

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO's Main Business Domains	❖ KOKUYO's Initiatives and History	❖ Initiatives for Future and Society	❖ KOKUYO's Various Initiatives	❖ Introduction of KOKUYO's Initiatives in 2020	❖ Message from the President
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## Environment

### Environmental Management

KOKUYO recognizes that environmental problems, including global warming and the reduction of forest resources, are pressing issues. We will bring together the best business brains to develop sustainable solutions.

#### The Group's Vision for the Environment

Building a sustainable society will require the creation of a recycling-oriented, low-carbon society that can coexist with nature. We have established the KOKUYO Group Vision for the Environment, which states our environmental philosophy and outlines seven policies for putting the philosophy into practice: 1) fighting climate change, 2) conserving and recycling resources, 3) promoting eco-products throughout the value chain, 4) protecting biodiversity, 5) complying with environmental law and preventing pollution, 6) disclosing and communicating environmental information, and 7) integrating environmental management.

#### Environmental principles

KOKUYO was founded with the vision to enrich the world through our products and services. An enriched world is a sustainable world. Such a world requires global action to fight climate change, conserve scarce resources, and protect biodiversity. To play a leading role in this perennial worldwide challenge, we will bring together the best business brains to develop sustainable solutions.

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.

Environmental policies		
	<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.

The above environmental vision was reworded to reflect our re-conceptualized purpose, “be Unique,” and our founding vision to “enrich the world through our products and services.” We are updating our environmental vision to incorporate our 2030 targets for five priority challenges that we identified in a materiality assessment.

[\\*Related information: Materiality assessment process](#)

### Environmental targets for 2030

Our materiality assessment identified three critical challenges: respond to the climate crisis, contribute toward a circular economy, and contribute toward a society that coexists with nature. There are two kinds of actions to meet these challenges: CSR actions and business actions. In 2020, we set targets measure our performance in CSR actions. We are now considering targets for business actions.

Critical challenges		2030 target
Respond to the climate crisis	Reduce CO <sub>2</sub> emissions through energy efficiency and renewable energy. Use forests to offset emissions.	Reduce CO <sub>2</sub> emissions: Emissions down by 26% from 2013 level*
		Offset CO <sub>2</sub> emissions: Forests absorbing at least 6,000 tons of CO <sub>2</sub> a year
Contribute toward a circular economy	Promote human rights and resource conservation in supply chains to promote a circular economy	100% of waste (office, construction, inventory) recycled
		Procurement guidelines applied throughout corporate group
Contribute toward a society that coexists with nature	Protect biodiversity and reduce use of hazardous chemicals to minimize environmental impacts	Promote timber legality compliance
		Forests: Forests thinned at 150 hectares a year
		Reedbeds: Reeds trimmed at 15 hectares a year

\*This target applies to the following companies: KOKUYO, KOKUYO Product Shiga, KOKUYO MVP, KOKUYO Logitem, KOKUYO Supply Logistics, KOKUYO Marketing, Kaunet, Actus, KOKUYO Finance, KOKUYO & Partners, LmD International

## This is how we performed in 2020

CO2 reduction target	CO <sub>2</sub> emissions in 2013	2030 target	2020 result	Change from 2013 level
Emissions down by 26% from 2013 level by 2030	30,683t-CO <sub>2</sub>	22,705t-CO <sub>2</sub>	22,334t-CO <sub>2</sub>	Down 27.2%
Use forests to offset CO <sub>2</sub> emissions				
Forests thinned at 150 hectares a year and absorbing at least 6,000 tons of CO <sub>2</sub> a year.		Hectares thinned: 111.9 Tons of CO <sub>2</sub> absorbed: 5,708		

## Three-year environmental strategy

2020 marked the final year of the previous three-year plan (2018–2020). We are preparing targets for the next three-year period.

Environmental policy	Action	2018 result	2019 result	2020 result	2020 target	Met/missed
Fight climate change	Reduce CO <sub>2</sub> emissions (from 1990 level)	13.0% down (Japan)	20.1% down (Japan)	32.5% down (Japan)	30% down (Japan)	Met
	Reduce energy consumption (from 2010 level) * 1% average annual rate of reduction in intensity	13.8% down (intensity)	16.1% down (intensity)	21.1% down (intensity)	10% down (intensity)	Met
Reduce, reuse, recycle	Raise recycling rate of total waste generated (includes construction waste generated by prime contractor)	95.5%	94.7%	94.7%	100%	Missed

Coverage of three-year targets:

The targets apply to the following companies: KOKUYO, KOKUYO Product Shiga, KOKUYO MVP, KOKUYO Logitem, KOKUYO Supply Logistics, KOKUYO Marketing, Kaunet, Actus, KOKUYO Finance, KOKUYO & Partners, LmD International, KOKUYO K Heart, Heartland

\* Actus and Heartland were not part of KOKUYO's corporate group during the reference years. Accordingly, their performance in the targets is measured against their results for 2018.

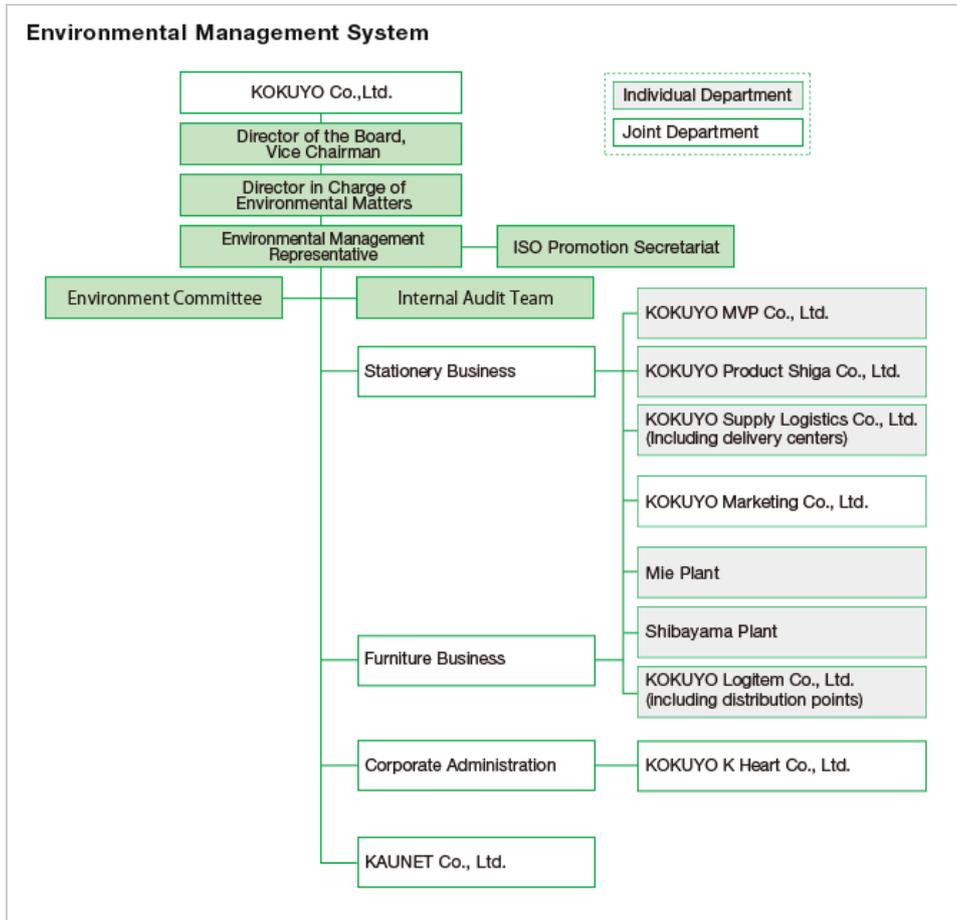
## Environmental Management System

Our Environmental Management System (EMS) consists of an integrated accreditation system for planning, R&D, production, marketing, sales, services, storage, and shipment. Since 2004, the system covers all major subsidiaries in Japan.

While keeping the core elements of the EMS consistent across the group, we differentiate according to the scale of the environmental impact. Specifically, operating companies and plants with a relatively large environmental impact get case-

specific treatment, while those with less impact get standard treatment.

We also try to give the companies sufficient leeway to manage their environmental impacts in a manner that suits the nature of their businesses. For example, we allow the companies to set environmental targets in line with their business strategies. Environment-related documents are managed under a system called MELON. In a July 2013 upgrade, MELON's coverage was expanded and the system was made more user-friendly, efficient, and accurate. We subsequently migrated the data to a new system (the 2015 system). The migration testing was completed successfully in December 2016.



## Environmental Education

To educate employees about environmental issues, inform them about the environmental targets, and train them in accident/emergency responses and management protocols, the ISO Promotion Office organizes briefings on environmental legislation and provides training to members of the internal audit team. Additionally, individual divisions and business units provide their own environment-related training programs. In 2020, most in-person training events were cancelled because of the pandemic. We are exploring alternative options for training.



Training employees to respond to spills (KOKUYO MVP)

Education/training category	Number of attendees		
	2018	2019	2020
General environmental education	2,152	1,891	2,708
Briefings on environmental targets and legislation	233	367	162
Accident/emergency response drills	169	232	211
Training for internal audit team	21	56	96
Other training	322	192	7
Total	2,897	2,738	3,184

### First-, second-, and third-party audits

First-, second-, and third-party audits are performed to ensure conformity across our corporate group. In first-party audits, the auditee (a group company) performs the audit on itself. In second-party audits, our ISO Promotion Office performs the audit on the auditee. In third-party audits, an independent body performs the audit in compliance with the requirements of ISO 14001. The audits focus most of all on legal compliance. In 2020, first-party audits were performed from July 1 to 31, second-party audits were performed from August 31 to September 14, and third-party audits were performed from November 30 to December 4. The first- and second-party audits identified 48 issues, many of which concerned compliance. For example, 12 concerned waste and seven concerned hazardous materials. The third-party audit found no issues as such, but it did highlight some “opportunities for improvement.” In light of the feedback, we recognize the need to improve education on legal matters.

As was the case in the previous year, the third-party audit identified as an “excellent aspect” the fact that our ReEDEN Project and Yui-no-Mori Project have earned plaudits for promoting biodiversity. The third-party audit in 2020 was a surveillance audit.

Year	2018	2019	2020
Sites audited	75	118	74
First-party audit	60	61	59
Second-party audit	15	16	15
Extraordinary audit	–	41	–
Issues identified	28	83	48
Minor nonconformity	8	25	13
Corrective action	20	58	35

Year	2018 (recertification audit)	2019 (surveillance audit)	2020 (surveillance audit)
Sites audited	29	17	20
Excellent aspect	1	1	1
Good aspect	8	5	2
Minor nonconformity	1	0	0
Opportunity for improvement	21	21	26



Internal audit at Shibayama plant



Internal audit at a workstation in KOKUYO's Osaka office



Third-party audit at KOKUYO Logitem's distribution center in Shiga



Third-party audit at KOKUYO Product Shiga



Third-party audit at KOKUYO's Shinagawa office



Third-party audit at KOKUYO Supply Logistics' distribution center in Ibaraki

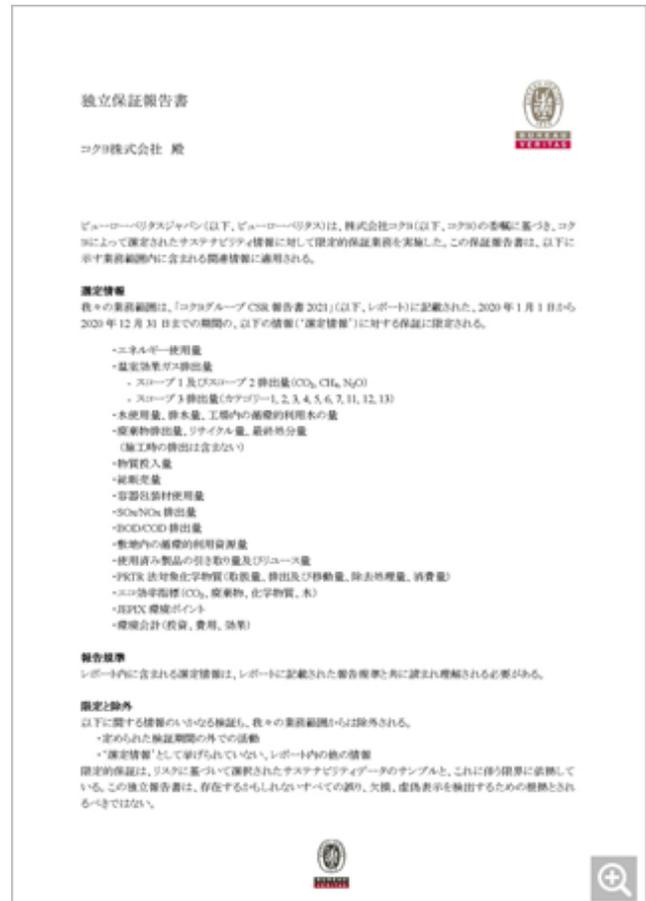
## Third-party certification

Our environmental reporting was independently reviewed and certified by Bureau Veritas Japan for the purpose of receiving independent feedback on the accuracy, transparency, consistency, validity, and completeness of the reporting.

## Process of third-party review

Bureau Veritas Japan reviewed our reporting of the environmental impacts of all 31 organizations<sup>1</sup> in the corporate group (which includes Iwami Paper Industry since 2018) as well as our scope 3 emissions data. It also visited workplaces to see how data was being measured and managed. Three Japanese workplaces were visited: KOKUYO Head Office, Iwami Paper Industry (Ato plant), and KOKUYO Supply Logistics (Kyushu distribution center). One overseas workplace was visited: KOKUYO Vietnam. The review identified eight excellent aspects and 11 opportunities for improvement. It also identified 42 issues requiring corrective action and 13 opaque aspects requiring better transparency. During the review period, we rectified the 42 issues and clarified the 13 opaque aspects. While recognizing the progress we have made in standardizing rules for aggregating data, the reviewer highlighted some instances where data was omitted or where the basis for calculation was ambiguous. In light of the issues raised, we will work harder to improve the accuracy and precision of disclosures both internally and throughout our supply chains.

Year	2018	2019	2020
Excellent aspects	9	12	8
Opportunity for improvement	6	11	11
Issue requiring corrective action	32	38	42
Aspect requiring better transparency	30	17	13



Environmental performance data  
On-site third-party check at  
Ato plant



Environmental performance data  
On-site third-party check at  
KOKUYO Head Office



Environmental performance data  
On-site check at  
KOKUYO Supply Logistics' Kyushu  
distribution center

<sup>\*1</sup> The review covered data reporting from the following organizations:

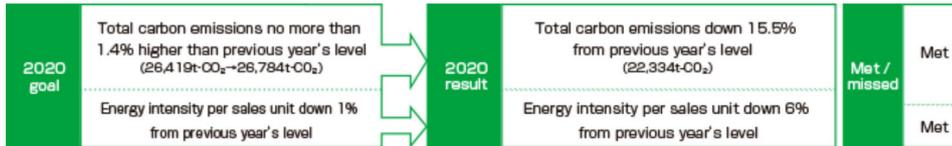
	Consolidated subsidiaries	Affiliates
Japan	KOKUYO Co., Ltd.	KOKUYO K Heart Co., Ltd., Heartland Co., Ltd., IWAMI Paper Industry Co., Ltd., KOKUYO Hokkaido Sales Co., Ltd., KOKUYO Tohoku Sales Co., Ltd., KOKUYO Kitakanto Sales Co., Ltd., KOKUYO Tokai Sales Co., Ltd., KOKUYO Hokuriku-Niigata Sales Co., Ltd., KOKUYO Sanyo-Shikoku Sales Co., Ltd.
	Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., KOKUYO Logitem Co., Ltd., KOKUYO Product Shiga Co., Ltd., KOKUYO MVP Co., Ltd., LmD International Co., Ltd., Actus Co., Ltd., KOKUYO Finance Co., Ltd, KOKUYO & Partners Co., Ltd.	
Overseas	KOKUYO Vietnam Co., Ltd., KOKUYO Malaysia Sdn. Bhd., KOKUYO (Shanghai) Management Co., Ltd., KOKUYO Commerce (Shanghai) Co., Ltd., KOKUYO Furniture (China) Co., Ltd., KOKUYO Design Consultants (Shanghai) Co., Ltd., KOKUYO International Asia Co., Ltd., KOKUYO International (Malaysia) Sdn. Bhd., KOKUYO Vietnam Trading Co., Ltd., KOKUYO CAMLIN Ltd.	KOKUYO-IK (Thailand) Co., Ltd.

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## Environment

### Global Warming Preventive Measures

The KOKUYO Group strengthens activities to ease global warming (measures for the reduction and absorption of CO<sub>2</sub> emissions) with a view to achieve a low carbon society.



#### Summary for 2020

In 2020, a total of 22,334 tons of CO<sub>2</sub> was emitted by our consolidated subsidiaries in Japan<sup>1</sup> and by our disability-friendly subsidiaries, KOKUYO K Heart and Heartland. This total represents a reduction of 4,085 tons (15.5%) from the previous year, which exceeds our carbon reduction target. The change in emission coefficients<sup>2</sup> accounts for 715 tons of the reduction. According to our estimates, the actual reduction was 3,370 tons and the breakdown was as follows: We cut 428 tons by improving operations, 179 tons by improving facilities and equipment, and 2,763 tons by consolidating manufacturing operations. The reductions for offices, production sites, and distribution channels are as follows.

#### Offices

Our offices reduced their emissions by 859 tons from the previous year's level (765 tons if the exhaust coefficient is excluded).

The breakdown was as follows: 683 tons of emissions were cut as a result of office responses to the coronavirus pandemic such as allowing remote work and more flexible working hours. Besides this, 82 tons were cut by using less air conditioning, by existing efforts to promote more efficient working patterns (such as instituting a no-overtime day and encouraging workers to leave work on time), and by installing energy-efficient LED lighting.

#### Production sites

Our production sites reduced their emissions by 2,570 tons from the previous year's level (2,121 tons if the exhaust coefficient is excluded).

The breakdown was as follows: 1,750 tons of emissions were cut because of pandemic-related production stoppages. Besides this, 320 tons were cut by operational improvements. These included cutting changeover times, tightening compliance with rules for machinery and equipment, improving inspections, making production schedules more precise, and running energy audits to ensure energy efficiency. Additionally, 51 tons were cut by installing inverters and energy-efficient LED lighting.

#### Distribution channels

Our distribution channels reduced their emissions by 656 tons from the previous year's level (484 tons if the exhaust coefficient is excluded).

The breakdown was as follows: 330 tons of emissions were cut because of shipment holdups caused by the pandemic, 31 tons were cut by ongoing efforts to save energy (operational improvements, lighting adjustments at distribution centers), and 123 tons were cut by installing energy-efficient LED lighting.

\*1 The companies are as follows: KOKUYO, KOKUYO Product Shiga, KOKUYO MVP, KOKUYO Logitem, KOKUYO Supply Logistics, KOKUYO Marketing, Kaunet, Actus, KOKUYO Finance, KOKUYO & Partners, LmD International.



Solar panels installed at the new wing of our Osaka office



Solar panels installed at Shiga Factory



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

\*2  
As  
to

CO<sub>2</sub> emission coefficients for electricity, we adopt the coefficients based on Japan's Act on Promotion of Global Warming Countermeasures (base emission coefficients for each electricity company based on actual performance for 2018 and 2019).

### Total CO<sub>2</sub> Emissions by KOKUYO Group

Total emissions for all 31 organizations<sup>1</sup> in the corporate group (which includes Iwami Paper Industry since 2018) amounted to 32,299 tons,<sup>2</sup> a reduction of 7,525 tons from the 2019 level. Around 2,500 tons of the reduction was attributable to the energy provider reducing its emissions coefficients. The remaining 5,000 tons was attributable to our ongoing efforts to cut emissions as well as to reduced worker attendance amid the pandemic.

\*1 CSR Data Snapshots

\*2 As to CO<sub>2</sub> emission coefficients for electricity in Japan, we adopt the coefficients based on the Act on Promotion of Global Warming Countermeasures (base emission coefficients for each electricity company based on actual performance for 2018 and 2019). As to CO<sub>2</sub> emission coefficients for overseas electricity, we adopt the CO<sub>2</sub> Emissions from Fuel Combustion 2019 edition by the International Energy Agency. The difference due to change in coefficients is the difference with the emissions calculated based on the average of all electricity sources for 2000 (0.378 kg-CO<sub>2</sub>/kWh).

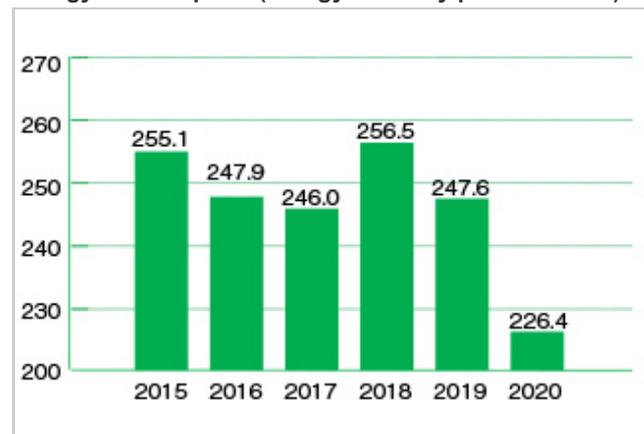


Solar panels installed at KOKUYO Camlin's Patalganga Factory

### Trend of CO<sub>2</sub> Emissions for Entire KOKUYO Group



### Energy consumption (energy intensity per sales unit)



### Improving the Accuracy of Scope 3 Data

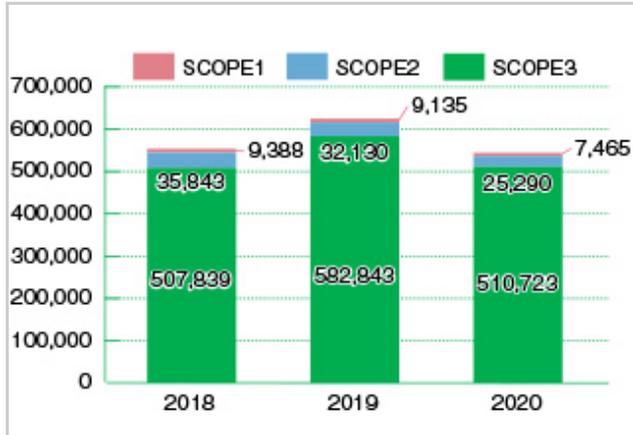
Thanks in part to the work of the Carbon Disclosure Project (CDP), there is growing interest in carbon reporting. Businesses around the world are increasingly expected to disclose information on their scope 3 emissions. Scope 3 emissions are indirect emissions throughout the value chain, including in production, shipment, consumption, and disposal. Before 2014, we were already disclosing some scope 3 emissions (such as emissions produced during shipment). Since 2014, we have disclosed scope 3 emissions in accordance with the Ministry of the Environment's Basic Guidelines on

**Calculating Volumes of Greenhouse Gas (GHG) Emissions.**

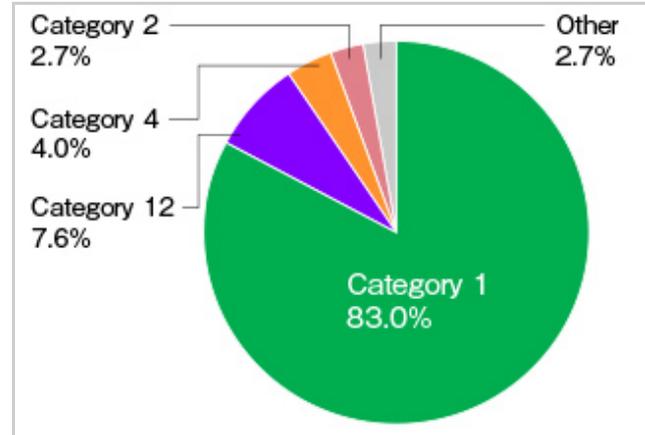
In 2020, our value chain produced a total of 543,478 tons of GHG emissions. Scope 3 emissions accounted for approximately 94% of this total. As much as 83% of the scope 3 emissions were from purchased goods and services (Category 1).

The reliability of our environmental data was confirmed in an independent assessment conducted Bureau Veritas Japan.

**Emission by Scope**



**Breakdown of scope 3 emissions**



[\\*CSR Data Snapshots \(Global Warming Preventive Measures\)](#)

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## ■ Environment

### Resource-saving and Recycling Measures

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



#### ■ Summary for 2020

The volume of waste materials generated by the group's 31 business offices<sup>1</sup> in 2020 was 19,785 tons (previous year: 23,446 tons), and the recycling rate was 96.6% (previous year: 96.4%). We generated 2,973 tons of waste materials on construction sites (previous year: 4,150 tons) with a recycling rate of 82.0% (previous year: 85.2%). 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. 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 waste materials generated on construction sites are not homogenous, 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 aim to achieve our medium- and long-term target of 100% for the rate at which waste materials are recycled.

\*1 CSR Data Snapshots

#### ■ Office waste

In 2020, our offices produced 790 tons of waste (compared to 694 tons in 2019) and recycled 97.3% of waste (compared to 95.9% in 2019). Although there is a limit to what an office can do, our office staff are doing their bit by separating waste and going paperless.

#### ■ Factory waste

In 2020, our factories produced 9,930 tons of waste (compared to 10,999 tons in 2019) and recycled 96.7% of waste (compared to 95.3% in 2019).

Since 2009, our Japanese production sites produce zero emissions when disposing of waste. Overall, they recycled 99.8% of waste (compared to 99.4% in 2019), because plasterboard at Mie plant is now reused (material recycling) instead of being burned for energy (thermal recycling).

In 2020, our overseas production sites recycled 87.4% of waste (compared to 81.4% in 2019). We encourage each of these sites to reduce and recycle, while taking into account local recycling standards.

#### ■ Waste in distribution channels

In 2020, our distribution channels produced 9,066 tons of waste (compared to 11,753 tons in 2019) and recycled 96.4% of waste (compared to 97.3% in 2019).

Cardboard and wooden pallets used in packaging are repaired and reused.

We will continue our active efforts to use resources effectively.

## KOKUYO products: Reuse, recycle

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For certain cases, we encourage customers to return used products so that they can be reused or recycled.

In 2020, KOKUYO Logitem collected around 1,988 tons of used office furniture (desks, chairs, and so on). Around 230 tons of the collected furniture was salvaged for reuse. The remainder was dismantled and sorted for recycling.

[\\*CSR Data Snapshots \(Resource Saving and Recycling\)](#)



A desk being dismantled and sorted

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## Environment

### Legal Compliance, Anti-Pollution Measures

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 for 2020

Twenty-eight environmental laws and regulations are currently applicable to the KOKUYO Group within Japan. In June every year, we evaluate the status of our compliance with these laws and regulations. The 2020 evaluation revealed that some of timber products might be noncompliant with the Act on Promoting Green Procurement, as a result of discrepancies in interpreting the requirements in that law. We regard this result as indicative of the tightening of the criteria for timber legality. No other products were found to be in violation of the requirements.

#### Compliance with Air Pollution Control Act: Dealing with asbestos

The revised Air Pollution Control Act, in effect from April 2021, has toughened the regulations on preventing the release of asbestos fibers. Accordingly, we make sure that all managers responsible for safety and engineering in buildings are aware of and comply with the regulations. At the construction project conferences, the above managers are informed about the hazards of asbestos and the time periods when asbestos was used in buildings. Attendees at these conferences are also instructed to check for asbestos before starting any construction or repair work and to report back the results. Mindful that such checks are likely to uncover many more cases of asbestos in older premises, we will use construction project conferences to prevent asbestos dispersal and exposure.



Because of the coronavirus, this seminar was held online

**ココヨグループ建設業協議会: Jul.2020** 無事にカエル ココヨグループ建設業協議会事務局

**4、大気汚染防止法が強化されます：石綿(=アスベスト)関連 その1**

**1. 法改正の背景・経緯**  
 大気汚染防止法の施行状況の検討がなされ、これまでは規制の対象ではなかった石綿含有建材（いわゆるレベル3建材）についても、不適切な除去を行えば石綿が飛散することが明らかになりました。また、解体等工事前の建築物等への石綿含有建材の使用の有無の事前調査で石綿含有建材を見落としたり、除去作業時に石綿含有建材の取り残しがあることにより、工事に伴い石綿が飛散する事例が確認されました。こうした状況を受けて、令和2年6月5日に、建築物等の解体等工事における石綿（アスベスト）の排出等の抑制を図るため、「大気汚染防止法の一部を改正する法律」（令和2年法律第39号。以下「改正法」という。）が公布されました。改正法は一部の規定を除き、公布の日から起算して1年を超えない範囲内において政令で定める日から施行されます。[環境省HP> https://www.env.go.jp/press/107831.html](https://www.env.go.jp/press/107831.html)

Seminar material

#### Handling chemical substances

We make all efforts to ensure proper management and handling of chemical substances. In June 2016, Japan tightened the legislation on chemical substances, introducing mandatory chemical risk assessments. We comply with the requirements and take steps to ensure chemical safety in the workplace. At Shibayama Plant, paints and other hazardous chemical products come with a safety data sheet (SDS) to inform the people who will handle the chemical about the chemical's hazards and the relevant requirements. As a further safety precaution, the chemical products have labels with a color coded sections that visually communicate the hazards (blue, red, and yellow). Other workplaces use similar measures.

## Promoting the Management of Chemical Substances Included in Products

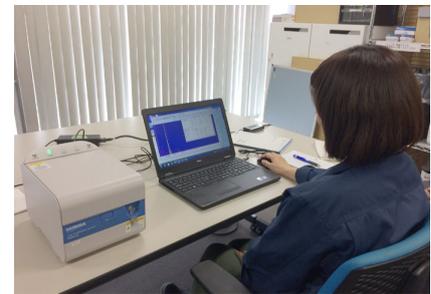
We recognize that every supplier has a moral responsibility not only to avoid the use of prohibited substances but also to handle hazardous substances (substances that could harm the environment or health) safely and to communicate the hazard information. We also recognize that there has been a clear global shift in the regulation of chemical substances. Specifically, countries around the world are moving from the traditional hazard-based approach, which focuses on the inherent properties of a chemical substance that make it potentially hazardous, to a more scientific risk-based approach, which focuses instead on the circumstances in which these potential hazards may cause harm. We, too, have shifted toward risk-based assessments over the past several years. In 2014, we listed up the hazards in the chemical substances we use. Referring to this list, we started examining the risks of the substances in 2015 on a priority basis. In 2017, we released our findings on the hazards and exposure risks in a report titled Guidelines for Managing Chemical Substances Included in Product (Stationery Edition). In 2018, we organized in-house training courses on chemical substance management to tighten compliance with chemical management regulations. In 2020, we started preparations to update the guidelines to incorporate more risk information ahead of a revision to Japan's chemical management regulations. We will continue to fulfill our responsibility to comply with chemical substance regulations and communicate chemical information.



Chemicals managed and handled securely (Head Office)



Color coded sections on label communicate hazards (Shibayama Plant)



Scanning for heavy metals using X-ray fluorescence

❖ KOKUYO's CSR Charter	❖ Corporate Profile	❖ KOKUYO's Main Business Domains	❖ KOKUYO's Initiatives and History	❖ Initiatives for Future and Society	❖ KOKUYO's Various Initiatives	❖ Introduction of KOKUYO's Initiatives in 2020	❖ Message from the President
❖ KOKUYO CSR	❖ KOKUYO Materiality	❖ Environment	❖ Social	❖ Governance	❖ Third-Party Assessments	❖ Content Index	

## Environment

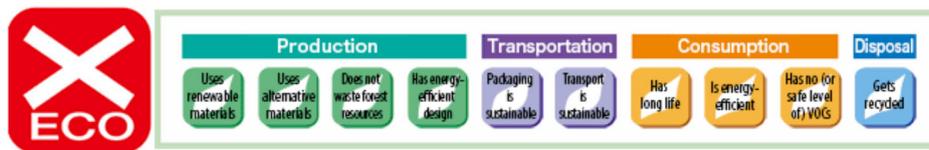
### Developing Environmentally Friendly Products and Services

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.



#### Continuing to Ensure That No Eco-Batsu Mark Tarnishes Our Catalog

The KOKUYO Group started using the Eco-Batsu (“no good”) 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, including manufacturing, distribution, usage, and disposal. We tasked ourselves with removing the Eco-Batsu mark from all of our products in three years, and this goal was reached in the 2011 General Catalog. We continue to apply the due-diligence system to products in the 2021 catalog.



#### Action against ocean plastic pollution

##### The All-Paper series

This is a series of filing products made fully from paper. When it was launched in March 2004, the series received praise for being able to be disposed without having to incur effort to separate into paper, plastic, metal and other materials. With the recent global rise in the problem of ocean plastics, the series is again gaining recognition from the perspective of moving away from plastic. In 2020, we added some more products to the series. One of the new products is a folder with a window which lets you see the contents. Another is a large-capacity flat file.

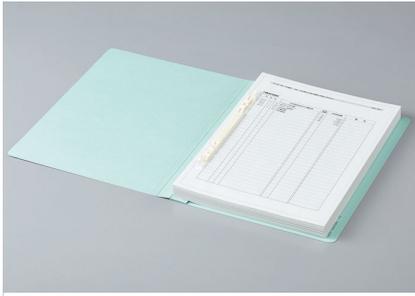
The All-Paper series is involved in the Plastics Smart Campaign established by Japan’s Ministry of the Environment toward solving the global problem of ocean plastics that supports the advancement of initiatives through the partnership and cooperation of a wide range of entities such as individuals, local governments, NGOs, companies, and research agencies. For example, we are a member of the Japan Clean Ocean Material Alliance (CLOMA), and such membership helps us stay abreast of the latest technological advances in addressing the problem of ocean plastics.

<http://plastics-smart.env.go.jp/case/?id=1060>

##### Kaunet’s initiatives

One of Kaunet’s eco-initiatives is to offer simplified packaging for its deliveries. Moreover, for this simplified packaging, it is switching to biomass plastic.

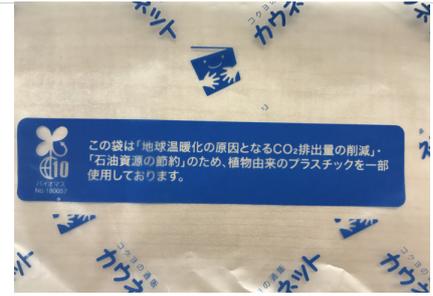
\*When ordering online, customers are presented with three packaging options: simplified, cardboard, and no-preference.



Large-capacity flat file (all paper)



Paper folder with window (all paper)



Biomass plastic packaging

## Showing the carbon footprint of our products

In 2010, we started monitoring and publicly disclosing the carbon footprint of products from the time they are produced to the time they are disposed of or recycled.

Website: [Showing the carbon footprint of our products](#)

## Using Japanese-made, locally produced materials

As much as 67% of Japan's landmass is covered by forests. Forests help prevent sediment runoff, contribute to water retention, and absorb CO<sub>2</sub>. They also provide a renewable resource. However, in much of the country's man-made forests, which account for 40% of all the forests, these roles are not fully performed due to insufficient forest thinning.

In 1998, we started developing forest thinning equipment, releasing it to the market in 2000. By making our office products from Japanese timber that was harvested during thinning operations, we create new demand for wood while also contributing to sustainable forestry.

In response to the demand for locally sourced materials, we developed a reception desk that uses such materials. Designed by Graf: Decorative Mode Number 3, the product has a crisp, modern feel. It also embodies universal design principles: the table edge has a groove for securing a white cane and a grip for wheelchair users.

## Protocol Counter

In response to the demand for locally sourced materials, we developed a reception desk that uses such materials. Designed by Graf: Decorative Mode Number 3, the product has a crisp, modern feel. It also embodies universal design principles: the table edge has a groove for securing a white cane and a grip for wheelchair users.



Protocol Counter, winner of the Japan Wood Design Award 2017



BS + Desk System



UU chair

## EF Counter, featuring modesty panels made from locally sourced timber

EF Counter is a series of modular counters that can be rearranged to suit changes in the organization or changes in desired use. With their universal design, the counters are friendly to the elderly and to wheelchair users. While part of the structure is made from standardized materials, the modesty panel is made from timber sourced from the locality in question. This arrangement ensures that the counters are no less functional and versatile than standard counters are. As with Protocol Counter, the table edge has a groove for securing a white cane and a grip for wheelchair users.

### An example of EF Counter (with modesty panel made from local timber) in action (newly built municipal office of Echizen, Fukui Prefecture)



In October 2020, the rebuilding of Echizen's municipal office was completed. For the office's reception counter, we pitched EF Counter, offering to fit modesty panels made from Japanese cedar in Echizen. The client wanted a wooden counter that had the modularity to enable flexible rearrangement and that was made from locally sourced materials. We offered to use the locally sourced wood only for the modesty panels—the part visitors see—and the client was happy with the cost. The new office makes extensive use of locally sourced resources (the entrance hall, for example, features Echizen ware tiling), which lends the premises a warm, inviting atmosphere. We will continue to promote the use of timber materials in public buildings by offering products that use locally sourced products, combine sustainability with functionality, and are easy to use.

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## ■ Environment

### Supporting biodiversity and promoting environmental communication

In all our business activities, we are mindful of biodiversity and strive to preserve and mitigate our impact on ecosystems. We take action to preserve the forests around Shimanto River in Kochi Prefecture and to preserve Lake Biwa in Shiga Prefecture.

#### KOKUYO Group's policy on timber procurement

In 2011, we released a groupwide policy on timber procurement to enshrine our commitment to sustainable use of forest resources. Since our foundation, timber has served as an important resource in our products, such as paper. Recognizing the vital role forests play in mitigating global warming and supporting biodiversity, we aim to promote harmony with forests by ensuring that our timber procurement is legal, transparent, and sustainable.

#### **KOKUYO Group's policy on timber procurement**

In procuring forest resources, we pledge to observe the following principles and continually strive for more ethical and sustainable procurement.

1. Make procurement more transparent, mindful of the problem of illegal logging and related timber trade
2. Choose timber suppliers in a more meticulous and scrupulous way to promote the sustainable use of forest resources
3. Recognize the valuable roles that forests play in local communities and ensure that procurement activities preserve and facilitate these roles

#### Results of due-diligence review of timber compliance (in accordance with Timber Legality Certification Due Diligence System Manual —Furniture Edition)

In 2020, our due-diligence review of timber compliance revealed that two varieties of our reception chairs use timber whose legality is questionable. On September 1, 2020, in accordance with the manual, we derecognized the chairs as products complying with the Act on Promoting Green Procurement (full title: Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities). We will continue performing rigorous due diligence while finding ways to further enhance the manual's effectiveness.

You can view the manual by following the link below.

[Timber Legality Certification Due Diligence System Manual \(Furniture Edition Ver. 1.1\)](#)

## Certified as a procurer of legal and sustainable timber

After the Act on Promoting Green Procurement was strengthened, we were certified as a “procurer of legal and sustainable timber” by the Japan Office Institutional Furniture Association (JOIFA). In line with the new legal requirements, we strive to ensure that the timber we use is legal and sustainable by providing a paper trail to show how the timber is procured and used and by appointing the right people to manage this process.



## FSC®-approved products

In 2003, we received chain-of-custody (COC) certification from the Forest Stewardship Council (FSC®). The FSC® is an international non-governmental organization that runs a system of third-party forestry certification. Its purpose is to preserve forest environments by promoting a responsible form of forest management that benefits local communities and is economically sustainable. COC certification applies to the processing and distribution of FSC®-certified products. The organizations in our group that have obtained COC certification are KOKUYO, Kaunet, and KOKUYO Product Shiga. The FSC® has approved our products, including our printer paper and notebooks. In 2016, we received COC certification under the Programme for the Endorsement of Forest Certification (PEFC). The PEFC is a forest certification scheme. Its criteria is based on accepted intergovernmental standards.



We aim to get more of our products certified for their sustainable use of forest resources. (FSC® License code: C004748)



Printer paper (PPC Color Paper)



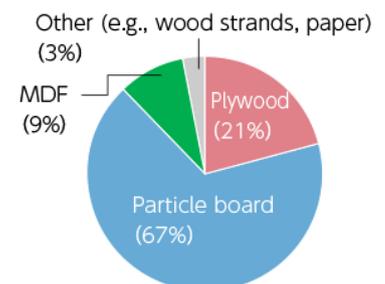
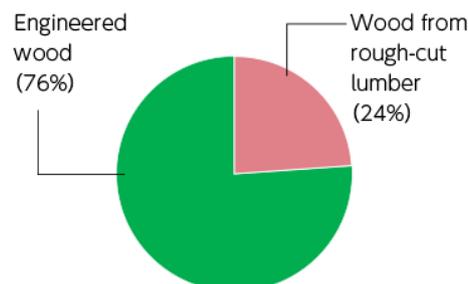
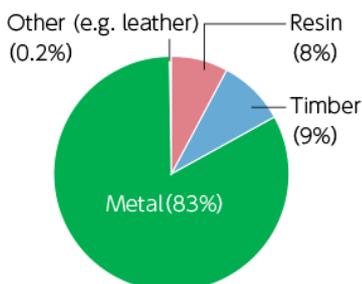
Reed paper



FUBI

## How we have used forest resources

In 2020, we used around 6,500 tons of wood in furniture products, equivalent to 9% of our total raw materials (excluding packaging materials). Of this wood, 24% consisted of rough-cut lumber that was made into solid wood or engineered wood (including plywood). The remaining 76% consisted of forest residues (byproduct from thinning or clearing) or engineered wood (including medium-density fiberboard and particle board) made from such. Each year, we report such data to JOIFA, the body that certifies us as a “procurer of legal and sustainable timber,” in compliance with the Act on Promoting Green Procurement. As per JOIFA’s reporting guidelines, we try to identify the wood species among the timber we use.



## Timber use survey

We conduct an annual survey to monitor the following data items for the timber used in our furniture products, including wood species, volume used, and country or region of origin.

It is often unfeasible to identify the country or region of origin of the timber used in products, but we do our best to source the products sustainably.

Wood species	Condition	Volume used (m3)	Country or region of origin
Ash	Wood strands, veneers	8	USA
Ayous	Veneers	1	Italy, Cameroon
White oak	Board	15	Canada, USA
Kapur	Plywood	27	Malaysia, Indonesia
Japanese cedar	Engineered wood	5	Japan
Oak		2	Russia
Beech	Solid wood, plywood	140	Germany, Croatia, France
Poplar		136	USA, Canada
Maple		1	USA
Lauan	Plywood	960	Indonesia, Malaysia
Rubberwood	Engineered wood	87	Vietnam, Thailand, Malaysia
Palaquium	Plywood	20	Malaysia
Monterey pine	Engineered wood	3	New Zealand
Total		1,294	

\* The data in the above table has been aggregated from the figures provided by each supplier. The data covers only wood from rough-cut lumber.

\* The table shows only wood species for which we could identify the country or region.

## Yui-no-Mori Project

In 2006, we launched a project to conserve a public forest in the Taisho district of Shimanto, Kochi Prefecture, which we named Yui-no-Mori (“linkage forest”). In this project, we thin the forest and make effective use of the resulting timber. Our purpose is to lead the way in reviving manmade forests and restoring the link between the natural environment and local livelihoods. In 2007, the project earned FSC® certification. Today, Yui-no-Mori has a surface area of 5,425 ha, and a cumulative area of 1,900 ha has been thinned. Kochi Prefecture awarded us the “CO<sub>2</sub> absorption certificate” in 2007. In 2019, the forest absorbed 5,708 tons of CO<sub>2</sub> in that year. The cumulative total for April 2006 to March 2020 stands at 62,022 tons. In 2020, the project earned two more accolades: a “sustainability action” commendation from the Ecological Life and Culture Organization (in October) and the “philanthropy grand prize” from the Japan Philanthropic Association (in December). That year marked the fourth consecutive year in which the project earned recognition. In 2017, it won the Japan Wood Design Award; in 2018, it won a “green wave” prize at the Biodiversity Action Awards; in 2019, it won a commendation at the Low Carbon Challenge Cup and a “minister’s prize” in the corporate category of the Ministry of the Environment’s Environment Good Life Awards.



Accepting the grand prize for Yui-no-Mori at the 18th philanthropy awards

\* Related information: [Awards and Accolades](#)

## Kochi Prefecture’s recognition of our forest offsets

On August 20, 2020, we Kochi Prefecture awarded KOKUYO and Kaunet a CO<sub>2</sub> absorption certificate in recognition of the fact that we offset a total of 5,708 tons of CO<sub>2</sub> (KOKUYO offset 5,162 tons and Kaunet offset 546 tons). The award ceremony was held at the prefectural office. Presenting the award, Tatsuya Kawamura (who heads the prefecture’s department for forestry and the environment) thanked the two companies for contributing over the years to Kochi’s efforts to preserve its environment, manage its forests, promote local industry, and support its PR. The 5,708-ton offset represented 18% of the group’s total CO<sub>2</sub> emissions in 2020 (32,299 tons). As well as preserving forests, this effort proves valuable for mitigating climate change.

## FSC® certification

Yui-no-Mori has enjoyed FSC® certification since 2007.

Following a regular audit performed on 29 and 30 September, 2020, the project was recertified.



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



The CO<sub>2</sub> absorption certificates



An FSC® certification audit in progress

## Monitoring thinning outcomes

An important part of forest conservation is seeing the outcomes of thinning. We monitor these outcomes over the long term in partnership with Shimanto Forest Union, Shimanto High School, officials of Kochi Prefecture and Shimanto. On August 19, 2020, we measured the water quality of Shimanto River. On November 21, we conducted a vegetation survey. We conduct regular vegetation surveys in two locations.

\*Related information: [Latest vegetation survey report from the students of Shimanto High School](#)

## Using the byproducts of thinning

Since 2000, we have used the byproduct of thinning work to make furniture products in partnership with Shimanto Forest Union. In 2007, Kaunet started marketing furniture under the Yui-no-Mori brand. As of 2020, the distributor offers 12 Yui-no-Mori furniture products. To help spread the word about Yui-no-Mori, Kaunet launched a scheme in 2008 whereby customers can use their loyalty points to fund the thinning work. In 2020, there were around 120 applications for the scheme. Since February 2011, Kaunet has donated 1% of the proceeds from some Yui-no-Mori products to an afforestation campaign (Midori no bokin; “green appeal”) organized by the National Land Afforestation Promotion Organization.



The survey team measuring the water quality



Participants in the vegetation survey



Kaunet's Yui-no-Mori products

## Discovering the reedbeds of Lake Biwa: ReEDEN

The reeds of Lake Biwa play an essential role. They provide an aquatic habitat, support biodiversity, and absorb CO<sub>2</sub>. In the past, the reeds served as material for roofing and sudare screens, but with the decline of such traditional industries, the reedbeds are no longer maintained so well. The lake once had 260 hectares of reedbeds, but only half remains. In 1992, Shiga Prefecture passed an ordinance to address the problem by conserving, cultivating, and using the reeds. Believing that such action would preserve Lake Biwa's beautiful environment and fight climate change, KOKUYO Product Shiga (which operates near the lake's shore) launched ReEDEN Project in 2007 to raise awareness about the reeds and promote their use.

## Building a network for conserving Lake Biwa's reedbeds

Winter reed cutting is essential for reed cultivation. At Lake Biwa, this task is performed by a network of volunteers called the Network for protecting Lake Biwa through reed management. Formed in 2009 on the premise that it takes more than one organization to protect Lake Biwa, the network aims to bring on board a variety of local organizations. To that end, members visit business premises and share the message about Lake Biwa as a way to persuade the organization to take an interest in local environment. Consisting initially of several companies that shared the same vision, the network now encompasses 131 companies. For more than ten years, the companies have worked with universities and local government to undertake the winter reed cutting (which takes place three times a year, from December to March). In recent years, participation in the cutting has expanded from company employees and family members to include local residents, public servants, museums, and schools. With 200 to 300 participants of all ages, the event now constitutes the largest cutting operation in Shiga Prefecture. It has grown into an impressive conservation undertaking that brings together the whole community.



An expanse of winter reeds



February 8, 2020: Winter reed cutting event (the event was held just before a surge in COVID-19 infections)



## How reed conservation can contribute to a low-carbon world: Showing the impact

Previously, the reed conservation work was evaluated using just a single metric: the area of lake in which reeds were conserved (the only data point released by Shiga Prefecture). It was felt that there was potential for broader scientific evaluation. Meanwhile, across the country, conservation groups were promoting rate of carbon sequestration (capture and removal of CO<sub>2</sub>) as an index for measuring the effects of forest thinning and other forest management work. Given that reeds also absorb CO<sub>2</sub>, we decided that we could use the same measure for ReEDEN. In 2017, we started inviting researchers to conduct a biomass survey during the winter cutting. Across a three-year period, the researchers measured reed height, density, weight, thickness, and carbon sequestration. Consequently, we established a methodology for showing the extent to which ReEDEN offsets CO<sub>2</sub> emissions. Whereas before we could only evaluate the project in terms of area conserved, we now had a completely different perspective. This biologic approach was praised by a group of academics who had formed a committee to conserve reedbeds in the prefecture. Members of government, academia, and industry joined forces to develop a tool that measures CO<sub>2</sub> absorption in reeds by multiplying reed cutting area by reed height equivalent. Released at the end of 2019, the formula has been published on Shiga Prefecture's website. With the release of the tool, people can now see how the project is contributing toward a low-carbon world. The data has demonstrated that the project is mitigating climate change in addition to improving the lake's water quality and biodiversity. This knowledge has boosted participants' motivation and brought more people on board. The project team plans to expand use of the tool with a view to benefiting the whole of the prefecture. The team's vision is to follow up the carbon sequestration work in forests across Japan by developing an unprecedented carbon sequestration system for lakeside environments.



In November 2020, the project, by then 4 years' old, was awarded the Minister of the Environment's Award for Climate Action. Unfortunately, the pandemic meant that the award ceremony had to be held online. Still, we were delighted that the project has now been recognized for contributing to the fight against the worldwide menace of climate change, alongside its accolades for improving Lake Biwa's water quality, promoting the lake's biodiversity, and promoting opportunities for youth. As a local project, ReEDEN may be modest in scale, but it continues to play a valuable role in contributing toward sustainability.

