribution both Overseas and in Japan

While the Group focuses on setting the renewed personnel system within Japan, we aim to increase customer value by getting across the abilities and roles needed overseas so that the employees and companies can further progress together.

The Voice of a Person in Charge

KOKUYO is a company that proposes new ways of working and the future of offices. As an employee, we are also promoting work style innovation, including the future of offices and the utilization of IT tools. We are also looking at the necessity of organically linking the personnel system, the structure of nurturing human resources, work styles, space, and IT tools so that a diversity of employees can fully demonstrate their abilities because the motivation and productivity of employees are largely influenced by work styles and the support system.

We are committed to the realization of improved productivity by adding diverse work styles so that Japan can overcome the extremely difficult social challenge of a declining birth rate and an aging society, as well as the decline in the working population. It is the goal of KOKUYO employees to strive each day to develop further to polish the value provided to customers.



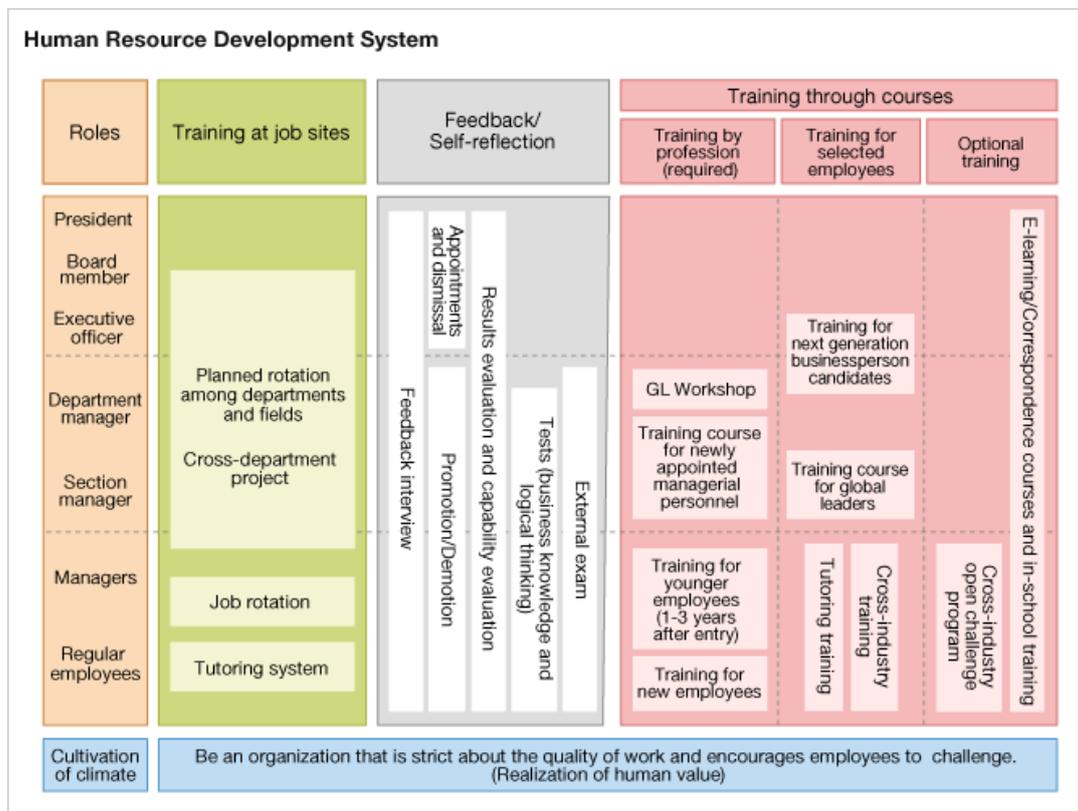
Masayuki Hida
Personnel Measures Group,
Human Resource Development
Department,
KOKUYO

Human Resource Development Program

KOKUYO is working to develop human resources with the aims of creating a workplace where each employee can work enthusiastically and repeatedly accept the challenges to grow and continuously create customer value.

Policy of Human Resource Development

The KOKUYO Group is promoting systematic individual development centered on three elements, including job site, feedback, and training, with the goal of maximizing the individual value of each employee. The training is given mainly by profession at each turning point for businesspersons to provide them with different opportunities to develop their potential through training for selected employees and optional training, offering strong support for employees willing to accept such challenges.



Capacity-Building Programs

The KOKUYO Group has been holding annual cross-industry exchange training, better known as the Open Challenge Program since fiscal 2011, by inviting participants within the Group companies. This program mainly aims for (1) the expansion of visions (to become aware of their own potential); (2) acquisition of knowledge, skills, and mindset required for future career formation; and (3) meeting new people (building of external network). By offering an opportunity to learn together with excellent human resources from different companies and industries, the participants can be exposed to many more stimuli and learning opportunities that are not available within the company, which is one of the greatest benefits. In 2013, a total of 48 selected participants of different ages and professions from different companies took part in nine different types of training courses in Tokyo and Osaka, Japan.

In addition to above, as a new initiative in 2012, the GL Workshop (setting appropriate challenges and enhancing the capability to develop subordinates) for group leaders,



GL Workshop

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 and to develop management capabilities that will enable us to continue to show results as a team. The program uses a unique approach by taking up actual problems and challenges faced by managers, without taking the form of lectures. The participants share the know-how that they have developed on a field and exchange opinions to seek out ideal solutions. The program started by getting the participants to recognize the roles of managers, and they learned how to set and solve essential challenges and points of developing subordinates. Since 2012, over 300 people participated in the workshop.



Open Challenge Program

Enhancement of Global Human Resource Development

For over 100 years, KOKUYO has been serving the needs of customers in Japan through our products and services. With the goal of serving the needs of global customers for the next 100 years, we have been proactively promoting the nurturing of human resources and an organization that can bring in global and continuous growth to become a truly Asian company by 2020, regardless of nationality, race, gender, age, religion, and academic background. As part of the efforts, we are focusing on the development of human resources who can promote business globalization both within and outside Japan. By promoting the development of the potential abilities of employees at overseas subsidiaries, besides the employees in Japan, we are aiming to re-create KOKUYO's values for customers in each country so that the employees can play active roles around the world.

■ 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. In 2013, the second year of the program, each team visited and worked at the overseas subsidiaries of the KOKUYO Group for a short time and experienced diversity of the local subsidiaries. The aim of the program is to widen participants' vision and improve their adaptability as global leaders by examining a solution for business challenges through communication with local members. The participants became determined and nurtured their value as a leader of Asia business during the last camp, and on the last day, they provided recommendations to management executives.



■ Program for Training Global Managers

KOKUYO offered a training program for 24 global managers from six countries, including Malaysia, Thailand, Vietnam, India, Hong Kong, and Singapore. This program sets the following three goals:

1. With an awareness of the responsibility as an executive officer of the KOKUYO Group, recognize the desired roles in the workplace and concurrently learn the skills and attitudes required of executive officers.
2. Properly understand KOKUYO's corporate philosophy for use in daily decision-making and operations.
3. Raise awareness as a member of the KOKUYO Group to build a network with managers in other countries.



For the participants, we created a mailing list to build a sustainable network so as to lay out the framework to mutually follow future action plans. Many of the participants shared the corporate philosophy and what they gained from the program with junior staff upon returning to their countries after the program ended, taking the first step in becoming sure-footed global managers.

■ Training for Country Managers in the Stationery Business

KOKUYO S&T offers training for country managers with the goal of sharing KOKUYO's important corporate mission and values with managers in the Stationery Business overseas, as well as building personal human networks, acquiring knowledge, and improving skills. In 2013, a total of 21 managers from four countries, including China, Thailand, Vietnam and India, participated in the training program, which was the third year the training was held. In addition to learning KOKUYO's founding spirit, corporate mission, and history as a member of the KOKUYO Group, participants also had a chance to experience the persistence and completeness practiced in manufacturing and distribution facilities in Japan and meet with members of management, key persons, and others in the stationery business to work to build personal human networks.



■ Exchange Meetings for Persons in Charge of Personnel Affairs in Chinese Subsidiaries

The KOKUYO Group holds monthly study sessions by inviting persons in charge of personnel affairs with the aim of expanding the vision of each employee and strengthening their expertise as they learn about the challenges faced by each company and their efforts to overcome the challenges. A total of 18 people in charge of personnel affairs in six subsidiaries took part in the first study session, and each person in charge of areas besides Shanghai also participated in the session via videoconference. The participants shared the status of labor management and challenges of managing personnel affairs in each company to receive advice and suggestions from other members to actively exchange opinions, making it a meaningful exchange meeting. In this way, we are creating an environment where employees can feel free to express themselves and cooperate with each other within the KOKUYO Group.



Because the laws related to personnel affairs change frequently in China, we also need to use the exchange meetings to study such laws. We are advancing efforts to create a team of professionals who can bring together the persons in charge of personnel affairs in Chinese subsidiaries to support the development of business operations in China.

■ Training Workshop for Intellectual Properties in KOKUYO Camlin, India

The KOKUYO Group held a training workshop for the development members of KOKUYO Camlin, an overseas subsidiary in India, with the goal of bringing about recognition to learn about patents. At present, although there are not many applications for the protection of intellectual property in India, the numbers of applications have been shown sharp growth in recent years. While KOKUYO Camlin has previously filed for registration of the design and trademark, it has no experience in patent applications. For that reason, the training workshop provided an explanation of the intellectual property system in India and introduced case studies of patents in KOKUYO. The development department of KOKUYO Camlin is planning to increase its workforce by adding approximately 20 people for the next year and is expected to see an increase in development products in future. We therefore continue to make efforts to encourage closer cooperation with the KOKUYO Camlin R&D to make intellectual property-related activities run smoother in India.



Participants from the Vasai Plant, KOKUYO Camlin

■ Toward the Utilization of International Human Resources Working in Japan

The KOKUYO Group is advancing the recruitment of the workforce based on ability, regardless of nationality, race, gender, age, religion, and academic background, and actively hires international human resources. As the component ratio of international personnel is increasing year by year, the number of personnel with foreign citizenship working in offices in Japan is also increasing. In order to be on the same wavelength with the international employees who joined us with dreams and hopes of working in a Japanese corporation, we communicate with each other on a routine basis. We aim to utilize the value of diverse human resources by not only understanding their perspectives of their own careers but also providing detailed support for their problems caused by differences in language, culture, and customs.

The Voice of a Person in Charge

What we are aiming to realize is a group where self-directed, independent-minded employees with strong wills and abilities have a deep sense of empathy for KOKUYO's corporate philosophy to fulfill its corporate strategies in Asian subsidiaries, regardless of race, nationality, gender, and concept of values. In order to deliver growth to the company, not only Japanese employees, but also those who were hired from overseas subsidiaries must understand the corporate philosophy, which defines the code of behavior, as well as KOKUYO's unique ideas and concept of values. To become an "Asian company" (or "the honor of Asia"), KOKUYO will step up its drive to develop global human resources throughout Asia.



Takeshi Watanabe
Global Development Group
KOKUYO Human Resource
Development Department

Basic Framework for Diversity

The KOKUYO Group promotes diversity as an essential initiative for sustainable growth and development. We believe that diversity means creating a work 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. KOKUYO has identified the following four basic themes related to diversity:

<p>Sharing the significance of diversity initiatives</p> <ul style="list-style-type: none"> ■ 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 	<p>Achieving a good work/life balance</p> <ul style="list-style-type: none"> ■ Create an environment where employees can achieve a good balance between work and their private lives ■ Realize a highly productive work style
<p>Structuring a system and implementing it throughout the Company</p> <ul style="list-style-type: none"> ■ Develop a system to make flexible work styles possible ■ Implement these systems throughout the Company 	<p>Supporting the activities of a diversity of human resources</p> <ul style="list-style-type: none"> ■ 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

Sharing the Significance of Addressing Diversity

The KOKUYO Group has established the Committee for the Promotion of Diversity since August 2007 to address the promotion of diversity as part of its business challenge. Additionally, each group company is promoting diversity activities, and a Group's portal forum reports the Group's overall effort and that taken by each company to share within the Group.

Establishment and Penetration of Support Systems

The KOKUYO Group is working to make improvements in its systems that will create an environment where it is easy to get a good balance between work and life, such as bearing children, raising them, and caring for senior family members. (The parts underlined are beyond the range of statutory provisions)

Statutory system for the purpose of child-rearing and nursing-care support*

Maternity leave	14 weeks before and after childbirth (22 weeks for multiple-fetus pregnancy)
Spousal maternity leave	A leave of absence granted when a spouse is giving birth. <u>Two days for each childbirth.</u>
Childcare leave	<u>A childcare leave is given until the end of April after a child reaches the age of 1, or until the child reaches the age of one and a half, whichever longer. (For those who were born in April, it is given until the end of April when the child reaches the age of two)</u> *Including the Additional Leave for Mom & Dad (Extension of period when both parents take a childcare leave)
Sick/Injured childcare leave	Up to 5 days per year, or 10 days for two or more children, to look after a child below school age.
Family care leave	<u>Up to a total of 183 days</u> for each person requiring nursing care.
Nursing care leave	Up to 5 days per year per person requiring nursing care, or 10 days for two or more.

Short working hour system	<ul style="list-style-type: none"> • Childcare: <u>Until a child finishes its third year in elementary school.</u> • Nursing care: <u>Up to three years per person requiring nursing care.</u>
Teleworking	<p>Once a week, in principle.</p> <ul style="list-style-type: none"> • Childcare: <u>Until a child finishes its third year in elementary school.</u> • Nursing care: <u>Up to three years</u>
Re-employment system	<p><u>Eligible personnel include regular employees who left their jobs due to marriage, child-bearing, childcare, job relocation of spouse, study abroad, volunteer work, career change and other reasons recognized by the company.</u></p>

* The system is applied to KOKUYO and its principal subsidiaries (In principal, all employees are eligible for flextime work schedule.)

* Related information: "[Number of Employees Taking Leave for Childbearing and Senior Care](#)"

Achieving a Good Work/Life Balance

The KOKUYO Group is committed to providing ideal working conditions with consideration for achieving a good work/life balance. These efforts have been recognized by the government and six of the group companies have received a certification logo (nickname: Kurumin Mark) as of December 31, 2013. The Kurumin Mark is a certification logo issued by the Ministry of Health, Labour and Welfare, which promotes the improvement of the nation's declining birth rate, based on the Law for Measures to Support the Development of the Next Generation, to recognize corporations and organizations taking an active stance in supporting child-raising.

[Companies that received the Kurumin Mark] As of December 31, 2013

KOKUYO Co., Ltd., KOKUYO S&T Co., Ltd., KOKUYO Furniture Co., Ltd., KAUNET Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Engineering & Technology Co., Ltd.



A Workshop for Working Moms, Supporting Returned and Short-Time Employees

In May 2013, sponsored by the Solution Planning Department of KOKUYO Furniture Co., Ltd., a discussion luncheon for returned and short-time employees for child care was held in the Kasumigaseki Office. While it initially targeted workers who returned to their jobs within the last two years, those who were interested in the system also participated in the discussion to exchange information on the themes of challenges faced by working mothers, how to overcome challenges, and the moment when they want to work harder.

While there were many opinions, such as changes in work conditions before and after taking a childcare leave, various worries, and confusion associated with communicating with other workers, the discussion with other mothers who returned to their jobs, along with the story of their personal experiences, helped relieve their concerns in some degree. As a company that proposes new ways of working to our customers, we will continue to commit ourselves to provide ideal working conditions where working mothers can fulfill their potentials and play an active role.



Participants took an active part in the discussion at the workshop

KOKUYO's Working Moms Deliver New Value to Our Customers Who Are Working Moms

I gave a birth to my oldest son in 2010 and became a working mother from April 2012 after taking maternity leave. Although I worked shorter hours using a flextime schedule, it took me considerable time to get used to a totally different environment than when I worked alone. Every day, I felt reluctant to go home before my coworkers and felt anxiety that I had a limited amount of time to spend time with my child, but at the same time, I wanted to think that working would not only benefit myself but also my child. When Abenomics, which refers to Japanese government's measures, gradually started to call for the need to promote women's active roles in society, the RDI Center I belong to was required to verify new services involving ways of working and learning. To that end, with the goal of bringing satisfactory working/child-raising style to those who are in a similar position as myself, we launched an information website, WorMo, at the end of August 2013, to support work and learning for working mothers. The website not only offers information associated with working and children's learning, but it also organizes workshops and events under the real themes of women's career strategies and children's creativity that is fostered while playing.



Ritsuko Kawauchi, KOKUYO RDI Center



An information website, WorMo, supports the working and learning style of working mothers

Each working mother faces different challenges, which vary by the company system, environment, health conditions of children, and partner's support. However, through these activities, we received many positive opinions, such as "it is time to make plans and decide how my career should be. I will wait until my child gets older to take action" and "By working short-hours, I became able to be aware of effective working habits." We will continue to provide support for women so that they can make a genuine choice to work without being influenced by their life events.

Aiming to Raise Awareness of Promoting Diversity

The KOKUYO Group implements activities to raise awareness and other measures with the aim of creating an environment where each employee respects each other's diversity and takes full advantage of individual abilities.

The promotion of diversity is not for some employees. It is important that each employee recognizes the promotion of diversity as a personal goal and takes an interest to raise awareness.

To that end, KOKUYO S&T publishes a diversity bulletin periodically to increase opportunities for employees to come in contact with the topics of diversity. The content of the bulletin not only covers the balance of work and life and support for the success of women in the workplace, but also the articles aimed at gaining a better understanding of different cultures by introducing overseas offices and interviews (voice of experts) with successful employees who are playing an active role with a sense of professionalism, regardless of gender, ensuring that the bulletin covers topics related to diversity from various dimensions, contriving ways to get as many as employees interested in diversity.

In addition, we provide support for the balancing of work and nursing care so as to create an environment that employees can bring out their own strength. Because it can happen to anyone, we created a booklet for supporting the balancing of work and nursing care to transmit information about the system of nursing-care insurance and in-house systems (nursing-care leave, family care leave and short working hour system) to promote its understanding. Looking ahead, we plan to work hand in hand with external experts and establish a free consultation service and hold seminars to support the balance of work and nursing care.



Expatriate employees introduced their cultures and customs. The picture shown is an Indian festival.



The diversity bulletin is issued on a periodic basis and covers a wide variety of subjects aiming to make the promotion of diversity something that people can relate to.



The diversity bulletin is published on an internal portal. Employees working overseas can also access it freely.

"Future Work Style", Which I Came Up with through My Childcare Leave

My daughter was born in November last year, and I took childcare leave for a first month after my wife returned from her parents' house to give birth. Although we had worries about how it would be like to raise a child with both parents working, it became a valuable opportunity for me, who was unrealistic about the situation and not mentally prepared, to think about the future (sorting out the future) while it is common practice for households with children.

After my childcare leave started and I started taking care of my child from morning until night, I found that changing diapers, bathing, and giving milk were not that challenging as I started to get used to it. It was actually fun and



Yutaro Yatsuka
Solution Planning Department
KOKUYO Furniture

delightful, and I realized that the fathers' active participation in household chores was more important. Household chores have rush hours and the timing of child rearing and household chores overlaps during the morning and evening (see the right chart). The most important thing about making a satisfying home life is the expeditious cooperation between mother and father. For men who lack confidence in doing household chores, I think it is a great chance for you to become your wife's apprentice to learn how to do household chores.

Additionally, the rush hour for household chores coincides with commuting. I see why many working mothers choose to work shorter hours (2 hours) to do household chores than working from home once a week. However, I think it will be better to realize two-hour teleworking as a work style for the future. With this, working parents can work from home for two hours before or after work. I believe the balance of work and child rearing will be improved if the regular commuting hours can be used for household chores. Although, for companies, there are many hurdles to overcome for realizing working fully from home due to the aspects of work progress and labor management, it helps reduce stress if we can work person-to-person with each other every day.

I returned to work from my childcare leave after completing my wife's apprentice for household chores. My next goal is to learn the quality use of time and the secrets of leading the fun life of double working and childrearing from working mothers.

Morning rush hour

7 AM: Wake-up

Husband: Getting ready while preparing breakfast

Wife: Getting ready while doing laundry

7:30 AM: **Both** have breakfast

8 AM: **Husband:** Cleaning up and taking out the trash

Wife: Breast-feeding

Evening rush hour

6:30 PM: **Husband:** Preparing dinner, **Wife:** Breast-feeding

7 PM: **Both** have dinner

8 PM: **Husband:** Bath and preparing for bed

Wife: Breast-feeding

Husband: Cradling a baby/ **Wife:** Bath

Husband: Giving a bath to a baby/Bath

Wife: Changing a baby's clothes

10 PM: **Both** go to bed

* Parents cradle their baby and change diapers as needed.

Support for Active Participation of Diverse Human Resources

Not only is the respect of human rights, the KOKUYO Group is making its efforts to develop a work climate that respects diverse individual characteristics, concepts of value and lifestyles of different backgrounds, such as nationality, race, gender, religion, age, academic background, career, and the presence or absence of disabilities.

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 2013, internal the activities to increase understanding and awareness of human rights included training programs that entitled “Respect for Human Rights Brings New Life to the Company and Everyone Can Enjoy a Better Life,” 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,” and Also, “Training Program that shows the way ofon dDealing with mMental hHealth for Newly Appointed Managerial Personnel.” is held intermittently.



Participants listened to the lecture of mental health with rapt attention.

Handing Know-How of Well-Experienced Employees

In August 2012, the KOKUYO Furniture Mie Plant launched the committee of instructors aimed at handing down expertise and skills and maintaining and enhancing workmanships, as well as efficiently improving chronic problems in the workplace. The members consist of employees who belong to the classification of S bands (specialists), employees of more than 40 years, senior employees, and well-experienced employees, and at that moment, there are 23 members in total. All of the members are powerful players who have experienced a number of successes and failures, and they demonstrate persistence in their jobs.

Although these members tend to be seen as unapproachable old men in workplaces, they always rise above their difficulties and have a strong will to play their roles to passionately hand down the KOKUYO spirit, which employees tend to forget these years, without trying to look good.

The KOKUYO Group will continue to shed light on problems that exist in plants to clarify why, what to change and what to do, as well as to engage in proactive actions by focusing on each area of assignment and positions. Furthermore, for improvements at job sites and the reformation of the corporate climate, weto fully utilize potential abilities through ingenious attempts and, improvements at job sites and the reformation of the corporate climate to keep handing down what's valuable to the next generation.



An instructor (right) gave advice to junior staff



A badge for instructors

KOKUYO Gave a Speech as a Panelist at the Diversity Management Forum

Starting in fiscal 2012, the Ministry of Economy, Trade and Industry selects and honors companies that successfully improve their corporate values via Diversity Management * for three consecutive years and recognizes them as Diversity Management Selection 100. KOKUYO was recognized for its efforts toward employment of persons with disabilities and was selected for inclusion in the 2012 Diversity Management Selection 100 awards. To celebrate the occasion, Hidehiko Kuroda, the president of KOKUYO K Heart, made a presentation of the company's efforts at the Diversity Management Forum and gave a speech at the panel discussion on July 12. This time, five companies of the Kinki region that were selected among the 2012 Diversity Management Selection 100 made a presentation of their efforts at the forum with the aim of promoting active utilization of diverse human resources in companies within the region. A total of 120 people participated in the forum, including business owners, persons in charge of personnel affairs, economic organizations, local governments, education institutions and students, and they all listen to the presentations in rapt attention.



Giving a speech at the Diversity Management Forum

* Diversity Management

Diversity management is where female, young people, the elderly, and persons with disabilities can participate in depending on their immediate environment and abilities to bring out potentials of diverse human resources to gain competitiveness.

KOKUYO Group's Efforts Toward Employment of Persons with Disabilities

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 *1 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.

The founder of KOKUYO, Kuroda Zentarou, who wished to realize the social participation of people with disabilities, in 1940, started employing people with hearing difficulties at the main factory. Since then, KOKUYO has been standing in its belief of training human resources who are capable of making the most of their innate abilities and following the KOKUYO's corporate philosophy, Enrich the World through Our Products, without treating people with disabilities any differently.

In 2003, with the closure of the Yao Factory, KOKUYO newly established a subsidiary, KOKUYO K Heart, where employees with disabilities can work within their commuting distance. KOKUYO K Heart celebrated its 10th anniversary last year. Additionally in 2007, to provide people with intellectual and mental disabilities with a place of employment, who are difficult to work in KOKUYO K Heart, KOKUYO established another subsidiary, Heartland, which produces and sells vegetables. Although corporations must actively employ people with disabilities since the employment of people with disabilities has become mandatory in 1976, KOKUYO's employment rate of people with disabilities at that time already reached 1.76%, which is more than statutory employment rate. As of January 1, 2014, the employment rate of people with disabilities in the KOKUYO Group is 2.24%. While the Group has already achieved the statutory employment rate of 2.0%, we are pledged to promote the employment of people with disabilities as a whole by making use of the Corporate Grouping System *2 centering around the special subsidiaries, KOKUYO K Heart and Heartland.

As of January 1, 2014

*1: Special subsidiaries

Special subsidiaries are subsidiaries that are established to employ people with disabilities in accordance with the Act for Promotion of Employment of Persons with Disabilities. It requires a state authorization.

*2: Corporate Grouping System

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.



Initiatives at KOKUYO K Heart

At the start-up, KOKUYO K Heart was fixated on the employment of persons with disabilities and served as one of the ordinary subcontractors in the KOKUYO Group as it mainly engaged in the printing and binding of catalogs and leaflets.

The Group therefore left out the employment of persons with disabilities in the hands of KOKUYO K Heart, causing a challenge that the business volume at KOKUYO K Heart became unstable. To create a new business model for the employment of persons with disabilities that makes the most of KOKUYO K Heart with operating companies, the company came up with ways to jointly reorganize operations (BPO: Business Process Outsourcing) to entrust KOKUYO K Heart with a portion of operations run by operating companies. With this, operating companies can focus on their original operations to

improve productivity, while enabling KOKUYO K Heart to secure stable jobs that are meaningful, not just simple tasks. The operating company that outsources their jobs reviews operation process to sort out and subdivide operations to allow sharing operations with persons with disabilities. On the other hand, KOKUYO K Heart selects human resources who match a diverse range of operations, including architectonics, product development, designing, and text making in accordance with the characteristics of employees with various disabilities, such as hearing difficulties, severe physical disabilities, and mental disabilities.

To help the employees of KOKUYO K Heart, including persons with disabilities, to perform tasks of higher value, senior employees with know-how and employees in charge of product development are invited from operating companies as instructors to establish a follow-up system. In addition, KOKUYO K Heart introduces flexible work styles and systems, such as teleworking and flexible work schedules. In this way, we have successfully defied the stereotype that persons with disabilities can only perform simple tasks and opened up opportunities for new challenges by offering a wide variety of tasks and work styles.



Employees of KOKUYO K Heart support the development work of stationery.

KOKUYO K Heart Celebrated Its 10th Year In Business

On December 26, a party was held in Osaka to celebrate the 10th anniversary of KOKUYO K Heart. A total of 76 participants, including employees of KOKUYO K Heart, former presidents and the employees of KOKUYO Human Resources Development Department, took part in the party. The former presidents of KOKUYO K Heart gave a congratulatory message at the ceremony and the president of KOKUYO, a parent company, and a vice president sent a video message to celebrate the occasion. KOKUYO's president, Akihiro Kuroda, presented the following video message, "The founder Zentaro worked with people with disabilities since 1940 with the hope of bringing happiness to many people. KOKUYO K Heart put forth its whole energy to deal with printing and a variety of jobs to accumulate results, leading to a variety of high quality tasks in sequence," Akihiro Zentaro continues. "It is my hope that they continue to make challenges without being satisfied with current tasks to build a chain of trust with the operating department."

Also, the president of KOKUYO K Heart, Hidehiko Kuroda, took a look back in its corporate history and talked about how the company, which was founded for printing and binding with a total of 36 employees, including 17 persons with disabilities in 2004, grew to hold a total of 79 employees, including 35 persons with disabilities, as of January 2014, as well as how it originally started doing support operations of operating company as its main tasks.

Other party attractions included a magic show and other fun events to facilitate interaction of employees from different offices to end on a high note. At the end, all participants sang in chorus in by means of sign language and then pledged to make strenuous efforts for the next 10 years. In addition, an anniversary newsletter, titled *K-HEART 10th ANNIVERSARY*, was issued to introduce messages from KOKUYO's president and board members, as well as KOKUYO K Heart's history of

10 years. What is more, the newsletter introduces pictures showing big smiles of people working in nine sections of KOKUYO K Heart, as well as their stories for the last 10 years and their passionate goals for the next 10 to 20 years.



A picture taken at the party celebrating the 10th anniversary



An anniversary newsletter was published. The kanji character on the cover was written by an employee of KOKUYO K Heart who has hearing difficulties.



The entire employees talked about their passion for the next 10 years.

Introduction of Active Employees

While the KOKUYO Group is pushing ahead with diversity, it is also making steady progress in the employment of persons with mental illness, which will be mandatory in 2018. KOKUYO K Heart takes on a wide variety of assignments from operating companies and hires human resources suitable for each assignment, regardless of types and degrees of disabilities. To allow the operating companies to execute business plans swiftly, each employee engages in support operations according to the aptitude.

T Y (A female in her 40s) Development support and general affairs at KOKUYO S&T

T had the onset of a panic disorder about 10 years ago. After seeing a doctor of psychosomatic medicine and taking medications, she was able to take control of her illness. She spent a year in job training to acquire the mindset, knowledge, and skills necessary to continue working and joined KOKUYO K Heart. Currently, she engages in various assignments, from the creation of samples for product development to the preparation of slips. Since she became able to work as a member of society and be of help to the company and society even slightly, it has given her massive confidence and joy in her life.



Keisuke Goto Customer service section of KOKUYO

After experiencing 15 years of social withdrawal due to mental illness, I joined KOKUYO K Heart to overcome the illness. Besides the assignments I took charge in, I also share my experiences of my illness and work with persons with disabilities and participate in a lecture for them and their supporters. Also, by making use of my own experiences, I instruct junior staff as a good advisor for those who have similar disabilities. I would like to continue making a contribution for people with similar disabilities so that they can also follow my path for success.



Initiatives at Heartland

Heartland was established to produce and sell vegetables with the hope to provide places of employment to persons with mental disabilities and illness, who are faced with the difficulty of getting employed to engage in the operations of the KOKUYO Group. While making use of know-how as a traditional manufacturer, Heartland utilizes persons with disabilities to operate hydroponic culture of salad spinach and ship to major grocery chains to deliver stable quality and establish a production system.

In order to assist those with disabilities, the hydroponic farms are introduced with computers and machinery equipment to automate temperature control by computer, which is difficult for those with disabilities, as well as automatic packaging machine and panel washer to eliminate manual packaging and reduce work hours. Other measures include specially marked scales and cases that are easy to count the number of spinach to deliver operational efficiencies and smoother operations through ingenious attempts. As a result of the improved work environment, the company was able to reinforce the collaboration with local welfare facilities, which also helped strengthen the efforts to offer a place of employment. For the users of the facilities who aim to get a job at a company, they have a difficult time gaining an opportunity to receive on-the-job training in a regular company, and if they start working without training, it causes a gap between those who hire them and those who are hired. Heartland has been receiving gratitude from welfare facilities for its contribution to offer practical on-the-job training and that they engage in activities beyond the compliance with the statutory employment of persons with disabilities as the KOKUYO Group. In 2009, Heartland received the Osaka Heart-full company award in the recognition of the company's attempt to focus attention on agriculture to expand the occupational field for the employment of persons with disabilities, as well as its high employment rate of persons with mental illness and disabilities.



A workplace of Heartland



With a divided crate, staff can easily see how many bags of spinach should be put in a box.

Joint Efforts with Companies Engage in Both the Employment of Persons with Disabilities and Hydroponic Culture

In the same way as Heartland, the KOKUYO Group has built a network named the Heartful Agri Association and started activities as an attempt to deepen its cooperation with other companies engaging in hydroponic culture to facilitate the employment of persons with disabilities. By sharing problems and challenges of business operations at each company to solve them, we are striving to ensure stable quality, steady supply, and stable prices.

The Employment of Physically Challenged Persons and a Health Promotion Project for Employees

The KOKUYO Group has been engaged in efforts to improve entire employees' health under the philosophy, "It is the health of employees that serves as a base for supporting the execution of group strategies," under the management of the Human Resources Development Department. As part of the effort, the Human Resources Development Department, health management office and Heartland work together to develop food items with a goal of reducing the risk of lifestyle diseases, which has been a major issue for companies and society, as much as possible.

The development project is named the Hapius Project with the goals to encourage office workers to get healthy by eating healthy meals on a daily basis, as well as to cheer for domestic vegetable producers and create a system that allows them to take part in the social contribution and job assistance for physically challenged persons, hoping to make everyone happier tomorrow.

Speaking of the recent social background, it is said that one out of four office



A logo for the Hapius Project

workers is suffering from lifestyle-related diseases, and it is vital to improve eating habits and receive preventive care. Even in the KOKUYO Group, according to an industrial physician, employees were faced with various various problemschallenges, such as irregular eating schedules due to overtime work, poor nutritious balance, and poor intake of vegetables. To overcome these problemschallenges, we have developed the concept for new menu items as follows:

- Uses salad spinach from Heartland.
- Can take 120 grams of vegetables, which is equivalent to one serving.
- Reduces salt content to 1 g per serving.
- Develops menu items that busy office workers can effortlessly eat on a daily basis.

After a great deal of discussion and consideration to find the best food that match the development concept, they have come up with a soup, which is easy to create a menu with other food items. Because the tasting by employees showed that a single item of soup and ramen were received well, soup with a daily serving of vegetables and tomato ramen with eight types of vegetables were added to standard menu items of cafeterias from June last year.



Menu items made with the vegetables harvested by Heartland were added to the cafeteria menu.

Labor Practices/Safety and Health

The KOKUYO Group is promoting safe, secure, and pleasant working environments while encouraging active exchange of opinions with the field site as they are vital to smooth business operations.

Fundamental Policy for Workplace Safety and Health

1. Fundamental Policy	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. (1) Accident prevention (2) Pleasant workplaces (3) Healthy living
2. Slogan	A healthy mind and body—Let's fill our workplaces with smiles.

Initiatives That Match the Requirements of Each Workplace Category

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.

(1) Manufacturing

During National Safety Week in July, the entire employees of all seven KOKUYO Group factories are invited to convene a safety conference and safety meeting to ensure that safety is given the highest priority. By the same token, aiming to further radiate the culture of safety first in overseas factories, overseas employees are convened to a meeting and provided with training by teams. The Shibayama Plant of KOKUYO Furniture opened an experience-based safety *dojo* for prevention of accidents. Another approach is a safety coaching by safety consultants, which has been in place continuously.



(2) Construction

The KOKUYO Group Construction Safety and Health Conference was held at several locations in Japan from June 5 through 26. 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 conference set a goal, "The goals were to horizontally the increase in the use of safety and health activities, active participation in upgrade safety education programs, and elimination of third-party accidents."



(3) Transportation

Group companies start every day by confirming that workplaces are clean and orderly and hold monthly safety patrols. Furthermore, to make transportation workplaces in 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. KOKUYO Logitem held its first safety conference by inviting partner companies.



(4) Offices

Besides the Monthly Safety and Health Committee activities in offices, many workplaces have a weekly no-overtime day and a patrol system to ensure that no one stays late on those days. Those who have a lot of overtime are encouraged to have an interview with an industrial physician to confirm their health conditions and submit an improvement plan for the following month. The Umeda Live Office, opened in April, offers AED training to prepare for any contingency that may occur to visitors and employees, creating a safe office environment.



Healthy Living and Mental Health

Under the philosophy, "The health of employees serves as a basis for supporting the execution of group strategies," the KOKUYO Group, centering around the KOKUYO Human Resources Development Department, has been making efforts to improve the health of entire employees.

KOKUYO Group health targets and the 2013 results

We have established the following targets for the Group's workforce to prevent lifestyle diseases for the three years starting 2013.

KOKUYO Group health targets

	Results for 2012	Results for 2013	Goal for 2015
Percentage of employees with a BMI over 25 (overweight)	23%	21%	20%
Average percentage of employees who smoke	28%	26%	19%

Our specific efforts

(1) Healthy meals at the Company cafeteria

KOKUYO has been promoting healthy meals to be served at cafeterias. As part of the efforts, the KOKUYO Human Resources Development Department, health management office, and Special Subsidiary Heartland jointly developed menus with the goal of making changes in the awareness and behavior for food education to reduce the risk of lifestyle-related diseases as much as possible. The healthy meals have been added to the menus of the cafeterias.

(2) Health seminar and smoking cessation seminar

By holding health seminars and other activities periodically, KOKUYO is striving 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. In 2013, a smoking cessation briefing session was held in offices in Shinagawa and Osaka.

(3) Mental health

Employees have access to mental health checkups to prevent problems related to stress. The Employee Assistance Program (EAP) gives individuals access to counseling with an external professional directly or via telephone or e-mail.

(4) Healthy approaches practiced by each business corporation

An event aimed at the maintenance and promotion of health based on the health objectives of the KOKUYO Group, titled "Health Festa Shiga 2013," was held on Saturday, May 18, as a joint health promotional event for three companies, including KOKUYO Product Shiga, KOKUYO Logitem (Shiga Distribution Center) and KOKUYO Supply Logistics (Shiga NDC). The event was organized in cooperation with the KOKUYO's Human Resource Development Department and the KOKUYO Health Insurance Union and a total of about 80 employees and their family members joined the event to break a sweat.



A smoking cessation briefing session held in the Osaka Head Office.



Participants enjoyed walking and doing stretches at the seminar held in the Health Festa Shiga.

Needless to say, the base for executing the KOKUYO Group's businesses is the health of each employee. Japan is faced with the age that requires people to maintain their health so that they can work for long time as the aging of population will advance increasingly in days to come and it became normal to continue working after reaching the age of 60. Amid the circumstances, the results of physical exam for the KOKUYO Group employees indicate that over 20% of all employees are in the range of overweight. If this problem remains untouched, risks of getting lifestyle-related diseases such as high blood pressure and diabetes increase further, pushing them to a situation that they cannot maintain their health. Also, it has become a matter of public knowledge that smoking causes many illnesses. While self-management is a key to maintain health, we are committed to supporting the health of employees as part of our corporate efforts to prevent employees with risks from getting ill and prevent those who are anxious about their illness from developing into serious illness. To that end, we lay out a goal related to health as the KOKUYO Group to prevent lifestyle diseases. We are making movements to make employees conscious of their own health without letting things take their course.

With Business Partners

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.



88p KOKUYO Group Basic Procurement Policy

90p Working together with Our Suppliers

91p Working with Supply Channel Participants

Views linked with the corporate philosophy, which have been highly valued by KOKUYO

If there are only one or two reasons behind the popularity, a competitor will catch up in no time. We must develop a product that customers say the product is somehow good without exact reasons. Zentarō Kuroda

He described a "somewhat good product" as a value that even customers could not sum up as the reason why the product was selected in a simple sentence. Offering a "somewhat good product" is a challenge for everyone who is engaged in any process before a product reaches a customer. It is KOKUYO's basic attitude that we want to share with our business partners who are aiming to add value in the entire value chain.

KOKUYO Group Basic Procurement Policy

The KOKUYO Group has established the Basic Procurement Policy and the Procurement Guidelines.



Building Stronger Relationships of Trust with Our Suppliers

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

KOKUYO Group Basic Procurement Policy

The Kokuyo Group shares its Corporate philosophy of “Enrich the world through our products” with its suppliers, and, while working to create relationships of mutual understanding and confidence as well as fulfilling its social responsibility, continues to contribute to social development.

■ Pursuit of Quality and Safety

The Group strives to maintain its position as the first choice of its customers, while responding to the special needs of various countries and regions as well as pursuing the highest standards of quality and safety.

■ Mutual Development

The Group respects and observes the regulations as well as social norms of various countries and regions, while also conducting fair and transparent transactions, as it works to structure sincere relationships of mutual trust and achieve mutual development.

■ Respect for Human Rights

The Group understands the culture and business customs of various countries and regions and aims for a society where the rights of all people are respected.

■ Environmental Protection and Symbiosis with Local Communities

The Group takes environmental protection initiatives on a global scale, and, by actively participating in the life of the community and acting as a good corporate citizen, seeks to create mutually beneficial relationships with society.



The Kokuyo Group fulfills its social responsibilities throughout its supply chains. To contribute to society through its business activities, the Group has prepared its *Kokuyo Group Procurement Policy* and the *Kokuyo Group Procurement Guidelines*.

1. Pursuing Quality and Safety

The Group strives to maintain its position as the first choice of its customers, while responding to the special needs of various countries and regions as well as pursuing the highest standards of quality and safety.

- 1-1. Customer Satisfaction
To increase customer satisfaction, the Group works to grasp the needs of its customers accurately as it strives to develop and offer products and services that are superior in quality and safety.
- 1-2. Responding to Customers
The Group takes the customers' perspective and responds promptly and sincerely to customer requests and complaints, while also endeavoring to improve quality and prevent future issues related to customer satisfaction.
- 1-3. Product Supply
The Group strictly observes delivery schedules and ensures product supply by maintaining appropriate levels of inventories and structuring effective logistics systems.
- 1-4. Managing Disaster and Other Risks
The Group creates risk management systems during normal times and is able to provide stable supplies of products to its customers.
- 1-5. Fair Pricing
The Group provides products at competitive prices through activities to maintain product supply and ongoing cost-cutting efforts.

2. Mutual Development

The Group respects and observes the regulations as well as social norms of various countries and regions while also conducting fair and transparent transactions, as it works to structure sincere relationships of mutual trust and achieve mutual development.

- 2-1. Promoting Compliance Best Practices
The Group strictly observes the laws, social norms, and corporate ethics of various countries and regions and strives to keep its employees informed about compliance matters.
- 2-2. Fair and Transparent Transactions
The Group respects fair, transparent, and free competition and conducts its transactions accordingly. The Group prohibits behavior by its employees that takes advantage of the Group's position as purchaser of goods and services, including such behavior as making requests for monetary compensation or other special treatment.
- 2-3. Prohibition of Transactions and Other Relationships with Antisocial Forces
The Group takes a resolute attitude toward antisocial groups and other forces that are a threat to order in society and to safety, and, therefore, rejects all unreasonable requests from such elements. In addition, the Group does not engage in transactions with or have other relationships with such antisocial groups.
- 2-4. Protection of Intellectual Property Rights
The Group takes measures to protect and prevent unauthorized use of intellectual property.
- 2-5. Prohibition of Conflicts of Interest
The Group prohibits its management and staff from taking advantage of their positions to obtain personal gain or engage in behavior that is contrary to the interests of Group companies.
- 2-6. Management of Confidential Information
The Group appropriately manages confidential information related to sales, technology, management, and other issues as well as personal information and strives to prevent the loss or leakage of information.
- 2-7. Information Disclosure and Dissemination
The Group properly discloses information on its business activities, the quality of its products, safety, and other matters. In accord with stakeholder requests, the Group provides information on its products and gathers and disseminates environment-related information, including information on harmful chemical substances that may be contained in its products.
- 2-8. Prohibition of Insider Transactions
The Group forbids trading in, and encouraging the trading in, the shares of Group companies and associated companies based on undisclosed, material insider information.

3. Respect for Human Rights

The Group understands the culture and business customs of various countries and regions and aims for a society where the rights of all people are respected.

- 3-1. Prohibition of Child and Forced Labor
The Group does not permit unfair discrimination or child and forced labor. Moreover, the Group does not conduct transactions with companies, groups, or other entities that engage in such practices.
- 3-2. Prohibition of Sexual and Power Harassment
The Group does not allow sexual harassment, power harassment, bullying, or other such violations of human rights.
- 3-3. Promotion of Occupational Health and Safety
The Group considers the safety and health of its employees and seeks to create comfortable working conditions.
- 3-4. Human Resource Training
The Group actively trains its employees to work effectively when they are assigned to posts in foreign countries.

4. Environmental Protection and Symbiosis with Local Communities

The Group takes environmental protection initiatives on a global scale, and, by actively participating in the life of the community and acting as a good corporate citizen, seeks to create mutually beneficial relationships with society.

- 4-1. Promotion of Environmental Protection Activities
The Group respects and observes environment-related laws, and, in all its activities, takes initiatives to protect the environment. Moreover, the Group conducts activities that give consideration to the natural environment and biodiversity.
- 4-2. Understanding and Reducing the Impact on the Environment and Observing Green Procurement Practices
In its business activities, the Group understands the impact that its operations have on the environment, and, by improving its facilities and reconsidering the materials it uses, the Group works to reduce the burden of its operations on the natural environment. As part of these activities, the Group also observes green procurement practices.
- 4-3. Contributing to Society
The Group participates actively in providing support for social, educational, and cultural activities as well as in promoting exchange with local communities, including offering assistance for beautification projects, volunteer work, and other activities.

Working together with Our Suppliers

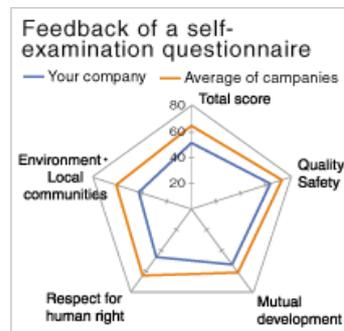
To enhance the value that we offer to customers, we aim to achieve mutual development based on long-term relationships of trust by sharing our strategies and policies with both our manufacturing and logistics service suppliers periodically.

KOKUYO Furniture and KOKUYO S&T Held the Basic Procurement Policy Explanation Meeting.

Upon the establishment of the KOKUYO Group Basic Procurement Policy and the KOKUYO Group Procurement Guidelines in March 2013, the KOKUYO Group has made them available to inside and outside the company through the CSR Report 2013 and its official website. Subsequently, the KOKUYO Furniture and KOKUYO S&T held the Basic Procurement Policy explanation meetings in August and September, respectively, by inviting their principal subcontractors. As the corporate activities are becoming more globalized, the KOKUYO Group is well aware that managing only its own company and its subsidiary companies is insufficient to fulfill the scope of social responsibility. The Group therefore invited its principal subcontractors to give an account of its social background and its goals, such as building relationships of trust and promoting truthful and proper procurement in the entire supply chain. Additionally, the KOKUYO Furniture and S&T implemented a self-examination questionnaire to their 32 principal subcontractors to determine the current status and gave its feedback to the subcontractors.

The KOKUYO Group will continue to deploy the four cyclic activities for its suppliers in order of importance:

1. disclosing the Basic Procurement Policy and the KOKUYO Group Procurement Guidelines,
2. hosting a briefing session for subcontractors,
3. distributing a self-examination questionnaire and giving feedback, and
4. promoting voluntary improvements.



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 ideas and strategies. 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, KAUNET aims to be a company 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 delivering true 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.

45th KJM Awards Ceremony Held

The 45th KOKUYO Jewelry Members (KJMs) Awards Ceremony (*) was held in Hotel Okura, Toranomon, Tokyo, on November 19, 2013. KJMs with outstanding sales results for the previous year (August 2012 through July 2013) were invited to extend our appreciation for their efforts and to deepen our cooperative relations. A total of 154 KJMs and 190 persons, including KJMs and other KOKUYO-related participants, attended the ceremony.

* There are currently 1,259 KJMs, which are divided into two courses, one for stationery and the other for furniture, and the KJMs are classified into various ranks using the names of jewels, such as emerald, diamond, sapphire, and opal, according to their ranking in terms of sales made.



KJMs received an award for being the best 10 in handling KOKUYO products.

KOKUYO S&T Retail Messe 2013 Held

KOKUYO S&T held its two-day annual Retail Messe 2013 for sales and logistics service partners on July 25 and 26, 2013, on the second and third floors of the 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 2013 was "Surprise," and in order to give a fresh surprise to its participants, a number of surprising product plans (new products and existing products that are added with the new value by editing) and ideas of creating sales spaces were introduced. A total of 1,067 buyers and others from retail stores and mass retailers attended, making the event a successful occasion.



New Products Training Sessions Held for Nationwide Dealers

From November 6, 2012, to February 7, 2013, KOKUYO Furniture and other KOKUYO Group sales companies jointly sponsored the KOKUYO University New Products Training Sessions 2013 for major dealers in 16 cities (in the order of Tokyo, Osaka, Fukuoka, Hiroshima, Nagoya, Shizuoka, Sapporo, Niigata, Maebashi, Matsuyama, Okayama, Utsunomiya, Mito, Sendai, Fukushima, and Morioka). A total of more than 900 dealer employees attended the sessions. Comments of participants included "The training session has given me useful and practical ways to introduce products at business negotiations," "The session actually compared new products and competitive products to make it easy to understand," and "The flow of attaining new projects that was introduced in the seminar could be useful in sales activities."



Dealers taking a closer look at the iS Desk System, which newly comes with a center drawer with safety latches.



Dealership Convention Held by KOKUYO Furniture Commerce and Trading Co., Ltd.

From September 13 to 14, 2013, KOKUYO Furniture Commerce and Trading Co., Ltd. held its two-day annual event, the 2nd KOKUYO China Dealership Convention in Shanghai flagship showroom and nearby hotel. The Convention consists of three sessions, including new product announcements, presentation of business strategies and convivial gathering and a training session for the executives of dealership. A total of 64 participants attended, making the event a great success. It may be no exaggeration to say that the success of the furniture business in China is influenced by the success and failure of the sales made by dealerships. The KOKUYO Group continues making steadfast efforts to become the number one in Asia.



Dealers in the showroom browsing each product with enthusiasm.

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.

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

(1) IR Activities: Given a greater level of interest in our Asian strategy (especially with respect to our focus on India and China), inquiries and interview applications submitted by foreign investors have been on the rise. Against this backdrop, we participated in conferences for foreign investors held in Japan in March and September and in a conference held in Singapore in August. At these events, meetings were proactively conducted with investors. The situation pertaining to our corporate group is explained to domestic institutional investors through financial results briefings held twice a year, small-scale meetings held four times a year, and individualized visits. We will continue to proactively engage in IR activities to raise our corporate value.



A meeting with investors

(2) Information Disclosure: We disclose information in accordance with the rules established by various stock exchanges for the timely disclosure of corporate information by issuers of listed securities (hereinafter referred to as the "rules governing timely disclosure"). We endeavor, as a matter of basic policy, to promptly disclose, as proactively and fairly as possible and by way of appropriate methods, information that may not be subject to the rules governing timely disclosure but that we deem will help investors to better understand our company. In December 2011, we upgraded our information website for shareholders and investors. We enhanced the information made available through this website, such as by posting reports on negotiable securities and financial highlights dating back more than twenty years, and made this website more user-friendly. We will continue to work hard to make this website easier to use and easier to understand as well as more functionally useful.

* Related information: [「Investor Relations」](#)

Selected to the Morningstar Socially Responsible Investment Index

In the area of the management of investment trusts, recent years have seen a rising level of interest in socially responsible investments (SRI) for which important investment criteria consist not just of financial considerations but also of the environmental and social aspects of corporate behavior. The market for SRI is expected to grow as SRI becomes more popular and mainstream among investors. The shares of the KOKUYO Group are included in the Morningstar Socially Responsible Investment Index (MS-SRI). As the first socially responsible investment index in Japan, this index is produced by Morningstar Japan K.K. by way of the selection of 150 companies deemed to constitute socially exceptional companies from among all listed companies in Japan and the conversion of the share prices of these companies into an index figure.



Morningstar Socially Responsible Investment Index (MS-SRI)



Shareholder Special Benefit Plans

To respond to the continuing support of KOKUYO shareholders and with the aim of significantly deepening the understanding of the KOKUYO Group by having shareholders actually use Group products, KOKUYO has established a shareholder special benefit plan. Under this plan, KOKUYO Group products are sent once a year to holders of 500 shares or more.



With Local Communities



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



- 96p The Job Study Initiative
- 98p KOKUYO Design Awards
- 101p The Future of Tohoku
- 104p Education Support Activities in China

- 106p KOKUYO Camlin of India's Promotion of Artistic Activities
- 108p Social Contribution Activities by Countries
- 110p Regional Brand Production
- 112p Contribution Activities Deeply Rooted in Regional Communities

Views linked with the corporate philosophy, which have been highly valued by KOKUYO

An industry is the accumulation of various privileges and the connection of fate in many ways, creating jobs for society.

Zentaro Kuroda

A job is not something that you can obtain or go to only on your own will, and it is something that is given by a sudden chance or strange conjuncture. That is why we must do our best to generate the maximum outcome to give back to society. We are committed to making a contribution to the local community through our business without ever forgetting our feelings of appreciation.

The Job Study Initiative

The Job Study program was created in 2005 to address the early departure issue of newly hired college graduates, aiming to provide an opportunity for corporations and students to come together. KOKUYO played a central role in launching the Job Study to be in charge of the general management as an organizing company.



Seminar Started in the Hope of Addressing the Early Departure Issue

The Job Study is a cross-industry seminar held by a team of personnel affairs personnel from leading companies in each type of industry, which they discuss what kind of seminar is truly useful for students and reflect the results to craft seminars by hand. When it was first launched in 2005, the issue of early departure for newly hired college graduates, which about 30% leave their employment within only three years, was a major issue. To address this issue, aiming to provide an opportunity for corporations and students to come together, we have brought about the realization of mutual communication where corporations and students can talk about the significance of working by planning a program on the concept of real opinions and hand-made. Since then, nine years have passed and we have continued to face with students with sincerity, and today, a total of 31 leading companies from various industries have joined the Job Study.



A picture taken at the panel discussion of the seminar

Promoting More Proactive Thinking and Expanded Visions

In 2013, in addition to the cross-industry seminar started nine years ago, KOKUYO implemented a collaboration internships program, which is offered by participating companies of the Job Study, and the Job Study Collaboration Kansai/Kanto, which aims to expand the vision of student to include small and medium-sized companies to select a company that meets their own concept of values. This event offers a joint panel discussion by inviting major companies and local small and medium-sized companies that are participants of the Job Study, a round-table talk program where they genuinely answer to the questions given by students and a guidance session aimed at letting students face their own future.

Each program is thoughtfully developed with a mechanism to allow students to think independently, and students who took part left comments that “it became a great opportunity to listen to real talk of people who are from various companies in close distance,” and “This event allowed me to know the advantages and difference between working in major companies and mid-sized companies.”



Participants of the Job Study Collaboration Kansai/Kanto



Awarded the Encouragement Prize from the 4th Career Education Award

In February 2014, in recognition of our achievements in the past nine years, KOKUYO received the encouragement prize of the 4th Career Education Award (an award system established by the Ministry of Economy, Trade and Industry in 2010 with the goal of encouraging and diffusing the efforts of companies and economic organizations in education assistance).

The following three reasons for winning the prize were highly acclaimed and there are great expectations toward the Job Study in the future.

1. KOKUYO was recognized for its efforts to offer a place where diverse corporations can share their concepts covering a wide range of challenges faced by students before entering the workforce and to respond flexibly.
2. Job Study has constructed its sustainable system.
3. It implements consistent and specific measures to come up against the challenge of how corporations can stop the increase of early job-leaving rate.

The Voice of a Person in Charge

Making Job Study That Continues to Progress With the Times

This year marks the 10th anniversary of the Job Study program. For corporations and students to come together seriously to address the today's challenges, the program must continue to progress without being content with the present state. While the environment for students' job hunting and corporations' hiring changes dramatically, we gained more confidence by receiving the encouragement prize at the 4th Career Education Award. We will continue to promote the independence of students as part of career education assistance that draws a line from ordinary job hunting and hiring activities and create opportunities for students to come in contact with true feelings of various people in the workforce.



Hirofumi Nagata
KOKUYO Human Resource
Development Department

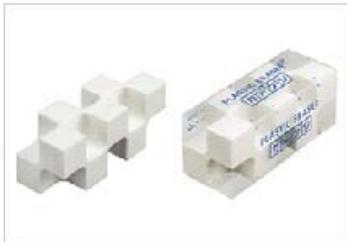
KOKUYO Design Awards

KOKUYO DESIGN AWARD, a competition designed to attract fascinating commercial designs from a broad range of users and to commercialize the successful designs, was held in 2013.



KOKUYO DESIGN AWARD, Celebrating Its 11th Time

Since 2002, KOKUYO has sponsored the KOKUYO Design Awards annually, and the 11th set of awards has been presented (except for 2010) in 2013. The past award-winning items include Kadokeshi, Campus notebook <Paracuruno> and Beetle Tip, which all became hit products. In recent years, success in the award has been known as the first step to a successful career for young designers.



Kadokeshi



Paracuruno



Beetle Tip

The 2013 Theme, *HAPPY x DESIGN*

The main theme for 2013 is *HAPPY x DESIGN*. We believe the power of design is vital, especially in view of today's challenges, such as natural disasters, various environmental issues, and population problems, and that's why we chose the theme in the hope of making people more upbeat and happy with the power of design. This year, we set sub themes for each business category. Under the theme of *HAPPY x ECOLOGY*, the stationary category welcomed designs that are eco-friendly, convenient and easy to use. Also, the other sub theme is designs that give people a positive feeling and help make work easier. The furniture category chose *HAPPY x PUBLIC* as its theme to look for happy and innovative ideas that create a happy, comfortable design for the enjoyment of people of all ages from children to the elderly.

As a result, we saw participation of a total of 1,217 applicants from 20 countries (853 applicants for the ST category, 331 applicants for the FN category, 33 applicants for other categories). The submitted designs were screened in three stages, and all the designs submitted were prescreened internally first. A total of 40 KOKUYO personnel from product planning and development used their abundant expert knowledge and years of experience to carefully check each piece to eliminate imitations. The next first



screening was joined by people who are active on the frontlines of the times, including Yoko Kawashima, Yasuhiro Suzuki, Kashiwa Sato, Kinya Tagawa and Akihiro Kuroda (chief executive officer, president and director, KOKUYO Co., Ltd.), and checked for product compatibility and the possibility of commercialization.

After that, based on the patent research, finalists were invited to deliver a presentation for final judging, which picked out one design for the Grand Prix, three designs for the Merit Award and four designs for the Special Award. This year's recipient of the Grand Prix was *GARI Ball*, designed by Hyoun Dain. *GARI Ball* is a ballpoint pen with a lot, and when all of the ink is gone, a lot is drawn from the pen. If you are lucky, you will win another pen. The Grand Prix winner, Hyoun Dain, said "Even though a ballpoint pen cannot deliver major benefits for ecology, I wanted to change the mindset of people toward ecology by providing the fun of using up a pen." *GARI Ball* won the Grand Prix as it was recognized for its clear-cut expression of the theme for the Stationery category, *HAPPY x ECOLOGY*.

Comments by the judges included "What I get from *GARI Ball* at a glance is strength. This easy-to-come-up, yet totally new, brilliant idea successfully completes its clear-cut design. The elements of *HAPPY x ECOLOGY* that transmits without explanation truly deserves to win the Grand Prix" (Kashiwa Sato); "Although it tends to lose reality when ecology is defined on a conceptual basis, I believe it is important to use the simplicity that *GARI Ball* has to define ecology" (Yasuhiro Suzuki); "This artwork lets you discover the relationship between stationery and the human within the flow of time that is generated after the first letter of a lot starts to reveal" (Kinya Tagawa); "I like it because the design made me feel like smiling from the moment I clap eyes on it." (Yoko Kawashima) The design of *GARI Ball* was highly acclaimed and won the Grand Prix by the common consent of judges. For the details of the winners, please go to the [KOKUYO Design Award](#) website.



2013's Grand Prix *GARI Ball*



Toward the Commercialization of Prize-Winning Designs

Since its start in 2002, the KOKUYO Design Award has positioned itself award from the rest as it is premised on the commercialization of prize-winning designs and showed its competitive presence for more than a decade. On the other hand, it is also a fact that the commercialization was challenging due to the originality of ideas, marketability, and the technology front. However, even if we have interesting ideas, it would not lead to benefit the business without outputting into a product and questioning its need to the public. To this end, we take the first step by developing a design into a form that people can pick up and touch (= commercialization) without taking it to the commercialization straight away.

The first commercialization was for the 2011 Grand-Prix, *roll table*, in January this year, which we spent two years trying to commercialize it. Roll tables were sold on the website, KOKUYO S&T Showcase, operated by the KOKUYO Group's KOKUYO S&T, in a limited quantity (sales end after all items are sold), and received feedbacks and opinions from users through *roll table* workshops for children. We will continue to further deepen communication with users to brush up the product.

* Related information: 「[Product Progress "roll table"](#)」



2011's Grand-Prix, *roll table*, was commercialized.

The Voice of a Person in Charge

As a Place to Practice the Corporate Philosophy

The year 2013 marked the 11th year for KOKUYO Design Award, thanks to the help and cooperation received from everyone. We are committed to ensuring that we exercise our ingenuity to make improvements to operate the award in a joyful way. Also, as a place to practice KOKUYO's corporate philosophy, "Enrich the world through our products", we will continue to actively transmit information within and outside the company, so as to create growth of the KOKUYO Design Award with our customers. Don't miss it!



Yumiko Shimono
Brand Communication Group
KOKUYO Public-Relations
Communication Department

The Future of Tohoku

It has been three years since the Great East Japan Earthquake occurred. Out of our earnest desire to be of any help to the people in the Tohoku region who began moving toward the future, we have been carrying on our program to support learners and workers in the Tohoku region.



What It Means to Work for a Company - A Lecture to the First-Year Students of Kesenuma High School

Okatake, president of KOKUYO Tohoku Sales Co., Ltd., spoke to 280 first-year students at Miyagi Prefectural Kesenuma High School, which is located in the northern part of Miyagi, from the perspective of a company manager. This lecture was given as part of a lesson on “working in society” conducted in the integrated study period. KOKUYO Tohoku received a request for the lecture meeting from Mr. Akinori Nagane, head teacher in charge of the first-year classes of Kesenuma High School. Mr. Nagane decided to invite President Okatake as a lecturer as he found President Okatake's statement, “We, as a local company, want to provide both affluence and excitement to young people,” in the KOKUYO's Group Dialog on Tohoku's Future featured in the CSR Report 2013.



“During a preliminary meeting, I was shown compositions the first-year students wrote on the theme of “the meaning of work.” In the compositions, students mentioned “To support my family,” “To earn a salary to live,” “To say the truth, I want to keep goofing around, but I will have to give it up as an adult,” and “It is a matter of course for members of society to work” as reasons to work. I was a little surprised to find that work was not associated with positive words, such as “dream” and “happiness,” but maybe, I should allow for the fact that this was the first time for many students to seriously think about “the meaning of work.” However, Mr. Nagane said it was exactly why he arranged this lecture meeting. He says that thinking about why they will work will make them think why they are studying now. He wants the students to think about why they are studying at this high school and study with a sense of purpose, which made me as a representative of a company that supports learners and workers realize anew the significance of this lecture meeting. I selected “What it means to work for a company” as the theme of the lecture. I decided to share with the students my experiences and view that one should not work for compensation or because one has to, but should pursue one's dream by proactively working with a sense of purpose.” (Okatake)

Lecture on “What It Means to Work for a Company” (2014/2/19)

People have three motives to work: compensation, personal growth, and social significance. I believe that one can enjoy working only when he/she can gain personal growth out of work and feel his/her work is socially significant. Working proactively while experiencing personal growth, making some impact through your work, and feeling that you are a useful part of society will lead to a sense of satisfaction or fulfillment.

Then how can you find social significance or meaning in your work? People who clean Disneyland enjoy talking with children and show them some performances. They do not limit their work to cleaning, but try their best to provide visitors a dream-like fantastic time. What is most important is not to limit the scope of your work, but to view it from a wider perspective, think how you can please people around you, and implement the idea while imagining their smiles.

I think that satisfaction you can get through work depends largely on your motivation rather than the content of your work. If you have to work after all, you might as well work in the field you are really interested in or turn your dream into your job. However, don't



Students with Campus notebooks we distributed as a souvenir

you sometimes feel discouraged with or blame yourself for not having found your own dream? When I was young, I committed myself to rugby and a tough part-time job at a broadcasting station. After finishing school, I worked for a global company, where I engaged in the semiconductor business. Later I entered the KOKUYO Group, where I work now.

While I did not continue pursuing one big dream over the past years, I thoroughly committed myself to my work at hand, even when the results of my work were not so promising, while aiming at current goals.

I think that not many people know their dreams right from the beginning and that you can always change your dream. While I am much older than you, I still wonder what my true dream is. To live is to continue seeking an ideal dream. Although it is not sure if a dream can be realized in the end, I believe that the first step toward a dream is to commit yourself fully to what you are interested in now and doing so will promote your personal growth. Take on challenges without fear of failure!

Later We Received the Following Comments from the Students:

"I sympathized with the statement, "Don't you sometimes blame yourself for not having found a dream." While reflecting on what it is that I really want to do or I am really interested in, I will make the first step by making an all-out effort to concentrate on work at hand."

"I was surprised to hear that doing only what is required to do is not exciting. I realized that it is important to use my imagination and creativity when doing what is required to do."

"It will take some time for our students to fully understand what President Okatake shared with us today. Therefore, I would like to provide the first-year students an opportunity to reflect on today's speech again before they graduate from our high school. In a sense, the Great East Japan Earthquake gave tremendous energy to these students. I think we need to provide them new energy and opportunities to think about own future course before memories of the Earthquake wear thin with time." (President Jun Koyama, Miyagi Prefectural Kesennuma High School)



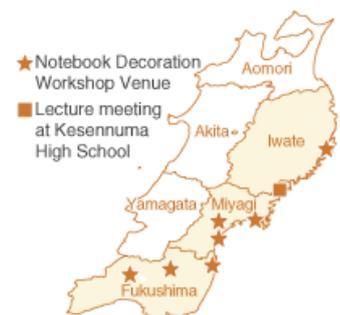
From left to right: Akinori Nagane (teacher), President Okatake, Naotaka Kimura (teacher), President Jun Koyama of Kesennuma High School

One Notebook Makes Children Smile

In collaboration with local stores, boards of education, newspaper companies, and NPOs, we hold the Notebook Decoration Workshop on a regular basis. More than 1,200 children have participated in the workshops with big smiles.

The Notebook Decoration Workshop is a program with the theme of "Cheer up Children in Tohoku! Tap into their energy through Writing and Drawing," where children decorate the covers of Campus notebooks with markers and stickers. While many people tend to think that children should use notebooks only for their studies, we think that notebooks can be used as one likes and want children to keep notebooks at hand as something they love. We believe that a notebook is a tool that can develop creativity of users by making them become familiar with and enjoy writing.

In 2013, we held the workshop in Natori, Miyagi, and Minamisoma, Fukushima. In the workshop, children gave their creativity full play and created unique decorated notebooks by using many stickers, colorful markers, and masking tapes with cute patterns. Children were so absorbed in decorating notebooks that the one-hour workshop ended all too soon. These children commented with bright smiles, "I loved it!" "I want you to hold the workshop again." By making a departure from a stereotyped idea that covering notebook covers with graffiti is a terrible thing to do and giving children an



opportunity to create a one and only notebook of their own, we hope that children will feel closer to notebooks, discover enjoyment in writing and drawing, and develop their creativity.

We Support the Michinoku Future Fund

KOKUYO Tohoku Sales Co., Ltd., supports the Michinoku Future Fund, which provides children who lost their parents in the Great East Japan Earthquake assistance for their education after graduating from high schools. On March 15, a Third Class Get-together was held at Miyagi University to celebrate the third class scholarship students who will graduate from high school and go onto university this spring. At the event, these scholarship students expressed their gratitude to supporters across the nation and their determination to work hard toward their dreams. We hope that they will make steady steps toward the realization of their big dreams.



Hiroaki Okatake, President, KOKUYO Tohoku Sales Co., Ltd.

Future Dreams and Objectives of Scholarship Students (excerpt)

- Child Welfare Caseworker:** I want to make all orphans, not limited to earthquake orphans, and children suffering from abuse happy.
- Community Development:** I plan to study disaster prevention pedagogy at Iwate University. I want to acquire knowledge that can protect people's lives and leverage it in the reconstruction of local communities.
- Engineer:** I want to become an engineer who can contribute to solving Japan's energy issues, including nuclear and thermal power generation, and environmental issues.
- Track and Field Athlete:** I will go on to Komazawa University and am determined to win a gold medal in a 10,000-meter race at the 2020 Tokyo Olympics!
- Engineer:** I want to create robots for underwater operations, which can work in disaster situations, and robots that help rehab patients.

Education Support Activities in China

To contribute to society on a global scale, the KOKUYO Group conducts an array of social contribution activities in local communities around the world. In China, we are engaged in education support activities with the aim of providing a place of education for the future of children.



Grassroots Support Activities -Gifts of Notebooks to Children Living in Underprivileged Area-

To meet the diverse needs of developing countries, KOKUYO has participated in the Grant Assistance for Grassroots Human Security Projects (hereinafter referred to as Grassroots Gratuitous Cooperation) since 2006, which was introduced by the Ministry of Foreign Affairs in 1989.

There are still many villages deep in the mountains in China that do not have any schools. The Grassroots Gratuitous Cooperation is an activity aimed at creating opportunities and the environment where underprivileged children can equally receive education. Due to a variety of reasons, they could not fully receive education. With the grants donated by a number of sponsoring companies, the organization built school buildings and provided children with school supplies, offering a place and tools to help them receive fair education. KOKUYO is participating in this cooperative effort through the donation of Campus notebooks, and in fiscal 2013, 9,960 notebooks were donated to 15 schools. Since the start-up of these activities in 2006, KOKUYO has donated more than 430,000 notebooks to this cause in the last seven years. We are continuing the activities to bring smiles to children through these opportunities.



Students of Haze, Shandong, received notebooks protectively.



Library Donation Project-Offering a Place of Learning for Children-

With the help of a welfare volunteer organization in China, One village school, KOKUYO Furniture Commerce & Trading took part in a project aimed at donating books to elementary schools in a remote region of Yunnan province (Library Donation Project.) The purpose of this project is to collect books in an elementary school located deep in the mountains in Yunnan province, which is difficult to access by cars, and donate a library to provide a place of learning for children. KOKUYO Furniture Commerce & Trading teamed up with KOKUYO Commerce, KOKUYO Commerce (Shanghai) (Stationery Business) and KOKUYO (Shanghai) Management to donate over 2,500 books in four months from June to October to successfully complete a library in the remote region. The library was named the KOKUYO One village school Library to show that KOKUYO played a central part in the support and cooperation.



Children delightfully holding books at the new library



Boys getting into books quickly. Travel phrase books and manga comics are also among popular books.



A sign for the KOKUYO One village school Library

The Voice of a Person in Charge

Bringing Smiles to the Face of Children

KOKUYO has earned the trust of society as a well-established company of over 100 years, and it is because, in addition to its usual business operations, the company has participated in various CSR activities to fulfill its social responsibilities in the proper way. In the future, I hope to expand the company's image across the country through the CSR activities within China. (Chuntao Liu)

The KOKUYO a Wild Boar Elementary School Library was completed in the end of October and we received pictures showing smiling students jumping with joy. The passion of KOKUYO China's employees turned into a library for children, creating a warm atmosphere in offices. I think it was a truly amazing opportunity. (Jiaqian Wang)



Left: Chuntao Liu, Human Resources and General Affairs Department, KOKUYO (Shanghai) Management Co., Ltd.

Right: Jiaqian Wang, Business Strategy Department, KOKUYO Furniture Commerce & Trading (Shanghai) Co., Ltd.

KOKUYO Camlin of India's Promotion of Artistic Activities

KOKUYO Camlin, a manufacturer of visual art products, such as crayons and paints, as its flagship products, is taking a proactive stance in the promotion of artistic activities in India.

The World's Biggest Painting Competition

KOKUYO 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 representatives of these activities is the “All India Camel Color Contest (AICCC)” for children. This contest has been held now for 40 years with the objective of raising the awareness of students regarding artistic activities and art, within the context of school education in India. This has been an extremely significant event for schools and children of India, and it targets students in a wide age range from preschool children to 10th graders (equivalent to junior high school students in Japan). Excellent students are selected from each school and after going through a regional qualifier, selected students receive the first prize. In fiscal 2013, 4,110,626 students from 4,631 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” in 2011.



Children preparing their drawings at school

Camel Art Foundation

The Camel Art Foundation (CAF), which was established by KOKUYO Camlin in 1997 with the aim of nurturing aspiring artists with talent, holds annual exhibitions in parts of India to evaluate artworks created by art students, young professionals and artists. So far, the exhibitions have been held 58 times and presented an award to a total of 650 artists, and the top performers are invited to a tour in Europe.

In 2013, the exhibition saw a large increase in applicants and at the same time, the Foundation made efforts to expand the range of activities through demonstrations and workshops at art schools and education institutions. Additionally, the award winners of 2013 were invited to an event, India Art Camp, which is set to start in June this year. This will be the first event for the Foundation to offer an opportunity to enrich their views of art history and culture. In the future, we will continue to step up efforts to make the activities of the Foundation more valuable to nurture young talent.



Winners at the award ceremony

The Voice of a Person in Charge

For the Contribution of the Development of Art in India

In India, although mathematics and science education is being emphasized, the art receives little attention. However, a later study showed that the art stimulates the innate curiosity of young children and increases the receptivity of the brain, suggesting evidence that art education is an extremely important, especially for children. What is more, art is also thought to help in establishing children's own sense of value and identity. For the past 40 years, KOKUYO Camlin has been a host company of AICCC to aim for the enhancement of its position in education. Today, AICCC has been incorporated into annual events in many schools and grown to become the world's largest art competition for the number of participants, and it was entered in the Guinness Book of Records. We have set a goal to achieve 10 million participants in the near future and continue with our activities under the goal.

Also, along with our efforts through AICCC, we participate in the assistance of future artists via CAF, and this activity mainly aims to increase the exposure of their artworks at exhibitions held by KOKUYO in various regions in India and provide them with an opportunity to receive correct evaluation. We will continue contributing to the development of the art field in India through the activities of AICCC and CAF.



(From left)
KOKUYO Camlin
Neelima Deodhar, in charge of
CAF,
Saumitra Prasad, Marketing
Division Director
Chandra Shekhar Ojha, in charge
of AICCC

Social Contribution Activities by Countries

Besides China and India, the KOKUYO Group actively participates in social contribution activities that make use of regional characteristics in local communities, where the Group has developed its business, by endeavoring to understand cultural background, religion, language, and the needs in each country and region.



Donation of Anniversary Notebooks in the Celebration of 40th Anniversary of Japan and Vietnam Friendship

The year 2013 marks the 40th anniversary of Japan and Vietnam friendship (40th Anniversary of Diplomatic Relations between Japan and Vietnam), and a broad array of memorial projects were held in Vietnam throughout the year. To provide cooperation for these memorial projects and in the hope of expanding the Japan-Vietnam relationship in future, KOKUYO Vietnam manufactured original Campus notebooks printed with a logo of Japan-Vietnam Friendship Year and donated approximately 200,000 notebooks to the Executive Committee of the Japan-Vietnam Friendship Year. The original Campus notebooks that were donated were mainly distributed among elementary and junior high school students, as well as scholarship students, universities and schools offering Japanese education, elementary and junior high schools involved in education and nutrition improvement projects and event venues of corporations and organizations. One of the children who received the notebooks shared feedback that "I began studying harder than before and became able to understand better. Learning is really fun!" The children took advantage of the notebooks very well.

In future, we will continue to make a contribution to the development of both countries and stay active for the children who will play important roles in the future for Vietnam.



Mangrove Planting Project in Thailand

In an effort to promote environment conservation, KOKUYO-IK Thailand engages in an activity to plant mangrove trees in Thailand. Let by employee volunteers, the tree planting project was conducted on the beaches located adjacent to the Bangpoo Industrial Estate that KOKUYO-IK Thailand belongs to. A local administrative organization takes charge of the cultivation and maintenance of mangrove trees after planting to promote the formation of mangrove forests on an ongoing basis. In the future, we will continue our efforts for environmental conservation hand-in-hand with the government and organizations to promote sustainable management and the conservation of forests.



Activities with Local Communities in Malaysia

Each year, the volunteer employees of KOKUYO Malaysia engage in a wide variety of social contribution activities. In fiscal 2013, a total of 30 employees joined the Maulidur Rasul parade, which celebrates the birth of the Islamic Prophet Muhammad in January. Although this annual parade is held in Negeri Sembilan, Seremban was chosen to be a hosting city that called in a number of corporations and organizations to participate in. Also, in May, a total of 10 employees took part in the 7th Malaysia International Ekiden Run in Putrajaya, a federal administrative capital located 25 km from Kuala Lumpur. The Malaysia International Ekiden Run is one of the related events of the National Youth Day sponsored by the Ministry of Youth and Sports, and the participating Japanese



organizations include the Japanese Chamber of Commerce, Japanese schools, Japanese corporations, Japanese Embassy, JICA and a team of Japanese students learning Malay in Malaysia.

Besides, KOKUYO Malaysia takes part in an internship program and accepts interns from nearby schools. We contribute to ongoing activities rooted in local communities.



Regional Brand Production

The Flow of Utilizing Regional Materials

KOKUYO Furniture has been promoting the use of regional materials for more than 10 years. Using the regional timber, such as cedar and cypress, around the country, KOKUYO Furniture can make a suggestion of furniture, accessories, and interior design. In 2013, the Forestry Agency implemented the Wood-Use Points Program to promote the use of timber. Under the program, KOKUYO Furniture launched products using Kitayama cedar of Kyoko, Shimanto cypress of Kochi, and cedar from Gunma.



The Harinoha series made by cedar of Gunma

Kitayama Cedar of Kyoko and White Birch of Hokkaido

One of the unique proposals made by KOKUYO Furniture is the production of regional brands, which jointly develops products with using regional timber and establishes a sales structure with local manufacturers and sales companies. Good examples include the *Imatoko* series; furniture made using Kitayama cedar of Kyoto, which we have been engaged in since 2010, and the *Epiluca* series; furniture made using white birch of Hokkaido, which is currently in progress.

The *Imatoko* series offer furniture that utilizes the surface textures of Kitayama cedar of Kyoto, which was used for alcove posts.

In recent years, as houses are becoming more westernized, not many houses have alcoves, causing the demand for alcove posts to decline dramatically. To that end, to discover a new demand for Kitayama cedar, centering on a local design office, furniture plants in the production area of Kitayama cedar, local plants in Kyoto and designers formed a team to create collaboration products. At present, we are offering proposals to local governments and corporations in Kyoto in collaboration with sales companies.

The *Epiluca* series offers furniture with simple design that utilizes plywood made with white birch of Hokkaido. It was designed with an image to use in lobbies and lounges. Of all broad-leaf trees that are declining in Japan, white birch is the only tree that is seeing an increase of its accumulation, making it an eco-friendly resource. In the development, we teamed up with a local plywood plant, furniture plant in Asahikawa and designers to successfully create furniture that is unique in Hokkaido. Particularly in 2013, we paid a visit to broad leaf forests in Nakagawa-cho to hear about their policy of cultivating valuable large-diameter trees while protecting broad-leaf trees and pledged to promote the cooperation of the lower and upper parts of river. In the future, we plan to make proposals to local governments and corporations through sales companies in Hokkaido.



Table from the *Imatoko* series



Sofa and chairs of the *Epiluca* series

Joint Efforts with Shimanto, Kouchi

While Shimanto and KOKUYO Furniture have a long-established relationship, since the formation of the Yui no Mori Project in 2006, the degree of our collaboration became deeper. In the end of 2013, we jointly developed a *Protocol Counter* that uses Shimanto cypress and launched its sales. The *Protocol Counter* is a highly flexible counter system that combines the advantages of house fixtures and ready-made products. It also has an universal design and is designed to overturn the fixed image of traditional furniture made with timber from forest thinning. In addition, it is characterized by its flexibility that allows using regional timber from all over the country, besides the Shimanto cypress, making it easy to target local governments with forests across the country. Even if the timber from Shimanto is not used, local laminated lumber plants can play a central role in producing furniture for people across the country.



Protocol Counter made using Shimanto cypress

Contribution Activities Deeply Rooted in Regional Communities

The KOKUYO Group is continuously working to make a contribution toward measures against disasters in local communities. We also take an active part in environmental conservation activities with local communities and engage in social contribution activities for the field of education by utilizing product characteristics.



Council for Promotion of Measures Against People Stranded in the Shinagawa Station Areas

KOKUYO is a participating company of the council for promotion of measures against people stranded in the Shinagawa station areas, which was established in 2008 and currently operated by the city of Minato. This council was originally promoted by the Tokyo Metropolitan Government to establish a council in terminal stations to address the early return of people stranded in the Shinagawa station areas due to the suspension of transportation facilities when a large earthquake occurs.



We Took Part in the Joint Training for Addressing an Issue of People Stranded in the City of Minato

One of the specific activities in fiscal 2013 includes the participation in the joint training to address an issue of people stranded in the city of Minato, which was held by the city of Minato in February 13. This training mainly aims to verify the rules for assisting stranded people, which was provided by the council for promotion of measures against people stranded in the Shinagawa station areas, as well as to promote better understanding of the rules and identify issues. The training was joined by a total of 74 organizations and 171 participants who promote support for people who are unable to return home and stranded people in the city of Minato. The training was implemented on the assumption that an earthquake occurred directly beneath the Tokyo Metropolitan Area (maximum seismic intensity 7) and the essential utilities and public transportation stopped in the entire Tokyo metropolitan area, and a large number of people are stranded at Shinagawa station in search for information. The KOKUYO General Affairs Department took part in the training as Headquarters members for the assistance of stranded people. Together with people from other companies who acted as supporters for stranded people and stranded people, the participants from KOKUYO helped with the roll calls after assembling, preparation of equipment, support request to supporters, information sharing (collection, organization, and provision of information) and the distribution of entry tickets to enter transit facilities.

With the participation in the training, we became able to gain a better understanding of a series of steps that are necessary for support activities of stranded people based on the elements of actual work and the rules to be added to assist stranded people. Additionally, the KOKUYO General Affairs Department was able to detect a number of envisioned emergencies and issues that were not on the rules and action checklist, which they created beforehand, and it was a good opportunity to become conscious of various matters from the viewpoint of participants. The council will continue its efforts to make more effective measures based on the envisioned emergencies and challenges found from the training.



Training information shown on a LCD screen



A picture taken during the training held in Shinagawa station



Copy Paper Links to the Environment, Welfare, and the Community -The Eco-Lab Heart Shiga Initiative -

KOKUYO Product Shiga and KOKUYO Marketing jointly engage in green procurement activities and since June 2006, they have also participated in the Shiga Green Procurement Network (Abbreviated name: Shiga GPN), which is a regional network activity in local communities. Additionally, from the very beginning, the KOKUYO Group has been engaged in the Eco-Lab Heart Shiga initiative, which was developed by the study group for evaluation technique of green procurement of

the Shiga GPN and is currently operated by the Shiga Social Work Business Promotion Center.

In this project, copy paper for daily use is put in a plastic packaging instead of paperboard and people with disabilities who work at 150 cooperative workshops located in Shiga help deliver the copy paper, and it was established in 2007, aiming to strike a balance between the environment (reduction of unnecessary packaging) and the welfare (promotion of the employment of people with disabilities). Also, copy paper is manufactured by KOKUYO Product Shiga, ensuring the model of local production for local consumption.



Plastic packaging that is used as a substitute for paperboard packaging

Would You Like to Participate in the CSR Activities Unique to Shiga?

The Eco-Lab Heart Shiga initiative has been highly acclaimed in terms of its originality, continuity and the possibilities, and it won the 13th Green Procurement Award in 2011. As the number of participating companies and organizations grow, the amount of waste is reduced and by delivering not only copy paper but also other ecology products and products manufactured in a workshop, the people with disabilities who work in a workshop can earn more money. We invite companies and organizations that have their offices in Shiga to participate in the CSR activities unique to Shiga, the advanced prefecture of the environmental and welfare initiatives.

Accepting Plant Tours

The KOKUYO Group offers plant tours for local students, aiming to nurture their views of profession and work awareness that are in close contact with local companies. KOKUYO Product Shiga, which is the KOKUYO Group's key plant for paper products, was visited by a total of 756 students from 13 schools in fiscal 2013. We hope to contribute to school education by allowing students to have a look at the process of manufacturing products and see employees working, and from there, we want them to feel the preciousness of products, ingenious attempts of workers and their passion for manufacturing. Also, our environmental efforts can serve as tools for learning the environment, and our efforts are introduced in a supplementary reader for students of local elementary schools.



High School Students from Nagasaki Visited KOKUYO Commerce and KOKUYO (Shanghai) Management

On March 13, a total of seven high school students and two escorting teachers from Nagasaki visited KOKUYO Commerce as part of the East Asia High School Students Friendship Career Up Project *, which Nagasaki's High School Education Section has launched this year. Students took a tour around the offices of KOKUYO Commerce and KOKUYO (Shanghai) Management and listened to the explanation about KOKUYO's stationery business in China, then asked questions. Although students had nervous face because they have never worked before and have little occasion to speak in front of businesspersons, they sent us a strong and pure message that they wanted to learn something out of it.

In recent years in China, we see an increased number of requests for accepting internships for high school and college students, which aims to facilitate communication between students and businessmen, and we realize that the globalization efforts are becoming more intense not only in corporations but also in the place of education. We will continue to engage in contribution activities rooted in local communities.



Students received Campus notebooks as a keepsake.

* To expand the vision of high school students who are the bearers of Nagasaki's future, the project aims to nurture human resources with communication skills that can build global perspectives and affluent human relations and those who can play an active part in local communities by experiencing industrial job sites that are active on a global scale in the international city, Shanghai.



Blood Donation Activity in Workplaces Across the Country

As a social contribution activity that anyone can easily access, the Osaka Head Office of the KOKUYO Group has been engaged in a blood donation activity since 1980, and so far, a total of 4,635 people participated in the project. (Of them, 3,940 people drew blood) Although the blood donation activity was normally implemented during winter when there was a shortage of blood, we have started the activity during summer since 2011. In fiscal 2013, we invited the Japanese Red Cross Osaka Blood Center in January and July and a total of 92 people participated in blood donation. (Of them, 65 people drew blood) We also hold blood donation activity in plants and distribution centers of the KOKUYO Group. Not only for social contribution, is it also useful for self-health management.



Regional Contribution through Clean-Up Activities

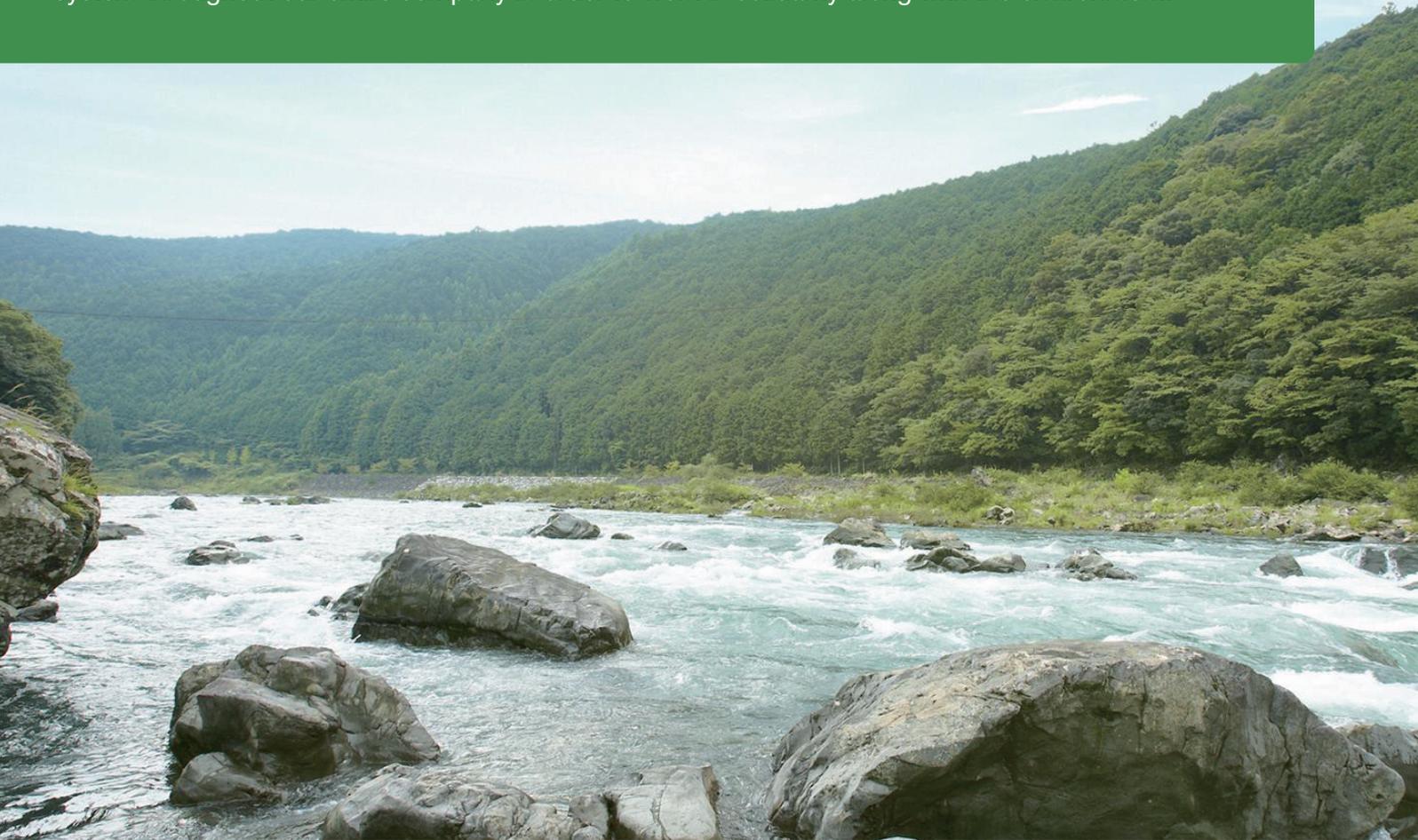
The Osaka Head Office of the KOKUYO Group implements an annual clean-up activity to jointly clean up the periphery of the office with local residents' association. Since fiscal 2011, the activity has linked up with the Osaka Marathon and implemented a cleaning activity in the entire Osaka area, named Osaka Marathon Clean-Up Project, with an intention to welcome visitors in a cleaner city. In fiscal 2013, we took part in the project with local residents' association. A total of 60 people including local volunteers participated in the clean-up activity from early morning on October 21 and collected 20 kg of garbage. We also hold clean-up activity in plants and distribution centers of the KOKUYO Group across the country, and through the activity, we are pledged to promote cooperation with local communities and fulfill our social responsibilities as a trusted corporate citizen in the future.



With the Global Environment



KOKUYO recognizes solving global environment concerns, such as global warming and deforestation as the urgent problem of. Each and every one of our employees is concentrating their intellect on the search for solution to these problems. Furthermore, we have introduced an environment management system throughout our entire company in order to work in solidarity along with the environment.



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- 122p Resource-Saving and Recycling Measures
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Views linked with the corporate philosophy, which have been highly valued by KOKUYO

It has become common practice to engage in business activities in consideration of the environment, and it is the origin of the eco-batsu activities. There is no goal for ecology. Working face to face with the environment is to think outside of the box.

Akihiro Kuroda

In 2008, KOKUYO made a pledge to zero the number of eco-batsu products in three years. While the eco-batsu products were successfully cut to zero, it also aroused the spirit of going beyond common sense among employees as represented by the shō hyaku mai wachō pads at the same time. As long as we stay in business, we must come face to face with global environment conservation and arrive at a solution suitable for KOKUYO that goes beyond common sense, which is the attitude that has been handed down since the day of establishment.

Environmental Management

With an understanding that solutions to the problems of global warming, deforestation, and other issues affecting the global environment are urgently required, our entire workforce is committed to combining our collective wisdom in order to engage in actions designed to resolve these issues.

The Group's Vision for the Environment

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	
<p>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 realizing 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.</p>	
Environmental policies	
 Prevention of global warming	<p>KOKUYO is taking measures to significantly cut the amount of greenhouse gases it emits in order to realize a low carbon output society.</p>
 Resource saving & recycling	<p>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.</p>
 Procurement, development and supply of environmentally friendly products	<p>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.</p>
 Biodiversity	<p>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.</p>
 Legal compliance & preventing pollution	<p>In addition to environmental laws and regulations, KOKUYO seeks to observe the industry guidelines that have been accepted by the company and its own standards, as well as to prevent environmental pollution.</p>
 Information disclosure & communication	<p>KOKUYO actively discloses environmental information, works on communication with its customers and all external entities, and is fully engaged in environmental preservation activities.</p>
 Environmental management	<p>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.</p>



Medium- to Long-Term Environmental Action Plan

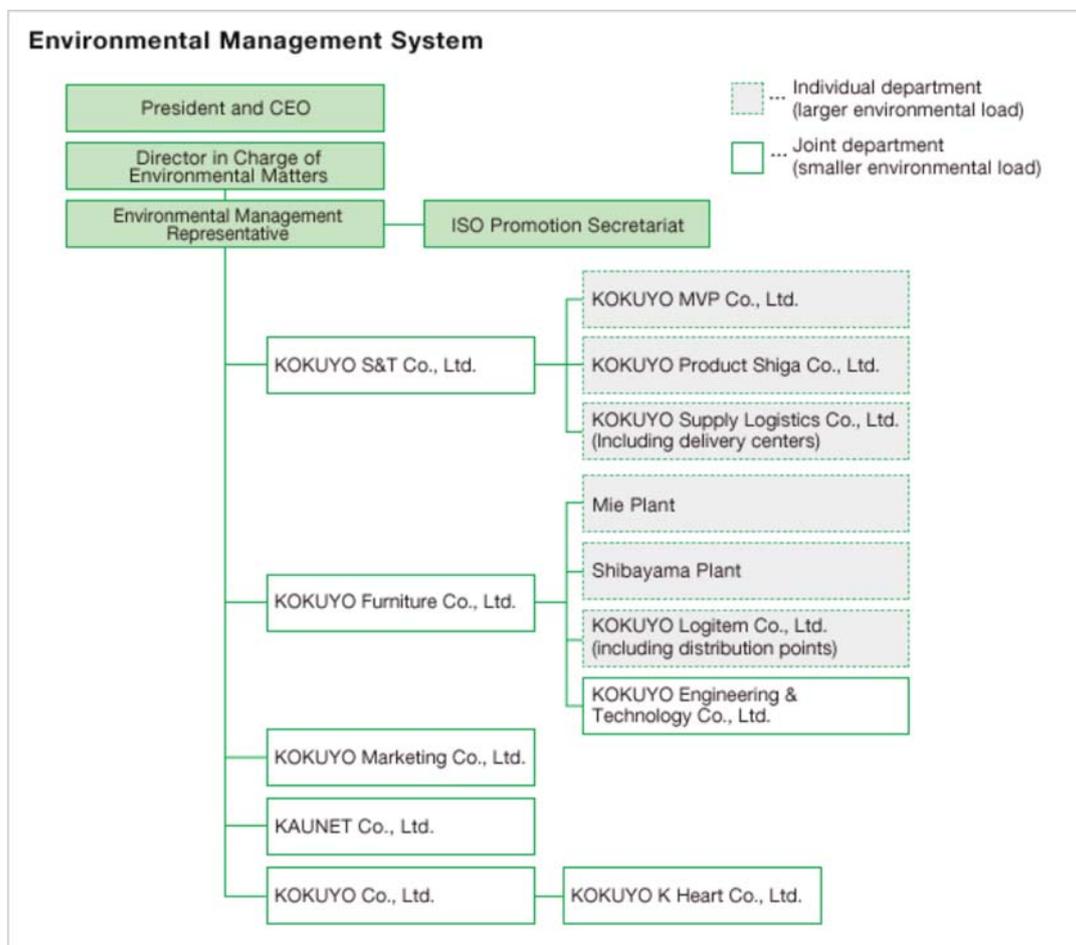
Medium- to long-term environmental action plan (fiscal year 2020)

Environmental policy	Measures		Fiscal 2013 performance	Fiscal 2020 goals
Prevention of global warming	Prevention of global warming	Cut CO ₂ emissions (vs. FY 1990)	Reduced by 7.6% (in Japan)	Reduce by 30% (in Japan)
	Energy conservation	Cut energy consumption (vs. FY 2010) * average 1% reduction per year	Reduced by 7.5% (unit energy consumption)	Reduce by 10% (unit energy consumption)
Resource saving and recycling	Resource-saving and recycling measures	Increase the rate of recycling in relation to the total volume of emissions * incl. waste materials produced at construction sites (prime contractor)	92.7%	100%



We Aspire to Implement Environmental Management That Takes Advantage of the Unique Qualities of each Company in Accordance with ISO 14001 Group Multi-Site Certification.

In 2004, the scope of registrations for the environmental management system 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 services, 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 and factories with a relatively large environmental impact 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. While MELON, a database system for the management of environmental documents and records, was previously introduced, we enhanced the functionality of this system in July 2013 in an effort to expand the scope of target sites and achieve improvements in terms of the user-friendliness, efficiency, and accuracy of document management and browsing.



Results of Internal Audits and Third-Party Inspection

The KOKUYO Group performs internal audits in two stages: primary audits are conducted by operating companies and secondary audits are conducted primarily 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 inspection and the CSR Report is checked by a third party. For fiscal year 2013, primary audits were conducted between July 1 and 31, secondary audits were conducted between August 1 and 28, and third-party inspection was carried out between December 3 and 6.

Internal audits

FY in which conducted	2012	2013
Sites subject to monitoring	75	75
• Primary audits	59	60
• Secondary audits	16	15
Matters cited	52	55
• Minor points of nonconformity	13	16
• Corrections	39	39

Third-party inspection (ISO 14001)

FY in which conducted	2012 (update)	2013 (periodic)
Sites subject to examination	24	23
Matters cited for improvement		
• Minor points of nonconformity	0	0
• Improvement opportunities	26	20
Strong points	0	0
Good points	7	6

Global Warming Preventive Measures

We are developing an environmental management system to be an Asian company. In order to take measures to significantly cut the amount of greenhouse gases with a view to achieving a low-carbon society, we expanded the scope of our reporting targets.

Fiscal 2013 Goals (reporting scope A)	Fiscal 2013 Actual achievements (reporting scope A)	Assessment
<ul style="list-style-type: none"> • Year-on-year change in CO₂ emissions • Excluding impact of production: (-2.8%) (total volume: +1.9%) 	<ul style="list-style-type: none"> • Year-on-year change in CO₂ emissions • Excluding impact of production: (-4.1%) (total volume: +8.7%) 26,626 t-CO₂ <fixation of electricity emission factor: 0.378 kg-CO₂/kWh> 33,804 t-CO₂ <emission factor by electric power company and by country> 	Accomplished
<ul style="list-style-type: none"> • Energy consumed: year-on-year change in unit energy consumption of +0.7% 	<ul style="list-style-type: none"> • Energy consumed: year-on-year change in unit energy consumption of +0.7% 	Accomplished



Summary for Fiscal 2013

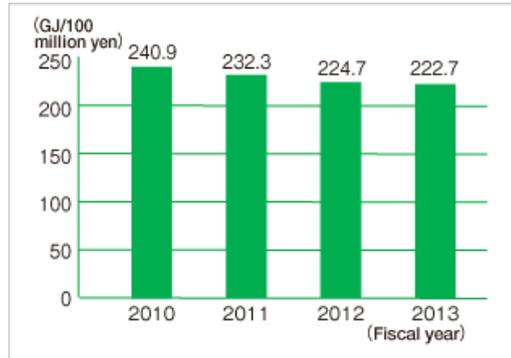
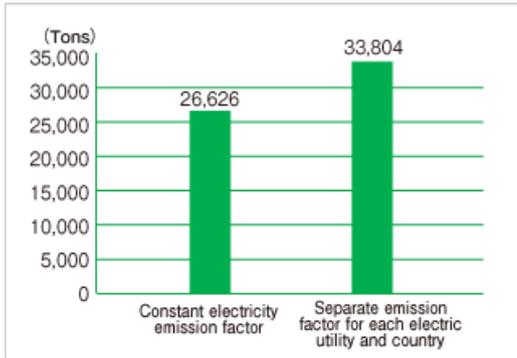
If calculated for the existing scope of operations using the electricity emissions factor of 0.378 kg-CO₂/kWh (which is the overall power average in 2000 as reported by the Federation of Electric Power Companies), the KOKUYO Group's CO₂ emissions in fiscal 2013 totaled 26,626 tons, 866 tons more than in the previous fiscal year. Based on estimates, there were emission reductions of 768 tons due to operational improvements and 281 tons due to equipment improvements. Manufacturing operations and the closing and consolidating of facilities raised emissions by 1,915 tons. As a result, there was an effective reduction in CO₂ emissions of 1,049 tons from a combination of operational and equipment improvements. Consequently, excluding the impact of production activities, emissions were down 4.1% from the previous fiscal year to allow us to meet our goal of a 2.8% reduction.

Looking at sources of CO₂ emissions, there was a decrease of 537 tons at factories due to higher manufacturing efficiency and other improvements. However, factories recorded a net increase in emissions of about 954 tons because growth in production volume raised emissions by 1,491 tons. For distribution activities, although emissions increased by 250 tons because of a higher volume of operations, there was a reduction of 178 tons due to heightened measures to conserve electricity and other energy use for a net increase in emissions of 72 tons. In the offices, emissions were down 160 tons thanks to 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 2013, our unit energy consumption was 0.9% less than in the previous fiscal year.



Major Increase in CO₂ as Emission Figures Worsen

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 (WBCSD) and the World Resource Institute (WRI) are adopted as the figures for the CO₂ emission coefficients and added to the Japanese CO₂ emission coefficients based on the Act Concerning the Promotion of Global Warming Countermeasures (for fiscal 2013, figures by electric power utility in fiscal 2011 and actual emission coefficients in fiscal 2012), then the total rises 7,178 tons to 33,804 tons.



Expanding the Scope of Reporting

While 17 companies were included in the scope of CO₂ emission reporting (reporting scope A(*1)) until fiscal 2011, all consolidated subsidiaries came to be included in the scope of reporting starting in fiscal 2012 (for fiscal 2013, 36 companies; reporting scope B(*2)). As a result, CO₂ emissions totaled 44,777 tons (including 1,800 tons at non-consolidated sales companies). The use of a less favorable emission coefficient and the extension of CO₂ emission reporting to the supply chain have resulted in significant changes for the KOKUYO Group. Consequently, we believe that the medium-term goals for emissions will have to be reexamined.

*1: A: KOKUYO Co., Ltd., 13 consolidated subsidiaries, and 3 affiliated companies

*2: B: KOKUYO Co., Ltd., 24 consolidated subsidiaries, and 11 affiliated companies

* Related information: [「Changes in CO₂ emissions」](#)

Global Warming Preventive Measures at Factories

Operational improvements at factories lowered CO₂ emissions by 325 tons. This was achieved in part by 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-conserving equipment, such as inverters and LED lighting, also cut emissions by 212 tons. A higher volume of production raised emissions by 1,491 tons over the previous fiscal year. However, the aforementioned operational and equipment improvements lowered emissions by 537 tons for a net increase of 954 tons (649 tons in Japan and 305 tons at factories overseas).



Solar panels installed at KOKUYO Product Shiga

Global Warming Preventive Measures for Distribution

Emissions associated with distribution (storage and shipments) were 72 tons more than in the previous fiscal year. Constant measures to conserve energy resulted in operational improvements that cut emissions by 112 tons. Equipment improvements, such as the installation of energy-efficient lighting fixtures and the reviewing of the proper lighting of distribution centers, lowered emissions by 66 tons. At the KOKUYO Logitem Ina Distribution Center (which has an automated multilevel warehouse), a power demand monitoring system was installed to reduce this facility's peak electricity use. While CO₂ emissions attributed to distribution increased 352 tons due to the opening of the KAUNET Sapporo Distribution Center and a larger volume of operations in 2013, the net increase was 72 tons because of offsetting by a reduction of 178 tons from operational and equipment improvements and 102 tons from the closing and consolidation of distribution facilities.



Hybrid street lights installed at the KOKUYO Metropolitan IDC



Global Warming Preventive Measures at Offices

Offices lowered CO₂ emissions by 160 tons over the previous fiscal year. To accomplish this, we conducted a review of the methods by which heating and cooling systems were being operated, a review of working styles, promotion of no-overtime days and activity encourages employees to go home early, and reduction of electricity use, such as by replacing lighting fixtures with LEDs. At our Shinagawa office, an electric power visualization system is used to lower electricity use during on-peak hour of daytime 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 7%, which represents a reduction in CO₂ emissions of 74 tons. In fiscal 2013, the cool biz and warm biz campaigns were combined into a smart biz campaign that is in effect all year long.



Solar panels installed at our Shinagawa office

The Voice of a Person in Charge

Renewing Our Understanding of How People Work and the Importance of Awareness on Their Part (ECO LIVEOFFICE SHINAGAWA)

The ECOLIVE Office was opened in November 2008. Progress has been steadily made towards achieving our goal of reducing CO₂ emissions to half of what they were before renovations were undertaken. However, emissions rose on a year-on-year basis for the first time in fiscal 2012. In fiscal 2013, operating rules were reviewed and strictly applied once again to employees working at this office. This helped to bring about a 56.2% reduction in emissions.

It goes without saying that basic rules consist of such stipulations as those that require that employees refrain from using electricity wastefully. In 2013, particular effort was directed at area lighting during overtime periods. Thus, the use of lighting is reduced after 7:00 pm and only certain areas are permitted for overtime use.

Although we were beginning to lose sight of what this initiative was all about after the passage of five years from the opening of our office, we were glad to have had a chance to renew our understanding of how people work and the importance of awareness on their part.



Shiori Yomogida
Environmental Business TCM
Tasks
TCM Value Unit
KOKUYO Furniture

Resource-Saving and Recycling Measures

To promote the growth of a recycling-oriented society, we are endeavoring to reduce, reuse, and recycle by effectively utilizing limited resources.

Objectives for 2013 (Report Target B)	2013 Performance (Report Target B)	Evaluation
<ul style="list-style-type: none"> • Enhancement of the recycling rate against the total amount of waste • Improvement of the accuracy of waste data • Thorough management of industrial waste treatment contractors 	<ul style="list-style-type: none"> • Recycling rate: 97.8% (offices) • Grasping of waste amount and recycling rate • Thorough response to notifications of difficulty in providing the waste disposal service 	○

Summary for Fiscal 2013

Higher Recycling Rate

The volume of waste materials generated by KOKUYO Group business offices in fiscal 2013, including all consolidated subsidiaries, was 19,370 tons (including 94 tons at non-consolidated sales companies) for a year-on-year increase of 1,898 tons. Of this amount, the launch of operations at our Shanghai plant accounted for approximately 700 tons. While production rose by 8%, we managed to limit the increase in the volume of waste materials generated to 4% thanks in part to improved yield rates.

Such efforts on our part give rise to a recycling rate of 97.8%, an increase of 0.4 percentage points over the previous year.

Strict Adherence to the Proper Disposition of Waste Materials

The responsibilities of general contractors with respect to the processing of construction site waste materials are clearly defined and the obligations of companies that generate waste materials are becoming even stricter. In fiscal 2013, we endeavored to improve the precision of data on waste materials generated at construction sites. Consequently, we ascertained that approximately 5,200 tons of waste materials were generated at construction sites and the recycling rate was approximately 74%. While the mix of many different types of waste materials generated at construction sites accounts for the difficulty of recycling in many cases, we will reduce emissions and continue to take actions aimed at properly disposing of waste materials and achieving our medium to long-term goal of a recycling rate of 100%.

Reusing and Recycling End-of-Life Products

When we deliver products, we pick up end-of-life products for disposal from customers and recycle or reuse these items depending on their condition.

In fiscal 2013, KOKUYO Logitem collected 1,165 tons of office desks and chairs and other used products. Fifty-two tons were reused and 629 tons were dismantled and sorted for recycling. Our distribution center manages to reduce waste materials by approximately 200 tons by repairing and reusing cardboard, wooden pallets, and other items.



A chair being dismantled 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, which 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.



Compliance with Laws and Regulations and Preventing Pollution

We strive to prevent environmental pollution by complying with environmental laws and regulations, as well as with industry guidelines and voluntary standards to which we have agreed to be bound.

Fiscal 2013 Activities

Conducting a Soil-Pollution Survey in the South Block of KOKUYO's Head Office

We independently conducted a soil-use history investigation and soil-pollution investigation to ascertain whether there is any soil pollution caused by specified toxic substances in the south block of KOKUYO's Osaka head office. A soil-use history investigation is conducted by consulting registries and old maps to get a handle on the historical geography for and the state of the past handling of hazardous substances at a given site and can be used to ascertain the risk of soil or groundwater pollution. This particular investigation did not reveal any history of the use of hazardous substances. We then conducted a soil-pollution investigation by obtaining bore samples and were able to detect lead and lead compounds in amounts that exceeded an acceptable threshold. Because the south block is covered in asphalt and the range of detection extended to 50 centimeters below the surface, the groundwater at this site is unaffected by pollution. We reported the results of these investigations to the city of Osaka, submitted a plan of measures to be subsequently implemented, and proceeded to remove the tainted soil from the ground and replace it with clean soil after an attended survey was conducted by the city of Osaka. The tainted soil will be reused as construction material after it is cleaned and processed by a licensed polluted soil treatment facility operator.



Pollution investigation



Polluted soil is dug up and removed



Clean soil is returned to the ground

Management of Substances Subject to the PRTR Law (Pollution Release and Transfer Register Law)

The KOKUYO Group endeavors to strictly manage substances subject to the PRTR Law and seeks to impose controls on such substances. The revisions made to the PRTR Law in 2010 caused ferric chloride, which is used as a flocculating agent in the treatment of wastewater at KOKUYO Furniture's Mie Plant, to be designated a class I designated chemical substance. After undergoing neutralization in a wastewater treatment facility, ferric chloride is transformed into ferric hydroxide, which does not constitute a substance subject to the PRTR Law, and is then subject to waste treatment in a detoxified state.



Wastewater treatment facility at our Mie Plant



Wastewater undergoing treatment



Transformed into ferric hydroxide

Developing 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 2013 Goals	Fiscal 2013 Actual achievements	Assessment
Maintain zero <i>eco-batsu</i>	Zero was maintained	Accomplished

Fiscal 2013 Activities

Continuing to Ensure That No *Eco-Batsu* Mark Graces Our Catalog

The KOKUYO Group started using the *Eco-Batsu* mark for products in the 2008 General Catalog. This mark is used for group products that are not sufficiently environmentally friendly at any of the stages of their life cycle: manufacturing, distribution, usage, and disposal. We tasked ourselves with removing the *Eco-Batsu* mark from all of our products in three years. This goal was reached in the 2011 General Catalog and no *Eco-Batsu* products have emerged since that time. In continuing this trend, none can be found in the 2013 General Catalog.

Further Progress of Eco-Friendly Products

Eco-Batsu activities go beyond manufacturing processes. Even for employees not directly involved in production, *Eco-Batsu* serves to prompt a reexamination of how jobs are done, how office space is utilized, and how proposals are submitted to customers. Since achieving the goal of removing the *Eco-Batsu* mark from our products, we have been seeking to develop eco-friendly products that surpass customers' expectations in accordance with the theme of "eco + creativity."



YOKUMI-L, a Whiteboard Marker



Since the YOKUMI-L uses a cartridge filled with ink formulated to be resistant to adhesion, a user can tell at a glance how much ink is remaining and whether or not it is time to change cartridges. In addition, the cartridge and pen tip are designed to be easily replaced without getting your hands dirty.



YOKUMI-L, a whiteboard marker

RAKU HARI, Double-Sided Tape

Manufacturing **Distribution** **Disposal** **Usage**



To use RAKU HARI, simply slide the dispenser back on the intended surface in order to lay down tape while the sticker-release paper is rewound at the same time. There is no need to manually peel off the sticker-release paper, which means that no trash is produced while you are working. Since the dispenser and refillable tape are compatible with each other irrespective of the width of the tape and the type of adhesion in use, loading is possible no matter what combination is applied.



RAKU HARI, double-sided tape

JUTO, a Meeting Table

Manufacturing **Distribution** **Disposal** **Usage**



JUTO is a meeting table that offers extensive variations to enable you to create a configuration that meets your current needs. The tabletop and legs each come in three different colors. Feel free to put together a work configuration, a configuration for visitors, or a configuration for a rest, to name but a few examples of what you can do. In order to reduce CO₂ emissions when these tables are shipped, they are packaged in a compact, disassembled state. Simply assemble the product at the site where it will be used.



JUTO

KAUNET: Launches a Service to Allow the Type of Packaging to Be Selected for Shipping

From May 2013, KAUNET, an office supplies mail and online order business operating in Japan, launched a service to allow customers to select a type of packaging for products to be delivered when placing an online order. At KAUNET, the type of packaging is determined upon taking into account the need to maintain the quality of the products that are to be delivered, achieve resource savings, and reduce the amount of waste products that are generated. In addition to the cardboard packaging that is typically used by a mail and online order business, we have been promoting the adoption of simplified packaging based on the use of paper or polyethylene bags from early on as a resource-saving measure that can be applied for low-bulk orders for which it is determined that quality can be maintained.

Shipping products prepared with simplified packaging has garnered favorable reviews from customers. On the other hand, customers have also indicated that they prefer cardboard packaging when a purchased product will be delivered to a client or presented as a gift. For this reason, each customer can choose packaging type at each time an order is placed.



Simplified packaging initiative

Biodiversity

The KOKUYO Group strives to reduce its impact on ecosystems and help conserve natural habitats by carrying out business activities that take biodiversity into proper account. We are proactively engaged in forest-conservation activities in the Shimanto River basin area of Kochi Prefecture and environmental conservation activities in the area in and around Lake Biwa in Shiga Prefecture.



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 Product Shiga, one of the KOKUYO Group's principal facilities for manufacturing notebooks and other paper-based products, supports the lives of many people and engages actively in environmental conservation projects as it operates in close proximity to Lake Biwa, an important natural home for many different species of life. One of these receiving special emphasis is the ReEDEN Project, which began in November 2007 and aims to promote the use of the *yoshi* reed plant, a type of common reed plant that grows along the shores of nearby Lake Biwa, and conduct an educational program to shed light on this plant species. The *yoshi* reed plant absorbs CO₂, as well as nitrogen and phosphorous as it grows and thereby helps to purify the lake's water. It is, therefore, indispensable for preserving the habitats of fish and birds. (Although the *yoshi* reed plant was traditionally harvested for use as a roofing material, demand gradually diminished as lifestyles changed, which caused *yoshi* reed fields to fall into a state of neglect.) As a local enterprise that manufactures paper products, KOKUYO recognizes the need to spearhead broader efforts to utilize the *yoshi* reed plant .



January: A magnificent field of *yoshi* reed plants

Protecting Lake Biwa by Expanding the Use of *Yoshi* Reed Plants

Drawing on KOKUYO's production technology and the development capabilities of paper manufacturing companies, KOKUYO is cultivating the *yoshi* reed plant, using it in the production of industrial products, including copier paper and notebooks, and selling them at appropriate market prices as part of the ReEDEN brand series. In addition, KOKUYO has developed higher-value-added products, such as paper for business cards made using 100% *yoshi* pulp and *yoshi* calligraphy pens. The objective of these activities is to promote the use of the *yoshi* reed plant to create a market that will contribute to preserving the environment. Seventy-six products have been released thus far. KOKUYO's ReEDEN series aims to create products and services that convey the appeal of Shiga Prefecture and was selected as an authorized bearer of the prefecture's official brand, Koko Cool Motherlake Selection 2012. In addition, a portion of the sales of these products is donated to local environmental groups and used in activities to preserve the *yoshi* reed plant.

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

The Network for Preserving Lake Biwa with *Yoshi* was formed in 2009 with the KOKUYO Shiga Plant serving as its secretariat. The purpose of this network is to contribute to preserving the natural environment of Lake Biwa through a loose alliance of a wide range of companies, groups, and other organizations. This network, which comprised only a few companies in the beginning, has grown to the point where the Lake Biwa Museum was recently welcomed as its one hundredth member, as clear a sign as any that the mission of this network enjoys broad support. The main activities of this network include preservation of the *yoshi* fields that play an important role in preserving the ecosystem and water environment of Lake Biwa. Initially, a few employees from the KOKUYO Shiga Plant began these activities by harvesting the *yoshi* reed plant several times in winter. Now, however, several hundred members of local environmental groups and this network gather together for harvesting. In addition, these members highlight environmental issues affecting the region and the environmental activities of network members. To further heighten awareness of the environment and strengthen ties among members, the network sends out a newsletter. Looking ahead, the network is examining a range of issues related to the lake and is exploring ideas for new activities that are both fun and that will draw the attention of local communities to its goal of contributing broadly to improving the Lake Biwa environment.



The ReEDEN series was selected as an authorized bearer of Shiga prefecture's official brand, Koko Cool.



Network members harvest the *yoshi* reed plant

Yui no Mori Project

The KOKUYO Shimanto Yui no Mori Project, which began in the Shimanto region of Kochi Prefecture in 2006 with the aim of regenerating man-made forests that have fallen into ruin and revitalizing the areas that protect these forests in accordance with the theme of "creating a virtuous circle between the environment and the economy," celebrated its eighth year of operations in 2013.

Making the effect of forest thinning visible is essential for the success of forest protection activities. To observe the effects of these activities over the long term, KOKUYO works with the Shimanto-cho Forest Union and Shimanto High School to conduct annual monitoring surveys. As one of the types of surveys that are conducted, vegetation surveys are ongoing at two specific locations to classify vegetation and determine the degree of the thickness of vegetation growth, including for tall trees, short trees, and herbaceous plants. The seventh of these surveys was conducted in July 2013 and revealed that the number of species increased from 68 to 74 and from 44 to 75, respectively, at these two sites. The change in the number of species found at the latter site was especially large and is believed to represent the first signs of a gradually emerging dividend of the thinning that was carried out in 2011.

Expanding the Yui no Mori Project with the Aim of Creating a Virtuous Circle Between the Environment and the Economy

To use the wood fiber cut through thinning activities effectively, KOKUYO Furniture has been working in collaboration with the local Shimanto-cho Forest Union since 2000 to manufacture and sell furniture made from this wood. In 2013, the Protocol Series was launched to manufacture and sell products made from this wood. In addition, KAUNET began selling products, mainly stationery items under the Yui no Mori brand, in 2007 and now offers 47 items as of 2013. To increase understanding of this project and increase the ranks of its supporters, KAUNET created a system in 2008 to allow customers to donate some of the points they have earned to the project; about 100 applications have been made for donating points this year alone. Beginning in 2013, the issuance of CO₂ Absorption Certificates for areas of land thinned thanks to donations has helped to make the effects of forest thinning visible. It is hoped that this initiative will continue to promote a greater understanding of this project. In addition, the Yui no Mori 1% Gift Project was inaugurated in February 2011 and continues to operate today. Under this project, a portion of the sales of Yui no Mori brand products is donated to Midori no Bokin (Green Collection Drive), which is organized by Japan's National Land Afforestation Promotion Organization.

The Yui no Mori project began with only 100 hectares. In fiscal 2013, the land area covered by this project has grown to about 3,900 hectares and the cumulative area that has been thinned has expanded to 883 hectares. The project received a CO₂ absorption certificate from Kochi Prefecture, testifying that the forestlands had absorbed 5,628 tons of CO₂. With the support of so many interested persons, we will continue to expand the Yui no Mori project.



Conducting a water-quality survey



KAUNET is conferred a CO₂ absorption certificate



Protocol Series furniture made using wood fiber cut through thinning activities

The Yui no Mori Facebook Page Is Now Open!

The Yui no Mori Facebook page was launched in 2013 with the aim of galvanizing both internal and external communications while transmitting information on business activities and events relating to the project. The activities put in daily by employees and local supporters will be showcased through Facebook.



Promoting Environmental Communications

We carry out dialogue concerning information on initiatives for environmental conservation and on the burden placed on the environment with various stakeholders.

Three-Party Discussion Held by President Kuroda with C.W. Nicol and Governor Ozaki of Kochi Prefecture at a Conference Organized for the Appreciation of Forests

On February 22, 2013, an event entitled *A Conference Organized in Osaka for the Appreciation of Forests: Protecting the Shimanto River, the Last Clear Stream in Japan* was held to cast light on the role played by forests and the unparalleled appeal of the Shimanto River. At this event, a three-party discussion attended by President Akihiro Kuroda of KOKUYO, C.W. Nicol, and Governor Masanao Ozaki of Kochi Prefecture was held.

As part of this discussion, President Kuroda introduced contributory activities being carried by the Kuroda Afforestation Promotion Corporation, the founding of which was inspired by the founder's love of the natural environment, outlined the results that have been obtained through the Yui no Mori Project, and identified a number of initiatives. These include tours for the certification of new employees of the KOKUYO Group and the development of products and space design using wood obtained through the thinning process.

To protect forests, we have to play an active part and use more trees. This is the key message coming out of this event, one that we will continue to communicate to people through the Yui no Mori Project.



Companies and Environment Expo 2013 and a Contest Featuring Business Ideas

Companies and Environment Expo 2013 is an annual event held under the auspices of the Minato Eco-Conscious Consortium, an organization formed to bring Minato Ward and companies based in Minato Ward together. This event was held Between November 8 (Friday) and 10 (Sunday). As part of this event, a contest of environmental business ideas proposed by university students was organized to raise environmental awareness among the young and harness their ideas for the environmental activities of companies. Entrants were required to conceptualize business models according to themes assigned to them by companies. As a company providing a theme, KOKUYO participated in this contest. Five teams of university students entered this event, of which two came up with a business model that adhered to the theme presented by KOKUYO: develop a business model that ties the corporate social responsibility of companies operating in large cities to the conservation of local forests and regional revitalization. On the day of the event, the business conceived by each of these teams was presented. One was entitled "Dining tables and forests: a project of warmth" while the other was entitled "Nurturing people in the bosom of forests."





Helping out in Our Small Way by Donating to the Tanzania Pole Pole Club

Since 2008, KOKUYO Group has worked with the Tanzania Pole Pole Club, a citizen's group engaging in international cooperation activities (gathering used stamps and cards) in collaboration with villagers for the planting of trees in this east African country. In fiscal 2013, KOKUYO donated 49,800 stamps and 1,108 cards to this group. As a result, about 160 tree seedlings were donated. These seedlings were planted as part of afforestation activities being conducted near Mt. Kilimanjaro (in Tanzania), which has been designated a World Heritage site.



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 asked Bureau Veritas Japan Co., Ltd., to prepare a third-party verification report.

Summary of Third-Party Verification Report

The environmental load data of 36 companies of the KOKUYO Group were subjected to third-party verification as carried out at the KOKUYO Head Office. In addition, on-site examinations of data measurement and management methods were conducted at the KOKUYO MVP Aoya Factory, the KOKUYO COMMERC (SHANGHAI) CO.,LTD Shanghai Factory (production division), KOKUYO Furniture Store Business Division, KOKUYO Engineering & Technology Osaki Office, KOKUYO Marketing Hiroshima Office (sales and service division), and KAUNET Fukuoka Distribution Center (logistics division).

As a result of this process, a rating of “assessable” was received for 11 cases, a rating of “improvement opportunity” was received for 28 cases, and a rating of “request revisions” was received for 34 cases. KOKUYO is slated to respond proactively in order to improve the accuracy of information disclosure in those cases rated as “improvement opportunity.”

**KOKUYO Group CSR Report 2014
Independent Verification Report**

To: KOKUYO Co., Ltd.

March 17, 2014

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 2014 (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 FY2013 (January 1, 2013 through December 31, 2013)

Scope of Verification	Site Visited	Verification Methodology
Environmental impact data generated through business operations of KOKUYO and its 35 subsidiary companies (*)	<ul style="list-style-type: none"> KOKUYO's Head Office KOKUYO MVP Co., Ltd., Aoya factory KAUNET Co., Ltd., Fukuoka distribution center KOKUYO Marketing Co., Ltd., Hiroshima office KOKUYO Furniture Co., Ltd., Shougaiga office Store Osaki KOKUYO Engineering & Technology Co., Ltd., Osaka office KOKUYO Commerce (Shanghai) Co., Ltd., Shanghai Factory 	<ul style="list-style-type: none"> 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, COD/NOx, waste discharged, waste water discharged, COOD/NOx, cyclist water use, air pump, central resource use or premises, scheduled used products, re-use of used products, and Japanese PFTR (Pollutant Release and Transfer Register) fee designated substances.

2) Environmental accounting data and Environmental Activity Evaluation Index data in FY2013 (January 1, 2013 through December 31, 2013)

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 "brandless" efficiency indicators	Office	Interviews with relevant personnel of KOKUYO
Environmental impact points in J-EXIC (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 FY2013

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 2014 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 FY2013

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 the associated calculation results.

Bureau Veritas has implemented a code of ethics across its business which is intended to ensure that all 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 advises KOKUYO on its social reporting verification only and we believe our verification assignment did not create any conflicts of interest.

GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: KOKUYO Co., Ltd.

March 17, 2014

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 2014 for the period of January 1, 2013 through December 31, 2013.

1. Scope of Verification

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

1) Scope 1 and Scope 2 emissions:

- GHG emissions through business operations of KOKUYO and its 35 subsidiary companies

2) 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 KOKUYO's activities as per the scope of work;
- 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
9,064 tCO ₂ e	35,700 tCO ₂ e	18,800 tCO 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 180 years history in providing independent assurance services. Its member of the verification team has a business relationship with KOKUYO, its Directors or Managers beyond that required of the 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.

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 Dialogue ▪ Corporate Philosophy ▪ Top Commitment and Basic Concepts ▪ Corporate Governance ▪ KOKUYO's CSR Charter ▪ Kokuyo Group Code of Conduct ▪ Start of the Anniversary Month of KOKUYO's Founding ▪ Efforts for Promoting an Understanding of KOKUYO'S CSR Activities ▪ Initiatives to Promote Compliance ▪ KOKUYO's Business Continuity Planning Initiatives ▪ KOKUYO'S Responsibilities to Stakeholders ▪ Awards and Other Recognition Received from Outside the KOKUYO Group ▪ Special Report: Pursuit Values to the Limits for Learners and Workers
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"> ▪ Corporate Philosophy ▪ Top Commitment and Basic Concepts ▪ KOKUYO's CSR Charter ▪ Kokuyo Group Code of Conduct ▪ Efforts for Promoting an Understanding of KOKUYO'S CSR Activities ▪ Initiatives to Promote Compliance ▪ Customer Support and Services ▪ A System for Utilizing Feedback from Customers ▪ Basic Framework for Diversity ▪ Support for Active Participation of Diverse Human Resources ▪ KOKUYO Group Basic Procurement Policy ▪ Working together with Our Suppliers ▪ Education Support Activities in China ▪ CSR Data: Society

<p>Labor practices</p>	<p>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</p>	<ul style="list-style-type: none"> • KOKUYO's CSR Charter • Kokuyo Group Code of Conduct • Personnel System • Human Resource Development Program • Achieving a Good Work/Life Balance • Enhancement of Global Human Resource Development • Labor Practices/Safety and Health • Healthy Living and Mental Health • KOKUYO's Business Continuity Planning Initiatives • 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 • Kokuyo Group Code of Conduct • Environmental Management • Global Warming Preventive Measures • Resource-Saving and Recycling Measures • Compliance with Laws and Regulations and Preventing Pollution • Developing Environmentally Friendly Products and Services • Biodiversity • Promoting Environmental Communications • Third-Party Verification Report • Environmental Performance Data • Reports by Business Site
<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 • Kokuyo Group Code of Conduct • Efforts for Promoting an Understanding of KOKUYO'S CSR Activities • Initiatives to Promote Compliance • KOKUYO Group Basic Procurement Policy • Working together with Our Suppliers • Working with Supply Channel Participants

<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 • Red Tech: Red-Colored Instant Adhesive That Turns Transparent as It Dries • Campus Notebooks with Ruled Lines Designed for Study • The UD+3 Series • INSPINE - Inspiring Innovations in Office Chairs • KAUNET Offers Ease of Choice and Awareness • Views Regarding Quality Assurance at KOKUYO S&T • Views Regarding Quality Assurance at KOKUYO Furniture • Activities for Creating a Menu of Countermeasures for Disasters • Customer Support and Services • A System for Utilizing Feedback from Customers • The Future of Tohoku
<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 • Kokuyo Group Code of Conduct • The Job Study Initiative • KOKUYO Design Awards • The Future of Tohoku • Education Support Activities in China • KOKUYO Camlin of India's Promotion of Artistic Activities • Social Contribution Activities by Countries • Regional Brand Production • Contribution Activities Deeply Rooted in Regional Communities • Biodiversity

Awards and Other Recognition Received from Outside the KOKUYO Group

A List of Awards and Other Recognition Received from Outside the KOKUYO Group

Company	Awards	Sponsor	Date
KOKUYO Furniture	The flagship showroom in Shanghai received the silver prize at the China Interior Design Academy Award.	CIID (China Institute of Interior Design)	December 2013
UDS and KOKUYO Furniture	Hotel Anteroom Kyoto received the 2013 Gold Circle Award (a link to an external site)	AGODA	December 2013
KOKUYO Furniture	AIRFORT received the Merit Prize for Seating Options at the Product Innovations 2013.	Buildings	December 2013
KOKUYO	<i>Worksight</i> magazine won the first prize in the Professional Information Services at the HR Award 2013.	Personnel Affairs Department in Japan	November 2013
Kaunet	Kaunet won the Merit Prize at the Hitosuzumi Award 2013.	Japan Empowerment Consortium (JEC)	November 2013
KOKUYO Furniture	The flagship showroom in Shanghai received the Top10 Design of year Retail Prize and the Design and Material Promotion award at the JINTANG PRIZE 2013.	www.china-designer.com	November 2013
KOKUYO Furniture	Service counter lobby chair, PADRE, won the IAUD Award 2013.	International Association for Universal Design (IAUD)	November 2013
KOKUYO Furniture	Received the first prize in the office furniture at the building materials and equipment supplier ranking 2013.	Nikkei BP	November 2013
KOKUYO Furniture	Five products (PUNTO; office chair, brackets; a module-type high back sofa system, WT-300 series; conference table, ofon; a new office furniture brand, and Leafline; conference table), and Creative Lounge MOV; a membership office service, won the 2013 Good Design Award.	Japan Institute of Design Promotion	October 2013
UDS and KOKUYO Furniture	Anteroom Apartment Osaka won the 2013 Good Design Award (a link to an external site)	Japan Institute of Design Promotion	October 2013

Company	Awards	Sponsor	Date
KOKUYO Furniture	The iPad application, te.to.te, won first prize at the JWSDA Web Solution Design Award 2012-13.	JWSDA (Japan Web Solution Design Association)	September 2013
KOKUYO Camlin	Won the gold prize at the Quality Improvement Case Presentation.	India Quality Control Forum (Mumbai Office)	September 2013
KOKUYO Furniture	The flagship showroom in Shanghai received the Red Dot Design Award at the Communication Design 2013.	Design Zentrum Nordrhein Westfalen	August 2013
ACTUS	Kids' furniture series, anfun, won the 7th Kids Design Award.	Kids Design Association	July 2013
KOKUYO Furniture	The flagship showroom in Shanghai has earned LEED Gold certification.	U.S. Green Building Council	June 2013
UDS and KOKUYO Furniture	Hotel KANRA TOKYO received "Certificate of Excellence"	Trip Advisor	May 2013
KOKUYO Furniture	The flagship showroom in Shanghai won the best of commercial space design award of the Golden Bund Award.	China Institute of Interior Design	April 2013
KOKUYO S&T	KOKUYO's portable pouch and pen board of "SPREAD" series which are sold under KOKUYO's original "trystram" brand, received design awards in Germany's "Red Dot Design Prize: Product Design 2013"	Design Zentrum Nordrhein Westfalen	April 2013
KOKUYO	KOKUYO received the DIVERSITY MANAGEMENT SELECTION 100	Ministry of Economy, Trade and Industry	March 2013
KOKUYO S&T	KOKUYO S&T received the "GOLD BRANDS" award in the Philippines	Gold Brands Council Philippines	March 2013

KOKUYO

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INSPIRE



AIRFORT



Scirocco



Gufo

