

# KOKUYO

KOKUYO Group CSR Report 2017



❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	



## 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.

# Contents

● KOKUYO's CSR Charter .....	1
● Corporate Profile .....	3
● KOKUYO Group History.....	4
● Key Figures about KOKUYO.....	6
● KOKUYO's CSR.....	7
● Customers.....	28
● Regional Communities .....	43
● Environmental Conservation .....	52
● Corporate Activities .....	75
● Respect for Human Rights .....	88
● Third-Party Assessments .....	105

## Reporting Period

January 1, 2016 to December 31, 2016

## Publication Period

Report published: May 2017

Next report to be published: April 2018

Previous report published: June 2016

## 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

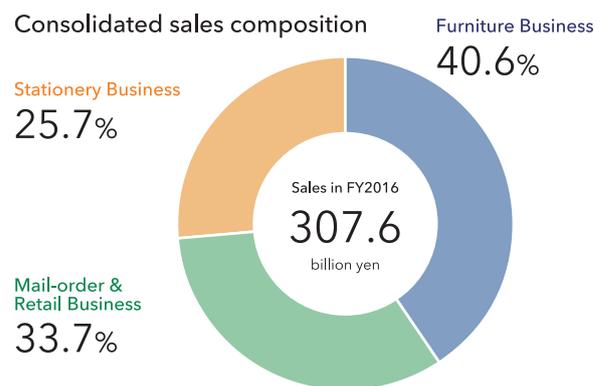
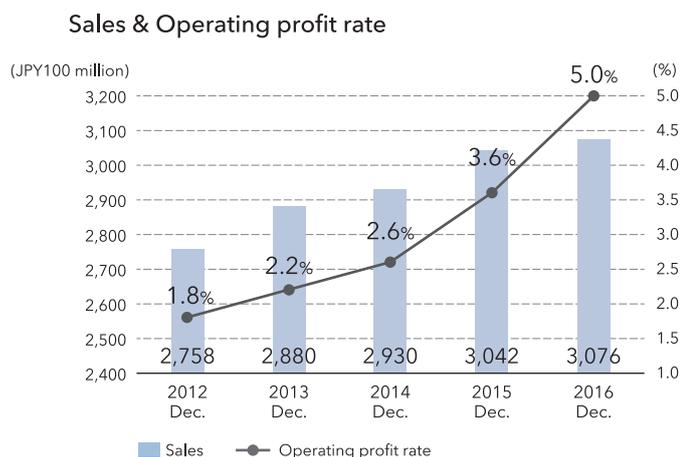
·GRI (Global Reporting Initiative) Sustainability Reporting Guidelines 4th Edition

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# Corporate Profile

Company name	KOKUYO Co., Ltd.
Head Office location	6-1-1 Oimazato-minami, Higashinari-ku, Osaka-shi, Osaka 537-8686 JAPAN
Telephone	+81-6-6976-1221 (main switchboard)
Number of employees	6,596 (Consolidated) / 1,999 (Non-consolidated) (as of the end of December 2016)
Stock listings	Tokyo Stock Exchange (First Section)
Capital	JPY 15.8 billion
Sales volume	JPY 307.6 billion (consolidated from January 1 to December 31, 2016)
Business description	Stationery manufacturing, purchasing, and sales; office furniture manufacturing, purchasing, and sales; space design and consultation; sales of store fixtures for retail business, etc.

## Financial data graphs



\* The sales ratios were calculated based on sales to external customers.

## Major Subsidiaries

### Within Japan

#### Stationery Business

- KOKUYO Product Shiga Co., Ltd.
- KOKUYO MVP Co., Ltd.
- KOKUYO Supply Logistics Co., Ltd.
- Iwami Paper Industry Co., Ltd.

#### Furniture Business

- KOKUYO Engineering & Technology Co., Ltd.
- KOKUYO Logitem Co., Ltd.
- Wilkhahn Japan Co., Ltd.
- CW Facility Solutions Inc.

#### Mail-order & Retail Business

- Kaunet Co., Ltd.
- Actus Co., Ltd.

#### Sales Subsidiaries

- KOKUYO Marketing Co., Ltd.
- KOKUYO Hokkaido Sales Co., Ltd.
- KOKUYO Tohoku Sales Co., Ltd.
- KOKUYO Kitakanto Sales Co., Ltd.
- KOKUYO Hokuriku-Niigata Sales Co., Ltd.
- KOKUYO Tokai Sales Co., Ltd.
- KOKUYO Sanyo-Shikoku Sales Co., Ltd.

#### Other Major Subsidiaries

- Postalsquare Co., Ltd.
- KOKUYO & Partners Co., Ltd.
- KOKUYO K Heart Co., Ltd.
- Heartland Co., Ltd.
- KOKUYO Showroom Service Co., Ltd.
- KOKUYO Finance Co., Ltd.

### Outside Japan

#### Stationery Business

- KOKUYO Vietnam Co., Ltd.
- KOKUYO Vietnam Trading Co., Ltd.
- KOKUYO Commerce (Shanghai) Co., Ltd.
- KOKUYO-IK (Thailand) Co., Ltd.
- KOKUYO Camlin Ltd.
- KOKUYO Riddhi Paper Products Pvt., Ltd.
- S&T Logistics (Shanghai) Co., Ltd.

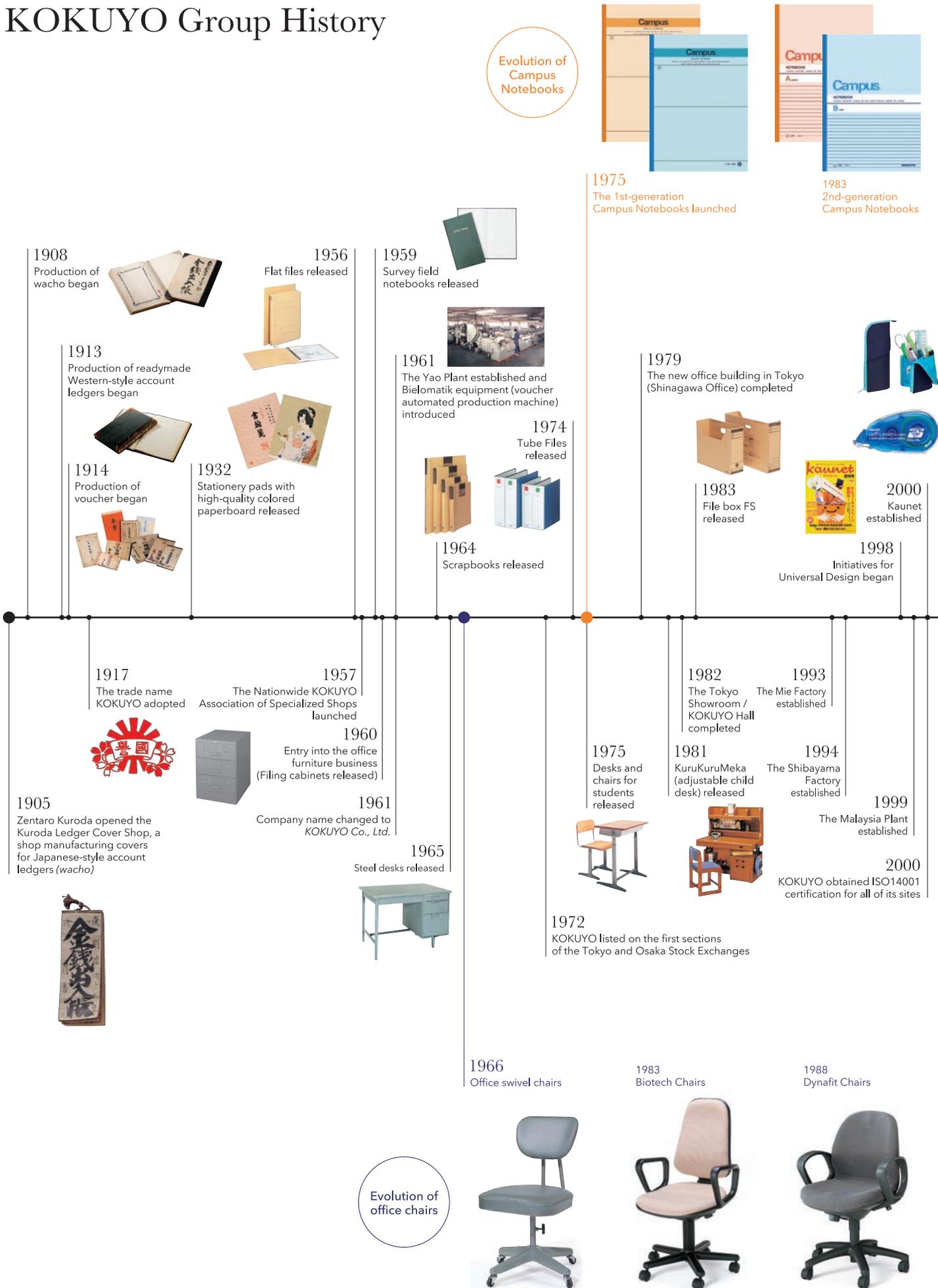
#### Furniture Business

- KOKUYO (Malaysia) Sdn. Bhd.
- KOKUYO Furniture (China) Co., Ltd.
- KOKUYO Design Consultants (Shanghai) Co., Ltd.
- KOKUYO International Asia Co., Ltd.
- KOKUYO International (Malaysia) Sdn. Bhd.
- KOKUYO International (Thailand) Co., Ltd.

#### Other Major Subsidiaries

- KOKUYO (Shanghai) Management Co., Ltd.

# KOKUYO Group History



## Evolution of the Live Office

Since the establishment of Japan's first Live Office in 1969, KOKUYO has always given shape to the next-generation office. *Worker-friendly spaces and easy-to-use furniture* created by our approach have been successfully adopted by many companies. KOKUYO is always at the edge exploring product development, innovative spatial layouts, and research into different work styles. As we lead the times, we only offer the best proposals for the latest office working styles and spaces.

### 1969 Japan's first Live Office

Japan's first Live Office is born. Our own KOKUYO designed office becomes a *live showroom* allowing visitors to see how our employees actually work using our products.



### 1980s Offices supporting communication

KOKUYO proposes an office style supporting more efficient daily operations and designed to meet the increasing needs for better communication.



### 1990s Large-scale free-address office

KOKUYO is one of the first to catch on to the evolution of devices, and implements the *free-address office* where employees share space and no longer need their own individual desk.



### 2000s Large-scale all-wireless LAN office

A wireless LAN system allows staff free movement anywhere inside the company. The practical use of IP mobile phones enables cost down.



### 2010s Offices supporting cloud work

By making the best use of evolving cloud support, better team communication is established. A new way of connection to outside the company is also created.



1991  
3rd-generation  
Campus Notebooks

2000  
4th-generation  
Campus Notebooks

2011  
5th-generation  
Campus Notebooks

2009  
Harinacs  
(staple-free stapler)  
released

2011  
KOKUYO Camlin established

2012  
Shanghai Notebook  
Plant established

2013  
Kaucore launched

2015  
Soft-ring® notebooks  
dot-filled borders released

2016  
In-house office bag  
Mobaco released

2006  
Neo Critz pen  
cases released

2005  
Dot Liner  
(glue tape)  
released

2008  
The Eco X-mark  
initiative began

2016  
interval (seat-table ensemble)  
released

2007  
Heartland  
established

2015  
Electric height-adjustable table series  
SEQUENCE released

2006  
The Yui-no-Mori  
Project began

2006  
KOKUYO invested in Actus Co., Ltd.

2005  
100th anniversary  
with the redesign of the company logo

2003  
KOKUYO K Heart established

2003  
Full-scale operations started in China

2002  
KOKUYO DESIGN AWARDS began



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❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

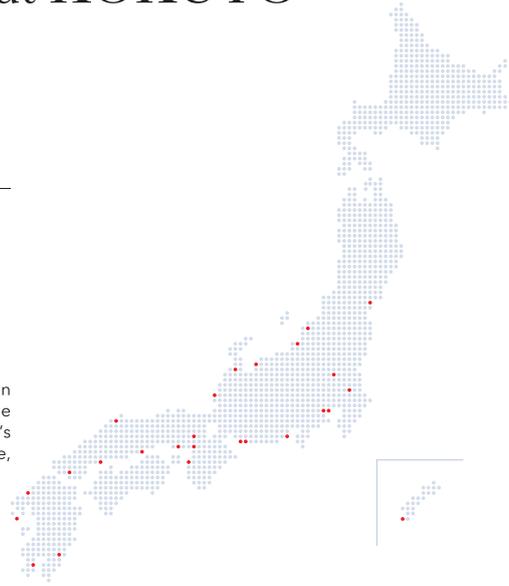
# Key Figures about KOKUYO

(As of the end of December 2016)

## Number of Live Office in Japan

**26**  
locations

The Live Office is KOKUYO's next-generation office, born to research and introduce the essence of productive office space. KOKUYO's employees are actually working in this office, and researching the latest *working styles*.



## Ratio of independent directors on the Board

**37.5%**

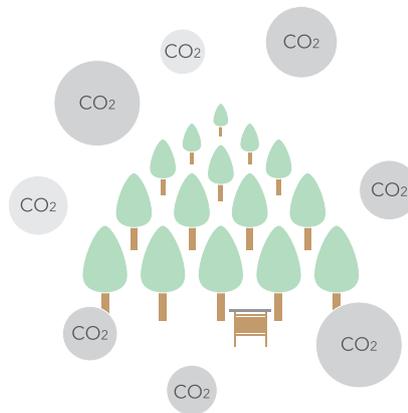


The Board is composed of eight Directors including three independent Directors. Since 2010, KOKUYO has been addressing corporate governance reform, and continually striving to improve transparency and the fairness of management.

## Grand total of CO<sub>2</sub> absorption by Yui no Mori

**36,460**  
tons

The KOKUYO Shimanto Yui-no-Mori Project promoted in the Shimanto River basin in Kochi Prefecture is regenerating a neglected man-made forest and revitalizing the local community protecting this woodland. The project now covers a total area of 5,425 ha, and the thinning area has been expanded to 1,416 ha; CO<sub>2</sub> absorption has now reached a total of 36,460 tons.



## Employment rate of physically challenged persons

**2.11%**

In 1940, the Head Office Factory started employing persons with hearing difficulties. Currently, aiming at *being an advanced model for new employment of physically challenged persons*, our specially designated subsidiaries (KOKUYO K Heart and Heartland) offer a range of job opportunities and diverse working styles in accordance with an employee's condition.



## Number of products

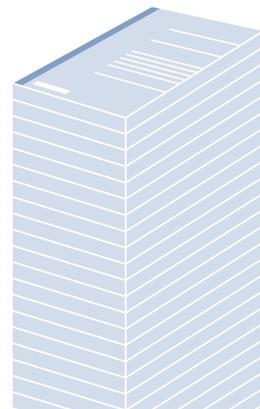
Stationery	Furniture
Over <b>10,000</b> items	Over <b>110,000</b> pieces

Since its foundation in 1905, for more than 110 years KOKUYO has planned and developed a multitude of products to improve our customers' creativity.

## Number of visitors to KOKUYO Fair 2017 (Total for Tokyo, Osaka & Nagoya)

Over  
**10,000**  
visitors

The concept of KOKUYO Fair 2017 was *WELL-LINK*. Based on KOKUYO's vision, visitors discovered new spaces and a range of ideal products helpful for improving worker creativity and corporate competitiveness.



## Annual domestic sales of Campus Notebooks

Over  
**100 million**  
notebooks

The year 2015 celebrated the 40th anniversary of the release of Campus Notebooks; Campus is No.1 in the industry with annual sales of more than 100 million.

\* The 100 million notebooks stacked up would equal 100 times the height of Mt. Fuji.

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## ■ KOKUYO's CSR

### Top Message

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.



#### ■ Into the second year of our medium-term management plan: "Self-reform focusing on value creation - Value Transformation 2018"

In 2015, KOKUYO rejuvenated its management system and 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 an "operating model reform" that realizes customer-oriented value creation and the "development of sustainable profitability" to enable medium- to long-term sustainable growth, while also promoting the medium-term management plan "Self-reform focusing on value creation - Value Transformation 2018", and in its first year (FY2016) we achieved 5 consecutive terms of yield increase and 7 consecutive terms of operating profit increase. Our aim now is to accelerate these two initiatives to further increase our market share and gross margin ratio, and to achieve medium- to long-term continuous growth.

#### ■ Pursuing "work style reform" that only KOKUYO can achieve

The societal issues surrounding life - such as Japan's low birth-rate and ageing population, changes in young people's values (work values), a focus on health management, and intensifying global competition - are becoming more diversified and complicated. Against this backdrop, both private and public sectors are promoting discussion and initiatives related to work style reforms. Companies need to strengthen their competitive power on the assumption that each worker chooses their place and time to work. The role of the office is now being questioned as an important device in achieving that. What are the work style reforms that can only be made by KOKUYO, which has always pursued high value-added products and services for workers? There are three approaches for us to take: place (workspace), tools (stationery and furniture for work), and operation (efficient way of working). By reforming environments like these, which envelop workers, we would like to realize a way of working that is creative and fruitful for each one of them.

## To all stakeholders

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KOKUYO has built its history of more than 100 years by earnestly facing customers' issues as they changed with the times, and finding the solution for each one. This attitude remains the same today, though these are 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 that contributes to the realization of a sustainable society by placing importance on facing issues of both the customer and society at large while being flexible in the forms that solutions may take.

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## ■ KOKUYO's CSR

# CSR Management

KOKUYO's founder Zentaro Kuroda once said: "Business is something that we do for society, and the profit we gain from business is a reward for our contribution to society." Now too, more than 100 years on from KOKUYO's foundation, we are keeping alive the spirit of our founder in our CSR activities.



### 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.

※ Related 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.



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## 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.
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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.



Accompanying the development of KOKUYO's overseas activities, it is necessary to prepare a common code of conduct 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.

## With Stakeholders

### KOKUYO's Stakeholders

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.

### Stakeholder Communication

Stakeholder	Main opportunities for dialogue	Examples of implementation in FY2016
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Customer Support Center</li> <li>"Inquiries" form and Q&amp;A page on website</li> <li>Provision of various product information</li> <li>Management of "Dealers' Guide" where stores handling KOKUYO products can be searched from the website</li> <li>Various events and seminars</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Use of intranet "VoiceClip" to share feedback of customers with all the Group employees</a></li> <li><a href="#">Utilization of customers' feedback in developing products and services</a></li> <li><a href="#">KOKUYO Fair 2017 held</a></li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Consultation between labor and management</li> <li>Various training programs</li> <li>Company newsletter</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Programs held to develop potential</a></li> <li><a href="#">Bonding Session</a></li> <li><a href="#">Various training programs (at annual cost of 41,914 yen per employee)</a></li> <li>Issue of company newsletter (updated weekly)</li> </ul>
<b>Clients</b> 	<ul style="list-style-type: none"> <li>Audit of subcontractors</li> <li>Various meetings and events</li> <li>Holding exhibitions</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Stationery business audit of subcontractors</a></li> <li><a href="#">Furniture business held "Meeting for Subcontractors"</a></li> <li><a href="#">Catalog briefing held for suppliers</a></li> </ul>
<b>Stakeholders</b> 	<ul style="list-style-type: none"> <li>IR activities</li> <li>Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">AGM and financial results briefings (twice a year)</a></li> <li><a href="#">IR events for individual investors</a></li> <li>Issue of various reports (Annual Report, Investors' Guide, etc.)</li> </ul>
<b>Regional Communities</b> 	<ul style="list-style-type: none"> <li>Social contribution activities</li> <li>Disaster recovery activities</li> <li>Regional contribution activities</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">KOKUYO Design Award held</a></li> <li><a href="#">Campus Art Award held</a></li> <li><a href="#">Plant tours held</a></li> <li><a href="#">Local cleanup activities and blood donations</a></li> </ul>
<b>Environment</b> 	<ul style="list-style-type: none"> <li>Global warming preventive measures</li> <li>Resource-saving and recycling</li> <li>Concern for biodiversity</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Reduction of GHG emissions</a></li> <li><a href="#">Effectively utilizing limited resources</a></li> <li><a href="#">Yui-no-mori project implementation</a></li> </ul>

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## ■ KOKUYO's CSR

# Content Index



## GRI G4 content index



## General Standard Disclosures

Item	Core	Description	Page
G4-1	○	Statement from the most senior decision-maker of the organization (CEO or equivalent) regarding compliance with sustainability and strategy thereof	<a href="#">Top Message</a>
G4-2		Description of key impacts, risks, and opportunities	<a href="#">Securities Report p15 (Japanese)</a>

## Organizational Profile

Item	Core	Description	Page
G4-3	○	Name of the organization	<a href="#">Corporate Data</a>
G4-4	○	Primary brands, products, and/or services	<a href="#">Business Overview</a>
G4-5	○	Location of organization's headquarters	<a href="#">Corporate Data</a>
G4-6	○	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	<a href="#">Locations</a>
G4-7	○	Nature of ownership and legal form	<a href="#">Corporate Data</a>
G4-8	○	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<a href="#">Business Overview</a>
G4-9	○	Scale of the reporting organization (no. of employees, no. of offices, sales, etc.)	<a href="#">Corporate Data</a>
			<a href="#">Locations</a>
G4-10	○	Total number of employees by employment contract and gender	<a href="#">CSR Data: Society</a>

Item	Core	Description	Page
G4-11	○	Percentage of total employees covered by collective bargaining agreements	<a href="#">Securities Report p8 (Japanese)</a>
G4-12	○	The organization's supply chain	
G4-13	○	Significant changes during the reporting period regarding size, structure or ownership of the organization, or the supply chain	
G4-14	○	Application of precautionary approach or principle	<a href="#">Labor Practices/Safety and Health</a>
G4-15	○	Initiatives to which the organization subscribes or which it endorses	<a href="#">Assessments and awards received from outside the KOKUYO Group</a>
G4-16	○	Membership of external associations	

### Identified Material Aspects and Boundaries

Item	Core	Description	Page
G4-17	○	List of entities included in the organization's consolidated financial statements	<a href="#">KOKUYO Global Network</a>
G4-18	○	Process for defining report content and aspect boundaries	
G4-19	○	List of material aspects identified in the process for Defining Report Content	
G4-20	○	For each material aspect, the boundary within the organization	
G4-21	○	For each material aspect, the boundary outside the organization	
G4-22	○	Reasons for any restatements of information provided in previous reports	
G4-23	○	Changes to the Scope and Aspect Boundaries	

### Stakeholder Engagement

Item	Core	Description	Page
G4-24	○	List of stakeholder groups engaged by the organization	<a href="#">With Stakeholders</a>

Item	Core	Description	Page
G4-25	○	Basis for identification and selection of stakeholders with whom to engage	<a href="#">With Stakeholders</a>
G4-26	○	Approaches to stakeholder engagement	<a href="#">With Stakeholders</a>
G4-27	○	Key topics and concerns that have been raised through stakeholder engagement	<a href="#">Survey results for CSR Report 2016</a>

## Report Profile

Item	Core	Description	Page
G4-28	○	Reporting period (e.g., fiscal/calendar year) for information provided	<a href="#">CSR Report 2017 Editorial Policy</a>
G4-29	○	Date of most recent previous report	<a href="#">CSR Report 2017 Editorial Policy</a>
G4-30	○	Reporting cycle (such as annual, biennial, etc.)	<a href="#">CSR Report 2017 Editorial Policy</a>
G4-31	○	Contact point for questions regarding the report or its contents	<a href="#">Back cover</a>
G4-32	○	The 'in accordance' option the organisation has chosen	
G4-33	○	Policy and current practice with regard to seeking external assurance for the report	<a href="#">Summary of Third-Party Inspection</a>

## Governance

Item	Core	Description	Page
G4-34	○	Governance structure	<a href="#">Basic Concepts of CSR</a>
G4-35		Process for delegating authority for economic, environmental and social topics	
G4-36		Reporting line for economic, environmental and social topics	
G4-37		Governance body and stakeholders	
G4-38		Composition of governance body	<a href="#">Securities Report p42 (Japanese)</a>
G4-39		Concurrent posts held by Chair of the highest governance body	<a href="#">Securities Report p42 (Japanese)</a>

Item	Core	Description	Page
G4-40		Nomination and selection processes for the governance body	<a href="#">Securities Report p42 (Japanese)</a>
G4-41		Processes for the governance body to ensure conflicts of interest are avoided	
G4-42		Roles in strategies, policies, and goals	
G4-43		Enhancement of knowledge of economic, environmental and social topics	
G4-44		Evaluation with respect to economic, environmental and social topics	
G4-45		Identification of economic, environmental and social impacts, risks, and opportunities	<a href="#">Securities Report p15 (Japanese)</a>
G4-46		Role in risk management for economic, environmental and social topics	
G4-47		Review of economic, environmental and social impacts, risks, and opportunities	
G4-48		Highest committee or position that reviews the organization's sustainability report	
G4-49		Process for communicating critical concerns	
G4-50		Communicated critical concerns	
G4-51		Remuneration policies for the highest governance body and senior executives	<a href="#">Securities Report p33 (Japanese)</a>
G4-52		Process for determining remuneration	<a href="#">Securities Report p33 (Japanese)</a>
G4-53		Stakeholders' views regarding remuneration	<a href="#">Securities Report p33 (Japanese)</a>
G4-54		Ratio of average remuneration for all employees compared with highest-paid individual	
G4-55		Ratio of percentage increase of average remuneration for all employees compared with	

## Ethics and Integrity

Item	Core	Description	Page
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Item	Core	Description	Page
G4-56	○	Values, codes of conduct and codes of ethics	<a href="#">KOKUYO's CSR Charter</a>
			<a href="#">KOKUYO Group Code of Conduct</a>
G4-57		Helplines or advice lines	<a href="#">Securities Report p35 (Japanese)</a>
G4-58		Whistleblowing mechanisms	

## Specific Standard Disclosures

Item	Core	Description	Page
<b>Disclosures on Management Approach (DMA)</b>			
G4-DMA		Why the aspect is material	
		How the organization manages the material Aspect	
		Evaluation of the management approach	

## Economy

Item	Core	Description	Page
<b>Economic Performance</b>			
G4-EC1		Economic value generated and distributed	<a href="#">Financial Highlights</a>
G4-EC2		Financial implications and other risks and opportunities for the organization's activities due	
G4-EC3		Coverage of the organization's defined benefit plan obligations	<a href="#">Securities Report p73 (Japanese)</a>
G4-EC4		Financial assistance received from government	
<b>Market Presence</b>			
G4-EC5		Minimum wage and entry level wage by gender	
G4-EC6		Proportion of senior management hired from the local community at significant locations of operation	

Item	Core	Description	Page
<b>Indirect Economic Impacts</b>			
G4-EC7		Development and impact of infrastructure investments and services supported	
G4-EC8		Significant indirect economic impacts	
<b>Procurement Practices</b>			
G4-EC9		Spending on local suppliers	

## Environmental

Item	Core	Description	Page
<b>Materials</b>			
G4-EN1		Materials used by weight or volume	<a href="#">Environmental performance data</a>
G4-EN2		Percentage of materials used that are recycled input materials	<a href="#">Environmental performance data</a>
<b>Energy</b>			
G4-EN3		Energy consumption within the organization	<a href="#">Environmental performance data</a>
G4-EN4		Energy consumption outside of the organization	<a href="#">Environmental performance data</a>
G4-EN5		Energy intensity	<a href="#">Environmental performance data</a>
G4-EN6		Reduction of energy consumption	<a href="#">Environmental performance data</a>
G4-EN7		Reductions in energy requirements of products and services	<a href="#">Environmental performance data</a>
<b>Water</b>			
G4-EN8		Total water withdrawal by source	<a href="#">Reports by Business Site</a>
G4-EN9		Water sources significantly affected by withdrawal of water	
G4-EN10		Percentage and total volume of water recycled and reused	<a href="#">Environmental performance data</a>
<b>Biodiversity</b>			

Item	Core	Description	Page
G4-EN11		Sites in areas of high biodiversity value	
G4-EN12		Impacts on products in areas of high biodiversity value	
G4-EN13		Habitats protected or restored	
G4-EN14		Affected conservation list species	
<b>Emissions</b>			
G4-EN15		Direct GHG emissions (Scope1)	<a href="#">Environmental performance data</a>
G4-EN16		Indirect GHG emissions (Scope2)	<a href="#">Environmental performance data</a>
G4-EN17		Other indirect GHG emissions (Scope3)	<a href="#">Environmental performance data</a>
G4-EN18		GHG emissions intensity	<a href="#">Environmental performance data</a>
G4-EN19		Reduction of GHG emissions	<a href="#">Environmental performance data</a>
G4-EN20		Emissions of ozone-depleting substances	<a href="#">Environmental performance data</a>
G4-EN21		NOx, SOx, and other significant air emissions	<a href="#">Environmental performance data</a>
<b>Effluents and waste</b>			
G4-EN22		Total water discharge by quality and destination	<a href="#">Reports by Business Site</a>
G4-EN23		Total weight of waste by type and disposal method	<a href="#">Environmental performance data</a>
G4-EN24		Total number and volume of significant spills	
G4-EN25		Weight of exported hazardous waste	<a href="#">Environmental performance data</a>
G4-EN26		Biodiversity affected by the organization's discharges of water and runoff	
<b>Products and Services</b>			
G4-EN27		Impact mitigation of environmental impacts of products and services	<a href="#">Developing Environmentally Friendly Products and Services</a>
			<a href="#">Environmental performance data</a>
G4-EN28		Percentage of products sold and their packaging materials that are reclaimed	

Item	Core	Description	Page
<b>Compliance</b>			
G4-EN29		Fines and sanctions for non-compliance with environmental laws and regulations	
<b>Transport</b>			
G4-EN30		Environmental impacts of transporting products and other goods and materials, and transporting members of the workforce	<a href="#">Environmental performance data</a>
<b>Overall</b>			
G4-EN31		Total environmental protection expenditure and investments	<a href="#">Environmental performance data</a>
<b>Supplier Environmental Assessment</b>			
G4-EN32		New suppliers that were screened using environmental criteria	
G4-EN33		Actual and potential negative environmental impacts in the supply chain	
<b>Environmental Grievance Mechanisms</b>			
G4-EN34		Number of grievances about environmental impacts	

## Social (Labor Practices and Decent Work)

Item	Core	Description	Page
<b>Employment</b>			
G4-LA1		Number of new employee hires by age group, gender and region	<a href="#">CSR Data: Society</a>
G4-LA2		Benefits provided only to full-time employees	
G4-LA3		Return to work and retention rates after parental leave, by gender	
<b>Labor/Management Relations</b>			
G4-LA4		Minimum notice periods regarding operational changes	

Item	Core	Description	Page
<b>Occupational Health and Safety</b>			
G4-LA5		Percentage of total workforce represented in formal joint management-worker health and safety committees	<a href="#">Securities Report p8 (Japanese)</a>
G4-LA6		Total number of occupational injuries and diseases, and lost days, etc.	<a href="#">CSR Data: Society</a>
G4-LA7		Workers with high incidence or high risk of diseases related to their occupation	
G4-LA8		Health and safety topics covered in formal agreements with trade unions	
<b>Training and Education</b>			
G4-LA9		Average hours of training	
G4-LA10		Programs for skills management and lifelong learning	<a href="#">Human Resource Development Program</a>
G4-LA11		Percentage of employees receiving performance reviews	
<b>Diversity and Equal Opportunity</b>			
G4-LA12		Breakdown of employees according to gender, age group, and other indicators of diversity	<a href="#">CSR Data: Society</a>
<b>Equal Remuneration for Women and Men</b>			
G4-LA13		Ratio of basic salary and remuneration of women to men	
<b>Supplier Assessment for Labor Practices</b>			
G4-LA14		Suppliers that were screened using labor practices criteria	
G4-LA15		Actual and potential negative impacts for labor practices in the supply chain	
<b>Labor Practices Grievance Mechanisms</b>			
G4-LA16		Number of grievances about labor practices	

## Social (Human Rights)

Item	Core	Description	Page
<b>Investment</b>			
G4-HR1		Total number and percentage of investment agreements and contracts that include human	
G4-HR2		Total hours of employee training on human rights	
<b>Non-discrimination</b>			
G4-HR3		Total number of incidents of discrimination and corrective actions taken	
<b>Freedom of Association and Collective Bargaining</b>			
G4-HR4		Operations and suppliers identified in which the right to exercise freedom of association is at risk	
<b>Child Labor</b>			
G4-HR5		Operations and suppliers identified as having risk for incidents of child labor	<a href="#">With Business Partners: Basic Concepts</a>
<b>Forced or Compulsory Labor</b>			
G4-HR6		Operations and suppliers identified as having risk for incidents of forced or compulsory labor	<a href="#">With Business Partners: Basic Concepts</a>
<b>Security Practices</b>			
G4-HR7		Percentage of security personnel trained in human rights	
<b>Indigenous Rights</b>			
G4-HR8		Violations involving rights of indigenous peoples	
<b>Assessment</b>			
G4-HR9		Total number and percentage of operations that have been subjected to human rights reviews	
<b>Supplier Human Rights Assessment</b>			
G4-HR10		New suppliers that were screened using human rights criteria	

Item	Core	Description	Page
G4-HR11		Actual and potential negative human rights impacts in the supply chain	<a href="#">With Business Partners: Basic Concepts</a>
<b>Human Rights Grievance Mechanisms</b>			
G4-HR12		Number of grievances about human rights	

## Social (Society)

Item	Core	Description	Page
<b>Local Communities</b>			
G4-SO1		Percentage of operations with implemented local community engagement	<a href="#">Domestic contribution activities</a>
			<a href="#">Foreign contribution activities</a>
G4-SO2		Operations with actual and potential negative impacts on local communities	
<b>Anti-corruption</b>			
G4-SO3		Operations assessed for risks related to corruption	
G4-SO4		Training on anti-corruption	<a href="#">KOKUYO Group Code of Conduct</a>
G4-SO5		Confirmed incidents of corruption and actions taken	
<b>Public Policy</b>			
G4-SO6		Total value of political contributions	
<b>Anti-competitive Behavior</b>			
G4-SO7		Total number of legal actions for anti-competitive behavior	
<b>Compliance</b>			
G4-SO8		Fines and non-monetary sanctions for non-compliance with laws and regulations	
<b>Supplier Assessment for Impacts on Society</b>			
G4-SO9		Suppliers that were screened using criteria for impacts on society	<a href="#">With Business Partners: Basic Concepts</a>

Item	Core	Description	Page
G4-SO10		Actual and potential negative impacts on society in the supply chain	
<b>Grievance Mechanisms for Impacts on Society</b>			
G4-SO11		Number of grievances about impacts on society	

## Social (Product Responsibility)

Item	Core	Description	Page
<b>Customer Health and Safety</b>			
G4-PR1		Percentage of products for which health and safety impacts are assessed	<a href="#">Quality Assurance at KOKUYO Stationery</a>
			<a href="#">Quality Assurance at KOKUYO Furniture</a>
			<a href="#">Kaunet's Quality Assurance</a>
G4-PR2		Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	
<b>Product and Service Labeling</b>			
G4-PR3		Type and percentage of product labeling	
G4-PR4		Total number of incidents of non-compliance concerning product labeling	
G4-PR5		Results of surveys measuring customer satisfaction	<a href="#">Dialogues with our Customers</a>
<b>Marketing Communications</b>			
G4-PR6		Sale of banned or disputed products	
G4-PR7		Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	
<b>Customer Privacy</b>			
G4-PR8		Total number of substantiated claims regarding breaches of customer privacy	

Item	Core	Description	Page
<b>Compliance</b>			
<b>G4-PR9</b>		Fines for non-compliance with laws and regulations concerning the provision and use of products and services	



## ISO26000

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"> <li>▪ <a href="#">Top Message</a></li> <li>▪ <a href="#">CSR Management Basic Concepts</a></li> <li>▪ <a href="#">System for the Promotion of CSR</a></li> <li>▪ <a href="#">KOKUYO CSR Charter</a></li> <li>▪ <a href="#">KOKUYO Group Code of Conduct</a></li> <li>▪ <a href="#">With Stakeholders</a></li> <li>▪ <a href="#">Corporate Governance and Risk Management: Basic Concepts</a></li> <li>▪ <a href="#">Operation of a Whistle-blower System, KOKUYO Group Hotline</a></li> <li>▪ <a href="#">Commencement of Risk Management Promotion in the Entire Group</a></li> <li>▪ <a href="#">Formulation and Implementation of Business Continuity Planning (BCP)</a></li> </ul>
Human rights	Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: 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"> <li>▪ <a href="#">KOKUYO CSR Charter</a></li> <li>▪ <a href="#">KOKUYO Group Code of Conduct</a></li> <li>▪ <a href="#">System That Links Company's Growth with Individual Growth Basic Concepts</a></li> <li>▪ <a href="#">System That Links Company's Growth with Individual Growth</a></li> <li>▪ <a href="#">Policy of Human Resource Development Program</a></li> <li>▪ <a href="#">Human Resource Development Program</a></li> <li>▪ <a href="#">Program Basic Framework for Diversity Basic Concepts</a></li> <li>▪ <a href="#">Achieving a Good Work/Life Balance</a></li> <li>▪ <a href="#">Employees' Safety and Health: Basic Concepts</a></li> </ul>

		<ul style="list-style-type: none"> <li>• <a href="#">Labor Practices/Safety and Health</a></li> <li>• <a href="#">Communication with Employees</a></li> <li>• <a href="#">With Business Partners: Basic Concepts</a></li> <li>• <a href="#">CSR Data: Society</a></li> </ul>
Labor practices	<p>Issue 1: Employment and employment relationships</p> <p>Issue 2: Conditions of work and social protection</p> <p>Issue 3: Social dialogue</p> <p>Issue 4: Health and safety at work</p> <p>Issue 5: Human Resource Development Program and training in the workplace</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">System That Links Company's Growth with Individual Growth Basic Concepts</a></li> <li>• <a href="#">System That Links Company's Growth with Individual Growth</a></li> <li>• <a href="#">Policy of Human Resource Development Program</a></li> <li>• <a href="#">Human Resource Development Program</a></li> <li>• <a href="#">Basic Framework for Diversity Basic Concepts</a></li> <li>• <a href="#">Achieving a Good Work/Life Balance</a></li> <li>• <a href="#">Employees' Safety and Health: Basic Concepts</a></li> <li>• <a href="#">Labor Practices/Safety and Health</a></li> <li>• <a href="#">Communication with Employees</a></li> <li>• <a href="#">CSR Data: Society</a></li> </ul>
Environment	<p>Issue 1: Prevention of pollution</p> <p>Issue 2: Sustainable resource use</p> <p>Issue 3: Climate change mitigation and adaptation</p> <p>Issue 4: Protection of the environment, biodiversity, and restoration of natural habitats</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">With Business Partners: Basic Concepts</a></li> <li>• <a href="#">Initiatives in India</a></li> <li>• <a href="#">Environmental Management</a></li> <li>• <a href="#">Global Warming Preventive Measures</a></li> <li>• <a href="#">Resource-saving and Recycling Measures</a></li> <li>• <a href="#">Compliance with the law and the prevention of pollution</a></li> <li>• <a href="#">Developing Environmentally-friendly Products and Services</a></li> <li>• <a href="#">Biodiversity/Promoting Environmental Communications</a></li> <li>• <a href="#">Environmental performance data</a></li> <li>• <a href="#">Reports by Business Site</a></li> </ul>
Fair business practices	<p>Issue 1: Anti-corruption</p> <p>Issue 2: Responsible political involvement</p> <p>Issue 3: Fair competition</p> <p>Issue 4: Promoting social responsibility in the value chain</p> <p>Issue 5: Respect for property rights</p>	<ul style="list-style-type: none"> <li>• <a href="#">CSR Management Basic Concepts</a></li> <li>• <a href="#">System for the Promotion of CSR</a></li> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">With Business Partners: Basic Concepts</a></li> </ul>

		<ul style="list-style-type: none"> <li>• <a href="#">Corporate Governance and Risk Management</a></li> </ul>
Consumer	<p>Issue 1: Fair marketing, factual and unbiased information, and fair contractual practices</p> <p>Issue 2: Protecting consumers' health and safety</p> <p>Issue 3: Sustainable consumption</p> <p>Issue 4: Consumer service and support and resolution of complaint</p> <p>Issue 5: Consumer data protection and privacy</p> <p>Issue 6: Access to essential services</p> <p>Issue 7: Education and awareness</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">Quality Assurance at KOKUYO Stationery</a></li> <li>• <a href="#">Quality Assurance at KOKUYO Furniture</a></li> <li>• <a href="#">Kaunet's Quality Assurance</a></li> <li>• <a href="#">A System for Utilizing Feedback from Customers</a></li> <li>• <a href="#">Customer Support and Services</a></li> <li>• <a href="#">Dialogues with our Customers</a></li> <li>• <a href="#">Survey results for CSR Report 2016</a></li> </ul>
Community involvement and development	<p>Issue 1: Community involvement</p> <p>Issue 2: Education and culture</p> <p>Issue 3: Employment creation and skills development</p> <p>Issue 4: Technology development and access</p> <p>Issue 5: Wealth and income creation</p> <p>Issue 6: Health</p> <p>Issue 7: Social investments</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">New Products and Services in 2016</a></li> <li>• <a href="#">Human Resource Development Program</a></li> <li>• <a href="#">Domestic contribution activities</a></li> <li>• <a href="#">Foreign contribution activities</a></li> <li>• <a href="#">Assessments and awards received from outside the KOKUYO Group</a></li> <li>• <a href="#">Biodiversity/Promoting Environmental Communications</a></li> </ul>

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

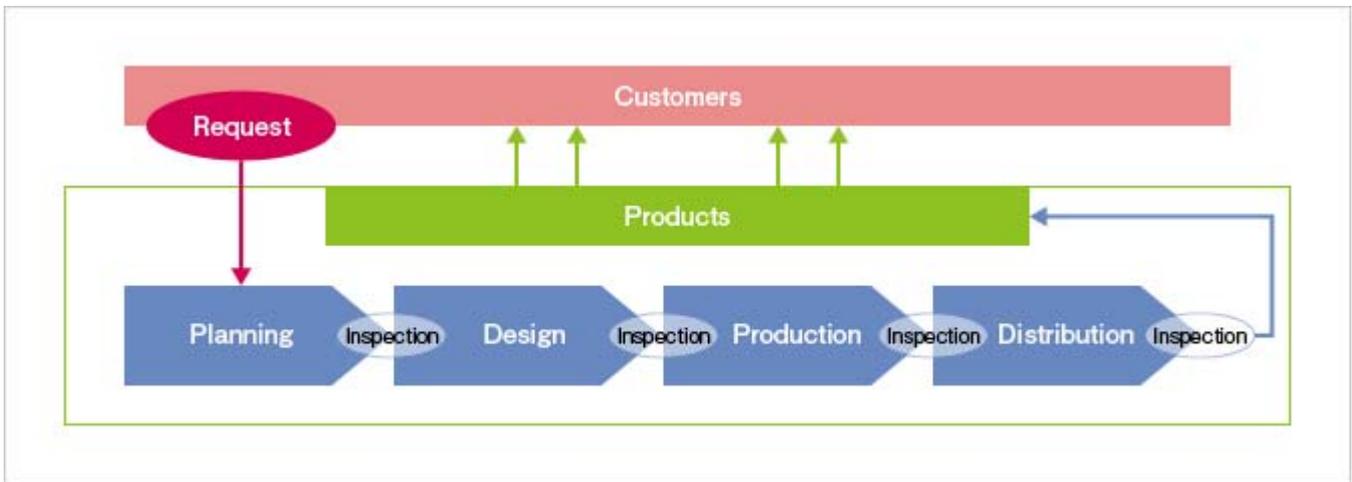
■ Customers

## Provision of peace of mind and safety to customers

The KOKUYO Group strives to maintain and improve quality in order to ensure that customers can use our products safely and securely. As the ratio of overseas production such as in Asia increases, we work closely with overseas production factories, pass on production technology and know-how, and share and thoroughly implement our quality standards.

### 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 speed and accuracy 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.



## Quality Assurance at KOKUYO Furniture

The KOKUYO Furniture business has acquired ISO9001 Quality Management System certification. Based on this, we develop and thoroughly implement the process procedures covering product planning, design, production, and installation. Moreover, each department related to production, delivery and installation takes actions for improvement each day, and the opinions and requests from customers are used in order 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.

### "Driver Competition" contest for abilities of product assembly and customer service when making deliveries

On September 10, the finals of the National Driver Competition were held. This is a delivery contest to judge the abilities of product assembly and customer service when employees of KOKUYO Logitem and employees of partner companies deliver their products, and it is aimed at improving customer satisfaction when delivering furniture products. The theme this year was "Plus One". Employees competed in heated battles with the goal of making inspiring deliveries adding the "Plus One value" of the mental aspect to their technique. We will aim to improve the quality of products and delivery of the entire Group by spreading the ingenuities of delivery that were obtained through this competition, and we are sharing the opinions of delivery sites in order to improve the products and packing.



392 delivery drivers in 196 pairs participated in the 2016 Driver Competition

### KOKUYO Logitem gives letters of appreciation containing heartfelt comments

KOKUYO Logitem, the company responsible for the Group's distribution functions, has since 2012 conducted a customer survey twice a year on the quality of delivery. Based on favorable comments from customers, we select partner companies and delivery centers that add value to delivery, and show our gratitude by giving letters of appreciation containing heartfelt comments to the drivers. We aim to improve KOKUYO's delivery quality by sharing customers' opinions with partner companies who are operating on the front line of product delivery so as to motivate them.



The Moving Comment Award is chosen from favorable comments in a survey held by internal voting



## Kaunet Quality Assurance

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.



### 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.

#### 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.



Our efforts on simple packaging

#### 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.



## Office Activities in Countermeasures for Disasters



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

Since the Great Hanshin Earthquake, we have carried out verification of earthquake countermeasures for offices. However, we recognized that there were still issues of office safety and security as we supported the restoration of our customers' offices after the Great East Japan Earthquake. Furthermore, there was a sudden increase in consultations about earthquake countermeasures after the earthquake, and we even received many inquiries and requests that we were unable to answer with the vibration verification experiments we had performed. With these experiences and

consultations in mind, we carried out a wide range of verification experiments in order to become able to suggest further earthquake countermeasures. Based on the large amount of data obtained from these experiments, we determined the relationship between seismic waves and earthquake preparedness rationally to devise objective evaluation criteria for earthquake-resistant furniture. We thus propose a menu of earthquake countermeasures for offices, catering to the level and cost of countermeasures that our customers desire.

※ Related information: [Menu of Countermeasures Against Earthquakes for Office](#)



## 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

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Customers

# Dialogues with our Customers

KOKUYO Group values dialogue with customers. We sincerely accept opinions, requests, and suggestions from customers we receive on various occasions and strive to use these for development and improvement of our products and services and for improvement of customer satisfaction.

### Activity highlights

## Release of "Difficulties Solution BOOK" which Provides Solutions to Our Customers' Difficulties with Original Products Based on Unique Perspective



The Kaunet mail and online order business focuses on the ease of selecting items and awareness of our catalogues and website that provide product information to customers, and takes measures to provide easily understandable information. In February 2016, we published the "Difficulties Solution BOOK" at the same time as the publication of the Spring/Summer catalogue. Kaunet has been focusing on the development of original products in the Kaucore Premium Series, which has for a long time been thoroughly dedicated to resolving the difficulties of our customers. We identify existing and potential customer needs through Kaunet Monika, the monitoring survey website, to investigate the actual situation of offices and difficulties, and aim to develop items which are visibly beneficial to customers, and we have been developing and marketing about 2,100 items until now. This booklet focuses on providing solutions to the difficulties that customers face on a daily basis and it only lists Kaucore Premium items. The booklet has 100 pages and lists 350 items. There are contents that customers can enjoy and use to learn about products, such as Before/After, which describes what kind of difficulties customers could resolve before and after using a product, back-stories of the product development, and pictures of customers who use the products. In addition, the index, which was sorted in alphabetical order or by product categories in the former catalogues, was changed to a "24 Difficulties Index" in which the products are sorted by the difficulties of customers, and it provides product information that makes it easier for customers to look for products found in the booklet, on the website or in the catalogue, and we take into consideration the resolution of difficulties in searching for and purchasing a product. Kaunet strives to continue developing products that meet the demand of many customers and devises information dissemination to convey the value of products.



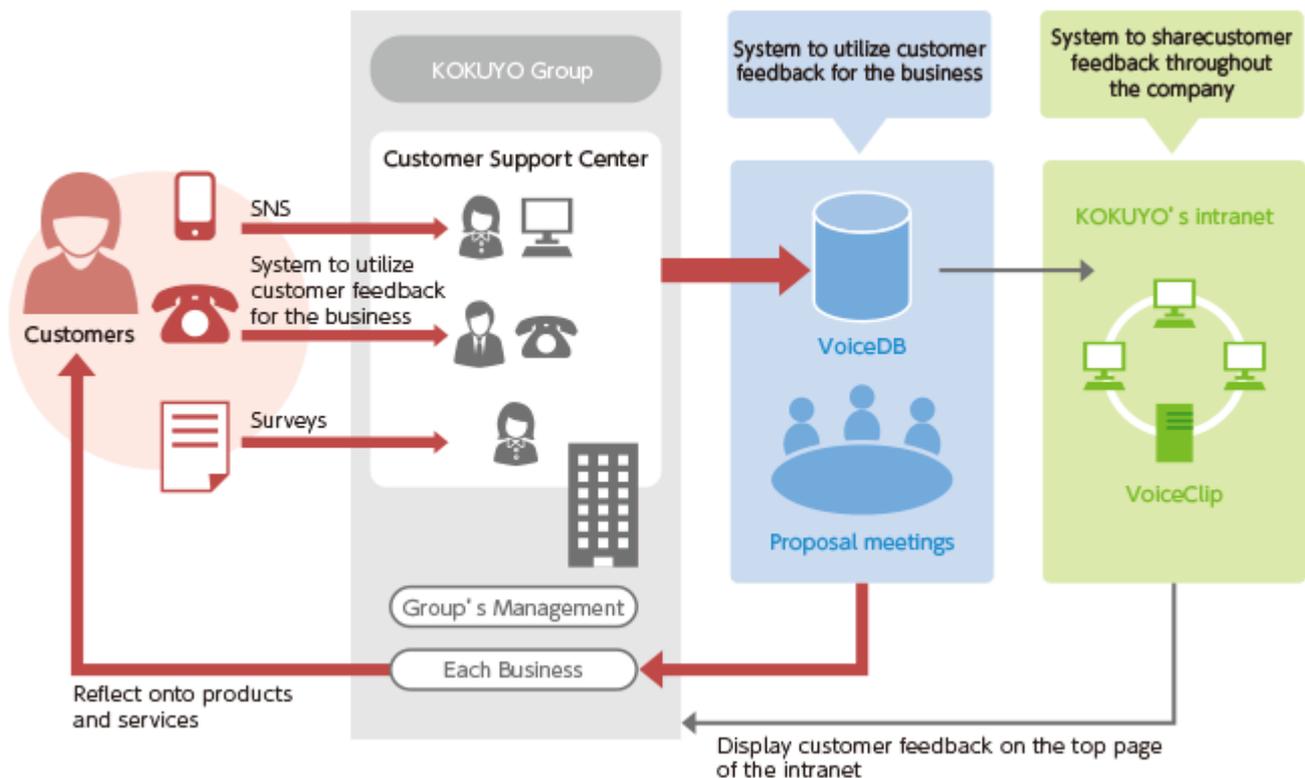
"Before/After", which clearly explains the difference between before and after using the products with pictures and illustrations



"24 Difficulties Index", which allows customers to search for products based on the difficulties of customers such as "Difficult to find" or "Can't tidy up"

## A System for Utilizing Feedback from Customers

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.



## Otona Campus Series, Dotted Ruled Lines Notebook

A dotted ruled lines Campus Notebook was launched in 2008 as a notebook developed through research of the notebooks used by students who passed the entrance examinations at the University of Tokyo. We are glad that we have been able to expand the product line-up with the support of many people. However, there were only notebooks with 30 sheets, and we were receiving requests for commercializing a dotted ruled lines notebook with more sheets - mainly from business users who said: "30 sheets are not enough. If there were notebooks with more sheets, we wouldn't need to make additional purchases so often, and it could be used more conveniently for work." This was in line with the thinking of the division responsible for expanding the Campus Notebook, targeting adults who use notebooks in business scene, and we launched the dotted ruled lines Campus Notebook with more sheets (50 sheets) in June 2016 as part of the Otona Campus Series.



Otona Campus Series, dotted ruled lines notebook



## Customer Support and Services



### Showroom and Live Office Tour for the Members of the Customer Support Center

From August 23 to September 29, thirty members of the Customer Support Center visited the Umeda Showroom and Umeda Live Office. The number of inquiries the Customer Support Center received reaches 110,000 a year and the customer service here is the key to improving customer satisfaction. This tour is aimed at further improvement of accuracy and satisfaction of the response to customer inquiries by learning features, functions, and usage of products, especially furniture products, from hands-on experience. The Customer Support Center is determined to utilize the product knowledge acquired through this tour for our customers.



A visit to the live office focused on understanding the furniture business



### On-Site Experience-Based Training that Allows Employees to Listen to the Voice of Customers

On May 1, on-site experience-based training at the Customer Support Center was offered to some of the new employees of the KOKUYO Group. This training includes skill training where the new employees learn how to handle phone calls mainly in classroom lectures, and experience-based training where they respond to actual phone calls from customers. In the experience-based training, the new employees who were uneasy at first began to relax as they worked in tandem with experienced operators. At times, they received words of appreciation from customers. This training is offered not only to new employees but also to employees of all companies of the KOKUYO Group. It is a valuable opportunity for employees who work in various divisions to hear opinions directly from customers and apply it to their work.



Responding to an inquiry submitted to the Customer Support Center



### Revision of the Skill Index of the Customer Support Operators

The Customer Support Center is making efforts to improve the call-handling skills of operators so that each customer who contacts us will become a loyal customer. In 2016, we revised the skill evaluation form that is used as an indicator of call-handling skills improvement. In particular, we considered that understanding the true needs of customers and providing answers that truly satisfy them will lead them to become loyal customers, so we have strengthened the indicators of obtaining requests and customer satisfaction. The call-handling skills training is based on annual development plans such as lectures and individual guidance through observation.

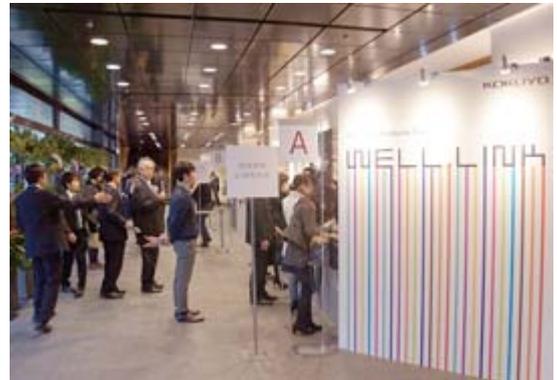
## Review of the "FAQ" on KOKUYO's Website

A question - "Was this page useful?" - was set up for each question and answer in the "FAQ" on KOKUYO's website, and many people had evaluated the FAQ throughout the year. The Customer Support Center carefully reviewed questions and answers one by one referring to the results of the survey. In addition, it was made easier to search directly from general search sites such as Google by including product names or subject words in question sentences, so that customers who are not on KOKUYO's website will also be able to find answers. As a result, we were able to improve the ratio of customers who found it helpful by 15% over the last year. We will continue to listen to the evaluations of our customers and strive to disseminate information.

## Dialogues with our Customers

### KOKUYO Fair held to experience the new products of 2017 under the theme of "WELL-LINK"

From November 21 to 25, the 2017 KOKUYO New Products Fair was held at the Tokyo Showroom for visitors to experience the new products, with furniture products taking center stage. The theme was "WELL-LINK: A comfortable office enhances motivation of employees. Working style goes to a new dimension." We proposed strengthening human resources and enhancing motivation, which are important issues in corporate management, and detailed our vision of new places (spaces) and tools (products) that will contribute to improving employees' creativity and the companies' competitiveness. The 2017 KOKUYO Fair Osaka was held at Umeda Live Office and Umeda Showroom from December 8 to 9 under the same theme.



Exhibition of issues surrounding offices and the new products that resolve them, which is the key behind "WELL-LINK"

### Supporting the "General Seminar of Reception Desk" - Providing the Latest Information about Improving Service at Reception Desk to Local Governments

The "General Seminar of Reception Desk" organized by Jichinippo-sha Co., Ltd. has been held with the aim of providing information to local government, which is considering improving resident services at the reception desk and exchanging information as operational reforms of local governments that have been promoted in recent years. In 2016, the 6th seminar was held and the Ministry of Internal Affairs and Communications gave the keynote address under the theme "Operational reform starts here: Service at reception desk advances by using private sector enterprises" - and Nagano City and Amagasaki City gave lectures on examples of improvement of services at the reception desk. The short seminars by supporting companies introduced trends such as utilizing IT and consignment of services at the reception desk, and more than 90% of the participants answered in a survey that it was helpful or very helpful.



Toshihiro Yakami from Solution Group, Government Office Business Division, Government Office Sales Department gave a lecture under the theme "Creating a reception desk that is pleasant, peaceful and quick"

## Exhibition for Shops with Small Trading Area to Connect Customer Opinions to Product Development

From May 18 to 20, an exhibition for shops with small trading areas was held, targeting customers such as supermarkets. The number of small stores has been increasing in recent years to respond to the needs of consumers who purchase by small portion in high frequency. For their store operation, it is necessary to lower the breakeven point and create a more efficient sales floor. KOKUYO has been developing products for small stores for two years in order to provide solutions to these customers' issues, and at this exhibition the visitors were able to experience a product line that is under development. We will utilize the important opinions we received in future product development and improvement.



Survey about developing products was conducted through interviews, and customers' underlying needs were identified.

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## ■ Customers

### New Products and Services in 2016



February 15th, 2016 Mail-order Business / Retailing

[New release of Difficulties Solution BOOK, which only contains our original products](#)



March 19th, 2016 Stationery business

[Launch of Ninja Sticky Note and Poem-cards Letter Paper](#)



April 1st, 2016 CSR

[Re-conclusion of the partners' agreement of Shimanto Yui-no-Mori Project](#)



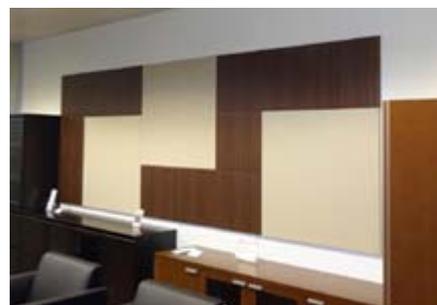
April 1st, 2016 Stationery business

[KOKUYO EXPO, the promotional shop, was held at Tokyo City Eye, the basement floor of KITTE](#)



April 6th, 2016 Furniture business

[KOKUYO launches a new educational website](#)



End of April 2016 Furniture business

[Expansion of sound absorptive panel called Sound Absorption](#)



May 10th, 2016

Stationery business

[Launch of the first notebook for practicing Japanese in the Vietnam market](#)



June 6th, 2016

Stationery business

[New Chubu IDC \(provisional name\) started operating from June](#)



June 13th, 2016

Furniture business

[Release of Delica Bag Case, a special case for plastic bags used with prepared food](#)



June 23rd, 2016

Stationery business

[Launch of Notebook ReEDEN PREMIUM](#)



July 13th, 2016

Furniture business

[Launch of CAMPUS Cover Notebook](#)



July 13th, 2016

Furniture business

[Launch of LABO Labe, a dedicated label for microtubes](#)



July 13th, 2016

Furniture business

[Exhibition at Work Style Reform EXPO and Office Service EXPO](#)



July 27th, 2016

Furniture business

[Opening of Live Office at JP Tower Nagoya](#)



End of July 2016

Furniture business

[Full-scale distribution of DAYS OFFICE was started](#)



August 10th, 2016

Stationery business

[Launch of WITH +, an easy-to-carry pen case that also serves as a pen tray](#)



August 10th, 2016

Stationery business

[Launch of DOTLINER WIDE, which is ideal for gluing large envelopes](#)



August 15th, 2016

Mail-order Business / Retailing

[Wash and reuse whiteboard eraser brush](#)



August 15th, 2016

Mail-order Business / Retailing

[Portable Meeting Whiteboard](#)



September 1st, 2016

Furniture business

[Establishment of KOKUYO & Partners Co., Ltd.](#)



October 12th, 2016

Mail-order Business / Retailing

[Launch of My Number Obtainment and Management Kit, an easy way of managing in paper form](#)



October 12th, 2016

Stationery business

[Launch of Enpitsu Sharp TypeS, which is ideal in business scenes](#)



October 25th, 2016

Furniture business

[Exhibited at Orgatec 2016](#)



October 31st, 2016

Furniture business

[Release of a shopping cart, Shopping Partner 2](#)



November 21st, 2016

Furniture business

[2017 KOKUYO New Products Fair was held](#)



December 1st, 2016

Stationery business

[Launch of a stylish and easy-to-store-away bag for workers who work at hot-desking offices](#)



December 20th, 2016

Furniture business

[Zabuton \(floor cushion\) for outdoor use!? Stoop appeared](#)

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## ■ Regional Communities

# Domestic contribution activities

### Activity highlights

## KOKUYO Design Award Creates Products which Offer Ways of Living and Lifestyles



KOKUYO Design Award, which marked its 12th year in 2016, is a design competition that promotes commercialization of products from the users' perspective by soliciting works from the general public and commercializing the winning designs. It is aimed at contributing not only to enhancement of the design ability of KOKUYO but also that of Japan through a process of soliciting designs from a broad range of sources with particular focus on the perspectives of users and the needs of the time. Past winners include such hit products as Kadokeshi (eraser) and the PARACURUNO Campus notebook that makes daily life convenient and fun. The number of applicants from overseas is increasing in recent years as works have been able to be submitted not only by mail but also via our website, and KOKUYO Design Award is now entering a new phase as a global competition.

The theme for 2016 was HOW TO LIVE. From further insight into the theme for 2015, Beautiful Lifestyle, we solicited proposals for stationery, furniture, and household goods that are items used in our everyday lives as product designs that lead people to focus on users' ways of living and lifestyles. Moreover, we added a new rule to accept not only a single item but also works composed of a combination of a number of products for the first time. The aim is to encourage applicants to think more deeply about the relationship between products and people by offering an environment where two or more products can be pictured in their mind. As a result, we received 1,307 works from Japan and overseas, and one Grand Prix winner and three Merit Award winners were selected. The winning designs have ideas that make our lives fun and enriched through products that are familiar to us, and we received works that were evaluated by judges as being of the highest level in recent years. KOKUYO Design Award will mark its 15th year in 2017, which will be a major milestone. We will actively endeavor to become a place where products that propose better ways of living and lifestyles for the future are created.

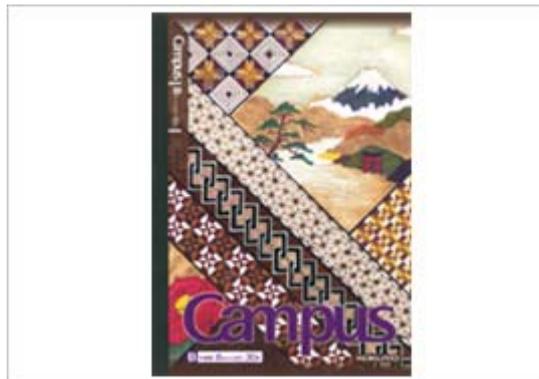


Grand Prix Winner:  
Raw Stationery (pencils, rulers and erasers)  
Winner: AATISMO (Daiki Nakamori/Keita Ebizuka)  
This rod-shaped stationery that can be cut to any length. This work considers products as raw materials, and users can think of ways to use it that meet their needs, so it is well suited to the theme of HOW TO LIVE.

## Campus Art Award 2016, a Painting Competition for Junior High and High School Students

Since 2015, KOKUYO has held the Campus Art Award for junior high and high school students jointly with the Yomiuri Teens Newspaper (issued by the publishing company The Yomiuri Shimbun).

The contest theme was "My Sweet Home Town - a Great Favorite of Mine." The aim is 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 by taking up the theme of local landscape, customs, traditions, events, food, confectionery, etc. The winners for the Grand Prix, the Yomiuri Teens Newspaper Award, the KOKUYO Award, and the District Merit Awards were selected from 2,269 entries. The Grand Prix went to "YOSEGI in Hakone" by Yuta Sone.



Campus Notebook with the cover of the Grand Prix winning work "YOSEGI in Hakone" was sold as a limited edition item on KOKUYO's official online shop

## The Job Study Initiative

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, 11 years have passed and we have continued to face students with sincerity, and today, a total of 21 leading companies from various industries have joined the Job Study. As of the end of 2016, the Job Study had amassed 12 years of positive results. At the 4th Career Education Awards, the Job Study 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, the environment surrounding students and companies, such as economic fluctuations and changes of graduate recruitment environment, is rapidly changing. There are numerous issues between them, and they are changing with the times. Against this backdrop, the Job Study is asking the representatives of the personnel departments of 21 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

I have the feeling that the number of new challenges facing students, corporations and universities have increased and changed because of the rapid changes of the graduate recruitment environment in recent years. Because it is an era when needs and difficulties have diversified, the program we hold is not standardized. We carry out programs thinking about who and what will benefit, as well as the schedule and contents. While KOKUYO as a single company can only do so much on its own, the 21 companies that comprise this program are committed to joining forces to create new value and opportunities that others cannot provide.



Hiroki Yamamoto  
Personnel Department,  
Corporate Administrations

## Contribution Activities Deeply Rooted in Regional Communities

### Logistics Rationalization Effort Award Received at All-Japan Convention for Logistics Improvement Case Studies 2016

On April 21 and May 27, KOKUYO Supply Logistics Co., Ltd. (KSL) and KOKUYO Product Shiga Co., Ltd. (KPS) gave a presentation of improvement activities at All-Japan Convention for Logistics Improvement Case Studies 2016, held by Japan Institute of Logistics Systems. In particular, the joint presentation of KSL and KPS of the efforts that went as far as the processes of both companies, by going beyond the boundary of manufacturers and logistic company, were evaluated as outstanding in both contents and results. As a result, KOKUYO Supply Logistics Co., Ltd. received the Logistics Rationalization Effort Award for the Logistic Management Division. We will continue to develop group business from the perspective of logistics by focusing not only on business responsibilities but also on activities that involve other companies.



There was appreciation for improvement activities through active involvement in supply chain within the Group.

### Warehouse Tour for Elementary School Students to Learn about Logistics Site

KOKUYO Supply Logistics Metropolitan Area IDC, which performs logistics business, held the Summer Vacation KOKUYO Logistics Warehouse Tour for Parents and Children. This tour was held for the first time by Okumoto Irohado, which is one of the vendors, together with KOKUYO Marketing and KOKUYO Supply Logistics. We had 15 elementary school students (27 in total, including parents) attending the tour, and they experienced digital picking operation. We hope many children will love KOKUYO through this tour.



Children concentrating on their first experience of logistics operation

### Letter of Appreciation Given to KSL Kinki IDC for Promoting Regional Development and Supporting Regional Disaster Drills

Since the launch of the Distribution Center in 2007, KOKUYO Supply Logistics Kinki IDC has considered itself as a resident of Suminoe-ku, Osaka City and Port Town, and has cherished its connection with neighborhood residents. In addition, we have arranged a meeting through the Community Development Committee of Suminoe-ku to discuss disaster prevention, and carried out observation of our disaster drills and tours of the facility, as well as actively strengthening disaster prevention awareness and taking measures for crime prevention. In recognition of these activities, we have received a letter of appreciation for promoting regional development and supporting regional disaster drills by the Nanko four towns' joint council district assembly of Suminoe-ku. We will actively participate in disaster and crime prevention activities for elementary and junior high schools from now on, and further deepen our interaction with the community.



With the members of Nanko four towns' joint council district assembly

## KOKUYO Participates in JFMA Forum 2016 with Aim of Disseminating Facility Management

JFMA FORUM was held from February 24 to 26. This forum is held annually by Japan Facility Management Association (JFMA) with the aim of promoting the dissemination and establishment of FM in Japan, and KOKUYO participates in it as a member of JFMA every year. This time, the main participation was by The Work Style Research Institute and the Proposal Marketing Department of the Furniture Business Division, and KOKUYO promoted and exhibited the latest case studies of our own activities and gave lectures at various seminars. We will actively promote the dissemination and establishment of FM in Japan while working with industry associates.



New office chairs were exhibited at the venue

## 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 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.



Delivery using a plastic box instead of a cardboard box

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, but also the income of the disabled people working in the workshops can 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?

## Local Cleanup Activities and Blood Donation

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 once a year around the head office building in Osaka with the cooperation of the local government. 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 so as to present a clean city to visitors to Osaka. The company participated in this activity once again in 2016 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, our employees have participated in blood donation drives since 1980. In 2016, 46 employees donated blood on an occasion when the Japanese Red Cross Osaka Blood Center visited the company.

## KOKUYO Team Run Flat-out at ISU-1 Grand Prix Held Across Japan

The ISU-1 Grand Prix is a two-hour endurance race where competitors consisting of three-person teams use office chairs. As a street revitalization event organized by Japan Office Chair Racing Association, ISU-1 Grand Prix is held across Japan, and KOKUYO actively participates in it as a company that sells office chairs. In 2016, the KOKUYO Marketing Kyushu selected team participated in the Kyushu tournament (in Omura City, Nagasaki) and won 3rd place, and KOKUYO Sanyo-Shikoku Sales participated in the Okayama tournament (in Mizushima, Kurashiki City) and won 1st place in a very close race with a one-lap advantage over the team in 2nd place. In addition to these, there were a lot of noteworthy results: KOKUYO Hokkaido Sales won 2nd place after the Self-Defence Force team in the Hokkaido tournament (in Chitose City), KOKUYO Tohoku Sales won 2nd place in the Ichinoseki tournament (in Ichinoseki City, Iwate), and KOKUYO Hokuiku Niigata Sales competed for the first time, finishing in 4th place (the best in the prefecture) in the Fukui tournament (in Sabae City). We will continue participating in the ISU-1 Grand Prix actively as part of our effort to help rejuvenate local communities.



The 2nd Okayama tournament held at a specially prepared course in Tokiwa Town shopping district in Mizushima Area, Kurashiki City

## Initiatives of KOKUYO Tohoku Sales

Since the Great East Japan Earthquake, we have continued various reconstruction support activities, mainly concentrating on activities to support children.

## Providing Support for the Michinoku Future Fund

KOKUYO Tohoku Sales provides support for the MICHINOKU Future Fund Charitable Foundation as a corporate supporter. This fund provides tuition fees (maximum 3 million yen annually) which are not required to be repaid when high school students orphaned by the Great East Japan Earthquake pursue higher education such as university, college, and vocational schooling with the purpose of helping children who will build the future of Tohoku, which is the real basis of recovery, to grow up without abandoning their dreams and hopes. Agreeing to that purpose, KOKUYO Tohoku Sales has been supporting the fund since 2012. This fund does not stop at simply providing scholarships: it is also operated with the heart-warming thought that children who experienced painful experiences will not be alone through periodic events and annual interviews.

Upon the relocation of the fund office in July, we donated furniture and accessories as well as designing space where scholarship students can casually gather.



In March, an event to celebrate new students' entrance to schools of higher grade and enrolled students' graduation was held with supporters and the people involved.



After relocation of the office, it became a place where many scholarship students stop by freely.

## ■ Decoration Notebook Workshops

Decoration Notebook Workshops, one of the reconstruction support activities of the Great East Japan Earthquake, has marked the 5th year since its start in 2011. This is an event organized by our employees with the desire to have the children write down their present feelings in a one-of-a-kind notebook that they decorated by themselves and use this as a basis for future growth and development, and it is also based on the idea that creative activities, such as writing down words and drawing pictures, help to relieve stress. In 2016, it was held in Fukushima City and Sendai City. Children decorated Campus Notebooks energetically and earnestly with ideas that adults may never have thought about. A total of more than 1,300 children participated, and we can sense that both children and parents are getting back to their normal lives.



## ■ Discussion of Remembering the Great East Japan Earthquake Held by KOKUYO Tohoku Sales

KOKUYO Tohoku Sales always has in mind that we must not forget the Great East Japan Earthquake. In 2016, which marked the 5th year since the earthquake, we held a discussion and disaster prevention drills aimed at sharing awareness of employees and digging out problems. In the discussion, in which all employees from the Sendai Area participated, we shared detailed stories such as various experiences and reflections on aspects of work and life. Employees who were students at that time listened attentively to the stories told by predecessors about them and their customers. It is important to proceed with drills or distribute manuals for disaster prevention, but more important is that each one of us is aware of disaster prevention. The fact that we don't know where and when earthquakes will occur has been highlighted again due to the Kumamoto earthquakes. Tohoku should not think that we are safe because this disaster occurred 5 years ago, and we continue to plan measures to minimize troubles during disasters for safety and security in the future.



Our colleagues' stories made us recall things, and we helped each other to bring memories to mind.



At the disaster prevention drill, we established headquarters for restoration activities at the Ichibancho Office - as we did after evacuation at the time when the earthquake occurred.

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
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■ Regional Communities

# Foreign contribution activities

**Activity highlights** Camel Art Foundation Contributes to Art Promotion in India



Camel Art Foundation (CAF), established by KOKUYO Camlin 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 art students, professional artists, and young artists. The main purpose of the activities of this foundation is to promote art activities and to provide a foundation for future growth to future artists, as well as to help professional artists to gain popularity by holding exhibitions and thus raising the standard of India's art scene. In 2016, there were 7,254 entries from all over India for the contest organized by CAF.

### Grassroots Support Activities: Gifts of Notebooks to Children Living in Underprivileged Areas

To meet the diverse needs of developing countries, KOKUYO has participated in the Grant Assistance for Grassroots Human Security Projects (hereinafter referred to as the "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 2016, some 30,000 notebooks were donated to 50 schools. Since the start of these activities in 2006, KOKUYO has donated more than 560,000 notebooks to this cause in the last 10 years.



Children receiving Campus Notebooks from a teacher

### Chasing Big Dreams with Small Notebooks! — Supporting Activities for Children with Futures

From November 27 to 29, 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 there. The children gave a warm welcome to the KOKUYO employees who visited from afar, and it was a meaningful time for the employees as well. On this visit, in addition to KOKUYO's stationery and sports equipment, we donated about 200 pieces of winter clothing collected from all employees of KOKUYO Group in China. Children drew their future dreams using KOKUYO's stationery and each one of them presented their dreams. In addition, we took pictures of children presenting their dreams with smiles and created original notebooks of dreams with their pictures on. We organize these kinds of interchange activities with children every year while visiting different elementary schools each year.



An address at the presentation ceremony



Children drawing their dreams using KOKUYO stationery



Children wearing the clothes we donated

### Tree Planting Event on World Environmental Day

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, 100,000 trees were planted in 20 minutes with the cooperation of the army and children in the Pithoragarh district of Northern India, setting a new Limca Book record (Indian version of Guinness Book of Records). In 2016, a total of 717,333 young trees were planted with the cooperation of the army, Forest Department, and children in the State of Uttarakhand. We will focus on developing products with low environmental impact as environmental protection activities.



### Support for Childhood Cancer Patients with NGO

KOKUYO Camlin held an event for children who are fighting childhood cancer with NGO Gadge Maharaj Dharamshala. Mental health care as well as the treatment of the body is very important for children who struggle against the disease at hospitals. At this event, KOKUYO Camlin provided drawing material products such as crayons and paints, and we had a pleasant time drawing pictures together with children.



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## ■ Environmental Conservation

# Environmental Management and Third-Party Inspection

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.

## Environmental Management

### The Group's Vision for the Environment

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

KOKUYO Group's Vision for the Environment

Environmental principles

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

Environmental policies

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

## Medium- to Long-Term Environmental Action Plan

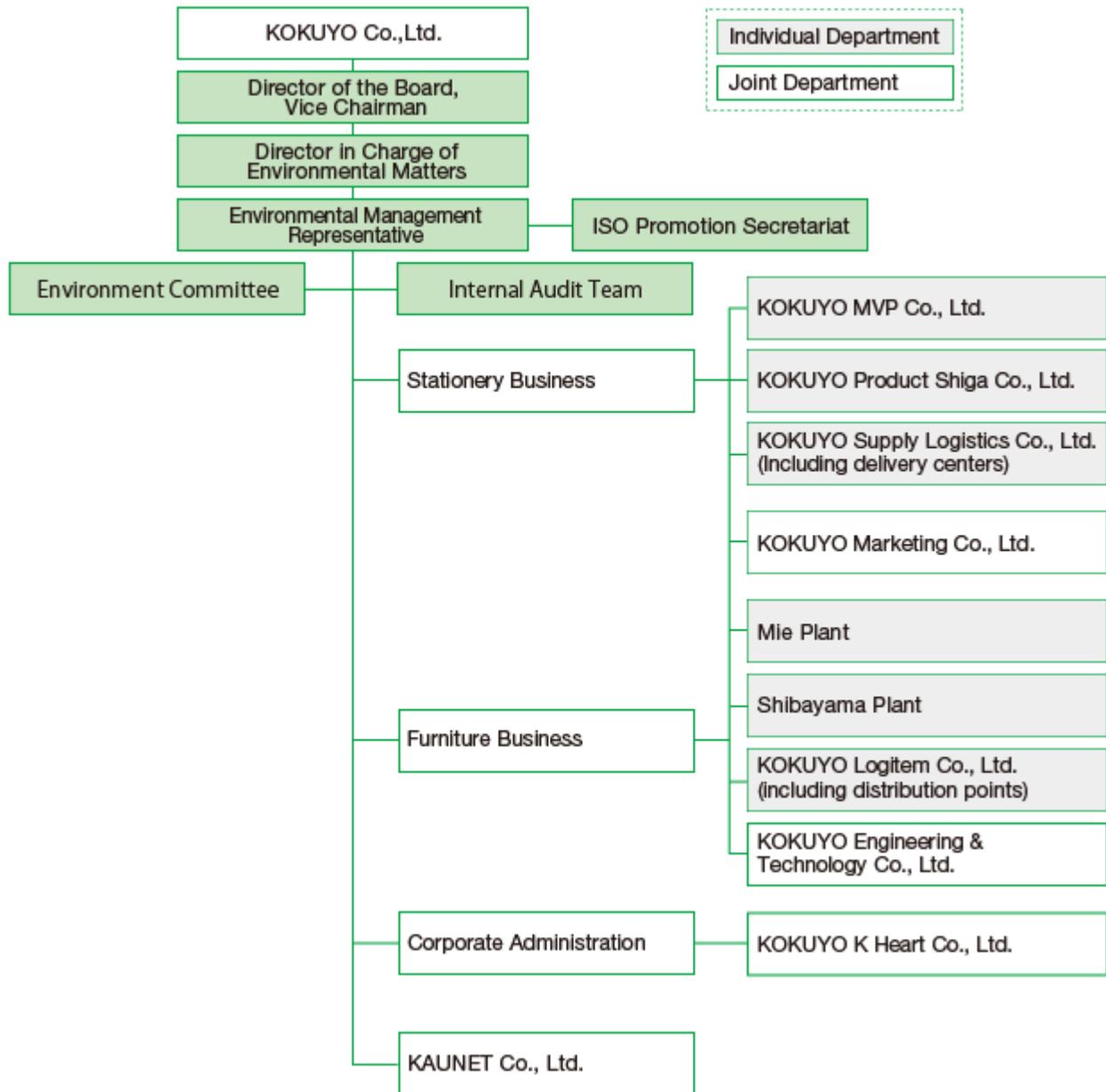
### Medium- to long-term environmental action plan (fiscal year 2020)

Environmental policy	Measures		Fiscal 2016 performance	Fiscal 2020 goals
Prevention of global warming	Prevention of global warming	Cut CO <sub>2</sub> emissions (vs. FY 1990)	Reduced by 11.2% (in Japan)	Reduce by 30% (in Japan)
	Energy conservation (unit energy consumption)	Cut energy consumption (vs. FY 2010) ※ average 1% reduction per year	Reduced by 16.4% (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	94.5%	100%

## Migration to ISO14001:2015

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. In December 2016, we received and successfully completed an inspection based on migration to the 2015 version.

## Environmental Management System



## 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 2016, primary audits were conducted between July 1 and 29, secondary audits were conducted between August 1 and 30, and third-party inspection was carried out between November 29 and December 2.

### Internal audits

FY in which conducted	2015	2016
Sites subject to monitoring	72	65
• Primary audits	57	50
• Secondary audits	15	15
Matters cited	53	36
• Minor points of nonconformity	6	8
• Corrections	47	28

### Third-party inspection (ISO14001)

FY in which conducted	2015 (periodic)	2016 (periodic/migration)
Sites subject to examination	29	24
Matters cited for improvement		
• Minor points of nonconformity	0	0
• Improvement opportunities	31	21
Strong points	0	0
Good points	8	4

# Summary of Third-Party Inspection

Environment load data and scope 3 emissions for 31 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 4 sites in Japan: KOKUYO MVP Tottori Plant, Aoya Plant, Sapporo Distribution Center, and KOKUYO Hokkaido Sales, and one overseas site: KOKUYO Commerce (Shanghai) Co., Ltd., Shanghai Plant. This process yielded a number of matters that were pointed out: a total of 9 assessable points, 10 opportunities for amelioration, 18 requests for modifications, and 27 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.

## KOKUYO Group CSR Report 2017 Independent Verification Report

To: KOKUYO Co., Ltd.



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

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) has been engaged by KOKUYO Co., Ltd. (KOKUYO) to conduct independent verification of its selected environmental data for inclusion in the KOKUYO Group CSR Report 2017 (the Report), issued under the responsibility of KOKUYO. The aim of this verification is to consider the accuracy and the reliability of environmental data detailed in the Report and to provide a verification opinion based on objective evidence.

### 1. Verification Outline

1) Environmental impact data generated through business operations in FY2016 (January 1, 2016 through December 31, 2016)

Scope of Verification	Site Visited	Verification Methodology
Environmental impact data generated through business operations of KOKUYO and its 31 subsidiary companies (*)	- KOKUYO's Head Office - KOKUYO MVP Co., Ltd., Tottori Factory - KOKUYO MVP Co., Ltd., Aoya Factory - KAJINET Co., Ltd., Sapporo distribution center - KOKUYO Hokkaido Sales Co., Ltd. - KOKUYO Commerce (Shanghai) Co., Ltd., Shanghai Factory	- Review of documentary evidence produced by KOKUYO's Head Office and the sites visited - Interviews with relevant personnel of KOKUYO's Head Office and the sites visited - Site inspection and review of data monitoring procedures - Validation of the reported data against supporting documentary evidence

(\*) Environmental impact data verified are energy usage, water usage, substance input, container and packaging materials, greenhouse gas emissions, SOx/NOx emissions, waste discharged, waste water discharged, CO2/CH4, carbon water use at plants, cyclical resource use on premises, collected used products, re-use of used products, and Japanese PRTR (Pollutant Release and Transfer Register) Law designated substances.

2) Environmental accounting data and Environmental Activity Evaluation Index data in FY2016 (January 1, 2016 through December 31, 2016)

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

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

### 2. Findings

1) Environmental impact data generated through business operations in FY2016

Based on the verification work and processes followed, there is no evidence to suggest that:

- the environmental data stated in the Report is not consistent with the data collected and consolidated at KOKUYO's head office;
- the environmental data reported to KOKUYO's head office by these sites visited by Bureau Veritas is not free from significant error or bias.

2) Environmental accounting data and Environmental Activity Evaluation Index data in FY2016

Based on the verification work and processes followed, there is no evidence to suggest that:

- the calculation of Environmental Accounting data and Environmental Activity Evaluation Index data is not consistent and in accordance with the criteria prepared by KOKUYO for this purpose;
- the data used for calculating Environmental Accounting data and Environmental Activity Evaluation Index data and the associated calculation results are not free from significant error.

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

## GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: KOKUYO Co., Ltd.



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

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by KOKUYO Co., Ltd. (KOKUYO) to conduct limited assurance for the greenhouse gas (GHG) emissions reported in the KOKUYO Group CSR Report 2017 for the period of January 1, 2016 through December 31, 2016.

### 1. Scope of Verification

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

1) Scope 1 and Scope 2 emissions:  
-GHG emissions through business operations of KOKUYO and its 31 subsidiary companies

2) Scope 3 emissions:  
-Categories 1, 2, 3, 4, 5, 6, 7, 11, 12 and 13 of Scope 3 GHG emissions accounted in line with the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard', and the boundaries defined by KOKUYO for each category.

### 2. Methodology

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

As part of Bureau Veritas' assurance, the following activities were undertaken:

- Interviews with relevant personnel of KOKUYO responsible for the identification and calculation of GHG emissions;
- Review of KOKUYO's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

### 3. Conclusion

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:

- are not materially correct and are not a fair representation of KOKUYO's activities as per the scope of work;
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by KOKUYO.

Verified greenhouse gas emissions					
Scope 1	Scope 2	Scope 3		Scope 3	
8,490 t-CO <sub>2</sub> e	37,249 t-CO <sub>2</sub> e (location-based)	34,503 t-CO <sub>2</sub> e (market-based)	12	13	2,549
The breakdown of Scope 3 emissions verified are as follows:					
Category	tCO <sub>2</sub> e	Category	tCO <sub>2</sub> e	Category	tCO <sub>2</sub> e
1	256,942	5	3,273	12	25,864
2	8,362	6	867	13	2,549
3	3,883	7	2,281		
4	25,545	11	7,774		

### [Statement of Independence, Impartiality and Competence]

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 150 years history in providing independent assurance services. No member of the verification team has a business relationship with KOKUYO, its Directors or Managers beyond that required of this engagement. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across its business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.



ISO14001  
Third-party audit (KSL Metropolitan Area IDC)



ISO14001  
Third-party audit (Shibayama Plant)



Environmental performance data third-party verification (KOKUYO's head office)

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
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## ■ Environmental Conservation

### 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.

2016 Goals (Reporting scope A)	2016 Actual Achievements (Reporting scope A)	Evaluation
Year-on-year change in CO <sub>2</sub> emissions excluding impact on productions: up 1.4% (Total volume: +1.5%)	Year-on-year change in CO <sub>2</sub> emissions excluding impact on productions: up 4.6% (Total volume: up 3.1%) 25,342t-CO <sub>2</sub> (fixation of electricity emission factors: 0.378kg-CO <sub>2</sub> /kWh) 32,047t-CO <sub>2</sub> (emission factor by electric power company and by country)	Accomplished
Energy consumed: year-on-year change in unit energy consumption: up 1.8%	Energy consumed: year-on-year change in unit energy consumption (per unit of sales): up 3.1%	Accomplished

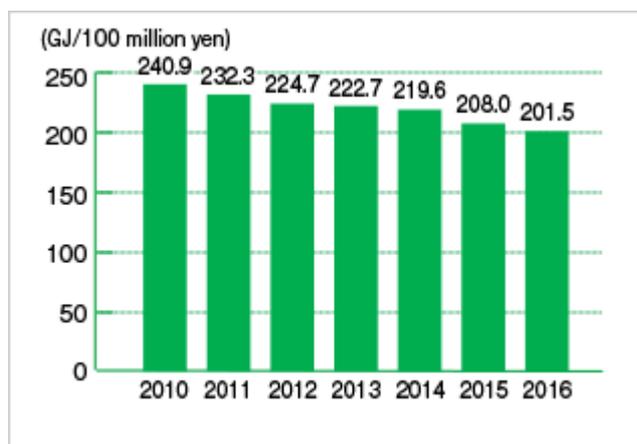
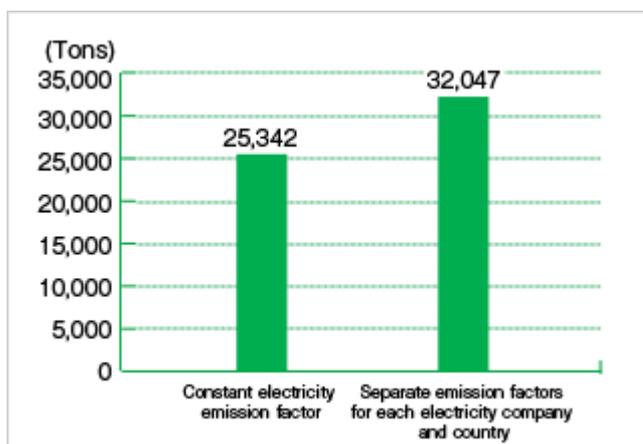
#### Summary for 2016

If calculated for the existing scope of operations using the electricity emissions factor of 0.378 kg-CO<sub>2</sub>/kWh (which is the overall power average in 2000 as reported by the Federation of Electric Power Companies), the KOKUYO Group's CO<sub>2</sub> emissions in 2016 totaled 25,342 tons, 603 tons (2.3%) less than in the previous year. Based on estimates, there were emission reductions of 660 tons due to operational improvements and 350 tons due to equipment improvements. Manufacturing operations and the closing and consolidating of facilities raised emissions by 410 tons. As a result, there was an effective reduction in CO<sub>2</sub> emissions of 1,010 tons from a combination of operational and equipment improvements. Consequently, excluding the impact of production activities, emissions were down 3.0% from the previous year to allow us to meet our goal of a 1.4% reduction.

Looking at sources of CO<sub>2</sub> emissions, there was an increase of 200 tons at factories due to an increase in production. However, as there was a decrease of 830 tons due to higher manufacturing efficiency and other improvements, factories recorded a net decrease in emissions of about 6300 tons. For distribution activities, although emissions increased by 180 tons because of a higher volume of operations, there was a reduction of 70 tons due to heightened measures to conserve electricity and other energy use, resulting in a net decrease in emissions of 110 tons. In the offices, emissions were down approximately 80 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 2016, our unit energy consumption was 3.1% 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 CO<sub>2</sub> emission coefficients and added to the Japanese CO<sub>2</sub> emission coefficients based on the Act Concerning the Promotion of Global Warming Countermeasures (for 2016, actual emission coefficients for each electricity company for 2014 and 2015), then the total rises by 6,705 tons to 32,047 tons.



## Scope of Reporting

While 16 companies were included in the scope of CO<sub>2</sub> emission reporting (reporting scope A \*1 ) until 2011, all consolidated subsidiaries came to be included in the scope of reporting starting in 2012 (for 2016, 32 companies; reporting scope B \*2 ). As a result, CO<sub>2</sub> emissions totaled 42,942 tons (including 1,592 tons at non-consolidated sales companies). The changes to the emission coefficient and the extension of CO<sub>2</sub> emission reporting to the supply chain have resulted in significant changes for the KOKUYO Group. Consequently, we believe that the medium-term goals for emissions will have to be re-examined.

\*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)

\* Related information: ["Changes in CO<sub>2</sub> emissions"](#)



## Measures for the prevention of global warming in Offices

Offices lowered CO<sub>2</sub> emissions by 80 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 about 6% compared to the previous year, which represents a reduction in CO<sub>2</sub> emissions of 90 tons. In 2016, 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 our Shinagawa office



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

A reduction of 520 tons in CO<sub>2</sub> emissions was achieved at our plants thanks to operational improvements attributed in part to a shortening of the time required to make changes in product types, the thorough application of rules for the operations of production equipment, the conducting of inspections, the elaboration of production schedules, and a reduction of waste made possible through energy checks. In addition, a reduction of 200 tons in CO<sub>2</sub> 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 CO<sub>2</sub> emissions of 680 tons on a year-on-year basis, there was a net reduction of 630 tons in CO<sub>2</sub> emissions (reduction of 515 tons domestically and a reduction of 115 tons overseas) resulting from a reduction of 830 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), CO<sub>2</sub> emissions increased by 110 tons compared to the preceding year. A reduction of 35 tons in CO<sub>2</sub> emissions due to operational improvements attributed to the promotion of energy-saving activities carried out on a day-to-day basis was achieved. In terms of equipment improvements, a reduction of 35 tons in CO<sub>2</sub> emissions was achieved thanks to the introduction of energy-saving lighting fixtures and a review of the optimal luminance of the distribution center. In operating an automated three-dimensional warehouse, KOKUYO Logitem's Ina Distribution Center adopted an electricity demand meter as part of efforts to reduce peak electricity consumption in response to tight demand-and-supply conditions for electricity. While CO<sub>2</sub> emissions increased by 180 tons due to an increased rate of operations in 2015, the net increase of 110 tons in CO<sub>2</sub> emissions was achieved by way of a reduction of 70 tons due to operational improvements and equipment improvements.



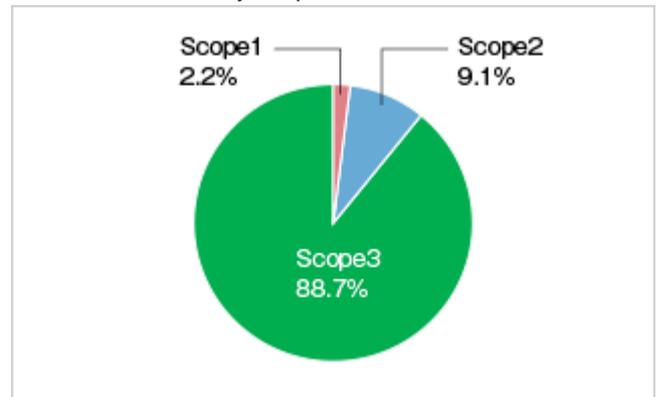
Hybrid streetlights installed at our Metropolitan Area Integrated Distribution Center (IDC)

## 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 2016 was 378,670 tons of CO<sub>2</sub>. Scope 3 emissions accounted for approximately 90 per cent of this figure with 70 per cent 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



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## ■ Environmental Conservation

### 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 2016	2016 Performance	Evaluation
Enhancement of the recycling rate against the total amount of waste • Offices: 96.8% or above • Construction sites: 84.3% or above	• Offices: 96.9% • Construction sites: 81.6%	○ ▲

#### Summary for 2016

#### Improving the accuracy of data on waste materials

The volume of waste materials generated by KOKUYO Group business offices in 2016, including all consolidated subsidiaries, was 19,456 tons (including 154 tons at non-consolidated sales companies). This was a decrease of 56 tons.

#### Measures taken at the factory

The recycling rate in factories in 2016 was 95.9%. 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 2016 was 84.5%. 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 2016 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 2016, 53 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 2016, 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 3,560 tons of waste materials on construction sites with a recycling rate of approximately 81.6%. Waste materials generated on construction sites are not homogenous, so 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 waste materials are recycled.

## Reusing and Recycling End-of-Life Products

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

In 2016, KOKUYO Logitem collected 1,800 tons of office desks and chairs and other used products. 100 tons were reused and 970 tons were dismantled and sorted for recycling.



Desk disassembly

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Environmental Conservation

# 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 2016

As of 2015, some 31 environmental laws and regulations were applicable to the KOKUYO Group within Japan. However, we have reviewed them all since some laws and regulations had been no longer applicable to us, and new laws and regulations have become effective. As a result, 28 environmental laws and regulations are applicable. In April 2016, there was a matter in Mie Plant where untreated water overflowed from the drainage facility to the rainwater gutter. However, it was confirmed that there was no abnormality as a result of conducting PH measurement and so on in the presence of administration. Apart from these, there were no major offenses.

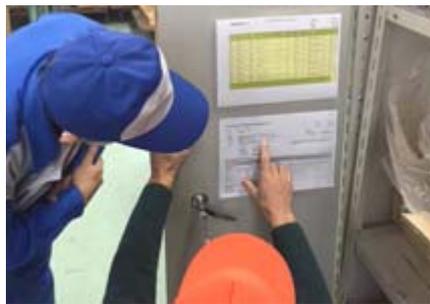
### Proper disposition of chemical substances

The KOKUYO Group endeavors to properly manage and handle chemical substances. Based on the implementation of the revised mandatory for risk assessment of chemical substances in June 2016, we are working on further safety management and environment improvement at each work place.

For example, at KOKUYO Furniture's Shibayama Plant, 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.



Training sessions were held in each office (KOKUYO Headquarters)



Strict enforcement of proper management and handling (KOKUYO MVP Tottori Plant)



Panels posted for toxicity and hazardousness to be known to all (KOKUYO Shibayama Plant)

## Soil Survey of the West Wing of the Osaka Office was Conducted

In October 2015, 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. However, in October 2016, the contaminated soil was removed and it was backfilled with uncontaminated soil. In order to confirm that groundwater contamination did not occur by this work, groundwater monitoring survey was conducted, and it was confirmed that groundwater contamination did not occur. In December, the building was demolished and countermeasures of soil contamination were carried out.



Soil pollution survey



Backfilling



Groundwater survey

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## ■ Environmental Conservation

# 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 2016 Goals	Fiscal 2016 Actual Achievements	Assessment
Maintain zero Eco-Batsu	Zero was maintained	Accomplished

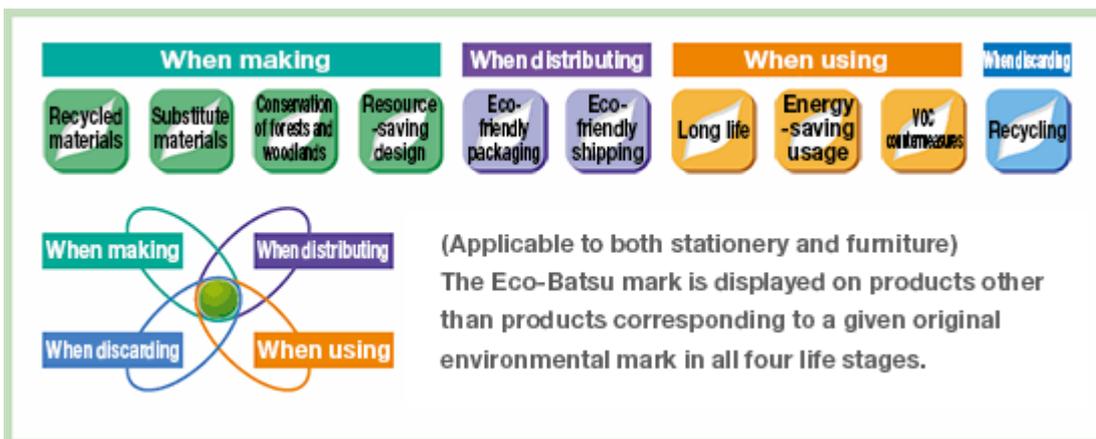
## 2016 Activities

### 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 2017 General Catalog. 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.

### Improving verifications

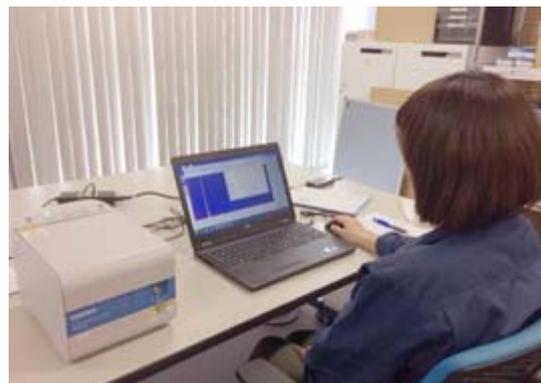
Verification of conformity to standards has been more thoroughly undertaken since 2012. As a result, we found that country of origin shown on packages of some of the products (5 categories, 37 items) was not accurate. The products concerned are being produced in multiple countries. The country of origin should be a country in which a treatment of process effects substantial change to the substance of the goods made, but wrong countries of origin were shown. We will strive to further enhance the management system and implement thorough measures to prevent recurrence.



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, and we carried out research based on the substance list in sequence, starting from the highest-priority products. In 2016, based on the information obtained from the research, we identified substances required for risk-based management and started to revise the management standards.



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



### FSC®-certified products

KOKUYO has obtained FSC® and COC certification since 2003. 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. In 2016, PEFC and COC certification was also obtained.



責任ある森林管理  
のマーク

PEFC (Programme for the Endorsement of Forest Certification Schemes) is an organization that mutually approves forest certification criteria created by each county or region. The KOKUYO Group will strive to increase certified products in order to use sustainable forest resources.



PPC color paper



Reeds-based photocopier paper



FUBI UU chair



## Protocol counters made with domestic timber

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.

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■ Environmental Conservation

## Biodiversity/Promoting Environmental Communications

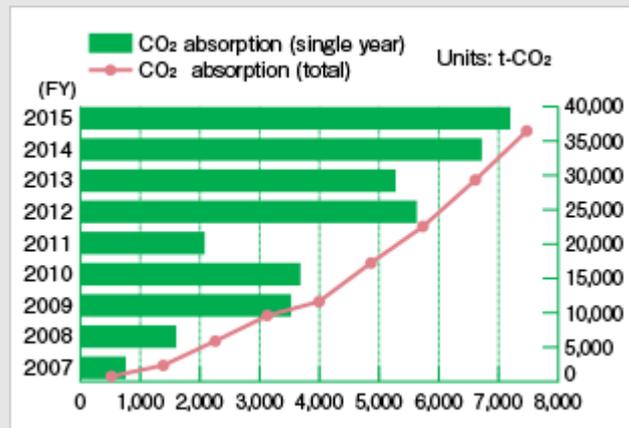
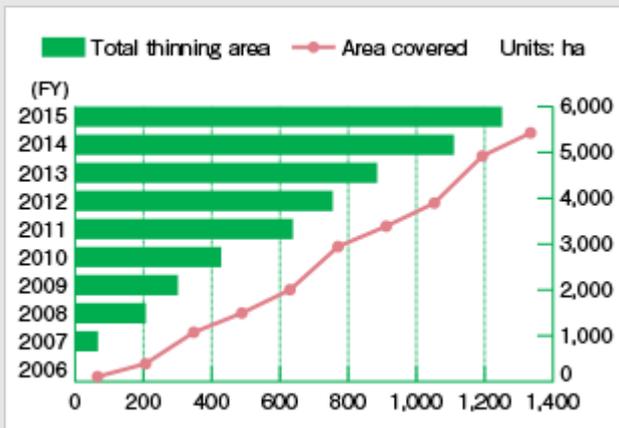
The KOKUYO Group strives to reduce its impact on ecosystems and help conserve natural habitats by carrying out business activities that take biodiversity into account. We are proactively engaged in forest-conservation activities in the Shimanto River basin area of Kochi Prefecture and environmental conservation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

Activity highlights

### Yui-no-Mori: The Outcomes of Activities over the Past 10 Years



In 2006, KOKUYO named the private forest in Taisho, Shimanto-cho, Kochi Prefecture "Yui-no-Mori" and started forest conservation with a focus on efficient utilization of timber from forest thinning. Yui-no-Mori has had the FSC (Forest Stewardship Council)'s forest management certification since 2007. In the same year, KOKUYO concluded the partnership agreement of "Collaborative Reforestation Project with Environmentally Progressive Companies" (Shimanto Forest Cooperative /Shimanto-cho/Kochi Prefecture) by Kochi. With the expiration of the partnership agreement in 2016, the agreement was revised and re-concluded under a condition of renewal every year on April 1, 2016. Yui-no-Mori is about 100 hectares, and the thinned forest area was 2 hectares when it was started. After 10 years, the applicable area became 5,425 hectares, and the total thinned forest area has expanded to 1,251 hectares. In addition, a CO<sub>2</sub> absorption certificate has been issued by Kochi Prefecture since 2007, and the amount of absorbed CO<sub>2</sub> of FY2015 was 7,194 tons raising the cumulative total to 36,460 tons. (From April 2006 to March 2016)





## KOKUYO Group's Basic Policy for Timber Procurement

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 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 CO<sub>2</sub>, 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

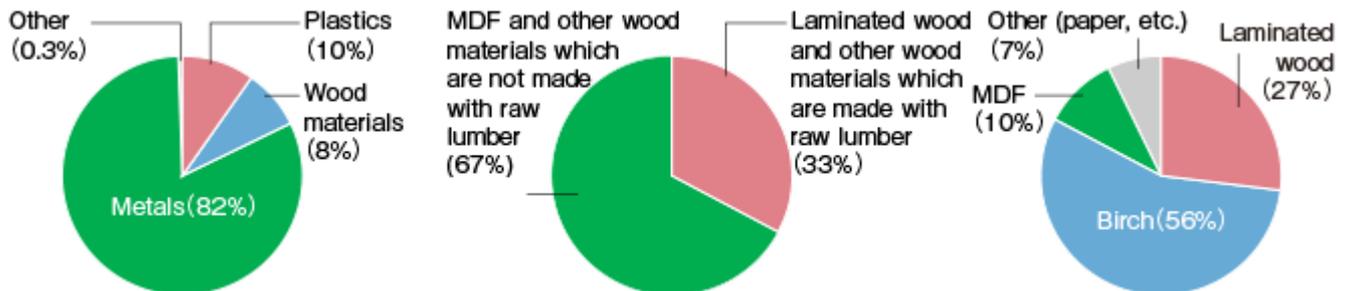
## Obtaining certification as a company dealing with matters of legality and sustainability

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.



## Status of the use of wood materials

Approximately 4,800 tons of wood materials were used by KOKUYO Furniture in the year 2016 to make products. This figure is equivalent to 8 per cent of all materials used for production (excluding packaging). In breaking down these wood materials, 33 per cent consists of solid wood, laminated wood, and other wood materials which are made with raw lumber while 67 per cent 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 that 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	Form of wood	Amount used (converted to m3)	Country/region of
Ayous	Solid wood	34.5	Cameroon, Indonesia
Kapur	Solid wood	29.4	Malaysia, Indonesia
Oak	Solid wood	3.0	Russia
Beech	Solid wood	38.5	Germany, France, Croatia
Hinoki	Solid wood	0.7	Japan
Poplar	Solid wood	41.8	America, Canada, Indonesia
White Oak	Solid wood	0.4	America, Canada
Gum Tree	Solid wood, veneer	77.0	Australia
Rubberwood	Solid wood, veneer	38.5	Thailand, Malaysia, Indonesia
Lauan	Laminated wood	200.5	Malaysia, Indonesia, Philippines
Total		464.3	

※ 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.

## 2016 Activities of Yui-no-Mori Project

### Re-conclusion of the Partnership Agreement of the Collaborative Reforestation Project by Kochi Prefecture and CO<sub>2</sub> Absorption Certificate Presentation Ceremony

On July 26, the partnership agreement of "Collaborative Reforestation Project with Environmentally Progressive Companies" was re-concluded and CO<sub>2</sub> absorption certificate presentation ceremony was held in the Kochi Prefectural Office. We received an absorption certificate for 7,194 tons of CO<sub>2</sub> from Kochi Prefectural Governor Ozaki. He expressed his gratitude for re-concluding the agreement and contributions to various aspects such as the environmental conservation, forest maintenance industry promotion, and promotion of Kochi Prefecture over many years.



Presentation of CO<sub>2</sub> absorption certificate

### KOKUYO has obtained FSC certification

Yui-no-Mori has the FSC (Forest Stewardship Council)'s forest management certification since 2007. The certificate renewal audit was carried out on August 26 and 28, and it continues to maintain FSC certification.

### Tours for Fully-fledged Certified Employees

Over 2 days on September 24 and 25, 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 9th 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.

### Monitoring activities

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 10th time on November 13. As part of this survey, a vegetation survey is ongoing at two specific sites.



FSC Audit



Tours for fully-fledged certified employees



Monitoring activities

## Effective Utilization of Forest Thinning

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 28 items as of 2016. 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 90 applications for the submission of donations. In addition, the Yui-no-Mori 1% Donation Project was commenced in February 2011 and continues to operate to this day. This project is to donate a portion of the sales of Yui-no-Mori products to the National Land Afforestation Promotion Organization's Green Fund.



Kaunet's Yui no Mori Products

## 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 is in its 10th year in 2017. 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 per cent 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.



ReEDEN series



Lake Biwa stationery (new products)



Fish of Shiga reed-based notebook A6 (left),  
1/6 plain book (right)

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

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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, and more than 3,000 members have participated in mowing the reeds. We will collaborate with experts to investigate biomass of reed bed as our next attempt. We will demonstrate the achievements of the activities by investigating biomass, carbon content, and so on. 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.

## Expanding Activities: External Fish Fishing Contest and Reed Bed Observation on Canoe Event

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The Network to Protect Lake Biwa with Reeds, consisting of various different industries and organizations, is expanding its activities year after year. The reeds are mowed in winter, and buds start to sprout in the reed bed when the spring comes. We have held a fishing contest to remove external fishes around the reed bed since 2011. Its aim is to exterminate the black bass and bluegill that threaten endemic species of Lake Biwa such as willow gudgeon and *carassius auratus grandoculis*. It is an environmental activity that Network members and their families can enjoy together. The number of participants increases every time, and about 170 people participated last year. We contribute to conserving the ecosystems of Lake Biwa together with children. The reed bed observation on canoe event is an event to observe thick reed beds from the lake surface in summertime by riding canoes through a maze-like waterway. When participants stroll around the reed bed, where they cut and take reeds from the surface of the lake onto their canoes, their voices of delight and amazement echo.



Fishing contest to remove external fishes



Observation of reed beds from canoes



Cutting reeds at Lake Inaba

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## ■ Corporate Activities

# Corporate Governance and Risk Management

### Activity highlights

### Active Development of the Spread of KOKUYO Group Code of Conduct Overseas



The top management keeps up a regular visit every year even to factories in remote places.

In order to comply with laws and regulations and carry out business activities in accordance with social ethics, the KOKUYO Group implements initiatives to promote compliance that is consistent with the local situation at the overseas bases. In addition to the KOKUYO Group Code of Conduct, which is a set of common provisions applicable to the KOKUYO Group, 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 is prepared, and we strive to promote it in each country. KOKUYO Camlin, which mainly develops art supplies in India, has presented the business plan of the new fiscal year and explained the KOKUYO Group Code of Conduct to all employees every year since 2013. For the 4th year, in 2016, this was carried out at all 9 bases in India: the headquarters (Mumbai), all sales bases (Delhi, Kolkata, Bangalore, and Mumbai), and all our plants (Tarapur, Taloja, Vasai, and Jammu).

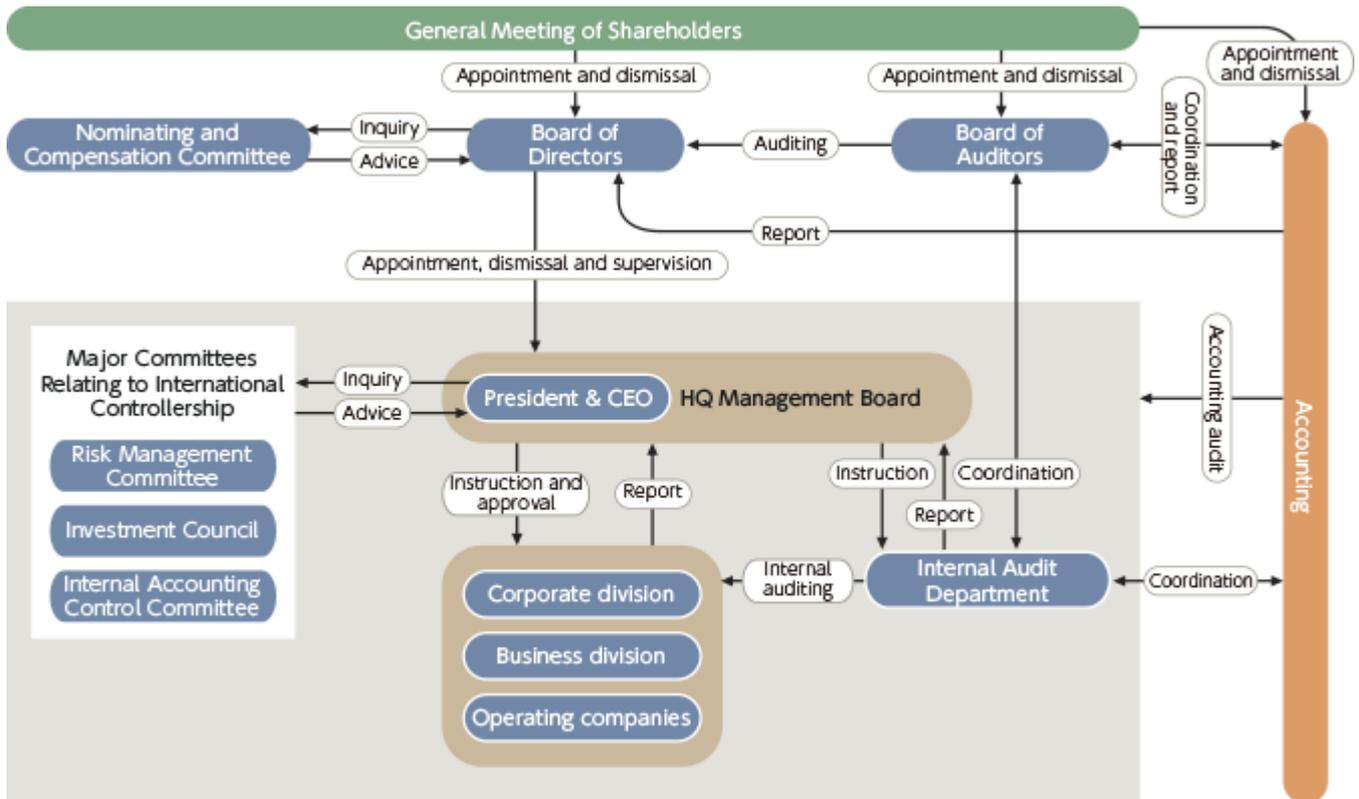
At the KOKUYO Group Code of Conduct explanation conference, all 11 provisions of the KOKUYO Group Code of Conduct Handbook are read aloud. After specific examples of violations are explained by applying published cases of disciplinary punishment, we obtain pledges from all our employees. The KOKUYO Group Code of Conduct Handbook distributed in India is available in the national language of Hindi, second national language of English, and Marathi, which is used in Maharashtra State where the headquarters and 3 out of 5 plants are centralized. Srikanth, chief executive officer, appeals to the employees saying, "What is written in the KOKUYO Group Code of Conduct Handbook is not to be obeyed because we have been told by the parent company (KOKUYO). This is our company, and we must always be aware of it and obey it in order to protect each one of our employees (and their families)." As the managers of KOKUYO Camlin take initiative and explain it directly to the employees every year, the thorough understanding of the importance of the business plan and compliance is progressing. We aim to penetrate it more thoroughly into our employees by continued raising of awareness.



South area sales team listening attentively to the explanation for 4 hours

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**

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Outside Audit & Supervisory Board Member (Full-time Outside Audit & Supervisory Board Member)	Kazutoshi Maeda
Outside Audit & Supervisory Board Member	Morihiro Murata
Outside Audit & Supervisory Board Member	Hideyuki Yasue

## **Managing Officers**

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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 Basic Policy of Intellectual Property Rights

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

### **1) Management and Operational Structure of Intellectual Property Rights**

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

### **2) Protection and Legal Compliance of Intellectual Property Rights**

The KOKUYO Group Code of Conduct stipulates that we respect the intellectual property rights of others while the intellectual property group establishes and operates the system for research, analysis, and close investigation to prevent and avoid the violation of rights held by others.

### **3) Promotion of Creation and Utilization of Intellectual Property Rights**

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



## **Operation of a Whistle-blower System, KOKUYO Group Hotline**

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



## **Commencement of Risk Management Promotion in the Entire Group**

The KOKUYO Group took the opportunity of the integration in 2015 to establish an organization and start taking steps to promote risk management. The aim of this activity is to establish a risk management circle from the Group's point of view. First, we started with recognizing what kind of risk exists in the entire KOKUYO Group, and considered policy of prioritization and measures from a perspective of what is best for the Group as a whole, and promoted it. We will clarify the particularly important themes or themes related to the entire organization, and aim to improve the effectiveness and efficiency of risk management by advancing the activity across the entire Group.

## KOKUYO Logitem Compliance Training

KOKUYO Logitem has held compliance training every year since 2012. The General Affairs and Human Resources Department conducts the training, which is held for all employees. The aim of this training is to help the employees to acquire legal knowledge that must be observed when caring out our business. From the issues such as power harassment and sexual harassment, we chose the themes Waste Disposal and Public Cleaning Law and the Act against Delay in Payment of Subcontract Proceeds, which are closely related to the KOKUYO Logitem's business, and the Labor Standards Act, especially the 36 Agreement, and we are working hard to observe the compliance.



## Formulation and Implementation of Business Continuity Planning (BCP)

Business Continuity Planning (BCP) defines action plans to continue business operations to the best of our ability after the occurrence of unforeseen circumstances, such as disasters and accidents, as well as action plans to recover and resume business in as little time as possible where interruption is unavoidable. In order to product supply with greater stability even in critical times such as disaster or outbreak of infectious disease, KOKUYO Group is thorough in its Group-uniting crisis management and will continue to promote continuous business management.

## Early Response Measures during Disasters

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



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

## Creation of a safety confirmation system and implementation of practice

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To make quick confirmation of the safety of Group employees in times of disasters, in 2006, we set up a safety confirmation system using cell phones, PCs, fixed line telephones and other means of employee communication. Immediately after the earthquake in March 2011, it was temporarily not possible to use telephones and e-mail. At present, however, no other alternative systems seem to be able to confirm the safety of a large number of employees at the same time. For the time being, we will continue to require all employees to register their cell phones and other contact addresses, and make sure that all employees receive notification and that contact information is kept up to date and in a usable state. (In 2016, practices were implemented twice with approximately 6,000 participants.)

## Implementation of Emergency Drills at Business Locations

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To ensure that all employees take safety precautions on their own in an emergency, along with regular countermeasures for earthquakes, we are conducting periodic training and drills that simulate a large-scale earthquake on weekdays. In 2016, the Osaka Headquarters and the Shinagawa Office held an evacuation drill simulating the situation after receiving an early earthquake warning. Actions for maintaining safety by taking cover under desks are applied. There were also initial firefighting training and reporting to the fire department and disaster center, through to the evacuation after terminating initial firefighting, based on a scenario of an office fire after earthquake. Also, the Shinagawa Office held training to rescue trapped employees using a ladder truck. The KOKUYO Group will continue to increase the Group-wide crisis-response capability in the future.



An emergency drill held at the Osaka Headquarters

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Corporate Activities

### With Business Partners

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.

#### Activity highlights

#### Notebook for Practicing Japanese, Created from the Idea of Trainees



The idea of the trainees was commercialized through communication with responsible staff members of KOKUYO Vietnam Trading

KOKUYO Vietnam Trading invented a notebook for practicing Japanese for Vietnamese students of Japanese together with Kansai University. Kansai University has been providing a Global Company Experience Program for its students since 2014, and KOKUYO Vietnam trading has been participating in the program as a host company from the beginning. The trainees interviewed 500 Vietnamese students of Japanese. As a result, they thought of the idea for this product because the number of students of Japanese in Vietnam is increasing, yet there was no notebook suitable for learning kanji.



Cover photo: Nemophila-covered hillside at Hitachi Seaside Park in Ibaraki Prefecture



### Building Stronger Relationships of Trust with Our Suppliers

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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.



#### KOKUYO Group Procurement Guidelines

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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.



## KOKUYO MESSE 2016

KOKUYO MESSE 2016 was held at the Shinagawa Showroom during the 3 days from July 6 to 3. KOKUYO Partner's Messe, which had been held as an event of the Stationery business to introduce new products to volume retailers and retailers, was given a complete overhaul and relaunched as KOKUYO MESSE. We expanded the purpose, removed the boundary of business, and established it as a place for suggestions to help customers solve problems. As for exhibited products, we prepared many proposals of not only new products but also our traditional products (Mono) in connection with customers' problems (Koto), for which we received favorable reviews.



## Stationery Business Conducted an Audit of Subcontractors

The Stationery business has been implementing an audit of subcontractors for the purpose of securing reliability of environmental indicators in product catalogs. In 2016, we conducted a factory audit of 90 companies. We visit our subcontractors to check for compliance with standards concerning environment-friendliness established by the Green Purchasing Law, etc. The audit follows the audit procedure established by KOKUYO 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 the production process, and whether there are any issues in the legitimacy of materials. In addition, we work with the subcontractors to consider challenges to properly guarantee compliance with the environment-conscious standards in the audit. By exchanging information on examples of cases where reliability with regards to production control was improved, we strive to ensure the reliability of environmental indicators in the future. In order to enhance the value we offer to our 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 Held Subcontractor Meetings

The Furniture business holds subcontractor meetings with major subcontractors twice a year. In 2016, the meetings were held in May and December. At the May meeting, participants reflected upon the previous year and shared their current term's business strategy. At the December meeting, the Furniture business explained their production, sales and inventory policies for the 2017 demand season and sought the cooperation of the subcontractors. In addition, in the execution of business strategy, KOKUYO expressed its gratitude by recognizing subcontractors that took excellent initiatives as POWER\* subcontractors. Their initiatives are also presented so that we 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 Mr. Sakagami, Group Managing Officer and Head of Furniture Business



A toast at the get-together

## Kaunet Agent Meeting that deepen its ties with distributors

On February 17 to 26, Kaunet held an Agent Meeting at 5 locations across Japan to explain the key points of the 2016 Spring/Summer catalog and management policies to the agents who are Kaunet distributors. In addition to the explanation of the sales strategy and media of Kaunet, Kaucore Premium items, which are original Kaunet products with unique creativity, have been explained by the product development group to small groups as a new approach, and we thus tried to deepen agents' understanding. We will engage in various activities to synchronize the activities of agents and of Kaunet.



Explanations were made to small groups in order for agents to see the items more closely

## KiSPA\* 2017 Catalog and @office 2017 Catalog Information Session for Suppliers

On April 20, the KiSPA 2017 Catalog and @office 2017 Catalog Policy Information Session was held to strengthen our relationships with our suppliers and to increase the value of the catalogs, and 234 people from 166 suppliers attended. KiSPA catalog and @office catalog are catalogs for corporate customers where all products necessary for offices are available in one volume, and besides products of KOKUYO, the suppliers provide products from stationery to daily necessities and furniture. At the policy information session, we explained the issues of retailers who promote the catalogs and the direction of KOKUYO's solutions, as well as the policy and improvements of the 2017 issues. We will continue to work to grow together with the suppliers by creating catalogs that customers and retailers will choose by increasing the catalog value (product line-up and content) with the cooperation of our suppliers.

\*KiSPA is the abbreviation for "KOKUYO is YOUR PARTNER" - it expresses KOKUYO's desire to be the best partner with customers and stationery retailers.



2017 issues of both catalogs

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Corporate Activities

### 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.



#### Basic Concepts



#### Policy and Achievements Regarding Dividends

We are working towards sustainable business growth to maximize corporate value in the medium- to long-term and to increase dividends paid to shareholders, and aim to realize a payout ratio of 25% by the period ending December 31, 2018 as a return to shareholders. In FY2016, we offered an annual dividend of 22.0 yen per share (7.5 yen as an interim dividend and 14.5 yen as a year-end dividend). 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 2016, 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, 2016

### IR for individual investors “Company information session: Story of ‘Dotliner’ tape glue development”

An IR event was held for individual investors titled "Company information session: Story of 'Dotliner' tape glue development" on August 19, 2016 to secure loyal stockholders and around 100 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 December 31, 2016. In the second part, the person responsible for the Stationery business introduced the development process that took about 3 years and the product line-up of the Glue Tape "Dot Liner", which was launched in 2015 and achieved cumulative sales of 80 million. 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.



❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Respect for Human Rights

# System That Links Company's Growth with Individual Growth

In order to bring out the motivation and creativity of our employees, KOKUYO is making efforts to change the goal setting and evaluation systems and methods in the Personnel System.

### Basic Concepts

#### Creating an Environment that Facilitates the Growth of Each Employee

The KOKUYO Group is promoting the development of a mechanism and an environment where capable and enthusiastic employees can play an active role in the workplace, and where they are appreciated for their performance regardless of nationality, race, gender, age, religion or academic background. As a part of this, we provide a fair assessment of employees' job skills and performance after clarifying the duties and roles of employees, and not only do we reflect the assessment appropriately in their treatment and compensation, but we also further review the results of the assessment to link it to the growth of employees. In 2016, we started three new approaches to change the goal setting and evaluation systems and methods in the Personnel System as a part of the medium-term management plan "Value Transformation 2018". In the medium-term management plan, we are undertaking operation model reforms to realize customer-orientated value creation, and the goal is to bring about changes in the relationship between people and the company, and to bring out the motivation and creativity of the employees.

[Three approaches that cause changes in the relationship between people and the company]

- (1) Change of the goal setting system
- (2) Change of the evaluation system
- (3) Clearer reflection of evaluation in employee treatment

Our aim is that all employees will make effort to achieve the goals of the company and to create a cycle that links the company's growth to individual growth.

### A system that links the company's growth with individual growth

#### Making a system in which each employee can understand the purpose of making effort

In April 2016, the 2016 First Half Fiscal Year Goal Setting Workshop was held, and about 60 managers and members of top management attended this event. This workshop was held to increase awareness of the issues concerning goal setting for the second half of the fiscal year by developing greater understanding of the purpose of goal setting and how we approach the goal upon actually experiencing the new goal setting system started in the first half of 2016, and sharing what was achieved this time, what changes were made, what difficulties were faced, and which aspect did not go as planned. This workshop is also a part of the medium-term management plan "Self-reform focusing on value



creation - Value Transformation 2018" that was started by KOKUYO together with efforts to change the goal setting and evaluation systems, as well as methods that bring out the motivation and creativity of our employees. The new system aims to ensure that the entire company, from management to general employees, can communicate with consistency. In the previous commitment-type communication, in which supervisors tell the goal unilaterally, the goal tended to be set in place, leaving employees unable to fully understand the purpose. By switching to consensus-type communication, where supervisors and subordinates repeatedly discuss why this high priority theme should be addressed and what goal they want to set for themselves in accordance with that, we have aimed to make an environment where all employees can set their goals after understanding the purpose. Through this workshop, the managers and members of top management again gave reminders that the purpose will be clarified by sharing recognition among supervisors and subordinates through this goal setting, and we aim to clarify what we need to work on by making clear the connection between the people around us. With this realization in mind, we will continue promoting efforts to establish the new system.



President Hidekuni Kuroda himself explained the purpose and key points of this initiative, practicing consensus-type communication

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

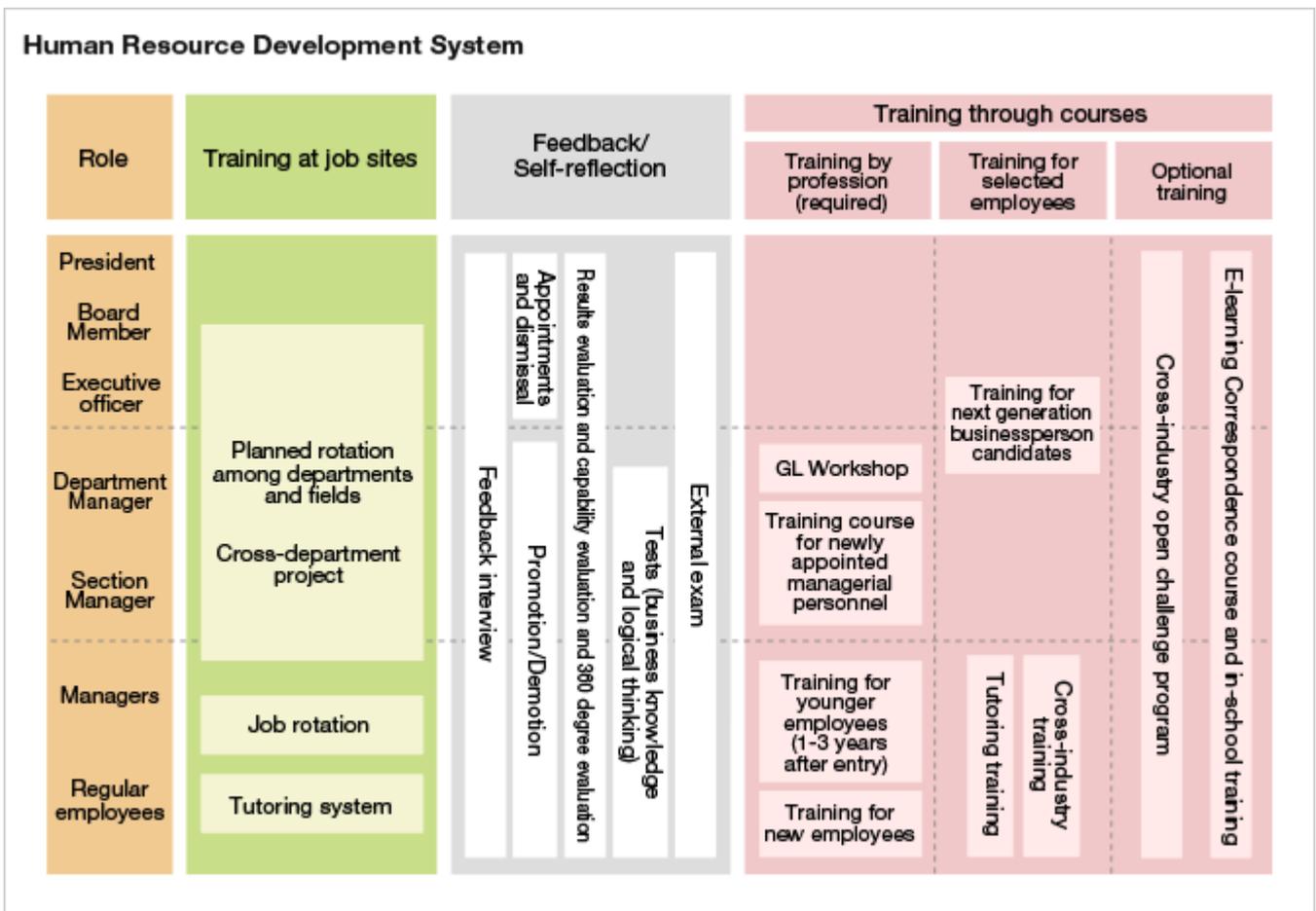
## ■ Respect for Human Rights

# Human Resource Development

We are implementing initiatives that can maximize the motivation and ability of every individual employee as we seek to become a company where all employees, from new employees to management, constantly learn and progress.

### Policy of Human Resource Development

The KOKUYO Group is promoting systematic individual development centered on three elements - job site, feedback, and training - with the goal of maximizing the individual value of each employee. 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.



## Human Resource Development Program

### Open Challenge Program that Expand Visions through Interactions with Human Resources from Different Industries

The Open Challenge Program (hereinafter referred to "OCP") is a cross-industry exchange training program that the KOKUYO Group has been participating in. Employees within the Group are invited to participate voluntarily. The aims of the OCP are 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). The secretariats of participating companies give opinions and carefully choose the high-quality program, and the result of the questionnaire given to the participants shows the high degree of satisfaction. Great benefits of this program include the inspiration of different values from KOKUYO's and the interaction with human resources from different industries. It is a good opportunity to form valuable personal connections.



In 2016, a total of 16 companies participated in the program in Osaka and Tokyo.

### Product Workshop for Sales Assistants to Increase Customer Satisfaction

On August 22, the Furniture Business Division and KOKUYO Logitem held a product workshop for sales assistants of the Customer Front Department. One of the operations of the sales assistants is to understand demands of customers correctly and lead these to supply our products. The workshop using actual products was held to respond to customers with deeper product knowledge and complicated delivery process knowledge, and to send accurate information to places of delivery. We will continue to hold this type of training in order to have smooth communication with our customers, and we would like to gain more loyal customers by responding accurately to their inquiries.



Changes to the top, bottom and back of the structure of the storage, as well as important reminders when ordering parts, were introduced in an easy to understand manner.

### Joint Female Employee Workshop of 3 KOKUYO Group Companies as a First Attempt

We held a joint female employee workshop of 3 companies for selected female employees from KOKUYO Furniture Business Division, KOKUYO Logitem, and KOKUYO Engineering & Technology over two days in September and November. The purpose of this workshop is to strive to improve motivation by recognizing employees' sense of value and thinking about the significance of working. Furthermore, we achieved synergy by holding the workshop jointly. The contents of the workshop were things that the participants do not usually have chance to think about - such as reflection on the past, the appeal of their current jobs, and what they want to do in the future. However, they deepened their thinking on their futures by discussing them at places away from work, and received mutual encouragement through cross-company interaction.



16 female employees from 3 Group companies held discussions for 5 hours

## Support to Acquire Difficult National Qualifications by Taking Advantage of the Subsidy System of Japan

KOKUYO Engineering & Technology (KET), which performs interior finishing and installation construction for offices, organized the Qualification Acquisition Promotion Committee in 2012 for the purpose of creating construction engineers, and in 2015 began initiatives that take advantage of the subsidy system of Japan. The employees who participated in this initiative tackled the first-class building operation and management engineer qualification, which is a difficult national qualification, and 15 employees in the first year and 9 in the second year passed the qualification exam. The examinees had various problems, such as not being able to take time to study because of work, and the results of the trial exams did not improve. However, this accomplishment is the result of creating an environment where the entire company gives support by sharing study methods among examinees and coordinating operations with their superiors.



Regular study meeting using video-conferencing system connecting different regions of Japan

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Respect for Human Rights

### Basic Framework for Diversity

The KOKUYO Group promotes diversity as an essential initiative for sustainable growth and development. We are taking steps with the belief 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.

#### Activity highlights

#### Management of Japan's First Agricultural Production Corporation with the Aim of Increasing the Job Scope Available for Disabled People



Since the period prior to World War II, KOKUYO has supported disabled employees based on the company's founding spirit. 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. A special subsidiary\*, KOKUYO Heartland, was founded in 2006, and 19 people including 7 disabled people (intellectually and mentally) belong to it. We are engaged in hydroponic cultivation of spinach for salad as an Agricultural Production Corporation as a special subsidiary company, which is the first of its kind in Japan. When we were looking for a new business model in order to increase the job scope available for disabled people, we came to know about agricultural production corporations that hire disabled people. The disabled employees are engaged in most of the work, such as seeding, harvesting, weighing, packing, shipping and washing cultivation beds and tanks after harvesting, by exercising ingenuity such as instructing repeatedly using as simple words as possible, and positing necessary information for easy viewing. Since we even ask nearby facilities for the disabled people for help in weighing and packing, contributing to promote the employment of disabled people. The primary feature of KOKUYO Heartland's spinach is its quality. It stays beautiful longer by removing the perishable lower leaves and roots by hand and shipping only edible leaves. Intellectually and mentally disabled employees have a strong point of being able to do one thing continuously. The fact that disabled employees do their work accurately and carefully leads to assured quality. We gained our reputation through these activities, and the current annual shipment is 52 tons. We sell this product to volume sellers, department stores and restaurants. In the future, we plan to ensure stable supply of the product and stable employment while keeping the high quality, which is not subject to price competition, by presenting the appeal of spinach for salad through recipes and other ideas. Furthermore, we will support the independence and growth of disabled employees from different aspects by providing guidance necessary for social life such as greeting, cleaning and grooming.



Spinach for salad can be eaten fresh without cooking because it has the mild taste peculiar to spinach.

\*A special subsidiary company is a subsidiary company established with approval from the country upon fulfilling certain requirements pursuant to the provisions of the Act on Employment Promotion for the Disabled. As a special rule, employees of subsidiaries are deemed to be employed by the parent company and can be included in calculating employment ratios.



## Basic Concepts



### Basic Framework for Diversity

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

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

## Establishment and Penetration of Support Systems

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

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

Maternity leave	14 weeks before and after childbirth (22 weeks for multiple-fetus pregnancy)
Spousal maternity leave	A leave of absence granted when a spouse is giving birth. <u>Two days for each childbirth.</u>
Childcare leave	<u>A childcare leave is given until the end of April after a child reaches the age of 1, or until the child reaches the age of one and a half, whichever longer. (For those who were born in April, it is given until the end of April when the child reaches the age of two)</u> *Including the Additional Leave for Mom & Dad (Extension of period when both parents take a childcare leave)
Sick/Injured childcare leave	Up to 5 days per year, or 10 days for two or more children, to look after a child below school age. (Can also be obtained in half-day units)
Family care leave	<u>Up to a total of 183 days</u> for each person requiring nursing care. (Can be taken in up to 3 blocks)
Nursing care leave	Up to 5 days per year per person requiring nursing care, or 10 days for two or more. (Can also be obtained in half-day units)
Short working hour system	<ul style="list-style-type: none"> <li>▪ Childcare: <u>Until a child finishes its third year in elementary school.</u></li> <li>▪ Nursing care: <u>Up to three years per person requiring nursing care.</u></li> </ul>
Teleworking	Can be taken in 1-day units (up to 52 times in one year) or hourly units <ul style="list-style-type: none"> <li>▪ Childcare: <u>Until a child finishes its third year in elementary school.</u></li> <li>▪ Nursing care: <u>Up to three years</u></li> </ul>
Re-employment system	<u>Eligible personnel include regular employees who left their jobs due to marriage, child-bearing, childcare, job relocation of spouse, study abroad, volunteer work, career 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. Flextime system without a core period introduced)

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

## Achieving a Good Work/Life Balance

The KOKUYO Group is committed to providing ideal working conditions with consideration for achieving a good work/life balance. These efforts have been recognized by the government and four of the group companies have received a certification logo (nickname: Kurumin Mark) as of December 31, 2016. 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, 2016 KOKUYO Co., Ltd., KAUNET Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Engineering & Technology Co., Ltd



## Introduction of Teleworking System and Flextime System without a Core Period

KOKUYO has introduced a teleworking system on a daily or hourly basis for employees who have restrictions on time or place due to child rearing or nursing care. The employees can put effort to engage in both child rearing and work by using their spare time efficiently, such as the time before leaving to work in the morning or the time after finishing housework until going to bed. Furthermore, we aim to improve work-life balance and realize higher productivity by introducing a flextime system without a core period and making working hours flexible.

## 1-Day Trial of Onsite Childcare Support During Winter Holiday Attempted as Part of New Way of Working

On December 26, the Furniture Business Division held a 1-day trial of onsite childcare support in Shinagawa Office for elementary school children of the employees working in Shinagawa and Sekigahara. This is a part of the trial of the new ways of working that we have been promoting. Unlike nursery schools, elementary school has long vacations such as summer vacation and winter holiday, and children who do not go to childcare support center spend more time alone. On the other hand, it is difficult for parents to take long leave as their children do. In response to such a background, Onsite Childcare Support Trial Office held this 1-day trial as an attempt to reduce the stress of elementary school children and parents and create working conditions where they can work continuously with peace of mind.

Many children commented in the survey that it strengthened their feeling of support for their working parents. We will take a variety of initiatives by making use of the experienced gained from this trial and the results of the survey.



A child studying by himself in the workplace of his mother

We strive for collaborations beyond industry boundaries in order to promote diversity.

### **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.



### **Activities in Diversity Western Japan Workshop**

KOKUYO participates in the Diversity Western Japan Workshop, in which about 40 companies located in the Kansai region gather to share information and establish networks. Diversity promotion managers from various companies gather and exchange opinions on themes such as reforms in the way of working, support for disabled people to take active roles, and support for a balance between work, child care and nursing care, and we make use of what we have learned in our own companies.

### **Activities in Union of 4 Companies for Ideal Way of Working**

For the purpose of making a working environment where each and every employee can play an active role, 4 companies with the same awareness of issues established a group to think about the ideal way of working. In 2016, a discussion meeting for female employees who are concerned about work-life balance enjoyed an event with role models with experience of raising children. Concern and worry for managing both things were reduced, and this provided an opportunity for the participating employees to think about their careers. We plan to hold a cross-industrial exchange seminar for male employees in the future.



## KOKUYO K Heart - Aiming to Becoming a Business Improvement Partner Essential for the Group

Since the start of employment of disabled people at the main factory in 1940, the KOKUYO Group has been continually creating a workplace where we all work together. In 2003 we founded a special subsidiary, KOKUYO K Heart, with the aim of employing disabled people. At its establishment, it was one of the subcontractors that print catalogs and leaflets. However, it is growing now from a company that hires disabled people as a member of the KOKUYO Group into an essential company as a business improvement partner. Progress is being made with transfer of operations from the Stationery Business Division, such as documentation of development and market analysis, and we are promoting various businesses that overturn the concept that the work managed by disabled people is simple.



There are 86 employees, including 39 disabled ones (as of the end of March 2016).

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Respect for Human Rights

### Employees' Safety and Health

KOKUYO believes that creating a safe, secure and pleasant working environment, health management of the employees, and safety measures in times of disaster are the foundation for employees to work vigorously and demonstrate their full abilities. We establish systems and structures while actively exchanging opinions with employees.

#### Activity highlights

#### Safety and Health Discussion Meeting where Employees Review Worker Safety



The KOKUYO Group has constantly taken health and safety initiatives based on our belief that the foundation that supports the growth of the company is the health and safety of the employees. In 2016, vice chairman Yasuhiro Kuroda became the chairperson of the Central Safety Health Committee, which is in charge of promoting the cross-sectional health and safety of the Group. Furthermore, management committed to safeguard the health and safety of employees and partners and is accelerating the evolution and strengthening of the initiatives. The activities covered by health and safety vary because there is a wide range of operations in the KOKUYO Group, such as manufacturing, construction and transportation, and there is also a variety of working environments such as offices, factories and construction sites. Therefore, we have to conduct health and safety activities that conform to the characteristics of the operations. Members who are in charge of safety management in the construction business field and at the main 5 factories exchanged their opinions as an opportunity for employees to review the health and safety of the KOKUYO Group. In the construction business field, the construction area is expanding and construction contents have become more sophisticated as products diversify, so logically we must improve the system of safety management and create a safety-critical corporate culture. In addition, the safety management activity is a closely connected and important activity for production plants where large machines are always in operation. However, it was recognized that there is no perfectly correct way, and thus such matters can become routine - and people become caught up in a dilemma between strict adherence to quality and deadlines, and modification of unsafe situations at the field. In addition, we were also able to share countermeasures, as well as issues, to make each and every worker conscious of protecting their own safety, and to do so, create a transparent work environment that enhances the trustworthy relationship firmly between safety managers and onsite workers. Safety for the KOKUYO Group is not something we maintain while weighing it against profits and productivity, but something we must guarantee as a basis for work. With the detail of this discussion meeting in mind, we, especially the Central Safety Health Committee, will promote a working environment where employees can be healthy and safe, and work vigorously.



## Basic Concepts

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 2016 Results

The KOKUYO Group has been promoting health activities by collaborating with the in-house Health Insurance Association and Health Management Office in setting specific health goals from 2013 in order to prevent lifestyle diseases. We have carried out a campaign to encourage the habit of enjoyable exercise by recording daily the number of steps taken or weight, and we have also held backache prevention seminars. Moreover, as preventive measures for cancer, we installed an apparatus for mammography so that examination can be performed during the regular in-house health check-ups in order to promote having medical examinations for breast cancer and colorectal cancer. We have actively enhanced health check items of this sort, and have created opportunities for employees to benefit from medical examinations with health awareness.

### KOKUYO Group data

	2013	2014	2015	2016
Percentage of employees with a BMI over 25	21%	23%	23%	23%
Percentage of employees who smoke (from Q&A data)	26%	26%	27%	26%



## Specific Steps We Have Taken in 2016

### 1) Implementation of health campaign

It was the 3rd year of the walking campaign that is held jointly by KOKUYO and KOKUYO Health Insurance Association for all employees. This health activity, called the GG campaign, is based on the concept of "enjoy becoming fit and receive rewards!" Each employee self-reports the number of steps they have taken daily, and those who achieved their goals receives seasonal fruits. We will strive to increase health awareness by continuing this activity, for which the number of participants is increasing every year.



## Number of participants of the GG campaign

	2014	2015	2016
Participants	340 person	670 person	853 person

## 2) Infection control measures

In order to reduce the risk of severe illness, we are expanding the opportunities (places) to have flu vaccinations within the company. In addition, we are expanding the opportunities (places) to have vaccinations both inside and outside the company by offering subsidies from the Health Insurance Association.

## Number of people who had vaccinations

	2014	2015	2016
No. of people receiving vaccinations	2,487 person	2,749 person	2,852 person

## 3) Mental health initiatives

Since 2016, we have been conducting stress checks based on laws and regulations. In order to establish a system where each employee can receive self-care without hesitating, we are making an environment where we can support prevention at an early stage by introducing the EAP (Employee Assistance Program) operated by an external institution to make the employees notice the burdens they feel.

## 4) Certified Health and Productivity Management Organization

KOKUYO (Headquarters: Osaka City, President: Hidekuni Kuroda) was selected as a Certified Health and Productivity Management Organization sponsored by the Ministry of Economy, Trade and Industry. This certification is to honor large enterprises, SMEs and other organizations engaging in initiatives for overcoming health-related challenges or for promoting health-conscious activities.



## Labor Practices/Safety and Health

### 2016 KOKUYO Group Construction Safety and Health Conference/Safety Conference and Safety Patrol at KOKUYO Group factories

The 2016 KOKUYO Group Construction Safety and Health Conferences were held at 7 venues from Hokkaido to Kyushu as a preparatory period for the 89th National Safety Week\* (July 1 to 7). Vice chairman Yasuhiro Kuroda, who became the chairperson of the Central Safety Health Committee from April, delivered the opening address at each conference. He expressed appreciation to the employees involved in delivery and construction sites as well as to partners, and conveyed his strong desire to create a company in which employees can work with peace of mind. Furthermore, during National Safety Week, safety conferences and safety patrols were held at 5 plants in 7 locations: Mie Plant, Shibayama Plant, KOKUYO Product Shiga (Shiga Plant),



Chairperson Yasuhiro Kuroda delivering the opening address (picture taken at Chubu District Construction Safety and Health Conference)

KOKUYO MVP (Tottori Factory, Aoya Factory), and Iwami Paper Industry (Head Factory, Ato Factory). We will continue conducting the activities related to health and safety especially by each Safety Health Committee, including the Central Safety Health Committee.

\*National Safety Week aims to promote voluntary health and safety activities in the industries, to enhance public awareness concerning occupational safety and to ensure the firm implementation of safety activities advocated by the Ministry of Health, Labour and Welfare and Japan Industrial Safety and Health Association.

## 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. We conduct initiatives for safety and quality in collaboration with partner companies on a daily basis and we strive to provide logistics services that satisfy our customers. In addition, we conduct awareness campaigns that fit the characteristics of each center. KOKUYO Supply Logistics takes elaborated measures each year for part-time workers of the centers so that they can endure work in summertime. There are about 400 part-time workers in the centers. In the past we have distributed cooling scarves, gym towels, salt candies and sports drinks. In recent years, we have temporarily stopped operation all together and distributed ice creams so that workers can cool off in the hot summer while having a break. We aim for smooth operation of the centers by using this as an opportunity to engage in communication with part-time workers.



Distributing ice creams as prevention of heat stroke (Kinki IDC)

## 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. Shinagawa Office held a disaster drill on May 25, 2016 at 10 a.m. based on the scenario where a low magnitude 6 earthquake with its epicenter off Tokyo Bay occurred in Tokyo. At the Osaka Headquarters, a disaster drill was held on November 9 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 for 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 on 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.



Rescue by means of a ladder car (Shinagawa Office)



Gathering at evacuation site (Osaka Headquarters)

## First aid and AED training event held for workers in Metropolitan Area

On October 25, we held a first aid and AED training event for the employees of metropolitan area at showroom facility of Shinagawa Office. The Tokyo Disaster Prevention and Emergency Medical Service Association undertook lectures and training on cardiopulmonary resuscitation (first aid) and how to use AED. In addition, we received an explanation of how to remove foreign matter from the respiratory tract, and haemostatic technique. Taking measures while waiting for an ambulance has a great effect in saving lives because it takes an average of 7 to 8 minutes for an ambulance to arrive after a 119 call in Tokyo. We are planning to hold a similar training event next year. On September 12, prior to the training course, we received a letter of appreciation from the Takanawa Fire Department for striving to increase the knowledge of emergency aid.



AED training using dolls

## Communication with Employees

### Activities of KOKUYO Labor Union with the key phrase "Work, Live, Advance ↑"

On August 31, the KOKUYO Labor Union held a beer party after work at Shinagawa Showroom. The aim was to ensure smooth operation by communicating with each other outside of work. A wide variety of people - not only union members but also managers, temporary employees and part-time workers - participated in the event, and it was a huge success. The KOKUYO Labor Union has been promoting various activities from 2014 with the key phrase "Work, Live, Advance↑". We aim to link personal growth to the Group's growth by implementing the circle that involves working efficiently by raising the value of work, and raising the value of life by spending free time more enjoyably, and then raising the value of work by knowledge acquired during free time.



A record-high 270 employees participated in the beer party, which was being held for the first time in 2 years.

## 2016 Retirement Ceremony

Retirement ceremonies were held on April 26 for 30 people who retired in the first half of the year and on October 5 for 33 people who retired in the second half of the year. The retirement ceremony is to celebrate the retirement of employees of the KOKUYO Group who are approaching mandatory retirement in appreciation of their many years of hard work. At the ceremony, their memories with KOKUYO and what they want to convey to the next generation were read out when the Chairman, Akihiro Kuroda, gave a list of gifts to each attendee. Gratitude was thus expressed for their many years of effort.



## ■ "What I'd Like to Be" Office Held a Tanabata Festival

On July 4 and 5, a Tanabata Festival was held by the "What I'd like to be" Office, which aims to ensure diversity promotion and success of women at KOKUYO Logitem. Many employees put their wishes on colorful paper slips, and these were dedicated to Hiraoka Shrine, which is located close to the company. "What I'd like to be" Office is planning a variety of training programs and events. KOKUYO Logitem will continue aiming for diversity promotion and the success of women.



This event was held at the Headquarters New Building XT (Kurosuto) and Mie Distribution

## ■ 2016 KOKUYO Memorial Service for Deceased Employees

On August 19, the 2016 KOKUYO memorial service for deceased employees was held at Tentokuin Temple on Mt. Koyasan. This memorial service is to enshrine the spirit of the deceased ones from the past year with a show of appreciation to predecessors who contributed to the development of the KOKUYO Group. When the Group marked its 70th anniversary in 1974, a memorial monument for the deceased was built on Mt. Koyasan at the suggestion of the late Shonosuke Kuroda, honorary chairman, and the ceremony has been held every year since then. A total of 31 people - 29 employees and ex-employees, and 2 distributors - were enshrined this fiscal year, bringing to 586 the total number of enshrined people since 1974.



The Chairman Akihiro Kuroda, the chief mourner, and the bereaved families attended.

## ■ Furniture Business held 2016 Bonding Session to strengthen the value chain

From July 21 to August 26, the Furniture Business bonding session was held. The bonding session was started in 2012 with the purpose of strengthening the value chain by having members related to the Furniture Business gather together, and it marked its 5th year in 2016.

The highlight of the bonding session is the "That's Great! Award" award system of the Furniture Business. This is a system to award model employees in terms of their behavior such as self-reproach, unity, and ability to respond to changes, and teams or employees that contributed to or achieved a high-impact project. We hope to strengthen our unity through events like this with appreciation for a variety of people who support the long value chain that is peculiar to the Furniture Business.



Commemorative photo of winners of the Good Job! Award in the Business Category of That's Great! Award 2016 (Tokyo)

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO Group History	❖ Key Figures about KOKUYO	❖ KOKUYO's CSR	❖ Customers
❖ Regional Communities	❖ Environmental Conservation	❖ Corporate Activities	❖ Respect for Human Rights	❖ Third-Party Assessments	

## ■ Third-Party Assessments

# Assessments and awards received from outside the KOKUYO Group

## Awards

### Smoked Oil from Actus was Selected for THE WONDER 500™, Japan's Excellent Local Products

SØHOLM is a restaurant in Tennozu, Shinagawa that serves wild game cuisine, wine and selected seasonal items. It was opened in 2014 by Actus, which sells interior products and small items. The homemade smoked rice bran oil called SØHOLM SMOKED OIL, which was used for a small touch for the dishes provided there, was selected for The Wonder 500™\*.

Normally, the aroma of smoked oils does not last, but this oil is characterized by a long-lasting aroma and flavor thanks to the cooperation of kazusa-smork, which has a patented technology.

※ The Wonder 500™ project is a regionally-driven Cool Japan project designed to discover "local products that are the pride and joy of Japan but not yet known outside of Japan," and then promote them around the world.



A new seasoning idea that was created thanks to the restaurant's small twist of smoking a seasoning

### 5 Products from KOKUYO Received the 2016 Good Design Award

Winners of the Good Design Award, which is the comprehensive design promotion system organized by the Japan Institute of Design Promotion, were announced on September 29, and 5 products of KOKUYO received the award:

2016 Good Design Award winning products

- Meeting Table "VIENA" (image: top left)
- Electric Elevator Type Table Series "SEQUENCE" (image: top right)
- Office Chair "Duora" (image: bottom left)
- Staple-less Stapler "Harinacs Press" (image: bottom middle)
- Glue Tape, Dot Liner Series (image: bottom right)



In addition, "VIENA" was selected for the "GOOD DESIGN BEST 100" - which received high praise from juries among all the Good Design Award winners.

## Reed-based Brush Pen ReEDEN Selected in Hanayaka Kansai Selection 2016

To mark the 70th anniversary of the foundation of Kansai Economic Federation, local specialties recommended for international visitors to the Kansai region's ten prefectures were selected as Hanayaka Kansai Selection 2016\*. The Reed-based Brush Pen ReEDEN from KOKUYO Product Shiga was selected as a representative of Shiga Prefecture. Each pen is meticulously crafted by hand, with a carefully selected natural and beautifully shaped reed from Lake Biwa and the Yodo River System used as its barrel, making it a one-of-a-kind pen in the whole world. This received high praise for giving a good opportunity to experience Japanese culture, such as calligraphy and ink painting, which leads to environmental maintenance of Lake Biwa and the Yodo River System utilizing reeds. Above all else, the design, which makes people want to pick it up, was highly rated.

※ Kansai Economic Federation is aiming to vitalize the entire Kansai region by widely disseminating the attractiveness of the 10 prefectures in Kansai area in collaboration with the Union of Kansai Governments and The Foundation for Kansai Region Promotion.



The pen was developed as a part of the ReEDEN Project, which aims for growth and protection of reeds that play an important part in the environmental maintenance of Lake Biwa.

## KOKUYO Received the Award of Excellence at the 20th Environmental Communication Awards for the 2nd Consecutive Year

KOKUYO Group CSR Report 2016 received the Award of Excellence at the 20th Environmental Communication Awards hosted by the Ministry of the Environment and the Global Environmental Forum for the 2nd consecutive year. The KOKUYO Group received the Merit Award at the 6th, 7th and 13th Awards, and the Excellence Award at the 19th and 20th, and this is the 5th time it has received it. It was deemed to be edited according to ISO26000 and GRI, scope 3 initiatives were started, and it was verified by a third-party that editing of reports such as Highlights of 2015 was easy to understand for the readers, and we are continuing with our unique effort in biodiversity by means of ReEDEN. Encouraged by receiving the award, we will strive to further enhance the disclosure of information.





## Assessments

Assessments by external organizations received during FY2016 are as follows.

11th TOYO KEIZAI CSR Ranking (TOYO KEIZAI INC.)	Overall Ranking: 245th
15th Corporate Honesty and Transparency (Ethical and Social) Survey (IntegreX)	Comprehensive Evaluation: 340/1000
SNAM Sustainability Index (SOMPO RISK MANAGEMENT & HEALTH CARE)	Overall Score: 224.1
Beech Tree Forest Survey (SOMPO RISK MANAGEMENT & HEALTH CARE)	Comprehensive Evaluation: Rank A
CDP Climate Change	B (Management)
CDP Forests	B (Management)
19th Environmental Management Survey (Nikkei Inc.)	Overall Ranking: 57th

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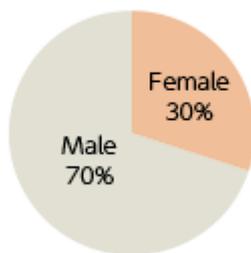
## ■ Third-Party Assessments

# Survey Results of CSR Report 2016

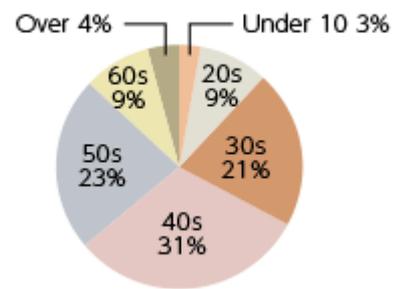
The KOKUYO Group conducted an online survey to gather feedback from a wide range of people from both within and outside of the company in order to improve on our activities and reports. In appreciation for everyone's cooperation, we hereby present the survey results for the CSR Report 2016.

### Attribute of the respondents

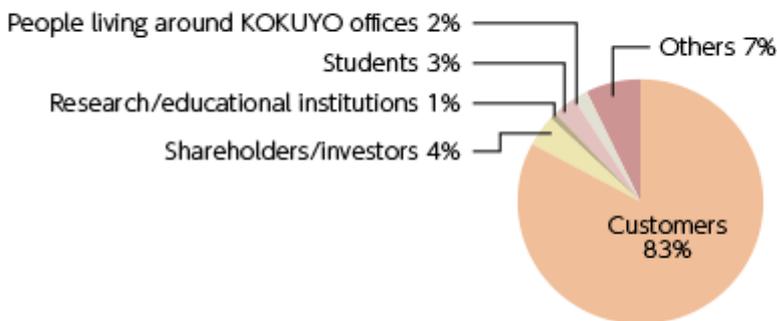
#### Gender



#### Age

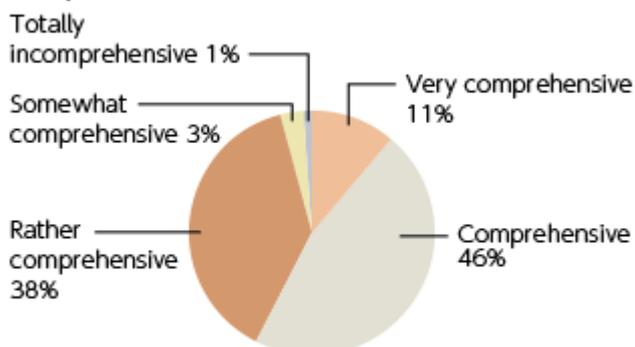


#### Standpoint

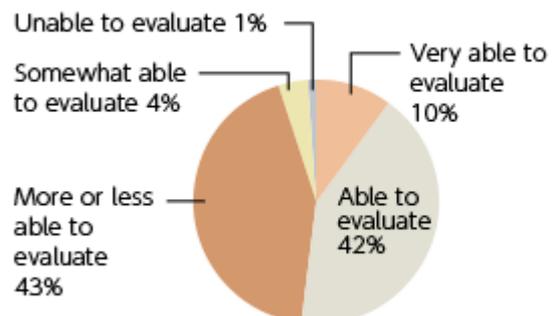


### Survey results

#### Comprehensiveness of Content



#### Overall Evaluation of the CSR Initiatives



**KOKUYO**