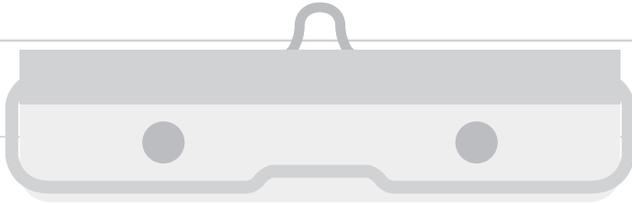


KOKUYO Group CSR Report 2016

Detailed Version

KOKUYO



KOKUYO's CSR Charter

While remaining profitable and honest in its business practices, KOKUYO conducts business that is necessary for society.

In addition to complying with laws and regulations, we seek to maintain continuity of our business by acquiring the trust of all related stakeholders, investors, and, of course, our customers by fulfilling our social responsibilities as a corporate citizen.

For Our Customers

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

For Regional Communities

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

For Environmental Conservation

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

Corporate Activities

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

Respect for Human Rights

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

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Reporting Period

January 1, 2015 to December 31, 2015

Scope of the Report

The KOKUYO Group refers to KOKUYO Co., Ltd., and its domestic and overseas Group companies, comprising 20 consolidated subsidiaries, certain activities involve other subsidiaries and affiliates.

Reference Guidelines

- ISO26000
- Japanese Ministry of the Environment Environmental Reporting Guidelines 2012
- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 4th Edition



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

Hidekuni Kuroda

Representative Director of the Board, President and CEO
KOKUYO Co., Ltd.

Introduction of a new medium-term management plan under the new management system: [Value Transformation 2018]

In March 2015, KOKUYO rejuvenated its management system and in October, KOKUYO Co. Ltd merged with two key operating companies to go beyond the framework of our existing business and to strive to create value that our clients truly desire.

To take our achievements to another level, our mission statement for the future is as follows: “KOKUYO aims to be a Life & Work Style Company that enriches society by providing value through our products and services to enhance customers’ creativity and to deliver improvements to their Quality of Life so that they work, learn and live better.”

To this end, we have adopted a new 3-year basic management policy that is “Self-reform focusing on value creation - Value Transformation 2018”. There will be an “operating model reform” that realizes customer-oriented value creation and the “development of sustainable profit-

ability” to enable medium to long term sustainable growth. The goals of the current medium term management plan are: (1) “The acquisition of funds for growth”: to achieve an operating profit from domestic businesses of at least ¥15 billion, (2) “The implementation of high efficiency management”: to achieve an operating margin of at least 5%, (3) “Self-sustainability overseas”: to achieve profit stability in our overseas businesses. In fiscal year 2018, we aim to achieve at least ¥310 billion sales, gross margin of at least 35%, operating margin of at least 5% and an operating margin of at least ¥15.5 billion.

Solving issues faced by society

In working toward becoming “the corporation we want to be in the future,” we would like to proactively press forward with operations with corporate social responsibility, satisfying the expectations of various stakeholders — the customers, the shareholders, the clients, the community, the employees, and the ecological environment.

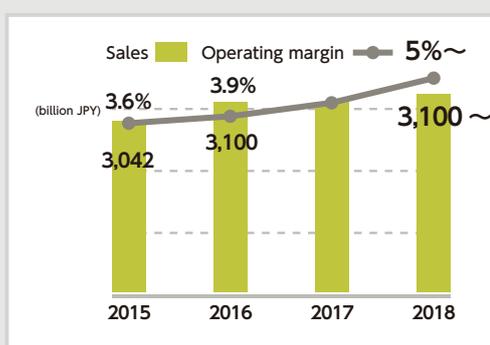
The corporation we want to be in the future

KOKUYO aims to be a Life & Work Style Company useful to society by "improving Quality of Life" of persons by their improved working/learning/living through our products and services which provide the value of improving clients' creativity

Working to become it

What we seek to accomplish with our 3-year medium-term business plan "Value Transformation 2018"

Capital for growth	Over JPY 15 billion domestic operating profit
Highly efficient operation	5% or greater company-wide operating margin
International self-sufficiency	Stabilization of profit of international operations



FY starting 2018

Sales	Gross margin
over JPY 310 billion	over 35%
Sales management cost rate	Operating profit
under 30%	over JPY 15.5 billion (operating margin over 5%)

In doing so, we believe that the elements transparency, fairness, and independence are integral to the form and operation of management. We will work to keep these thriving by fortifying our corporate governance system. We will also continue our initiatives toward solving issues faced by society, such as protection of the ecological environment and respect for human rights.

To the stakeholders

KOKUYO has built its history of a hundred-and-some years by earnestly facing issues of customers as they changed with the times and finding the solution for each one. This attitude remains the same today, though it is said to be uncertain times as societal and commercial issues are entangled with increased complexity.

Under a new management system, we will do our utmost to provide value which contributes to the realization of a sustainable society by placing importance on facing issues of both the customer and society while being flexible in the forms solutions may take.

Representative Director of the Board;
President and CEO
KOKUYO Co., Ltd.

黒田英邦



Introduction of the KOKUYO Group

Stationery

Stationery Business

Being of Assistance to those who Learn and Work

KOKUYO began as a supplier of account ledgers and we continue to this day to manufacture and sell a variety of paper products, as well as stationery and PC-related products designed to support our customers in their pursuit of knowledge in office and school environments.



Furniture

Furniture Business

Taking on the Challenge for New Work Styles

KOKUYO 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 value for customers.



Mail-order Business / Retailing

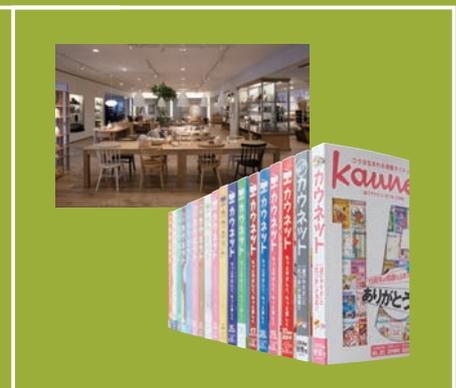
Mail-Order & Retail Business

Delivering Excitement Beyond Happiness

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

Adding Quality and Excitement to Life

KOKUYO operates ACTUS, an interior furnishings shop that carries unique domestic and imported furniture, textiles and assorted small articles that revolve around the theme of "gracious living", and SLOW HOUSE, a lifestyle shop based on the concept of "Made with love" that carries truly luscious items for use in daily life.

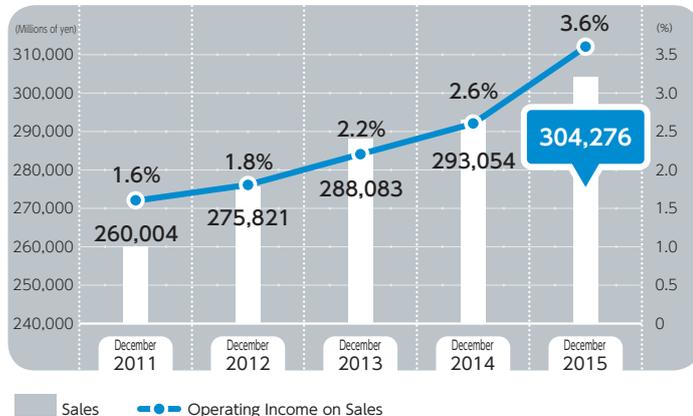


Key Financial Data

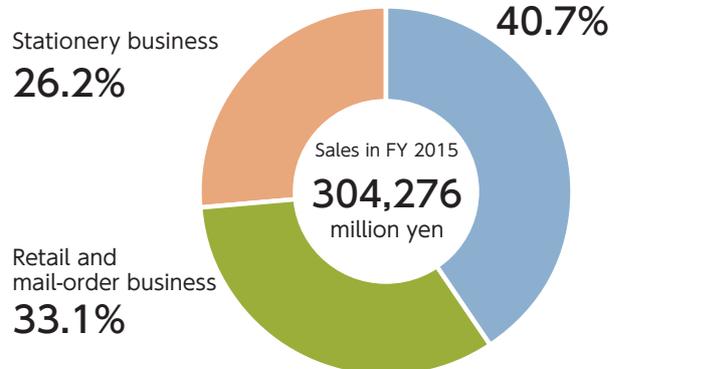
Key Financial Data (Consolidated)

	December 2011	December 2012	December 2013	December 2014	December 2015
Sales (Millions of yen)	260,004	275,821	288,083	293,054	304,276
Operating Income (Millions of yen)	4,072	4,852	6,426	7,598	11,102
Operating Income (%)	1.6	1.8	2.2	2.6	3.6
Ordinary Income (Millions of yen)	4,098	6,142	8,276	9,643	11,880
Net Income (Millions of yen)	-5,460	2,428	4,804	5,065	6,312
Total Assets (Millions of yen)	252,794	258,461	270,738	273,772	286,313
Net Assets (Millions of yen)	149,581	153,069	165,656	170,352	180,793
Earnings per Share (yen)	-46.16	20.53	40.62	42.83	53.37
Dividend per Share (yen)	15.0	15.0	15.0	15.0	17.5
Other Financial Index					
Return on Equity (ROE) (%)	-3.6	1.6	3.1	3.1	3.6
Equity Ratio (%)	58.3	58.3	60.4	61.5	62.5

Sales and Operating Income Ratio

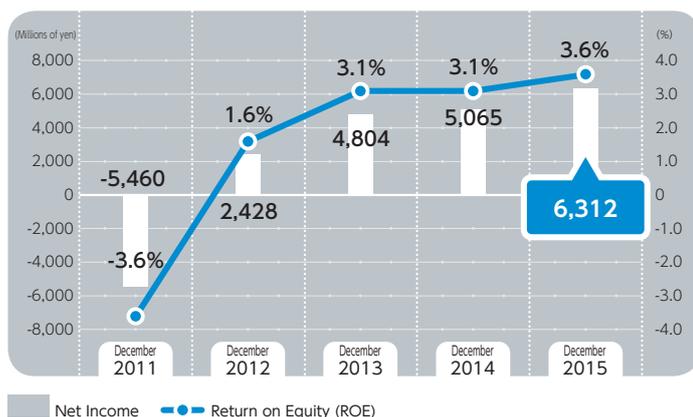


Sales Composition (Consolidated)

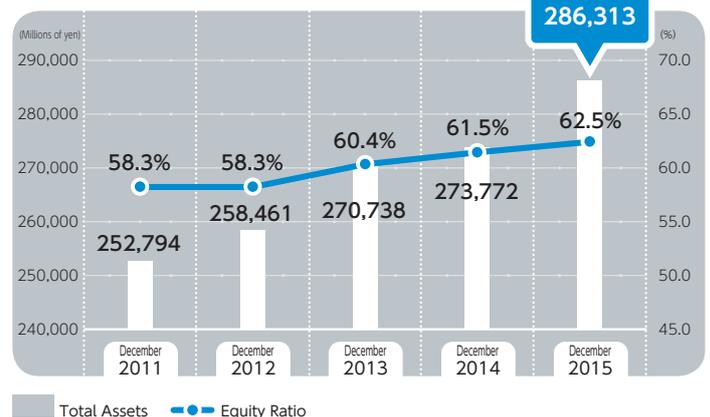


* Sales composition is calculated based on the sales to customers.

Net Income and Return on Equity (ROE)



Total Assets and Equity Ratio



History of the KOKUYO Group



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

KOKUYO Jewelry Members is formed.

1968

Sales of File Box - FS begin.



1983

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



1976

Sales of Keshipita begin.



1991

Sales of Gavatte Files begin.

1994

Sales of Tube Files (PP) begin.



1986

Tokyo Showroom/KOKUYO Hall are completed.

1982

1914 Production of vouchers begins.



1953 Japan's first forklift is adopted.

1957 National KOKUYO Exclusive Retailers Organization is formed.

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

1966 Yao Automated Rack Warehouse is completed.

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

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 ECIFFO 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.

2009 Sales of Harinacs staplers begin.

2011 Sales of Campus Junior Pencils begin.

2011 Sales of CamiApp products begin.

2011 Sales of Harinacs Press staplers begin.

2014 Sales of Soft Ring® notebooks 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 Cami products begin.

2013 Sales of Karu-Cut tape cutters begin.

2015 Sales of Soft Ring® notebooks 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.

2013 Kaucore is launched.

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

2000 Sales of SIMPLEX begin.

2001 Sales of C Square units begin.

2001 Sales of AGATA chairs begin.

2001 Sales of WORKGATE workstations begin.

2005 Sales of nursing carts begin.

2005 Sales of EDIA systems begin.

2008 Sales of FUBI furniture made with timber from forest thinning begin.

2010 Sales of Campus Desks begin.

2010 HARMONii work stations unveiled at Orgatec.

2010 Sales of Madre lobby chairs for local government reception areas begin.

2013 Sales of INSPINE chairs begin.

2013 Sales of Campus BLOCK and Campus BOARD begin.

2008 Eco-Live Office Shinagawa is opened.

2008 The Worksite Laboratory is opened.

2012 Creative Lounge MOV is opened.

2012 The Shanghai Showroom is opened.

2013 The Umeda Live Office/Umeda Showroom are opened.

2013 Shinagawa Live Office SHIPP is opened.

2014 Nagoya Live Office Link Tube is opened.

Stationery-related business

Mail-order and retail business

Furniture-related business

Highlights of 2015

January

Furniture Business

Establishment of Nagoya Live Office

Nagoya Live Office "Link Tube", based on the concepts of "Link" (Cooperation) and "Tube" (Connection), recommends the creation of offices in which cooperation brings about growth.



Overseas

Camlin selected as "Asia's Most Promising Brands"

Camlin was awarded the "Asia's Most Promising Brands 2014" (held by WCRC (World Consulting and Research Corporation)) in the stationery category for achieving rapid growth.



February

Stationery Business

Limited release of 5-book pack of cake notebooks for Campus Notebooks 40th anniversary

2015 was marked as the "HAPPY Campus YEAR!" to celebrate the 40th anniversary of the launch of Campus Notebooks. Products that would bring smiles to customers were released and promoted, one of which was the release of a limited number of 5-book pack of cake notebooks.



Stationery Business

Launch of Soft Ring® Notebook (dotted ruled lines)

Soft Ring® Notebook (dotted ruled lines) was released. The notebook is bound by "Soft Rings" made from our original resin that does not interfere with writing.



CSR

ReEDEN Project won the grand prize of Kaueco Grand Prix

ReEDEN, the stationery products created using reeds, was awarded the grand prize of Kaueco Grand Prix (held by General Incorporated Association Shiga Green Purchasing Network).

* The Kaueco Grand Prix aims to promote eco products made in Shiga Pref.



Company

Completion of New Building at Headquarters

The new building south of the headquarters was completed. Designed with the environment and BCP (Business Continuity Planning) in mind, KOKUYO aims to increase value creation for customers by reinvigorating communication.



Mail-Order & Retail Business

New release of premium magazine, Kaucore

Kaucore Premium Magazine, a magazine which collates original products developed by Kaunet that have been specially selected from the Kaucore Premium range, is released.



March

Overseas

China's Furniture Business commended by Shanghai

The Chinese subsidiary, KOKUYO Design Consultants (Shanghai) Co., Ltd. received the "Safe and secure construction companies" commendation from the Shanghai Chang Ning District Government for its safe work practices and significant contribution to the economic development of the region.



April

Furniture Business

Exhibited in the Milano Salone

Prototypes of the Amenity Chair which was designed in collaboration with Design Studio nendo were showcased in Milano Salone, an international furniture trade fair held in Milan, Italy.



Stationery Business

KOKUYO EXPO was held

A pop-up stationery shop to allow people to touch and experience firsthand KOKUYO's latest stationery and products has been held annually since 2013 in Osaka. 2015 was the first year KOKUYO EXPO was held in Tokyo.



May

Stationery Business

Setting up of News and information site Inspi

The news and information site "inspi" for stationery, assorted items and furniture aimed at providing inspiration and new discoveries in work, learning and life was set up. In addition to latest product information, it also introduces convenient usage ideas and product functions that users may not know about.



June

Stationery Business

10th Anniversary of Dotliner: Release of Glue Tape "Dotliner Zoo"

The Dotliner series have been well received since its release in 2005 as the tape adheres in the form of dots and is easy to apply. To mark its 10th anniversary, limited number of products with animal motifs were released.



Furniture Business

Release of store furniture "Smart Pack Stand"

Targeted at retailers with limited spaces, 2 types of compact stands, "Smart Pack Stand (for floor)" and "Smart Pack Stand (for tabletops)", which can be easily assembled piece by piece and installed solidly were released.



Furniture Business

Launch of Campus BLOCK and Campus BOARD

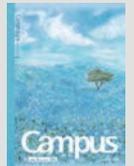
Campus BLOCK and Campus BOARD were launched as furniture that can be used flexibility during lessons that take place in multifunctional spaces in educational facilities, especially in elementary schools.



CSR

Campus Art Award was held

Campus Art Award, a painting competition for junior high and high school students, was held. The contest theme was "My Sweet Home Town - a great Favorite of Mine". The Grand Prix work was made into the cover of a Campus notebook.



IR

IR for individual investors "Company information session: Secrets of Campus Notebooks" was held

In order to secure loyal stockholders, the IR activity titled "Company information session: Secrets of Campus Notebooks" aimed at individual investors was held.



July

Stationery Business

Comprehensive Partnership agreement signed with Shiga Prefecture

To promote the Shiga and Lake Biwa brand, regenerate the area and improve services to prefectural residents, KOKUYO signed a comprehensive partnership agreement with Shiga Prefecture. Our aim is to further strengthen the partnership with Shiga Prefecture through this agreement and to achieve sustainable growth and economic development for the region.



Furniture Business

Participated in International Modern Hospital Show 2015

At the International Modern Hospital Show, KOKUYO held an exhibition based on the concept of "KOKUYO- designing progress and comfort" and proposed solutions in response to the issues raised from medical site surveys.



Received an award

Soft Ring[®] Notebook (dotted ruled lines) won the 24th Japanese Stationery of the Year award for excellence in the Design category

Soft Ring[®] Notebook (dotted ruled lines) won the award for Excellence in the design category in the 24th Stationery of the Year award (held by Reed Exhibitions Japan Ltd). *Japanese stationery of the year award is an award conferred to stationery that have superior functionality and design.



August

CSR

KOKUYO Product Shiga received honorable mention for the 2014 company award for the development of environmentally aware people

Staff volunteer activities to conserve reeds in Lake Biwa has spread across the region and developed into learning societies and fishing contests to remove non-native fishes. This progression led to KOKUYO receiving an honorable mention at the "2014 company award for developing environmentally aware people" ceremony (held by the Ministry of Environment and Environmental Consortium for Leadership Development).



Received an award

2 products won the Kids Design Award

School scissors Airofit Saxa Kids and furniture for the multipurpose spaces in educational facilities Campus BLOCK received the 9th Kids Design Award.

*Kids Design Award is conferred to designs that contribute to children's safety and ease, designs that encourage creativity and lead the way into the future and designs that make the raising of children easier.



Mail-Order & Retail Business

Renewal of Kaunet Website

Kaunet renewed its website using its unique indicators based on customers' product selection trends. As a result, Kaunet was able to meet customers' needs by reducing order time.



Highlights of 2015

September

Mail-Order & Retail Business

Actus Lifestyle Store "SLOW HOUSE" is opened in Futakotamagawa

SLOW HOUSE opened its 2nd store in Tokyo at 2F Tamagawa Takashimaya S.C Maronie Court.

*SLOW HOUSE, with its theme being gracious living, stocks furniture, assorted small articles and apparel influenced by Northern European tastes.



Received an award

6 Products received the 2015 Good Design Award

6 products were awarded the "2015 Good Design Award" (held by the Japan Institute for Design Promotion) (Workstation Series SAIBI, Meeting Chair Piega, Furniture for the multipurposes spaces in educational facilities Campus BLOCK, Soft Ring® Notebook (dotted ruled lines), Cutter Knife <C3>, Field Notebooks (Level Book, Transit Book, Sketch Book) .



Stationery Business

2016 version of Monthly Pocket Diary Pat-mi was released

The 2016 version of Pat-mi was released. It is the second pocket diary produced by Sakuma Hideaki that simultaneously resolves the two main complaints pocket diary users have, which are "troublesome to flip the pages between the monthly schedule and weekly schedule" and "annual pocket diaries are thick and heavy" .



October

IR

Merger with Consolidated Subsidiaries

On October 1, 2015, KOKUYO Co., Ltd., KOKUYO S&T Co., Ltd., and KOKUYO Furniture Co., Ltd. were merged, with KOKUYO Co., Ltd. as the surviving company. By integrating the group and leveraging our collective strength, we intend to resolve the increasingly complicated and diverse customer issues and deliver maximum value to customers.

KOKUYO

Mail-Order & Retail Business

Kaunet: 15th anniversary of launch

Beginning as an office supplies mail-order company that catered to small enterprises in October 2000, Kaunet celebrated its 15th year of launch.



November

Stationery Business

Launch of "The Workbook of Perfume" – Create your very own fragrance

The authentic perfumer experience kit overseen by Shiseido "The Workbook of Perfume" was launched. This kit enables one to mix 7 types of fragrance pastes to create a perfume one desires.



Mail-Order & Retail Business

Opening of the 6th ACTUS Osaka Area Shop ACTUS EXPOCITY

The concept for the EXPOCITY shop, which opened in the international expo arena, is "STYLE PLATFORM" . This Kansai Area interior furnishings shop provides suggestions for a variety of seasons and styles, and information on interior design.



CSR

Winning designs for "2015 KOKUYO Design Award" decided

The "2015 KOKUYO Design Award" with the contest theme "Beautiful Lifestyle" was held. A total of four designs were chosen as the winning designs, including the Grand Prix winner "Word Block" .



December

Furniture Business

Launch of Office Chair Doura

Doura, an office chair with new features for pelvic support, was launched. This chair was developed with a focus on the changes to users' seating posture following changes to the IT environment they work in.



Furniture Business

Launch of Office Chair Mitra

Mitra, an office chair that will fit nicely in all offices was launched. This mesh chair incorporates all the posture support functions that KOKUYO considers necessary and is designed to provide superior comfort for the user regardless of class.



Key Non-Financial Data

(As of December 31, 2015)

Customers

Annual sales of Campus Notebook:

Over **100 million** copies

2015 marked the 40th anniversary of Campus Notebook's launch. Being top in the industry with annual sales of more than 100 million, we have sold more than 2.7 billion copies since the notebooks were released.



Stack 100 million Campus notebooks and you will get...

100Mt. Fujis

Customers

Number of live offices in Japan

25

Live offices are the new generation of KOKUYO's offices created to research and introduce the secrets of office space. KOKUYO employees research the latest working methods while actually working in the live offices

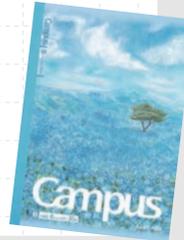


Local Communities

Number of Campus Art Award applications

1,004 works

Campus Art Award is a painting competition that started in 2015. The first contest theme "My Sweet Home Town- a great Favorite of Mine" created opportunities for the youth of Japan's future to turn their attention to their local areas, to notice their attractiveness and to share that with others.



Employees

Employment rate of Disabled persons

2.12%

In 1940, we began employing deaf people at our head office factory. Today, we aim to be a new model for the employment of disabled persons. At our special subsidiary companies (KOKUYO K Heart and KOKUYO Heartland), we offer various roles and approaches to work to accommodate each employee's disability.



Customers

Number of Customer Feedback

Over **110,000** comments

Our customer service office received more than 110,000 comments from customers in 2015. We strive to share these comments with all Group employees as they provide valuable insights to help us improve our services and products.



Local Communities

Number of visitors to our notebook factory

2,747 people

KOKUYO Product Shiga Co Ltd cherishes its relationships with local communities while manufacturing paper products. Since May 2014, the company started factory tours to provide opportunities to visit production facilities and environmental facilities and to experience KOKUYO's passion for quality.



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.

Global Environment

Amount of CO₂ absorbed by Yui no Mori

6,717 tons

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 10th year of operation in 2015. This project encompasses approximately 5,500 hectares of land, and the aggregate area of this forest subjected to tree thinning has been increased to 1,300 hectares, such that the amount of carbon dioxide absorbed by this forest has reached 6,717 tons



Customers

Kaunet's

15th anniversary

Kaunet is celebrating its 15th year since inauguration in 2015. Offering at least 80,000 items needed by offices, Kaunet also develops original products so as to provide solutions to customers' issues and respond to various needs.



CSR Management

Working towards realizing a sustainable society, the KOKUYO Group is actively promoting CSR management to meet the expectations of various stakeholders including customers, shareholders, partner companies and local communities.



KOKUYO's View on CSR

- Basic Concepts P15
- KOKUYO's CSR Charter P17
- Kokuyo Group Code of Conduct P18

Employee Involvement in CSR

- Anniversary Month of P19
- KOKUYO's Founding



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. The founder moved from his village to Osaka with the aspiration of making his business the pride of his hometown Etchu (present-day Toyoma Prefecture). Through the brand Kokuyo (国誉), which is the current company name KOKUYO (コクヨ), his aspiration has been passed down to the KOKUYO group and captured in its business. In 2004, we enacted the KOKUYO Group CSR Charter based on our corporate philosophy 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.

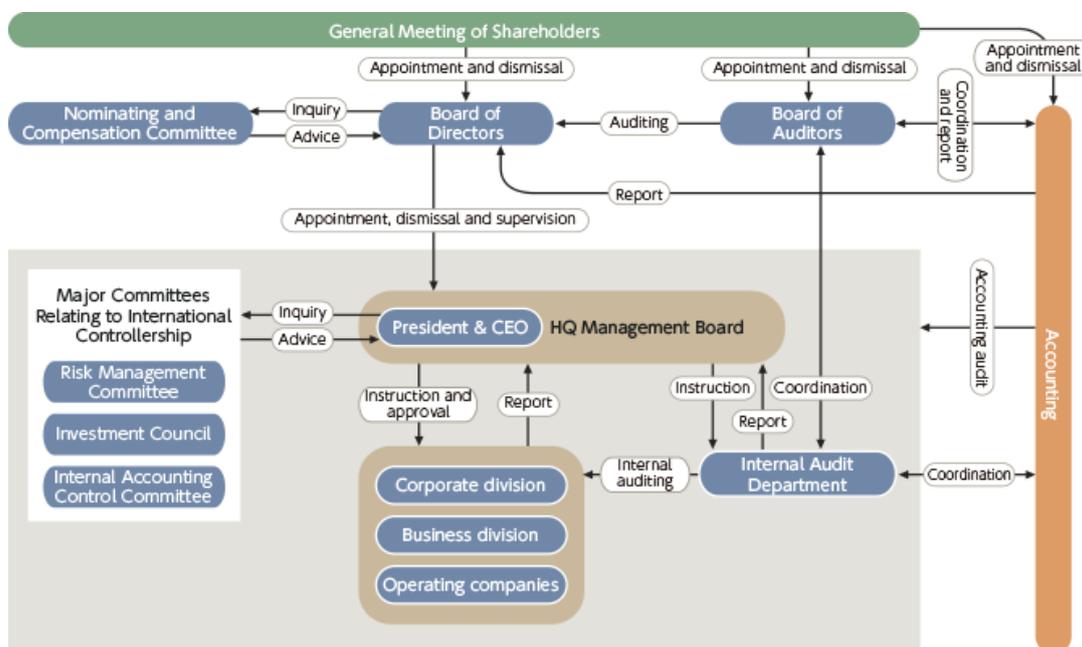
* Relevant information: "[KOKUYO Group CSR Charter](#)"

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. 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.

Corporate 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



Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member	Yoichi Kotani
Standing Audit & Supervisory Board Member	Tsutomu Sumitani
Outside Audit & Supervisory Board Member	Yutaka Mizuno
Outside Audit & Supervisory Board Member	Morihiro Murata



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	Kozo Sakagami
Managing Officer "Kaunet" Business Division (President & CEO, Kaunet Co.,Ltd.)	Kenichiro Takahashi
Managing Officer Stationery Business Division	Takuji Yaso

KOKUYO's CSR Charter



KOKUYO's CSR Charter

While remaining profitable and honest in its business practices, KOKUYO conducts business that is necessary for society. 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, every October we provide each employee with an opportunity to understand more about the significance of its founding spirit 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 into day-to-day tasks.

Discourse by the Chairperson

In the 2015 anniversary month of KOKUYO's founding, the chairperson gave a discourse on "learning from the predecessors' efforts and sharing the lessons learnt that can be used in the jobs today". After learning about the innovation process of predecessors, participants held group discussions to exchange opinions on "which innovations left an impression and why?", "what are the differences between us and our predecessors?" etc. Subsequently, each participant had to write on an A3 paper what he/she would personally like to put into practice from the next day based on the things he/she realized from listening to other participants' thoughts and opinions. These were then attached to a whiteboard and summarized by a group representative. Participants then spoke of resolutions such as "I will think of customers amid various cost, design and function restrictions" and "I look forward to the challenge of dealing with difficult issues, and I will investigate them thoroughly so as to innovate". Furthermore, participants managed to gain awareness of things and actions they were lacking, such as the following: "I am afraid to fail and thus I do not challenge myself" and "I should be able to do my duties more efficiently".



Chairman Kuroda and employees in their 11th year



A photo of the group discussion



Learning from predecessors

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.



Provision of peace of mind and safety to customers

Views Regarding Quality Assurance . . . **P21**
at KOKUYO Stationery

Views regarding Quality Assurance . . . **P22**
at KOKUYO Furniture

Provision of peace of mind and safety to customers Quality according to the consideration of Kaunet **P24**

Activities for Creating a Menu of Countermeasures for Disasters **P26**

Reflections on Customers' comments

Customer Support and Services **P28**

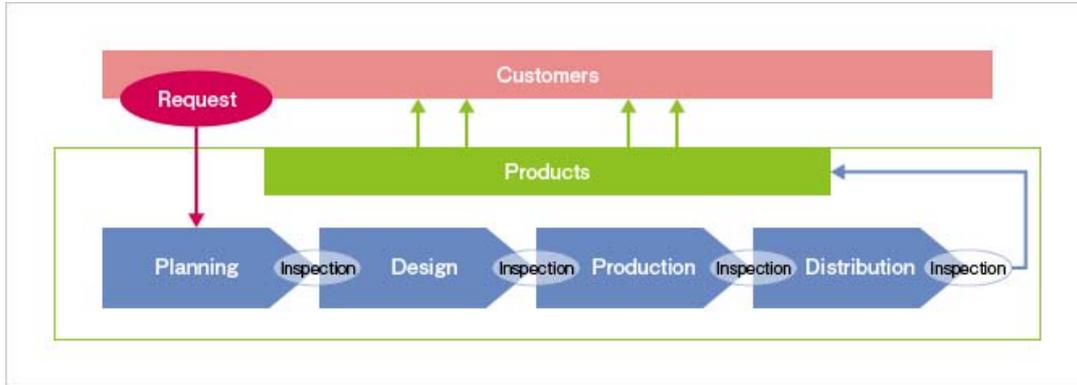
A System for Utilizing Feedback from Customers **P29**

Dialogues with our Customers **P30**



Views Regarding Quality Assurance at KOKUYO Stationery

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



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. In addition, by introducing product risk evaluation methods and implementing risk countermeasures, we strive to enable our customers to use our products with confidence.



Introduction of robots in quality testing

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.

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 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

KOKUYO Logitem, the company responsible for the Group's distribution functions, held the National Driver Competition with the aim of improving customer satisfaction during furniture delivery. Starting as a contest for delivery drivers and employees of partner companies to polish their assembly skills and customer service in 2010, awareness of the competition has been increasing every year. The main themes for the 2015 competition are "full participation" and "raising the standard". The themes are applied from the qualifying rounds at each partner company to provide opportunities for more delivery employees to improve their skills. The National Finals were held on September 26 and contested by a total of 3 teams, two of which won the qualifying rounds, regional heat and the east and west block finals, and one that entered through special recommendations. They competed against each other on delivery quality through the 2 categories - "mock delivery" and "product assembly inspection".



The participants of the competition assemble products

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 a wide range of verification experiments. Based on the large amount of data obtained from the experiments, we determined the relationship between seismic waves and earthquake preparedness rationally to devise objective evaluation criteria of earthquake-resistant furniture. We also propose a menu of countermeasures against earthquakes for offices to cater to the level and cost of countermeasures that customers' desire. Our evaluation criteria include not only considerations of whether there will be damage at different levels of seismic activities but also the ease of reconstruction from the perspectives of BCP (business continuity planning). For customers wanting high levels of earthquake preparedness, we will do a proper preliminary survey of the customer's office and adjust our recommendations according to the materials of floors and walls and the building structure.



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 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 included the difficulties faced by management immediately after the Earthquake (using KOKUYO Tohoku Sales Co., Ltd., as an example), the continuous development of the selection-distribution-management-renewal cycle as companies move from

the "stockpiling" stage to the "continue to stockpile" stage 5 years after the earthquake as a measure to stockpile emergency supplies from the perspective of business continuity planning (BCP), and the creation of offices that can withstand strong earthquakes (KOKUYO Furniture).



Seminars on disaster countermeasures for corporation

Customer Support and Services

KOKUYO strive to respond to customers' inquiries with sincerity. We also share feedback from customers across the company as valuable opinions to help us offer better products and services.

To gain loyal customers

In order to improve customer satisfaction, we offer a group-wide customer support center to respond to inquiries, suggestions and requests sent from customers. At the customer support center, our representatives receive calls from customers in the first instance and respond to them empathetically. To do so, 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.

* Relevant information "["KOKUYO Customer Support Centre"](#)

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

The KOKUYO Group has enhanced its employee training by providing opportunities for employees who do not normally have contact with customers to experience the actual worksite of the customer service center and hear opinions directly from customers. In addition, similar training is offered to new employees in May so that they gain awareness through 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 techniques 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.



New customer service personnel work in tandem with experienced operators to respond to customers.

Renewal of the "Contact us" page on KOKUYO's website

The "Contact us" page is viewed by many customers daily, some of whom are looking for the inquiry counter, some of whom have questions regarding products. At the end of last year, the "Contact us" page underwent an extensive renewal. In particular, to simplify the search for specific FAQs, queries are sorted not only by query type but also by products. Furthermore, video clips published for the "manuals room" on the "KOKUYO channel" are used as easy-to-understand answers for the FAQ. Going forward, we strive to continuously improve the page for our customers' ease of use.

Simplification of duplicate key creation procedures for cabinets

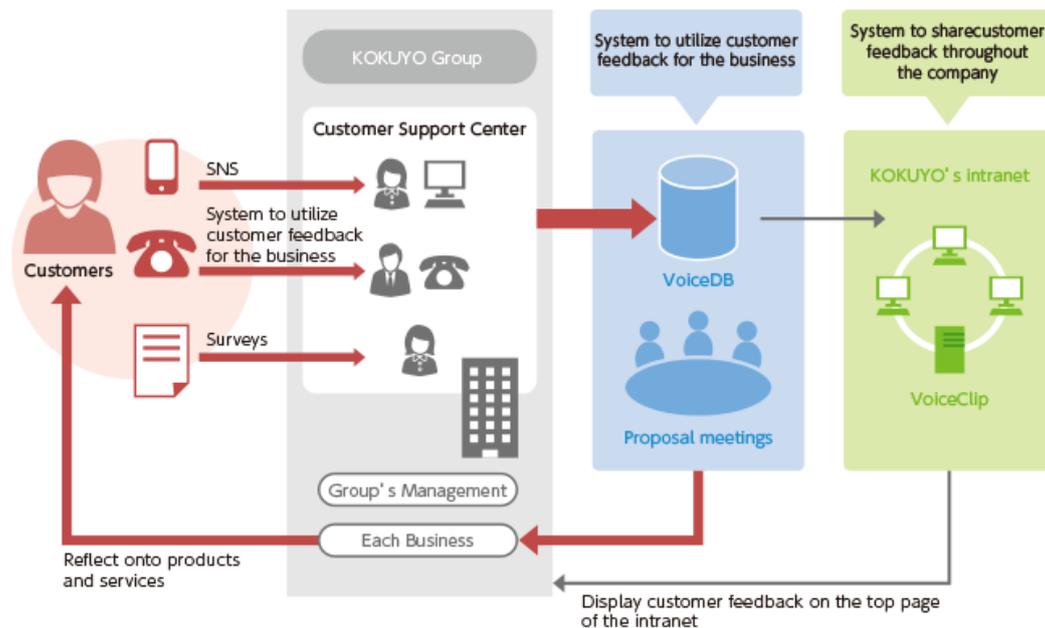
At the customer support center, we created a duplicate key for cabinets. In 2015, the procedures were changed for customers who do not deal with the sales department. Previously, customers had to download a specific form from the website, fill in the required items and return it by fax. The customer support representative that received the hand-written fax would then contact the customer by phone to confirm the numbers to prevent the product number and key numbers from being read wrongly. As a result, customers had to go through a lot of time and trouble to do so. We reviewed the flow and now send the specific form via email to customers so that their requests can be handled more accurately and rapidly. After this change, the number of requests has increased to 114% compared to the previous year. At the customer support center, we strive to constantly improve our methods and procedures to enable our customers to contact us easily.

A System for Utilizing Feedback from Customers

The KOKUYO Group is constantly working to share live feedback from customers with group employees so as 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 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. Since 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 as needed.



Application of Customer Feedback in Product

Hakadori Protective film for Tack Index (Strong adhesiveness)

The Hakadori Protective Film enables the tack index to last and remain pristine by pasting the film over the tack index, especially for tack index on documents that need to be stored long term and for documents that are read often. The protective films have always been sold with the tack index as a set as part of the product lineup. However, comments such as "Every time I'm in a fix as I run out of the protective films but am left with the tack.", "Do you sell just the protective films?" have been provided by a lot of customers who use the protective films. Thus in 2015, we released the Hakadori Protective film for Tack Index (Strong adhesiveness) as an individual product. As the product is just a transparent seal, it can serve a variety of functions such as the "Hakadori Cut" where customers can paste the film without touching the adhesive surface and as a position guide to enable the film to be attached exactly on the index tack.



Dialogues with our Customers

We strive to provide new products and services for people who learn and work. In order to help customers understand such KOKUYO activities, we have actively developed our communication with our customers through various events and live offices that opened in different regions.

25,000 Visitors at KOKUYO Haku 2015

KOKUYO Haku, the promotional stationery shop, was held from April 3 to 5 in Basement 1 of the Tokyo City Eye at JP Tower in Tokyo Marunouchi. KOKUYO Haku means KOKUYO Exhibition in Japanese. The shop exhibited and sold latest stationery and limited edition products and there was a corner for customers to see, touch and experience popular stationery. It was an event to help customers discover the new appeal of KOKUYO through the extensive planning which was characteristic of KOKUYO. The sales of limited edition products to mark the 40th anniversary of Campus Notebook's launch, and the display of contents focused on the collaboration with Shiga Prefecture, where the mother factory of Campus Notebook is, attracted 25,000 visitors to the event in 2015, the third year it was held.



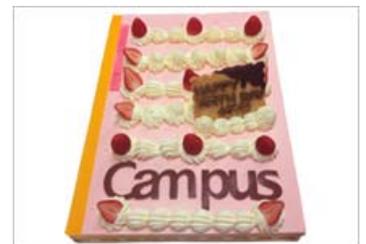
Long queue before opening on the first day



A photo of the event

Cake-cutting ceremony for Campus Notebook's 40th anniversary

To celebrate Campus Notebook's 40th anniversary, we invited Shiga Prefecture's Governor, Mr. Mikazuki, and the mascot Caffy to the cake cutting ceremony. A cake was specially made to model after the limited edition release of the cake-designed Campus Notebook, which has strawberry and other motifs printed on the cover and a cake on the side when the book is closed.



Specially made cake modelled after the Campus notebook

Plans for collaboration with Shiga Prefecture

At the event, we introduced KOKUYO Product Shiga's efforts to contribute to the local community and environment where Campus Notebook's mother factory is, as well as sold Shiga Prefecture's representative local specialties such as raw cheesecake, carp sushi and red konnyaku. In addition, we stocked the Tobidashi Boy capsule toy collection (capsule toys where Tobita-kun goods can be obtained). Tobita-kun is a character that appears in the form of human-shaped signboards used by Shiga Prefecture to warn drivers of children and elderly people dashing out in order to keep the local children safe. KOKUYO Product Shiga sells stationery with the Tobita-kun motifs.



KOKUYO Product Shiga's original product, ReEDEN

Workshop

At KOKUYO Haku, a usual event is the "DecoCam (Decorate a Campus Notebook)" workshop where participants personalize Campus notebooks with easy to decorate cover page designs using masking tapes and markers. Apart from

that, there was an "original field notebook workshop" and a "Hemp string classroom" where participants made simple household goods such as mini bags by weaving the hemp strings and bags by knitting the hemp strings into a net.



Participants making original field notebooks at the workshop

Release of Limited Edition Products



Long Campus:
In the printing process, 2 notebooks are printed on the same sheet and cut subsequently. This notebook is an uncut version.



Long Mirikeshi:
the long version of the Mirikeshi (eraser) that enables a line in the notebook to be erased. It is 3.9 times as long as the Mirikeshi.



Gold and Silver field notebooks:
the best-selling pocketbook-style field notebook has a cover design that has not changed since its launch in 1959. It is available in gold and silver as a limited edited colored notebook.

Campus 40th anniversary event in Hong Kong and Exhibition at Book Fair

Since 2014, the stationery business is formulating strategies and undergoing business validation so as to prioritize its approach towards customers in Korea, Taiwan, Australia and Hong Kong. In summer 2015, we actively held promotions in Hong Kong to introduce KOKUYO to customers. For approximately a month from July 2, we held the Campus 40th Anniversary Event. We collaborated with Hong Kong's most discerning retailer chain LOG-ON, and used the event space in their shop to introduce the Campus brand, sell Campus products and hold a DecoCam (Decorate a Campus Notebook) workshop. Listed in a total of 14 media, including 4 magazines and websites of major local media, we manage to garner a lot of attention. In addition, KOKUYO set up a booth in the Hong Kong Book Fair 2015. This book fair, said to be a summer feature in Hong Kong, has the ability to attract a colossal number of customers, with more than 1 million visitors in a city of 7 million people. During the exhibition period, KOKUYO's booth flourished, with more than 6,000 customers experiencing and purchasing our products.



DecoCam Workshop where participants decorate Campus notebooks to create original Campus notebooks



KOKUYO's booth bustling with customers

WORKSIGHT LAB Executive Seminar was held

The WORKSIGHT LAB Executive Seminar was held on June 9 in Shibuya Hikarie with a focus on customers of the furniture business. 92 people from the General Affairs, Architecture, Design and Management divisions were invited. The WORKSIGHT LAB is a research institution to pursue next-generation way of working and learning, to provide solutions and

practical knowledge for key persons who want to bring change in institutions that create value. During 3 years since it was set up, the Executive Seminar was held for the 6th time. This seminar was based on the office concept of making all employees play leading roles, external speakers were invited to talk about organizations and working methods titled "the work style where all employees play leading roles and showcase their individuality". From the survey after the seminar, we found that around 70% of participants knew of WORKSIGHT*, and there was a high level of interest in WORKSIGHT which has a unique coverage of advanced offices domestically and overseas. Customers were very satisfied on the whole, and the event was very well received by many.

* WORKSIGHT

is a media with strategic coverage of advance offices both within and outside of Japan that introduces the working methods of growing companies worldwide, regardless of country, industry and business. Not only does it showcase office space, it also focuses on efforts to change the soft working environment such as behavior, practices and processes, etc.



WORKSIGHT's editor in chief introducing WORKSIGHT



A photo of the Seminar



2016 KOKUYO new products fair

KOKUYO Fair is held not only to display KOKUYO's products and solutions, but also to share its background in planning and development, to showcase its creative efforts and to give customers a feel of KOKUYO's hospitality. Between December 7 and 10, 2015, the 2016 KOKUYO New Products Fair was held in its Tokyo Showroom for visitors to experience the new products, with furniture taking center stage, and Shinagawa Live Office. The theme for the fair was "Be- a workplace where personality shines".

Combined with introductions of new products, we proposed a way offices should be and put across the message that "an office is not just a place to work, it is a place where people with different personalities gather; it should be a place where workers can comfortably spend time in." During the fair, there were seminars by business managers and university professors sharing insights into future business and working methods. In 4 days, 7,695 people (107% of the previous year) visited the fair. From January 20 to 22, 2016, the 2016 KOKUYO New Products Fair Osaka was held at Umeda Live Office in Osaka. With contents that focused on drawing the attention of vendors and customers in the West Japan area the quality of KOKUYO's products, employees who were actually involved in the development of products were roped in to convey to customers the passion that went into the product. Coupled with product display, seminars on a myriad of topics including office information management, disaster prevention in companies and company branding and office creation were held. With 1,078 people visiting the fair, we exceeded our target of 1000 visitors.



Tokyo Showroom



Umeda Live Office



Tour of the latest office space where employees actually work in - with Live Offices in 25 locations

For more than 45 years from 1969, efforts were made to promote the Live Offices. Various cycles of experiments, practices and analysis were repeated, and discussions were held with customers to continuously improve the value it provided. The live office is a cutting-edge office where employees put creative workstyles into practice. It is also a mechanism to confirm the office's usability through actual use while constantly making improvements and showing customers how productivity is enhanced. In short, the office is not only a workplace, but a way to promote a change of mentality regarding employees' way of working, and a space to incorporate various ways to enhance communication. In 2015, live offices were built in Yamaguchi and Okayama, making a total of 25 live offices in Japan (30 including overseas live offices). Customers are able



KOKUYO Marketing Yamaguchi branch Live Office

to visit these office spaces and observe employees at work. In Yamaguchi, the KOKUYO Marketing Yamaguchi Branch moved to the vicinity of Shin-Yamaguchi station, which is in the center of Yamaguchi Prefecture, and became a live office. On February 4, a Live Office Fair was held. A total of 118 vendors and customers from 58 companies visited. In addition, in Okayama, the relocation of the office of the KOKUYO Sanyo Shikoku Sales Headquarters was used as an opportunity to set up a Live Office. For 3 days from November 25, an Opening Fair was held and 742 people visited from 499 companies.



Group photo with all employees after the Office Fair at KOKUYO Sanyo Shikoku Sales Okayama office



Nationwide Seminars to provide "things to note" to Customers

Seminars were held nationwide based on the theme of providing customers with valuable hints to solve various issues faced in offices. In Hokkaido, KOKUYO Hokkaido Sales held "KOKUYO Business Communication Fair 2015" in front of Sapporo Station on February 5 and 6. Revolving around the theme of "Find your most suitable space!", the company introduced products for solving various issues that arise in office work by using communication spaces for innovation. In addition, KOKUYO Kitakanto Sales Co., Ltd. held the "KIZUKI Fair" on August 19 and 20 in Mito City, Ibaraki Prefecture. The fair aimed to make customers aware of solutions to issues by displaying products for disaster prevention, national identity security related products, stationery, office equipment and office furniture for different businesses and businesses such as healthcare, education, government offices, and actually showing customers examples of use. Evaluation of the product display and actual usage examples by customers who visited the fair included "understood" and "understood very well".



A photo of the "KIZUKI Fair"

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.



Human Resource Development

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Employees' Safety and Health

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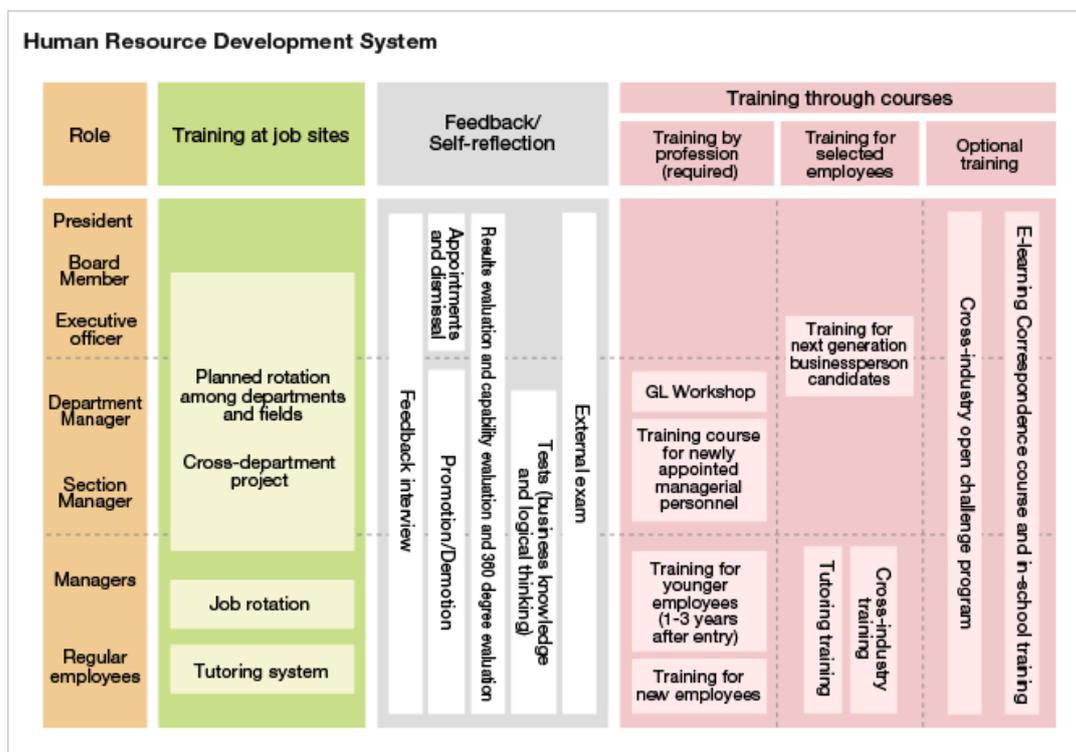


Human Resource Development Program

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.



Skill development programs

The KOKUYO Group has been holding annual cross-industry exchange training, better known as the Open Challenge Program, since 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 2015, 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 objectives of this program are to provide strong support for managers at the working level and to develop management capabilities that will enable us to continue to show results as a team. The program uses a unique approach by working to solve actual 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. Participants begin by recognizing the roles of



Open Challenge Program

managers, and predominantly covered the development of subordinates in 2015. The program developed to include other themes since 2012 and more than 600 people have participated in the workshop.



Promoting the 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 2015, training programs such as that titled "Understanding Human Rights" for new employees and "mental health seminars" for newly appointed managerial staff are held on a continuous basis.



Training on Founding principle that looked back on the 15 years of Kaunet's launch

Kaunet, the office mail-order business, started from scratch as a retailer in 2000. With the aim of expanding its business, and the intention to create a corporate culture that focuses on the customers' perspective, Kaunet deviated from the KOKUYO Group's philosophy and vision to form its own management philosophy of "thinking from customers' perspective to be of assistance to customers" and guiding principles "Kaunet vision". At present, more than half of the employees joined the company in the last 10 years, and the number of members who know of the company's beginnings has reduced with the passing of time. Thus, using the 15th anniversary of launch in 2015 as an opportunity, Kaunet held a training on the founding principles for all members of staff to familiarize them with Kaunet's history and to let them understand why Kaunet has its own management philosophy and vision and why Kaunet exists from the KOKUYO Group's viewpoint. Going forward, with the aim of growing into a company that can drive the KOKUYO Group forward, we intend to continue the activities that familiarize all staff to the Group's constitution, views and Kaunet's philosophy.



The morning meeting on the founding philosophy in the founding month



Training on the founding principle

The voice of a participant

Kaunet when I joined in 2012 already has systems in place for media (e.g. catalogues, website), distribution, sales, retail space, etc. I learnt through the training of the amount of hard work that went into launching Kaunet in 2000. It is something I cannot imagine now. Looking back at the company's history, I realized that even though there have been various major changes such as the replacement of Kaunet's president and changes to the management philosophy, there is a philosophy that has never wavered, and that is the complete "customer's perspective" philosophy. As a retailer, not a manufacturer, the business developed evolving around "what do customers want? What can we provide to satisfy customers?" I understood that this is an extremely important philosophy for Kaunet that should never be forgotten in order for Kaunet to grow in the future.



Kaunet Co., Ltd
Supply division
Ryota Yanagida

KOKUYO Marketing: Sharing session on problem solving case studies

Since 2012, KOKUYO Marketing and the Furniture business division started holding sharing sessions in Kansai for case studies that can add value for customers. Now, these sessions are held in the Tokyo metropolitan area and throughout West Japan.

The session provides a place to share a series of processes that allow employees to grasp essential issues to customers and find the most suitable solutions. For example, rather than following the corporate stance of simply selling things or dealing with things customers said at face value, employees could propose an issue that the customer is not aware of with "it isn't this issue, isn't it?" or suggest an alternative such as "would this not be better than that?".

The highlight of the session is when the representative in charge announces good case studies of how "value for our customers" is provided, and praises and commends the achievements of the winners.



Group photo of all presenters

Furniture business held 2015 Bonding Session

Furniture business held a bonding session where all relevant members (KOKUYO, KOKUYO Engineering & Technology, KOKUYO Logitem, KOKUYO Marketing, etc.) gathered to strengthen their bonds. From July to September 2015, this was held in 2 parts at venues in 5 areas (Tokyo, Osaka, Nagoya, Shibayama, and Mie). For the 1st part, the top management gave an account of the company's performance and situation as well as the business policy going forward. The 2nd part was a social gathering where the winners for the "That's Great! Award 2015"* are awarded. The award where employees recommend fellow employees is decided by a selection committee comprising employees and officers. In 2015, 1765 applications for recommendations were made, exceeding the previous year's 1409 applications. The session ended with participants reflecting on changes to the business on its 55th anniversary and re-recognized the value chain of the furniture business through the "Bonding ending video" that shows fellow employees working at various locations, including overseas locations.

* A system to award rolemodels whose actions are based on self reflection, unity, and the ability to respond to change (e.g. a person who never gives up!" Employees themselves put in recommendations from any point of view. It can be for someone the employee would normally like to thank or a role mode that he/she would like to introduce to everyone.



"That's Great! Award" winners and officers

ASEAN Joint Sales Presentation Skills Training

On September 18 and 19, 2015, the first furniture business ASEAN joint sales presentation training was held in Kuala Lumpur, Malaysia. A total of 19 people working in sales from Malaysia, Singapore and Indonesia attended the training. The participants had varying experience in sales, with one who had a 15-year long sales career to one who had only 3 months of experience. In response to requests by the sales division to learn sales techniques, a famous lecturer with an outstanding training record in Malaysia was invited to hold the training which was held entirely in English. On the first day of the joint training, participants studied the theories behind presentation preparation, speech opening techniques to captivate the audience, self introductions, etc. On day 2, they assumed a scenario where they had to sell office furniture and learnt how to build a presentation and how to put it into practice (tone of voice, gestures, eye contact, use of props, etc.) At the end of the training, improvements could clearly be seen in the presentations they did individually using the skills they acquired. Comments from participants included "It will be good if there is another chance like this", "I'd like to try this in actual sales situation soon".



Participants listening intently to the speaker



Employees who received a sales presentation skills certificate



China's local subsidiaries implement new employees training program

In summer 2015, the new employees at local subsidiaries in China attended a training program where they visited the Group's distribution warehouse and the storage-furniture factory. Their first destination was the distribution warehouse of KOKUYO Commerce's Easybuy business division where they experience the latest facility for managing a warehouse with more than 10,000 types of products and its operations. They observed how each and every pair of scissors or Campus notebook was accurately picked and shipped to customers while listening to the warehouse manager's explanation on the flow of goods from arrival to shipment, after which they were challenged to the task of product warehousing. By each holding a portable shipment-confirmation device and working alongside warehouse staff, they learnt about the systemized flow of work such as receipt of order forms, product delivery and shipment. They also learnt about the system and efforts required to ship the correct product in the correct quantity. For example, "all products have their barcodes checked multiple times before shipment""On each product shelf, a photo of the said product is pasted." Next, they visited the notebook factory where they experience the latest manufacturing environment in which humidity levels are closely controlled, and the quality management system. They experienced for themselves the founder's Hyaku Mai (100 pages) spirit*1 in order to understand the strengths of KOKUYO's products. Finally, they visited the storage furniture manufacturing plant, TaiLi factory where they witnessed the 5S*2 management, which is used in Japan, and the fastidiousness for quality. They seemed very impressed by the cutting site that uses original measuring tools and inspection tables to achieve a 0.5mm accuracy even for large items and the painting site that where employees paint the back of products as they would the front of products. Through the training program, new employees witnessed how all employees at distribution and manufacturing sites work with utmost care for customer trust and renewed their commitment to be a professional at their own job and to provide KOKUYO's high quality of service.

* 1 KOKUYO's founder produced a 100-page notepad at a time when many wacho (Japanese account ledgers) only had 96 or 98 pages and added an inscription of "sho-hyaku mai (exactly 100 pages)", promising quality to his customers

* 2 Activities to promote the 5Ss that form the foundation of business management and quality management: Seiri(Sort), Seiton (Set in order), Seiso (Shine), Seiketsu (Standardize), Shitsuke (Sustain)



Group photo

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 has to be improved. 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 nationality, race, gender, age, religion, or academic background, while achieving a virtuous circle where employees are challenged and thus grow continuously to create customer value.



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 October 2015, KOKUYO Group started the medium-term management plan "Value Transformation 2018" where the operation model undergoes reforms to realize customer-orientated value creation. As a part of the reform, changes are made firstly to the relationship between people and the company. In order to create a relationship to bring out motivation and creativity, changes to the goal setting and evaluation systems and methods in the personnel system are due to be made from 2016. The Group aims to challenge all employees and create a cycle that links the company's growth to individual growth. 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 nationality, race, gender, age, religious or academic background. 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.

Basic Framework for Diversity

The KOKUYO Group promotes diversity as an essential initiative for sustainable growth and development. We believe that diversity means creating a work environment where many positions and values are mutually recognized and various work styles are permitted, thus making it possible for each and every employee to draw on his or her innate abilities. KOKUYO has identified the following four basic themes related to diversity:

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



Establishment and Penetration of Support Systems

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

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

Maternity leave	14 weeks before and after childbirth (22 weeks for multiple-fetus pregnancy)
Spousal maternity leave	A leave of absence granted when a spouse is giving birth. <u>Two days for each childbirth.</u>
Childcare leave	<u>A childcare leave is given until the end of April after a child reaches the age of 1, or until the child reaches the age of one and a half, whichever longer. (For those who were born in April, it is given until the end of April when the child reaches the age of two)</u> *Including the Additional Leave for Mom & Dad (Extension of period when both parents take a childcare leave)
Sick/Injured childcare leave	Up to 5 days per year, or 10 days for two or more children, to look after a child below school age.
Family care leave	<u>Up to a total of 183 days</u> for each person requiring nursing care.
Nursing care leave	Up to 5 days per year per person requiring nursing care, or 10 days for two or more.
Short working hour system	<ul style="list-style-type: none"> • Childcare: <u>Until a child finishes its third year in elementary school.</u> • Nursing care: <u>Up to three years per person requiring nursing care.</u>
Teleworking	Once a week, in principle. <ul style="list-style-type: none"> • Childcare: <u>Until a child finishes its third year in elementary school.</u> • Nursing care: <u>Up to three years</u>
Re-employment system	<u>Eligible personnel include regular employees who left their jobs due to marriage, child-bearing, childcare, job relocation of spouse, study abroad, volunteer work, career change and other reasons recognized by the company.</u>

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

* See: 「[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 four of the group companies have received a certification logo (nickname: Kurumin Mark) as of December 31, 2015. 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, 2015
KOKUYO Co., Ltd., KAUNET Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Engineering & Technology Co., Ltd.



Iku-boss Gathering for Companies: Active discussions to increase awareness of Iku-boss in companies

The KOKUYO Group attended the Iku-boss Gathering for companies that was held on September 8 (Tokyo) and September 17 (Osaka). Members from various industries and jobs gathered. The gathering began with fellow Iku-boss members in managing positions talking about the issues they sympathized with as managers, such as the difficulties in personnel development, the frustration of the long working hours, and the problems with achieving a balance between leading and praising. Then, they discussed solutions to the problems, during which Iku-boss members from varying professions that have different working methods and culture exchanged opinions and provided each



At the Tokyo Venue

other with plenty of stimulation and ideas. The discussion ended with each member declaring the action plan he/she would take from the next day as a small step towards their goal. To sum up the meeting, Mr. Ando, who is the representative director of the NPO Fathering Japan that started the Iku-boss Corporation Alliance, shared some points on subordinate development that he learnt from his working experience, such as the following: "Rather than using the time-consuming reporting-contacting-consulting method to obtain report summaries, it is more effective to have instantaneous conversations by meeting up and asking "how is XX coming along?" when you are feeling concerned." "Communication through drinks leaves out those who do not drink so it is better to communicate through lunch instead." For KOKUYO Group member who participated, it was a very valuable day as he acquired hints and inspirations that would be useful in management through the new approaches and new viewpoints he picked up, and gained a strong network of people who shared similar problems and goals.

KOKUYO participated in the Iku-Boss Project Alliance

KOKUYO has participated in the Iku-Boss Project Alliance sponsored by Fathering Japan since it started in December 2014. In order for organizations to maximize the abilities of employees, the management must understand that employees have time constraints due to childcare, care of elderly relatives, illnesses and more, and it is essential for the management to change 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.



Support for Active Participation of Diverse Human Resources

The KOKUYO Group is working to develop a work climate that respects diverse individual characteristics, concepts of value and lifestyles of different backgrounds, such as respect for human rights, nationality, race, gender, religion, age, academic background, career, and the presence or absence of disabilities.



KOKUYO Logitem held Female Employee Training - "What I'd like to be" Meeting

KOKUYO Logitem, the company responsible for distribution in the furniture business, held for the first time a training targeted at female employees working at centers throughout Japan titled "'What I'd like to be' meeting" in the Osaka Umekita office. This meeting looks at supporting success of women in the workplace and is managed by an office comprising 3 female employees. The aims of the training are to create opportunities to reflect female values in services provided by KOKUYO Logitem; to expand the fields women are active in, especially the fields with potential for women to advance to management roles; and to actively communicate with female employees nationwide. During the meeting, there were talks by women leaders holding key positions within distribution partner companies and KOKUYO Group's female employees in management positions. Group discussions were also held on themes such as "working environment and in-house system that involve female employees" and "what I would like to be". In addition to the 29 female employees of KOKUYO Logitem, female employees of each company within the furniture business also attended the meeting. With around 50 employees attending, this meeting was a huge success.

* The title "What I'd like to be" is chosen with diversity as a pretext and the image of "Be myself", "Be a woman", etc.



During a presentation



Received Special Recognition Award "JWEF Incentive Award for Female Technicians"

Ms Tomoko Yano from the stationery business net solution VU was awarded the special recognition award at the "JWEF Incentive Award for Female Technicians" ceremony (hosted by Japan Women Engineers Forum). This award is a way to recognize role models and share the success of female technicians who are few in numbers in Japan and who have limited places to publicize their results. This award recognized Yano's success as a technician and as a project manager, as well as her contributions via labor union activities to the workplace and to the reforming of corporate culture.



Receiving JWEF Award



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 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 2016, the employment rate for people with disabilities in the KOKUYO Group is 2.12%.

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. In addition, aiming to develop a progressive new business model for the employment of the disabled people, KOKUYO offers a range of job opportunities and working styles for employees with disabilities, depending on the characteristics of the disabilities. For example, although KOKUYO K Heart started with the aim of employing disabled people for the KOKUYO Group, it now contributes by playing a supporting role in driving the KOKUYO Group business as



Employees of KOKUYO Heartland

well. 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. KOKUYO Heartland was also recognized for its efforts of focusing on agriculture for increasing the job scope available for disabled people and its efforts in contributing to the hydroponic vegetable farming business and the promotion of the employment of disabled people in the region. In 2014, it was selected for inclusion in the Discover Treasure of Rural Areas *2. In 2015, it was recognized for contributing to the development of Osaka's agriculture through progressive agricultural management activities and was conferred the Naniwa Agriculture Award. Furthermore, with regards to its working environment, KOKUYO K Heart was commended by the Osaka Labor Bureau for achieving 4,100 days without accidents as the company made improvements to the environment so that disabled people can work safely and comfortably.

* 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.

Heartland spoke at the Farming Support Seminar

In February 2015, KOKUYO Heartland gave a talk at the Farming Support Seminar hosted by Osaka Prefecture. This seminar aimed to create opportunities for entry into the agriculture industry and to share the charm of working in the agriculture industry by emphasizing the importance of agriculture in the country's growth strategy and providing information on working in the industry. 150 individuals and companies interested in engaging in agriculture attended the seminar. Heartland gave a presentation on the following topics: the company's entry into the agriculture industry; the approach to producing high quality products (spinach for salad) as a pioneer that promotes the employment of disabled people in agriculture by fully utilizing disabled people's characteristics; the solutions to the employment of disabled people in the farming of hydroponic vegetable through collaboration with various industries and information sharing; and the mechanisms for producers to achieve profits.



At the Farming Support Seminar

Heartland's approach presented at the International Ergonomics Association Conference

On August 13 2015, Heartland's approach was introduced at the IEA (International Ergonomics Association) Conference held in Australia by a visiting professor at the Tama University Graduate School. The professor gave a speech on his thesis that emphasized that the coexistence of research and application necessary for sustainable growth companies was achieved by Heartland as a result of efforts to solve social problems. Heartland's employment of disabled people triggered the entry into hydroponic vegetable farming, which in turn made full use of the main company's experience, such as process improvement and product development. IEA is an organization that aims to create environments that are easy to work and live in, and organizes activities such as provision of assistance to developing countries to enable ergonomics to be of use to society. It has around 50 federated or affiliated societies originating from all over the world. Up to 1000 researchers from around 40 countries including the Oceania countries, North and South American countries, Europe, Africa and Asia participated in the 2015 conference.



At the IEA Conference

Renewal of KOKUYO K Heart's office and factory

From August to September 2015, KOKUYO K Heart's office and factory underwent renovations. The renewal aimed to improve productivity and to comply with the obligation to provide "reasonable accommodation" under the Act on the Elimination of Disability Discrimination which comes into effect on April 1 2016. From the productivity viewpoint, the office, changing rooms, canteen, meeting spaces were reconfigured to allow for zoning according to the flow of duties and the creation of an environment that is conducive for focusing on work. On the other hand, from a reasonable



New Office Completion Kick-off Party

accommodation perspective, the changes were made to ensure corridors were wide enough for wheelchairs to pass through with ease, to expand the space in changing rooms, to ensure a space where one could rest when feeling unwell, to install a toilet with revolving warning lights to alert others in case of emergencies, etc. On September 3, 2015, a New Office Kick-off Party was held, with around 60 people including home-based employees and employees working at other locations attending and pledging to strive for further growth.



Before renewal) Unevenness due to parts of the floor paint coming off



After renewal) Floor that has been fully repainted



Installation of revolving warning lights in the office and toilets to alert staff of earthquakes, fires, time tone



Before renewal) Workspace and canteen shared the same space



After renewal) canteen-cum-meeting space



Wide corridors so that wheelchairs can pass through easily

KOKUYO K Heart employee gave a speech at the Japanese Society for Day Care Treatment

The 20th Annual Symposium of Japanese Society for Day Care Treatment - Osaka Symposium was held on October 23 and 24 with the aim of developing and improving day care. Mr. Keisuke Goto who works at KOKUYO K Heart and is responsible for transcribing opinions and comments from customers who contacted the customer support center into text, gave a speech as a symposium participant. Through a presentation titled "Healing and growth in day care: from a hikikomori of 15 years who did not have contact with others to someone who was able to work", Mr. Goto shared details of his 5 years in day care, its effects and the changes in emotions he felt, as well as how it led to his employment. His speech gave everyone in day care courage and hope and was received with a huge applause.



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

KOKUYO Group is promoting 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 stage of the project, KOKUYO collaborated with Able Art Company* to design and release new products.

KOKUYO's stationery business released the field notebook in three designs under the trystams 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.



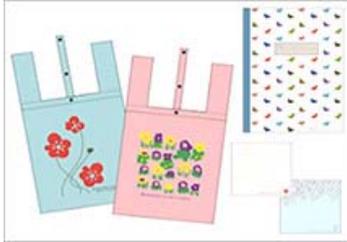
The proceedings earned from the current collaboration project are partially provided to Able Art Company as author fees depending on the sales volume of products as a support of the work of people with disabilities.

* 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.



Able Art Company



Kaunet's original products



Art Madre



Envelopes and business card holders

Labor Practices/ Safety and Health

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



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, with the aim of ingraining the culture of safety first in overseas factories, overseas employees attend a safety meeting and training in teams. In fiscal 2015, Iwami Paper Industry Co., Ltd. had zero accidents. Over the previous 9 years, some form of accident or disaster would occur around once every 6 months. However, two years ago, the company made a safety declaration to increase every employee's safety awareness and steps were taken to check their progress. Their hard work had finally paid off.



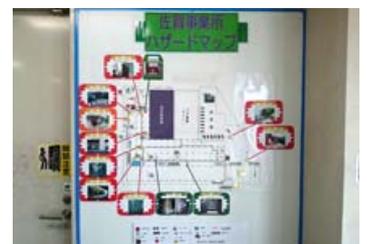
2) Construction

To prepare for the Safety Week that starts on July 1, the KOKUYO Group Construction Safety and Health Conference was held to emphasize the safety first policy. Around 600 stakeholders, both inside and outside the company, participated at seven locations in Japan from June 3 through 18. The company's website was used to share and promote the active use of safety information. Regular training programs for laws and regulations such as the Safety and Health Act and Construction Industry Act, even for the six Group sales companies. Through such activities, KOKUYO Group is working to ensure safety and compliance with laws and regulations.



3) Transportation

Group companies carry out daily checks to ensure that the workplaces are clean and orderly as well as monthly safety patrols. In addition, to make transportation sites in the KOKUYO Group safer, there are regular training sessions such as safety education for operating forklifts. 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. At KOKUYO Logitem, through initiatives for health and safety, hazard maps were created for 19 locations throughout Japan. Originally used to predict the extent of impact during disasters, the hazard maps help to maintain accident-free workplaces through its use as drawings to highlight dangerous locations and points to note, and its use during new employee training and near misses as information for risk anticipation. With Ina Delivery's accident-free workplace record of 8,500 days in the lead, we aim to improve safety awareness at centers across Japan and create workplaces that remain accident free.



Workplace hazard map

4) Initiatives taken to prevent the normalization of long working hours

Besides the monthly Health and Safety Committee activities in offices, discussions on the review of working methods are being held at labor-management conferences. We strive to improve productivity by striking a balance and using time efficiently. At the same time, in order to achieve a work-life balance, division units have introduced a weekly No-Overtime Day. Employees who often work 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.

5) Disaster Drills at Shinagawa Office and Osaka Headquarters

For disaster preparedness, the offices in the east and west regularly implement disaster and evacuation drills to ascertain the roles of organizations and individuals in an emergency. The Shinagawa office held a disaster drill on May 20 2015 at 10 a.m. based on the scenario where a low magnitude 6 earthquake with the epicenter off the coast of Chiba Prefecture occurred in Tokyo. At the Osaka Headquarters, a disaster drill was held on 2 September with the basic themes of "Understanding safety procedures and rules established for large earthquakes and fires "and "Confirmation of basic behavior to ensure personal safety by each employee". In addition, safety confirmation via emails to KOKUYO Group staff throughout the country was carried out in conjunction with disaster drills. At both Osaka Headquarters and Shinagawa office, 3 days' worth of food and water are stocked in preparation for disasters. In order to prevent the need for employees to go to the disaster prevention warehouse to obtain the necessary items, a disaster prevention cabinet that can accommodate a day's worth of food, water, towels, etc. has been installed in every floor and is stocked with selected essential items. Furthermore, there is a "KOKUYO disaster prevention" page on the company network that holds an emergency manual for employees, survival cards and more so that employees know how to respond and act in times of disasters.



Smoke house experience



Disaster prevention cabinet

6) Disaster (Fire) Drills at offices in China

From May 19 to 22, each office in Shanghai, Guangzhou, Shenzhen and Beijing held tabletop exercises, actual fire simulation drills and training. The drills and training were targeted at employees who are part of the in-house fire brigade at each office, and a total of 70 people participated in them. Unlike Japan, the custom of having disaster (fire) drills at schools and companies is not common in China, thus it was the first time the participants had the opportunity to learn of the horrors of fires and information on evacuation. The first half of the drill consisted of a lecture on basic knowledge of fires and firefighting and a desktop exercise to make participants consider actions to be taken in the scenario where fire occurred during working hours. In the second half of the drill, participants learnt to use fire extinguishers through actual use, and were trained to use the emergency staircase to escape and gather at the designated evacuation site. In order to confirm whether the training improved the participants' understanding of actions to take to prevent disasters, check sheets regarding the degree of understanding were prepared before and after the training. The degree of participants' improvement were as follows: knowledge of disaster prevention and understanding of actions required during emergencies increased from 87% before training to 95% after training.



KOKUYO Engineering & Technology presented its Health and Safety Initiatives at the 74th National Industrial Safety and Health Convention

Seiji Kimura, an in-house trainer at KOKUYO Engineering & Technology (KET) presented at the 74th National Industrial Safety and Health Convention (hosted by the Japan International Center for Occupational Safety and Health). The convention which is the largest safety and health related event in Japan was held in Nagoya City for 3 days from October 28. At the same convention 5 years ago, KET introduced its health and safety initiatives that were created from scratch through a presentation entitled "Building a health and safety management system based on supervisor training". This time, the presentation was on the developments in KEY's promotion of safety through 5 years of educational activities and titled "10th year of supervisor training: Improvement of health and safety initiatives through the implementation of Supervisor re-training". It was given to an audience of more than 500 people.



Healthy Living and Mental Health

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

KOKUYO Group health targets and the 2015 results

We have established the following targets for the Group's workforce to prevent lifestyle diseases for the three years starting from 2013. Unfortunately, 2015 saw a 1% rise in the percentage of employees who smoke. We intend to determine health issues to focus on for improvement and take the necessary steps to improve the health of our employees.

KOKUYO Group health targets

	2013	2014	2015
Percentage of employees with a BMI over 25	21%	23%	23%
Average percentage of employees who smoke	26%	26%	27%

Specific steps we have taken in 2015

1) Implementation of health campaign

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 individual health-related goals such as recording the number of steps taken daily, employees who achieved their goals were awarded with watermelon in summer and an assortment of kiwis in winter. The campaign offered delicious rewards while promoting health consciousness and the number of participants doubled from 340 in the first year it was implemented (2014) to 670.

We managed to help change employees' mentality towards health promotion whereby they can fun in becoming fit. We strive to customize the campaign and unfold it across the Group so as to encourage participants would want to continue with the campaign.



2) Healthy meals at the Company cafeteria

Since 2012, KOKUYO has been providing healthy meals under 600 kcal with less than 3 g of salt at the headquarters' and Shinagawa office's cafeterias. As a campaign to promote healthy meals, tickets will be distributed with each healthy meal and for every twenty tickets collected, employees would receive a free healthy meal. This campaign is set to continue every year from August to November.

3) Setting up of a Health Support Center for expatriates

In 2014, a health support center has been set up for the exclusive use of employees who work abroad. As eating habits tend to be disrupted while working overseas, expatriates utilize the results of their health checkup and hold regular meetings via a TV conference system with a health nurse. By using a specialized health nurse, we strive to create an environment where employees can discuss their issues freely while receiving medical advice.

4) Promotion of mental health initiatives

The Employee Assistance Program (EAP) has been introduced to prevent problems related to stress whereby employees get access to individual stress checks and counseling with an external professional in person or via telephone or e-mail. From 2016, we will hold surveys focusing on stress checks based on laws and regulations and conduct activities to increase awareness of the burdens employees feel.

Communication with Employees

KOKUYO Group organized various events to enhance communication with employees.

KOKUYO Logitem held a Tanabata Festival

KOKUYO Logitem planned and held a Tanabata Festival (also known as Star festival) in July 2015 in the 2nd floor caf? space in the Osaka headquarters New Building XT (Kurosuto) to promote a way of working that enables employees to meet new people. On the day, Logitem employees as well as employees of the furniture business that work on the same floor had a wonderful time filled with laughter as they reminisced about their childhood days while writing down their wishes on strips of paper and making decorations using origami. There was even real bamboo at the venue. The strips of paper were then brought to the nearby Hiroka Shrine. Comments from participants included "By simply looking at the decorations at the corner of the office I feel relaxed. We should definitely plan another event!" Although it was a short-term event, many employees were able to enjoy a little sense of the seasons at the office.



Preparations for Tanabata Festival

KOKUYO Logitem held an event to commend delivery quality

Since 2012, KOKUYO Logitem conducts a customer survey twice a year on the quality of delivery. Around half of the customers surveyed added comments that were predominantly in praise of the service. Some comments were particularly moving, such as "I was impressed by their attention to the surroundings and consideration of safety" and "They were polite and I was comfortable even while they were working". Letters of appreciation are given through a presentation ceremony to express gratitude to such drivers and workers responsible who add value to KOKUYO's delivery. In March and October 2015, drivers and workers responsible who received exceptionally moving comments or the highest number of moving comments from customers were selected and given a letter of appreciation.



Letter of appreciation presentation ceremony

Celebration of Employees' milestones

In recognition of employees who served the company diligently for 10, 20 and 30 years and thus contributed to the company's development, the KOKUYO Group awards them for their long service with special leave and commemorative items (travel vouchers). In addition, in appreciation of the many years of hard work by employees who are approaching mandatory retirement, the company holds retirement ceremonies to celebrate their retirement. From May 1, 2015 to April 30, 2016, a total of 56 people reached mandatory retirement and the retirement ceremonies and banquets took place in spring and autumn. Started in 1983, these ceremonies have continued for more than 30 years.



At a retirement ceremony

Family Day

Family day is an event where employees' families are invited to the office. It serves to express gratitude for the family's support on a day-to-day basis, to deepen their understanding of the company and work, as well as to enable lively communication and exchanges between family members. This event was started by the employees of the stationery business to entertain family members in 2008 and has continued running since then. Every year, junior staff members in

their 1st - 2nd year in the company run the project and prepare an array of activities for the family such as workshops using KOKUYO's products, games to test the family's teamwork and cafe corners. In August 2015, Family Day was held in Shinagawa and the Osaka Headquarters, attracting a record number of visitors (315 in Shinagawa and 301 in Osaka).



An event that both the adults and children enjoy

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 partner and achieve mutual development, KOKUYO issued its Basic Procurement Policy



Procurement Policy **P52**

Working together with our **P54**
suppliers

Deepening of Partnerships **P56**



With Stakeholders

KOKUYO is aware that increasing corporate value is our 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.



KOKUYO's Responsibilities to **P60**
Stakeholders



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's 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.



Stationery Business conducted an audit of subcontractors

The stationery business has been implementing an audit of subcontractors to ensure reliability of environmental indicators on product catalogues in the past. In 2015, we conducted a factory audit of 90 companies. We visit our subcontractors to check for the compliance of standards concerning environment-friendliness established by 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, whether specified materials that meet the standards are used in production process and whether there are no issues 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. By exchanging information on examples of cases where reliability with regards to production control were improved, we strive to ensure the reliability of environmental indicators in the future. In order to enhance the value 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.



Furniture Business holds subcontractor meetings on a periodic basis

KOKUYO's furniture business holds subcontractor meetings with major subcontractors twice a year. In 2015, the meetings were held in January and November. In the January meeting, participants reflected upon the previous year and shared their current term's business strategy. In the November meeting, the furniture business explained their production, sales, and inventory policies for the 2016 demand season and sought the cooperation of the subcontractors. In addition, in the execution of business strategy, the company recognized subcontractors that took excellent initiatives as power* subcontractors to express its gratitude. Their initiatives are also presented so that companies can learn from one another for co-existence and co-prosperity, and cooperate to improve the entire furniture business.

* Power is derived from the initial letters of 5 indicators: professionalism, ownership, wisdom, external focus and revolution



Subcontractors



Explanation by Group managing officer, Head of furniture business Mr. Sakagami



A toast at the get together



Kaunet Holds Catalogue Partner Kickoff Meetings

Kaunet publishes its mail order and online catalogues twice a year in February and August. At the start of the preparation for each new catalogue every year, Kaunet holds a Catalogue Partner Kickoff Meeting that is attended by its suppliers (procurement suppliers) and other companies involved in preparation of the catalogues. The purpose of these meetings is to share with and help participants gain an understanding of Kaunet's ideas and strategies. At the meeting, presentations are given on the editorial policy of the upcoming catalogue, policies for choosing products to be included in the catalogue, and product development policies. By having close relationships with



Partner kickoff meetings

suppliers and partner companies, Kaunet's is able to provide added values that do not only include a low price and a good selection of merchandise, but also unique values such as the ease of selecting items and the awareness that enables customers to overcome any dissatisfaction and problems that arise. Through this, Kaunet aims to be a company that is chosen over and over again by its customers. To celebrate the 15th anniversary of launch, Kaunet published catalogue no. 30, a landmark issue, in 2015. Kickoff meetings were held on 16 April to provide explanations for individual product categories, the trend in the development of PB products, the newly created separate booklet "Kaucore Premium Magazine" that only lists PB products that adds value, etc. In the morning session, partners of office supplies and office automation equipment were invited. In the afternoon session, partners of household necessities, specialized articles, and furniture were invited. A total of 251 people from 147 companies attended the meetings.

Deepening of Partnerships

To create and delivery new value to our customers, we share our strategies and policies with our retailers and agencies and deepen our partnership. We strive to be an integrated value chain in our pursuit of customer satisfaction.

KOKUYO Partner's Messe 2015

The KOKUYO Partner's Messe 2015 was held over 2 days on July 22 and 23 on the 2nd floor of the Tokyo showroom. The Messe is a product exhibition that is held once a year for the stationery business and an event where KOKUYO product retailers and agencies are invited and introduced to proposals to add value based on new perspectives on new products and popular merchandise, planning proposals for storefronts, examples on industry-specific deliveries, etc. The theme for 2015's Messe was "Wa!" In Japanese, Wa (輪) stands for the link for bonding with partners, the "Wow!" (わっ!) exclaimed when one sees an impressive product or moving editorial, and Wa (和) means Japanese quality that takes into account the demand from foreigners visiting Japan. At this Messe, one particular focus is the storefront plans for specific channels. For example, for volume retailers, a product display proposal centering on 'focused products' made for specific industries might be recommended; for specialist retailers, a product display targeting foreigners who are visiting Japan might be suggested; and for other retailers selling to corporations, proposals focusing on industry-specific display relating to government offices, schools, healthcare and financial industries, customized products and emergency supplies might be recommended.



KOKUYO Partner's Messe 2015

Over the 2 days, 1,098 people from retail stores and agencies attended the KOKUYO Partner's Messe 2015. We strive to continue building links with our partners through such communication means so as to create new value for our customers.

KOM (KOKUYO Office Master License) System

The KOKUYO Group uses the KOM (KOKUYO Office Master License) system to support retailers to change their sales style to the proposal method. The KOM system started at the same time as the establishment of the Umeda showroom. By registering with the KOM, members can use the Umeda showroom as their own and invite customers to visit the live office during member-only seminars. Based on the number of customers invited, members can upgrade their licenses from red to silver to gold tiers. Currently, there are 547 registered members. In fiscal 2015, the number of companies invited by KOM members in 1 year has increased 10% from the previous year to 1032. In particular, the number jumped significantly by 1.6 times year-on-year after January. With regards to the half year performance, we are proud of the high contract rate of 90% for projects created with customers who visit the showroom on usual business day. In addition to the Umeda office, the KOM system has also started at the Shinagawa Live office SHIPP. The SHIPP Attend Training, which introduces the KOM system to customers, was held over February 3 to 6 and a total of 407 people from 53 companies attended. The training started off with the introduction of the KOM system, and was followed by a tour of the Shinagawa live office SHIPP and the Tokyo showroom where explanations and points to propose to customers were introduced.



Commendation ceremony



Winners



SHIPP Attend Training

Kaunet Agent Meeting

Kaunet is actively engaged in activities to deepen its ties with distributors. The Kaunet agent meeting is held twice a year

around the time the catalogues are published to explain about the appeal points of the new catalogue and management policies. Meetings were held at 7 locations across the country in Sapporo, Sendai, Tokyo, Nagoya, Kanazawa, Osaka and Fukuoka from February 17 to 26 after the publication of the 2015 Spring/Summer catalogue, where 312 people from 200 companies attended. After the publication of the Autumn/Winter catalogue, meetings were held at 5 locations across Japan in Sapporo, Tokyo, Nagoya, Osaka and Fukuoka from August 20 to 28, where 300 agents from 200 companies participated. As Kaunet celebrates its 15th anniversary on October 2, the company conveyed its gratitude for the agents' day-to-day cooperation at the meeting, mentioning that "It's all due to our agents who are closest to the consumers who showcased our values". In addition, to enhance communication with partners of the procurement system "Benri Net" and "Benri Net Lite", a "Benri Net Lite Agent Meeting" was held on January 29 in Osaka and February 6 in Tokyo with the aim of conveying the role of agents in the Benri Net Lite 2015 action plan. On both days, 65 agents from 40 companies attended. Kaunet also exhibited at the "5th Office Service Expo" held at Tokyo Big Sight over 3 days from July 8 with the aim of creating new projects and finding new customers and agents.



Kaunet Agent Meeting at the Tokyo venue



Agent Meeting at the Nagoya venue



110th Anniversary of Launch - Appreciation Ceremony

On 1 July 2015, the KOKUYO Co., Ltd held an appreciation ceremony on the 110th Anniversary of Launch to express the company's gratitude at Hotel Okura Tokyo Heian Room in Tokyo Toranomon. A total of 1053 people including the management of corporations that have supported the company over the years. The gathering began with greetings by Mr. Hidekuni Kuroda who was appointed as President and CEO, followed by congratulations by guests and a toast. There was time for cordial chats before the event ended with greetings by President Akihiro Kuroda to express his gratitude. He expressed his aspiration for all employees to behave themselves in a way that do not bring shame to the KOKUYO name and for them to be of assistance to society. The banquet ended very successfully.



President and CEO Mr. Hidekuni Kuroda greeting the audience at the 110th Anniversary Gathering



The 110th Anniversary Gathering



Product introduction that corresponds to scenes of customers' growth



KOKUYO Supply Logistics hold the 5th improvement case contest

KOKUYO Supply Logistics (KSL) implements their business policies of strengthening on-site capabilities and chain businesses through continuous improvement activities. The Improvement Case Contest is held to share the results of these activities and share information between distribution centers, as well as improve the presenters' presentation skills. The 5th Improvement Case Contest was held on October 17, 2015 in the Osaka Headquarters' 8F Meeting room. A total of 70 people including some from partner companies gathered. Each center and partner company provided reports for 10 cases of improvement. Many executives from Group companies including the stationery business, furniture business headquarters, Kaunet, KOKUYO Logitem and KOKUYO Product Shiga also attended the meeting to better understand KSL day-to-day activities and to offer advice and opinions from a new perspective.



Improvement case contest



Receiving the grand prize



Receiving the special recognition award



47th KJM Award Ceremony

The 47th KOKUYO Jewelry Members (KJM) Award Ceremony was held at the Rihga Royal Hotel Osaka on October 29, 2015. KJMs with outstanding sales results in the previous fiscal year were invited to extend our appreciation for their efforts and to deepen our cooperative relations. A total of 181 KJMs attended the ceremony

* KOKUYO Jewelry Members (KJM) is a system to rank and incentivize retailers who sells more than a certain amount of KOKUYO products based on their annual sales. There are two courses, one for stationery (emerald course) and the other for furniture (diamond course). Currently, there are around 1,200 members.



47th KJM Award Ceremony



Introduction of new products



At the social gathering



KiSPA* Initiative to help enhancing the convenience of retailers

In order to promote further partnership with stationery stores and enhance customers' convenience when buying stationery and office supplies, we published the first KiSPA catalog since December 2013. We aim to increase the overall value in the structure of delivery channels in the KOKUYO Group.

The KiSPA catalog is a symbol of the integration of retailers and KOKUYO. At the end of 2014, the pre-publication information session for the 2015 KiSPA Catalog was held in conjunction with the kickoff party of the campaign for the 110th anniversary of KOKUYO's launch, with 564 retailers from 383 companies attending at 17 venues across Japan.

The KiSPA catalogue aims to be the catalogue chosen by retailers and the first catalogue customers take, so steps are often taken to improve and develop it. The creation of the contents for the KiSPA2016 catalogue started with a nationwide user survey on 1600 people. While incorporating views of retailers and views of the company's operations, product planning and development divisions, steps were taken to improve on the ease of searching and selecting, and the plans to increase sales. In addition, with regards to product selection, retailers' requests and demand trends are taken in account and the product selection expanded to include daily necessities, office supplies for factories, and security-related products.

*KiSPA is the abbreviation for KOKUYO is your partner. It expresses KOKUYO's desire to be the best partners with customers and stationery retailers.



At the Hiroshima venue of the 110th anniversary of launch Campaign Kickoff Party



Trade fair for Compact Supermarkets

A trade fair titled "KOKUYO CSM Fair 2015 - Support for improving store productivity in small stores" was held in the 5th floor studio of Tokyo Showroom on March 12 and 13, 2015. The fair is targeted at the CSM (compact supermarket) market,

which has expanded due to the increasing need for convenience relating to eating habits, where people want to do their daily shop quickly in familiar stores. It offered suggestions for store fixtures and equipment while showcasing related products and services such as the Kakiage Cloud System, emergency supplies from the stationery business and tape cutter Karucut. 46 people from 13 companies that were major customers of CSM visited the fair, and sales representatives attended to each company individually. They spent more time than expected at the fair and provided a lot of comments relating to their plans, such as the following: "I'd like to try this at the new shop soon." "I'd love to report and introduce this to the management." "I'd like to introduce this product across all our shops."



Preparing the venue and displaying necessary equipment



Sales talks



Fixtures and equipment for the agricultural counter



KOKUYO Vietnam Trading: Sales Partners are invited for a Japan tour

KOKUYO Vietnam Trading invited major sales partners in Vietnam for a 7-day Japan Tour between November 15 and 22, 2015. The tour served as an incentive for partners' 2015 sales performance relating to KOKUYO products and to deepen their understanding of KOKUYO's history and initiatives in Japan so as to achieve mutual growth in Vietnam and thereby foster close cooperative relationships. In addition to tours of the KOKUYO headquarters, historical records room and other facilities to deepen their understanding of KOKUYO, the sales partners went shopping in Tokyo and visited places such as the Atami Onsen, Kyoto, Himeji Castle. They had a very enjoyable tour of autumnal Japan.



Tour of the Kinki IDC

The KOKUYO Vietnam stationery business is proud to have one of the best distribution systems in the stationery industry in Vietnam. By improving this strong distribution network and selling products that appeal to the needs of users in Vietnam, we aim to grow in the fast-growing emerging Vietnamese market.



New Product Experience Sessions and WORKSIGHT Seminars in ASEAN

The new product experience session and WORKSIGHT were held to increase awareness of the KOKUYO brand, to increase the penetration KOKUYO Furniture products in the non-Japanese markets of Jakarta and Bangkok, as well as to establish friendships with designers at sales partners. In Jakarta, 20 famous designers and stakeholders were invited to the Jakarta Live Office on May 13, 2015 for the WORKSIGHT seminar where there were examples of the creation and working methods of world-renowned corporate offices as well as a session to experience the swivel chair ENTRY, a strategic product for overseas markets. In Bangkok, more than 90 designers gathered at the Central Embassy shopping mall on May 21 to attend the WORKSIGHT seminar which introduced the next-generation workstyle and working environment. Being the 3rd WORKSIGHT seminar held in Bangkok, awareness of the seminar was higher and comments like "I have been looking forward to the seminar" were heard from participants. We strive to actively deliver the value of KOKUYO products to the ASEAN market.



At the WORKSIGHT seminar designers



At the event venue



Disseminating information to the

KOKUYO's Responsibilities to Stakeholders

KOKUYO is aware that increasing corporate value is our 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

We are working towards a sustainable business growth to maximize corporate value in the medium-long term and to increase dividends paid to shareholders. We aim to provide a 25% payout by 2018 as a return to shareholders. In fiscal 2015, we offered an annual dividend of JPY 17.5 per share (JPY 7.5 as an interim dividend and JPY 7.5 as a year-end dividend, JPY 2.5 as a bonus dividend in celebration of the 110th anniversary of launch). Retained earnings are actively employed to make investments for future growth.

Making Management More Transparent

1) IR Activities

We strive to fairly and accurately convey the KOKUYO Group businesses, corporate attitude and vision for the future, as well as achieve two-way communication. In 2015, we held the following IR activities:

For institutional investors: The financial results briefing was held twice last year where the President and CEO spoke about the Group's results and strategies. We also explained the Group's status through individual visits, small meetings, and foreign investor conferences.

For individual investors: In addition to explanations on the Group, the person in charge of product development introduced the product development process to help increase their understanding of the Group and to foster a sense of familiarity. We will continue to proactively engage in IR activities to raise our corporate value.

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.

* Related information: [IR News](#)

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 at the end of December, 2015

IR for individual investors "Company information session: Secrets of Campus Notebooks"

An IR event was held for individual investors titled "Company information session: Secrets of Campus Notebooks" on June 19, 2015 to secure loyal stockholders and around 70 people participated. In general, individual investors invest in shares to gain profits through stock dealing and to get dividends. As such, the holding period of shares is unstable. However, we believe that by making the individual investors loyal fans of KOKUYO, the investors will become great customers for our products and services and will end up holding the shares for a longer period of time. Therefore, in addition to the provision of information such as the company overview and future business strategies through the standard investor information sessions, we held the IR event to convey the stories relating to products so that investors will understand KOKUYO better and be better acquainted with the company. The first part of the company information session described KOKUYO's history, overviews of each business, financial status, strategies for the future, target for the period ending Dec 31, 2015, etc. In the second part, the person responsible for the stationery business introduced our focus on transition, binding method, cover, pages, borders, design and ease of use and other aspects relating to Campus Notebooks which was celebrating its 40th anniversary of launch in 2015. Of the individual investors who attended the event, some requested for more detailed information relating to the business and finances while many shared opinions and thoughts on KOKUYO's focus in the creation of Campus notebooks.



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.



Long-term contribution activities

KOKUYO Design Award **P63**



Domestic contribution activities

Campus Art Award **P65**

The Future of Tohoku **P66**

Contribution Activities Deeply Rooted in Regional Communities **P67**

The Job Study Initiative **P70**



Foreign contribution activities

Initiatives in India **P72**

Initiatives in China **P75**

Initiatives in Vietnam **P77**



KOKUYO Design Award

The KOKUYO Design Award is an international design competition that aims to attract product designs for commercialization from a broad range of users which are superior from a user's perspective. In 2015, this event was held in accordance with the theme Beautiful lifestyle.



KOKUYO Design Award recipients

The 13th KOKUYO Design Award

The KOKUYO Design Awards is a design competition 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 ability of KOKUYO and contributing to the enhancement of the design ability 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, the Beetle Tip highlighter and the Wagomu rubber band. This event has also developed a reputation as an important gateway to career opportunities for young designers.



Kadokeshi (eraser)



PARACURUNO
Campus notebook



Beetle Tip highlighter



Wagomu rubber band

Theme for 2015: Beautiful Lifestyle

The theme for 2015 was Beautiful Lifestyle. It broadly captured the working and learning environments of customers in the KOKUYO business domains. As people's lifestyles change and the boundary between life's ON and OFF becomes less distinct, we incorporated KOKUYO's desire to match customers' perspectives of their lifestyles and thus set the theme as "Beautiful", a more instinctive sense of value compared to previous years. In addition, as a new approach in 2015 to spread the competition theme and ask the society, we held various events to get the public to think about "beautiful lifestyle" during the registration period for products.

On July 2, we held a talk show in ifs Future Laboratory at Tokyo Gaienmae to convey KOKUYO's thoughts incorporated in "Beautiful Lifestyle" so as to improve the quality of works submitted. 2 of the judges and the President Hidekuni Kuroda were on stage to talk about a wide range of topics that included "changes to the lives of people in the



future" and "what is beauty in daily life?" In addition, we participated in a charity sponsored by SUPER PLANNING Co., Ltd between July 14 and 26 at the same venue, where tote bags designed by 10 previous Design Award winners and 10 of KOKUYO's in-house designers based on the "Beautiful Lifestyle" theme were on display.



At a talk show held during the application period where KOKUYO's thoughts on the theme Beautiful Lifestyle was conveyed.

■ Grand Prix: Word Block

The KOKUYO Design Awards received a total of 1,659 entries (1,232 from Japan; 427 from overseas) during the application period of May 15 to July 31. After the initial judging in August, the final judging was held on November 17 where 10 teams of finalists delivered their final presentation to the judges. One Grand Prix winner and three Merit Award winners were selected based on criteria such as commercialization of the product from a user's perspective, compatibility with the theme and completeness of the design. The Grand Prix winner that shone through was Word Block by the design unit Alab. This is a flash card deck with a ring that also functions as a band to hold the cards together, enabling the cards to stack neatly like blocks. This design becomes a part of beautiful living both in use and when stored away, and thus almost unanimously won the award. In addition, the Merit Awards went to the following 3 entries: the calendar "Hakanaku, utsukushiku" by Ms. Mio Ueda where the numbers are sewn with one long piece of yarn and pulling the string below undoes the sewing, deleting the calendar numbers one by one, enabling the user to pay attention to the passing of time; the embossed notebook by Mr. Takashi Kubo where the ruled lines in the notebook are embossed to help the user to feel nature in the changing light; the acrylic ruler "Bubble Ruler" by Mr. Kei Tsukada where bubbles with beautiful organic shapes are graduated. After the final judging, the award ceremony and a talk show by President Hidekuni Kuroda and external judges were held in the KOKUYO Hall. In a full hall, they candidly spoke of the reasons for the winning products and their views on "Beautiful Lifestyle" that have been stretched through an exchange of opinions during judging.



A proposal that widens the potential of flash deck cards in the form of a beautiful product where Beautiful Lifestyle is captured as a lifestyle that places importance in the joys of learning.

Judges (* titles current as of the time the individual served as judge)

Kashiwa Sato (SAMURAI INC. Representative / Art Director, Creative Director)

Yasuhiro Suzuki (Artist)

Kinya Tagawa (takram design engineering Representative / Design Engineer)

Ryosuke Uehara (KIGI Representative / Art Director, Creative Director)

Yoshie Watanabe (KIGI / Art Director, Designer)

Akihiro Kuroda (KOKUYO Co., Ltd / Representative Director of the Board, Chairman)

Campus Art Award

Campus Art Award on 40th anniversary of the launch of Campus Notebooks

2015 marked the 40th anniversary of the launch of Campus Notebooks. As a "HAPPY Campus YEAR!", KOKUYO held various events and campaigns. One of which was the Campus Art Award, an art competition held jointly with the Yomiuri Teens Newspaper (issued by the publishing company The Yomiuri Shimbun) to increase awareness of Campus Notebooks and to appeal to middle and high school students who are the main users of Campus Notebooks.



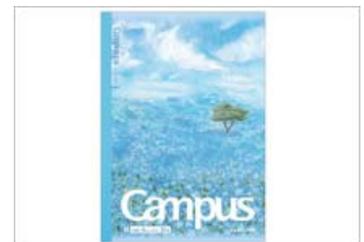
Advertisement Poster for Campus Art Award

Theme: "My Sweet Home Town - local choices"

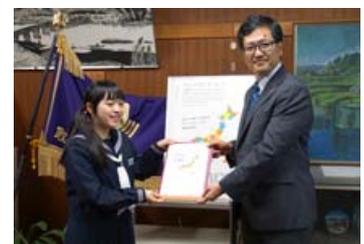
The theme for the artwork was "My Sweet Home Town - local choices". It incorporated the wish to create opportunities for the youth of Japan's future to turn their attention to their local areas, to notice their attractiveness and to share that with others. Middle and high school students across Japan submitted artworks that depicted local landscape, customs, traditions, events, food, confectionary, etc.

Grand Prix artwork productized and a part of the sales donated to local community contribution activities

More than 1,000 entries were submitted and the entries underwent an initial judging by district. At the final judging, the judges were the Minister Shigeru Ishiba, the Minister in charge of Overcoming Population Decline and Vitalizing Local Economy in Japan; Mr. Muneto Ashizawa, a popular radio personality-cum- comedian amongst teenagers; and Miss Mai Fukagawa, a member of Nogizaka46. They judges selected the winners for the Grand Prix, the Yomiuri Teens Newspaper Award, the KOKUYO Award, and the District Merit Awards (for Hokkaido and Tohoku, North Kanto, South Kanto, Chubu, Kinki, Shikoku and Kyushu). The Grand Prix Award went to the artwork "Nemophila's blue" by Miss Haruna Suzuki, a 3rd year student from Nagayama Junior High in Ibaraki Prefecture. The artwork was made into the cover of a Campus Notebook and sold as a limited edition item on KOKUYO's official online shop "KOKUYO Showcase". A part of the sales was donated to the Japan Foundation for Regional Art- Activities to support the development of highly creative communities through the promotion of culture and the arts. KOKUYO aims to familiarize middle and high school students with the KOKUYO and Campus brands and intends to hold the Campus Art Award in 2016 as well.



Grand Prix Award "Nemophila's blue" was made into the cover of a Campus Notebook.



Presentation ceremony of the certificate of commendation and the productized notebook

The Future of Tohoku

Five years have passed since the Great East Japan Earthquake struck. In desiring to be of assistance 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.



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 by a Public Interest Incorporated Foundation 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 continued to provide support as a corporate supporter. The fund supports up to a maximum of 3 million yen per annum for enrolment and tuition fees at no charge. Unlike standard scholarships, a distinctive feature of this fund is that it does not stop at simply providing the money. Operated to provide children who suffered painful experiences because of the earthquake with a feeling of "I'm not alone", they hold periodic events, interviews as well as interactions with corporate sponsors. In March every year, a coming-of-age ceremony for students set to pursue higher education and a commencement ceremony for graduating students set to join the workforce upon completing their studies are held for them to talk about their aspirations and aims for their future and to convey their gratitude to their supporters. KOKUYO Tohoku Sales will continue to support these children's in their dreams of higher education.



A group photo of scholars and supporters



Introduction of support staff



Donation of letter sets to Fukushima Friends UK

KOKUYO Tohoku Sales provides letter sets (writing pads and envelopes) for a volunteer initiative which helps to connect children in Fukushima Prefecture to children in the faraway UK through writing. This initiative is run by the charity organization Fukushima Friends UK and was started by Ms. Kumiko Akatsuka, a writer who was born in Fukushima Prefecture and is residing in the UK. She hoped that by linking children in Fukushima Prefecture to people around the world, they would be able to enjoy learning about cultures and languages.

Right after the earthquake, KOKUYO Tohoku Sales provided stationery to children and held activities like decoration workshops in hope of cheering them up through writing and drawing. This resonated with Ms. Akatsuka and friends who sent a letter requesting for donation of letter sets. This was the start of the sponsorship of letter sets.

The letter sets provided by KOKUYO are products that use the KOKUYO ledger paper and is based on concept that important thoughts expressed through writing are conveyed like presents. Ms. Akatsuka sent us a letter commenting that "the letter set is beautiful and high quality. Words and things written on the letter seems to have more impact than usual. It makes our day to think of the children in Fukushima experiencing the feel of the paper and writing conditions while putting their words and thoughts into writing to their pen pals in the UK." At a glance, the letter pad may seem unsuitable for children, but it seems to be most suitable for children to write wholeheartedly and thoughtfully. At present, assisted by English and Japanese supporters of Fukushima Friends UK and volunteer translators, approximately 200 people, mainly pupils in similar grades at elementary school, have been exchanging letters. More than 2,000 letters have been exchanged in the 3.5 years the activity has been running.



Children writing letters happily

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 hope 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 enhance 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 them to examine production equipment and equipment for accommodating the environment and to experience the company's focus on quality so as to inspire visitors and become 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.



Signing of Comprehensive Partnership Agreement with Shiga Prefecture

To promote the Shiga and Lake Biwa brand, revitalize the region and improve services to prefectural residents, KOKUYO signed a comprehensive partnership agreement with Shiga Prefecture on July 15, 2015.

Partnership agreements have been signed on the items below and activities are conducted with KOKUYO Product Shiga at the core.

- (1) Matters relating to education and the development of children and youth
- (2) Matters relating to environmental conservation
- (3) Matters relating to the promotion of the Shiga and Lake Biwa brand
- (4) Matters relating to the promotion of tourism
- (5) Matters relating to the promotion and development of industries within the prefecture
- (6) Matters relating to supporting disabled people
- (7) Matters relating to supporting the active participation of women in the workplace
- (8) Other matters relating to the revitalization of the region and the improvement of service to residents



KOKUYO Product Shiga's original product sales corner at the KOKUYO Haku 2015 held in Tokyo



Tying the environment, welfare, and the community together 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 cardboard boxes to deliver photocopier paper for daily use to approximately 150 cooperative workshops within Shiga Prefecture where 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 entirely in the local community is in place. The Eco-Lab Heart Shiga initiative is highly regarded in terms of uniqueness, sustainability and development and it won the grand prize of the "13th Green Purchasing Award" in 2011. With the increase in participating corporations and organizations, not only is there a reduction in rubbish, incomes of the disabled people working in the workshops can also be improved through delivery of photocopier paper, other eco products and products made in the workshops. To companies and organizations with offices in Shiga Prefecture, would you like to participate in the original CSR activities of Shiga Prefecture, the advanced prefecture in terms of environment and welfare?



Delivery using a plastic box instead of a cardboard box



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 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

* Relevant information: [「UNIVERSAL DESIGN」](#)



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 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 2015 in collaboration with the local government. On October 19, fifty 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 2015, 91 employees donated blood on two different occasions when the Japanese Red Cross Osaka Blood Center visited the company.

We came in second in the ISU-1 Grand Prix!

The ISU-1 Grand Prix is a two-hour endurance race where competitors consisting of three-person teams treat office chairs like vehicles. As a street revitalization event that gets both participants and spectators excited, the event gains popularity every year. The KOKUYO Group actively participates in the ISU-1 Grand Prix held across Japan as part of our effort to help rejuvenate local communities. The KOKUYO Furniture team participated in the Kyoto Grand Prix, which was held as a World Tournament (in Kyotanabe City, Kyoto) from 2015 on March 28, 2015 and came in at an impressive 2nd after 125 rounds, just 2 rounds short of the winning team. The teams from the Group companies also did well in the Okayama tournament (May 9, Kurashiki City, Okayama Prefecture), East Japan tournament (July 19m Shinjo City, Yamagata Prefecture), Fukuyama tournament (September 5, Fukuyama City, Hiroshima Prefecture) , Chitose tournament (September 13, Chitose City, Hokkaido) , and the Matsue tournament (October 10, Matsue City, Shimane Prefecture).



Participants competing in the ISU-1 Grand Prix

The Job Study Initiative

The Job Study program was created in 2005 to address the early departure issue of newly hired college graduates and to provide an opportunity for corporations and students to come together. KOKUYO played a central role in launching the Job Study, being 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 human resources personnel from leading companies in various industries. They meet to discuss what kind of seminar is truly useful for students and use the results to organize a seminar themselves. When it was first launched in 2005, the issue of early departure for newly hired college graduates, where 30% leave their employment within three years, was a major issue. To address this issue and 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 2015, due to changes in employment schedules, there were issues in holding the collaborative internships jointly offered by companies participating in the Job Study Program that have been organized annually in previous years. However, the Job Study Collaboration (Kansai/Kanto) was held. It 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."



A picture taken at the Job Study Collaboration (Kansai/Kanto)



The twelfth year of the Job Study Program is a year of reform

As of the end of 2015, the Job Study Program had amassed an eleven years 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 by 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

To increase the value Job Study can provide

Continuing from 2015, there will be more schedule changes in 2016. I feel that the number of new challenges facing students, corporations and universities have increased. Precisely because of this, I believe that it will be great if Job Study, which is planned and managed by fellow HR professionals, can match this change and create a place where the issues faced by all 3 parties can be resolved. 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
Personnel Department, Corporate
Administrations

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 4.8 million children participated in the year 2011. In 2014, with the active use of social media, students outside of India also participated, leading to a significant increase in participants. In 2015, the number of participants reached 6.48 million, of which more than 400,000 were participants from overseas. The final judging was held in April and individual awards and the Grand Prize Award for schools were given out. The Grand Prize is an award where the schools of the first prize winners will receive grant of Rs 50,000/- for the improvement of the art infrastructure in the school and the renovation and purchase of equipment. This initiative is a first step towards the provision of a complete environment for children to learn about art and through this initiative, we hope that children at the schools that won the awards will find this contest to be within their reach.



A famous Bollywood actor, Mr. Om Puri, giving the award to the national contest winner

Camel Art Foundation

Camel Art Foundation (CAF), the philanthropic wing of KOKUYO Camlin Limited set up in 1997, has contributed to the growth of art and culture in India through a spectrum of activities such as the art shows held every year in various regions to evaluate works of young student and professional artists. These activities aim to promote art activities and provide a platform to nurture budding artists, as well as help professional artists gain popularity by holding exhibitions and thus raising the bar for India's art scene. Originally a regional contest, the Camlin Art Foundation Contest changed its system to become a higher-level nationwide contest from 2015. In addition, the contest started a system that enables online applications. In 2015, there were more than 6,000 submitted entries. Entries are categorized into works by students who are learning art and professional artists, and then sorted according to the art mediums - Oil, Water, Crayon, etc. Participation is free and anyone who is over 18 years old can participate. Entries that pass the judging will not only get the chance to be exhibited, cash awards are also presented to artists of award-winning works, with professional artists receiving Rs. 1 lac (approximately 170,000 yen) and students learning art receiving Rs. 50,000 (around 85,000 yen). In addition, award winners are invited to art study tours in India and abroad. The Camel Art Foundation will continue to evolve and encompass not only young and unrecognized talent but also patrons and professionals in the art arena, truly painting India's tomorrow



Commemorative photo of participating artists and KOKUYO Camlin's executives



Professional artists and art students working alongside to create art according to the theme



Challenge to draw on the World's Longest Canvas broke the Guinness Record

KOKUYO Camlin held the "Camel Art Day" on April 15, 2015 to coincide with the "World Art Day*1" during which an event was held to challenge the Guinness World Record for the longest canvas to be painted. 3,500 children from various schools that are part of the IES (Indian Education Society)*2 drew their thoughts on the theme of "Swacch Bharat - Clean India" as advocated by Prime Minister Modi on a canvas that is 7.5km long, and longer than the previous world record. After the event ended, judging by the Guinness World Records confirmed that the record had been broken. KOKUYO Camlin will continue to bring joy and happiness to children through art.

* 1 IAA (International Association of Art) designated April 15 as World Art Day to commemorate Leonardo Da Vinci's birthday

* 2 An Indian education institution established in 1912. It manages more than 60 schools under its umbrella.



A large number of children happily working on the world's longest canvas to break the Guinness Record



Mr. Subhash Dandekar, Chairman Emeritus of KOKUYO Camlin, joining in to draw



Camlin Art & Craft Studio opened in KidZania Mumbai

KidZania, a job-experience based theme park for children that is also well known in Japan, is expanding internationally. There is one in India in RCity, a popular shopping mall in Mumbai. KOKUYO Camlin became the official sponsor for this KidZania in 2015 and opened the Camlin Art & Craft Studio where children can develop their creativity through art. In the opening event on June 13, children enjoyed themselves, participating in creative activities using the crayons, colour pencils, markers and paints that are KOKUYO Camlin's flagship products to create an original mask. At the start, the children who participated were a little nervous but under the leadership of the art teacher, they used their favourite type and colour of writing instruments and had fun making masks to their heart's content. With the Camlin Art & Craft Studio as a base, KOKUYO Camlin strives to convey the brand message "Let's have fun".



Opening signboard



Commemorative photo of the welcome event



Environmental Conservation Activities

Scheduled to coincide with the World Environmental Day, KOKUYO Camlin holds a tree planting event together with children on June 5 every year. In 2015, the tree planting event was held at 6 factories across India. In addition, in the Pithoragarh district of Northern India, with the cooperation of the army and children, 100,000 trees were planted in 20 minutes, setting a new Limca Book record (Indian version of Guinness Book of Records).



Carrying out the campaign online



Participants of the event

Initiatives 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 initiatives focusing on 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.

The Grassroots Gratuitous Cooperation is an activity aimed at creating opportunities and the environment where children in China's disadvantaged areas can receive the same education that children in cities receive. 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 2015, 84,820 notebooks were donated to 150 schools. Since the start of these activities in 2006, KOKUYO has donated more than 530,000 notebooks to this cause in the last nine years.



Children receiving Campus Notebooks from their teacher



Village teachers invited to Shanghai

On August 1, 2015, KOKUYO (Shanghai) Management participated in the "Developing Village Teachers" program co-sponsored by institutions like the Cui Yongyuan Foundation and the East China Normal University. Principal Wu Ji Yun and teacher Mr. Wu Lu Lan from the Tong Guan Primary School in the town of Yandong in Liping County, Guizhou province were invited to Shanghai for a day and showed around the city. They visited the children's library in the Pudong area and strolled along the Bund.

They also toured a stationery shop that sells KOKUYO's stationery and the flagship showroom of KOKUYO Furniture (China). Both of them admired the dynamic cityscape and looked very interested in the learning environment of the city's children. In addition, they were very surprised and impressed by the focus on quality of KOKUYO's stationery and furniture. In the future, we hope to invite more teachers and students in rural areas to cities for such interactions.



Visiting the stationery shop



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

In October 2015, six employees from the Shanghai, Beijing and Shenzhen offices of KOKUYO (Shanghai) Management, KOKUYO Commerce (Shanghai) and KOKUYO Furniture (China) gathered together to visit Liufang Primary School in the town of Mingkou in Leping City, Jiangxi and interacted with the children. The children gave a warm welcome to the KOKUYO employees who visited from afar. The employees presented the school with picture books and sports equipment and conducted a lesson on environmental protection and foreign culture. In addition, together with the children they created original notebooks on which they affixed their own photographs and drew their future dreams. The employees had a very intense and meaningful time at the school.



At the presentation ceremony



"My dream" the children had wonderful dreams of wanting to be teachers, chefs, etc.



The employees managed to see many joyful faces of the children.

Initiatives in Vietnam

In Vietnam, KOKUYO Vietnam Trading cooperates with other Japanese corporations and universities to conduct activities to support youth learning.



Study Abroad Support Campaign by Campus X ANA X Universities

In 2015, KOKUYO Vietnam Trading partnered with ANA (All Nippon Airways Co., Ltd) and 4 universities in Japan (Nagoya University, Sophia University, Kansai University and Ritsumeikan Asia Pacific University) to hold a Study Abroad in Japan Support Campaign.

Many talented young people in Vietnam who have the potential to be future leaders aim to study abroad in overseas universities. However, compared to the number of students wishing to go to Europe and America, there are not many students wanting to go to Japan to study. One of the main reasons for this is the limitations to information collecting as the only way to get information on studying in Japan is the once-a-year Study Abroad Fair and the universities' homepages. Japanese universities, on the other hand, face the issue of not being unable to find a good way to reach out to talented students in Vietnam even though they would like to do so. As such, KOKUYO which wishes to be known as the company that supports learning in Vietnamese youth, ANA which wishes to increase awareness of the company in students studying abroad with the hope of students using them frequently in future, and the 4 above-mentioned universities that would like to have talented students from Vietnam joint forces to convey the attractiveness of Japanese universities to Vietnamese high school students and held a promotion to create opportunities for them to aspire to study in Japan.



Visiting the KOKUYO showroom in Tokyo



At a social gathering

KOKUYO has been selling Campus Notebooks in Vietnam since 2010 and the notebooks are used by many students. In the capital Hanoi, Campus Notebooks has a large market share and achieved more than 90% awareness in a brand awareness survey. During the study abroad campaign, introductory articles regarding the four universities and ANA were printed on the insides of the cover of Campus Notebooks which are used by students daily to increase students' awareness. Furthermore, a free 1-week Japan tour was held in conjunction with sales of this notebook. 20 high school students with excellent results who wish to study in Japan were selected and invited to visit the 4 university campuses and experience a mock student life.

The selected high school students visited Japan between July 12 and 18. They visited the campuses of all four universities, and deepened their understanding of the universities through campus tours and mock lectures, as well as interacted with many people including current Vietnamese and Japanese students at the universities. During their stay, they managed to experience real life as a student in Japan where possible, in the form of using used public transport, eating at the school cafeteria and staying in a student dormitory. After returning to Vietnam, the comments heard from participants included the following: "I managed to learn more about Japan and make a lot of discoveries." "I'd definitely like to return to Japan to study" KOKUYO is actively working to promote activities that links Vietnamese youth to Japan.

With the Global Environment

KOKUYO recognizes that solutions to global environmental issues such as global warming and deforestation are urgently required. All our employees are putting their heads together in search for solutions to these problems. Furthermore, we have introduced an environment management system throughout our entire company in order to work in solidarity.

Environmental Management **P79**

Global Warming Preventive Measures **P83**

Resource-saving and Recycling Measures **P86**

Compliance with the law and the prevention of pollution **P88**

Developing Environmentally-friendly Products and Services **P89**

Biodiversity/Promoting Environmental Communications **P92**

Third-Party Verification Report **P97**

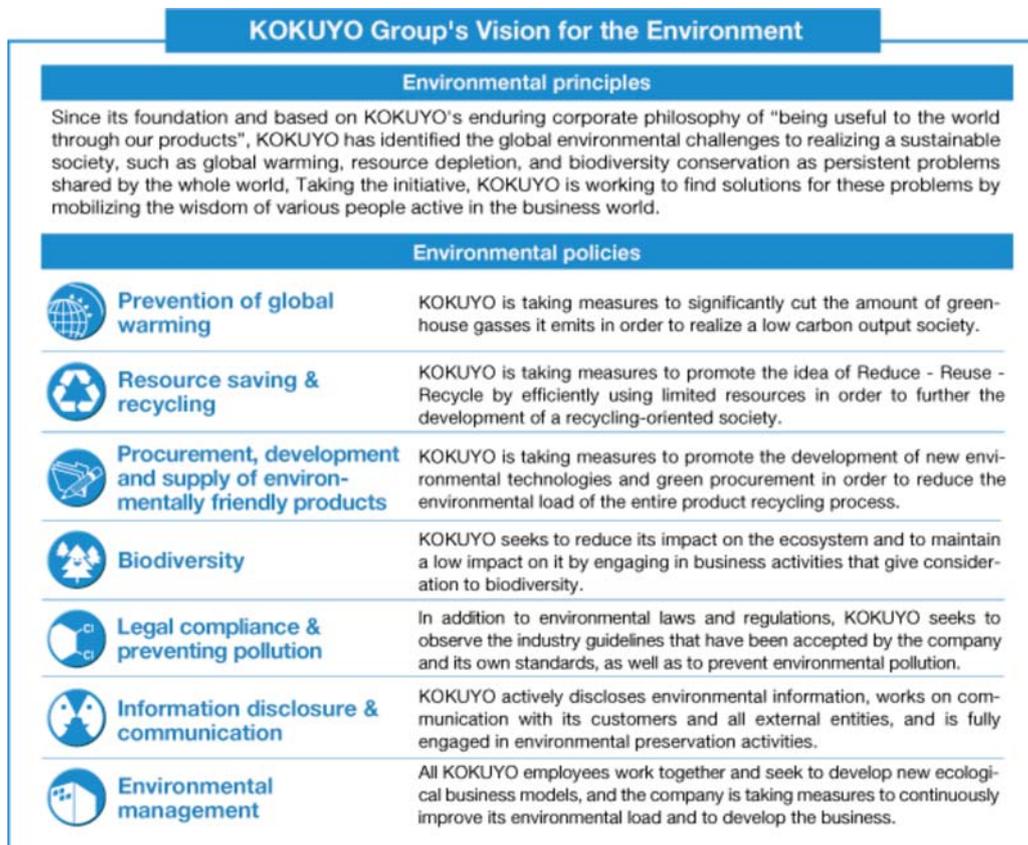


Environmental Management

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

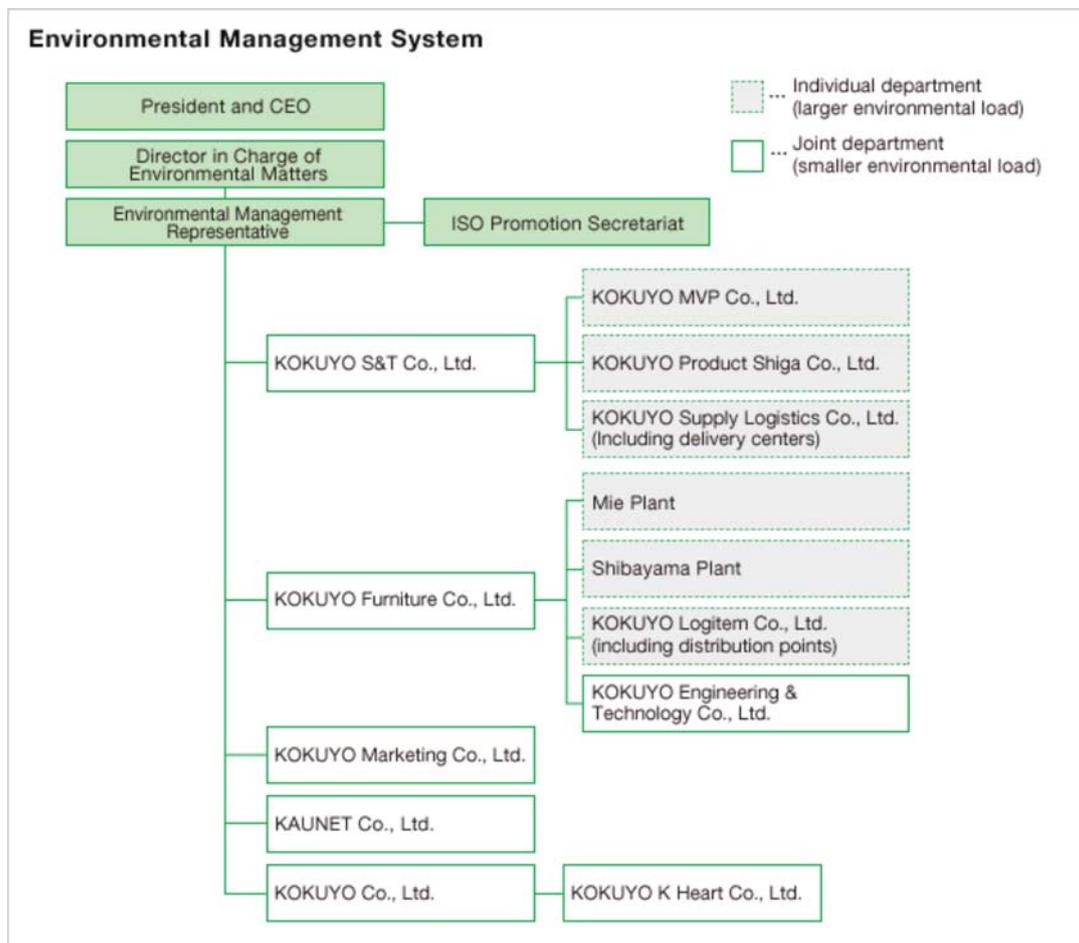
Medium- to long-term environmental action plan (fiscal year 2020)

Environmental policy	Measures		Fiscal 2015 performance	Fiscal 2020 goals
Prevention of global warming	Prevention of global warming	Cut CO ₂ emissions (vs. FY 1990)	Reduced by 8.1% (in Japan)	Reduce by 30% (in Japan)
	Energy conservation	Cut energy consumption (vs. FY 2010) * average 1% reduction per year	Reduced by 13.7% (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)	94.9%	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 2015, primary audits were conducted between July 1 and 31, secondary audits were conducted between August 1 and 27, and third-party inspection was carried out between November 27 and December 4.

Internal audits

FY in which conducted	2014	2015
Sites subject to monitoring	69	72
Primary audits	54	57
Secondary audits	15	15
Matters cited	40	53
Minor points of nonconformity	9	6
Corrections	31	47

Third-party inspection (ISO 14001)

FY in which conducted	2014 (periodic)	2015 (updating)
Sites subject to examination	19	29
Matters cited for improvement		
Minor points of nonconformity	0	0
Improvement opportunities	23	31
Strong points	0	0
Good points	7	8

Global Warming Preventive Measures

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

2015 Goals (Reporting scope A)	2015 Actual Achievements (Reporting scope A)	Evaluation
Year-on-year change in CO ₂ emissions excluding impact on productions: ↑2.0% (Total volume: +0.2%)	Year-on-year change in CO ₂ emissions excluding impact on productions: ↑4.6% (Total volume: ↑3.1%) 25,945t-CO ₂ <fixation of electricity emission factors:0.378kg-CO ₂ /kWh> 33,172t-CO ₂ <emission factor by electric power company and by country>	Accomplished
Energy consumed: year-on-year change in unit energy consumption of ↑1.8%	Energy consumed: year-on-year change in unit energy consumption (per unit of sales) of ↑5.3%	Accomplished

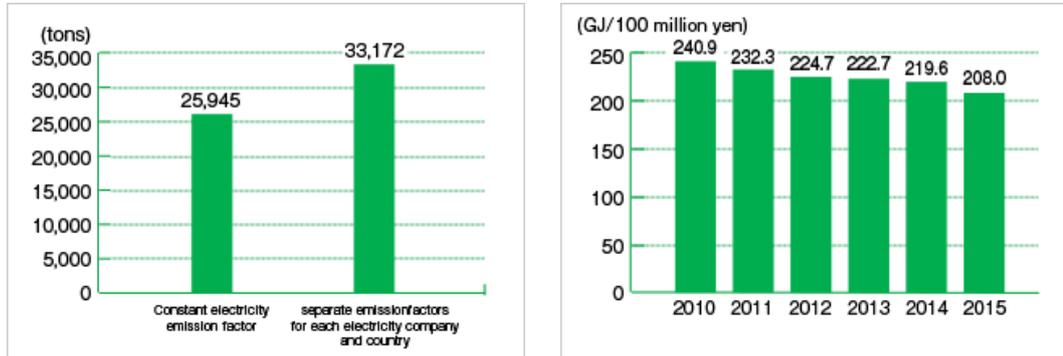
Summary for 2015

If calculated for the existing scope of operations using the electricity emissions factor of 0.378 kg-CO₂/kWh (which is the overall power average in 2000 as reported by the Federation of Electric Power Companies), the KOKUYO Group's CO₂ emissions in 2015 totaled 25,945 tons, 319 tons (1.2%) less than in the previous year. Based on estimates, there were emission reductions of 1,350 tons due to operational improvements and 220 tons due to equipment improvements. Manufacturing operations and the closing and consolidating of facilities raised emissions by 820 tons. As a result, there was an effective reduction in CO₂ emissions of 1,570 tons from a combination of operational and equipment improvements. Consequently, excluding the impact of production activities, emissions were down 4.6% from the previous year to allow us to meet our goal of a 2.0% reduction.

Looking at sources of CO₂ emissions, there was an increase of 680 tons at factories due to an increase in production. However, as there was a decrease of 1,190 tons due to higher manufacturing efficiency and other improvements, factories recorded a net decrease in emissions of about 510 tons. For distribution activities, although emissions increased by 170 tons because of a higher volume of operations, there was a reduction of 180 tons due to heightened measures to conserve electricity and other energy use, resulting in a net decrease in emissions of 10 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 2015, our unit energy consumption was 5.3% less than in the previous year.

Comparison of cases with a fixed electricity emission factor and cases with separate emission factors for each electricity company and country

If the 2012 emission coefficients for each of the various countries on the greenhouse gas (GHG) protocol website made public by the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI) are adopted as the figures for the CO₂ emission coefficients and added to the Japanese CO₂ emission coefficients based on the Act Concerning the Promotion of Global Warming Countermeasures (for 2015, actual emission coefficients for each electricity company for 2013 and 2014), then the total rises by 7,227 tons to 33,172 tons.



Scope of Reporting

While 16 companies were included in the scope of CO₂ emission reporting (reporting scope A *1) until 2011, all consolidated subsidiaries came to be included in the scope of reporting starting in 2012 (for 2015, 31 companies; reporting scope B *2). As a result, CO₂ emissions totaled 43,890 tons (including 1,656 tons at non-consolidated sales companies). The changes to the emission coefficient and the extension of CO₂ emission reporting to the supply chain have resulted in significant changes for the KOKUYO Group. Consequently, we believe that the medium-term goals for emissions will have to be reexamined.

*1: A: KOKUYO Co., Ltd., 12 consolidated subsidiaries, and 3 affiliated companies

*2: B: KOKUYO Co., Ltd., 20 consolidated subsidiaries, and 10 affiliated companies (KOKUYO S&T and KOKUYO Furniture were integrated with KOKUYO Co., Ltd. in October 2015)

* Relevant information: "[Changes in CO₂ emissions](#)"

Measures for the prevention of global warming in our plants

A reduction of 970 tons in CO₂ 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 220 tons in CO₂ emissions was achieved by embracing energy-saving equipment, including switching from LPG to LNG, adapting systems to enable the installation of inverters, and switching to LED lights. While an increase in production resulted in an increase in CO₂ emissions of 680 tons on a year-on-year basis, there was a net reduction of 510 tons in CO₂ emissions (reduction of 60 tons domestically and a reduction of 450 tons overseas) resulting from a reduction of 1,190 tons attributed to the above operational improvements and equipment improvements.



Solar panels installed at Shiga factory

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 10 tons in CO₂ emissions compared to the preceding year. A reduction of 170 tons in CO₂ 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 10 tons in CO₂ 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 CO₂ emissions increased by 170 tons due to an increased rate of operations in 2015, a net reduction of 10 tons in CO₂ emissions was achieved by way of a reduction of 180 tons due to operational improvements and equipment improvements.



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



Measures for the prevention of global warming in Offices

Offices lowered CO₂ emissions by 230 tons over the previous 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 activities that encourage 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 10% compared to the previous year, which represents a reduction in CO₂ emissions of 170 tons. In 2015, the cool biz and warm biz campaigns were combined into a smart biz campaign that was in effect all year long.



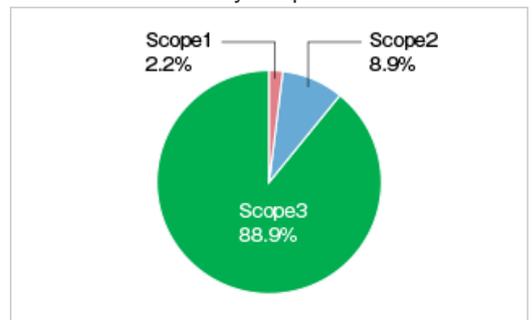
Solar panels installed at the new wing of our Osaka office



Ascertaining GHG emission volumes for the entire supply chain

In recent years, a movement to engage in carbon disclosure projects (CDP) and to 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 momentum. While the KOKUYO Group has also engaged in such actions in certain areas such as shipping, actions started to be taken 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 year 2015 was 395,611 tons of CO₂. 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, this percentage figure is expected to rise. Given that there are also problems in other categories, improvements will be made from 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 2015 (Report Target)	2015 Performance	Evaluation
<ul style="list-style-type: none"> • Enhancement of the recycling rate against the total amount of waste • Improvement of the accuracy of waste data • Thorough management of industrial waste treatment contractors 	<ul style="list-style-type: none"> • Recycling rate: 96.8% (offices) • Grasping of waste amount and recycling rate • Thorough response to notifications of difficulty in providing the waste disposal service 	○

Summary for 2015

Improving the accuracy of data on waste materials

The volume of waste materials generated by KOKUYO Group business offices in 2015 including all consolidated subsidiaries was 19,512 tons (including 256 tons at non-consolidated sales companies). This was an increase of 90 tons. Of this amount, the increase in production at overseas factories led to an increase of approximately 70 tons. While production rose by 5.5%, we managed to limit the increase in the volume of waste materials generated to 3.5% thanks in part to improved yield. However, the third party verification pointed out modifications to the waste data at KOKUYO Vietnam. As such, the recycling rate in 2015 was 96.8%, a decrease of 1.2% compared to the previous year.

Measures taken at the factory

The recycling rate in factories in 2015 was 95.2%. The KOKUYO Group has already achieved zero emissions in relation to industrial waste materials from our own factories in Japan. The recycling rate for overseas factories in 2015 was 82.4%. We are working to limit the discharge of waste materials and to increase recycling, while considering the different circumstances relating to recycling in each country.

Measures taken by the logistics division

The recycling rate in 2015 for the logistics division was 98.6%. Cardboard, wooden pallets and other packaging materials used for packing products in the logistics process are repaired and re-used. In 2015, 106 tons of cardboard and wooden pallets were re-used. We strive to continue making efficient use of resources.

Treatment of waste materials at construction sites

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 year 2015, 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 4,900 tons of waste materials on construction sites with a recycling rate of approximately 85%. Waste materials generated on construction sites are not homogenous, thus 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% for the rate at which

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 2015, KOKUYO Logitem collected 1,400 tons of office desks and chairs and other used products. 30 tons were reused and 730 tons were dismantled and sorted for recycling.



A desk being dismantled and sorted for recycling/p>

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 industry guidelines to which we have subscribed and our own standards.

Summary of 2015

31 environmental laws and regulations are applicable to the KOKUYO Group within Japan. In response to the amendments to the CFC emissions law in 2015, we conducted regular inspections thoroughly. In addition, we thorough looked into waste material management again. Although we found offices with some deficiencies in their contracts, manifests and storage conditions, we dealt with them promptly. In KOKUYO Product Shiga, we underwent an on-site inspection by Shiga Prefecture under the Water Pollution Control Law. Although issues relating to reports on the special facilities were identified, we took steps to respond to it promptly. Apart from these, there were no major offenses.

Soil survey of the West Wing of the Osaka Office

With the West Wing of the KOKUYO Osaka Office (previous Osaka showroom) relocating to the Umeda showroom, we voluntarily conducted a soil pollution survey in order to do a usability analysis. The soil pollution survey was conducted on the first and second types of specified hazardous substances and the PCB of the third specified hazardous substance regulated under the Soil Contamination Countermeasures Act. The results showed that fluorine and its compounds as well as lead and its compounds were detected. At present, the land is covered with buildings and concrete so there is no risk of the harmful substances being scattered or penetrating underground. When buildings are taken down in future, we will handle it appropriately.



Soil pollution survey

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 in which warnings for usage and references to related laws and regulations are included in order to enable required information to be checked when needed. 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 in order to reduce the environmental load over the entire life cycle of its products.

Fiscal 2015 Goals	Fiscal 2015 Actual achievements	Assessment
Maintain zero <i>eco-batsu</i>	Zero was maintained	Accomplished

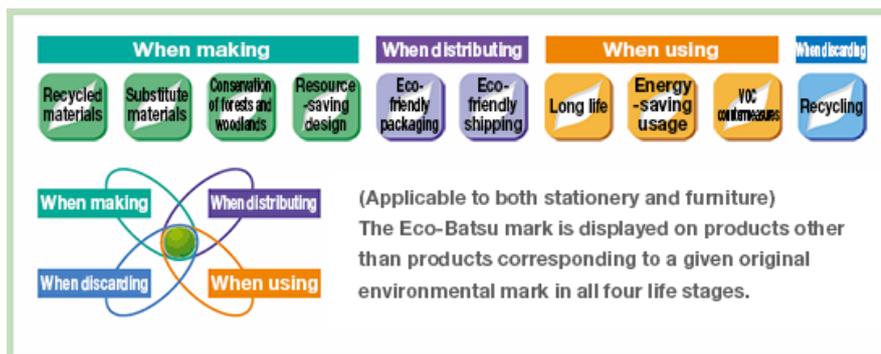
2015 Activities

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 stage 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 then. We strive to continue to ensure that none can be found in the 2016 General Catalog.

Improving verifications

Verification of conformity to standards has been more thoroughly undertaken since 2012. As a result, we found that some of our products do not conform to the Electrical Appliance and Material Safety Law and discovered that there were also products with erroneous notation of the Eco Mark. We reported these errors promptly to the relevant authorities and took corrective action. 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.

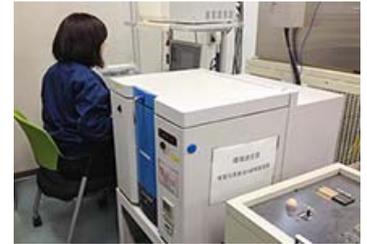


Eco-Batsu mark



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 and in 2015, we carried out research based on the substance list in sequence, starting from highest-priority 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 conserve the environment found in forests and woodlands appropriately 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, Kaunet and KOKUYO Product Shiga have obtained FSC® and COC certification and are selling copier paper, notebooks, and other FSC-certified products.



Printer paper



Reeds-based photocopy paper



FUBI UU chair



Protocol counters made with timber from forest thinning

Protocol counters were made 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 that strength will not be affected by wood quality

By using a steel frame, the strength of the counters is guaranteed and thus any changes to layouts can be accommodated. The top board takes into account the ease of use and is selected from timber from forest thinning and melamine board.

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



From the visitors' side of the counter

From staff members' side of the counter

Example of Use
(New Government Office in Shiwa-cho, Shiwa-gun, Iwate Prefecture)



In March 2015, protocol counters were delivered to a new government office in Shiwa-cho, Shiwa-gun, Iwate Prefecture. This new office is the largest large-scale wooden structure in Japan that uses larch from Shiwa. KOKUYO Tohoku Sales provided a complete service which included suggesting layouts, selecting products and supplying products from the reception counters to furniture for the assembly hall. The protocol counters recommended for the reception counters also used larch from Shiwa, and evokes a sense of an entrance filled with wood. KOKUYO normally recommends Hinoki if coniferous trees are used. However, KOKUYO took on the challenge and made the protocol counter with larch for the first time through steps that included applying a sealer onto the surface of the top board to stop tar, one of the characteristics of larch. KOKUYO Group responded to the local government's request to use local wood, while fully utilizing its knowledge on timber from forest thinning grown around the country and its universal design know-how to produce and deliver products that are environmentally friendly, functional, and easy to use for all visitors to the office.

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 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 while taking into consideration the legality, transparency, and sustainability of the Group's procurement of materials.

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.

Use of Domestic and Local Materials

Forests, which accounts for approximately 67% of Japan's land area, play a role in retaining water (usually referred to as soil and sand outflow prevention and watershed protection) and in absorbing CO₂, etc. Forests are also renewable resources, and 40% of which are man-made. However, many of the man-made forests are unable to make the most of the above-mentioned multiple functions that forests offer as maintenance such as thinning is done too late. KOKUYO worked to develop furniture from timber from thinning since 1998 and starting selling them from 2000. We believe that we can increase the demand for new timber through the active use of domestic timber (timber from thinning) and support the realization of a sustainable society where we live in harmony with forests.



BS+ desk system

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 endeavor 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.

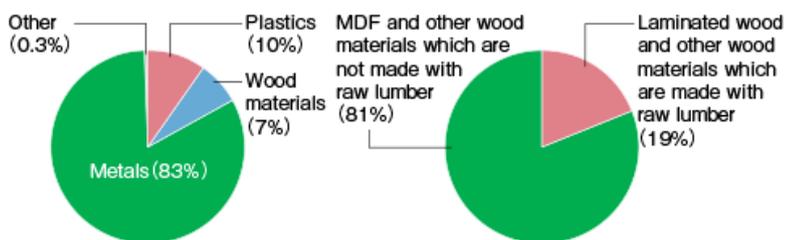
**Won the Award of Excellence at the 19th
Environmental Communication Awards**

KOKUYO Group CSR Report 2015 won the Award of excellence at the 19th Environmental Communication Awards hosted by the Ministry of the Environment and the Global Environmental Forum. The KOKUYO Group received the Merit Award at the 6th, 7th and 13th Awards, so this award would be 4th award from the Environmental Communication Award that the Group received.



Status of the use of wood materials

Approximately 4,700 tons of wood materials were used by KOKUYO Furniture in year 2015 to make products. This figure is equivalent to 7 percent of all materials used for production (excluding packaging). In breaking down these wood materials, 19 percent consists of solid wood, laminated wood, and other wood materials which are made with raw lumber while 81 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.



Study on the actual usage of wood

KOKUYO studies the tree species, amount used and the country/ regions of origin of the wood-based materials used in its furniture products every year. However, it is hard to determine the country of origin for commercial components and similar items. We will continue to work towards obtaining the information in order to use sustainable resources.

Tree Species	Shape of wood	Amount used (converted to m3)	Country/region of
Ayous	Wood veneer	3.4	Cameroon
Kapur	Solid wood	58.8	Malaysia, Indonesia
Oak	Solid wood	6.2	Russia
Beech	Solid wood	71.5	Germany, France, Croatia
Hinoki	Solid wood	2.9	Japan
Poplar	Solid wood	13.6	America, Canada
White Oak	Solid wood	0.8	America, Canada
Maple	Solid wood	0.1	Canada
Mempisang	Solid wood	5.3	Indonesia
Lauan	Laminated wood	660.2	Malaysia, Indonesia, Philippines, France

Rubberwood	Solid wood	63.8	Thailand, Malaysia
Others	Laminated wood	5.3	China
Total		892.0	

* Information from suppliers have been included. Wood materials such as MDF that do not use raw lumber as materials have been excluded.
 * Only tree species with specified country/region of origin are shown.

Yui-no-Mori Project

Beginning 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 10th year of operations in 2015.

Periodic 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 9th time in October 2015. 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. The most recent survey revealed a number of species similar to the previous year from 56 to 58 at one site and from 61 to 56 at the other site. In the herbaceous layer, the number of species confirmed at one site were 15 and 17. We learnt that the species of plants differ according to the condition of the under layer.



Vegetation survey being conducted

* Relevant information: [report by Shimanto High school students](#)

Tours for fully-fledged certified employees

Over 2 days on August 29 and 30, a Yui no Mori experience tour to commemorate employees' fully-fledged certification was held for employees in their 4th year at the company who had cleared certain requirements and taken their fully-fledged certification. Beginning in 2008, this was the 8th time the tour was held. Through various activities such as surveying the water quality of Shimanto, commemorative tree planting and gathering with the local Shimanto Forest Cooperative and the Shimanto High School, the tour aimed to improve employees' environmental awareness and increase their interest in KOKUYO's environmental activities.



Surveying water quality



Planting of chestnut trees



Presentation by Shimanto High School students

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 24 items

as of 2015. In order to promote understanding of its activities and increase the number of 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 received the FSC (Forest Stewardship Council)'s forest management certification since 2007 and on August 31 and on September 1, 2015 cleared their audit without any issues. It has approximately 5,500 hectares in terms of applicable area and to 1,300 hectares in terms of total thinned forest area in 2015. In addition, the company participated in the Collaborative Reforestation Project by Kōchi Prefecture since 2007 and received an absorption certificate for 6,717 tons of CO₂. As such, with the support of many people, the Yui-no-Mori has expanded and will hopefully continue expanding.



Kaunet's Yui no Mori Series seal storage for desk



Undergoing FSC Audit



Absorption certificate

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. Launched in November 2007 to promote the use of reeds and to make the state of the reeds widely known, the ReEDEN Project was in its 9th year in 2015. Activities have been steadily increasing 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 developed to date and its developmental 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. In addition, in an effort to create a market that contributes to the environment through the use of reeds, business cards made with 100 percent reed pulp, reed-based brush pens, and other high value-added products have been developed. Other efforts included the release of Lake Biwa stationery series as locally made stationery with themes relating to Lake Biwa, Shiga tours and local specialties, and the joint development by Lake Biwa Museum in Shiga Prefecture and Campus Notes. A portion of sales is donated to a local environmental organization for activities dedicated to the conservation of reeds.

* Relevant information: "Reed Calligraphy pen recognized as one of The Wonder500"



ReEDEN series



Lake Biwa stationery



Fish of Shiga reed-based notebook

■ 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 116 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. The activity that was initially staffed by several KOKUYO Product Shiga employees has expanded significantly to one where members of local environmental groups and representatives of network members gather in the hundreds to participate in now. In addition, activities such as a fishing contest to remove external fishes from Lake Biwa and a "reed bed observation on canoe event" to observe the reed beds where they cut and take reeds from the surface of the lake are held. These activities shared along through network communications alongside topics relating to local environmental by specialists and introductions of environmental activities of member companies to increase camaraderie. We will continue to cherish such links and aim to engage in activities that increase environmental awareness in a way that is fun and enjoyable while getting the members' families involved.

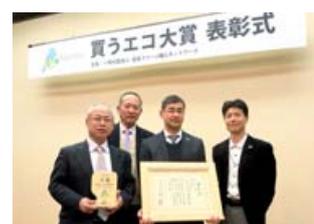


Cutting reeds with network members

Awarded the Grand Prize at the 1st Kaueco Grand Prix and received honourable mention at the 2014 company award for the development of environmentally aware people

(February 2015)

The Kaueco Grand Prix is a system to recognize products and services. Commissioned by the Shiga Prefecture, the Shiga Green Purchasing Network, which is a general incorporated association, gathers a wide range of environmentally-friendly products and services produced in Shiga Prefecture. Products and services selected by a screening board are then introduced on the website and media in the prefecture and the products and services that received huge support in popular vote are awarded.



(August 2015)

The company award for the development of environmentally aware people is held by the Ministry of Environment and Environmental Consortium for Leadership Development. It is a system to award companies that take excellent steps to develop and promote environmental talents to lead the environmental conservation and greening of the society and economy so as to achieve corporate operations that are in harmony with the global environment.

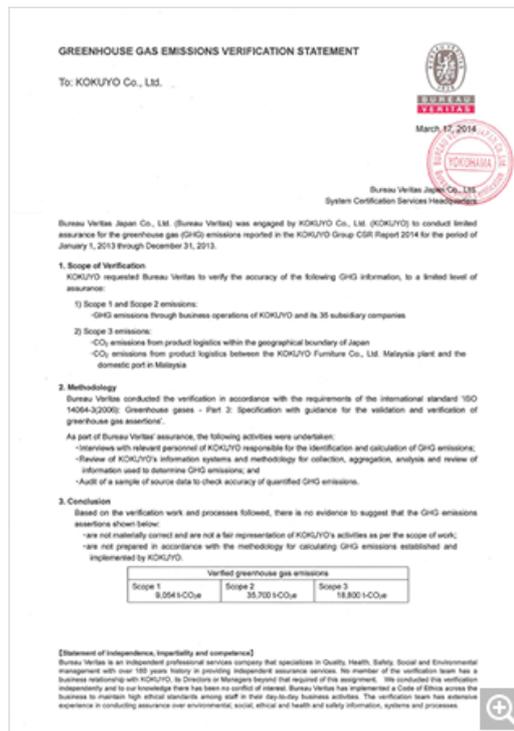
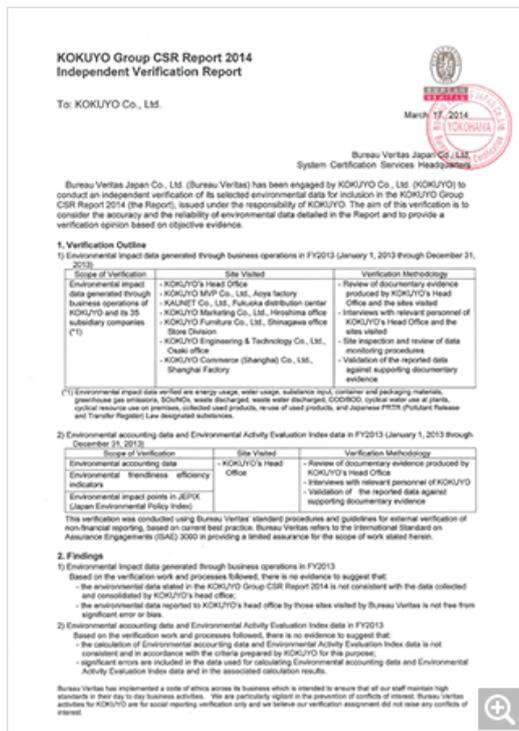


Third-Party Verification Report

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-one 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 four sites in Japan-KOKUYO Shiga Plant and Mie Plant (plant), KOKUYO Logitem Shinchiba DC (logistics), and North Kanto Sales head office (office) - and one overseas site-KOKUYO Vietnam (plant). This process yielded a number of matters that were pointed out: a total of 11 assessable points, 12 opportunities for amelioration, 33 requests for modifications, and 26 requests for clarification. The requests for modification and clarification were dealt with during the verification period. For the verification of scope 3 emissions, we received findings relating to the elaboration of data on the materials invested in manufacturing and improvement of data accuracy at KOKUYO factories overseas. Based on these matters that were pointed out to us, we endeavor to enhance the disclosure of information encompassing the entire supply chain and improve the precision of such information.



Shibayama Plant



Mie Plant/effluent treatment facility



Mie Plant

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	Page
Organizational governance	Issue 1: Organizational governance	<ul style="list-style-type: none"> • Top Message • Basic Concepts of CSR • KOKUYO CSR Charter • KOKUYO Group Code of Conduct • Anniversary month of KOKUYO's founding • Labor Practices/Safety and Health • Dialogue with Customers • Responsibilities to shareholders • Awards and Other Recognition Received from • Survey results for CSR Report 2015 • CSR Data: Governance
Human Rights	Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Issues relating to 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"> • Top Message • Basic Concepts of CSR • KOKUYO CSR Charter • KOKUYO Group Code of Conduct • Human Resource Development Program • Basic Framework for Diversity • Support for Active Participation of Diverse Human Resources • KOKUYO Group Basic Procurement Policy • Initiatives in China • Initiatives in India • Initiatives in Vietnam • CSR Data: Society
Labor practices	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human resource development and training in the workplace	<ul style="list-style-type: none"> • KOKUYO Group Code of Conduct • Human Resource Development Program • Personnel System • Basic Framework for Diversity • Achieving a Good Work/Life Balance • Support for Active Participation of Diverse Human Resources • Labor Practices/Safety and Health • Healthy Living and Mental Health • Communicating with Employees • CSR Data: Society

<p>Environment</p>	<p>Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection of the environment, biodiversity, and restoration of natural habitats</p>	<ul style="list-style-type: none"> • KOKUYO CSR Charter • KOKUYO Group Code of Conduct • KOKUYO Group Basic Procurement Policy • Initiatives in India • Environmental Management • Global Warming Preventive Measures • Resource-Saving and Recycling Measures • Compliance with Laws and Regulations and Preventing Pollution • Developing Environmentally Friendly Products and Services • Taking into Account Biodiversity and Promoting Environmental Communications • Third-Party Verification Reports • Environmental Performance Data • Reports by Business Site • Yui-no-Mori • Eco-Batsu Initiatives
<p>Fair business practices</p>	<p>Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights</p>	<ul style="list-style-type: none"> • Basic Concepts of CSR • KOKUYO CSR Charter • KOKUYO Group Code of Conduct • KOKUYO Group Basic Procurement Policy
<p>Consumer issues</p>	<p>Issue 1: Fair marketing, factual and unbiased information, and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption Issue 4: Consumer service and support and resolution of complaint Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness</p>	<ul style="list-style-type: none"> • KOKUYO CSR Charter • Views Regarding Quality Assurance at the Stationery business • Views Regarding Quality Assurance at the Furniture business • Kaunet's View on Quality • Customer Support and Services • A System for Utilizing Feedback from Customers • Dialogue with Customers • Eco-Batsu Initiatives • Survey results for CSR Report 2015
<p>Community involvement and development</p>	<p>Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investments</p>	<ul style="list-style-type: none"> • KOKUYO CSR Charter • KOKUYO Group Code of Conduct • KOKUYO Design Awards • Campus Art Award • The Future of Tohoku • Initiatives in China • Initiatives in India • Initiatives in Vietnam • Contribution Activities Deeply Rooted in Regional Communities • Taking into Account Biodiversity and Promoting

Awards and other recognition received from outside the KOKUYO Group

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

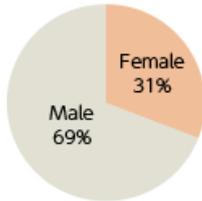
Company	Awards	Sponsor	Date
KOKUYO Camlin	Recognized as one of Asia's Most Promising Brands 2014 in the stationery category	World Consulting and Research Corporation	January 2015
KOKUYO Design Consultants (Shanghai) Co., Ltd.	Selected for the "Safe and secure construction companies" commendation	Shanghai Chang Ning District Government	January 2015
KOKUYO Product Shiga	Received the Grand Prize at the first Kaueco Grand Prix	Green Purchasing Network	March 2015
KOKUYO	Won the 24th Japanese Stationery of the Year Award for Excellence in the Design category	Reed Exhibitions Japan Ltd	July 2015
KOKUYO	Received the 9th Kids Design Award	NPO (certified by the Cabinet Office) Kids Design Association	August 2015
KOKUYO	Received 2015 Good Design Awards	Japan Institute of Design Promotion	September 2015
KOKUYO Product Shiga	Received honorable mention for the 2014 company award for the development of environmentally-aware people	Ministry of the Environment	September 2015
KOKUYO	Received an innovation award in the user category at the 9th ASPIC Cloud Award 2015	NPO ASP.SaaS-Cloud Consortium	October 2015

Survey Results of CSR Report 2015

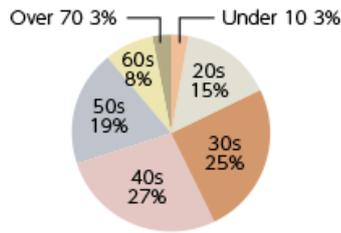
The KOKUYO Group conducted an online survey to gather feedback from a wide range of people from both within and outside of the company in order to improve on our activities and reports. In appreciation for everyone's cooperation, we hereby present the survey results for the CSR Report 2015.

Attribute of the respondents

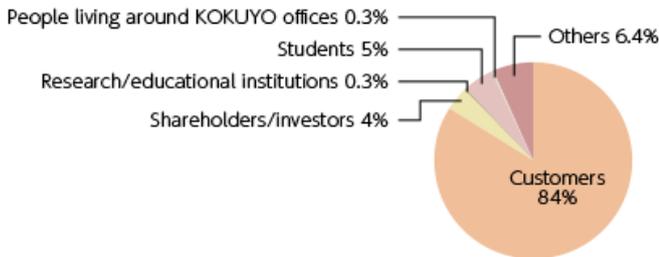
Gender



Age

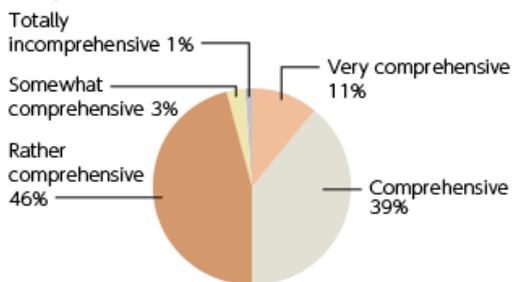


Standpoint

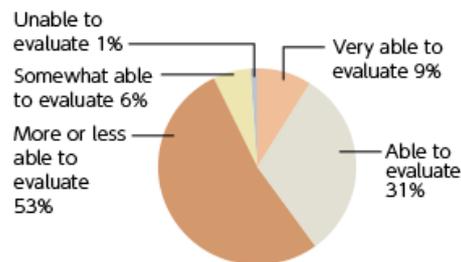


Survey results

Comprehensiveness of Content



Overall Evaluation of the CSR Initiatives



Opinions and thoughts of the KOKUYO Group

The KOKUYO Group received a lot of opinions and thoughts from everyone on our CSR initiatives. We strive to use them as a reference for our future initiatives, while sharing some of the representative comments we received here.

Messages of Support

Opinions and thoughts	The part on the pen case in "Casting Customers' Feedback into Shape" is great. (Male, 20s, customer)
	It is important for customer feedback to be linked directly to improvements in quality. (Female, 30s, employee)
Our comments	Thank you for your feedback. We introduced the example of the pen case NeoCritz in the previous fiscal year. This year, the example we presented of the product made in response to customers' feedback is the Hakadori Protective Film for tack index. The KOKUYO Group will continue to work to create value so as to resolve issues our customers face.
Opinions and thoughts	As paper is used very often of all stationeries, I think your service that considers the resources and environment is great. (Female, 40s, customer)
	I now understand the importance of forest thinning. I would like to find out more. (Male, 40s, customer)
Our comments	The KOKUYO Shimanto Yui-no-Mori project is in its 10th year in 2015 and the ReEDEN project is also in its 9th year. The KOKUYO Group recognizes the role forests play in global warming and biodiversity and is actively promoting environmental conservation activities.

Suggestions for improvement

Opinions and thoughts	It is difficult to find information on the online version. Wouldn't it be better to have PDF in easy-to-access locations? (Female, 30s, student)
Our comments	Thank you for pointing that out to us. We have renewed the layout of the online version this year. For easier access, we made improvements by using PDF download banners, links by categories, etc.
Opinions and thoughts	In addition to the PR to inform us of Yui-no-Mori activities (on other sites as well), I hope that you will promote activities that general users can participate in too. (Male, 40s, sole proprietor)
Our comments	Thank you for your valuable opinion. We will use it to improve our Yui-no-Mori activities. The KOKUYO Group is actively engaging in activities to revitalise the area and we have held various activities whereby general customers can participate in too. For example, KOKUYO Product Shiga Co., Ltd, the mother factory of Campus Notes, has started running factory tours for general customers since May 2014. From mid-July to November 2015, they also held a "1st anniversary special commemorative project" factory tour.

Editorial Policy

Every 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.co.jp/csr/>



Yui no Mori website

Shimanto River in Kochi Prefecture is considered Japan's last clear stream. Around its river basin lies a beautiful forest where leaves sway gently. The forest is called "Yui no Mori". With this forest as its stage, KOKUYO is taking steps to deal with global environmental issues.

<http://www.kokuyo.co.jp/csr/yui/>

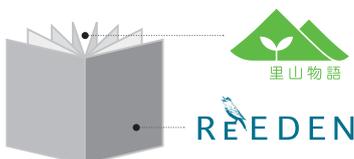


Digest Version

It offers a digest of the KOKUYO Group's activities in 2015. Detailed information can be found on the CSR and environmental management website.



This CSR Report is printed and bound by KOKUYO K Heart, a special subsidiary that promotes the employment of disabled persons.



A portion of the cost of paper used in this CSR report is donated to biological diversity conservation activities.

The cover page of this CSR Report uses paper with 30% reed pulp from the environmentally-friendly ReEDEN paper product series which uses reeds from Lake Biwa and Yodo River.

KOKUYO

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