

# KOKUYO Group CSR Report

Detailed Version



Founded in 1905



Founder Zentaro Kuroda



Wacho launched during the Taisho period



Spirit of "sho hyaku mai"



Shop in Shinjuku



The first trademark "Kokuyo"



Stationery pad with high quality paperboard



Label of 3K Stationery Paper



Duplicate Telegram Slip



Binder



Head office, 1936



Sign for advertising Ink kk55



Ink kk55



Field Notebook



Bill



First steel product (Steel filing cabinet)



Jun Mitsumata Hankeishi (Ruled papers made of 100% mitsumata plant)



Invoice Pad



Yao Factory



Ochanomizu Office



Swivel chair



Estimate Pad



Kickoff meeting of Jewelry Members



New head office, 1969



Live office advertisement



Electronic Abacus (outer case)



Tack Index (outer case)



Portable box seat (Ryogoku Kokugikan)



Lonely Little Fox (original mascot)



ECIFFO



Miss Blanche



1Corporate logo changed in 1981



High-Grade Accounting Pad



KuruKuruMeka



Dynafit Chair



MX Desk System



Title Brain



Pochette Album



Third-generation Campus Note



Keishipita



Bezier



AGATA



Hakobo



Ratchkiss



AGATA/D



Kadokeshi



Nursing Cart



Dotliner



Fifth-generation Campus Note



Kokuyoseki



roll table



Campus UP



SAIBI

KOKUYO



# Corporate Philosophy/CSR Charter

## Corporate Philosophy

## Enrich the World through Our Products

### 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.

### 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.

# Editorial Policy

Each year, KOKUYO Group publishes a CSR Report to provide our stakeholders with the Group's efforts on realizing a sustainable society, along with intelligible information concerning KOKUYO's social responsibilities so as to maintain good communication with diverse stakeholders. There are several reporting tools to facilitate the reading and visualization of the report.

## CSR Reporting Tools

### Website for CSR and Environmental Management

The website contains a comprehensive report of the Group's overall activities. Since 2014, new features have been added to enhance the retrieval performance of the top page, including recommended articles by types of stakeholders, search by keywords, and the table of contents categorized by the core subjects of ISO 26000 guidelines.

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



### Digest Version

It offers a digest of the KOKUYO Group's activities for fiscal 2014. Information in detail can be found on the website marked with PC marks (🖨️) for CSR and environmental management.



## Period

This report focuses on activities carried out from January 1, 2014, to December 31, 2014, but also includes some information about the activities implemented by March 31, 2015.

## Scope of the Report

The KOKUYO Group refers to KOKUYO Co., Ltd., and its domestic and overseas Group companies, comprising 22 consolidated subsidiaries, except certain activities implemented by other subsidiaries and affiliates.

## Guidelines Used As Reference

- ISO 26000/ISO 26000
- Japanese Ministry of the Environment Environmental Reporting Guidelines 2012
- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 4th Edition



### Cover page

The history of KOKUYO, which will be marking the 110th anniversary of its founding in October 2015, is traced through a presentation of products and other milestone images on the cover page of this document. Beginning with covers for Wacho (Japanese-style account ledgers) in 1905, numerous items of topical interest corresponding to each era are highlighted.

# Contents

---

2	Corporate Philosophy / KOKUYO's CSR Charter	
3	Editorial Policy	
4	Top Message	
5	Introduction of the KOKUYO Group	
6	Top Dialogue .....	
10	History of the KOKUYO Group for 110 Years	
12	Highlights of 2014	
14	Key Non-financial Data .....	
15	Financial Data Highlights	

---

16	Refine value for Learners and Workers	
	FURNITURE .....	
16	INSPIRE • Bezel	
18	Campus UP	
	STATIONERY .....	
20	Harinacs Press	
22	KaruCut	
24	Kaunet .....	

---

30	CSR Management	
48	With Customers	
60	With Employees	
83	With Business Partners	
93	With Stakeholders	
95	With Local Communities	
114	With the Global Environment	
132	ISO 26000 Table	
135	Third-Party Assessments	

# Top Message



By seriously accepting the difficult challenges that confront customers and communities, we aim to help realize a sustainable society

Akihiro Kuroda  
Representative Director  
& Chairperson,  
KOKUYO Co., Ltd.



Hidekuni Kuroda  
Representative Director  
& President,  
KOKUYO Co., Ltd.

For the glory of Ecchu. Born in present-day Toyama Prefecture, company founder Zentaro Kuroda vowed to establish himself in business and set out for Osaka with the intent of being an honor to his hometown. In Osaka, he started Kuroda Hyoshi-Ten, a workshop that produced cover paper for account books, which was the beginning of the business of KOKUYO. In October of this year, KOKUYO will mark its 110th anniversary.

The founder's resolution came to be incorporated into the KOKUYO trademark in 1917. In 1961, the present-day name of the company was adopted. And now the resolution is embraced by the entire KOKUYO group and would constitute the basis for decision-making process in the company. We believe that our company name is a significant reason that we can celebrate our 110th anniversary despite having encountered numerous difficulties throughout our history. It is because each employee has been inspired to go forth and prevail over each new complication by revisiting the KOKUYO company name.

The company has not managed to survive for 110 years on its own. We owe our existence today to the many stakeholders including customers who have great expectations of our company and countless business connections who have lent us a helping hand along the way. We express our heartfelt gratitude to those leaders who helped shape our history based on respect for the founder's resolution and to those stakeholders who supported us day in and day out.

Our corporate philosophy of enriching the world through our products has remained unchanged since we were founded. We have been promoting our day-to-day business by supporting the growth of our customers (individuals and companies) through our products and services so as to enrich society. In recent years, however, societal values have diversified and the growth of people and companies has come to take on varied forms. In order to achieve sustainable growth even as it becomes more difficult to determine what it means to enrich the world, we are presently engaged in efforts to undertake management reforms for rebuilding a foundation for management and business.

In the first phase of reforms begun in 2010, Group businesses were broadly divided into three sections: stationery, furniture, and mail orders and retail. By tightening up and streamlining value chains for each business, we achieved business-focused management for enhancing value provided. At the same time, we proactively moved forward with overseas expansion while attempting to figure out new ways of enriching the world based on our experience in high-growth Asian countries. After reflecting on compliance violations in the past, we embraced CSR-based management and reviewed our system of corporate governance thoroughly. Consequently, results have been yielded as seen in steadily recovering performance results up to fiscal year 2014.

In 2015, with a rejuvenated management system in place, phase 2 of our reforms was launched. In October, two key operating companies will be merged with KOKUYO Co., Ltd., and we will go beyond the framework of our business and seek to create value that is truly desired by customers. We will build on our early successes, enhance the value that we have been providing based on a new mid- to long-term vision, and take on the challenge of generating new value. At the same time, we will continue to strive to resolve such societal issues as the protection of the global environment and respect for human rights.

We have managed to survive and prosper for 110 years by seriously dealing with customer issues that vary with the times and finding solutions to each one of these issues along the way. This approach will not change even as we operate presently in a time described as uncertain and in a society that finds itself more and more beset by societal issues and business-related problems. By valuing an approach to dealing seriously with both customer problems and societal issues within the context of a new management system and flexibly modifying our way of resolving these problems and issues, we will try our hardest to bring about a sustainable society. We respectfully ask for your continued support and understanding. Thank you very much.

Akihiro Kuroda  
Representative Director  
& Chairperson,  
KOKUYO Co., Ltd.

Hidekuni Kuroda  
Representative Director &  
President,  
KOKUYO Co., Ltd.

## 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.





Founded nearly a century ago, Kewpie has continued to grow impressively by hewing to its philosophy. Built to take on greater challenges, Sengawa Kewport was conferred the 2014 Ministry of Economy, Trade and Industry Award, an award of the New Office Promotion Awards, for the clarity of a concept that is directly tied to the company's management strategy. Thanks to the connection that was developed through support provided by KOKUYO for constructing this office, a conversation between President Miyake of Kewpie and Chairman Kuroda of KOKUYO was held. A considerable amount of knowledge was obtained from this esteemed representative of a client and of a company that has engaged in management based on corporate philosophy.



**The philosophy that has been handed down to us from the founder becomes a guiding principle that transcends the times.**

**Kuroda** KOKUYO will commemorate the 110th anniversary of its founding in October 2015. At this juncture, we are attempting to formulate a new management vision based on the philosophy that has been handed down to us from the founder. I know that you are also set to commemorate your centennial. Could you share with us the thinking that has bolstered your growth over the years?

**Miyake** The company creed and guiding precepts constitute the thinking that is valued by us here at Kewpie.

Company creed:

People who embrace the same vision enjoy their work and share joys and happiness while confronting difficulties and burdens together.

Guiding precepts:

Respect moral principles, endeavor to be creative and original, and be kind to your parents.

These are the ways of life and the philosophical underpinnings that our founder Toichiro Nakashima subscribed to. They are properly passed down from managers to new employees. We believe that our company creed and guiding precepts constitute decision-making axes for engaging in management whenever the company comes to a crossroad or critical point in its history. While major food companies one after another attempted to enter the mayonnaise market, I believe that Kewpie owes its existence today to the ability shown by our entire workforce to come together and overcome this considerable tribulation.

Since we are a food company, quality is our number one concern. Ever since we were founded, we have been pursuing safety, security, and deliciousness on the basis of our belief that good products can only be derived from good ingredients. To illustrate this point, we spent six years weeding our plant without any production both during and immediately after the war at a time when we could not obtain quality ingredients. Many of our employees left during those years. When we were finally able to secure good ingredients, we resumed our production of mayonnaise. The remnants of our workforce worked hard to contribute to the recovery of Japan. This is the very essence of our company creed in that people who embrace the same vision and ideas and who overcome difficulties hand in hand will later reap the happy fruits of such hard work together.

**Kuroda** At KOKUYO, our founding spirit can be described as the business of kasu (business of providing underappreciated business necessities). Founder Zentaro Kuroda was convinced that you could take even

underappreciated jobs that are troublesome and make them into thriving businesses simply by believing that they could enrich the world and then endeavoring to enhance their value accordingly. KOKUYO got its start as a business making paper for Japanese-style ledgers and expanded into Japanese-style ledger and Western-style ledger. With the arrival of the First World War, however, it was no longer possible to import ledger paper stably. In order to properly supply the domestic market (which was undergoing Westernization at the time), we sought to develop Western-style ledger that could be produced in Japan. We focused on paper quality in terms of the ability to write well and the ability to prevent the bleeding of ink. Although KOKUYO was only a small local plant with a staff of about sixty workers back then, we managed to develop ledger paper over a period of nine years in collaboration with major company Oji Paper. Evidence of our focus on paper quality can still be seen in the Campus notebooks, which were first sold forty years ago.



**Miyake** Apparently, we were also using your Western-style ledger back then. These sheets here date from the late fifties to early sixties.

**Kuroda** You've kept these in perfect condition! By applying a marbled effect to this edge part, we incorporated a feature that prevented ledger alterations caused by the tear of pages. I've even heard that taxation offices recommended our ledger because it could not be altered. This allowed us to gain nearly the entire market for Western-style ledger.



On the occasion of the fiftieth anniversary of the establishment of KOKUYO's foundation, the KOKUYO Creed\*, which summarized the thoughts and ideas valued by our founder, was drafted to include the following: "A person arrives in this world with nothing... and grows in both body and mind thanks to society...." This is precisely conveyed to employees as a means of explaining why we work. One might live in a way that is often taken for granted. However, the fact that we can live while obtaining life-sustaining pharmaceutical products, foods, and convenient transportation at reasonable prices is a benefit based on value generated by the effort of society and companies. In other words, this is all made possible thanks to society. We need to work to enrich society in order to pay back to society for what we are thankful to have received ourselves.

\* See page 31p : [「KOKUYO Creed」](#)

**Miyake** This also ties in with our guiding precept to be kind to your parents. Parents provide their children with love free of charge. A person who has a sense of filial obligation in response to this love is someone who will never forget to repay those who took care of them in school or at their place of work with gratitude,. When people will draw together others who possess feelings of goodwill towards them. The idea that a company will evolve and grow from out of this virtuous cycle is what we have adopted as one of our guiding precepts.

**Focal point, creativity, and originality enable us to further cement our strengths and yield new value.**

**Miyake** In 2015, we are celebrating the ninetieth anniversary of the launch of Kewpie's mayonnaise. Our founder first encountered mayonnaise in the United States, where he became captivated by both the deliciousness and high nutritional value of this food item. His aim to introduce mayonnaise to Japan led to the commencement of our business. With a strong desire to further enrich the Japanese diet, the company went beyond simple nutritional considerations and developed a more full-bodied mayonnaise by insisting on using only the egg yolk and increasing the amino acid content of the egg yolk by allowing it to mature.



**Kuroda** Mayonnaise made overseas contains egg white, which accounts for the whiter color of the product. Japanese mayonnaise is yellow and is undeniably delicious. Incidentally, I see that you use the word “unique” in your management philosophy.

**Miyake** Without a sense of uniqueness, I believe that it would not be possible to master our guiding precepts of respecting moral principles and endeavoring to be creative and original. However, it can be said that what makes us most unique is our avoidance of areas in which we are weak and our engagement in efforts to exhaustively explore value through a thorough focus on eggs.



In fact, our entire group uses ten percent of all eggs produced in Japan each year. For this reason, we make sure to fully use the egg white and even the shells of eggs after using the yolk for making mayonnaise, thereby avoiding wasting any part of the egg. An egg contains all of the nutrients needed to raise a single chicken. When you think about the essential functions of each part of an egg, the egg yolk is surely the most important. The shell is porous enough to allow air but not water to pass through in order to protect the contents of the egg from the elements. The egg white has antibacterial properties to protect the egg yolk. We engaged in research with a thorough focus on these functions to identify the various benefits associated with different parts of the egg. Recently, we developed an alcoholic preparation derived from egg white for deactivating the norovirus in collaboration with a university. At Kewpie, we convert all parts of the egg, including the shell, into value that we can offer to our customers.

**Kuroda** So you really don't discard any part of the egg, do you? While I'm also quite interested in the extent to which you thoroughly pursue creativity and originality, your focal point is truly a sight to behold. We at KOKUYO also value the ability to be focused. This tape glue was actually inspired by the photo albums that were in use a long time ago. To replace photos in one of these old albums, you were able to peel back the film, switch the photos, and re-affix the film, over and over again.



With a focus on this method of adhesion, we developed a technique for transferring glue in a dot configuration with rollers. Having garnered an exceedingly positive reception for this product from the very outset, we now offer a huge range of choices in this product line - from temporary-adhesion-type tape glue to strong-adhesion-type tape glue - and even sell these products overseas. Even for a product that would appear at first glance to be a product that has fulfilled its purpose, we learned that a different focal point can give applicable techniques associated with the product new values. Nevertheless, it is only by communicating this value to vendors and having vendors in turn communicate this value to customers that this value will end up enriching the world. Thus, the ability to make value that has been the subject of our focus known to others is an issue that needs to be tackled.



**We identify issues affecting our customers and join forces with them to create new value.**

**Kuroda** During the years of high economic growth, we experienced surges of demand for consumables and furniture in March, which corresponded to the month in which our customers settled their accounts and to the month treated by government offices as the end of the fiscal year, so at that time the maintenance of sufficient stock was a value demanded by KOKUYO. In this connection, we grew along with the market by building a new information system and logistics framework and thereby obtaining the trust of vendors. With the collapse of the bubble economy, however, reliable supply came to be treated as a matter of course by customers and customer expectations underwent significant changes. The creativity of individuals working to accommodate diverse needs and differentiate themselves came to be necessary and the offices in which these individuals worked came to attract much attention. What kinds of offices generate value for customers? We spent many years dealing with customer issues and engaging in a process of ongoing research and proposals towards this end. To solve the issues that affect our customers, we believe that it is important to establish a chain of trust linking everyone from suppliers to vendors and customers together and to generate value in collaboration with these different parties. For us, it has been a truly valuable experience to have been given the chance to be involved in helping build your new office, an office that embodies the management reforms that you have begun to implement.

**Miyake** On the occasion of the ninetieth anniversary of the launch of our mayonnaise, we would like to once again properly convey the basics of our mayonnaise to everyone in our company. How will we cultivate value as we look forward to celebrating the centennial of the launch of our mayonnaise? We have been discussing a view for orchestrating our group strengths. An embodiment of this approach is Sengawa Kewport. We brought our 17 business offices and 1,400 workforce, which had been scattered far and wide as a result of corporate splitting, together in this one location. Previously, there were no opportunities for conversations to be undertaken across different companies that were located physically apart from one another. We wanted to create an environment in which one could move around a floor and get a number of different tasks done and completed in the process.

**Kuroda** The triangular shape of your office building is also unique, isn't it?

**Miyake** This is the shape that we considered for creating what we conceived as a synergy effect by bringing together and reinforcing connections among group companies. With a triangular shape, each zone is connected to the other zones. We proactively incorporated gaps and other features for generating conversations and dialog transcending the boundaries that delineate companies and divisions into the connecting parts. An office system where staff members are free to change desks at will was adopted for all board members and employees. Indeed, the fact that seats were set up for only eighty percent of the workforce is a notable feature of this office building.



**Kuroda** I imagine that making the decision to adopt this office system on such a large scale for a workforce of 1,400 employees was a truly bold one. Could you elaborate on the specific aims of this decision?

**Miyake** In a word, we aim to achieve the mobilization of information. We can break down our diet into cooking and eating at home (naishoku), meals purchased in-store and taken home (chushoku), and eating out (gaishoku). The ability to strike a proper balance among these different options is a competitive advantage uniquely associated with Kewpie. Nevertheless, it is important that we focus on how each individual customer will choose to break down his or her diet into the aforementioned categories, such that different sections should effectively use information in one another's possession for this purpose. To illustrate, imagine that you somehow overhear snippets of a telephone conversation being engaged in by a member of a different section. This in turn inspires discussions on a new idea. It is for this reason that we insisted on certain size specifications for our tables. They are a superb size for getting people interested enough in the conversations of nearby people to interject in those conversations in spite of themselves. This use of real-time information is the essential objective of an office system where staff members are free to change desks at will.

**Kuroda** For your efforts with respect to Sengawa Kewport, you were conferred the 2014 Ministry of Economy, Trade and Industry Award, an award of the New Office Promotion Awards. I believe that you have greatly inspired other companies dealing with office-related challenges.

**Miyake** We wanted to change our work style with Sengawa Kewport. You firmly grasped this concept and presented us with a proposal accordingly. In our case as well, we are never clearly told by clients from the outset, "This is what we want." It is only when we set up a hypothesis and propose a solution that a client will remark that it's not quite right, thereby sparking dialog in the right direction. This is what we refer to as concept work. If we can understand what troubles a client and what a client wishes to change and if we can work out a concept while sharing difficulties, this process will surely be appreciated considerably by the client.



**Kuroda** This is truly a discussion that is consistent with our own stance. When a new office building is being built for the first time in twenty years, the person in charge will invariably prioritize budgetary considerations. However, the manager will seek to maximize the value of the office. It is our mission to generate a concept and value exceeding the expectations of the manager while convincing the person in charge that “things are difficult because this has never been done before” and that “there is no desire to proceed with difficulty”. We want our clients to understand that our employees will even go with them to see the president of the company if need be. The value of an office building varies for each company, such that it is no easy matter to identify the issues and establish a concept in each case. In your case, since you already had a clear concept in mind, there was considerable pressure on our project members to exceed expectations.



**The pursuit of excellence by way of sharing and acting on values makes it possible to take on the challenge of finding solutions to problems.**

**Kuroda** Kewpie's approach to manufacturing appears to be defined by a desire to take on challenges. What is your method of human resources development that can support this approach?

**Miyake** Taking on new challenges is the most difficult thing to do. We aim to create an organization in which each individual member thinks in a manner not constrained by the past. We encourage our employees to wonder why something can't be done, to wonder why something has been done the way it has always been done, and to understand that there are no taboos for such inquiries. To this end, we value a climate in which emphasis is placed on what is right rather than who is right so that anyone can feel free to speak out. If someone is not convinced after discussing something with his or her direct superior, our rules permit suggestions to be made to a higher-ranked person. Although there are no taboos, you will be asked if you properly identified all the potential risks and considered them adequately. While the result might turn out to be some failures, is the more important thing is that you delve into the reasons for your success or failure and harness the results of this process for the future. Asking “why” five times and inquiring directly into the success or failure of an effort will yield the essence of what you are looking for.

**Kuroda** It looks like you've stipulated clear rules designed to promote an organization whose members are encouraged to think. At KOKUYO, we are also attempting to foster habits of thought and conduct based on an approach that involves thinking about things to the limit of possibilities. The KOKUYO Creed as referred to earlier ends as follows: Integrity is not in words but in action. This is the KOKUYO creed. This can be further broken down as follows: (i) Act with integrity, (ii) Take charge, and (iii) Pursuit of excellence. These were redefined two years ago through our Group Code of Conduct. To act with integrity means to share the vision and seek true customer value. In contrast, it feels as somehow we fall short of standards with respect to taking charge and pursuing excellence. To take charge means to take on challenges and grow with others. There is nothing to be gained by being self-satisfied with being the only one to run a hundred meters in under ten seconds. It is important that every member of the team advances at the same pace. Pursuit of excellence means to pursue values to the limit and to go beyond expectations. However, there is no goal line since the limit is constantly shifting. What is important is a stance of pursuit.

**Miyake** Creativity and originality are also required to apply the philosophy of a company to human resources. Many initiatives are undertaken here at Kewpie. In this connection, we run an exciting program of awards, called Waku Waku, to recognize those who make improvement recommendations. A final-round competition for finalists from different regions is held by our group. Last year, this event was held at Shibuya Public Hall and was attended by nearly 1,000 employees. Participants arrived from as far away as China and Vietnam and delivered fantastic presentations based on our company creed and guiding precepts in Japanese. I would like to value opportunities in such ways to share our happiness with employees.



**Kuroda** It is a global awards program, I see. We've also established Like! Award, an awards program that inspires reactions of excitement in people. Nominees put forth by employees are selected by a judging panel of members who applied for. Ultimately, winners are decided by a vote of all employees. Not only do winners personally receive recognition for themselves but they also get to share the honors conferred upon them with the value chains which they are involved in, so that these value chains benefit from being associated with such reliable persons. These awards represent an excellent opportunity to fortify value chains of trust that are connected to customers. Designers placed in charge of the Sengawa Kewport project were also awarded in recognition of their fine work.

**Miyake** For us as well, Sengawa Kewport was our first challenge in getting 1,400 workers gathered in a single location where group management could be carried out. Based on this work style concept, we discussed various matters with you. The resulting process constituted a wonderful experience as we look ahead to the centennial of our founding in four years and for ensuring the continuity of new growth. This is definitely due to the new chain of trust that we have developed with you. We are truly grateful that you chose to take on challenges together with us. We would like to continue to be passionate about taking on challenges by always directly confronting the desires of and challenges facing our clients and working with them together.

**Kuroda** Thank you very much. Thank you for allowing us to be involved in the development of the office building for Kewpie, a company that is always taking on new challenges, while cherishing the philosophy that you share with us and while exhaustively seeking out competitive advantages represented. It was a huge challenge and opportunity for growth, both for the person in charge and for our company as a whole. While we intend to take on challenges with an eye to achieving new growth on the occasion of the 110th anniversary of our founding, we are committed to supporting our clients through proposals for solutions that beyond expectations and to contributing to the evolution of society by way of amassing a track record of successful proposals made along these lines. Thank you very much for giving us so many valuable suggestions today.

# History of the KOKUYO Group for 110 Years



Sales of stationery pad with high quality paperboard begin.



1932

Domestic production of ledger paper begins.



1927

Production of Wacho (Japanese-style account ledgers) begins.



1908

Production of Western-style account ledgers as off-the-shelf products begins.



1913

1905 Company is founded.

1914 Production of vouchers begins.



1917

KOKUYO trademark is adopted.

Entered the album market.



1963

Sales of Scrapbooks begin.



1964

Sales of Flat Files begin.



1956

Sales of Survey Field Book begin.



1959

Sales of home cabinets begin.



1965

Sales of Tube Files begin.



1974

Sales of Pritt begin.



1970

Yao Plant is completed. Introduced an automated slip-production machine (Bielomatik).



1961

Sales of File Box - FS begin.



1983

Sales of Keshipita begin.



1991

Sales of Gavatte Files begin.

1994

Sales of Tube Files (PP) begin.



1986

Sales of the Lonely Little Fox (original character) begin.



1976

KOKUYO Jewelry Members is formed.

1968

Tokyo Showroom/KOKUYO Hall are completed.

1982

1966 Yao Automated Rack Warehouse is completed.

1961

1961 New company building for the Tokyo Branch Office is established (designed by Kenzō Tange).

1972

Listed on the First Section of both the Tokyo and Osaka Stock Exchange.

1979

New company building in Shinagawa, Tokyo, is completed. Mie Plant is completed.

1993

Shibayama Plant is completed.

1994

Furniture business is launched (sales of filing cabinets begin).



1960

Sales of steel desks begin.



1965

Sales of rotating office chairs begin.



1966

Sales of desks and chairs for students begin.



1975

Sales of theater chairs begin.



1979

Sales of KuruKuru Meka begin.



1981

Sales of BioTech chairs begin.



1983

Sales of museum cases begin.



1984

Creative collaboration for Miss Blanche (Shiro Kuramata designs).



1988

Sales of the MX Desk Systems begin.



1988

Sales of Dynafit chairs begin.



1988

Sales of Beje begin.



1995

Kashiwarashi Plant is completed (to facilitate in-house production of steel products).



1971

Construction materials business is launched (sales of office dividers begin).

1973

Store business is launched (sales of supplies for stores and restaurants begin).

1974

## History of work-style proposals

Entire head office building is converted into a showroom.



1969

Office laboratory opens.



1986

Inaugural issue of ECÍFFO is launched.



1988

The Kasumigaseki Office is opened (non-territorial office concept is introduced).



1997

Fourth-generation Campus notebooks available  
2000

Fifth-generation Campus notebooks available  
2011

40th anniversary of Campus notebooks available  
2015

2009: Sales of will kits begin.

2009: Sales of Airofit scissors begin.

2011: Sales of Harinacs staplers begin.

2011: Sales of CamiApp products begin.

2014: Sales of Harinacs Press staplers begin.

1998: Initiatives regarding universal design are commenced.

2000: Sales of Punyo Punyo Pins begin.

2005: Sales of Dot Liners begin.

2008: Sales of KAO notebooks begin.

2009: Sales of Harinacs staplers begin.

2011: Sales of Jibun-Techo handbooks begin.

2012: Sales of Karu-Cut tape cutters begin.

2000: Kaunet is launched.

2003: Sales of Kado-Keshi erasers begin.

2006: Sales of NeoCritz cases begin.

2006: Actus joins KOKUYO Group.

2007: Sales of ReEDEN notebooks begin.

2011: KOKUYO Camlin is established.

Stationery-related business

2002: KOKUYO Design Award is launched.

2003: KOKUYO K Heart is established.

2005: Corporate logo is redesigned. 100th anniversary of the company.

2006: The Yui-no-Mori Project is commenced.

2006: Vietnamese plant is completed.

2007: Heartland is established.

2008: The Eco-Batsu mark is commenced.

2012: Shanghai plant for producing notebooks is completed.

2013: The KISPA catalog is inaugurated.

2015: The 110th Anniversary KOKUYO

Mail-order and retail business

2000: Sales of SIMPLEX begin.

2001: Sales of C Square units begin.

2001: Sales of AGATA chairs begin.

2003: Sales of WORKGATE workstations begin.

2005: Sales of nursing carts begin.

2008: Sales of EDIA systems begin.

2009: Sales of FUBI furniture made with timber from forest thinning begin.

2010: Sales of Campus Desks begin.

2010: HARMONii work stations unveiled at Orgatec.

2013: Sales of INSPINE chairs begin.

2013: Sales of Madre lobby chairs for local government reception areas begin.

Furniture-related business

2008: Eco-Live Office Shinagawa is opened.

2012: The Worksite Laboratory is opened. Creative Lounge MOV is opened.

2013: The Shanghai Showroom is opened.

2013: The Umeda Live Office/Umeda Showroom are opened.

2014: Shinagawa Live Office SHIPP is opened.

# Highlights of 2014

January

## Furniture business

Shopping Partner, a cart for use in stores, is released.

Designed for customers of such as supermarkets, drugstores, and other retail outlets and consisting of a light, compact cart with a tight turning radius for use in stores, Shopping Partner is released.

## CSR

KOKUYO Product Shiga: Cutting down reeds by Lake Biwa

Reeds are cut down in an organized fashion by a network established in 2009 to protect Lake Biwa based on the use of reeds with KOKUYO Product Shiga as the secretariat.



February

## Stationery business

Beetle Tip Dual Color fluorescent markers are released

Beetle Tip Dual Color fluorescent markers capable of marking text in two different colors with the same tip are released. Text can be rapidly and efficiently marked with different colors according to need.



## Furniture business

Brackets Lite, a modular table, is released

Brackets Lite, a modular table developed in collaboration with design office firm Nendo \*, is released. Placing them in various locations could induce casual communications among workers in the office.

\* A design office firm led by product designer Oki Sato.



May

## Stationery business

Tape-cutter Karu-Cut (handy-type) is released

Karu-Cut (handy-type), a tape cutter that cleanly cuts tape with minimal effort, is released. The specially processed edge reduces the amount of force required for tape cutting by approximately 50 percent compared to the force required using conventional tape cutters offered by KOKUYO.



## Stationery business

Pen case NeoCritz is released

NeoCritz is a pen case of which over one million units were shipped in fiscal year 2013. This product definitely meets the varied demands of our customers. We introduced new patterns and added mini-versions of this popular product line.



## Stationery business

Campus Loose-Leaf Case (30 sheets of loose-leaf paper included), a case specially designed to hold loose-leaf paper, is released

Campus Loose-Leaf Case (30 sheets of loose-leaf paper included), a convenient case specially designed for transporting loose-leaf paper, is released. Since it is a polypropylene case that is more durable than a pouch for holding loose-leaf paper, its contents can be carried in a very neat and tidy state.



June

## Furniture business

Campus UP, a chair for active learning, is released

Campus UP, a chair for active learning at university, is released. By supporting various postures and free bodily movements in accordance with different learning scenarios, this chair promotes a more dynamic approach to the process of learning.



## IR

A company information session and notebook factory inspection tour is held as IR activities for individual investors

A company information session and notebook factory inspection tour is held at KOKUYO Product Shiga for individual investors residing in Shiga Prefecture for the purpose of attracting enthusiastic shareholders (stable shareholders).



## CSR

Selected as an excellent example of a Discover Village Treasure

An agricultural business program for disabled persons operated by Heartland is selected as a prime example of a Discover Village Treasure \*.



## CSR

Held a team-strategy seminar for supporting the child-rearing generation

A team strategy seminar for supporting the child-rearing generation ( "How to work in a way that increases team strengths as considered from the standpoint of superiors, women, and men" ) is held as an initiative for helping strike a balance between work and life.

## Furniture business

Special lecture delivered by Lynda Gratton FUTURE of WORK X WORKSIGHT LAB seminar is held

With a theme of future approaches to work, special seminar FUTURE of WORK x WORKSIGHT LAB is held. A special lecture is delivered by Lynda Gratton, author of the bestseller Work Shift.



July

## Furniture business

Workstation series SAIBI is released

Workstation series SAIBI is launched in pursuit of design sensibilities and functionality appropriate for settings of fine quality. This series will provide workers with a pleasant work environment.



## Received an award

KOKUYO S&T is conferred an Invention Award at a national invention awards ceremony for its Harinacs technology

An Invention Award was conferred at the 2014 national invention awards ceremony (hosted by the Japan Institute of Invention and Innovation) \* for the invention of a staple-less paper-binding implement employing an H-shaped blade.



\* An award that is given to recognize exceptional, highly original inventions for the purpose of helping improve Japanese science and technology and contributing to the growth of industry.

July

**Stationery business**

**Hosomi, a portable pair of scissors, is released**

Hosomi, a slim, portable pair of scissors whose long blades make it possible to cut long straight lines, is released. A uniquely shaped three-dimensional handle renders this item both portable and practical.



October

**Furniture business**

**Jakarta Live Office is inaugurated**

The Jakarta Live Office is set up with the aim of acquiring domestic demand for office furniture. Business targeting the Indonesian market is being developed.



**Received awards**

**2014 Good Design Awards won by three KOKUYO Group products**

The 2014 Good Design Awards held by the Japan Institute of Design Promotion are given to three KOKUYO Group products: Jibun\_Techo (2015), Yokumieiru (white board markers), and Scirocco (office chair).



**Stationery business**

**Harinacs Press, a staple-less paper-binding implement, is released**

Harinacs Press, a staple-less paper-binding implement that works without opening holes in the paper as the latest addition to the Harinacs line, is released. Using a new press-locking system, this product can firmly bind together up to five sheets of paper.



**Furniture business**

**Participated in Orgatec 2014**

The company participates in Orgatec 2014, an international office furniture trade fair (Cologne International Office Furniture Trade Fair). In our booth designed by design office firm Nendo, our latest office furniture is displayed in an original exhibition setting not bounded by conventional office concepts.



**CSR**

**Winning products for KOKUYO Design Award 2014 are determined**

KOKUYO Design Award 2014, a competition organized to encourage a wide range of general users to submit superior product designs of the sort that could only have been conceived by users with the aim of getting them commercialized, is held. Five winning products, including grand prize winner Sukuero Hasami, are chosen.



**IR**

**IR activities are carried out in Singapore**

In order to convey KOKUYO's strategies to overseas investors and enable management to receive feedback from these investors, IR activities are carried out in Singapore. By proactively transmitting and collecting information to and from overseas investors, we will continue to increase the corporate value of KOKUYO.



November

**Stationery business**

**For writing down and organizing important matters four types of Daily Records notebooks that belong to the Life Event Support Series are released**

Four types of Daily Records notebooks that belong to the Life Event Support Series for writing down and organizing important matters are released: Gift Records, Health Watch Notebook, Travel Log, and Smart Money Management.



**Received an award**

**KOKUYO S&T is conferred an honorable-mention award at a regional invention awards ceremony for its dot-liner technology**

An honorable-mention award \* is conferred on the company at the 2014 Kinki invention awards ceremony (held by the Japan Institute of Invention and Innovation) for our pattern-coated pressure-sensitive transcription-type adhesive tape.



\* : Conferred in recognition of significant contributions made to improving Japanese science and technology and promoting Japanese industry through the completion of a superior invention.



December

**Furniture business**

**KOKUYO Kitakanto Sales Tochigi Live Office is inaugurated**

We propose that corporate competitiveness will be elevated by having concentration, interactions, and cooperation repeatedly undertaken and by promoting the cultivation of autonomy and co-existence at a workplace emphasizing the 3Cs—communication, concentration, and collaboration.



**CSR**

**The company joins the Ikuboss Alliance**

The company joins the Ikuboss Alliance, a network of companies that seeks to proactively reform the thinking of their own managers in an age in which employees are undergoing diversification and to cultivate ideal superiors for this new age (iku-bosses).

**Furniture business**

**Office chair Bezel is released**

Bezel, an office chair that supports the posture and enhances the beauty of the space that it occupies, is released. This product was developed with a focus on variations in the posture that occur when a user sits down in this changing IT environment in which workers perform their duties.



**Topic of focus**

**Shinagawa Live Office (SHIPP) is opened**

With an office concept based on Shinagawa Practical Place (SHIPP), the Shinagawa Live Office underwent renovations. SHIPP encourages employees to take on the challenge of reforming their own approach to work and also welcomes clients to observe new approaches to work in real time. The entire floor can be likened to a ship being dispatched to sea according to the theme of an office where employees grow by continuing to take on challenges in a practical setting. This office shall be harnessed as an opportunity for amassing experience and know-how and for comprehensively proposing office space that supports the growth and expansion of client companies.



# Key Non-financial Data

## Customers

Campus notebooks released

**40<sup>th</sup>**  
anniversary

Since Campus notebooks were released in 1975, we have sold more than 2.7 billion units in total; 2015 marks the fortieth anniversary of the launch of this product. To mark this achievement, we have designated this year as Happy Campus Year! Various projects will be unveiled and implemented accordingly.



## Employees

History of hiring disabled persons

**75** years

In 1940, we began hiring deaf people at our head office factory. At present, we provide various duties and various approaches to work to employees according to the characteristics of their disability at special subsidiaries (KOKUYO K Heart and KOKUYO Heartland). Disabled employees account for 2.14 percent of the workforce of the KOKUYO Group (as of January 2015).



## Customers

Number of office construction projects

Over **25,000**

In fiscal year 2014, we provided support for over 25,000 office construction projects in the span of a year. We will continue to propose space design and new approaches to work in line with the strategies of client companies and the attributes of their facilities.



## Customers

Customer feedback

Approximately  
**110,000**  
comments

Our customer service office received approximately 110,000 comments from customers in 2014. Inquiries and requests are shared with all Group employees through our intranet network to facilitate efforts to develop new products and services and improve existing ones by taking each customer's opinions into account.

## Society

Number of submissions for the KOKUYO Design Awards up to 2014

Over **14,000**  
(aggregate over 12 years)

By soliciting a broad range of designs from the perspective of customers, KOKUYO Design Award are organized with the aim of enhancing the design capabilities of not just KOKUYO itself but also Japan. In fiscal year 2014, the twelfth year of this event was held. The recognition of this award as a valued gateway to success for young designers is rising with each passing year.

## Business connections

Number of vendors utilizing our catalog

Approximately **140%**  
vendors using our catalog  
comparing to the previous year

We published the KISPA Catalog, which carried approximately 21,000 new products and standard articles offered by approximately 450 companies consisting of stationery manufacturers and other office appliance suppliers.

The number of vendors utilizing the KISPA Catalog increased from around 1,500 in fiscal year 2013 to approximately 2,000 in fiscal year 2014.



## Environment

Yui-no-Mori: aggregate area thus far subjected to tree thinning

**1,135** ha

(approximately equal to 295 times the area of Koshien Stadium; calculated on the assumption that Koshien Stadium sits on approximately 38,500 square meters of land)

Based in Shimanto-cho, Kochi Prefecture, and undertaken with the aim of regenerating a planted forest and revitalizing the community that seeks to protect this forest, the KOKUYO Shimanto Yui-no-Mori Project marked its ninth year of operation in 2014. This project encompasses approximately 4,900 hectares of land, and the aggregate area of this forest subjected to tree thinning has been increased to 1,135 hectares, such that the amount of carbon dioxide absorbed by this forest has reached 5,275 tons.



## Environment

Eco-Batsu mark

**0%** for six years

KOKUYO Group undertook an initiative to post an Eco-Batsu mark for KOKUYO products that are insufficiently friendly to the environment and bring the number of products with Eco-Batsu mark down to zero in three years. Since we published our 2010 General Catalog, we have managed to maintain an ongoing streak of zero Eco-Batsu marks for six years.

## Corporate governance

Percentage of outside directors

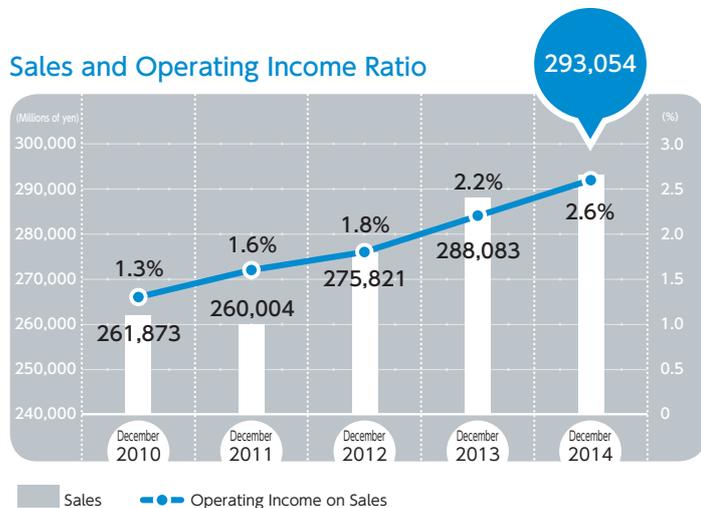
**37.5%**

Our board of directors consists of eight members, three of whom are outside directors. Since 2010, KOKUYO has been engaged in efforts to reform its corporate governance and has been endeavoring to improve the transparency and fairness of its management at all times.

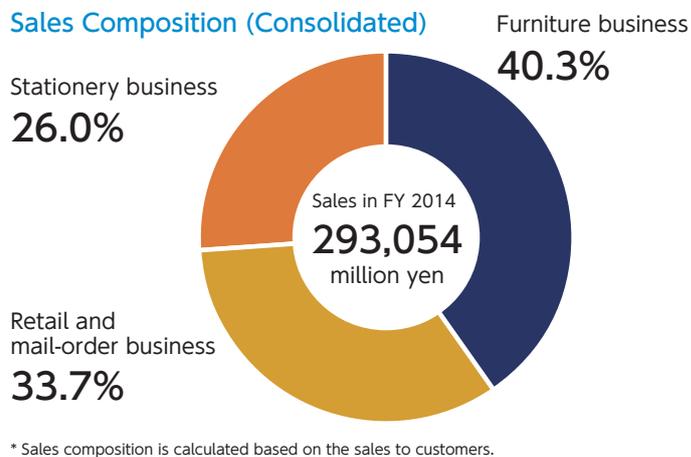
# Key Financial Data

Key Financial Data (Consolidated)	December 2010	December 2011	December 2012	December 2013	December 2014
Sales (Millions of yen)	261,873	260,004	275,821	288,083	293,054
Operating Income (Millions of yen)	3,282	4,072	4,852	6,426	7,598
Operating Income (%)	1.3	1.6	1.8	2.2	2.6
Ordinary Income (Millions of yen)	3,324	4,098	6,142	8,276	9,643
Net Income (Millions of yen)	815	-5,460	2,428	4,804	5,065
Total Assets (Millions of yen)	252,879	252,794	258,461	270,738	273,772
Net Assets (Millions of yen)	156,632	149,581	153,069	165,656	170,352
Earnings per Share (yen)	6.89	-46.16	20.53	40.62	42.83
Dividend per Share (yen)	15.0	15.0	15.0	15.0	15.0
Other Financial Index					
Return on Equity (ROE) (%)	0.5	-3.6	1.6	3.1	3.1
Equity Ratio (%)	61.7	58.3	58.3	60.4	61.5

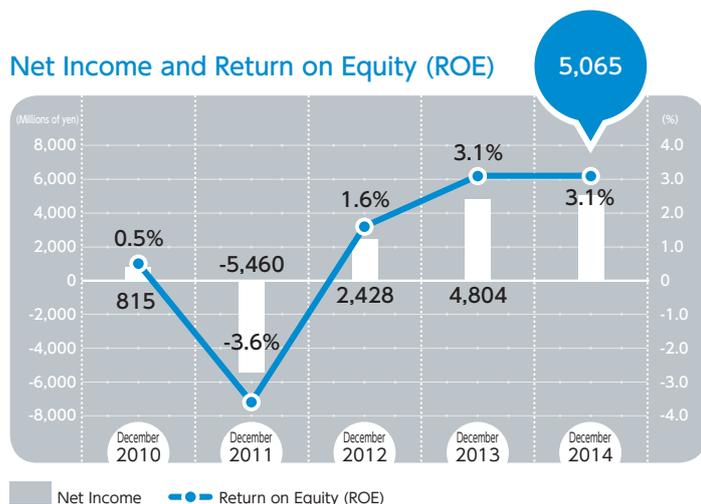
## Sales and Operating Income Ratio



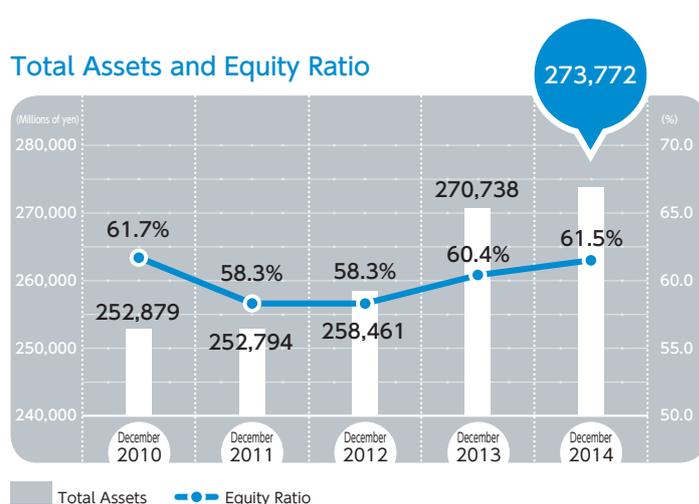
## Sales Composition (Consolidated)



## Net Income and Return on Equity (ROE)



## Total Assets and Equity Ratio



FURNITURE 01

Office chair

## Evolution of INSPINE and Bezel

Office chairs have evolved in line with changes in tools and changes in posture. We developed these rotating chairs for the next generation of users to accommodate sitting postures that differ from previous ones, through complex actions..

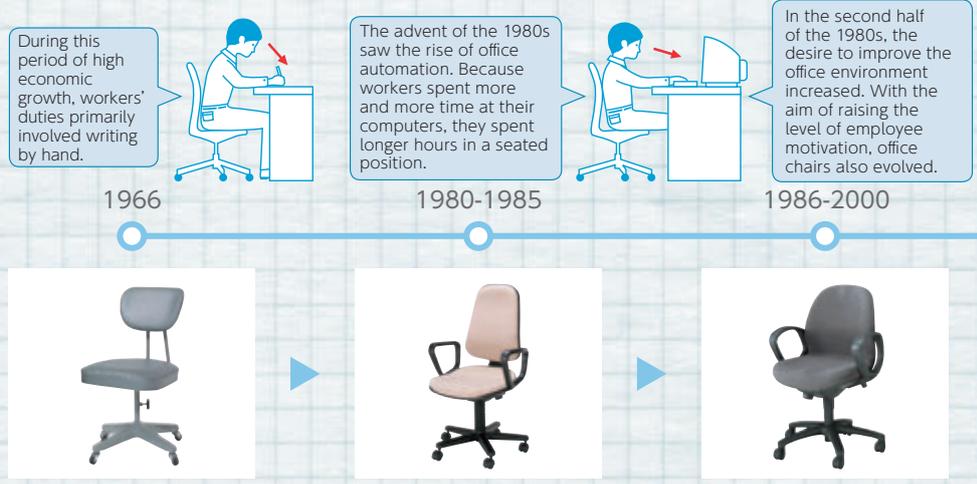


INSPINE

Bezel

## History of KOKUYO office chairs

KOKUYO office chairs evolved through the constant pursuit of optimal functions designed to accommodate new postures and new tools in conjunction with the approach to work undertaken by office workers.



CR-1

Our first rotating office chair, built to match a steel desk that we had released the year before. This chair represents the progenitor of all sorts of chairs being developed and sold by KOKUYO today.



Biotech chair

Based on the results of research into human engineering, this chair was developed for the Japanese office environment and the physique of Japanese people. Innovations to prevent fatigue caused by long hours of use have been incorporated throughout this chair.



Dynafit chair

Using molded urethane derived according to the study of human engineering, innovations were incorporated into the surface contours of the back and seat to make cushions that fit the human body better.

## Refining value with three innovative features

The INSPINE and Bezel office chairs were developed with a focus on the sitting postures of office chair users. Sitting with an S-shaped back that somewhat approximates a standing posture is good. However, a look around any office will reveal that many people sit with a stooped or slouching posture. With the desire to solve this problem, we began to observe, analyze, and generate ideas. We determined that some of the most prominent causes of slouching are as follows: a downward-gazing posture due to the increased use of laptop computers; the tendency to place one's elbows and arms on the desk when operating mobile tools, taking memos, and multitasking in other ways; and the tendency to sit apart from the desk because the armrests get in the way.

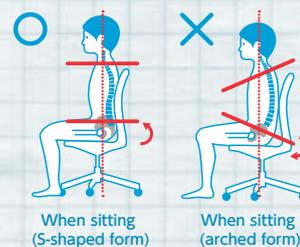
In order to resolve these issues, the development team defined their product concept in terms of a chair for those who use the latest tools and whose approach to work is cutting edge and proceeded to focus on adjusting the seat angle, providing lumbar support, and enabling moveable armrests suitable for today's work environment.



(Left) Yasutaka Takahashi  
(Right) Kazuo Oku  
Chair Products Department,  
MONOZUKURI Division,  
KOKUYO Furniture Co., Ltd.

## Refining the value of the back of the chair

### Innovations to encourage the user to approximate the natural S-shaped posture



The human backbone fundamentally traces an S-shaped curve. When you sit down, this S-shaped form breaks down and the lower back and other parts of the body come under strain. The back of each KOKUYO chair has been functionally made to support the posture of the user in order to properly maintain this S-shaped form.

### Wired lumbar support

A single wire is stretched across the back of each INSPINE chair. This wire can be freely adjusted according to changes in the curvature of the spine and changes in the posture of the user. By having this wired lumbar part provide support for the body as if it were an integrated surface, support will definitely be provided for the lower back while the mesh-covered back of the chair offers an extremely comfortable sitting experience.

INSPINE



In the first half of the first decade of the new century, the growing popularity of the Internet meant that workers were spending even more time at their computers. Their seating posture also changed, such that the angle at which they tilted their seats increased. The need for a headrest to support the head when the user leaned backwards and movable armrests to support the working posture also arose.



2000-2005

In the second half of the first decade of the new century, notebook computers became a mainstream device in the office. The amount of time spent by workers assuming a posture of gazing downwards increased.



2006-2010

In the second decade of this century, the rise of tablets and other mobile terminals led to even more time spent by workers assuming a downward-gazing posture. The compound use of devices has also given rise to a greater diversity of postures.



2010 to present



AGATA/A

More and more chairs that are designed to allow manual adjustments of numerous parts according to the shape and desires of the individual emerged. Chairs belonging to the AGATA series were released by KOKUYO as one of the first examples of this trend.



FOSTER

Rather than make adjustments to accommodate body movements, we adopted a 3D-fitted structure to conform to the movements of the body. By designing the back part of the chair to move in three dimensions, we achieved a flexible fit for users.



INSPINE

With a focus on changes in the IT environment where workers operate and on changes in the approach to work and posture attributed to these changes, we developed this product based on the concept of a chair for those who use the latest tools and whose approach to work is cutting edge.



Bezel

This chair incorporates a variety of different posture-support features designed to accommodate variable seating postures in line with approaches to work and tools that are diversifying and becoming ever more complex.

### Refining the value of the seat

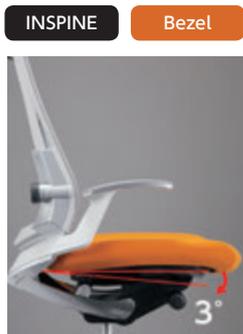
#### Innovations for dispersing body pressure



Since workers tend to assume a forward-leaning posture when their work involves the use of tablets and other such devices, the opening angle between the spine and the femurs narrows, which makes it difficult to maintain an S-shaped form. With a KOKUYO chair, the seat leans forward, thereby opening and expanding the angle between the back and the seat. This feature provides forward-leaning support that renders it easier to maintain an S-shaped form.

#### Forward-leaning posture support

With the INSPINE and Bezel chairs, the seat leans forward, thereby opening and expanding the angle between the back and the seat, lessening the stress placed on the femurs, and dispersing the body pressure. Abdominal constriction is also eased.



### Refining the value of movable armrests

#### Innovations to support diversifying work postures



Postures while performing duties are diversifying and now include a downward-facing posture brought on by work involving the use of laptop computers and the placement of elbows and arms on desks to operate mobile tools, take memos, and multitask in other ways. We focused on movable armrests to support a diverse range of work postures.

#### Crank-sliding armrests

We added the ability to slide the armrests back significantly in order to enable them to be moved to positions proximate to the body regardless of whether the user is assuming a rear-leaning posture or a forward-leaning posture. A mechanism for moving armrests smoothly rather than in increments and armrests that are angled allow changes in work posture to be flexibly accommodated.



FURNITURE 02

## Chairs for active learning The evolution of Campus UP

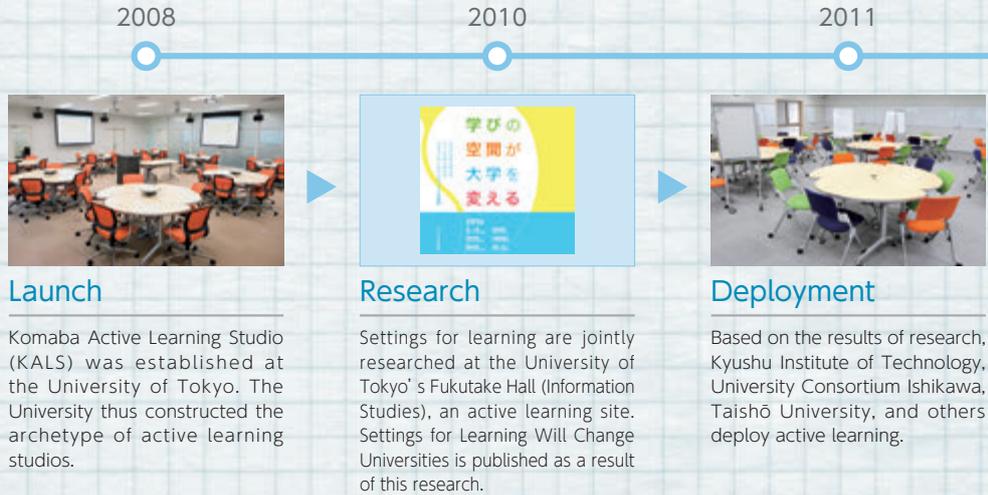
These days, universities are being challenged to cultivate students with the knowledge and skills required by society. Active learning has garnered attention as one of the solutions to this issue. Campus UP was developed to target settings in which active learning is practiced.

Campus Up®



## History of KOKUYO Active Learning

KOKUYO has been involved in constructing settings and engaging in research from the earliest days of the active learning movement. Based on this track record and the results that have been achieved, we continue to propose and construct settings suitably tailored to each university.



## Refining value through collaborations

In order to produce a chair that enables more in-depth studying by students, we harnessed the expertise of university educators, outside designers, and our own engineers for the manufacturing process.

### Universities + Creators + KOKUYO

#### Refining value through observations

#### Delving into the essence of things through overall observations

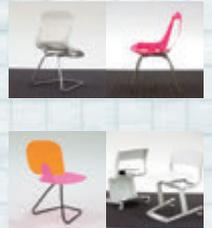
In order to identify active learning issues, we thoroughly observed the settings for learning. Through this process, we took approximately 2,000 photographs and hold discussions among members to determine the essence of active learning from the extensive depictions shown in these photographs. We also invited outside experts to join us in carrying out this process of observation.



#### Refining value through prototypes

#### Visualizing ideas with quick-and-easy prototyping

Using tags, disposable chopsticks, and other materials that one can find lying around, we created simple prototypes to visualize ideas. After rendering the conceived ideas into tangible items, we were able to engage in discussions. If we encountered difficulties, we simply built another prototype. As we repeated this process over and over again, we finally arrived at a point when every member of the team exclaimed, "This is it!"



## Supporting active learning more through 12 typical postures

We focused on the fact that students assume a wide variety of different postures, which makes their study process more animated. Such postures were compiled into a collection we like to call the "12 typical postures." Active learning can be promoted by supporting free postures and bodily movements on the part of students during lectures, practical lessons, discussions, group activities, and other such active learning scenarios.



(From left upper section)  
Move, look down, write, sit, approach, twist

(From left bottom section)  
Stretch, lean forward, rotate, recline, lean forward more, draw close

2012

Present



### Integration

The University of Tokyo's 21 Komaba Center for Educational Excellence (21 KOMCEE) is completed as an ideal education center that fully integrates the concept of active learning. This established the standard for Japanese-style active learning studios.



### Popularize

Wayo Women's University, International Christian University, and numerous other universities adopt active learning.

## What is active learning?

In contrast to mass lectures delivered in a unidirectional manner by instructors, active learning is a classroom style that incorporates the active participation of students. Given topics are discussed in groups and materials are gathered and presented accordingly. By having students experience these problem-solving approaches to learning, more in-depth learning by students is promoted. Active learning is linked to the cultivation of individuals capable of playing active roles in society.



## Campus UP x Waseda University's Kawai Laboratory

### Refining value through the verification of effects

#### Innovations to support diversifying work postures

We verified the effects obtained through the use of Campus UP during active learning periods with the full cooperation of Waseda University's Kawai Laboratory.



### Developer's column



#### Innovations to support diversifying work postures

Through a considerable number of observations, we once again recognized the importance—along with realizing functional elements for supporting free bodily movements—of incorporating into the design of each chair consideration of the state of mind of students while studying. While this refers in part to the question of how the form and color of the chair can evoke a sense of fun and novelty, we also wanted to produce something that would give rise to expectations that “something new is about to happen” in students at the moment they enter the classroom and even a slight residual sense of strangeness or discomfort.

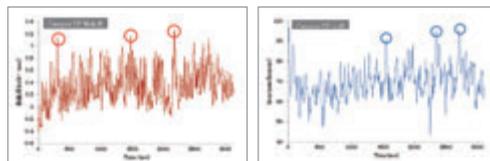
**Hiroshi Tokuyama**  
Education-related Department,  
TCM Value Unit,  
KOKUYO Furniture Co., Ltd.



### We learned that the brain is stimulated when an individual is actively learning.

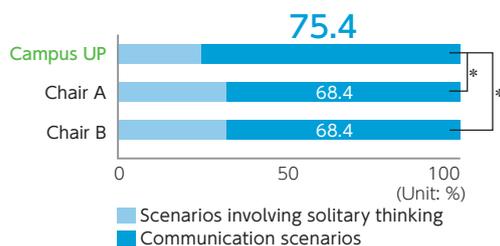
#### Verified effect 1

Cerebral blood flow and heartbeats are stimulated in communication scenarios during active learning.



#### Verified effect 2

Compared to other chairs designed for active learning, Campus UP naturally induces communication scenarios that promote stimulation.



STATIONERY 01

Staple-less paper-binding implements

## The evolution of Harinacs Press

First released in 2009, the Harinacs series consists of products that bind paper together without metal staples or other consumables. Domestic and overseas users have responded incredibly positively to these products for making it possible to streamline work in an environmentally friendly and safe manner.



Harinacs Press

## History of staple-less paper-binding implements

These implements initially consisted of large two-hole type implements before evolving over time in response to customer demands being operated with one hand and binding more sheets of paper together. The Harinacs Press emerged out of efforts to accommodate a desire for binding paper together without opening any holes at all.



Desktop type (binds up to 10 sheets with 2 holes)

2009

2010

2011



Handy type (binds up to 4 sheets)



Handy type (binds up to 8 sheets)



## Value added to settings for work and study

Value 1

### Prevent contamination by foreign substances

One of the most important issues faced by customers in the food or pharmaceutical industry is the need to implement measures to deal with the risk of contamination by foreign substances. Harinacs provides significant value on this issue.



In the food industry, pharmaceutical industry



Value 2

### Prevent injuries caused by accidental ingestion of staples

Imagine a crawling infant at a daycare discovering a staple on the floor without being noticed by attendants. The child might proceed to put the staple into mouth with an intention of swallowing it. Harinacs can prevent such incidents and eliminate one worry of child-care workers.



In the education sector, welfare sector



Value 3

### Enriches creative activities

By using Harinacs in paper handiwork for which tape and glue are used traditionally, users can enjoy making works that differ from what they created before. Since staples are not used, Harinacs can be safely used even in a family with small children.



Enriches creative activities



Harinacs Press

Karu-Cut

No. \_\_\_\_\_

Date \_\_\_\_\_

We achieved evolution in response to feedback from customers!



**Toshiko Yamada**  
Development Innovations Department,  
Stationery Products Division,  
KOKUYO S&T Co., Ltd.



Harinacs Press

**Desktop type**  
(binds up to 12 sheets)

**Press type**  
(binds up to 5 sheets)

2012

2013

2014



**Compact**  
(binds up to 5 sheets)

**Handy type**  
(binds up to 10 sheets)

**Feature 1**

Firmly binds sheets of paper without opening holes.



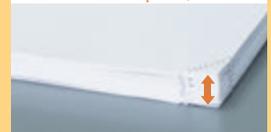
**Feature 2**

Just rub to release the binding effect.



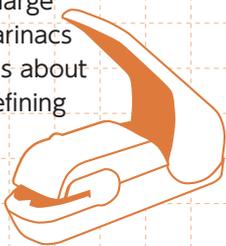
**Feature 3**

Not bulky.  
(Approximately 60 percent thinner than paper bound with conventional staplers.)



## Process for generating value

The person in charge of developing Harinacs Press spoke to us about the process of refining value.



### Development point 1

**Generates force that is 30 times or much greater than the gripping force applied to this product**

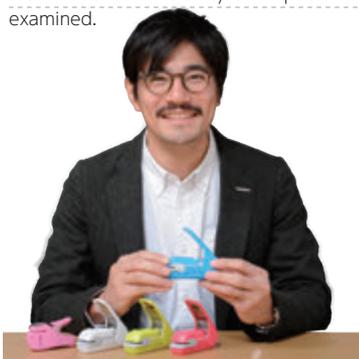
We began development with the aim of generating a force twenty times or much greater than the gripping force that would be applied with the handy-sized version of this product but found it rather difficult to achieve the targeted output values. Through an unrelenting process of trial and error, we ultimately managed to enable a force generated thirty times or much greater than the gripping force.



### Development point 2

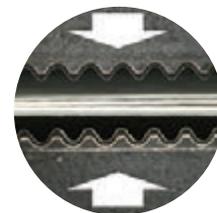
**Prototyped more than 50 patterns and 200 individual samples of binding teeth**

The binding teeth were also an ongoing source of difficulties. This is because we were forced to formulate a method for evaluating the binding force between sheets of paper and otherwise create assessment standards with no precedent. One of the characteristics of the Harinacs Press is its ability to demonstrate holding power with a small, inconspicuous binding component. To this end, we researched the binding force between sheets of paper, the form and size of the binding component, and other aspects of the product. In order to improve performance, we tried out one research-based tooth pattern after another. Over fifty such patterns were examined.



### Sō Hasegawa

(in charge of the development of the main unit)  
Creative Stationery Products Development Value Unit,  
Creative Products Division,  
KOKUYO S&T Co., Ltd.



### Development point 3

**Trial and error in increments of 0.1 millimeters**

Despite nearing completion of the teeth and the main body, there was a time when we just could not bind paper effectively when putting these components together. Since it was not possible to ascertain the causes of these difficulties immediately, we set about pinpointing the causes by making adjustments to the size specifications of parts and their positioning in increments of 0.1 millimeters. We were unable to tell whether we managed to bind sheets of paper together effectively or not simply by looking. In addition, most of the research and development work we were doing involved an ongoing process of trial and error whereby one hypothesis after another would be formulated and subject to testing.

STATIONERY 02

## Tape cutter The evolution of Karu-Cut

Tape cutter is a product that is daily used for such purposes as packaging items and sealing envelopes without much thought. We developed Karu-Cut, a product for which we focused on the ability to cut tape cleanly in response to customer feedback.



## History of Karu-Cut

The development of Karu-Cut began with the pursuit of easy cutting as a basic function. We are currently expanding our lineup of Karu-Cut offerings in response to the positive feedback and requests received from our customers.

Released a KOKUYO tape cutter

1972

Development commenced

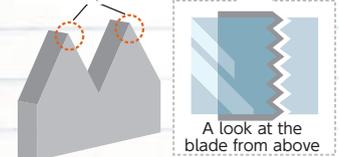
2010

**Is it true that conventional tape cutters don't actually cut tape?**

Tape cutters are literally an implement for cutting tape. Conventional tape cutters, however, are not necessarily outfitted with a sharp blade. Rather than saying that such implements cut tape, it would be more accurate to say that they lacerate tape when the tape is pushed down on the serrated blade edge. Thus, it is unsurprising that the cut is neither clean nor easy. One of the top responses put forth in a survey of users who use tape cutters frequently every day revealed a level of dissatisfaction with the quality of the blade.



How the tape is torn



Close-up look at the blade

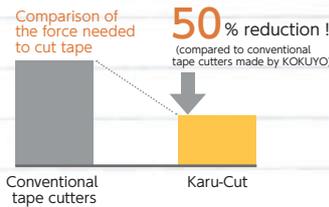
A look at the blade from above

## Value added to settings for work and study

Value 1

### Can cut well with little force

Karu-Cut's specially processed blade has raised and recessed parts of the blade that are fully sharpened. By cutting rather than ripping tapes, 50 percent less force is needed to cut tape (compared to conventional tape cutters made by KOKUYO).



For children who enjoy making crafts

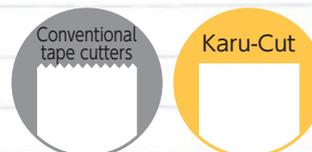


Value 2

### Cut straight and peel easily

With conventional tape cutters, the serrate edge of a cut piece of tape corresponds precisely to the blade of the product. With the blade attached to Karu-Cut tape cutters that it meets the tape at a perpendicular angle, the edge of a cut piece of tape is straight, which in turn means that the tape is less likely to be split when peeling off.

Comparing the edges of cut pieces of tape



For store cashiers and other workers



Value 3

### Cut various types of tape

Regardless of the type of tape in use, it only takes a light touch to cut a piece off. Karu-Cut offers great value since you can cut different kinds of tape with just this one item!



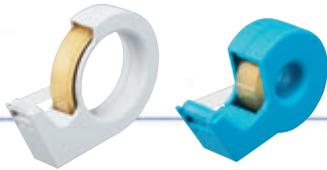
For all sorts of creators





Released Karu-Cut

December 2013



Released Karu-Cut (handy type)

May 2014

Our lineup is expanding!



Ayumi Nishimura  
Market Creation Department,  
Storefront Marketing Division,  
KOKUYO S&T Co., Ltd.

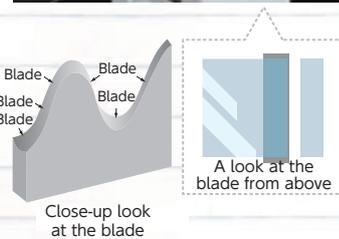


Released Karu-Cut (coupled type)

November 2014

### We thoroughly focused on the functional value of cutting tape easily.

When we conducted an analysis of competitors with regard to tape cutters, we understood that there were no products on the market that offered the most basic of functions expected of tape cutters: easy-cutting blades. Blades on conventional tape cutters are made simply by pressing the required shape out of a metal sheet, such that the blade edge is obtuse-angled. The blade for Karu-Cut is made by etching, a technique used often for semiconductors and other precision equipment. The metal is subject to corrosion with a chemical agent to create the desired form which is a sharp blade.



### Developing a varied lineup in response to customer feedback

A mounted product offering a clean cut never seen before in tape cutters was finally released in winter 2013. It turned out to be considerably noticeable. Requests for handy-type tape cutters for personal use and coupled-type tape cutters were subsequently fielded from many distributors attending exhibitions and trade fairs. These desired products were then commercialized. Our handy-type tape cutters are used for children's crafts and our coupled-type tape cutters are used by cashiers who need to use different types of tape as part of their duties. These are some of the many examples by which the value of these products is being demonstrated.

## Process for generating value

The person in charge of developing Karu-Cut spoke to us about the process of refining value.

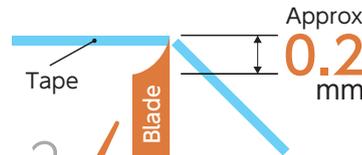


### Development point 1 Achieving an amazing cut! Etching

Etching refers to a processing technique for creating a form by corroding metal with a chemical agent. The parts of the metal that you do not want to corrode are masked. By gradually corroding the rest of the metal, a blade with a sharp-edged finish can be created.



### A look at a blade from the side



### Development point 2 Don't cut fingers! Safe design

The more the blade cuts well, the higher the risk that users get cut will be. To inhibit cutting fingers even when the hand is put at the blade and thereby to make this product safer, we adjusted the height of the blade to less than about 0.2 millimeters, which is the approximate thickness of the skin covering the human finger.



### Development point 3 Inspired by train hanging straps? Pursued an easy-to-grip design

When designing this handy type, we focused on achieving an easy-to-grip structure. So we tried to seek inspiration in things that we grasp all the time without feeling any sense of discomfort. What came to mind were the hanging straps which typically set in a train. I believe that this focus allowed us to recreate the ease with which we can grip something that is familiar to everyone.



Taichi Honda  
Stationery Products Development Core Unit 1,  
Stationery Products Division,  
KOKUYO S&T Co., Ltd.

Kaunet is involved in the distribution trade for the office mail-order business, an area with which the KOKUYO Group has not dealt in the past. This involvement has allowed the company to mark its fifteenth year of operations. In addition to sharing our Group philosophy of enriching the world through our products, Kaunet believes in enriching customers by thinking about things from their perspective. As a distributor, the company conscientiously strives to see the world through the eyes of its customers.

As a guideline for action, a vision for inspiring in a way that goes beyond making customers happy and for evolving into an inspirationally creative company has also been put forth. Kaunet adopted a thorough strategy of differentiation along with its vision of evolving into an "inspirationally creative company". The company continues to provide customers with "inspiration" by identifying potential difficulties unnoticed by customers and presenting ways of solving these difficulties.



## The value of deliveries by Kaunet

### 1 Delivering everything needed for those who work and for work settings

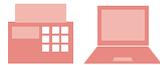
When hearing "office supply mail-order business", most people probably think of stationery products and copier paper. Yet, the products and services handled by Kaunet include toilet paper and other daily commodities; mineral water and other foodstuffs and beverages; electrical appliances; gift items; medical supplies; supplies for store operations; business cards, stamps, and other custom-ordered items; office furniture; and a vast array of other items required for settings in which customers engage in work.



### 2 Required items are promptly delivered on a one-stop basis

Free shipping for orders of 1,000 yen (tax included) and above

Order via the Internet or fax.



Orders in the same-day

Additional orders can also be free shipped

Provide same-day or next-day delivery

Deliver to anywhere within Japan! (\*)

Same-day delivery area:

Same-day delivery for orders submitted by 11:00!

Next-day delivery area:

Next-day delivery for orders submitted by 18:00!

(\*)Okinawa and remote islands are excluded from the scope of delivery.

Free return service

"I ordered the wrong thing..."  
"What arrived is not what I was expecting to receive."

Don't worry! Return or exchange

(\*) Please note that returns may not be accepted in some cases.

## Value provided by Kaunet: "Facilitation of choices" and "Awareness"

Kaunet is engaged in creating new unique forms of value that are not simply represented by the low prices and extensive selection of items conventionally provided by mail-order office suppliers. By providing "facilitating choices" as customers select products and providing "awareness" tied to solutions to dissatisfaction and difficulties affecting customers, the company aims to have its products and services keeping selected by customers.

### Thoroughly "facilitating choices": providing value through both catalog and website

#### 1 A catalog that facilitates choices by making product attributes instantly discernible



1) Select products as if you are actually having them in your hand

Even the items such as files that actually larger than the catalog in size, the posting of a full-scale photograph of the spine parts lets customers make their selection while comparing the actual size to the actual item.



2) Easy to compare products according to the measures invented by Kaunet

For example, a tasting chart for evaluating tea according to four different factors is presented to allow customers to choose based on personal preferences.

#### 2 Taking maximum advantage of the salient features of the company's website



1) Videos to show the instructions of products and other facts

The company aims to allow customers to have a simulated experience of using products through watching videos in lieu of actually examining these products in person.



2) Six sub-images posted for each product

Usage instructions and product images incorporating original standards have been re-edited for the company's website.

Granting "awareness" to customers: a unique program operated through Kaucore (Private brand)



**Yasuhiro Kametsuru**  
Marketing Planning & Development 1 Department, KAUNET Co., Ltd.

In 2013, Kaunet launched Kaucore, a new brand under which it intended to sell private brand products. Kaunet's private brand products had existed since the inaugural issue of the company's catalog in 2000. Two sub-brands was set up to clarify the direction in which these private brand products were to be taken when the Kaucore brand was established: Kaucore Price, consisting of products providing reassuring quality at low prices; and Kaucore Premium, consisting of value-added products incorporating Kaunet's own ideas for resolving any tangible dissatisfaction and potential difficulties of customers.

When we examine the market, we find that there are problem-solving products offered in B to C market but very few such products in B to B market. Kaunet thoroughly focuses on resolving operational issues in the work setting and will continue to provide unique products not available elsewhere, the aim of which is that customers will gladly use Kaunet to purchase products that cannot be acquired from any other vendor.

**1** Kaucore Premium, a brand thoroughly rooted in customers

Kaucore Premium consists of value-added products incorporating Kaunet's own ideas for resolving the tangible dissatisfaction and potential difficulties of customers. The company looks at the results of surveys included with its catalog and administers individual surveys using Kaunet Monika (a monitoring organization with approximately 8,100 registered members) for actual interviews with clients. In order to ascertain real on-site difficulties, importance is of course attached to the results of quantitative survey-based analyses and to the free-descriptive opinions provided through surveys and feedback directly obtained from interviews.



**Dokokara-Demo-Fusen ("tag memos from anywhere")**

Since the pad will not break part when taking memos indifferent color sections, you can choose memos from different colors simply by carrying one single memo pad with you.



**Kaiwa-Shiyasui Kuchimoto Yuttari Mask ("a mask that guards comfortably around the mouth while speaking")**

Wires are inserted into the center of the mask to maintain the mask's shape. Because the mask does not cling to the mouth too much and space around the mouth is assured, it is still easy to speak and listen during conversations while wearing the mask.

**2** Manufacturing together with customers Initiatives of the Personnel and General Affairs Shop

The Personnel and General Affairs Shop is a catalog and website outlet offering products primarily designed to solve problems for persons in charge of human resources, general affairs, or accounting department. Rather than simply offering products, this outlet organizes work on developing unique products in a series constituted under the Kaucore Premium brand by proactively communicating with customers through round-table discussions, daily-journal surveys, and other channels.



Administering a survey



Product development round-table discussion conducted by outside users



Usage reports submitted by customers are received one after another along with photographs.

Comment by the persons in charge

We identify problems affecting our customers through surveys and round-table discussions.

Because we don't know, we must ask.

We established our Personnel and General Affairs Shop in 2008 and proceeded to proactively listen to the opinions of customers because of a very simple idea. In the beginning, we went directly to customers of Kaunet to ask their thoughts. However, we soon ran out of clues to help us determine what problems needed to be solved. How could we figure out what was troubling our customers? The answer lay in a new program based on the use of Kaunet Monika, Kaunet's hearing system. This program consisted of a combination of a daily-journal survey administered to participants and round-table discussions. Every week, approximately twenty survey questions are sent to around thirty participants. Through this approach, details concerning specific problems are carefully elicited over and over again. By administering this survey in a daily journal form, the aim is to have participants notice operational difficulties that suddenly occur during the performance of regular duties. In addition, five to six participants are asked to stop by the office two or three times to participate in round-table discussions and help us probe daily-journal survey responses with a more in-depth look at distinctive problems. These actions contribute to the commercialization of products which could actually solve the troubles of our customers. And these products are chosen by our customers, which will be the approval of our work.



**Ayako Higano (left)**  
"Kaunet monika" Group, KAUNET Co., Ltd.

**Yutaka Maeda (right)**  
Product Development Group, Marketing Planning & Development 1 Department, KAUNET Co., Ltd.



**Industrial waste manifest file**  
This is a dedicated file to ensure that the manifest of industrial waste storage would neither be lost nor be forgotten for the five-year obligatory period of time. Numerous problems of the complex document management existed at the time.

# CSR Management

Since its establishment, with a grounding corporate philosophy of “Enrich the world through our products”, KOKUYO Group has developed honest business practices, raised profits, and has always been selected by people.

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)

31p Corporate Philosophy

32p Basic Concepts

35p KOKUYO's CSR Charter

36p Kokuyo Group Code of Conduct

37p Anniversary Month of KOKUYO's Founding

39p Efforts for Promoting an Understanding of KOKUYO'S CSR Activities

41p Initiatives to Promote Compliance

45p KOKUYO's Business Continuity Planning Initiatives

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 sh-o 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

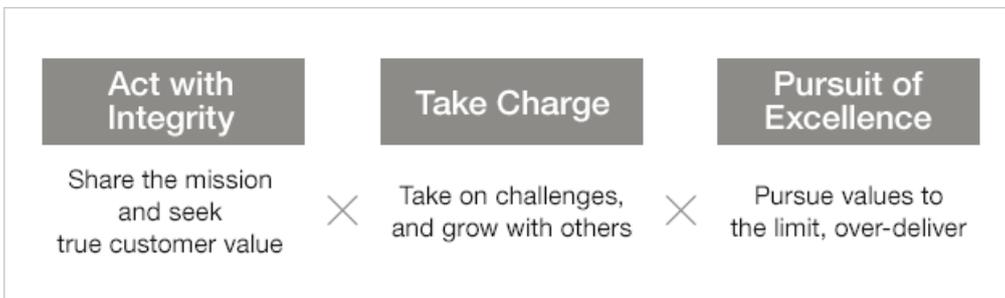
### Corporate Philosophy

### 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.*

## Basic Concepts

### 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. 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, and a central health and safety 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.

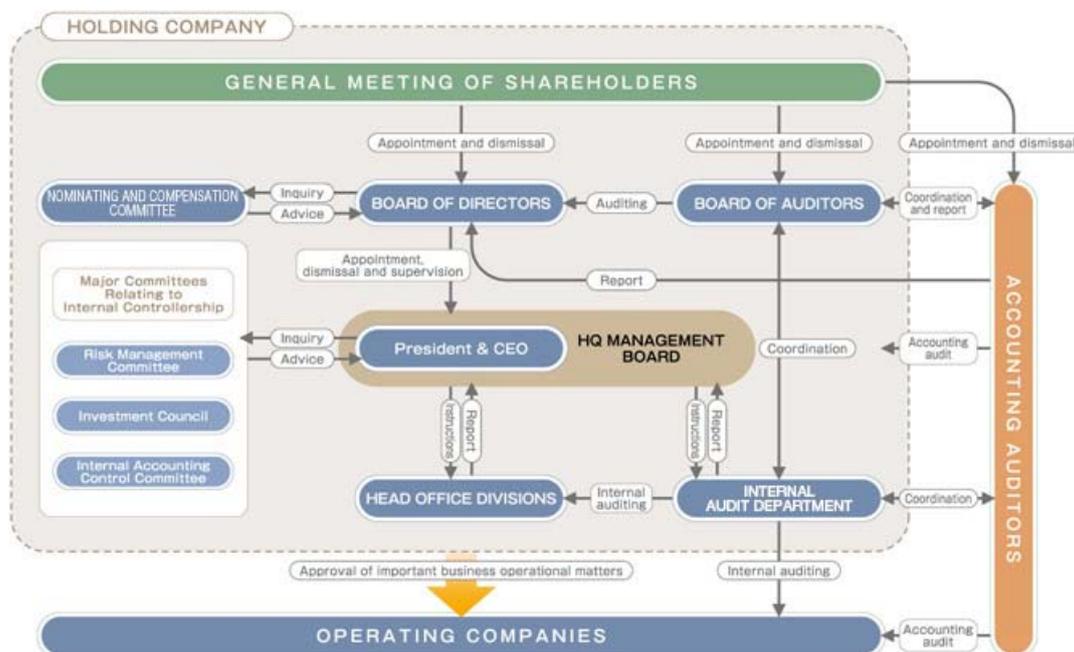
### Efforts for Promoting Corporate Governance

KOKUYO reaffirms the significance of corporate governance for top management to proceed with management reforms. Since 2010, we drastically have reformed the corporate governance to lay the foundation of governance structure and have been making efforts to maintain and operate proper corporate governance structure while enhancing the management transparency. The nominating and compensation committee established in 2010 as the advisory panel for the board of directors consists of a majority of the independent directors and external intellectuals, and it considers candidates for directors, auditors, and managing officers ("board members"), as well as their appointment and dismissal, and discusses compensation plans, evaluates individual board members, and then verifies compensation to inquire and make proposals to the board of directors. Beginning in April 2015, new top management structure was introduced after the replacement of the chief executive officer, president and director, etc., and it was determined through a fair process based on the objective assessment of the nominating and compensation committee, which took nearly three years.

### 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 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 Managing Officers

### Members of the Board

Representative Director of the Board,  
Chairman

Akihiro Kuroda

Representative Director of the Board,  
President and CEO

Hidekuni Kuroda

Director of the Board, Vice Chairman

Yasuhiro Kuroda

Director of the Board

Takuya Morikawa

Director of the Board

Nobuyuki Miyagaki

Independent Director of the Board

Hisao Sakuta

Independent Director of the Board

Hiroshi Hamada

Independent Director of the Board

Taketsugu Fujiwara



Members of the Board

### Audit & Supervisory Board Members

Standing Audit & Supervisory Board  
Member

Yoichi Kotani

Standing Audit & Supervisory Board  
Member

Tsutomu Sumitani

Outside Audit & Supervisory Board  
Member

Tomomi Yatsu

Outside Audit & Supervisory Board  
Member

Yutaka Mizuno



Audit & Supervisory Board  
Members

### Managing Officers

President and CEO  
**Hidekuni Kuroda**

Senior Managing Officer  
International Business Division  
**Takuya Morikawa**

Senior Managing Officer  
Corporate Administrations  
**Nobuyuki Miyagaki**

Managing Officer  
Corporate Planning Office  
**Naotaka Umeda**

Managing Officer  
Furniture Business Division  
(President & CEO, KOKUYO Furniture  
Co.,Ltd.)  
**Kozo Sakagami**

Managing Officer  
"Kaunet" Business Division  
(President & CEO, Kaunet Co.,Ltd.)  
**Kenichiro Takahashi**  
  
Managing Officer  
Stationery Business Division  
(President & CEO, KOKUYO S&T  
Co.,Ltd.)  
**Takuji Yaso**

## 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.

## Anniversary Month of KOKUYO's Founding

As KOKUYO was founded on October 2nd, the company has set October of each year as the anniversary month of KOKUYO's founding to provide each employee with an opportunity to understand more about the significance of its founding spirit and corporate philosophy for the entire month. During the period, the employees are encouraged to reflect on their attitudes and actions to practice and embody the founding spirit and corporate philosophy into day-to-day tasks.



### Sitting In A Circle with The Top Management

While the executives were invited to join President Kuroda for a lecture in 2013, for 2014, sixty-eight employees who entered their names voluntarily and four directors engaged in a direct discussion to talk about KOKUYO's characteristics that have been passed down since its founding. KOKUYO stands on its founding spirit, the business of KASU, and defines its corporate philosophy as enriching the world through our products. The founding spirit and the corporate philosophy form the axis and origin of employees behave and think. While they each define important terms, the most essential thing is to bring them into practice on a regular basis above all things. We familiarize each employee with the corporate philosophy aiming at developing their own principles they could stick to in their daily tasks, which helps employees achieve their potential.

In 2014, we emphasized the importance of strength in individuality as well as in teamwork, and the rediscovery and reinforcement of strength in business. During the meeting where management and employees sat in a circle, everyone expressed opinions to discuss whether the company follows its corporate philosophy, persists in enriching society (customers), focuses on originality and ingenuity thoughtfully, and work together to polish the value offered to customers. The employees who took part in the discussion left positive feedback, such as the following: "This opportunity makes us come in direct communication with the top management. It encourages me to check my own idea. It is also a good opportunity for me to take another look at how I want to work in the future. I pledge to do my best to maximize our strength by encouraging the entire members of the company to understand the KOKUYO's philosophy. And I feel a deep sense of empathy to take concerted action and increase the degree of sincerity, autonomy, and thoroughness to the extreme."



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

Since 2013, corporate philosophy meeting has been launched to provide employees of 11 years an opportunity to have a dialog with the president on the theme of the corporate philosophy. The employees who marked 10 years since they joined the company and had accumulated experience in various business fields got together with management executives and spoke out their thoughts that the philosophy was not something that competes on what they remember but something that must link to products, employees' regular tasks, and their behavior. The participants also enjoyed listening to episodes shared by the executives. The 2014 discussion theme was making a new proposal of the business of KASU. The employees were asked to think about the theme beforehand and make presentations at the meeting. The founding spirit of the business of KASU is to have the certainty and determination to absolutely serve a useful purpose for customers and find the source of value in the business of KASU, of which no one took notice, and focus on tedious and cumbersome tasks to develop KASU with overwhelming value. It is a theme that had more than one answer so that the meeting could be an opportunity for a fresh look at the KOKUYO's spirit of originality and ingenuity. The participants left a number of favorable comments, such as the following: "It encouraged me to think about what customers really want from us," "I start to think that we must put ourselves in the customers' position again to make efforts by determining what customers really want and what they are concerned about, instead of proceeding with each task simply to respond to their requests," "I thought I should change the way I work in the past" and "I want to take part in such an opportunity again."



## Efforts for Promoting an Understanding of KOKUYO'S CSR Activities

With the goal of raising awareness and promoting the understanding of CSR initiatives of each employee, the KOKUYO Group has implemented e-Learning training to educate the employees and group newsletters, namely YOU, 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 to 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.



Training materials for CSR e-Learning

### CSR e-Learning for the Entire Group Employees in Japan

Continued from previous year, the CSR e-Learning program for 2014 was implemented with an aim to promote each employee's understanding and actively communicate KOKUYO's CSR activities to stakeholders. In addition to covering the themes of customers, shareholders, business partners, local communities, the natural environment, and employees, the CSR e-Learning program addressed the important themes of corporate governance and compliance. Also, before the e-Learning training, there was a special topic on the themes of learning about CSR in 2014 featuring department-specific activities that employees talked about their efforts toward CSR in the group newsletter, YOU, on the intranet, which helped to promote further understanding of the employees for CSR.



Group newsletters, namely YOU, are used to communicate case studies specific to departments

As a result, in fiscal 2014, the e-Learning training was attended by nearly 3,500 domestic employees of the KOKUYO Group, which was successful in promoting a better understanding of CSR through each operation of the KOKUYO Group. In addition, an employee survey of CSR awareness was held to exam the fundamental knowledge of CSR among local employees in China. To enhance and improve the CSR activities, it is vital to recognize the importance and share the significance among employees. The KOKUYO Group pledges to maintain efforts to increase the awareness of CSR among all employees including the management layer.



An employee in charge explains the details of results

## Activities to widen the understanding of CSR using Chinese group newsletters

To further widen the understanding of CSR among Chinese employees, the offices in China use the Chinese group newsletters, titled YOU ONLINE CHINA. The newsletters not only introduce the efforts made by local employees in China, but also the CSR activities in Japan and employees who proactively participate in the activities to publish a wide range of information within the Group periodically to facilitate communication among employees. In the same manner as the Japanese group newsletters, YOU, the page where the series are provided has a like button and a space to leave comments. Employees are expected to share their thoughts, rather than focus on a one-way transmission of information.



Chinese group newsletters,  
YOU ONLINE CHINA

## Initiatives to Promote Compliance

As it develops and becomes a truly Asian company, the KOKUYO Group has been engaged in various activities 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.

### ■ Aiming to Raise the Awareness of Compliance

#### ■ Annual mandatory pledge on the establishment anniversary month to continuously encourage employees to think about compliance

In October, which is the anniversary month of the KOKUYO Group, all management and staff members of subsidiaries and affiliated companies in Japan and abroad are provided an opportunity to think about compliance by reflecting on their own conduct. During the month, everyone submits a pledge indicating they will be compliant with the KOKUYO Group Code of Conduct and confirms the content. In 2014, the framework of compliance surveys is added to the step of submitting the pledge. Everyone answered questionnaires on the corporate philosophy and compliance, as well as read the messages from representatives about rethinking the sincere conduct of each employee, which aims at enriching the understanding of compliance.

#### ■ Continuous Implementation of Compliance Efforts in the entire Group

The compliance surveys cover the entire KOKUYO Group, targeting a total of 43 companies, including overseas bases (27 domestic companies and 16 overseas companies). The fixed point observation allows us to detect the status and signs of changes in the awareness of compliance to grasp problems and take the necessary measures beforehand. The KOKUYO Group plans to continue the compliance surveys on a yearly basis in the future. For each business group, by analyzing the secular changes in comparison to the previous year and the trends of each company, necessary measures are implemented. Additionally, in 2014, nearly 300 employees took part in discussion-type training using simulated case studies, namely Compliance Discussion.

A total of 28 sessions were held among factory supervisors and the employees of group companies and holding companies. Also, discussion-type compliance training that uses case studies tailored to each level has been offered as part of the training program held by the Human Resource Development Department, such as training for new employees, newly appointed management and newly hired mid-career employees. On the other hand, the mini compliance quiz Choikon, which began in May 2013, encourages employees to gain knowledge and awareness by answering questions on the database and immediately checking the answers and descriptions. The mini compliance quiz was held a total of 39 times by the end of December 2014 and each session was attended by nearly 400 employees. Recently, the number of divisions where the entire members took a proactive stance in non-mandatory workshop-type quiz hosted by supervisors in the workplace without the intranet has also increased.



Training of newly appointed management

#### ■ Implementation of compliance training held by each company (Japan)

Each group company also implements initiatives to promote compliance independently. At KOKUYO S&T, in collaboration with the legal department, nearly 300 employees voluntarily took part in the training to learn about work-related laws and regulations, such as the Subcontract Act, Product Liability Act, and the law related to contracts. Additionally, e-learning has been implemented to provide each employee with the opportunity to individually watch a short video and answer questions about compliance from their own desk between day-to-day tasks with the aim of increasing the awareness of compliance. KOKUYO Furniture also worked with the legal department to hold training concerning general knowledge of legal and intellectual property, educating nearly 300 employees. KOKUYO Marketing hosted a free discussion session for each workplace in a small group setting on the theme of compliance, and a



Training at KOKUYO S&T

test was provided mainly to department managers and group managers to check their knowledge in compliance related to their operations. Each company has been sparing no effort on promoting compliance.

## ■ Operation of a whistle-blower system, KOKUYO Group Hotline.

The KOKUYO Group Hotline is a hotline where employees can seek advice on problems related to compliance and corporate ethics which are difficult to counsel and resolve within the workplace. It is a global system where not only employees in Japan but also the employees of the KOKUYO Group in overseas offices can use.

## ■ An internal search engine, named the Archive for Awareness, has been released.

The search engine system has been released to the entire KOKUYO Group so that employees can access the well-organized awareness information accumulated over time. The system aims to offer fuzzy reference and easy search of the knowledge required for employees when they transfer to new department, requiring the creation of a new operational flow from zero, and previous ingenuity that senior employees developed from past experience, as well as what the KOKUYO Group had experienced in the past and what the employees should pay attention to when dealing with compliance. For example, the database accumulates information on sales, procurement, various business acts, compliance, and internal systems.



The Archive for Awareness

## ■ KOKUYO Group's basic idea on intellectual property

As a strategy to differentiate ourselves from competitors, the KOKUYO Group promotes the following initiatives to encourage the acquisition of intellectual property rights, and at the same time, to respect others' intellectual property rights:

### 1) Management and operational structure of intellectual property rights

The KOKUYO Group aims to standardize and centralize utilization and strategies for intellectual property rights by controlling the operations related to the intellectual property rights of subsidiaries and affiliated companies in Japan and overseas centrally within the intellectual property rights group of the legal department. The group monitors competitors' products on a daily basis for the acquisition of rights in inventions, design, and trademarks; executes thorough preliminary surveys to prevent a violation of others' intellectual property rights; and protects our intellectual property rights. In addition, in cases where there is a conflict with competitors, the group corresponds to such a situation through cooperation with the management by taking a rapid and optimal approach for resolution.

### 2) Protection and legal compliance of intellectual property rights

The KOKUYO Group Code of Conduct stipulates that we respect the intellectual property rights of others while the intellectual property group establishes and operates the system for research, analysis, and close investigation to prevent and avoid the violation of rights held by others. Additionally, the group offers educational activities to the development division through occasional training and day-to-day operations for promoting the awareness of legal compliance and respects for the intellectual property rights of others.

### 3) Promotion of creation and utilization of intellectual property rights

The intellectual property group and development division work closely from the early stage of development to increase the superiority of the products in the market and focus on creating and discovering inventions that contribute to differentiation from competitors' products. We also aim to adhere to Sec. 33 of the Patents Act and establish an incentive system for employee invention as an internal rule, aiming to increase customer satisfaction and encourage inventions that strengthen the Group's development.

## ■ Overseas bases also deploy initiatives to promote compliance in line with the local situation

In order to work together to observe the laws and regulations and conduct business activities in accordance with social ethics, the overseas bases implement initiatives to promote compliance that is consistent with the local situation.

## Continuous Implementation of Compliance Discussions

In China, we implemented discussion-type training using simulated case studies, namely Compliance Discussion. In the key bases, the leaders act as a facilitator to deploy initiatives to promote compliance after participating in training. Also, in 2013, various tools have been developed to facilitate understanding of the collection of compliance case studies (it contains compliance violations occurred at Chinese subsidiaries and the laws and regulations in China), which was created to promote understanding of the KOKUYO Group Code of Conduct. These tools are set up at cafeterias (rest stations) of factories and warehouses. In addition, posters are created and posted on the walls with the aim of disseminating the understanding of the KOKUYO Group Code of Conduct and getting across the reform of the corporate climate.



A poster put up on the wall of plant in China

## Explanation conference tour for the KOKUYO Group Code of Conduct travels across India

KOKUYO Camlin has nearly 1,200 employees across India. In 2013, the KOKUYO Group Code of Conduct Handbook was distributed to all employees and conferences were held as part of introductory training. For the first year, the management including the president and chief executive officer (CEO) traveled across India to hold explanation conferences. In 2014 as the second year, with the aim of further promote their understanding, the management spent about two months in the same way as the initial year and visited nine bases and held as many as ten sessions for the explanation conference. In the vast land of India, where people speak different languages from state to state, the KOKUYO Group Code of Conduct Handbook was translated into the national language of Hindi, second national language of English, and Marathi, which is the language of Maharashtra where the headquarters and three of five factories are centralized. At the conferences, Indian CEOs provided an explanation of eleven provisions of the Code of Conduct in their language while giving examples, and all participants read the provisions aloud. Exciting conferences were held in series, giving a sense of tension. Also in India, because it is extremely rare for the presidents and CEOs to gather with employees to hold a conference, Our ingenuity makes maximum use of the opportunity of the large-scale conference tour by sharing various information in time with the explanation conference tour of the KOKUYO Group Code of Conduct.

Concurrently, besides the annual explanation conference, the explanations about the KOKUYO Group Code of Conduct are always delivered at manager training and introductory training for new employees to continuously enlighten the employees with the goal of further disseminating the KOKUYO Group Code of Conduct.



Explanation conference at Jammu factory in northern India



CEO Srikanth offered a passionate speech at the Bangalore venue in southern India

## Message from Person in Charge at an Overseas Subsidiary

### The road show must go on!!

I always have the KOKUYO Group Code of Conduct Handbook at hand because I think it is crucial to repeatedly review the KOKUYO Group Code of Conduct. In India, the turnover of sales personnel is particularly high, so it is essential to provide compliance education to new employees working at KOKUYO Camlin. In addition, although we tour around India every year to carry out educational activities on the KOKUYO Group Code of Conduct by sharing opinions with employees to raise their awareness, I feel there are more challenges to ensure the dissemination. We will step up our efforts by encouraging employees to provide examples of the eleven provisions and dividing participants into teams at the explanation conference tour to disseminate the KOKUYO Group Code of Conduct, so that each team can present two to three provisions in a competition style, which gives them an opportunity to think more deeply about the KOKUYO Group Code of Conduct. The road show must go on to disseminate the KOKUYO Group Code of Conduct!



A. Srikanth,  
Chief Executive Officer,  
KOKUYO Camlin Ltd.

## KOKUYO's Business Continuity Planning Initiatives

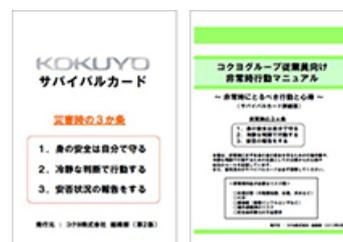
The KOKUYO Group develops necessary business continuity plans and procedures to ensure quick recovery of its operations in the event of a large-scale disaster or a new influenza pandemic.

### KOKUYO's Formulation and Implementation of the Business Continuity Planning

Business Continuity Planning (BCP) defines action plans to continue business operations to the best of our ability after the occurrence of unforeseen circumstances, such as disasters and accidents, as well as action plans to recover and resume business in as little time as possible where interruption is unavoidable. In the event of a disaster, disease epidemics, and other crisis situations, in order to ensure more stable product supplies the KOKUYO Group would implement the following measures in our BCP activities to facilitate crisis response activities as the entire Group.

#### 1) Early Response Measures during Disasters

To ensure all employees can restore calm behavior in the event of large-scale disaster, we distributed survival cards that list procedures to be followed during times of disaster and ask all the employees carry cards with them at all times. The survival card provides three rules to follow during disasters, which are (1) to ensure one's personal safety, (2) to remain calm, and (3) to report one's own condition, and also the information about how to browse a disaster message board offered by cell phone companies and the information section for identification in case of unexpected circumstances. In addition, the emergency action plans for employees that provide a full detail of the survival card are posted on the intranet to raise awareness of measures against disaster in mind.



Survival cards (left) and emergency action plans for employees (right)

#### 2) Creation of a Safety Confirmation System and Implementation of Practice

To make quick confirmation of the safety of Group employees in times of disasters, in 2006, we set up a safety confirmation system using mobile phones, PCs, fixed line telephones, and other means of communication by employees. Immediately after the earthquake in March 2011, it was temporarily not possible to use telephones and e-mail. At present, however, no other alternative systems seem to be able to confirm 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 all employees receive notification and that contact information is kept up to date and in a usable state. (In 2014, practice were implemented twice with approximately 5,500 participants)

#### 3) Implementation of Emergency Drills at Business Locations

To ensure that all employees take safety precautions on their own in an emergency, along with regular countermeasures for earthquakes, we are conducting periodic training and drills that simulate a large-scale earthquake on weekdays. In 2014, the Shinagawa office held an evacuation drill simulating the situation after receiving an early earthquake warning. Actions for maintaining safety by taking cover under desks are applied. There were also initial firefighting training and reporting to the fire department and disaster center to the evacuation after terminating initial firefighting based on a scenario of an office fire after earthquake. Also, the Osaka head office held simulated training for group-wide task force aimed at gathering disaster information of each branch location in a disaster affected area and planning support plans. The KOKUYO Group continues to increase the group-wide crisis-response capability in the future.



An emergency drill held at the Shinagawa Office

#### 4) Countermeasures for Disease Epidemics

Based on the experience gained during the epidemic of a new strain of influenza in 2009, we are considering and pursuing

countermeasures for the recurrence of such epidemics. In 2014, as countermeasures for the influenza season in 2013-2014, we raised awareness by reserving and distributing antivirus masks, enforcement of hand-washing and gargling, and the adherence of cough etiquette to prevent infectious diseases. The Group continues to take a fresh look at countermeasures for possible events including a new strain of influenza as part of the precautions for a pandemic.

## Structuring Business Continuity Management Systems (KOKUYO Furniture's Initiatives)

KOKUYO Furniture has been designated the KOKUYO Group's pilot company for BCP activities. After 2012, based on the issues that have been brought to light after the Great East Japan Earthquake, we are promoting the reconstruction of BCP activity plans unique to KOKUYO Furniture with the goal of delivering a better and highly practical system, so that we can offer products and services to fulfill customers' expectations and make them feel relieved.

### KOKUYO Furniture's Basic Policy for BCP 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, make recovery plans 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, we were reminded 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 various difficulties during and after the Great East Japan Earthquake, causing inconveniences to our customers and bringing the deficiency of plan to our attention. Based on the experiences, we are clarifying problems occurred in the front, production, logistics, delivery, and systems as well as clarifying priorities so as to formulate feasible plans. Additionally, we organize the detailed actions to take in response to emergencies in chronological order to create more effective systems.



Workshop for formulating BCP

### Implementation of crisis response training at offices in China

Starting in 2013, KOKUYO's General Affairs Department and persons in charge of crisis management in overseas subsidiaries have been working together on the structure for crisis response framework and crisis management planning within the local offices. In 2014, with the aim of verifying response procedures after the outbreak of the crisis and the aim of improving response ability, in February, the staff in charge of crisis management of three overseas subsidiaries were called to join a desktop exercise to confirm response procedures in the outbreak of a new strain of influenza and precautions to take as companies and offices for each pandemic phase are verified.

Also in October, educational and actual firefighting training was held for both companies' private fire brigades in the buildings where KOKUYO (Shanghai) Management and KOKUYO Commerce are located. The educational training allowed the staff to confirm each person's actions and tasks in the event of fire while the actual firefighting training allowed them to confirm evaluation routes and how to use firefighting equipment.



Training that assumed real fires

## Implementation of surprise training assuming early earthquake warning

In July, KOKUYO Sanyo Shikoku Sales held surprise training by assuming an early earthquake warning. The surprise training assumed an earthquake measuring a magnitude of lower 6 and distributed emails through the safety confirmation system as well as emergency network to conduct safety reports by telephone. However, the rate of safety reports by telephone resulted in only 47% so that in August, with the aim of enhancing awareness, each office implemented a disaster preparedness briefing to explain the issues such as the neglecting of telephone communication and communication interruption with staff in charge of information collection. As the sales base located at the place where Tonankai earthquake happens at a high probability, we will continue to prepare stockpiles, implement training for emergency networks, and repeat practical training, such as evacuation drills and fire drills, in order to establish the preparedness structure for autonomous actions in an emergency.

# With Customers

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



49p Views Regarding Quality Assurance at KOKUYO S&T

51p Views Regarding Quality Assurance at KOKUYO Furniture

53p Provision of peace of mind and safety to customers  
Quality according to the consideration of Kaunet

55p Activities for Creating a Menu of Countermeasures for  
Disasters

57p Customer Support and Services

59p A System for Utilizing Feedback from Customers

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.

## 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) Deepening the Quality Assurance System

KOKUYO has re-examined design review and safety review, which are important processes for the quality, and production trial observation as well as guidelines for chemical management to work out the details of the contents to reflect the times. Those efforts have been utilized for the education of young and new employees and promoted for use as a bible for employees involved in quality control, aiming to deepen the quality assurance system.

#### (2) Establishment of the inspection system on a global basis

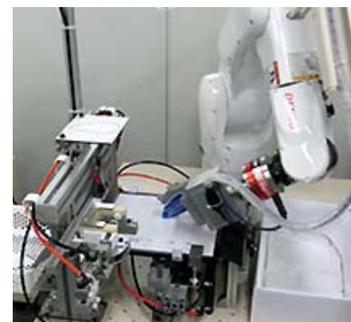
KOKUYO has established an inspection skill evaluation method with global standards, which evaluates the skill level of inspectors around the world and sets up a system for education and guidance with the aim of maintaining a certain level of inspection skills. In addition, we provide necessary paraphernalia and manuals for inspection globally to maintain the level of inspection at a certain level, thereby increasing the accuracy of discovering faulty products during inspection to prevent the outflow of faulty products.

#### (3) Increasing the accuracy and speed of handling complaints

In addition to safety, people around the world seek a sense of reassurance; moreover, anybody can receive and transmit much information anytime. As we think it is essential to further increase the accuracy and speed of handling customer complains in the future, we have embarked on visualizing and standardizing the processes, information for making decisions, and evaluation criteria of the course of actions that corporations should take when product risk occurs. This will ensure the unification of decision-making process procedures within the organization and minimize the variation of determination, as well as to speed up the process.

#### (4) Enhancement of value evaluation testing in addition to quality verification testing

While we thoroughly implement quality verification testing at the time of the renewal of existing products and development of new products, we make continuous efforts to maintain and improve testing quality by introducing robots. Additionally, to respond to the various needs of users, we have been working to conventionally confirm quality to see whether products are sturdy and offered at a low price and to quantify the quality to ensure that valuable and attractive products are offered to customers.



Introduction of robots in quality testing

## KOKUYO Camlin won the golden prize at the Kaizen Competition!

Sponsored by the Quality Circle Forum of India (QCFI), the Kaizen Competition was held for the first time on June 21, 2014, and the members of the Tarapur factory and Vasai factory won the golden prize among 37 teams from remarkable corporations in India. In particular, the Tarapur factory team was awarded first place out of all competitors. On the day of the competition, the Tarapur factory team delivered a presentation on the improved productivity and cost reduction in RMG (a machine for generating colors by mixing together coloring and oil of crayons), and the Vasai factory team delivered a presentation on the theme of doubling the service life of dies by reuse of impressions. Each of the projects was highly valued for achieving the productivity increases by 50% and realizing cost reduction by 30% to 40% while contributing to quality improvement.



The quality control team won the golden prize.

## Views Regarding Quality Assurance at KOKUYO Furniture

Domestically, KOKUYO Furniture expanded the scope of its ISO 9001 certification to include furniture for public-sector facilities that are accompanied by construction in 2010 and to include construction material products, such as room dividers and partitions in 2012, and then again in 2014 to include stocking sales of outside articles. In addition, KOKUYO Furniture Commerce & Trading (China) acquired ISO 9001 certification in December of fiscal 2014.



### 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

An annual National Driver Competition is a competition for delivery drivers of partner companies, which is held with the aim of further increasing customer satisfaction when delivering furniture products. Since it started in 2010, fiscal 2014 marked the fifth year, and it has become a competition that invites 400 drivers from about 40 companies from all parts of the country. About 80 drivers took part in the regional preliminary round after representative drivers were selected from each company. The participants with honed professional skills and pride competed with each other in heated contests throughout the nation. The National Finals were held on August 2nd and contested by representative drivers of partner companies from a total of three teams, including two teams that defeated the final teams of the east and west block and a team that was specially recommended, competed against each other. KOKUYO Logitem strives to continuously evolve as a company with the goal of making “Inspiring Deliveries.”



The participants of the competition assemble products in earnest.

## Provision of peace of mind and safety to customers Quality according to the consideration of Kaunet

Kaunet handles an array of products from stationery, office supplies such as copy papers to beverages, food, electric appliances, gifts, medical related products, store operation products, made-to-order products including business cards and stamps, and office furniture from 1,000 manufacturers. As a distributor, Kaunet has been making efforts to work together in the value chain and improve not only the quality of the line of goods but also the customer service at call centers and delivery to offer a sense of security and safety to customers.

### ■ Distribution services for delivering products to customers with sureness

Kaunet considers it is a matter of course to steadily deliver products to customers and aims to offer “inspiring” quality in product distribution to please our customers.

### ■ For product deliveries (Main services)

#### (1) Same-day, next-day delivery services (Except for certain products and services)

Except Okinawa Prefecture, remote islands and some hilly and mountainous areas, Kaunet delivers orders the next day if orders are placed before 6 p.m. The same-day delivery areas may receive the order on the same day if an order is placed before 11 a.m.



Our efforts on simple packaging

#### (2) Promotion of simple packaging

For deliveries of products in a paperboard box, which is the most common packaging, Kaunet exercises its ingenuity in using cushioning materials for protecting products as little as possible. Besides, for imperious products in a lower volume and , the orders are delivered using simple packaging, such as paper bags or polyethylene bags, in an effort to conserve resources.

#### (3) The services for selecting packaging of delivery (For online orders only)

While customers highly appreciate the delivery using simple packaging, Kaunet also responds to the request for delivery using boxes to accommodate occasions when sending orders to business partners or as a gift. When placing an order, customers can select the packaging form each time.

#### (4) Furniture delivery with assembly services

Delivery staff specializing in furniture offer delivery, unpacking, assembling, and installation to packing material collection for the delivery of large furniture, heavy furniture, and those requiring complicated assembly.

### ■ Collection services

Kaunet promotes resource conservation and recycling outdated Kaunet catalogues and cardboards for shipping, as well as the collection services for used toner cartridges.

### ■ For our customer's peace of mind and safety

In addition, we offer free returns within 365 days from the date of purchase even at the customers' cause (certain products and services are excluded), and we offer follow-up services after the receipt of products with the cooperation of manufacturers and suppliers.

## The Voice of a Person in Charge

Kaunet holds sales data of customers that keeps track of date/time, customer's name, and product name. In cases of product failure and when recall is required, we may notify our customers via the website and directly contact customers who purchased via fax or telephone. Although it requires a great deal of time and effort to go back and check a huge volume of sales data, this service could be applied only via mail-orders. Our steady efforts ensure customers' safety and peace of mind for using Kaunet. That's what we believe in day-to-day business operations to respond to our customers.



Hiroshi Sugayama  
Quality Control Dept., Kaunet

## 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) Developing a menu of countermeasures against earthquakes for office

After the Great East Japan Earthquake, we carried out wide-ranging verification experiments, and based on an enormous quantity of data obtained from the experiments, we make a rational determination of the relationship between seismic waves and earthquake preparedness to devise objective evaluation criteria of earthquake-proof furniture. 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.



#### (2) Proposing Stockpiling of Emergency Supplies to Corporations

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



Emergency supplies cabinet for elevator



Mobile rescue equipment set



Toppling-resistant belt for paper shredder

### ■ (3) Raising the Level of Awareness

---

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



Seminars on disaster countermeasures for corporation

## 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. 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.

### ■ On-Site Experience-Based Training That Allows Employees to Listen to the Voice of Customers and Apply into Day-to-Day Work

The KOKUYO Group has enhanced its employee training by providing opportunities to experience the actual worksite of customer service center and hear opinions directly from customers because employee do not usually get a chance to come face-to-face with customers. Also, similar training is offered to new employees in May with the goal of gaining awareness when asking and knowing customers' requests and utilizing these experiences in the day-to-day operations in the future. The training provides employees with good communication technique and 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.



Customer service personnel work in tandem with experienced operators to respond to customers. When a customer offers appreciation and gratitude, unforced smiles were shown on their faces.

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

In order to answer the inquiries submitted to the customer support center, we create movies to introduce contents that are difficult to express by phone and email. All of the movies we created are published on KOKUYO's homepage under the section of KOKUYO's Room of Instruction Manuals on the page of KOKUYO Channel. KOKUYO Channel specifically offers movies that introduce KOKUYO products and its various efforts.

In addition to KOKUYO's Room of Instruction Manuals, KOKUYO G Men and KOKUYO Kudasai! introduce products in a fun way through a dialogue with KOKUYO's employees and comedians, Let's Report explains the company's unique activities, and Benri no Tane describes the convenient function of products. In addition, starting from fiscal 2014, the programs named Ano Machi, Kono Machi, KOKUYO no Aru Machi, introduce stores and companies around Japan which handle KOKUYO products.



The KOKUYO's Room of Instruction Manuals is a program for customers who purchased KOKUYO products so that they can use the products better.

## ■ KOKUYO Channel received the Best Video Marketing Award.

---

KOKUYO Channel won the Best Video Marketing Award, recognizing KOKUYO's efforts to make maximum use of videos for corporate marketing in the 2014 Brightcove Japan Innovation Award, which awards corporations marketing efforts using innovative and cutting-edge online videos in Japan. This time, KOKUYO was highly rated for its efforts of using videos as a part of corporate promotion, including the efforts 1) to launch a video site on the corporate website faster than other Japanese companies and keep working on it, 2) to plan and deliver contents specially for the movie site, and 3) to release videos that communicate well with the target audience and to improve quality while paying attention to the viewing trends for each video by providing a performance index.

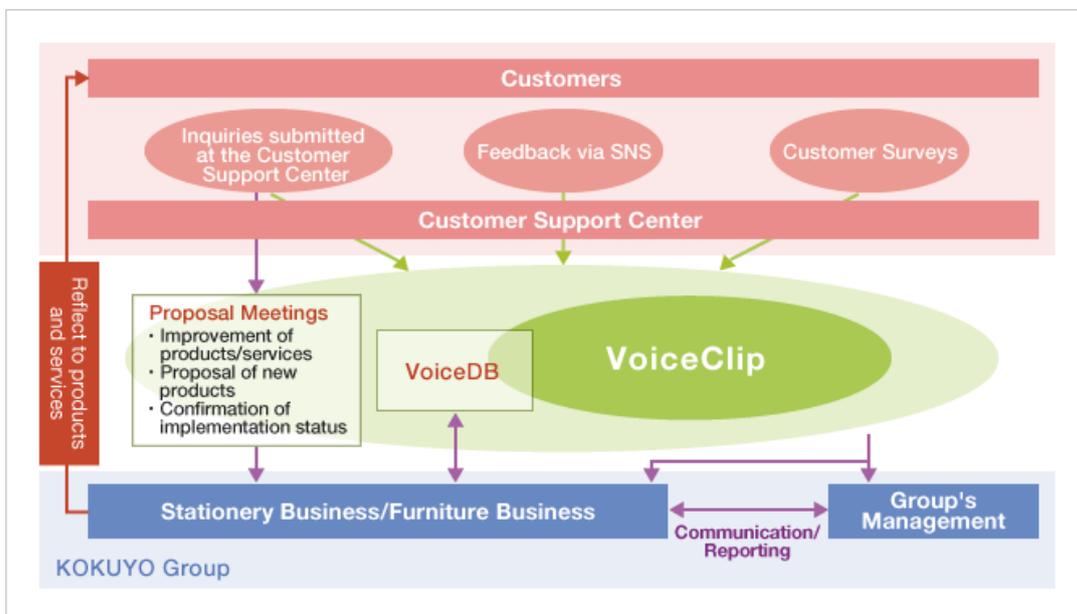


## A System for Utilizing Feedback from Customers

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 Customer Feedback with Sincerity

In order to share customer feedback across the entire group, we use the intranet, VoiceClip, to share feedback of customers with all the group employees (customer personal information is excluded beforehand). Both angry complaints and words of appreciation from customers are updated weekly on VoiceClip. Starting in fiscal 2012, we have been working to improve visualization by displaying customer feedback on the top page of the Group's intranet. Additionally, the customer feedback submitted to the customer support center is summarized in a database (personal information excluded), VoiceDB, so that Group employees can access the database to freely navigate through previous feedback at need.



### Casting Customers' Feedback into Shape

#### Pen Case NeoCritz

Customers have supported NeoCritz's functions as a portable pen stand and the ease of confirming and taking out the contents in it. Also, use of the stand has expanded to use as a cosmetic bag and a case for mobile gadgets. As a result, we have received a number of requests asking for unique colors that are not traditionally used for stationery, larger sizes to increase the capacity, and smaller sizes to be able to fit in a bag. In response to the requests for colors, we added stripes and a dot pattern on the exterior material and a bi-color version that creates a beautiful contrast in the scenes of life such as a living room and caf?.

Additionally, in response to two types of requests, we used new ideas for increasing by decreasing and released NeoCritz Mini to propose space-saving ideas for a single item and increasing the capacity by using multiple items.



Left) NeoCritz in new colors

Left) NeoCritz in new colors

# 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 potential of each employee with differing personal attributes and differing perspective and values to realize its own growth and development.



61p Personnel System

63p Human Resource Development Program

64p Enhancement of Global Human Resource Development

69p Basic Framework for Diversity

71p Achieving a Good Work/Life Balance

74p Support for Active Participation of Diverse Human Resources

79p Labor Practices/Safety and Health

81p 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

The personnel system becomes the basis for employees working for the company. Now that the working style has become diversified from employees who wish to challenge various types of work extensively, those who prefer following through on one career, those who want to work actively even after reaching retirement age to those who want to work while seeking a balance between childcare/nursing-care and work, they are also seeking more flexible ideas in the personnel system.

We aim to realize the personnel system with the aim of creating an environment to facilitate the growth of employees in their daily work and to bring the best out of each employee, to allow them to plan their own future and careers and challenges, and to receive fair and equitable evaluations, appointments, and treatment. By doing so, our goal is to allow the KOKUYO Group employees to develop on a daily basis and the group to grow as a corporation to provide better value to customers.



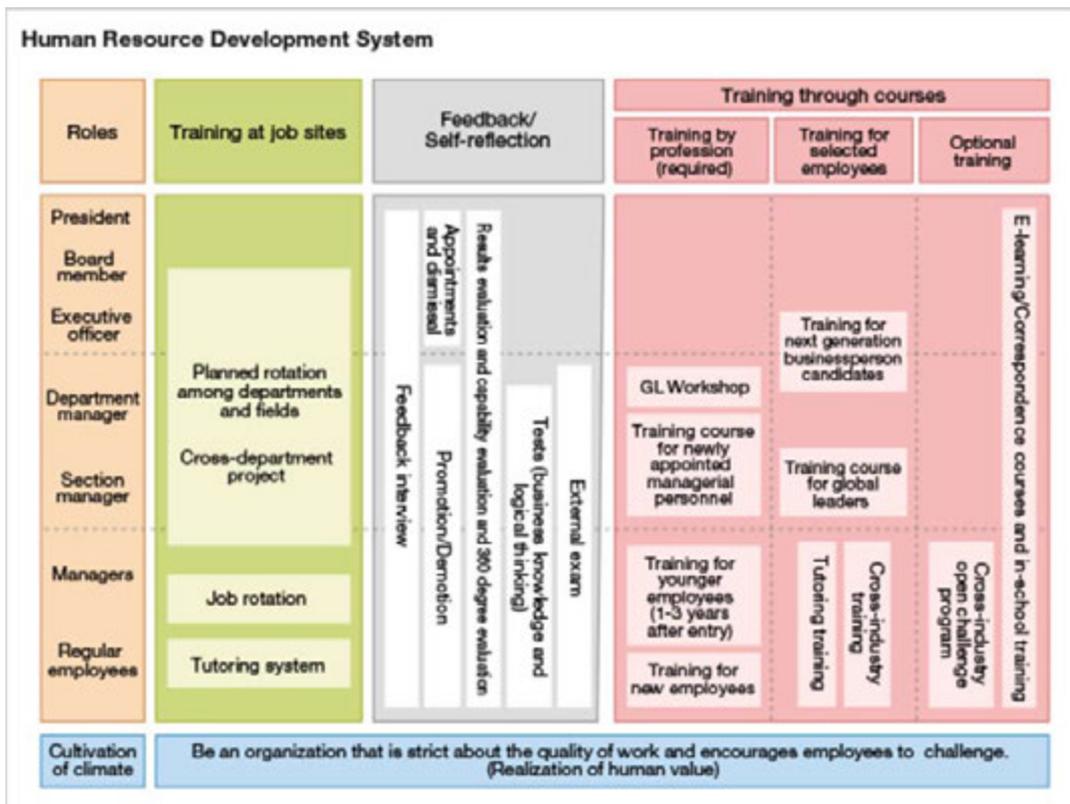
Yoshiaki Morinaka  
Human Resources Development  
Division,  
KOKUYO Co., Ltd.

## Human Resource Development Program

KOKUYO is working to develop human resources with the aim of creating a workplace where each employee can work enthusiastically and repeatedly take on 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 who voluntarily put their name down. This program mainly aims for the expansion of visions (to become aware of their own potential); acquisition of knowledge, skills, and mindset required for future career formation; and meeting new people (building of external network). By offering an opportunity to be inspired by excellent human resources from different companies and industries, the participants can be exposed to many learning opportunities and different values that are not available within the company, which is one of the greatest benefits.

In 2014, a total of 40 selected participants of different ages and professions from different companies took part in eight different types of training courses in Tokyo and Osaka, Japan. In addition to above, as a new initiative in 2012, the GL Workshop for group leaders, who are the core leaders in the workplace, has been held. The two objectives of this program are to provide strong support for managers at the working level for promoting 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



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, Global Leader Development Program is conducted for global leader candidates who will be responsible for leading the development of the Group in Asia. In 2014, the third year of the program, after a kickoff meeting in April, the program run for about seven months and ended with a final presentation meeting in November.

The program was offered based on the following:

1. **Global leadership session**, which aims to allow participants to understand the ability required for a global leader through case studies, exercises and role-play.
2. **Diversity session**, which aims to provide an understanding of diversity in business.
3. **Corporate philosophy session**, which teaches participants to use their own words to transmit the corporate mission and founding spirit.
4. **Global leadership review**, which offers an opportunity to come face-to-face with their leadership skills transformed through training.

In addition to the training in Japan, the program offered an opportunity for participants to develop the ability to propose a solution for business challenges through communication with local members in the KOKUYO Group's overseas subsidiaries with the aim of widening their vision and improving their adaptability as global leaders. In 2014, the participants divided into four teams: three teams visiting China and one team visiting India, and at the final presentation meeting on November 13, they provided recommendations to management executives.



Meeting in India.



Session for corporate mission.



The Fujian Province (China) team won first place in the business challenge recommendation competition.

## The Voice of a Participant

I was on a team of seven people, and we worked on developing and recommending a sales strategy for the furniture business in China through on-site fieldwork in Fujian Province, China. While many members did not have an opportunity to get involved with foreign relations in the course of day-to-day activities, we learned about the difference in market environments and that our strengths in Japan were not effective as they are through the actual communication with users and sales outlets in China. On the other hand, I also experienced opportunities that were different from businesses in Japan's mature market. In addition, the program was extremely meaningful for members who had less of a chance to be involved in developing a business strategy in their day-to-day tasks to experience the process.



Taro Yamashita  
Corporate Management  
Department,  
Corporate Management Division,  
KOKUYO Furniture Co., Ltd.

## Top Executive Personnel Development Training in China

For the first time in fiscal 2014, top executive human resource development training was held by inviting five candidates as next-generation top executives of KOKUYO Commerce and KOKUYO Furniture Commerce & Trading in China. The aim of the program is to develop next-generation executive personnel who can communicate and expand KOKUYO's value and strength in China. After the program began in June, the program ran for about six months and ended with a final presentation meeting in November.

The program was offered based on the following contents:

1. **The finance and accounting session** aimed to develop the ability to read the financial statement to evaluate corporate value and use it to make business judgments.
2. **The strategy building session** aimed to develop the ability to read the changes in the external environment and look down on the internal organization and use it for business development.
3. **The strategic issue workout** was offered in parallel with a daylong training to make a recommendation for new business of the subsidiaries in China.

The program offered four sessions in China (Shanghai), and the final presentation meeting was held in Japan (Shinagawa). The participants were divided into two teams to create a strategy story. They validated the evidence on-site and received interval coaching to repeatedly work on polishing their skills, and on the final day, they provided their recommendations to management executives.



The finance and accounting session held in the flagship showroom in Shanghai



Strategy building session



A commemorative photo taken at the Shinagawa Showroom after the final presentation meeting

## Program for Training Chinese Leaders

Beginning in fiscal 2014, KOKUYO offers a training program for leader-class personnel in subsidiaries in China. The logical thinking training was offered in Shanghai and Beijing in December and a total of 42 participants from KOKUYO Commerce;

S&T Logistics Co., Ltd.; KOKUYO Furniture Commerce & Trading; and KOKUYO Design Consultants Co., Ltd participated in the training program.

The program sets the following two goals:

1. Understand desired roles and mind as leaders and have a sense of self required to move up to managerial positions in the future.
2. Pursue essential challenges with a complete view and learn the method of logical thinking for problem solution.

The participants learned brainstorming and the KJ method, pyramid structure, MECE, deductive method, inductive method, various tree structures, hypothesis thinking, PREP method and the framework of decide-communicate-execute, as well as practiced discussion methods and how to compile and communicate using logical thinking skills in a group setting.



Training session in Shanghai



Training session in Beijing



At the Shanghai Flagship showroom

## ■ 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 2014, a total of 20 managers from China, Vietnam, and India participated in the training program, which was the fourth year since the training was held. As a member of the KOKUYO Group, in addition to learning KOKUYO's founding spirit, corporate mission, and history, 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 build personal human networks. It became a good opportunity to understand the significance of embodying KOKUYO's corporate mission and values in their countries by seeing actual examples in practice at the scenes of manufacturing in Japan.



At KOKUYO Product Shiga

## ■ Training for Overseas Financial Officers (Furniture Business)

From September 25 and 26, 2014, five financial officers of the overseas bases in the furniture business received training in Japan. The program sets the following three goals:

1. To ensure that the KOKUYO Group's corporate philosophy and mission are inherited and the significance is firmly taught so that the participants can realize and utilize in day-to-day decision-making and tasks for succession.
2. To ensure that as members of the KOKUYO Group, they understand the accounting policy and know their roles as overseas financial officers with a heightened awareness.
3. Through direct communications with the members of head office in daily business operations, they can facilitate communication and develop a sense of togetherness.



Financial affairs training

Through the two-day training program, the participants boosted their awareness as members of the KOKUYO Group.

## ■ 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 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 will 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, religion, educational background and concept of values. Aiming to become a truly Asian company, KOKUYO will step up its drive to develop global human resources and support personnel development throughout Asia so that the employees working in the KOKUYO Group around the world can relate to the corporate philosophy and concept of values and continuously work with satisfaction.



Yuki Akagi  
Human Resources Development  
Division,  
KOKUYO Co., Ltd.

challenges faced by managers. 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 fiscal 2012, over 500 people participated in the workshop.



### **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 2014, the internal 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. Also, the mental health seminars are held at training for newly appointed managerial staff on a continuous basis with the aim of understanding characters coming from different backgrounds.

## 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><b>Sharing the significance of diversity initiatives</b></p> <ul style="list-style-type: none"> <li>■ Share the significance as a means of creating an atmosphere where it is easy to work</li> <li>■ Share the significance as a means of creating an atmosphere where employees can draw fully on their abilities</li> </ul>	<p><b>Achieving a good work/life balance</b></p> <ul style="list-style-type: none"> <li>■ Create an environment where employees can achieve a good balance between work and their private lives</li> <li>■ Realize a highly productive work style</li> </ul>
<p><b>Structuring a system and implementing it throughout the Company</b></p> <ul style="list-style-type: none"> <li>■ Develop a system to make flexible work styles possible</li> <li>■ Implement these systems throughout the Company</li> </ul>	<p><b>Supporting the activities of a diversity of human resources</b></p> <ul style="list-style-type: none"> <li>■ Make the most of diverse human resources, regardless of nationality, ethnic origin, gender, age, religious beliefs, academic background, and other characteristics</li> <li>■ Promote an active role for female employees</li> </ul>

### 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"> <li>• Childcare: <u>Until a child finishes its third year in elementary school.</u></li> <li>• Nursing care: <u>Up to three years per person requiring nursing care.</u></li> </ul>
Teleworking	Once a week, in principle. <ul style="list-style-type: none"> <li>• Childcare: <u>Until a child finishes its third year in elementary school.</u></li> <li>• Nursing care: <u>Up to three years</u></li> </ul>
Re-employment system	<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</u>

change and other reasons recognized by the company.

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

\* See page "2015data.pdf" 2p 「[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, 2014. 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, 2014

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



### Four seminars were held to raise awareness of team strategy for maximizing families with small children.

It has become the time when working parents are quite common. As symbolized by the word, ikumen; men who are actively involved in child-raising, an increasing number of men want to actively take a role in the raising of their children. Also, due to child-raising, nursing care, an aging population, and other family circumstances, the way of working has become diversified, such as short working hour system, teleworking and contract worker, it has become essential to achieve results as a team.

Although the government has been promoting women's active participation in the workplace and corporations enhanced the system for maternity/childcare leave, there are limitations just to expect working mothers to change their way of thinking and dedication. The key is that supervisors, co-workers, and husbands must be aware of the working mothers' career and bring changes to their own working style. Based on the awareness of how the workplace can support supervisors and working parents so that working parents can be happy at work and home, the WorMo<sup>®</sup> and KOKUYO CSR Division jointly hosted a total of four seminars to raise awareness of a team strategy for maximizing families with small children by inviting wide-ranging participants inside and outside the company.

The seminars were held with different targets; the first seminar targeted supervisors, the central players (women) for the second seminar and the partners for the third seminar. Each seminar consists of two parts and was joined by teachers with unique characteristics, including Mr. Ando, the representative of Fathering Japan, who gave a lecture to enrich participants' understanding, which was followed by a discussion on the recognition of challenges and awareness. The final fourth seminar complied with the awareness and challenges raised in the previous three seminars and was offered in a workshop format to determine the system and device toward the realization of working styles for increasing team strength. The participants left comments that "I received a memorable teaching that the setup for child-raising leads up to the setup for work. This helped me realize I should be more cooperative in helping with household chores instead of working late," and "The seminar broadened my outlook that we should support each other's private lives without giving special weight to people who are raising their children."



Lecture given by Mr. Ando of Fathering Japan in the first seminar on the theme of "What's iku-boss? supervisors who actively support families with small children can"



Workshop on child-raising and career in the second seminar on the theme of "Social politics that working mothers should know"



Workshop on career progression with partners in the third seminar on the theme of "Good balance of work and child-raising that husbands should consider"

increase team strength.”

\*[WorMo](#) is an information website that defines child rearing and working from a standpoint of learning and plays an active role in increasing as many as possible the number of positive thinking working mothers who consider they can enjoy both child-raising and working and develop personally. The website offers unique information such as interviews with fascinating working mothers who are raising children or raised children before.

## KOKUYO participated in the Iku-Boss Project Alliance

Thanks to the opportunity given through the team strategy seminar and workshop for maximizing families with small children, we took part in the Iku-Boss Project Alliance sponsored by the Fathering Japan.



In order for organizations to maximize the abilities of employees respectively who have their own problems (employees with constraints, etc.), the management must also undergo changes in their way of thinking. By participating in the Iku-Boss Corporation Alliance, participating advanced corporations with the same awareness of challenges can share their knowledge to make it an opportunity to reconsider their diversity management as well as working style and workplace climate. In addition, by considering the image of ideal supervisors (Iku-Boss) in the new era through the collaboration of corporate networks with the aim of developing further, KOKUYO strives to use it for the solution to challenges held by customers as a corporation that suggests new working styles.



### Practice of effective work style

I am a mother of a 16-year-old son and 6-year-old daughter. I use the short working hour system and strive hard to maintain a good balance of work and childcare with the help of my family. In order to use the limited time effectively, I prioritize things I need to do and try not to accumulate work and hold back my feelings by having a talk at all times. I also communicate my desire to make a contribution at work and take action to gain understanding from colleagues. When my oldest son entered an elementary school, there was no short working hour system, and there was a time when my son was under a burden. When I gave birth to my daughter, I was able to use the childcare leave system before she turned two years old thanks to the addition and revision of system. I am grateful that I was able to take time and face my two children, and the community tie was encouraging. After becoming a mother, I learned a lot about persistence and following through. There are many challenges when it comes to work, but I wish to be a professional, family person and mother who can turn challenges into my strength.



Tomoko Doe  
Corporate Communications,  
KOKUYO Co., Ltd.



### Keeping a fulfilling balance of work and childcare

I strive to raise my six-year-old son and three-year-old daughter in tandem with my wife who also works in the same office. As we try to experience my children's lives at daycare firsthand, we do our best to send them off to daycare together as much as possible. To do this, I make a habit of finishing my work on time and have more chances to talk with my wife during commute hours. In addition, if we have to work late, because we know each other's work status, we can easily make adjustments smoothly, which is helpful. Our children are now old enough to use the products I develop, and it has brought more happiness into my work and private life. I will continue to do my best to enjoy fathering my children so that everyone in the family thinks each day is fulfilling and fun.



Kiyoshi Shimizu  
ISP Development Department,  
Production & Procurement Division,  
KOKUYO S&T Co., Ltd.



## Creating pleasant work environment as an Iku-Boss

I work as a manager of the Solution Planning Department and work hard to be a good father for my four daughters. I noticed the importance as an Iku-Boss when a competent female staff member said she wanted to leave the company for childbirth. Although I did not give serious thought to the difficulty of maintaining a good balance between child-raising and work until then, I started to think it was a challenge that a supervisor should address in more responsible ways instead of letting female members fighting alone. For instance, when I have to take a day off due to a family matter, I let my team members know the reason. By doing so, I think it makes my junior staff feel more easily to take a day off for their private reasons. In order to increase the number of Iku-Bosses in society in the future, I want to have more meaningful discussions about approaches for increasing productivity over the medium term and creating a pleasant work environment as supervisory staff.



Kanya Shimoji  
Solution Planning Department,  
Corporate Management Division,  
KOKUYO Furniture Co., Ltd.



## Initiatives for supporting a good balance of work and nursing care

The necessity for providing nursing care can happen to anyone. The KOKUYO Group provides support for balancing work and nursing care so as to create an environment that employees can bring out their own strengths. For instance, KOKUYO S&T works with external experts to establish a free consultation service and hold seminars to support the balance of work and nursing care. The nursing care consultation service is a system for employees to seek help in solving problems related to nursing care and receive proper advice from experts according to their individual situation. The seminars for supporting the balance of work and nursing care invite lecturers who have vast knowledge and experience in nursing care to provide the knowledge necessary to maintain a good balance in an easy-to-understand way even for beginners. The participants left positive comments that “I came to the realization that there is something I can prepare for my parents when they are in good health,” and “The seminar helped me to take specific action.” Besides, the internal portal site offers useful information on a continuous basis.

In 2014, we newly published a checklist for preparing for a good balance between work and nursing care. The checklist offers twenty points to confirm in advance to prepare when family members are in need of nursing care. We forecast an increase in the number of employees who must provide nursing care while working. To prepare for the coming of such a time, we are committed to implementing initiatives to support the balance on an ongoing basis.



Seminar for supporting the balance of work and nursing care.



It also offered an opportunity to receive simulated experience of having the body of the elderly.

## 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.

### Active participation of senior employees

The KOKUYO Group is working to broaden the place where senior human resources can take an active role by maximizing their past experience and knowhow, as well as the initiatives to inherit their high skills.

### An in-office college Quality Seminar was held

KOKUYO S&T holds a study session called Quality Seminar, where senior employees act as a lecturer to positively teach younger employees their experiences and know how. So far, the seminars were held to study the creation of quality standards, how to proceed with DR/SR (design review/safety review), and the statistical tools at acceptance inspection on a periodical basis. Through these activities, we are engaged in promoting active participation of senior employees and the development of young employees.



Quality Seminar

### Mie Factory Instructor Group System

The Mie Factory of KOKUYO Furniture launched an instructor group in August 2012 with the goal of handing down skills and techniques, maintaining and improving workmanship, as well as improving efficiency in chronic challenges in the workplace. With the changes in the positions and work contents after reaching retirement age for managerial personnel, senior staffs tend to experience a decline in motivation for work. However they have an extremely important role as instructors in guiding and developing junior staffs by utilizing the knowledge and skills they developed over years. The outcomes of junior staffs improvement in the workplace and increased efficiency lead to the motivation of senior staffs for work and even a meaningful life. With the consistent motto of seeing all things to the end rather than finishing by saying, senior staffs are committed to offering guidance on a daily basis.



Instructors at age 63 on average

## KOKUYO Group's Efforts Toward Employment of Persons with Disabilities

Since the period prior to World War II, the founder of KOKUYO supported disabled employees. The founder of KOKUYO wished to realize the social participation of people with disabilities and so in 1940 started employing people with hearing difficulties at the main factory. KOKUYO has remained firm in its belief of that time, which is to train human resources who are capable of making the most of their innate abilities and follow KOKUYO's corporate philosophy, Enrich the World through Our Products, without treating people with disabilities any differently.

Although the employment of people with disabilities became mandatory in 1976, KOKUYO's employment rate for people with disabilities at that time already reached 1.76%, which is more than the statutory employment rate. As of January 1, 2015, the employment rate for people with disabilities in the KOKUYO Group is 2.14%. While the Group has already achieved the statutory employment rate of 2.0%, we are pledged to promote the employment of people with disabilities by making use of the Corporate Group-wide System \*1 with the special subsidiaries, KOKUYO K Heart and Heartland.

Additionally, aiming to develop a progressive new business model for the employment of the disabled people, KOKUYO K Heart and Heartland offer a range of job opportunities and working styles for employees with disabilities, depending on the characteristics of the disabilities. KOKUYO was recognized for its efforts toward employment of persons with disabilities and was selected for inclusion in the 2013 Diversity Management Selection 100 Awards, which was held by the Ministry of Economy, Trade and Industry. KOKUYO Heartland alone was also recognized for its efforts of focusing on agriculture for increasing jobs available for disabled people and for its high rate of hiring the intellectually and mentally challenged people. Heartland received the Osaka Prefecture Heartfull Corporation Award in 2009. The company was also recognized for its efforts in contributing to the hydroponic vegetable farming business and the promotion of the employment of disabled people in the region and selected for inclusion in the Discover Treasure of Rural Areas \*2 in 2014.

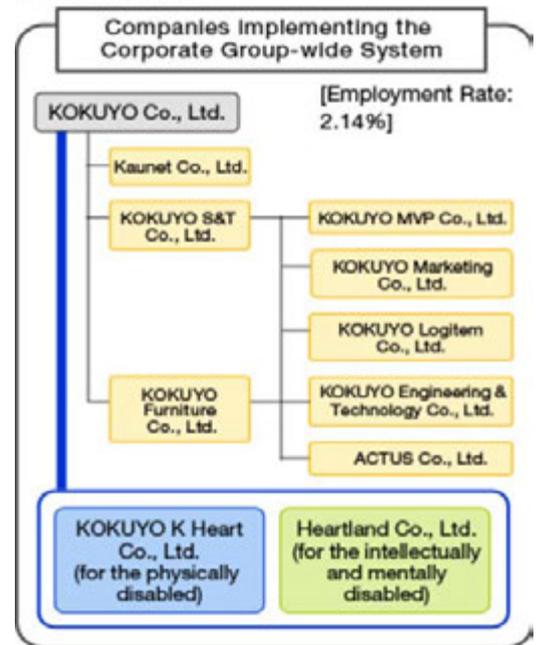
\*1: Corporate Group-wide System

Under this system, employees (disabled people) of special subsidiaries are deemed to be employed by the parent company (or the corporate group) and can be included in calculating employment ratios.

\*2: Discover Treasure of Rural Areas

The Cabinet Secretariat and the Ministry of Agriculture, Forestry and Fisheries select excellent projects aimed at rejuvenating and improving income in rural areas.

As of January 1, 2015



## ■ Initiatives at KOKUYO K Heart

At the start-up, KOKUYO K Heart 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 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, the group companies jointly reorganized operations to entrust KOKUYO K Heart with a portion of operations (BPO: Business Process Outsourcing). With this, other group companies can focus on their original operations to improve productivity, while enabling KOKUYO K Heart to secure wide-ranging jobs according to each person's ability, not just simple tasks.

To help the employees with disabilities to perform tasks of higher value, senior employees with know-how are invited to KOKUYO K Heart from the other group companies as instructors to establish a unique management 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.



Members of the Production Group at KOKUYO K Heart.

## ■ Initiatives at KOKUYO Heartland

To provide job for intellectually and mentally challenged persons, Heartland utilizes persons with disabilities to operate the hydroponic culture of salad spinach, ship to major grocery chains with a stable quality and establish a production system while making use of know-how as a traditional manufacturer. In order to assist those with disabilities, the hydroponic farms are equipped with computers and machinery to automate temperature control, which is difficult for those with disabilities, as well as automatic packaging machines and panel washers to eliminate manual packaging and reduce work hours.

In the same way as Heartland, the KOKUYO Group has built a network named the Heart-full 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. The related organization of Osaka Prefecture also joined the network. By sharing problems and challenges of business operations at each company, we are striving to ensure stable quality, a steady supply, and stable prices.



A workplace of Heartland

## 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 hires human resources suitable for each assignment, regardless of types and degrees of disabilities, to allow the other group companies to execute business plans swiftly, and each employee engages in support operations according to the aptitude.

### **K.Y. (Male in his 40s) In charge of manufacturing duplicate keys for office furniture at KOKUYO Logitem Co., Ltd.**

Mr. Y developed a panic disorder about twenty years ago. Currently, he is very happy that he can engage in making duplicate keys for office furniture and appreciates the company's understanding of his illness. In the future, he wishes to take a further step in his current task, and at the same time, he wants to help eliminate the prejudice against mental disorders due to incorrect understanding by participating in a community for those who are mentally challenged.



### **H.K. (Male in his 20s) In charge of manufacturing duplicate keys for office furniture at KOKUYO Logitem Co., Ltd.**

Due to a disorder, Mr. K experiences a hard time remembering things and forgets easily sometimes. Because of this, he tries to take as many notes as possible so that he can go back and read them again later. The production of keys provides him with an environment where he can focus, making it easy for him to work. He finds great joy and a sense of achievement in doing so. Also, from April, he wishes to go to an evening high school to study once again.



## Initiative of KOKUYO ART PROJECT for enriching the minds of workers, learners and people in community.

KOKUYO started its project aimed at enriching the minds of workers, learners, and people in community by adding art and a playful attitude to common items.

Titled KOKUYO ART PROJECT, it is a project for getting the best out of fascinating artworks into products in various life scenes by working together with groups and individuals related to art with the aim of making everyday life fun and enriched.

For the first term of the project, KOKUYO collaborated with Able Art Company\* to design and release new products.

This time, KOKUYO S&T released the field notebook in three designs under the trystrams brand. Kaunet developed eco-bags, sticky notes, and notebooks that utilize the colorful and cute design. In addition, KOKUYO Furniture offers Art Madre, which uses the artwork of artists with disabilities as a fabric for lobby chair series for lobby Madre. KOKUYO's special subsidiary KOKUYO K Heart also offers envelopes and business-card cases as promotional products in the KOKUYO Group to proceed with the initiative in an integrated manner.

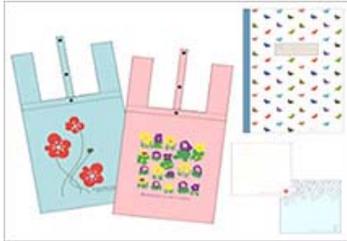
The proceedings earned from the current collaboration project are partially provided to Able Art Company as author fees depending on the sales volume of products as a support of the work of people with disabilities.

\*Able Art Company

Aiming to offer an environment where people with disabilities can transform artistic ability into a job, it was established in 2007 to help them find a job by utilizing their creative work in advertisements and product design.



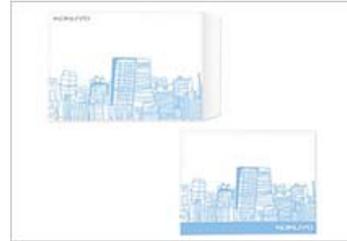
Field notebook collaborated with Able Art Company



Kaunet's original products



Art Madre



Envelopes and business-card case

## The Voice of a Person in Charge

In 2007, we launched Able Art Company in collaboration with the nonprofit organization Able Art Japan in Tokyo and the nonprofit organization Maru in Fukuoka with the goal of helping people with disabilities find a job using their art skills. Nowadays, although there are demands that people with disabilities also work as a member of society, they are left with insufficient options. To that end, we wanted to help those who enjoy drawing and expressing to transform their interest into a business, which is why we launched the organization. Art is a driving force in acknowledging each other's differences and diversification. By utilizing rich characteristics in expression in manufacturing and system design, we think we can create a next-generation society where more people can have a decent live.



Shizuka Morishita  
Managing Director,  
Tanpopo-No-Ye Foundation  
Kansai Office, Able Art Company

## 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

<b>1. Fundamental Policy</b>	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
<b>2. Slogan</b>	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 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 Mie plant of KOKUYO Furniture held a mandatory seminar, titled the four-round KYT seminar, to increase the sensitivity toward safety. Another approach is a safety coaching by safety consultants, which has been held continuously.



#### (2) Construction

To prepare for the Safety Week starts on July 1, the KOKUYO Group Construction Safety and Health Conference was held at seven locations in Japan from June 4 through 26. This event was conducted by the Central Safety and Health Committee. Group employees were provided with regular safety education and a training program for laws and regulations to ensure safety in accordance with the Safety and Health Act and Construction Industry Act.



#### (3) Transportation

Group companies keeps confirming that the workplaces are clean and orderly every day 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 Supply Logistics conducted complete inspection from stepladders to stools in each workplace to ensure work safety during repair and replacement.



Diagnosis of a stepladder

#### (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 condition and submit an improvement plan for the following month. For disaster preparedness, the offices in the east and west regularly implement disaster and evacuation drills to confirm the roles of organizations and individuals in an emergency.



## 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 2014 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 2013	Results for 2014	Goal for 2015
Percentage of employees with a BMI over 25 (overweight)	21%	23%	20%
Average percentage of employees who smoke	26%	26%	19%

### Our Specific Efforts

#### (1) Healthy meals at the Company cafeteria

KOKUYO has been promoting healthy meals below 600 kcal with less than 3 g of salt at cafeterias. From August to November 2014, the campaign for healthy meals was held that a ticket was attached to each healthy meal. Employees who collected twenty tickets would receive a free healthy meal. During the period, a number of employees purchased more healthy meals than before and the effort of promoting healthy meals was successful.

#### (2) Health seminar

Continued from 2013, health seminars were held periodically. As its main effort, besides the regular seminars for being active physically, we began implementing seminars for mental health with the use of the mindfulness method. Also, the seminars are offered after work and during lunch to allow employees who work in reduced hours to take part. Also we expanded the area to Nagoya and other locations where the seminars were not held previously, to ensure that more employees become conscious of their health.

#### (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. As another effort to conduct mental health checkups for all employees, we measured the necessity of taking countermeasures for mental health at each company, as well as to offer training programs for management-level employees based on the results of checkups.

**(4) Implementation of health campaign in cooperation with the health insurance association.**

KOKUYO took part in the walking campaign held by the health insurance association in the past and sponsored the GG campaign twice a year. By setting health-related goals, the employees who achieved the goals were awarded with watermelon in summer and citrus fruit in winter. The campaign offered delicious rewards while promoting health-consciousness, of which the number of participants was increased about 100 from 340 in summer to 440 in winter. KOKUYO is committed to continuously promoting initiatives to change employees' consciousness toward health and have fun in becoming fit.



The KOKUYO Group health goals marked the third year since it began as an effort for the entire KOKUYO Group. We are committed to supporting the health of employees as part of our corporate efforts to prevent employees with the risks of illness and those who are anxious about a current illness from developing a more serious illness, as well as to continuously prevent lifestyle diseases in the future.

# 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 issued its Basic Procurement Policy.



- 84p Procurement Policy
- 86p Working together with Our Suppliers
- 88p Working with Supply Channel Participants
- 91p Initiative of KiSPA for deepening the bond with retail stores

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.

Zentaro 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.

## Procurement Policy

As it aims to become the “honor of Asia,” KOKUYO Group, with the comprehension that mutual understanding and mutual development with suppliers will be increasingly important, issued its basic procurement policy and its guidelines in March 2013.



### Building Stronger Relationships of Trust with Our Suppliers

As corporate activities are becoming more globalized, KOKUYO Group is well aware that managing its own company and its subsidiary companies is insufficient to fulfill the scope of social responsibility. In 2013, the Group therefore invited 32 principal subcontractors to give an account of the procurement policy and implemented a self-examination questionnaire for feedback to the subcontractors. In 2014, we sent the basic procurement policy and guidelines to nearly 400 suppliers. We strive to further build relationships of trust through these activities.

#### 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 holds subcontractor meetings on a periodic basis

KOKUYO Furniture holds subcontractor meetings with major subcontractors twice a year. In the first one, participants reflected upon the previous year and shared the current year's business strategy, and in the second one, they looked back over the first half and held discussions centering on the prospect for the latter half. In addition, in the execution of business strategy, subcontractors that especially made excellent efforts were awarded as power subcontractors and presented with a certificate of commendation. The contents of the initiative were shared during the meeting so that each subcontractor could use it to improve themselves. We will continue to learning from others for co-existence and co-prosperity with the aim of developing products that exceed customers' expectations.



Explanation of policy



Presentation of a certificate of commendation



A get-together for strengthening the cohesiveness

### 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 gain an understanding of Kaunet's ideas and strategies. Kaunet's added value 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 offers the 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.



Explanation of policy

The 2014 meetings were held on April 15 and October 9. The meeting held on October 9 consisted of two parts in the morning and afternoon so that Kaunet, which celebrated its 15th year since establishment, offered a detail explanation of the category policy for the next catalog. The morning session invited partners of office supplies and office automation equipment, and the afternoon session invited partners of household necessities, specialized articles, and furniture. It was joined by 240 people from 144 companies.

### KOKUYO S&T conducted an audit of subcontractors

KOKUYO S&T has been implementing an audit of subcontractors for the purpose of securing reliability for environmental indicators on product catalogs in the past. In 2014, we conducted a factory audit of 90 companies. We visit our subcontractors to check for the compliance of standards concerning environment-friendliness in compliance with the Green Purchasing Law, etc. The audit follows the audit procedure established by the company to confirm whether the ratios of

used paper and reprocessed resin conform to the standards, specified materials that meet the standards are used in production process and if there is no issue in the legitimacy of materials. In addition, for audit, we work with the subcontractors to consider challenges to properly guarantee the compliance with the environment-conscious standards and by exchanging information on improvement cases for increased reliability in the aspect of production control to strive for securing reliability in environmental indicators in the future.

## 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.

### 46th KJM Award Ceremony

The 46th KOKUYO Jewelry Members (KJMs\*) Awards Ceremony was held at the Hotel Okura, Toranomon, Tokyo, on November 18, 2014. KJMs with outstanding sales results for the previous year (August 2013 through July 2014) were invited to extend our appreciation for their efforts and to deepen our cooperative relations. A total of 180 KJMs attended the ceremony.

\* There are currently 1,230 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 Partners' Messe 2014 (Stationery Business)

The two-day KOKUYO Partners' Messe 2014 was held at the Shinagawa Showroom on July 24 and 25. The Partners' Messe is a product exhibition held annually by the stationery business sector. While the Messe was called Retail Messe and targeted sales and logistics service partners until 2013, the name was changed to Partners' Messe in 2014 by positioning it as the place where the customers of various channels in the stationery business are partners who create value together.

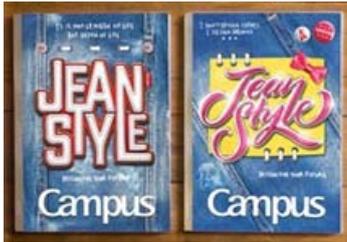
The Messe's theme was "Link," and it introduced high-value added products and the suggestion of familiar products added with value from a new perspective, as well as various recommendations on in-store plans and case studies on delivery by different industries. The goal of the Messe was to be a place of communication that links each other's thoughts, advantages and strengths for making highly valued recommendations for customers. A total of 1,075 people from the retail stores and buyers from volume retailers attended the Messe and it ended with a high note.



The Color Tag series that is excellent in design and affordable price.

## New product announcement was held by KOKUYO Vietnam Trading

On April 19, 2014, KOKUYO Vietnam Trading held a new product announcement by inviting 140 people from 100 companies including distribution partners and major retail stores in the northern area. It has been five years since KOKUYO entered the notebook market in Vietnam, and through locally oriented marketing activities, we improved our understanding of the preference of customers and distribution partners, the way they use products and the challenges they are facing. This time's announcement incorporated various renovation elements including the expansion of new design, the improvement of existing ruled lines, the development of totally new ruled lines and the improvement of packaging specifications. Also, the logo was changed to symbolize these renovations. Through marketing activities rooted in local areas, we will continue to discover user needs and understand and resolve the challenges of distribution partners so that we can establish credibility with distribution partners to build good relationships.



Design notebook, JEAN, with innovation.



There was an air of excitement at a product exhibition venue.



Colorful package cardboard boxes

## Initiative for strengthening cooperation with retail stores (Furniture Business)

In order to deliver value to customers and suggest diversifying needs and business solutions unique to regions, it is essential to reinforce relationships with retail stores rooted in the regions. KOKUYO Furniture and KOKUYO Group sales companies jointly implement various approaches.

### 1) New Products Training Sessions Held

From November 2013 to February 2014, KOKUYO Furniture and other KOKUYO Group sales companies jointly sponsored the KOKUYO New Products Training Sessions 2014 for major dealers in 16 cities (in a random order of Tokyo, Osaka, Sapporo, Sendai, Morioka, Fukushima, Utsunomiya, Maebashi, Mito, Niigata, Shizuoka, Nagoya, Okayama, Takamatsu, Hiroshima and Fukuoka). A total of nearly 800 dealer employees attended the sessions. Comments from participants included "I think this year's new products offer a great lineup of swivel chair for both quality and quantity," "it was easy for me to understand as I was able to compare new products and actual products from competitors," and "it was a good opportunity for me to understand the background of the development of certain products."



At a venue in Hiroshima



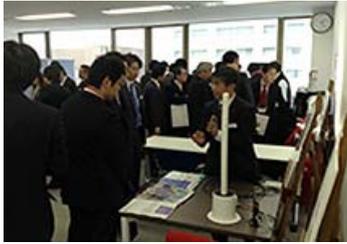
At a venue in Osaka



At a venue in Fukuoka

### 2) Furniture Campaign Held

From August to December 2014, KOKUYO Furniture and KOKUYO Group sales companies jointly sponsored a furniture campaign for retail stores to arouse customers' latent demand. A training session to teach effective use of the office guidebook and catalogs for sales promotion that are packed with the knowhow of office-making and various competitions were held to boost the bond with retail stores.



The session at KOKUYO Hokkaido Sales



The session at KOKUYO Sanyo-Shikoku Sales



The session at KOKUYO Tokai Sales



### KOKUYO Furniture (China) held a training program for manager of sales agents

KOKUYO Furniture (China) held its first training session for sales agents, KOKUYO University @ China at Shanghai Flagship Showroom in April 2014 and was joined by 57 people mainly sales managers at sales agents.

The training provided an explanation of the product development philosophy and detailed characteristics with the aim of deepening knowledge in KOKUYO's product to expand sales. Additionally, by understanding KOKUYO's characteristics more, it plays a key role in helping to strengthen the cohesiveness between sales agents and KOKUYO.

A get-together was held to promote friendship among participants beyond regions and companies. Participants also took a test on a final day as a compilation of training along with the presentation of award certificate and gift for excellent sales agents. The satisfaction level of participants exceeded 80%, which was a confirmation of further expansion of sales in China. Beginning with such a training program in Shanghai, we visited seven key sales agents and held a training session for new products in Shanghai twice so as to boost the cooperation with sales agents by offering periodical training.



Participating members



Excellent sales agent staff received a prize



Training session

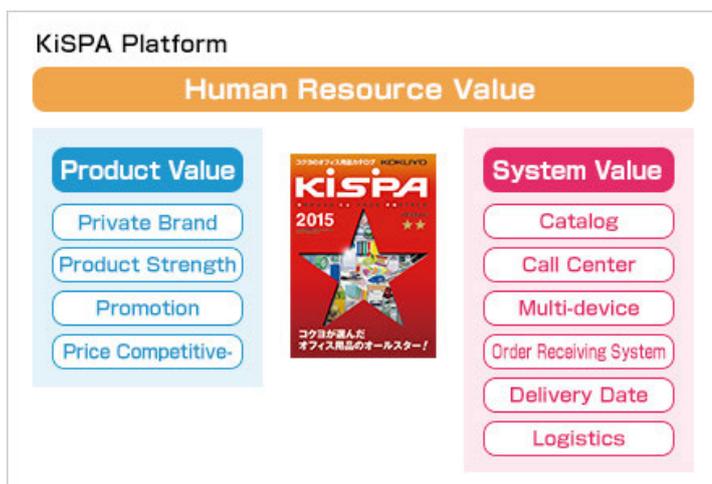
## Initiative of KiSPA for deepening the bond with retail stores

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 in December 2013. We aim to increase the overall value in the structure of delivery channels in the KOKUYO Group years ahead.



### Supporting the Mortar Business

Stationery can be purchased from various sales channels such as mass retailers, convenience stores or 100 yen shop, etc. In addition, thanks to mail order catalogs and online shopping, one-stop shopping has become available to purchase stationery, office supplies, and office necessities even with a quick delivery. It has become a major challenge for existing stationery stores to respond to the changes that how customers purchase stationery and office products. Over the years, KOKUYO has offered a system called @office as a model for retail stores, in which customers order directly from KOKUYO and KOKUYO directly ships products to customers. Additionally, from December 2013, KOKUYO began offering the KiSPA platform for traditional mortar delivery business which retail stores receive orders from customers and they deliver products to customers with the aim of rationalizing complicated operation for sales retailers and supporting the sales expansion of handling products.



A discussion with retail stores



## **Re-building the business established with general catalog**

The initiative of KiSPA was implemented for KOKUYO to rebuild business established with general catalogs and various systems. Our general stationery catalogs helped us to develop from a paper product and file manufacturer to who we are now with the support of partner suppliers by increasing the number of products in the stationery sector while introducing a physical distribution system. With the changes in times, general catalogs and traditional structure become less effective and could not meet the needs for retail stores and customers. The mortar business cannot be achieved just by evolving catalogs. We strive to continuously improve the KiSPA Platform after full reviews of the order system, price competitiveness, physical distribution, contact center, and sales activities.



## **Placing importance on the person-to-person relation**

The core of the mortar business is the value of people. While it is important to use structure for reinforcement, after all, the business is built by people. The goal of KiSPA is to immediately understand the environment surrounding our partner retail stores and to provide optimal services to each customer in different situations. KiSPA originally is an abbreviation for KOKUYO Information System for Partner and is the name of the operation support system for retail stores, which was later changed to KOKUYO IS your PARTNER, hoping to be the best partner for our customers and stationery stores.

## KOKUYO's Responsibilities to Stakeholders

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

### Policy and Achievements Regarding Dividends

With the objective of emphasizing shareholder interest, in addition to the previous policy of paying stable dividends, KOKUYO takes the consolidated financial results into account and pays dividends at a payout ratio of 20% and above. In fiscal 2014, we offered an annual dividend of JPY 15 per share (JPY 7.5 as an interim dividend and JPY 7.5 as a year-end dividend). 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. In 2014 fiscal, we participated in conferences for foreign investors in Japan and visited investors in Singapore. 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 three times a year, and individualized visits. For individual investors, in addition to company information sessions, we held events aimed at improving the depth of understanding and developing a sense of familiarity with KOKUYO, including a visit to the Shiga factory and introduction of product development stories by people in charge of product development. We will continue to proactively engage in IR activities to raise our corporate value.



A Shiga factory tour held for individual investors

#### (2) Information Disclosure:

We disclose information in accordance with the rules established by the Tokyo Stock Exchange for the timely disclosure of corporate information by issuers of listed securities (hereinafter referred to as the "rules of timely disclosure"). And the information that may not be subject to the rules of timely disclosure we also endeavor, as a matter of basic policy, to promptly disclose as proactively and fairly as possible by way of appropriate methods so as to help investors to understand our company better.

### 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.



KOKUYO Group products sent to shareholders

# With Local Communities

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



96p KOKUYO Design Awards

99p Initiatives in India

102p Education Support Activities in China

105p The Future of Tohoku

109p The Job Study Initiative

111p 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.

## KOKUYO Design Awards

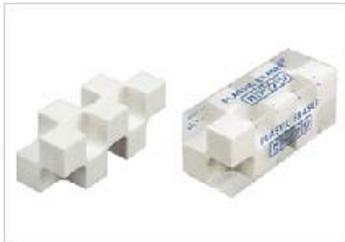
The KOKUYO Design Awards is an international design competition that aims to attract product designs that are superior from a user's perspective from a broad range of users for commercialization. In 2014, this event was held in accordance with the theme of Next Quality.



### The twelfth KOKUYO DESIGN AWARDS

The KOKUYO Design Awards is an awards ceremony that is organized to give voice to consumers by way of firmly ascertaining the various needs of the times and introducing products based on designs that address these needs to the market. With the aim of enhancing the design strengths of KOKUYO and contributing to the design strengths of Japan through a process of soliciting designs from a broad range of sources in accordance with the perspectives of customers, this event has been held annually since 2002 (with a break in 2010 only).

Past winners include such hit products as Kadokeshi (eraser), the PARACURUNO Campus notebook, and the Beetle Tip highlighter. This event has also developed a reputation as an important gateway of career opportunities for young designers.



Kadokeshi eraser



PARACURUNO Campus notebook



Beetle Tip highlighters

### Theme for fiscal year 2014: Next Quality

Whether you are working, studying, or otherwise living, the visual spectacles associated with such activities will become more enriched the more quality products are made available. We would like to increase the stock of products for use in real life that are, of course, reliable and that incorporate superior functions that are beautifully presented. With this in mind, we solicited ideas in fiscal year 2014 for products that go beyond mere convenience to inspire and tickle the soul and for whimsical, humorous products that can put a wide grin on users' faces. At the end of the day, we managed to attract 1,442 entries from twenty-nine countries around the world.

Judging took place over three rounds. Internal preliminary judging was undertaken by checking solicited products and eliminating those that resembled existing products. The subsequent first round of judging was attended by people active at the forefront of the current age—Yoko Kawashima, Kashiwa Sato, Yasuhiro Suzuki, and Kinya Tagawa—as well as Akihiro Kuroda (Representative Director and Chairman of KOKUYO Co., Ltd.),



Internal judging being carried out

top members of the development teams at each operating company, and employees participating in the internal judging process. Conformity to the product theme and the feasibility of commercialization were checked by these people. The twelve finalists chosen to undergo a final round of judging spent time preparing until the last moment before distributing presentation sheets and making presentations based on the use of mocked up products with unbridled zeal. The judges engaged in careful discussions while taking into account the feasibility of commercialization and verifying the conceptual underpinnings and the completeness of the design. At the end of the day, one grand prize winner and four awards of excellence were conferred.

## ■ The 2014 grand prize winner is Sukeru Hasami (“see-through scissors”)

---

The grand prize was awarded to Naoki Ogishita and Koichiro Oishi for their see-through scissors.

Concept: When you cut paper along a line, there are times when the line you want to cut becomes hidden behind the blade of the pair of scissors you are using for this purpose. Sukeru Hasami represents an evolution into an implement for dispelling even small sources of stress by making the blades of the pair of scissors transparent. By producing the entire product, including the handle, with the same transparent material, we were able to harness the beauty of the material and create a product that is also superior in terms of productivity and recyclability. In these ways, our pair of scissors represents next-stage quality that was attained by taking another look at the functions and beauty of this product.

What impressed the judges about this product was the fact that it was fully transparent, which made for easy cutting, the beauty of the design, the recyclability of the product thanks to the use of the same material throughout, and the feasibility of commercialization by way of the use of transparent ceramic as presented during the final judging round. This product amazingly won the grand prize after being evaluated highly by the judges, from whom a number of positive comments were obtained, including: “The plan for raising the caliber of transparent ceramics, a material that would have been inconceivable with conventional scissors, overwhelmed the competition.”



2014 Grand Prize winner  
Product name: Sukeru Hasami  
Creators: Naoki Ogishita and  
Koichiro Oishi

## ■ General comments by the judges: Winning products that are representative of next-stage quality

---

### **Yoko Kawashima (head of the IFS Future Laboratory, Itochu Fashion System Co., Ltd.)**

I felt that NEXT QUALITY, a theme for depicting the near future for maturing modes of manufacturing, yielded many products that may have looked simple but were rather sophisticated and that entailed the discovery of new strains of quality by way of looking at conventional concepts from a slightly different perspective. Design is a function that is fulfilled by rendering ideas and imaginative concepts into concrete form to induce the act of utilization and the feelings of joy and delight. I would love to continue to see designers strive towards meeting the challenge of designing new strains of quality.

### **Kashiwa Sato (representative, art director, and creative director of SAMURAI)**

Many of this year's winners were of the type of product that made me sit up and want to actually try using with my own hands. Their concepts were so extraordinarily good that I kept finding myself wanting to nod in agreement at the brilliance captured in their descriptions. Among these winners, the grand prize winner Sukeru Hasami was a product that combined functionality and beauty to an exquisitely wonderful degree. I look forward to seeing this item undergo commercialization to become a product that offers exceptional performance that defies expectations.

### **Yasuhiro Suzuki (artist)**

What came to be associated with the NEXT QUALITY theme were proposals for new value that were inclusive of an element of surprise. I felt that, beyond boundlessly bringing the user's hand and the pair of scissors closer together, the transparency of the grand prize winner Sukeru Hasami gave rise to an ideal form whereby the pair of scissors appeared to disappear as a tangible object. It is my belief that familiar things like stationery and furniture are sometimes discussed only when they are rendered into a topic for communications. On this note, I expect to see the KOKUYO Design Awards become an event that will attract not just designers but all sorts of people who are able to track down latent visions for society that have yet to manifest.

### **Kinya Tagawa (representative of and design engineer at Takram Design Engineering)**

The word “NEXT” in NEXT QUALITY also encompasses a sense of something “not yet seen.” We set the theme this year with the expectation that we would receive proposals that have never before been seen and that correspond to a high level

of quality. Consequently, we fielded proposals representing wonderful breakthroughs of various kinds consistent with this year's theme. I am truly convinced that the total time and energy spent thinking about the NEXT QUALITY theme by everyone who submitted entries will help to produce quality for the following era to come.

### The Voice of a Person in Charge

**Thanks to the support of our customers, we have been in business now for 110 years. In 2015, the KOKUYO Design Awards will also undergo some changes.**

Begun in 2002, the KOKUYO Design Awards will be held for the thirteenth time in 2015. Held in the year in which the company will mark its 110th year of operations, the 2015 version of this event will focus on making proposals for the future while remaining true to a basic concept by which these awards constitute design awards premised on commercialization.

#### The theme for 2015: Beautiful Living

The theme for fiscal year 2015 is Beautiful Living. What we want to create are products that are beautiful not just in terms of appearance but also in terms of making our lives and even state of mind more attractive. In addition to the competition itself, this year will also feature a theme-related talk show and workshop. Past winners and the latest information will be showcased through the KOKUYO Design Awards website and other channels, which you are invited to visit.



Takeshi Fujiki  
MONOZUKURI Division,  
KOKUYO Furniture



## Initiatives in India

As a company whose main product lines consist of crayons, paints, and other art supplies, KOKUYO Camlin is proactively engaged in art-promotion activities and environmental conservation activities both inside and outside India.



### Camel Art Contest

Kokuyo Camlin organizes Camel Art Contest (earlier called AICCC) every year to encourage art amongst the children at all levels. This contest has already qualified as the world's largest contest by Guinness Book Records when more than 48 lac children participated in the year 2011. This year the number of participants has already crossed 70 lac students (as per last counting) and also this year make students outside India to also participate with the help of social media.

This year Kokuyo Camlin has proposed an innovative and novel prize for the first time. Christened as 'Grand Prize - Great Gift' it is, introduced at the Grand Finale. Under the 'Grand Prize - Great Gift' the schools of the first prize winners will receive grant of Rs 50, 000/- for the improvement of the art infrastructure in the school. . The school would be able to procure art infrastructure as per their requirement with this budget of Rs 50,000/- on the sponsorship of Kokuyo Camlin... The art infrastructure procured under this scheme would bear the name of the winner making one remembered for years to come inspiring the coming generations of students for art and Camel Art Contest



Children clutch completed entries

### Camel Art Foundation

Camel Art Foundation (CAF), the philanthropic wing of Kokuyo Camlin Limited, pioneers of stationery and color products in India, has substantially contributed to the growth of art, artists, art appreciation and art education in India.

To celebrate the spirit of art, this non-profit organization holds four art exhibitions each year, in the Northern, Southern, Eastern and Western regions. This year 3,500 artist participated in the event with around 7,500 entries.

Though the Foundation's main objective is to promote art activities and create a platform for budding artists, it also provides an opportunity for professional artists to become popular and look beyond the Indian art scene.

Besides getting an opportunity to display their work, the artists with the best paintings is also rewarded with grand prizes from Kokuyo Camlin Limited. The entries, categorized into professional artists and art students, are sub divided by the art media like Oil, Water, Acrylic and Drawing & Pastels. The contest is open to all participants above 18 years of age.

THERE IS NO ENTRY FEE and a participant can send multiple entries across all mediums.

The student awards are Rs. 10,000 which is given 50% in cash and 50% in Camel art



Exhibition guide panels in southern India



A commemorative photograph of

material, while the professional regional awards are Rs. 25,000.

the winners

## Children's Day Activity

Every year Kokuyo Camlin dedicates children's day which is celebrated in India on 14th November to its consumers - the children of the country. While we celebrate the event on TV and social media, this year we also had a theme which was related to the brand philosophy and noble cause - "Make Learning Fun". There was a contest on social media which wherein children would write on ways to make learning fun. Like always Kokuyo Camlin always remembers that there are many underprivileged children who don't get to celebrate children's day and so the company the day special for the underprivileged kids by organizing various initiatives in the city.

Kokuyo Camlin invited the kids of one NGO called TOUCH to the Camlin Head Office at Andheri in Mumbai. . There was a puppet show that had an interesting theme -- 'Swachh Bharat' - which emphasized on the theme of cleanliness and hygiene -- inculcating the values of keeping the surrounding clean. The kids then took part in fun and games that were organized especially for them where they met with the Chhota Bheem mascot who entertained the kids and posed for photographs with them.



A customary cake-cutting ceremony during a celebratory moment



A commemorative photograph of all the participants

## Environment Day Drive

This World Environment Day, on June 5th, Kokuyo Camlin started a new drive which aims to work towards environment by both protecting trees and also promoting trees. The activity was built on an insight that it is easy to cut down trees because they are anonymous and don't have an identity. The insight was simple, that if trees had names, probably it would be tougher to axe them down. In addition, the highlight of the initiative, the underlying thought was to expose and motivate the larger audience on social media as a contemporary platform and to appreciate the contents and to adopt the practice, widening the scope of influence.

Building on this insight we came up with 'The Tree Naming Project' where children were invited to a special workshop, in which they would gift their name to a tree. The workshop was filmed and will be released on the digital medium on World Environment Day, urging people to participate in The Tree Naming Project. Further Kokuyo Camlin had a drive on wherein the staff including senior management participated in planting trees in the Tarapur factory and giving them their names.



The campaign is being carried out online on the company's website.



Trees are planted around the company's Tarapur plant.

## The Voice of a Person in Charge

### Making Learning Fun!

The vision of marketing in Kokuyo Camlin is to build Camlin and Camel brands on a powerful philosophy of “making learning fun for everyone”. We believe that when education is made fun, the children are more receptive towards it. We want the children of our country to have overall development rather than become bookworms. In this light the emphasis on art in many activities was not just to make children artists, but because of the fact that art helps in the overall development of the child. We also want the children to be aware of the social issues right at the beginning so that they become responsible citizens of the country, and this is reflected in the activities on environment.

While we make efforts to develop world class products which provides the consumers unmatched experience, we also aim to touch the lives of millions of children to make their education exciting. Despite being a commercial organization driven by growth and profit targets, marketing investments not only goes in generating demand for products but also working towards the society and especially the underprivileged section. Almost all are activities have a social cause and there is a space for less privileged children.

We are confident that our since efforts will make Kokuyo Camlin a responsible and reputed organization in the eyes on people.



Saumitra Prasad  
Chief Marketing Officer,  
KOKUYO CAMLIN Ltd.

## 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 2014, 10,940 notebooks were donated to 17 schools. Since the start-up of these activities in 2006, KOKUYO has donated more than 450,000 notebooks to this cause in the last nine years. We are continuing the activities to bring smiles to children through these opportunities.



Children are writing their name on notebooks carefully

### Celebrating an annual physical education and arts festival together with local primary school students

On May 30, 2014, employees belonging to the Beijing branch of KOKUYO Commerce participated in an annual physical education and arts festival held to celebrate Children's Day (June 1) together with over 800 children at Qingdao Chaoyin Primary School in Qingdao City, Shandong Province.

June 1 is Children's Day in China, a holiday that children in that country look forward to the most. In addition, Qingdao Chaoyin Primary School is a full-time, privately operated primary school affiliated with Qingdao Chaoyin Middle School and backed by equity provided by the Qingdao Chaoyin Group. Designated a national experimental bilingual site by the education department of China's administrative division, it is one of two model schools for UNESCO's education for sustainable development program in China (ESD\*) situated in Shandong Province.

On the day in question, the efforts of the teachers and students allowed guests to enjoy recitations of poems in two languages, a wind ensemble performance, and singing and



Employees of KOKUYO Commerce who participated in this event

dancing numbers. After the arts festival came to an end, students were given gift packages of KOKUYO stationery by representatives of the KOKUYO Group in hopes that they might seize more opportunities to study towards the realization of their goals. While happily holding onto their gifts, students indicated that they would like to use their new stationery to continue dedicating themselves to their studies. We would like to continue to engage in activities that bring smiles to the faces of children through such opportunities.

\* ESD stands for "education for sustainable development." ESD refers to learning and activities undertaken with the aim of generating new values and actions tied to solutions to the various challenges that are faced by modern society in such areas as the environment, poverty, human rights, peace, and development by regarding these challenges as one's own problems and engaging in efforts to address them in one's own life and thereby creating a sustainable society.



Children were delighted to have received gifts of stationery from KOKUYO and indicated that they would like to use their new stationery to continue dedicating themselves to their studies.



### Chasing big dreams with small notebooks! Holding classes on dreams and the world for children

For four days between June 15 and 18, 2014, five employees from different locations-namely, KOKUYO Management, KOKUYO Commerce, and the Shanghai, Beijing, and Shenzhen offices of KOKUYO Furniture-gathered together to visit primary schools in Liandang County, Gansu Province (Yuchi Primary School, Xinghua Primary School, and Zuojiazhen Primary School, and interact with children.

Home to a number of primary schools, Liandang County, Gansu Province, is situated in northwestern China, such that it takes a total of ten hours of travel to reach these local primary schools (2.5 hours aboard a plane, 6 hours aboard a train, followed by 1.5 hours aboard a bus). The children warmly welcomed the employees of KOKUYO who arrived from faraway places. In addition to donating 840 Campus notebooks upon their arrival, KOKUYO representatives held classes on producing original notebooks to which students affixed their own photographs and classes on foreign countries taught with the use of a world map and photographs of iconic architectural structures from around the world. During break times, games were played with the children on school grounds and tours were taken of the dormitories. In these and other ways, a highly meaningful time was had by all.



Children listen intently to a KOKUYO Furniture employee serving as an instructor in the classroom



Paintings of dreams depict the wonderful dreams of students who yearn to become, among other occupations, doctors, teachers, dancers, and geologists.



Smiling students were a common sight during these visits.



### Welcoming visitors to our showroom and plant

KOKUYO Furniture's showroom was toured by the students and professors (totaling thirty-four persons) of Chuo University on September 11, 2014, and Akita Prefectural University on September 19.

During the showroom visit, the history of KOKUYO Furniture in China and future plans for expansion were introduced. Numerous questions were posed by students during the question-and-answer session. In this way, the site was humming with excitement. Participating students remarked that they got a sense of what it felt like to work on a global stage and that these classes were an inspirational springboard to taking on the challenges that came with such a theme. Thank-you letters were subsequently received.



Letters of appreciation from students

On December 16, a total of thirty persons consisting of students and supervising teachers from six high schools across Nagasaki Prefecture took a tour of KOKUYO Commerce's office building and Shanghai-based plant through the East Asian High School Students Friendship and Career Enhancement Program\* as run by the high school education section of the government of Nagasaki Prefecture. For the plant tour, an outline of the plant and the processes and equipment used for producing notebooks were introduced before students were given a chance to try their hands at creating handmade original notebooks on their own.



Participants tried their hands at creating handmade notebooks.

\*In order to expand the outlooks of high school students who are expected to become future leaders in Nagasaki Prefecture, this program endeavors to develop individuals who are active in the community and who possess global perspectives and the communications skills for building rich personal connections with others by providing training opportunities in different industrial fields with companies that conduct global operations in Shanghai, an international city.

## The Voice of a Person in Charge

### For the smiles and laughter of children

In fiscal year 2014, we engaged in various social-contribution activities according to our philosophy of enriching the world through our products. By continuing to plan activities that adhere to our philosophy and having our employees participate in these activities on a broad basis, we would like to see KOKUYO's philosophy embodied in many members of our workforce. (Liu)

I am very happy to hear that many students who have taken tours of our showroom wish to work for KOKUYO. I believe that an ongoing commitment to such social-contribution activities will help us to fulfill our CSR. I would like to see us continue to engage in contributory activities rooted in the community. (Chen)



Left: Liu Chuntao,  
Public Relations & General  
Affairs Dept.,  
KOKUYO (Shanghai)  
Management Co.,Ltd  
Right: Chen Cong,  
Corporate Planning & Strategy  
Dept.,  
KOKUYO  
Furniture(China)Co.,Ltd

## The Future of Tohoku

Four years have passed since the Great East Japan Earthquake struck. In desiring to be of help to everyone in the affected areas, we have continued to engage in reconstruction-aid activities, including initiatives to provide support to students and workers who represent the future of Tohoku.



### A single notebook can bring smiles to the faces of children: Deco-Notebook Workshops

We hold Deco-Notebook Workshops on an ongoing basis as a program for supporting earthquake-recovery efforts directed at children in collaboration with local stores, boards of education, newspaper companies, non-profit organizations, and other interested parties.

These Deco-Notebook Workshops are workshops for decorating the covers of Campus notebooks with markers and stickers according to a theme summed up as follows: Cheer up, children of Tohoku! Be positive through writing and drawing. Over 1,300 children have participated with smiles and laughter in this program to date.

#### Held in Ishinomaki, Miyagi Prefecture in May

In 2014, we participated as a presenter in an earthquake-recovery event for primary school students called the Ishinomaki Earthquake Recovery Event for Waku-Waku Genki Kids in collaboration with Eco-Family Shimbun, which issues newspapers to primary school kids in Miyagi Prefecture. Employees belonging to KOKUYO Product Shiga, which produces Campus notebooks, also participated. As part of the conclusion of a workshop, participants got to hear a lecture on Campus notebooks as delivered by a travelling instructor. Many children gathered at the venue and had tremendous fun creating their own original notebooks.

While we interact with children through stationery, school furniture, and other products, it is normally not possible for us to witness them actually using these products with a smile on their faces. We will continue to support children who will play important roles in the future in areas that were affected by the earthquake and would like to remain committed to this initiative in order to get many more children to laugh and smile.



Children working with a serious focus on their notebooks



Awesome notebooks brimming with dreams are created



## We wanted to share the joys of science with children! UD classes offered at Scienze Kingdom

We participated in Scienze Kingdom for Primary School Students, an event that was held in Sendai in September 2014. Classes on universal design were offered to children jointly by KOKUYO, KOKUYO S&T, and KOKUYO Tohoku Sales.

Scienze Kingdom for Primary School Students is an education-supporting project planned with the aim of conveying the joys of science in an effort to counter the disengagement of children from science. It is experimental class tour led by visiting professors for primary school students held in a primary school that has been rented for an entire day. The goal is to get children unaware of the links between science and society to develop an interest in science and technology by having “professors” from companies, universities, and laboratories share secrets and surprises relating to their fields of science and manufacturing directly with primary school students through experimental classes and booth displays.

For this event, KOKUYO held classes entitled “Let’s learn some secrets about stationery!” to get participants to think about the various points of innovation incorporated into universal design stationery products while playing around with actual products on a hands-on basis. In offering three classes in total, seventy-five children ranging from grade one students to grade six students gathered to participate in a truly fun one-hour class while expressing genuine surprise at all the ways in which you can take common daily-use stationery products and make them easier to use just by tweaking them with small innovative changes.

Many children attending this event arrived not just from Sendai but also from coastal areas and other disaster-affected zones and let us know that they had tremendous fun. Profound questions were posed by students engaged in their own research projects for school based on the theme of universal design. This event came to constitute a meaningful opportunity for communications at which KOKUYO Group employees were able to field questions and feedback directly from children and their parents from across the Tohoku region through our classes.



Children enthusiastically raising their hands and answering questions posed by an employee playing the part of a professor



Students had tremendous fun participating in our classes



## Providing study tools to children through a donation of children's furniture and other items to Ashinaga

As part of our Furniture Likes project for supporting the Tohoku region, we converted like-points obtained from customers at the KOKUYO Fair into a monetary amount and donated primarily children's furniture out of a desire to support children in disaster-affected zones to the Tohoku Rainbow House, which was newly opened by Ashinaga, an organization that supports children orphaned in the earthquake disaster. The operating staff at Ashinaga expressed their appreciation for this gesture: “Our children love KOKUYO's children's furniture items and are always scrambling for a chance to use them.”



A playroom in which children's furniture has been placed

## ■ Dabbed by everyone! Madre seats featuring handprint designs are produced

Our Madre lobby seats with upholstery featuring designs consisting of children's handprints have been set up in front of the lobby at the Ishinomaki Rainbow House, one of three newly built Rainbow House facilities in the Tohoku region. At the opening ceremony for the Ishinomaki Rainbow House, children's handprints were taken and subsequently printed onto the upholstery fabric. This was commissioned by Ashinaga in hopes of bringing a little more joy into the lives of children and in hopes of getting children to view their arrival at this Rainbow House as delightful.



Taking children's handprints



Handprints are collected and incorporated into lobby chair upholstery



Madre lobby chairs featuring children's handprints in their design

## ■ Providing support for the Michinoku Mirai Fund

Based on a belief that young people belonging to the next generation form the basis for true reconstruction, KOKUYO Tohoku Sales supports the purpose of the Michinoku Mirai Fund, a scholarship fund set up to help high school students orphaned by the earthquake disaster pursue their dreams of higher education (university, college, and vocational schooling). Since fiscal year 2012, the company has provided support as a corporate supporter.

On March 14, 2015, a coming-of-age ceremony to celebrate the fourth year of scholarship students set to pursue higher education this spring and a commencement ceremony for scholarship students set to join the workforce upon completing their studies were held at the Taihaku Campus of Miyagi University. This year, 104 students entered this program. Ninety-two of these students have thus far determined where they will study. More than 400 students in total have benefited from this fund since the first year of its operations. Scholarship students are grateful to supporters from across the country and have expressed their resolve in no uncertain terms. They have taken the first steps towards realizing their dreams.



Group photograph of scholarship students taking their first steps towards their dreams as well as their supporters

## Working at a company: a lecture delivered to third-year students at Shokei Gakuin Senior High School

At the end of January 2015, President Okatake of KOKUYO Tohoku Sales delivered a lecture entitled Working at a Company to approximately 200 third-year students at Shokei Gakuin Senior High School in Sendai. The principal from whom the request for a lecture was received briefed us on the acute situation facing his school: Some of these students have sustained significant damage from the earthquake. The disaster altered their values. While I believed that they would seek out the social significance of employment within the context of their overall mood, their motivation to study for a given purpose has not been clearly defined. Since I am certain that a talk given by a top manager of a local company would resonate with these students, I want you to deliver a measure that will encourage them to think about their future.

On the day in question, President Okatake spoke for about an hour and a half on the development of the Campus notebook, specific activities undertaken by KOKUYO Tohoku Sales, and what he learned from his own life experiences about holding onto your dreams and about how one can live by linking one's job with one's happiness. He expressed his hope that this lecture could cause the students in attendance who were about to depart on a new journey in their lives to think about their future. Feedback received from students several days after the lecture included the following: "I listened to the lecture and was impressed that Mr. Okatake could fully approach office development projects and a focus on products with such a positive mindset"; and "While I had never given thought to the possibility that work could bring happiness, I was inspired by the notion that happiness is not the goal and that it is the journey towards that end that brings one true happiness."



Lecture delivered by President Okatake of KOKUYO Tohoku Sales

## 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, 10 years have passed and we have continued to face with students with sincerity, and today, a total of 25 leading companies from various industries have joined the Job Study.



A picture taken at the panel discussion of the seminar

### Getting students to think with more initiative and expand their horizons

In 2014, joint cross-sectoral seminars, which had been organized since our establishment, were held as were collaborative internships offered jointly by companies participating in the Job-Study Program. Job Study Collaboration (Kansai/Kanto) is an event that was held in order to expand student outlooks to encompass mid-sized and small to medium-sized companies and to encourage students to select companies not based on their names but on the basis of a true concordance of values with personal values. This event consisted of panel discussions held jointly by large companies participating in the Job Study Program and local mid-sized and small to medium-sized companies, as well as round-table discussion programs where participants would respond forthrightly to students in face-to-face settings. Guidance for getting participating students to confront their own present selves and the future was provided. Each program was organized to present the means of getting students to think with initiative. Feedback received from participating students included the following: "It was great that we were able to hear company representatives speak so honestly about issues in a way that was very accessible to us," and "I learned about the different advantages associated with large companies and mid-sized companies and the differences between the two."



Job Study Collaboration Program (Kansai/Kanto)

### The eleventh year of the Job Study Program is a year of challenges and reform

As of the end of 2014, the Job Study Program had amassed a decade of positive results. At the fourth Career Education Awards, the Job Study Program received the Award for Encouragement for sharing philosophies regarding the broad range of challenges students face just prior to entering the workforce with a wide variety of companies and flexibly dealing with these challenges. However, numerous issues between students and companies are arising in part due to economic fluctuations and changes in the times during which students are being hired. Against this backdrop, the Job-Study Program is asking the representatives of the personnel departments of twenty-five participating companies to shun the status quo and come together and seriously consider what is required and what they would like to do as they look to the future.

## The Voice of a Person in Charge

### Looking forward to the next decade of the Job Study Program

After ten years of operations, the Job Study Program takes its first new step in the second decade of its existence in 2015.

I first came to be placed fully in charge of the Job Study Program in 2014. The more I learn about the history of this program, the difficulties dealt with by managers, and the unchanging passion of companies participating in this program, the more I realize what a fantastic program this is.

I believe that a new opportunity to engage in forthright interactive dialog is needed in particular when the environment is changing in terms of changes to the timing at which companies start recruiting activities and when issues between students and companies are increasing in number. While KOKUYO as a single company can only do so much on its own, the twenty-five companies that comprise this program are committed to joining forces to create new value and opportunities that others cannot provide.



Kazuyuki Takimoto  
Human Resources Development  
Division,  
KOKUYO Co., Ltd.

## Contribution Activities Deeply Rooted in Regional Communities

We are proactively engaged in environmental activities integrated with local communities, educational activities for which product attributes are leveraged, activities directed at the revitalization of local communities, and other such initiatives.

### Plant tours that convey the importance of manufacturing and workers' ideas and thoughts regarding manufacturing

The KOKUYO Group conducts plant tours for students in different countries and regions in hopes of cultivating work values and employment awareness tied to local companies. We wish to contribute to the education provided in schools by having students observe the process of making products and work being performed by employees and perceive the importance of manufacturing and workers' ideas and thoughts regarding manufacturing.

We aim to become a company coexisting harmoniously with local communities by continuing to enrich interactions with local students and developing contributory activities rooted in local communities.



A plant tour being conducted at KOKUYO MVP

### Plant tours for members of the public commenced at one of the biggest notebook production plants in the country

At KOKUYO Product Shiga, plant tours for members of the public began in May 2014 in order to enrich communications with customers.

Since it was founded in 1988, KOKUYO Product Shiga has continued to manufacture paper products while carefully fostering its ties to the local community through contributions to the community and to the environment. It is presently the one of the biggest domestic notebook plants transmitting the spirit of technology and manufacturing from Shiga Prefecture to KOKUYO Group paper-product plants around the world.

For these plant tours, the company established a ReEDEN exhibition corner to explain the company's environmental activities in an easy-to-understand manner as well as a corner for examining production equipment and equipment for accommodating the environment and for experiencing the company's focus on quality according to the theme of inspiring visitors and becoming Japan's most fascinating notebook-producing plant. A safe route for families with children in tow has been set up to allow visitors to embrace the ambience that comes from actually walking through the production plant. Tours are also conducted with a focus on making things exciting by administering an interactive quiz.

Activities will be pursued in collaboration with the local government in order to have plant tours seen as a tourism resource and promote revitalization of the community.



A dedicated attendant provides an explanation

### Tying together the environment, welfare, and the community with photocopier paper: the Eco-Lab Heart Shiga initiative

KOKUYO Marketing and KOKUYO Product Shiga are engaged in green purchasing activities and have been participating in the Shiga Green Purchasing Network (Shiga GPN), a local network program, since June 2006. The KOKUYO Group has been involved since the beginning with the Eco-Lab Heart Shiga initiative, which was developed by Shiga GPN's Research Society for Green Purchasing Evaluation Techniques and is being presently operated by NPO Shiga Prefecture Social Employment Business Promotion Center.

This initiative constitutes a system for requesting the use of plastic boxes in place of



Delivery using a plastic box instead of a cardboard box

cardboard boxes to deliver daily-use photocopier paper to cooperative workshops within Shiga Prefecture where approximately 150 disabled persons are employed. It was begun in 2007 with two aims: environmental (reducing unnecessary packaging) and welfare (promoting and employing disabled persons). By using photocopier paper manufactured at KOKUYO Product Shiga, a model consisting of elements based fully in the local community is in place.

### 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.

### Two works of art owned by KOKUYO-as painted by Millet and Cézanne-are deposited with the Hiroshima Museum of Art

On July 3, 2014, a ceremony to deposit two works of art owned by KOKUYO with the Hiroshima Museum of Art and a press conference were held in the special event space under the dome of the Main Hall of the museum. The paintings that were deposited consisted of Millet's *Tondeuse de Moutons* (1862, oil on canvas) and Cézanne's *Les Marronniers et le Bassin du Jas de Bouffant* (around 1871, oil on canvas). The Hiroshima Museum of Art is home to an impressive collective of modern Western art. With the addition of these two works deposited by KOKUYO, the museum is the only place in Japan with three works by each of Millet and Cézanne in its possession. These paintings had been hung in the reception room of the head office of the company as a way to welcome guests and visitors. However, the decision was made to deposit them with the Hiroshima Museum of Art out of a belief that paintings can be rendered more valuable through greater exposure to people.



Ceremony to deposit paintings with the museum

### Experience-based study of universal design

Out of a desire to be of service to children who will be leading the next generation, we are undertaking an experience-based learning initiative to get children to learn about universal design ("UD"), an approach to manufacturing from the standpoint of users, and to cultivate compassion and kindness in children by getting them to think about things from the standpoint of the other party.

Experience-based learning is an approach whereby employees of the Public Relations and Communications Department visit schools as instructors. Students are exposed to actual UD products and learn about the differences between such products and conventional products and the thought process that led to their development. In addition to learning about UD, students also engage in off-campus learning by visiting the company's Tokyo showroom and taking tours of the offices where employees actually work.



A lesson on UD is being given

### Local cleanup activities and blood donations

The KOKUYO Group collaborates with local communities through cleanup activities carried out at office buildings, plants, distribution centers, and overseas business offices. Cleanup activities are performed around the head office building in Osaka with the cooperation of the local government once a year.

Through a tie-up with the organizers of the Osaka Marathon, Operation Osaka Marathon Cleanup has been organized since fiscal year 2011 as a cleanup activity for all areas of Osaka undertaken to present a clean city to visitors to Osaka. The

company participated in this activity once again in fiscal year 2014 in collaboration with the local government. On October 20, eighty people, including local volunteers, took part in this activity in spite of the early morning hour at which it was held. At various sites around the country, employees of the company have participated in blood donation drives since 1980. In fiscal year 2014, seventy-eight employees made donations on two different occasions when the Japanese Red Cross Osaka Blood Center visited the company.



Cleanup activities being carried out at the head office building in Osaka

## We participated in the ISU-1 Grand Prix!

Various forms of grand prix events are held these days as local economic development projects throughout Japan. The KOKUYO Group participates in the ISU-1 Grand Prix as part of our effort to help rejuvenate local communities. The ISU-1 Grand Prix is a two-hour endurance race with competitors consisting of three-person teams treating office chairs like machines and is held throughout Japan each year.

In September 2014, the second East-Japan Competition was held in the central shopping district of Shinjo, Yamagata Prefecture. Members of KOKUYO Furniture and KOKUYO Tohoku Sales participated at this event.

On the day in question, teams must avoid elimination in the preliminary time-trial round before competing over a two-hour period to see how many times they can travel around a 200-meter course constructed on a public streets inside the shopping district that were closed off to traffic. In the team event, the team representing KOKUYO Furniture came in first place while the team representing KOKUYO Tohoku Sales put up a good fight to finish in fourth. At the ISU-1 Grand Prix, teams dress up in cosplay costumes or put on company advertising and embellish their chairs to ensure that there is a focus on having fun despite the competitive nature of the event. This is truly a fantastic event at which participants and spectators alike join forces to revel in the festivities.

We would like to continue to enthusiastically partake in such activities for the revitalization of local communities.



ISU-1 Grand Prix

# With the Global Environment

KOKUYO recognizes solution of global environment concerns such as global warming and deforestation as the urgent problems. 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.



115p Environmental Management

118p Global Warming Preventive Measures

121p Resource-Saving and Recycling Measures

123p Compliance with the law and the prevention of pollution

124p Developing Environmentally Friendly Products and Services

127p Biodiversity/Promoting Environmental Communications

131p Third-Party Verification Report

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.

Zentaro Kuroda

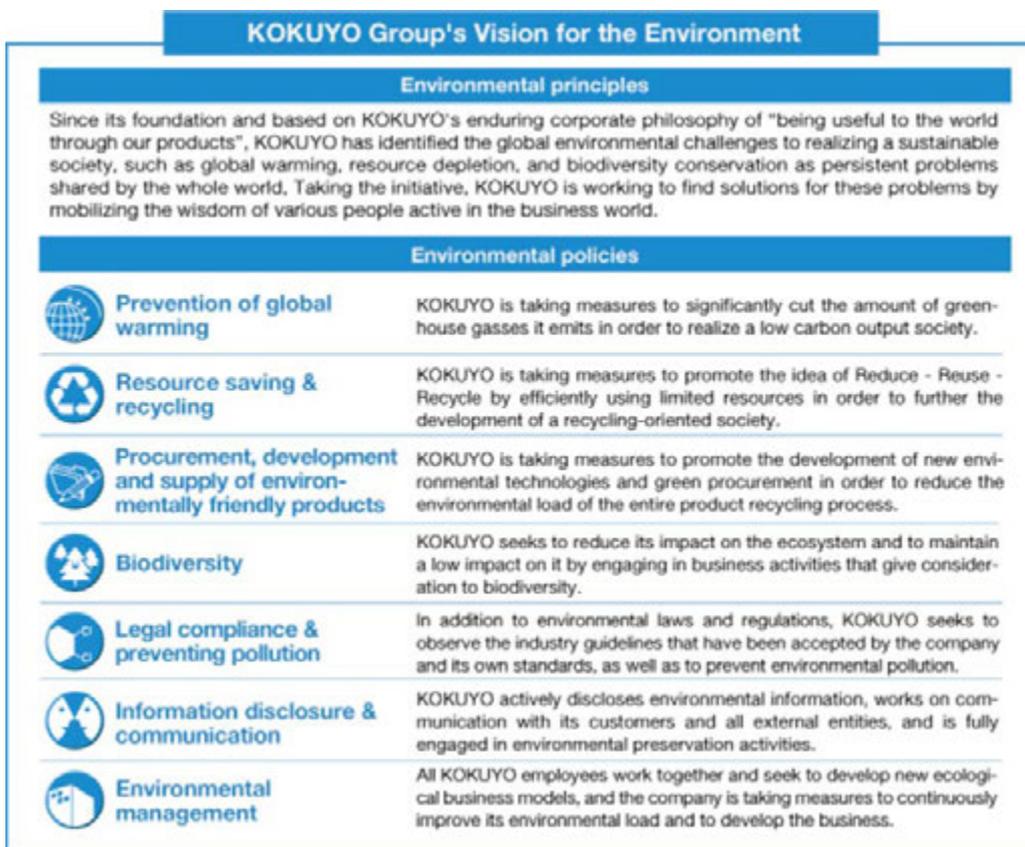
In 2008, KOKUYO made a pledge to zero the number of eco-batsu products in three years. While the eco-batsu products were successfully cut to zero, it also aroused the spirit of going beyond common sense among employees as represented by the shō hyaku mai wachō pads at the same time. As long as we stay 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.





## Medium- to Long-Term Environmental Action Plan

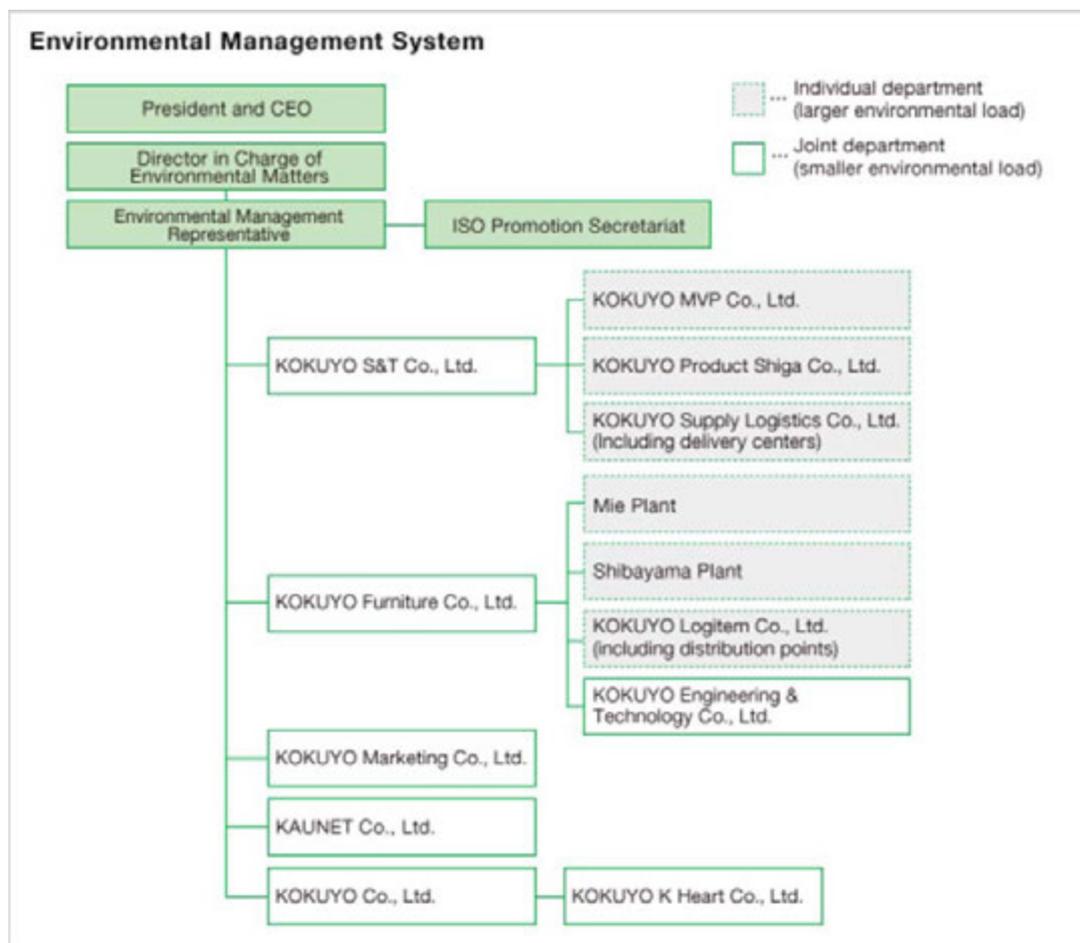
### Medium- to long-term environmental action plan (fiscal year 2020)

Environmental policy	Measures		Fiscal 2014 performance	Fiscal 2020 goals
Prevention of global warming	Prevention of global warming	Cut CO <sub>2</sub> emissions (vs. FY 1990)	Reduced by 6.9% (in Japan)	Reduce by 30% (in Japan)
	Energy conservation	Cut energy consumption (vs. FY 2010) * average 1% reduction per year	Reduced by 8.8% (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)	95.1%	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 2014, primary audits were conducted between July 1 and 31, secondary audits were conducted between August 1 and 29, and third-party inspection was carried out between December 2 and 5.

### Internal audits

FY in which conducted	2013	2014
Sites subject to monitoring	75	69
Primary audits	60	54
Secondary audits	15	15
Matters cited	55	40
Minor points of nonconformity	16	9
Corrections	39	31

### Third-party inspection (ISO 14001)

FY in which conducted	2013 (periodic)	2014 (periodic)
Sites subject to examination	23	19
Matters cited for improvement		
Minor points of nonconformity	0	0
Improvement opportunities	20	23
Strong points	0	0
Good points	6	7

## 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 2014 Goals (reporting scope A)	Fiscal 2014 Actual achievements (reporting scope A)	Assessment
<ul style="list-style-type: none"> <li>• Year-on-year change in CO<sub>2</sub> emissions</li> <li>• Excluding impact of production: (-1.3%) (total volume: +0.3%)</li> </ul>	<ul style="list-style-type: none"> <li>• Year-on-year change in CO<sub>2</sub> emissions</li> <li>• Excluding impact of production: (-4.1%) (total volume: +1.3%) 26,264 t-CO<sub>2</sub> &lt;fixation of electricity emission factor: 0.378 kg-CO<sub>2</sub>/kWh&gt; 34,238 t-CO<sub>2</sub> &lt;emission factor by elec- tric power company and by country&gt;</li> </ul>	Accomplished
<ul style="list-style-type: none"> <li>• Energy consumed: year-on-year change in unit energy consumption of -0.1</li> </ul>	<ul style="list-style-type: none"> <li>• Energy consumed: year-on-year change in unit energy consumption of -1.4%</li> </ul>	Accomplished

### Summary for Fiscal 2014

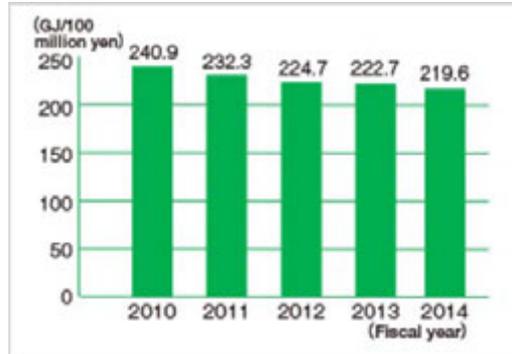
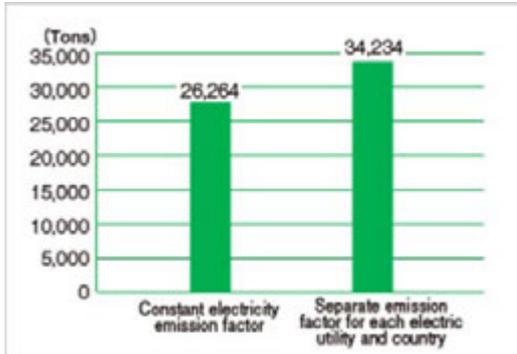
If calculated for the existing scope of operations using the electricity emissions factor of 0.378 kg-CO<sub>2</sub>/kWh (which is the overall power average in 2000 as reported by the Federation of Electric Power Companies), the KOKUYO Group's CO<sub>2</sub> emissions in fiscal 2014 totaled 26,264 tons, 362 tons (1.4%) more than in the previous fiscal year. Based on estimates, there were emission reductions of 784 tons due to operational improvements and 311 tons due to equipment improvements. Manufacturing operations and the closing and consolidating of facilities raised emissions by 1,477 tons. As a result, there was an effective reduction in CO<sub>2</sub> emissions of 1,095 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 1.3% reduction.

Looking at sources of CO<sub>2</sub> emissions, there was a decrease of 525 tons at factories due to higher manufacturing efficiency and other improvements. However, factories recorded a net decrease in emissions of about 136 tons because growth in production volume raised emissions by 389 tons. For distribution activities, although emissions increased by 114 tons because of a higher volume of operations, there was a reduction of 138 tons due to heightened measures to conserve electricity and other energy use for a net increase in emissions of 24 tons. In the offices, emissions were down approximately 200 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 2014, our unit energy consumption was 1.4% less than in the previous fiscal year.



## Major Increase in CO<sub>2</sub> 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 CO<sub>2</sub> emission coefficients and added to the Japanese CO<sub>2</sub> emission coefficients based on the Act Concerning the Promotion of Global Warming Countermeasures (for fiscal 2014, actual emission coefficients for each power company for fiscal 2012 and 2013), then the total rises 7,974 tons to 34,238 tons.



## Expanding the Scope of Reporting

While 16 companies were included in the scope of CO<sub>2</sub> 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 2014, 33 companies; reporting scope B \*2 ). As a result, CO<sub>2</sub> emissions totaled 45,479 tons (including 1,743 tons at non-consolidated sales companies). The use of a less favorable emission coefficient and the extension of CO<sub>2</sub> 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., 12 consolidated subsidiaries, and 3 affiliated companies

\*2: B: KOKUYO Co., Ltd., 22 consolidated subsidiaries, and 10 affiliated companies

\* See page "2015data.pdf" 11p: [「Changes in CO<sub>2</sub> emissions」](#)



## Measures for the prevention of global warming in our plants

A reduction of 316 tons in CO<sub>2</sub> emissions was achieved at our plants thanks to operational improvements attributed in part to a shortening of the time required to make changes in product types, the thorough application of rules for the operations of production equipment, the conducting of inspections, the elaboration of production schedules, and a reduction of waste made possible through energy checks. In addition, a reduction of 209 tons in CO<sub>2</sub> emissions was achieved by switching from LPG to LNG, adapting systems to enable the installation of inverters, switching to LED lights, and otherwise embracing energy-saving equipment. While an increase in production resulted in an increase in CO<sub>2</sub> emissions of 389 tons on a year-on-year basis, there was a net reduction of 136 tons in CO<sub>2</sub> emissions (reduction of 179 tons domestically and an increase of 43 tons overseas) resulting from a reduction of 525 tons attributed to the above operational improvements and equipment improvements.



A reduction of approximately 170 tons in CO<sub>2</sub> emissions was achieved by our plant in Thailand thanks in part to a review carried out into the operations of molding machines



## Measures for the prevention of global warming in the area of logistics

In the area of logistics (storage and shipping), we achieved a reduction of 24 tons in CO<sub>2</sub> emissions compared to the preceding fiscal year. A reduction of 88 tons in CO<sub>2</sub> emissions due to operational improvements attributed to the promotion of energy-saving activities carried out on a day-to-day basis was achieved. In terms of equipment improvements, a reduction of 50 tons in CO<sub>2</sub> emissions was achieved thanks to the introduction of energy-saving lighting fixtures and a review of the optimal luminance of the distribution center. In operating an automated three-dimensional warehouse, KOKUYO Logitem's Ina Distribution Center adopted an electricity demand meter as part of efforts to reduce peak electricity consumption in response to tight demand-and-supply conditions for electricity. While CO<sub>2</sub> emissions increased by 114 tons due to an increased rate of operations in 2014, a net reduction of 24 tons in CO<sub>2</sub> emissions was achieved by way of a reduction of 138 tons due to operational improvements and equipment improvements.



Hybrid streetlights installed at our Metropolitan Area Integrated Distribution Center (IDC)



## Global Warming Preventive Measures at Offices

Offices lowered CO<sub>2</sub> emissions by 202 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 8%, which represents a reduction in CO<sub>2</sub> emissions of 160 tons. In fiscal 2014, the cool biz and warm biz campaigns were combined into a smart biz campaign that is in effect all year long.



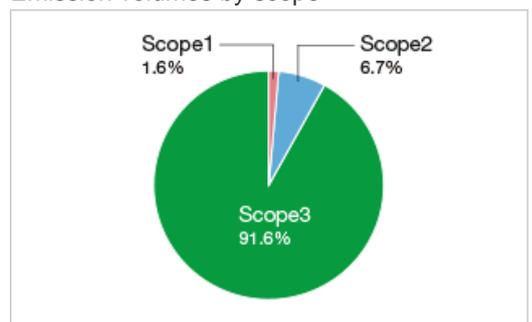
Solar panels installed at our Shinagawa office



## Ascertaining GHG emission volumes for the entire supply chain

In recent years, a movement to engage in carbon disclosure projects (CDP) and otherwise manage and externally disclose Scope 3 (encompassing production, shipping, business trips, commutation, and other categories) emissions generated through supply chains that indirectly emit GHG has been gaining steam. While the KOKUYO Group has also endeavored to engage in such actions in shipping and certain other areas, initiatives were undertaken beginning in 2014 in accordance with the Ministry of the Environment's Basic Guidelines on Calculating Volumes of Greenhouse Gas Emissions Generated Through Supply Chains. The volume of GHG emissions for the entire supply chain in fiscal year 2014 was 544,430 tons of CO<sub>2</sub>. Scope 3 emissions accounted for approximately 90 percent of this figure with 70 percent thereof attributed to "Category 1 purchased products and services". Since data has not yet been fully collected from all cooperating plants, however, this percentage figure is expected to rise. Given that there are also problems relating to other categories, amelioration will proceed beginning next term. Third-party verification services provided by Bureau Veritas Japan have also been secured to ensure the reliability of disclosed information and data.

Emission volumes by scope



## 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 2014 (Report Target B)	2014 Performance (Report Target B)	Evaluation
<ul style="list-style-type: none"> <li>Enhancement of the recycling rate against the total amount of waste</li> <li>Improvement of the accuracy of waste data</li> <li>Thorough management of industrial waste treatment contractors</li> </ul>	<ul style="list-style-type: none"> <li>Recycling rate: 98.0% (offices)</li> <li>Grasping of waste amount and recycling rate</li> <li>Thorough response to notifications of difficulty in providing the waste disposal service</li> </ul>	○

### Summary for Fiscal 2014

#### Higher Recycling Rate

The volume of waste materials generated by KOKUYO Group business offices in fiscal 2014, including all consolidated subsidiaries, was 19,422 tons (including 198 tons at non-consolidated sales companies) for a year-on-year increase of 52 tons. Of this amount, the production increases at factories overseas accounted for approximately 180 tons. While production rose by 3.6%, we managed to limit the increase in the volume of waste materials generated to 0.9% thanks in part to improved yield rates.

Such efforts on our part give rise to a recycling rate of 98.0%, an increase of 0.2 percentage points over the previous year.

#### Thoroughly ensuring the proper disposition of waste materials

The responsibilities of the prime contractor with respect to the disposition of waste materials generated on construction sites have been clarified and the obligations of the waste-generating company have been tightened. In fiscal year 2014, efforts were made to contain waste materials in part through a review of the methods by which parts subject to processing at construction sites are ordered. As a result, we determined that we generate approximately 4,500 tons of waste materials on construction sites with a recycling rate of approximately 82.5 percent. Waste materials generated on construction sites are not homogenous, such that there are many cases in which recycling is difficult due to the intermingling of various types of waste materials in a given batch. Nevertheless, we will continue to properly dispose of waste materials in conjunction with the implementation of controls on their generation and shall aim to achieve our medium- and long-term target of 100 percent for the rate at which waste materials are recycled.

#### 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 2014, KOKUYO Logitem collected 1,050 tons of office desks and chairs and other used products. Three tons were reused and 385 tons were dismantled and sorted for recycling. Our distribution center manages to reduce waste materials by approximately 40 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 the law and the prevention of pollution

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

### Overview of fiscal year 2014

#### Disposing of waste electrical equipment that includes minute amounts of PCB

Transformers and other electrical equipment decommissioned as a result of the dismantling of the south building on the premises of KOKUYO's head office in Osaka have been subject to PCB measurements in order to check whether such equipment contains polychlorinated biphenyl (PCB).

These measurements revealed the presence of minute amounts of PCB in a number of transformers and other devices, which were then properly disposed of by entrusting their disposition to facilities certified for the detoxification of waste materials containing low concentrations of PCB.



Transformers prior to dismantling



Storage prior to disposition



Removal for detoxification

#### Proper disposition of chemical substances

The KOKUYO Group endeavors to properly manage and handle chemical substances.

At KOKUYO Furniture's Shibayama Plant, visualization is undertaken when handling chemical substances included in paint and other materials. The company is converting safety data sheets (SDS) for purchased paint and other items into a database into which warnings for usage and references to related laws and regulations are included in order to enable required information to be checked at any time. In addition, efforts are being made to prevent accidents by posting panels indicating warning levels for toxicity, hazardousness, and flammability as divided by color (green, yellow, and red) based on the content of chemical and other substances at sites where paint and other items are used and by making warnings more visible for handlers at the time that such substances are used.



Panels posted at the Shibayama Plant

## 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 2014 Goals	Fiscal 2014 Actual achievements	Assessment
Maintain zero eco-batsu	Zero was maintained	Accomplished

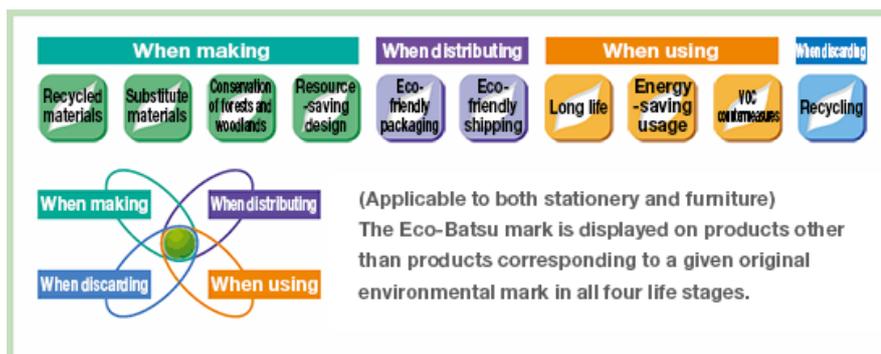
### Fiscal 2014 Activities

#### 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 2015 General Catalog.

#### Continuing evolution

Verification of conformity to standards has been more thoroughly undertaken since 2012. This process has revealed that certain products do not conform to standards for compliance with the Green Purchasing Act. While this fact has been accepted in good faith, we believe that it reflects a raised level of verification. Our Eco-Batsu initiative was an opportunity for reviewing manufacturing processes and getting employees not directly involved with manufacturing to review their own approaches to work, office environments, and proposals made to clients. Since reaching our goal of zero Eco-Batsu marks, we have been pursuing the development of eco-friendly products that over-deliver to customers in accordance with the watchword: eco + creative.



Eco-Batsu mark



## Promoting the management of chemical substances included in products

In recent years, regulations governing chemical substances-including the RoHS Directive and REACH in Europe-have been strengthened worldwide and demands for reports on the status of the use of a wide range of chemical substances have been received from the market. The KOKUYO Group recognizes that the non-use of substances regulated by law and the management and provision of information on the status of the use of substances for which there is potentially a negative impact on the environment and people are social obligations shared by all companies that provide products. At the same time, there has been a clear shift from a conventional hazard-based management approach that used to focus only on the hazardous nature inherent in chemical substances to a risk-based management approach based on the scientific method. In responding to these global changes, we first set about specifying a hazards-based list of substances in 2014. We will begin a risk survey in collaboration with business connections and other companies tied to the supply chain for our products and accordingly manage chemical substances contained in our products.



Checking for the presence of heavy metals using an X-ray fluorescence spectrometer.



## FSC®-certified products

The Forest Stewardship Council® (FSC) is one of several third-party organizations operating an international forestry and woodlands certification program and aims to appropriately conserve the environment found in forests and woodlands and promote the management of forests and woodlands in a manner that is socially beneficial for local communities and economically sustainable. COC (short for "chain-of-custody") certification constitutes the certification of the management of the processes of processing and logistics. In the KOKUYO Group, KOKUYO S&T, KOKUYO Furniture, and Kaunet have all obtained FSC® and COC certification and are selling copier paper, notebooks, and other FSC-certified products.



## Protocol counters made with timber from forest thinning

Commercialization was achieved by harnessing the advantages of timber from forest thinning, thoroughly verifying functions and usability to ensure that counters are used by visitors and staff members alike, and keeping the following points in mind:

### 1) Ensuring strength independently of variability in the quality of the wood material

Strength is ensured by using steel legs attached to the structure while the surface materials (such as top panels and side boards) can accommodate variability in the quality of the material.

### 2) Adopting universal design

Designed by taking usage by an unspecified large number of visitors (such as the elderly, persons in wheelchairs, and color-blind persons) into account.

### 3) Design that dispels the negative image of furniture made with timber from forest thinning

Features a design that presents an upscale image premised on the use of straight lines and that evokes a sense of the lateral expansion of space



## Supporting space development for Minato Park Shibaura, a new complex in Minato Ward

By harnessing the know-how that we have cultivated to date, we have helped construct office space as well as delivered information desk counter and lobby furniture made with cypress timber from forest thinning for this new complex.



Minato Park Shibaura is a complex that opened in Minato Ward in December 2014. It has adopted numerous leading-edge technologies as a facility that is suitable for Minato Ward, an advanced autonomous community in terms of taking environmental considerations into account. The local government has achieved a 45 percent reduction in carbon dioxide emissions from facilities (compared to 1990). As a model enterprise under the Minato Model Carbon Dioxide Fixation Certification Program\*, this complex has drawn nationwide attention as an attractive facility built using generous amounts of domestic timber throughout the structure, such as for the floors, walls, ceilings, and interior and exterior finish.

KOKUYO supports Minato Ward's initiatives for environmental conservation, has proposed more functional products that are easy to use for visitors while remaining environmentally friendly, and has produced and delivered products suitable for Minato Park Shibaura, of which the centerpiece is undoubtedly the first-floor information desk counter. We will take what we learned from this valuable experience to further entrench the Minato Model Carbon Dioxide Fixation Certification Program in Minato Ward as a company operating in this ward and will strive to help expand the environmental conservation activities promoted by Minato Ward nationwide.

\* Minato Model Carbon Dioxide Fixation Certification Program

The Minato Model Carbon Dioxide Fixation Certification Program is a program that was launched in October 2011 for the purpose of contributing to the prevention of global warming through increases in the volume of carbon dioxide (CO<sub>2</sub>) that is fixed in the ward and the promotion of the proper maintenance of domestic forests and woodlands by way of efforts to encourage the use of domestic timber for buildings and structures built in the ward.

## Biodiversity/Promoting Environmental Communications

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 Kōchi 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.

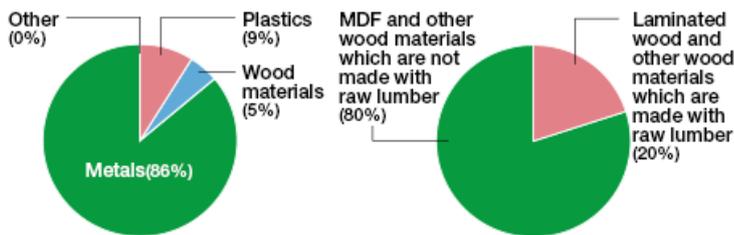
1. Aim for highly transparent materials procurement, with an awareness of the illegal cutting and illegal transactions issues in the timber trade.
2. Procure material through more appropriate supply chains to support sustainable use of forest resources.
3. Based on an awareness of the social value and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

### ■ Obtaining certification as a company dealing with matters of legality and sustainability

We have been granted certification as a company dealing with matters of legality and sustainability by the Japan Office Institutional Furniture Association (JOIFA) in line with revisions made to the Green Purchasing Act. We are endeavoring to promote the use and sale of timber and wood products that have been certified as legal and sustainable in such terms as forms control, the appointment of managers, and usage reports in accordance with this practice code.

## Status of the use of wood materials

Approximately 4,600 tons of wood materials were used by KOKUYO Furniture in fiscal year 2014 to make products. This figure is equivalent to 5 percent of all materials used for production (excluding packaging). In breaking down these wood materials, 20 percent consists of solid wood, laminated wood (plywood), and other wood materials which are made with raw lumber while 80 percent consists of wood materials which are not made with raw lumber, such as thinned wood, waste wood, unused materials and wood boards constituting pieces fabricated from the foregoing materials (MDF and particle boards). This information is reported annually to JOIFA as yearly handling results for certification as a company dealing with lawful wood materials under the Green Purchasing Act. We also endeavor to ascertain the types of trees corresponding to wood materials which are made with raw lumber pursuant to JOIFA's guidelines on the written declarations that are made of wood.



## Small social contribution activities: cooperating with the Tanzania Pole Pole Club

Since 2008, the KOKUYO Group has been supporting the international cooperative activities (collecting used stamps and cards) of the Tanzania Pole Pole Club, a grassroots civilian group engaged in tree-planting activities together with villagers in the east African country of the United Republic of Tanzania. As a result of collection activities undertaken nationwide by the KOKUYO Group, we were able to collect 60,370 stamps and 1,010 cards in fiscal year 2014, resulting in the donation of approximately 200 seedlings. These seedlings are being harnessed for tree-planting activities carried out on Mount Kilimanjaro (United Republic of Tanzania), which has been registered as a World Heritage site.



## Yui-no-Mori Project

Begun in 2006 in Shimanto, Kōchi Prefecture, with the aim of regenerating a decaying planted forest and revitalizing the community that seeks to protect this forest in accordance with the theme of creating a virtuous circle between the environment and the economy, the KOKUYO Shimanto Yui-no-Mori Project marked its ninth year of operations in 2014.

## Periodically monitoring the effects of thinning

The visualization of the effects of thinning is essential for carrying out forest-conservation activities. In order to monitor the effects of these activities over the long run, we conduct a monitoring survey once a year in collaboration with the Shimanto Forestry Cooperative, Shimanto High School, and the staff members of the Kōchi Prefectural and Shimanto municipal governments. A monitoring survey was conducted for the eighth time in October 2014. As part of this survey, a vegetation survey is ongoing at two specific sites. For this survey, the types of vegetation and extent of coverage are examined for each of the following categories: tall trees, low trees and shrubs, and herbaceous plants (grass). This most recent survey revealed a reduction in the number of species from 74 to 56 at one site and from 75 to 61 at the other site. In particular, the number of species of herbaceous plants declined significantly, a result that is thought to be attributed to the growth of low trees and shrubs and to damage caused by foraging deer.

## Expanding the Yui-no-Mori Project

In order to effectively take advantage of forest thinning, KOKUYO Furniture has been manufacturing and selling furniture made with timber from forest thinning in collaboration with the local Shimanto Forestry Cooperative since 2000. Catalog retailer Kaunet also began selling primarily stationery as Yui-no-Mori branded products in 2007 and currently offers 33 items

as of 2014. In order to promote understanding of its activities and increase supporters, Kaunet implemented a framework for donating customer points for the thinning of Yui-no-Mori in 2008. This year alone, the company has received approximately 100 applications for the submission of donations. The Yui-no-Mori 1% Donation Project was commenced in February 2011 and continues to operate to this day. For this project, a portion of the sales of Yui-no-Mori products goes to the National Land Afforestation Promotion Organization's Green Fund. Yui-no-Mori began as a 100-hectare site and has grown to approximately 4,900 hectares in terms of applicable area and to 1,135 hectares in terms of total thinned forest area by fiscal year 2014. A certificate attesting to the absorption of 5,275 tons of CO<sub>2</sub> has been granted by Kōchi Prefecture. In these ways, Yui-no-Mori is expanding thanks to the support of many people and parties. The challenges of the Yui-no-Mori project will continue in the aim of cultivating a virtuous circle between the environment and the economy.



Vegetation survey being conducted



Fourth year of employees planting chestnut trees



Absorption certificate being granted



## ReEDEN Project

KOKUYO Product Shiga is a main plant for the KOKUYO Group where notebooks and other paper products are manufactured. As the plant operates near Lake Biwa, a place that supports the lives of people and that is a dynamic habitat for many forms of life, KOKUYO Product Shiga has engaged in proactive activities for environmental conservation. Focus has been especially directed towards activities involving reeds. Reeds could not only absorb carbon dioxide but also help purify the water by absorbing nitrogen and phosphorous in the process of growing and serve as a home for organisms living in Lake Biwa. Reeds used to be used for making reed screens, roofs, and other goods, however, such uses disappeared with changes in lifestyles, such that reed beds were no longer being maintained and consequently fall into a state of dilapidation. In November 2007, the ReEDEN Project was launched in order to promote the use of reeds and spread knowledge on the current state. Activities have been steadily expanding in line with the desire of KOKUYO to spearhead such activities as a local company engaged in the production of paper products.



## Protecting Lake Biwa by promoting the use of reeds

By harnessing production technologies cultivated to date and development capabilities with a paper-production company, KOKUYO Product Shiga has been using reeds to produce copier paper, notebooks, and other industrial products and selling them at a price suitable for the market under the ReEDEN Series brand name. Business cards made with 100 percent reed pulp, reed-based brush pens, and other high value-added products have also been developed in an effort to create a market that contributes to the environment through the use of reeds. This series was certified by Shiga Prefecture in 2012 as a Kokocool Mother Lake Selection brand for constituting a product or service that conveys the essence of Shiga to the market. A portion of sales is donated to a local environmental organization for activities dedicated to the conservation of reeds.



The ReEDEN Tabokun notebook created in collaboration with Shiga Furusato tourism ambassador Takanori Nishikawa's mascot character



Lake Biwa stationery



Notebook made from flax and reed

## ■ Recruiting members of the local community to protect Lake Biwa with reeds

The Network to Protect Lake Biwa With Reeds was set up in 2009 with KOKUYO Product Shiga serving as the secretariat of this organization. This network aims to contribute to the conservation of the natural environment of Lake Biwa in part through the establishment of modest connections among various companies and organizations. This network, which began with a handful of corporate members, now boasts a membership of 110 supporting entities. The primary activity of this network entails the conservation of reed beds that fulfill an important role for the Lake Biwa ecosystem and water environment. In the beginning, reeds were reaped in winter by a number of KOKUYO Product Shiga employees. Presently, members of local environmental groups and representatives of network members gather in the hundreds to participate in activities. Network communications are transmitted to introduce topics of local environmental interest and the environmental activities of member companies, thereby raising everyone's level of environmental awareness and community awareness as well as deepening links. In order to broadly contribute to improving the environment of Lake Biwa, we are seeking new activities that will garner the attention of the local community for targeting various environmental issues affecting Lake Biwa and helping conserve the environment in a way that is fun and enjoyable.



Reeds being harvested with members of the Network to Protect Lake Biwa With Reeds

### The voice of a member of the Network to Protect Lake Biwa With Reeds

As cause for celebration, the Lake Biwa Museum became the one hundredth member on this network. I was deeply impressed to learn that so many companies were passionately engaged in dealing with environmental problems through this network. With a desire to introduce such corporate efforts, we put on an exhibition of the initiatives undertaken by the ReEDEN Project entitled "A corporate project for conserving reed beds" between November 6 and 28. While we had previously presented and introduced initiatives undertaken by schools and private citizens' groups, this is really the first time that we focused on efforts carried out by corporate players. This means that we have expanded the scope of some of our basic philosophies—namely, the fact that we constitute a museum as a place for interactions and the fact that we constitute a museum for everyone and everywhere in the community—to include companies. The ReEDEN Project promotes commercialization rooted in reed harvesting as an on-site activity. We expect to see such activities continue for a very long time to come.



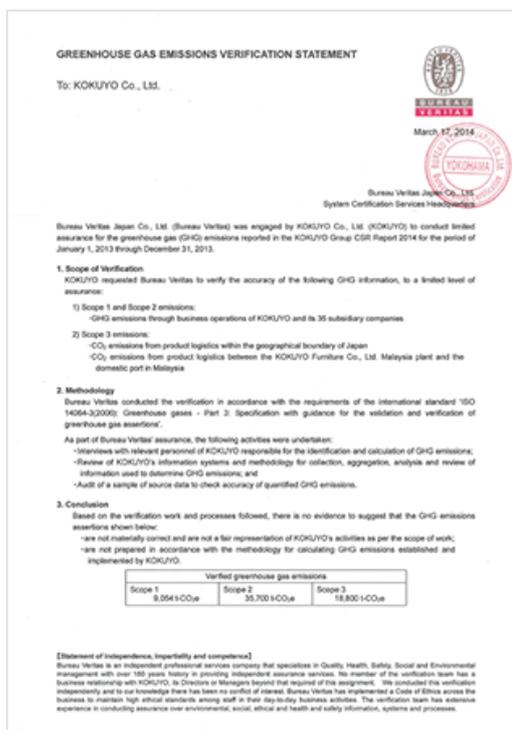
Keiichi Takahashi,  
Deputy Director,  
Lake Biwa Museum

## 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.

### Outline of third-party verification

Environment load data and scope 3 emissions for thirty-three KOKUYO Group companies have been subject to verification at KOKUYO's head office. On-site examinations relating to data measurements and management methods have also been conducted at three sites in Japan-KOKUYO Product Shiga (plant), KOKUYO Supply Logistics' Chubu IDC (logistics), and the Actus head office (offices and store) - and two sites overseas-KOKUYO IK Thailand (plant) and KOKUYO Malaysia (plant). This process yielded a number of matters that were pointed out: a total of 12 assessable points, 9 opportunities for amelioration, and 53 requests for modifications. For the verification of scope 3 emissions, the need to have the grounds for calculations clarified and other such matters were pointed out. Based on these matters that were pointed out to us, we will endeavor to enhance the disclosure of information encompassing the entire supply chain and improve the precision of such information.



On-site examination at our plant in Thailand



On-site examination at our plant in Shiga

## 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"> <li>▪ <a href="#">Top Dialogue</a></li> <li>▪ <a href="#">Corporate Philosophy</a></li> <li>▪ <a href="#">Top Message</a></li> <li>▪ <a href="#">Basic Concepts of CSR</a></li> <li>▪ <a href="#">Corporate Governance</a></li> <li>▪ <a href="#">KOKUYO CSR Charter</a></li> <li>▪ <a href="#">KOKUYO Group Code of Conduct</a></li> <li>▪ <a href="#">Anniversary month of KOKUYO's founding</a></li> <li>▪ <a href="#">Efforts for Promoting an Understanding of KOKUYO's CSR Activities</a></li> <li>▪ <a href="#">Initiatives to Promote Compliance</a></li> <li>▪ <a href="#">Responsibilities to shareholders</a></li> <li>▪ <a href="#">Awards and Other Recognition Received from Outside the KOKUYO Group</a></li> <li>▪ <a href="#">Dialogue with Customers</a></li> <li>▪ <a href="#">CSR Data: Governance</a></li> </ul>
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"> <li>▪ <a href="#">Corporate Philosophy</a></li> <li>▪ <a href="#">Top Message</a></li> <li>▪ <a href="#">Basic Concepts of CSR</a></li> <li>▪ <a href="#">KOKUYO CSR Charter</a></li> <li>▪ <a href="#">KOKUYO Group Code of Conduct</a></li> <li>▪ <a href="#">Efforts for Promoting an Understanding of KOKUYO's CSR Activities</a></li> <li>▪ <a href="#">Initiatives to Promote Compliance</a></li> <li>▪ <a href="#">Customer Support and Services</a></li> <li>▪ <a href="#">A System for Utilizing Feedback from Customers</a></li> <li>▪ <a href="#">Basic Framework for Diversity</a></li> <li>▪ <a href="#">Support for Active Participation of Diverse Human Resources</a></li> <li>▪ <a href="#">KOKUYO Group Basic Procurement Policy</a></li> <li>▪ <a href="#">Working together with Our Suppliers</a></li> <li>▪ <a href="#">Initiatives in China</a></li> <li>▪ <a href="#">Initiatives in India</a></li> <li>▪ <a href="#">CSR Data: Society</a></li> </ul>
Labor practices	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work	<ul style="list-style-type: none"> <li>▪ <a href="#">KOKUYO CSR Charter</a></li> <li>▪ <a href="#">KOKUYO Group Code of Conduct</a></li> <li>▪ <a href="#">Personnel System</a></li> <li>▪ <a href="#">Human Resource Development Program</a></li> <li>▪ <a href="#">Achieving a Good Work/Life Balance</a></li> </ul>

	Issue 5: Human resource development and training in the workplace	<ul style="list-style-type: none"> <li>• <a href="#">Enhancement of Global Human Resource Development</a></li> <li>• <a href="#">Labor Practices/Safety and Health</a></li> <li>• <a href="#">Healthy Living and Mental Health</a></li> <li>• <a href="#">Communicating with Employees</a></li> <li>• <a href="#">CSR Data: Society</a></li> </ul>
Environment	<p>Issue 1: Prevention of pollution</p> <p>Issue 2: Sustainable resource use</p> <p>Issue 3: Climate change mitigation and adaptation</p> <p>Issue 4: Protection of the environment, biodiversity, and restoration of natural habitats</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">Initiatives in India</a></li> <li>• <a href="#">Environmental Management</a></li> <li>• <a href="#">Global Warming Preventive Measures</a></li> <li>• <a href="#">Resource-Saving and Recycling Measures</a></li> <li>• <a href="#">Compliance with Laws and Regulations and Preventing Pollution</a></li> <li>• <a href="#">Developing Environmentally Friendly Products and Services</a></li> <li>• <a href="#">Taking into Account Biodiversity and Promoting Environmental Communications</a></li> <li>• <a href="#">Third-Party Verification Reports</a></li> <li>• <a href="#">Environmental Performance Data</a></li> <li>• <a href="#">Reports by Business Site</a></li> <li>• <a href="#">Yui-no-Mori</a></li> </ul>
Fair business practices	<p>Issue 1: Anti-corruption</p> <p>Issue 2: Responsible political involvement</p> <p>Issue 3: Fair competition</p> <p>Issue 4: Promoting social responsibility in the value chain</p> <p>Issue 5: Respect for property rights</p>	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Governance</a></li> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">Efforts for Promoting an Understanding of KOKUYO's CSR Activities</a></li> <li>• <a href="#">Initiatives to Promote Compliance</a></li> <li>• <a href="#">KOKUYO Group Basic Procurement Policy</a></li> <li>• <a href="#">Working together with Our Suppliers</a></li> <li>• <a href="#">Working together with Supply Channel Participants</a></li> <li>• <a href="#">Initiative of KiSPA for deepening the bond with retail stores</a></li> </ul>
Consumer issues	<p>Issue 1: Fair marketing, factual and unbiased information, and fair contractual practices</p> <p>Issue 2: Protecting consumers' health and safety</p> <p>Issue 3: Sustainable consumption</p> <p>Issue 4: Consumer service and support and resolution of complaint and dispute</p> <p>Issue 5: Consumer data protection and privacy</p> <p>Issue 6: Access to essential services</p> <p>Issue 7: Education and awareness</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">Special feature: Refine value for Learners and Workers</a></li> <li>• <a href="#">Views Regarding Quality Assurance at KOKUYO S&amp;T</a></li> <li>• <a href="#">Views Regarding Quality Assurance at KOKUYO Furniture</a></li> <li>• <a href="#">How Kaunet Considers Qualities</a></li> <li>• <a href="#">Activities for Creating a Menu of Countermeasures for Disasters</a></li> <li>• <a href="#">Customer Support and Services</a></li> <li>• <a href="#">A System for Utilizing Feedback from Customers</a></li> <li>• <a href="#">Dialogue with Customers</a></li> <li>• <a href="#">The Future of Tohoku</a></li> <li>• <a href="#">Eco-Batsu Initiatives</a></li> </ul>
Community involvement	<p>Issue 1: Community involvement</p> <p>Issue 2: Education and culture</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> </ul>

<p>and development</p>	<p>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 investments</p>	<ul style="list-style-type: none"> <li>• <a href="#">The Job Study Initiatives</a></li> <li>• <a href="#">KOKUYO Design Awards</a></li> <li>• <a href="#">The Future of Tohoku</a></li> <li>• <a href="#">Initiatives in China</a></li> <li>• <a href="#">Initiatives in India</a></li> <li>• <a href="#">Contribution Activities Deeply Rooted in Regional Communities</a></li> <li>• <a href="#">Taking into Account Biodiversity and Promoting Environmental Communications</a></li> </ul>
----------------------------	---	---

## Awards and other recognition received from outside the KOKUYO Group

### List of awards and other recognition received from outside the KOKUYO Group

Company	Awards	Sponsor	Date
KOKUYO Product Shiga	Received the grand prize at the first Kaueco GP	Green Purchasing Network	March 2015
KOKUYO Camlin	Recognized as one of Asia's Most Promising Brands 2014 in the stationery category	World Consulting and Research Corporation	January 2015
KOKUYO	Received the Best Video Marketing Award for the KOKUYO channel	Brightcove Inc.	December 2014
Kaunet	Received an excellence award at the Hitosuzumi Awards 2014	Heatstroke Prevention Communication Project	November 2014
KOKUYO S&T	Received an honorable-mention award at a regional invention awards ceremony for technology used for applying patterned tape glue	Japan Institute of Invention and Innovation	November 2014
UDS and KOKUYO Furniture	Received an excellence award at APIDA 2014 (Asia-Pacific Interior Design Awards 2014) in the interior design category	Hong Kong Interior Design Association (HKIDA)	November 2014
KOKUYO Furniture	Received a first-place award for the third year in a row in the 2014 Rankings of Manufacturers of Desired Building Materials and Equipment in the office furniture category	Nikkei Business Publications	November 2014
KOKUYO S&T	Received 2014 Good Design Awards for two products (Jibun-Techo (2015 version) and white-board marker Yokumi-L (direct liquid cartridge type))	Japan Institute of Design Promotion	October 2014
KOKUYO Furniture	Received a 2014 Good Design Award for office chair Scirocco	Japan Institute of Design Promotion	October 2014
KOKUYO Supply Logistics	Received an award recognizing the Kinki IDC as an "excellent building in terms of reductions achieved in the volume of trash generated"	Environmental Bureau, City of Osaka	October 2014
KOKUYO Camlin	Eight teams and six teams belonging to KOKUYO Camlin respectively won gold and silver medals at the Chapter Convention on	Quality Circle Forum of India	September 2014

Company	Awards	Sponsor	Date
	Quality Concepts		
KOKUYO Supply Logistics	Received an award recognizing the Kyushu IDC as having endeavored to rationalize logistics at the National Convention for Highlighting Examples of Logistical Improvements 2014	Japan Institute of Logistics Systems (JILS)	August 2014
KOKUYO S&T	Received an Invention Award at a national invention awards ceremony for the technology behind Harinacs	Japan Institute of Invention and Innovation	July 2014
Heartland	Selected as an excellent example of a Discover Village Treasure	Ministry of Agriculture, Forestry and Fisheries	June 2014
UDS and KOKUYO Furniture	Hotel Kanra Kyoto was selected first in a ranking of popular hotels in free paper Rakuten Travel Navigator - Summer/Fall Edition@Kyoto	Rakuten Travel	June 2014
KOKUYO Camlin	Received a gold medal at a Kaizen Competition	Quality Circle Forum of India	June 2014
UDS and KOKUYO Furniture	Hotel Kanra Kyoto and Hotel Anteroom Kyoto received double awards at Trip Advisor's Certificate of Excellence 2014	Trip Advisor	May 2014
KOKUYO S&T	Received a Red Dot Award at Product Design 2014, a German design award, for Magnet Smoothstyle products sold under original brand name Trystram	Nordrhein Westfalen	April 2014
KOKUYO	Received an incentive award at the 4th Career Education Awards for a job-study seminar held with representatives of other industries	Ministry of Economy, Trade and Industry	February 2014
UDS and KOKUYO Furniture	Hotel Kanra Kyoto received awards for the second year in a row in two categories at Trip Advisor's Travelers' Choice Awards 2014	Trip Advisor	January 2014
UDS and KOKUYO Furniture	An incentive award was received at the Japan Facility Management Association awards for the effective use of Anteroom Apartments Osaka and other properties by NTT West Corporation	Japan Facility Management Association	January 2014

# KOKUYO

Published by KOKUYO Co., Ltd.  
Corporate Communications, Corporate Administrations Department  
6-1-1 Oimazato-minami, Higashinari-ku, Osaka 537-8686, Japan

Direct inquiries to KOKUYO Co., Ltd. Customer Center  
Tel: 0120-201-594 (Domestic Only)



Account Book



Fukurocho



Western-style account ledgers



Marbling



Sample of ledger paper



Nakamichi Factory



Duplicate Itemized Invoice



Sign of dealer



Carbon Paper



First exclusive dealer (Ito Shoten)



Designed stationery pad



KOKUYO Creed



Stationery Pad



Receipt



Functional Stationery Pad



Flat File



Free Album



Graph pad



Steel desk



Scrapbook



Album



The industry's first designed notebook



Loose Leaf (payroll book)



Home Cabinet



Essay Pad



Pritt



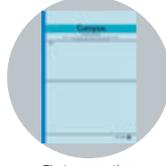
Elefinder (outer box)



High-Grade Receipt



Tube File



First-generation Campus Note



Desk and chair for student



Theater seats



Shinagawa Office



Second-generation Campus Note



File box



Bio-Tech Chair



Museum case



Tack Memo



Ginger Town (original mascot)



Furniture and fixtures for book store



Corsa chair



C Square



Clear Book



Fourth-generation Campus Note



Simplex



Punyo Punyo Pin



Kaunet catalog (First issue)



Tepita



Epiphany



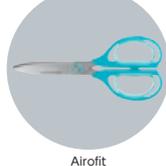
Kao Note (Face Notebook)



Wammy



Harinacs



Airofit



M4



ReEDEN Colours



Madre