

❖ 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 2018
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## 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

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

### For Regional Communities

- ❶ 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

- ❶ 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.
- ❷ 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.
- ❸ 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

- ❶ Conduct transparent, just, and free competition and business transactions while keeping sound and correct relations with politicians and governmental bodies.
- ❷ 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.
- ❸ 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

- ❶ 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.
- ❷ Strive to accept each and every employee's individual character and personal values, and become a company where many different human resources can fully express their abilities and develop themselves.

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## Reporting Period

January 1, 2018 to December 31, 2018

## Publication Period

Report published: May 2019

Next report to be published: April 2020

Previous report published: June 2018

## 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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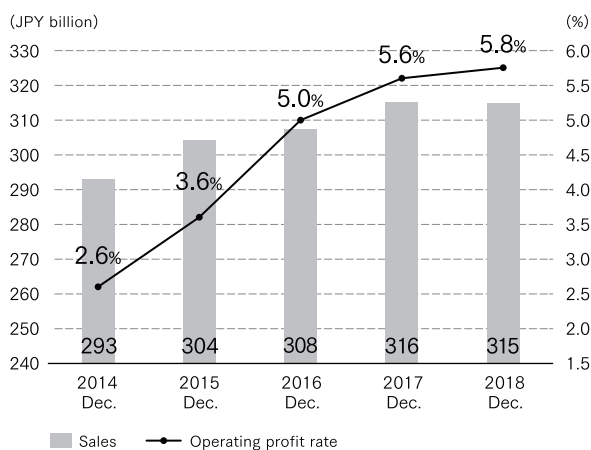
## Corporate Profile

Date

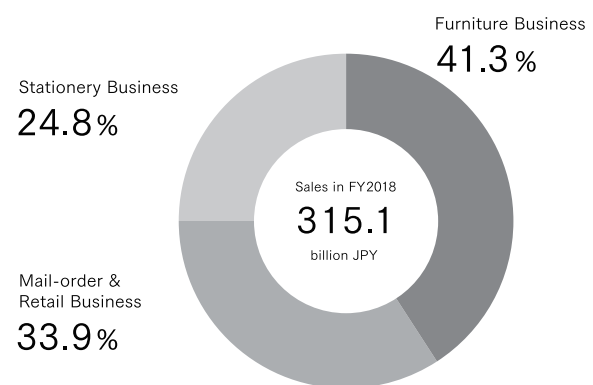
Company name	KOKUYO Co., Ltd.
Head Office location	6-1-1 Oimazato-minami, Higashinari-ku, Osaka-shi, Osaka 537-8686 JAPAN
Telephone	+81-6-6976-1221 (main switchboard)
Number of employees	6,784 (Consolidated) 2,019 (Parent company)*As of the end of December 2018
Stock listings	Tokyo Stock Exchange (First Section)
Capital	JPY 15.8 billion
Sales volume	JPY 315.1 billion (Consolidated from January 1 to December 31, 2018)
Business description	Stationery manufacturing, purchasing, and sales; office furniture manufacturing, purchasing, and sales; space design and consultation, etc.

## Financial data graphs

Sales & Operating profit rate



Consolidated sales composition



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

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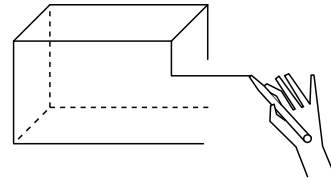
## KOKUYO's Main Business Domains

Date . . . . .

In 2019, KOKUYO newly established its business domains. The domains are KOKUYO's new initiatives and challenges designed to expand the areas of value provided to customers.

### Spatial Value Domain

We will design and propose spaces with an emphasis on improving work environment of working people to accommodate changes in work styles.

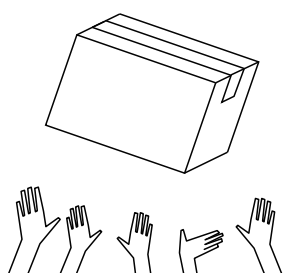


We will face the needs arising from increasingly diversifying work styles, and conduct businesses that include objects and actions, as well as services to improve future work styles and working people's ways of life. We will propose spaces that can make our customers' work, learning, and living more creative and comfortable.

Manufacturing, delivery, and assembly of furniture, and spatial design and construction for offices, medical institutions, educational institutions, and public offices and agencies; work style consulting; manufacturing, importing, and sales of interior and furniture (ACTUS), etc.

## Business Supply Domain

We plan to “deliver” solutions from stationery to office furniture to offer comfort of “using” solutions.

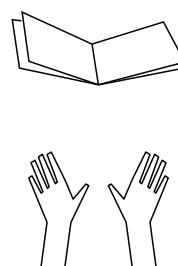


KOKUYO is unique in its capability to deliver a comprehensive range of stationery and office furniture and supplies. We provide support to improve the efficiency of the management of office supplies at customers and sales order operations at retailers. We provide services to allow customers to use our tools without stress.

“Kaunet,” which sells office products to individual and corporate customers; “KiSPA,” a web order system for stationery shops; proposal and support system for stationery and office supplies purchase system for offices

## Global Stationery Domain

We provide stationery that fosters creativity in our customers’ work, learning, and living both in Japan and overseas.















Stationery inspires the creativity of its users. We deliver stationery that enhances our customers’ work, learning, and living, thereby conducting businesses that provide services through objects. We work to meet diversifying needs of customers through manufacturing and sales of stationery in Japan and overseas as well as other businesses.

Manufacture and sale of stationery within Japan and overseas, such as in Shiga, Tottori, China, and India; development and sale of creative picture book series and tools for creativity; document digitization service @Tovas, etc.

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## KOKUYO's Initiatives and History

Date

1905		1914		1959		1965	
1908		1932		1960		1966	
1913		1956		1964		1975	
1905	Zentaro Kuroda opened the Kuroda Ledger Cover Shop, a shop manufacturing covers for Japanese-style account ledgers (wacho)	1914	Company name changed to Kuroda Kokkodo.  Started production of accounting slips, invoices, duplicate copybooks, and letter paper	1959	Survey field notebooks released	1965	Steel desks released
1908	Production of wacho began	1932	Stationery pads with high-quality colored paperboard released	1960	Entry into the office furniture business  Filing cabinets released	1966	Office swivel chairs released
1913	Production of readymade Western-style account edgers began	1956	Flat files released	1961	Company name changed to <i>KOKUYO Co., Ltd.</i>	1969	Japan's first Live Office is born
				1964	Scrapbooks released	1975	Campus Notebooks released  Started manufacturing of furniture for educational facilities

1981



2003



2012



2016



1983



2005



2015



2017



2000



2009



2015



2018



1981 KuruKuruMeka (adjustable child desk) released

1983 File box FS released

1996 Established overseas group companies and started manufacturing, sales, and import and export operations of stationery and furniture

1998 Initiatives for Universal Design began

2000 Kaunet established

"PunyoPunyo Pin," universal design-compliant thumb tacks released

2002 KOKUYO DESIGN AWARDS began

2003 KOKUYO K Heart established

"Kadokeshi" plastic eraser released

2004 Segmented all KOKUYO Co., Ltd. businesses into separate companies and moved to holding corporation system

2005 100th anniversary with the redesign of the company logo

Dot Liner (glue tape) released

2006 KOKUYO invested in Actus Co., Ltd.

2008 The Eco X-mark initiative began

2009 Harinacs (staple-free stapler) released

2011 Shares of Camlin Limited, India, acquired and its company name changed to KOKUYO Camlin

2012 PENCIL SHARP released

2013 Kaucore launched

2015 Businesses reintegrated

"DAYS OFFICE" furniture brand launched

Soft-ring® notebooks released

2016 In-house office bag Mobaco released

2017 Shop and café "THINK OF THINGS" opened

Office chair "ing" released

2018 Adhesive product brand "GLOO" released



## Evolution of Campus Notebooks

Campus Notebooks has continuously evolved to accommodate the needs of users.

1975



### 1st-generation Campus Notebooks

In 1959, "thread-less binding" notebooks, which were completely different from the then mainstream thread binding notebooks, were commercialized. This series of Campus Notebooks were launched for students throughout Japan.

1983



### 2nd-generation Campus Notebooks

This series were marked with "A ruled line" and "B ruled line" in alphabets and images of ruled lines on the cover page to make it easy to find at stores. This series, with a new logo and casual and long-lasting design adopted, also gained a foothold among working people.

## Evolution of the Live Office

Applying the results of research on making things, creating spaces, and working styles to make available the results in the form of a showroom.

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.

1991



### 3rd-generation Campus Notebooks

This series was designed with attention to details for greater originality, adopting vivid colors that were not used in previous-generation products and a drastic change of design with the logo placed vertically.

2000



### 4th-generation Campus Notebooks

In order to improve customer satisfaction, this series was developed after thoroughly researching materials. As a result of continuous efforts, we succeeded in developing a new type of cloth that is tear resistant even after the notebook is filled up to the last page.

2011



### 5th-generation Campus Notebooks

Changing the surface finish of the spine cloth made it easy to use pens to write on this series. Also, changing the specifications of base paper and ruled lines of the pages made the notebooks easier to draw lines on and use.

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.

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## Initiatives for the Future and Society

Date . . . . .

KOKUYO supports ideas that shape the future and to future environment.



### KOKUYO Design Awards

KOKUYO Design Award is a design competition that started in 2002 aimed at attracting superior product designs for commercialization from a wide range of users based on their perspectives. Hit products born from past competitions include the "Kadokeshi" plastic eraser. The competition has developed into an international product design award in recent years.



### ReEDEN Project

KOKUYO Product Shiga Co., Ltd. is conducting activities to conserve reeds, which play an important role in maintaining water quality and biodiversity of Lake Biwa. By harnessing production technologies developed to date, KOKUYO Product Shiga has been using reeds to produce copier paper and notebooks and selling them under the ReEDEN Series brand name.



### Work Style Research

The office research center was established in 1986. Research on related products and spaces and office consultation activities began. Provide information through research and information journal ECIFFO, work style strategy information journal WORKSIGHT, and the website of the Work Style Research Institute.



### Camel Art Foundation

The principal purpose of CAF is to increase awareness of art in India. By offering platforms for artistic activities and hosting exhibitions, CAF is providing opportunities for budding artists to display works and for professional artists to raise their profile.



### Yui no Mori

Through the Yui no Mori Project that started in 2006 jointly with Shimanto Forest Cooperative in Kochi Prefecture, KOKUYO is conducting forest conservation activities focusing on forest thinning and the efficient utilization of timber.



### KOKUYO K Heart Co., Ltd. and Heartland Co., Ltd.

KOKUYO's started hiring persons with disabilities in 1940 with the employment of students from the Osaka Prefectural Central Hearing Support School. KOKUYO provides job opportunities for employees with various disabilities at KOKUYO K Heart and Heartland, special subsidiaries engaged in printing and consignment operations, and agricultural production respectively.

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## KOKUYO's Various Initiatives

Date

KOKUYO's challenge to realize more creative and fruitful work, learning and living for our customers.



### Business Concierge

KOKUYO, through its business concierge service, offers wide-ranging services such as office operation and document design that facilitates greater productivity. By offering services based on the concept of "inspiration and ideas that go one step ahead," we will provide a comfortable environment for people who work in offices.



### Members-only work lounge "Creative Lounge MOV"

Creative Lounge MOV is a members-only work lounge for people that practice new work styles. In this lounge, people from different culture and industries meet and create a new movement through exchange of ideas and resources –a work style typical of Shibuya, Tokyo.



### KOKUYO's Picture Book

Based on the themes of "parent-child communication" and "fostering creativity," KOKUYO manufactures and sells workbooks, such as "The Face Notebook" and "Fashion Notebook," and painting tools, such as "Mix Color Pencils" and "Clear Crayons".



### Disaster Solutions

KOKUYO proposes "disaster solutions" as a company thoroughly familiar with office environment. We select emergency supplies most suitable for individual offices. If there are emergency supplies that are not available or are inconvenient to use, we do research from scratch, engaging in innovation and making improvements to devise each necessary item.



### Shop and café "THINK OF THINGS"

"Think of Things" is a lifestyle shop and café directly managed by KOKUYO and stocked with products that can be considered tools to produce stimulation and discoveries in both daily life and work. This facility is designed to create a place where we can think about and create values that KOKUYO can provide for the future.



### Interior and lifestyle "ACTUS"

ACTUS was established as a pioneering company in dealing in modern interior design imported from Europe. As a lifestyle company proposing total categories of products related to living essentials surrounding "food, clothing and housing", ACTUS suggests "high-quality and meticulous living".

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## Introduction of KOKUYO's Initiatives in 2018

Date . . . . .

KOKUYO rolled out various initiatives with people, the world, and the future in mind.



### KOKUYO Signs Agreement to be an Official Supporter of the Olympic and Paralympic Games Tokyo 2020

As an Official Supporter of the Olympic and Paralympic Games Tokyo 2020, KOKUYO will contribute to the Games by providing office furniture and stationery to the offices and other locations of stakeholders supporting the Games to make it an even more memorable event for them.



### Development of IoT Stationery "Shukudai Yaruki Pen"

KOKUYO undertook the development of IoT stationery "Shukudai Yaruki Pen" with a mechanism that enables the visualization of one's daily handwriting volume by fixing a movement-recognition attachment onto a pencil and linking it to a smartphone. By visualizing daily work and bringing fun to repetitive learning, which has a tendency to become monotonous, it supports the building of a habit for taking the initiative in doing homework by making the act of writing something familiar to children.



### A promotional stationery shop event "KOKUYO Haku" was held for the first time in Shanghai

In December 2018, "KOKUYO HAKU Shanghai", KOKUYO's first stationery exhibition event in China was held in Shanghai.



### Holding KOKUYO Design Award 2018 with "Beyond Boundaries" Theme

Entries were invited under the theme of "Beyond Boundaries" against the backdrop that conventional boundaries are changing, as exemplified by the blurring of boundaries between work and living. As a result, a total of 1,289 entries both from Japan and overseas were received. In January 2019, a total of four prize-winning works, such as "Sound of Drawing", were determined.

### The "Exciting Smart Work" initiative was started to take on the challenge of diverse work styles

A telecommuting trial spanning over three months was conducted from July 23, 2018, with the aim of realizing diverse work styles that encourage employees to get excited about work.

### Commendations

#### 15 KOKUYO Products receive 2018 Good Design Awards



At the 2018 Good Design Awards, 15 KOKUYO Products received awards. Among these, the office disaster-countermeasures storage system "PARTS-FIT" was selected for the Good Design Best 100, while "SCRAPBOOK D" was selected for the Long Life Design Award.



#### KOKUYO received top prizes in two categories at the Frame Awards Orgatec

At ORGATEC 2018, an office furniture trade fair, KOKUYO's Booth received top prizes in two categories "the Best Use of Light" and "the Trade-Fair Stand of the Year", selected by Dutch interior magazine Frame.

#### Received the "Jisa Biz Promotion Award" in the work-style category



The initiative of taking on the challenge of new work styles, "Exciting Smart Work", was awarded the "Jisa Biz Promotion Award"—organized by the Tokyo Metropolitan Government—in the work-style category.

#### Yui no Mori Received the "Green Wave Award"



The Yui no Mori Project, undertaken as part of KOKUYO's CSR activities, was highly acclaimed for its cyclical use of forest resources and revitalization of local communities, therefore receiving the special award "Green Wave Award" at the Biodiversity Action Award Japan 2018.

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## ■ KOKUYO's CSR

### Message from the President

Aiming to Realize a Sustainable Society by Seriously Accepting and Confronting Difficult Challenges Facing Customers and Communities

Hidekuni Kuroda  
Representative Director of Board,  
President  
KOKUYO Co., Ltd.



#### ■ Implementing Work Style Reform at Our Own Workplace in the Pursuit of New Work Styles

Societal issues-such as Japan's low birth-rate and ageing population, changes in young people's values (work values), the focus on health and productivity management, and intensifying global competition-are becoming more diversified and complicated. In this context, both private and public sectors are promoting discussion and initiatives related to work style reform. As a company that has always pursued products and services that provide high added value to working people, we have for many years been facing the question of "What kind of unique work style reform can KOKUYO help to achieve?"

For example, in 1969, we opened to the public our "living showroom" (present-day Live Office), an office where employees actually work. This initiative, which puts into practice and proposes progressive ways of working in an office, continues to be undertaken today. We also carry out various initiatives in terms of systems and environments within the company. In 2015, we introduced a telecommuting system (targeted at employees facing restrictions such as caring for a child or sick family member or suffering from an injury), and in 2016, established the physical environment for telecommuting such as by introducing ICT technology on a trial basis. Through these steps, we have increased the level of knowledge necessary for promoting work style reform. In 2018, we conducted "Exciting Smart Work"-an initiative leading to work style reform that achieves various work styles while employees work with excitement-for three months.

KOKUYO aims to establish new work styles within the company and grow through smart work while undertaking various challenges leading to work style reform by 2020. In addition, the experience of thinking over, trying out, and implementing such work style reform ourselves will be utilized to provide suggestions that are beneficial to our customers.

#### ■ Formulated 2030 CO<sub>2</sub> Emission Reduction Target

It is essential for KOKUYO to use the earth's resources in carrying out our business activities. As a company using these resources, we see global environmental issues-such as global warming and declining forest resources-as the common environmental problems facing the world today, and work as an entire company to eliminate or reduce the environmental burden. In addition to our medium- to long-term environmental action plan targeting 2020, in 2018, we formulated our 2030 CO<sub>2</sub> Emission Reduction Target which includes all companies in Japan subject to consolidation. Together with aiming to reduce CO<sub>2</sub> emission in 2030 by 26% compared to 2013, we will thin around 150 hectares of forests each year as part of our forest conservation activities to contribute toward CO<sub>2</sub> absorption of at least 6,000 tons.

#### ■ Start of Second Medium-Term Management Plan "Enabling Sustainable Growth-Smart & Sustainable Transformation 2021"

KOKUYO has started on our Second Medium-Term Management Plan "Enabling sustainable growth-Smart & Sustainable Transformation 2021" from fiscal 2019. Our medium- to long-term management issue is breaking free from low growth and achieving sustainable growth. AS we work toward becoming a Life & Work Style Company, our Second Medium-Term Management Plan will aim toward further growth centered on our furniture business in Japan and stationery business overseas.

In addition, we will undertake structural reform centered on businesses such as our stationery business in Japan and our Kaunet business. Through these efforts, we will validate our potential for further growth in the future, and hope to reveal the portfolio of how we will go about advancing our business in our 2030 vision planned to be disclosed in 2020.

## To All Stakeholders

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KOKUYO has built its history of more than 100 years by earnestly facing customers' needs as they changed with the times, and finding the solution for each one. This attitude remains the same today, although these are said to be uncertain times as societal issues and corporate business activities have become entangled with increased complexity.

We are committed to continue doing our utmost to work on creating new value that contributes to the realization of a sustainable society, by placing importance on facing issues of both customers and society at large.



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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.

### 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.



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.



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 FY2018
<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="#">A System for Utilizing Feedback from Customers</a></li> <li><a href="#">Heavy-duty stapler Ratchkiss 240</a></li> <li><a href="#">Limited Period THINK OF THINGS Pop-Up Store Opened in London's Shoreditch District</a></li> <li><a href="#">Exhibiting for the First Time at the 3rd Enjoying Life Exhibition Organized by Hobonichi</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="#">Conduct of On-Site Training to Distribution Centers of KOKUYO Supply Logistics</a></li> <li><a href="#">Training for Outstanding Employees of KOKUYO China.</a></li> <li><a href="#">Open Challenge Program that Expand Visions through Interactions with Human Resources from Different Industries</a></li> <li><a href="#">SST Employee Exchange Event "CROSS!!!"</a></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="#">Announcement of ACW Awards</a></li> <li><a href="#">Subcontractor Meetings Held by KOKUYO's Furniture Business Division</a></li> <li><a href="#">Stationery Business Conducted an Audit of Subcontractors</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="#">Shareholder Special Benefit Plans</a></li> <li><a href="#">Company Information Session: Story of 'Dotliner' Tape Glue Development</a></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 2018 with "Beyond Boundaries" Theme</a></li> <li><a href="#">KOKUYO Team Run Flat-out at Isu-1 Grand Prix Held across Japan</a></li> <li><a href="#">Campus Art Award 2018, a Painting Competition for Junior High and High School Students</a></li> <li><a href="#">Chasing Big Dreams with Small Notebooks!</a></li> <li><a href="#">Art therapy at Tata Memorial Hospital</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="#">Summary for 2018</a></li> <li><a href="#">Expanding Activities: Non-native Fish Fishing Contest and Canoe Reed Bed Observation Event</a></li> </ul>

❖ 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 2018
❖ KOKUYO's CSR	❖ Environment	❖ Social	❖ Governance	❖ Third-Party Assessments	❖ Content Index	

## Environment

### Environmental Management

KOKUYO recognizes that environmental problems, including global warming and the reduction of forest resources, are pressing issues. We concentrate the wisdom of all employees and align our actions in order to develop solutions for these problems.

#### 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. The KOKUYO Group Vision for the Environment consists of an environmental philosophy and an environmental policy with seven specific activities: the 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.

**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 gases 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.

#### 2030 CO2 Emission Reduction Target Formulated

We have added Actus to our existing medium-term target, and formulated our 2030 target which includes all companies in Japan subject to consolidation.

CO2emission reduction target	2013 CO2emissions	2030 target	Scope
Reduce CO2 emissions in 2030 by 26% compared to 2013	30,702 tons of CO2	22,720 tons of CO2	Consolidated subsidiaries in Japan*1 + KOKUYO K Heart Co., Ltd. + Heartland Co., Ltd.

\*1 KOKUYO Co., Ltd.; KOKUYO Product Shiga Co., Ltd.; KOKUYO MVP Co., Ltd.; KOKUYO Logitem Co., Ltd.; KOKUYO Supply Logistics Co., Ltd.; KOKUYO Marketing Co., Ltd.; KOKUYO Engineering & Technology Co., Ltd.; Kaunet Co., Ltd.; Actus Co., Ltd.; KOKUYO Finance Co., Ltd.; KOKUYO & Partners Co., Ltd.; and LmD International Co., Ltd.



## Medium-term Environmental Action Plan

### Medium-term Environmental Action Plan (Fiscal 2020)

Environmental policy	Measures	Fiscal 2016 performance	Fiscal 2017 performance	Fiscal 2018 performance	Fiscal 2020 goals
Prevention of global warming	Cut CO2 emissions (vs. FY 1990)	Reduced by 9.6% (in Japan)	Reduced by 9.3% (in Japan)	Reduced by 12.7% (in Japan)	Reduced by 30% (in Japan)
	Cut energy consumption (vs. FY 2010) *Average 1%	Reduced by 12.0% (unit energy consumption)	Reduced by 12.7% (unit energy consumption)	Reduced by 13.8% (unit energy consumption)	Reduced by 10% (unit energy consumption)
Resource saving and recycling	Increase the rate of recycling in relation to the total volume of emissions * incl. waste materials (prime contractor)	94.5%	94.6%	95.5%	100%

Scope of medium-term target:

KOKUYO Co., Ltd.; KOKUYO Product Shiga Co., Ltd.; KOKUYO MVP Co., Ltd.; KOKUYO Logitem Co., Ltd.; KOKUYO Supply Logistics Co., Ltd.; KOKUYO Marketing Co., Ltd.; KOKUYO Engineering & Technology Co., Ltd.; Kaunet Co., Ltd.; Actus Co., Ltd.; KOKUYO Finance Co., Ltd.; KOKUYO & Partners Co., Ltd.; and LmD International Co., Ltd.; KOKUYO K Heart Co., Ltd.; and Heartland Co., Ltd.

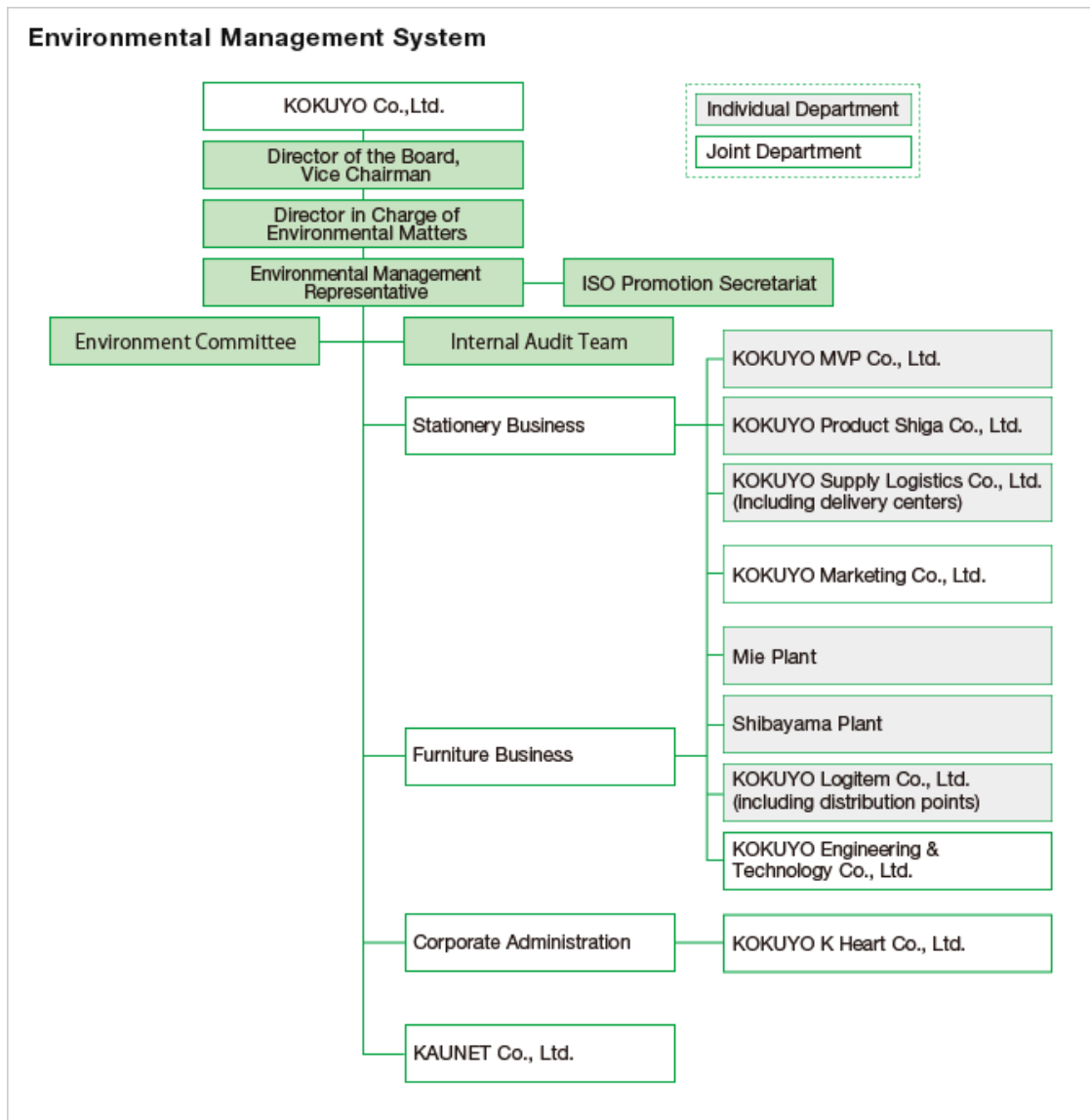
\* Calculations for Actus and Heartland will use the actual results for 2018 as the reference year as they were not included in the scope during the original year of reference.



## Environmental Management System

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 improve 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 Education and Awareness-raising Activities

To heighten employees' awareness about environmental conservation, and acquire knowledge necessary for the achievement of environmental targets as well as responses and management methods for accidents and during emergencies, the KOKUYO Group has environment-related law briefings conducted by the ISO Promotion Secretariat as well as training to develop and improve the skills of internal auditors. In addition, respective divisions also conduct their own environmental education.

Type of Education/Training	Number of participants		
	2016	2017	2018
General environmental education	2,549	2,075	2,152
Education related to the achievement of environmental targets as well as laws and	53	311	233
Training for the handling of accidents and	190	152	169
Internal auditors	48	30	21
Other	256	273	322
Total	3,096	2,841	2,897



Briefing on the handling of Act on Promoting Green Procurement and Clean Wood Act  
(Furniture Business Division)



Internal auditor development training  
(ISO Promotion Secretariat)



Test on handling in an emergency  
(discharge)  
(KOKUYO MVP's Tottori Factory)

### Factory Tours Conducted for the Public (KOKUYO Product Shiga)



At KOKUYO Product Shiga, we have been conducting factory tours of our notebook production facilities since 2014 to further deepen communications with our customers. During these tours, visitors are shown our production facilities and environmentally friendly facilities, and there is a corner where they can experience for themselves our focus on quality. We also sell limited-edition products which can only be bought here as well as the ReEDEN series made using reed grass grown in Lake Biwa. Visitors pay a fee which goes toward our environmental conservation activities centered on Lake Biwa.

In 2018, tours were conducted 30 times with a total of 1,079 participants. The year 2019 marks the fifth year since the start of this initiative, and we hope to conduct the initiative to generate many links to our customers, through events and so on.



# Independent Verification Report

Third-party verification by Bureau Veritas Japan was undertaken for the KOKUYO Group's environmental performance data to receive opinions about the data's accuracy, transparency, coherence, appropriateness, and completeness from an independent perspective.

## Summary of Third-Party Inspection

Since 2018, environment load data and scope 3 emissions for 32 KOKUYO Group companies\*1, to which Iwami Paper Industry Co., Ltd. had been added, have been subject to verification. On-site examinations relating to data measurement and management methods were also conducted at three sites in Japan (KOKUYO's Shibayama Plant, Kaunet's Head Office, and KOKUYO Supply Logistics' Metropolitan Area Integrated Distribution Center) and one site overseas (KOKUYO-IK (THAILAND) Co., Ltd.). This process resulted in a number of matters being pointed out: a total of 9 assessable points, 6 opportunities for amelioration, 32 requests for modifications, and 30 requests for clarification. The requests for modification and clarification were dealt with during the verification period.

For the verification of Scope 3 emissions, the need for clarifying the data collection scope in each category was cited as requiring improvement because the collection scope had been noted as "consolidated" or "consolidated and affiliate" depending on the category.

Based on these matters that were pointed out to us, we will endeavor to enhance the disclosure of information encompassing the entire supply chain and improve the precision of such information.



FY in which conducted	2016	2017	2018
Assessable points	9	9	9
Opportunities for amelioration	10	10	6
Requests for modifications	18	26	32
Requests for clarification	27	21	30



Environmental performance data  
third-party verification  
(KOKUYO Shibayama Plant)



Environmental performance data  
third-party verification  
(KOKUYO Shibayama Plant)  
(KOKUYO Supply Logistics  
Metropolitan Area IDC)



Environmental performance data  
third-party verification  
(KOKUYO Shibayama Plant)  
(KOKUYO Headquarters)

\*1 Organizational units covered

	Consolidated Subsidiaries	Other Subsidiaries and 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.
	KOKUYO Co., Ltd. KOKUYO Marketing Co., Ltd., KOKUYO Engineering & Technology 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 Hbd, KOKUYO Vietnam	KOKUYO-IK(Thailand) Co., Ltd.

❏ 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 2018
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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 CO2 emissions) with a view to achieve a low carbon society.

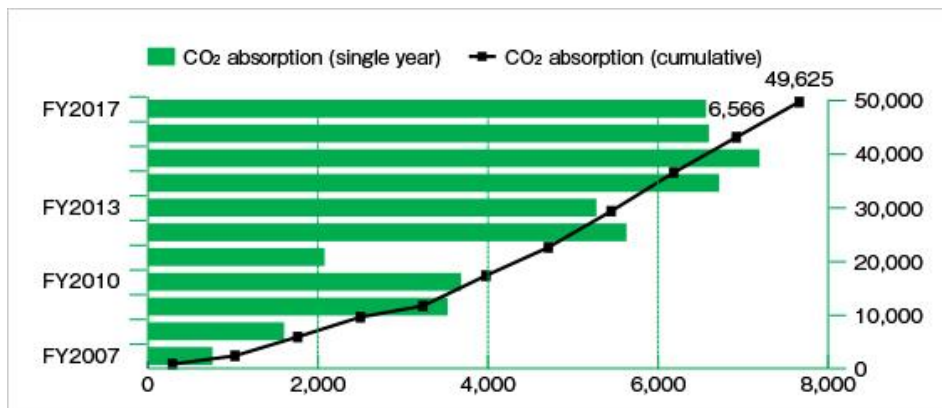
#### Activity highlights The CO2 Reduction Target for 2030

Global Warming Preventive Measures (Easing Measures)	
CO2 Emission Reduction	CO2 Absorption Forest Conservation Activities
Aim to reduce CO2 emission in 2030 by 26% compared to 2013. (Consolidated subsidiaries in Japan*1 + KOKUYO K Heart Co., Ltd. + Heartland Co., Ltd.)	Aim to achieve more than 6,000-tons CO2 absorption by tree thinning in approximately 150 hectares (Yui-no-mori Project)

Goals of CO2 Emission Reduction	CO2 Emission in 2013 (actual achievement)	CO2 Emission in 2030 (goals)	Scope
Aim to reduce CO2 emission in 2030 by 26% compared to 2013	30,702t-CO2	22,720t-CO2	Consolidated subsidiaries in Japan*1 + KOKUYO K Heart Co., Ltd. + Heartland Co., Ltd.

\*1 : KOKUYO Co., Ltd.; KOKUYO Product Shiga Co., Ltd.; KOKUYO MVP Co., Ltd.; KOKUYO Logitem Co., Ltd.; KOKUYO Supply Logistics Co., Ltd.; KOKUYO Marketing Co., Ltd.; KOKUYO Engineering & Technology Co., Ltd.; Kaunet Co., Ltd.; Actus Co., Ltd.

#### CO2 absorption of Yui-no-mori



The KOKUYO Group strengthens activities to ease global warming (measures for the reduction and absorption of CO2 emissions) with a view to achieve a low carbon society.

2018 Goals*2 (existing scope)	2018 Actual Achievements	Evaluation
Year-on-year change in CO <sub>2</sub> emissions To be suppressed within +0.2%	Year-on-year change in CO <sub>2</sub> emissions reduced by 3.3%	Accomplished
Energy consumed: year-on-year change in unit energy consumption (per unit of sales): reduced by 1.0%	Energy consumed: year-on-year change in unit energy consumption (per unit of sales): reduced by 1.6%	Accomplished

## Summary for 2018

The KOKUYO Group proposed the CO<sub>2</sub> Reduction Target for 2030.

The KOKUYO Group's CO<sub>2</sub> emissions in 2018 totaled 31,517 tons\*2 for the existing scope of operations\*1. It was decreased by 1,060 tons from the previous year, achieving the goals with a reduction of 3.3%. Of the 1,060 tons, 790 tons were due to the change of the emission coefficients.

Based on estimates, there was an effective reduction in CO<sub>2</sub> emissions of 780 tons by combining operational improvements (320 tons) and equipment improvements (460 tons). However, manufacturing operations and the closing and consolidating of facilities raised emissions by 510 tons. As a result, the reduction in total was 270 tons. The status by department is as follows.

### Measures Taken at Offices

Offices lowered CO<sub>2</sub> emissions by 440 tons over the previous year. We reviewed the operation of air-conditioning systems as well as our working styles, promoted activities such as no-overtime days and early go-home, and reduced electricity use through means such as switching to LED lights. As a result, power consumption was reduced by 15% and CO<sub>2</sub> emissions by approximately 800 tons. Furthermore, in sales activities, the use of public transportation is encouraged to cut gasoline consumption. In 2018, the cool biz and warm biz campaigns were combined into a smart biz campaign that was in effect all year long.

### Measures Taken at Factories

At factories, the net increase in CO<sub>2</sub> emissions was only 390 tons (domestic increase of 470 tons and overseas decrease of 80 tons). While an increase in production resulted in CO<sub>2</sub> emission increasing by 650 tons on a year-on-year basis, a reduction of 200 tons was achieved due to operational improvements attributed in part to a shortening of the time required to make changes to product types, the thorough application of rules for the operations of production equipment, the conduct of inspections, the elaboration of production schedules, and a reduction of waste made possible through energy checks. In addition, a reduction of 60 tons in CO<sub>2</sub> emissions was achieved by embracing energy-saving equipment, including adopting systems that enable the installation of inverters and switching to LED lights.

### Measures Taken by the Logistics Division

In the area of logistics (storage and shipping), we reduced CO<sub>2</sub> emissions by 220 tons compared to the preceding year. Operational improvements achieved through the promotion of daily energy-conservation activities, along with equipment improvements achieved through a review of optimal luminance for lighting fixtures at distribution centers, reduced emissions by 50 tons.

Active promotion of replacing illumination with LED lights reduced 360 tons of CO<sub>2</sub> emissions, but the increase in work volume raised CO<sub>2</sub> emissions by 190 tons due to impact from factors affecting logistics.



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)

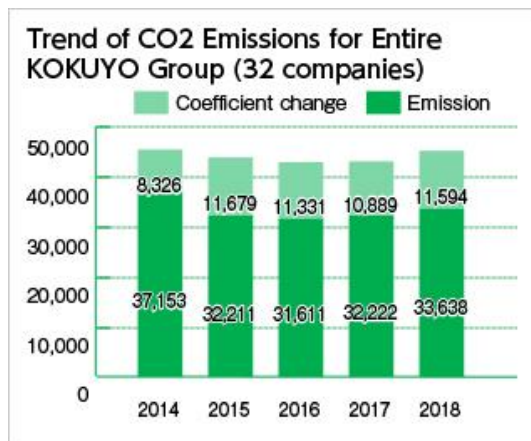
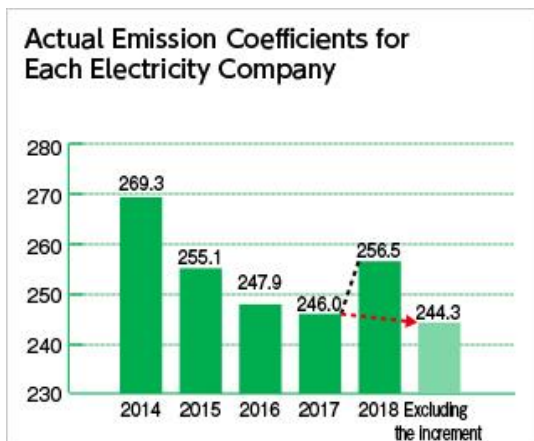
\*1 Existing scope: KOKUYO Co., Ltd.; Kaunet Co., Ltd.; KOKUYO Marketing Co., Ltd.; KOKUYO Engineering & Technology Co., Ltd.; KOKUYO Supply Logistics Co., Ltd.; KOKUYO Logitem Co., Ltd.; KOKUYO Product Shiga Co., Ltd.; KOKUYO MVP Co., Ltd.; KOKUYO K Heart Co., Ltd.; KOKUYO VIETNAM Co., Ltd.; KOKUYO (MALAYSIA) Sdn. Bhd.; and KOKUYO-IK (THAILAND) Co., Ltd.

\*2 As to CO2 emission coefficients for electricity in Japan, we adopt the coefficients based on the Act on Promotion of Global Warming Countermeasures (for 2018, actual emission coefficients for each electricity company based on actual performance for 2016 and 2017). As to CO2 emission coefficients for overseas electricity, we adopt 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).

### Total CO2 Emissions by KOKUYO Group

Data collection also began for Iwami Paper Industry Co., Ltd. in 2018. The total CO2 emission for 32 KOKUYO Group companies\*1 including Iwami Paper Industry was 45,231 tons. Approximately 3,000 tons of increase was seen due to the inclusion of Iwami Paper Industry and the commencement of operation at new shops of Actus Co., Ltd., and Camlin's new Patalganga Plant (India). However, when this increment is removed, 920 tons were reduced in comparison to 2017 due to the decrease of emission coefficients for major power companies and the reduction activity of the Group as a whole.

Related information: "[CO2emissions](#)"

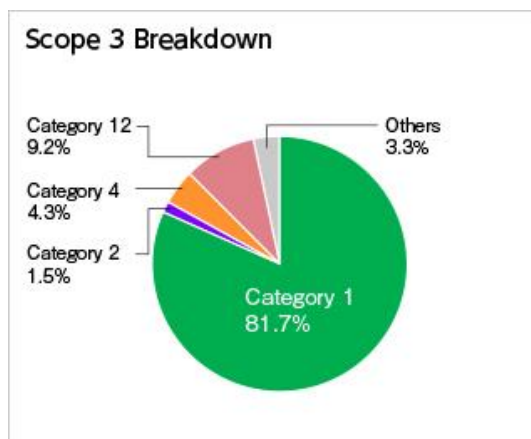
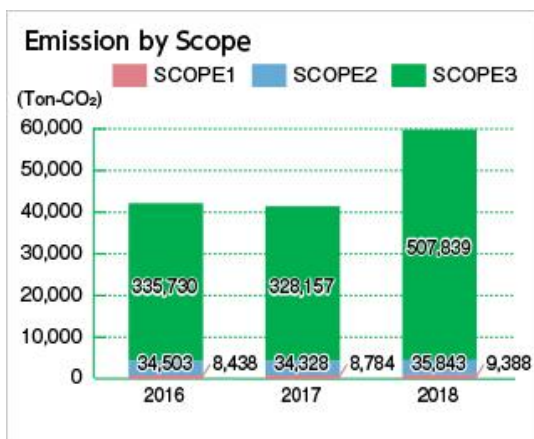


### Improving the Accuracy of Scope 3 Data

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.

The volume of GHG emissions for the entire supply chain in year 2018 was 553,070 tons of CO2. Scope 3 emissions accounted for approximately 92 per cent of this figure with 82 per cent thereof attributed to "Category 1 purchased products and services". The Scope 3 emissions in 2018 increased by approximately 180,000 tons. This is a result of an effort to collect data at the subcontractors for the stationery. Third-party verification services provided by Bureau Veritas Japan have also been secured to ensure the reliability of disclosed information and data.



## ■ 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.

Objectives for 2018	2018 Performance	Evaluation
Enhancement of the recycling rate against the total amount of waste -Offices: 96.8% or above -Construction sites: 82.7% or above	-Offices: 96.6% or above -Construction sites: 88.0%	× ○

#### Summary for 2018

The volume of waste materials generated by KOKUYO Group (32 companies) business offices in 2018 was 22,640 tons (previous year: 20,409 tons), and the recycling rate was 96.6% (previous year: 96.8%). We generated 3,300 tons of waste materials on construction sites (previous year: 3,750 tons) with a recycling rate of 88.0% (previous year: 82.7%). 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.

#### Measures Taken at Offices

The volume of waste materials generated by offices in 2018 was 760 tons (previous year: 1,248 tons), and the recycling rate was 97.6% (previous year: 90.5%). While there are limits to what can be done at offices, we are working on measures including being thorough in the sorting of waste, and promoting paperless work.

#### Measures Taken at Factories

The volume of waste materials generated by factories in 2018 was 11,062 tons (previous year: 10,407 tons), and the recycling rate was 96.3% (previous year: 96.3%). 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 2018 was 85.7%. We are working to limit the discharge of waste materials and to increase recycling, while considering the different circumstances related to recycling in each country.

#### Measures Taken by the Logistics Division

The volume of waste materials generated by the Logistics Division in 2018 was 10,818 tons (previous year: 8,754 tons), and the recycling rate was 96.8% (previous year: 98.4%). Cardboard, wooden pallets and other packaging materials used for packing products in the logistics process are repaired and re-used. In 2018, 26 tons of cardboard and wooden pallets were re-used. We strive to continue using resources efficiently.

## 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. KOKUYO Logitem collected 2,220 tons of office desks and chairs and other used products. Approximately 70 tons of the collected products were reused, and those that could not be reused were dismantled and sorted for recycling.



Desk disassembly

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## ■ Environment

### Legal Compliance and Pollution Prevention

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 2018

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. During the ISO 14001 certification renewal inspection conducted in November 2018, an area for improvement (minor nonconformity) was highlighted. There was a distribution center which had consigned an operator for used fluorescent lamp disposal without signing an agreement regarding the collection, transportation, and disposal. The distribution center in question was immediately made to sign an agreement and the issue was closed. In some divisions, we discovered insufficient responsibility transfer due to changes in responsible personnel, or insufficient ability on the part of responsible personnel to satisfy the criteria established by compliance evaluation. Therefore, in 2019, we will work on improving the ability of responsible personnel, for example, by increasing the frequency of briefings on laws and regulations.

#### Conducted Briefing to Subcontractors to Strengthen Compliance with the Act on Promoting Green Procurement and the Clean Wood Act

It is said that even now, there is a significant amount of illegally-harvested timber being distributed around the world. Illegal harvesting of timber not only destroys the environment of timber production regions, but may also cause a number of other problems. In these circumstances, the Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (commonly known as the Clean Wood Act) was announced on May 20, 2016, and implemented on May 20, 2017. The act aims to promote the distribution and use of timber—legally harvested based on the laws and regulations in Japan and countries of origin—as well as products made from such timber. Together with this, the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (commonly known as the Act on Promoting Green Procurement) was also revised. Information exchange in the supply chain, especially with subcontractors, is essential for confirming the legality of timber. Therefore, a briefing was given on May 10, 2018 to subcontractors related to wood products.

#### Shanghai Factory (China) and Camlin's Patalganga Plant (India) Underwent Fire Protection Law Audits by External Inspection Agencies

Countries have been strengthening regulations related to their respective fire protection laws. When a large-scale fire occurs, in addition to major damage to the neighborhood, there are also extremely high business risks such as stoppage of operations. In 2018, the Shanghai Factory of KOKUYO Commerce (Shanghai) Co., Ltd. and KOKUYO Camlin's Patalganga Plant underwent fire protection law audits by external inspection agencies. Several issues, including inadequacies in terms of equipment, were pointed out to both plants, and we plan to make improvements one by one. In 2019, we are looking at conducting audits for other overseas plants.



Briefing subcontractors about the Act on Promoting Green Procurement and the Clean Wood Act



Audit at Shanghai Factory

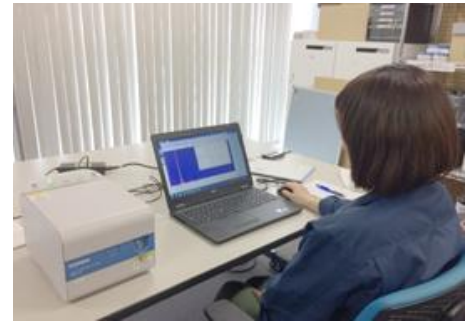


Audit at Patalganga Plant



## ■ Promoting the Management of Chemical Substances Included in Products

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 a potentially negative impact on the environment and people are social obligations shared by all companies that provide products. At the same time, there has been a clear shift from a conventional hazard-based management approach that used to focus only on the hazardous nature inherent in chemical substances to a risk-based management approach based on the scientific method. In responding to these global changes, we first set about specifying a hazards-based list of substances in 2014 and in 2015. We then carried out research based on the substance list in sequence, starting from the highest-priority products. In 2017, based on information obtained from our research, we evaluated the toxicity of and human exposure to the contained substances, and created the Stationery Edition of the Guidelines for Managing Chemical Substances Included in Products. In 2018, training courses on chemical substance management was conducted within the company to more appropriately implement chemical substance management standards. We are working on our ability to respond to our customers' requirements in areas including compliance with laws and regulations related to chemical substances and disclosure of safety information.



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

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## ■ Environment

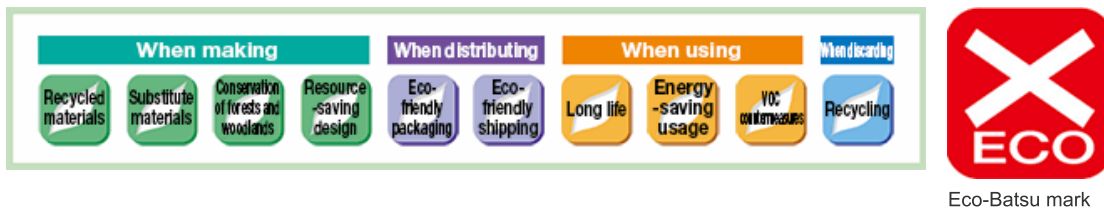
### Developing Environmentally Friendly Products and Services

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.

Fiscal 2018 Goals	Fiscal 2018 Actual Achievements	Assessment
Maintain zero Eco-Batsu	Zero was maintained	Accomplished

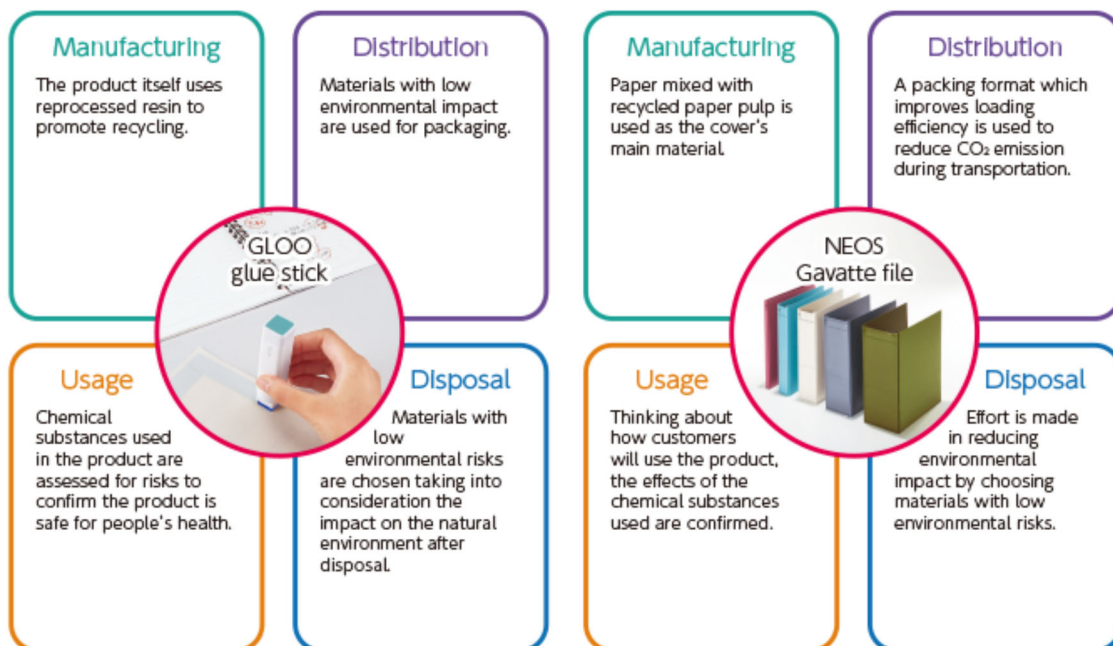
#### Continuing to Ensure that No Eco-Batsu Mark Tarnishes Our Catalog

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, 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. No Eco-Batsu products have emerged since then, and we strive to continue to ensure that no Eco-Batsu products can be found in the 2019 General Catalog.

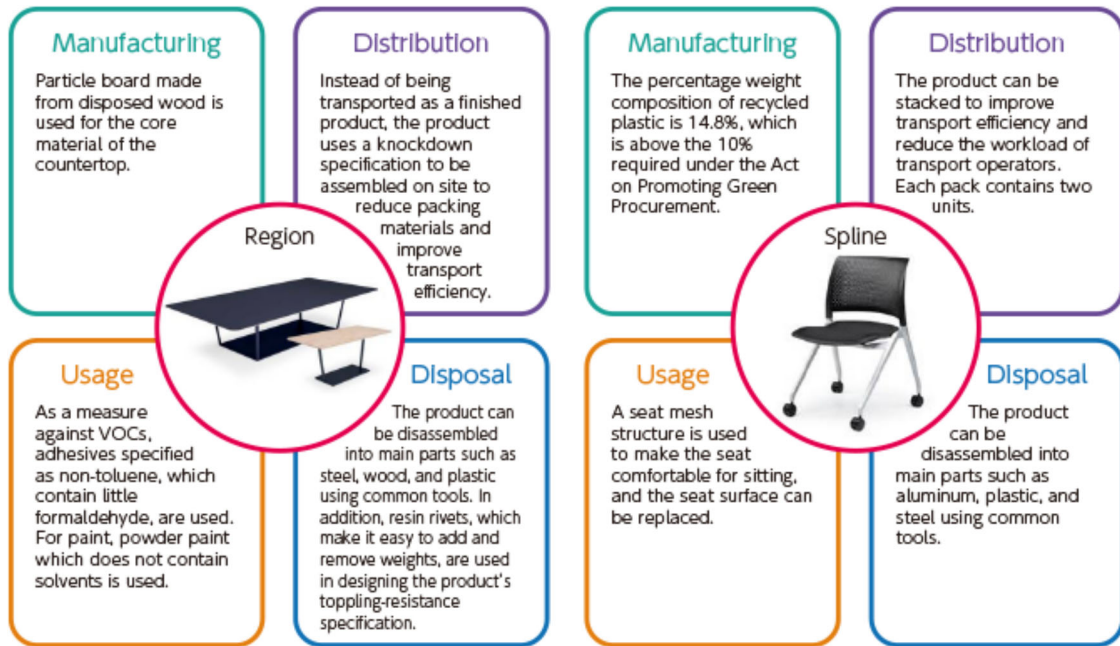


#### Examples of New Products in 2018

##### Stationery



## Office furniture



## Use of Domestic and Local Materials

Forests, which account 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, 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 performed too late.

KOKUYO worked to develop furniture from timber from thinning since 1998 and starting selling the products 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



Writing table



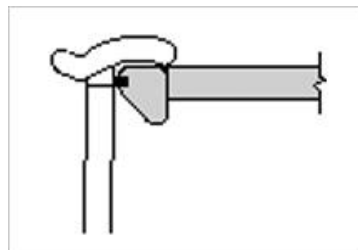
UU chair

## Protocol counter

The Protocol counter is a reception counter developed to also satisfy the need to use locally harvested lumber throughout Japan. The finish of the counter, designed by graf decorative mode no.3 design products inc., presents a clean and modern feel. Adopting the concept of universal design, the counter provides, for example, a groove for securing walking canes and a grip for wheelchair users at the edge of the countertop.



Winner of the Wood Design Award 2017



Walking cane holder provided at the edge of the countertop



Smooth-textured grip at the edge of the countertop for wheelchair users

## EF Counter with Modesty Panel Using Local Lumber

This is a construction-type counter which allows functional expansion according to future reorganization and operation. It adopts the concept of universal design, taking into consideration the elderly and wheelchair users. By using only local lumber for the modesty panel, function and variation the same as the standard type are achieved. Similar to the Protocol counter, the edge of the countertop has a groove for securing walking canes and a grip for wheelchair users.



A construction-type counter with a focus on maintaining privacy and improving amenity when receiving guests.



Countertop edge for securing walking canes



Wheelchair-friendly counter with a countertop edge shaped to be easy to grip

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## ■ Environment

### 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.

#### KOKUYO Group's Basic Policy for Timber Procurement

In 2011, the KOKUYO Group prepared its Basic Policy for Timber Procurement and clarified its stance regarding the sustainability of forest resources that are the most significant of the Group's important raw materials. Since its founding, the KOKUYO Group has broadened and developed its business activities using forest-derived materials, including paper production. KOKUYO is fully aware of the roles that forests have played and will continue to play regarding global warming and biodiversity. KOKUYO will aim to develop in harmony with forest resources while taking into consideration the legality, transparency, and sustainability of the Group's procurement of materials.

#### **KOKUYO Group Basic Policy for Timber Procurement**

The KOKUYO Group procures forest-derived materials according to the following policy and is working to make continued improvements.

1. Aim for highly transparent materials procurement, with an awareness of issues of illegal cutting and illegal transactions 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 the supply and preservation of resources.

#### Obtaining Certification as a Company Dealing with Matters of Legality and Sustainability

We have been certified 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 Act on Promoting Green Procurement. 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.





## 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 while also being economically sustainable. The COC (abbreviation of "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. PEFC (Programme for the Endorsement of Forest Certification Schemes) is an organization that mutually approves forest certification criteria created by each county or region.



責任ある森林管理のマーク

The KOKUYO Group will strive to increase certified products in order to use sustainable forest resources.



PPC color paper



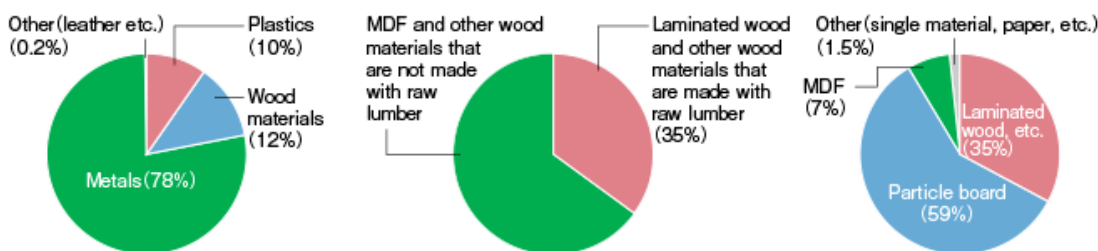
Reeds-based photocopier paper



FUBI

## Status of the Use of Wood Materials

Approximately 7,400 tons of wood materials were used by KOKUYO Furniture in the year 2018 to make products. This figure is equivalent to 12 percent of all materials used for production (excluding packaging). In breaking down these wood materials, 35 percent consists of solid wood, laminated wood, and other wood materials that are made with raw lumber while 65 percent consists of wood materials that 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 Act on Promoting Green Procurement. 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 toward obtaining the information in order to use sustainable resources.

Tree species	Form of wood	Amount used (converted to m <sup>3</sup> )	Country/region of origin
Ash	Veneer, sliced veneer	6	USA, Canada
Ayous	Sliced veneer	2	Italy, Cameroon
Walnut	Veneer, sliced veneer	6	USA, Canada
Oak	Veneer, sliced veneer	75	USA, Canada
Kapur	Veneer, laminated wood	22	Malaysia
Japanese cedar	Veneer, laminated lumber	107	Japan
Castor aralia	Veneer	1	Japan
Tamo	Veneer, laminated lumber, sliced veneer	1	Russia, Japan
Teak	Veneer, sliced veneer	1	USA, Canada
Cherry	Veneer, sliced veneer	70	USA, Canada
Hard maple	Veneer, sliced veneer	30	USA, Canada
Pine	Veneer, laminated lumber	81	Chile, New Zealand
Beech	Veneer, laminated wood	38	Croatia, Germany, France
Hinoki cypress	Laminated lumber	363	Japan
Falcata	Laminated wood	170	Indonesia
Japanese beech	Veneer, sliced veneer	141	Croatia, Germany, France, USA, Japan
Japanese whitebark magnolia	Laminated lumber	1	Japan
Poplar	Veneer, laminated wood	598	USA, Canada, China
Meranti	Laminated wood	65	Indonesia, Malaysia
Gum Tree	Laminated wood	690	Vietnam, China
Lauan	Laminated wood	880	Indonesia, Malaysia
Total		3,347	

\* Information from suppliers has been included. Wood materials such as MDF that do not use raw lumber as materials have been excluded.

\* Only tree species with the specified country/region of origin are shown.



## Yui-no-Mori Project

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 FSC® (Forest Stewardship Council®) forest management certification since 2007. (FSC® C004748)

Currently, the applicable area of Yui-no-Mori has grown to 5,425 hectares, and the total thinned forest has expanded to 1,666 hectares. In addition, a CO2 absorption certificate has been issued by Kochi Prefecture since 2007, and the amount of absorbed CO2 of FY2017 was 6,566 tons, raising the cumulative total to 49,625 tons. (From April 2006 to March 2018.)

In December 2018, the Yui-no-Mori Project received the Biodiversity Action Award Japan's special award "Green Wave Award." Receiving the Wood Design Award 2017 in 2017, this is the second consecutive year the project has received an award.



Biodiversity Action Award Japan 2018 award recipients

\* Related information: [Commendation and Recognitions from Outside the KOKUYO Group](#)

## Received CO2 Absorption Certificates from Kochi Prefecture

On July 30, 2018, KOKUYO received CO2 absorption certificates from Director Tadokoro of Kochi Prefecture's Forestry Promotion and Environment Department for a total of 6,566 tons of CO2 absorbed: 6,081 tons by KOKUYO, and 485 tons by Kaunet. Director Tadokoro expressed his gratitude for KOKUYO's long-term contributions to various initiatives, such as environmental conservation, forest maintenance, industry promotion, and the promotion of Kochi Prefecture. The 6,566 tons of CO2 absorbed is equivalent to approximately 15 percent of the 45,231 tons of CO2 emitted by the KOKUYO Group in 2018. This initiative is initiative not just for forest conservation but also from the perspective of preventing global warming.

## KOKUYO has obtained FSC® certification

Yui-no-Mori has had FSC (Forest Stewardship Council®) forest management certification since 2007.

A regular audit was conducted on September 6 and 7, 2018, and KOKUYO continues to maintain FSC® certification. (FSC® C004748)



Presentation of a CO2 absorption certificate



CO2 absorption certificate



FSC® FSC®Audit

## Regular Monitoring of the Effects of Forest Thinning

The visualization of the effects of thinning is essential for carrying out forest conservation activities. In order to monitor the effects of these activities over the long term, we conduct annual monitoring surveys in collaboration with the Shimanto Forestry Cooperative, Shimanto High School, and staff members of the Kochi prefectural and Shimanto municipal governments. On November 22, 2018, the 12th vegetation survey was conducted. Regarding vegetation surveys, we are continuing to conduct surveys at two specific sites.

\* Related information: [Report by Shimanto High school students](#)



## Effective Utilization 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 12 items as of 2018. In order to promote understanding of its activities and increase the number of supporters, Kaunet implemented a framework for donating customer points toward the thinning of Yui-no-Mori in 2008. This year alone, the company has received approximately 100 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.



Participants in the monitoring activities



Presentation on use of timber from forest thinning



Kaunet's Yui-no-Mori Products

## ReEDEN Project

KOKUYO Product Shiga has engaged in proactive activities for environmental conservation as the plant operates near Lake Biwa, a place that supports the lives of people while also being a dynamic habitat for many forms of life. Particular focus has been directed toward activities involving reeds. Reeds not only absorb carbon dioxide but also help to purify 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, the use of reeds for such purposes disappeared as peoples' lifestyles changed, meaning that reed beds were no longer being maintained and consequently fell 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 marked its 11th year in 2018. In 2018, the project received the Shiga Biodiversity Grand Prize\*1; the Shiga Prefecture Low-Carbon Society Development Award\*2; and the Japan Water Prize's Minister of Economy, Trade and Industry Award\*3. KOKUYO Product Shiga was recognized for our dedication to take the lead as a local company manufacturing paper products, and activities are steadily spreading.

\*1, \*2, \*3: [Related information: Assessments and awards received from outside the KOKUYO Group](#)

## 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 as materials for producing copier paper, notebooks, and other industrial products and selling them at a price suitable for the market under the ReEDEN Series brand name. In addition, in an effort to create a market that contributes to the environment through the use of reeds, business cards made with 100 percent reed pulp, reed-based brush pens, and other high value-added products were developed in 2014. 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



Biwako Stationery



Biwako Template

## ■ 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. It began with a handful of corporate members, and now boasts a membership of 130 supporting entities. The primary activity of the network entails the conservation of reed beds that fulfill an important role for the Lake Biwa ecosystem and water environment. These activities, which were initially staffed by several KOKUYO Product Shiga employees, have now expanded significantly to activities in which members of local environmental groups and representatives of network members now gather in the hundreds to participate, with more than 4,500 members participating in mowing the reeds. We will collaborate with researchers and Shiga Prefecture 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 environments by experts in each field and introductions of environmental activities of member companies to increase camaraderie.

## ■ Expanding Activities: Non-native Fish Fishing Contest and Canoe Reed Bed Observation 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. Reeds are mowed in winter so that buds start to sprout in the reed bed when the spring comes. We have held a fishing contest to remove non-native fish around the reed bed since 2011. The aim is to exterminate the black bass and bluegill that threaten endemic species of Lake Biwa such as willow gudgeon and carassius auratus grandoculis. This environmental activity can be enjoyed by Network members and their families together. The number of participants increases each time, with approximately 160 people participating last year. We contribute to conserving the ecosystems of Lake Biwa together with children. The canoe reed bed observation event, which started in 2014, is an event to observe thick reed beds from the lake surface in summertime by riding canoes through a maze-like waterway. The delighted and amazed voices of participants echo as they stroll around the reed bed, where they cut and take reeds from the surface of the lake onto their canoes. Such activities from season to season allow people to experience for themselves the importance of nature, and become excellent opportunities for communicating the importance of protecting the rich environment of Lake Biwa.



Fishing contest to remove non-native fish



Observation of reed beds from canoes



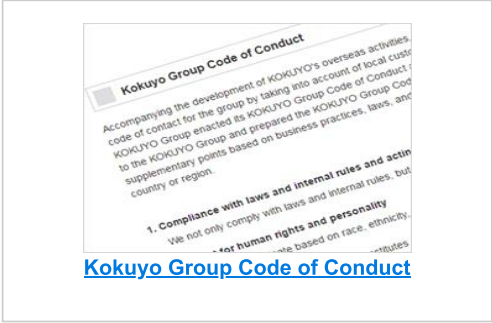
Mowing the reeds at Lake Nishinoko

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## ■ Social

### Respect for Human Rights

To respect the human rights of all stakeholders as we go about our business and CSR activities, the KOKUYO Group has established the KOKUYO Group Code of Conduct for our employees, and the KOKUYO Group's Procurement Policy for our partner companies.



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## ■ Social

### 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.

#### 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>

The KOKUYO Group is working to make improvements in its systems to 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	Six weeks before childbirth (14 weeks for multiple-birth pregnancies) and eight weeks after childbirth
Spousal maternity leave	Leave of absence granted when a spouse is giving birth. <u>Two days for each childbirth.</u>
Childcare leave	<u>Childcare leave is given until the day the child reaches the age of two. (For a child born in April, childcare leave is given until the end of April in the year the child reaches the age of two.)</u>
Childcare leave to look after a sick/injured child	Up to 5 days per year, or 10 days for employees with 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 employees with two or more children. (Can also be obtained in half-day units)
Short working hour system	<ul style="list-style-type: none"> <li>Childcare: <u>Until child finishes their third year in elementary school.</u></li> <li>Nursing care: Up to three years per person requiring nursing care.</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 child finishes their 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](#)"

**The KOKUYO Group's Hiring of Persons with Disabilities**

KOKUYO's history of hiring persons with disabilities dates back to 1940. It started with the employment of students of Osaka City School for the Deaf (present-day Osaka Prefectural Central Hearing Support School) at the former Imazato Factory where the present Head Office is located.

The turning point in KOKUYO Group's hiring of persons with disabilities was the business structural reform plan announced in 2002. The issue of how to handle the hiring of persons with disabilities by individual subsidiaries-formed from the splitting of KOKUYO-was examined, and the special subsidiary KOKUYO K Heart was established in September 2003. In addition, Heartland was established in December 2006 for the purpose of hiring persons with intellectual or mental disabilities. KOKUYO Group's rate of hiring people with disabilities is 2.29% as of August 31, 2018.

## ■ Fair Held to Introduce KOKUYO Group's Special Subsidiaries (KOKUYO K Heart and Heartland)

From October 3 to 19, KOKUYO K Heart and Heartland held a fair at the Osaka Headquarters, Umeda Office, Tokyo Shinagawa SST Office, and Kasumigaseki Office under the theme "We Also Do Such Things! KOKUYO K Heart and Heartland." At both companies, which were selected as companies under Japan's Ministry of Economy, Trade and Industry's Diversity Management Selection 100, many employees with disabilities apply themselves in suitable positions taking on a variety of operations. At the fair, employees from both companies explained to visiting KOKUYO Group employees the history of KOKUYO's hiring of people with disabilities and the current state of the legally required employment rate for people with disabilities as well as the scope of operations and initiatives undertaken by KOKUYO K Heart and Heartland.



## ■ Cross-industry Initiatives

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

## ■ KOKUYO Participates 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, management must understand that employees have time constraints due to factors such as childcare, care for elderly relatives and illnesses, 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 50 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 raising and nursing care, and we make use of what we have learned in our own companies.

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## ■ Social

# Human Resource Development



### Basic Concepts

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

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

KOKUYO Group is promoting the development of mechanisms and environments 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, academic background and so forth.

We undertook operation model reforms as part of our first medium-term management plan, "Self-reform focusing on value creation-Value Transformation 2018," which was started in October 2015. These reforms focused on the challenges of realizing customer-orientated value creation, with the goal of eliciting changes in the relationship between people and the company, as well as encouraging the motivation and bringing out the creativity of our employees. We will polish the initiatives we have implemented so far in our second medium-term management plan, "Enabling sustainable growth-Smart & Sustainable Transformation 2021," which was started in January 2019.

Three approaches that will bring about changes in the relationship between people and the company

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

In support of the first medium-term management plan, we worked to build a goal-setting system that enables each employee to better understand the purpose of their efforts for the goals that they are working toward.

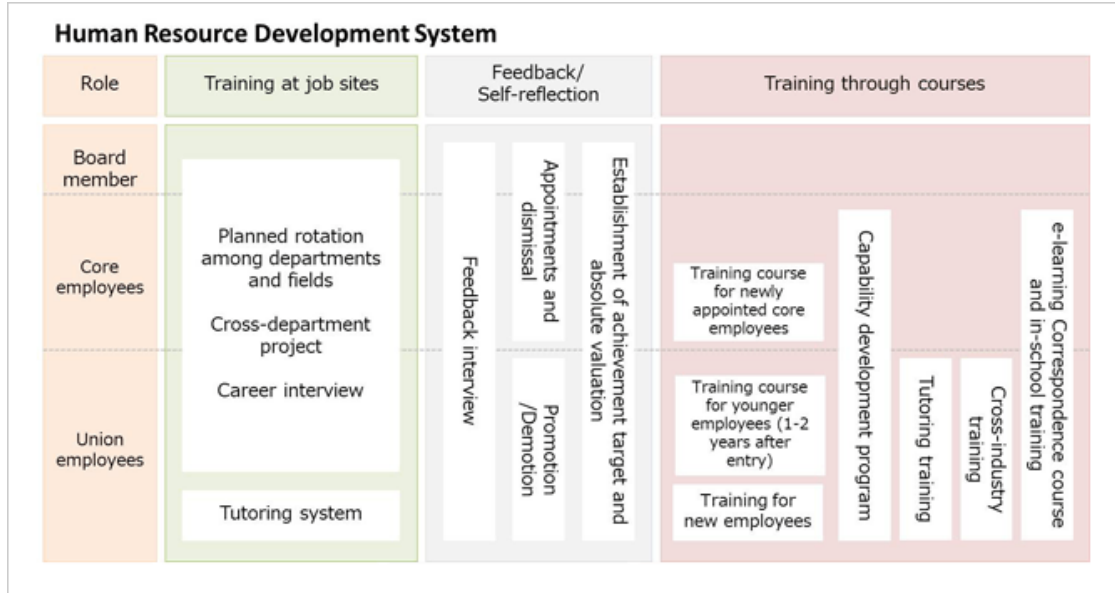
In the previous commitment-style communication, in which supervisors unilaterally communicated goals, these goals tended to be unmovable, leaving employees unable to fully understand them. Under the new system, we are switching to consensus-style communication, where supervisors and subordinates repeatedly discuss why this high priority theme should be addressed and what goals they want to set for themselves.

Managers and members of top management also hold workshops related to goal setting to share information such as "what has just been achieved" and "what was able to be reformed," in order to gain a better understanding of the issues related to setting goals for the next term. We will continue promoting efforts to more fully establish this new goal-setting system.

For the evaluation system, we switched from relative evaluation to absolute evaluation, which gives a clearer view of how evaluation is reflected in compensation. This switch now allows each employee to define the specific results to be achieved when setting goals, i.e., what has to be accomplished by when and to what degree. Then, evaluation and compensation are determined based on how fully the employee has achieved the set goals.

## Human Resource Development System

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.



## Initiatives for Human Resource Development System

### FY2018 KOKUYO Group New Employee Program

On April 2, 2018, the new employee program for new employees of the KOKUYO Group was held at the Tokyo Shinagawa SST Office and Shinagawa Office. There is a total of new employees in this fiscal year. It was a fulfilling day, with the program including events such as an office tour given by employees in their second year of employment; a lunch meeting with directors of the KOKUYO Group as well as presidents of partner companies; and the creation of a "message tree" under the supervision of the Stationery Business Division's Design Center. There were also approximately 300 messages from existing employees welcoming these new employees, making this an event which also communicated the friendly atmosphere of KOKUYO to the new employees.



### 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. A questionnaire of the participants revealed high results for satisfaction.

Great benefits of this program include coming into contact with values that are different from those of KOKUYO in particular, and interacting with human resources from different industries. It is a good opportunity to form valuable personal connections.





Responding to calls from KOKUYO Supply Logistics (KSL) which is in charge of logistic function, 77 KOKUYO employees involved in the stationery business went for on-site training to three locations-Metropolitan Area, Chubu, and Kinki Integrated Distribution Centers (IDCs)-over a period spanning nine days in total. This was realized from the idea of wanting to develop a system for contingencies-such as during disasters-supported not just by KSL employees but by the entire stationery business.

During the training, participants experienced work for supporting periods of demand, and at the same time, various issues happening on the front lines were shared and a survey was also conducted for utilization in future improvements.



### Training for Outstanding Employees of KOKUYO China.

#### ■ Conducted 2018 KOKUYO China Outstanding Employee Training Camp

At the end of May 2018, 14 outstanding employees of KOKUYO China were selected to undergo a 3-day, 2-night training camp in Shanghai. During the training camp, discussions were held about KOKUYO China's values. Understanding and recognition of the values were deepened such as by everyone talking about cases which actually occurred at the workplace. The short 3-day training camp concluded with the participants proclaiming they will communicate the values they have learned through the training to their colleagues at their own workplaces.



#### ■ First Japan Training for Outstanding Employees of KOKUYO China

In September 2018, four outstanding employees from KOKUYO China were selected for training in Japan. The training started at Kinki Integrated Distribution Center (IDC), then moved to the Osaka Headquarters, Shiga Factory, and Mie Factory. The schedule ended with a report session at the Shinagawa Office. While it was a short period, through interactions with colleagues who hosted them at the respective venues, they were able to reaffirm KOKUYO's values and principles, and experience the pride and sense of mission as an employee of KOKUYO. Going forward, outstanding employees representing China will continued to be invited to Japan in hope of further deepening mutual ties.



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## ■ Social

### Communication with Employees

To invigorate communication between employees, dissemination through various media and development of systems are carried out at KOKUYO. In addition to the company newsletter operated through the intranet, events are also actively undertaken at all offices.

#### Opening of New Working Space "DIVERARY"

DIVERARY—a space for diving into issues and thinking of solutions—was opened on February 14, 2018 at the second floor of the showroom in Shinagawa. DIVERARY is a combination of two words: "dive" and "library." It is a new working space where, in addition to being able to accumulate and organize seeds of ideas through various books, people can refresh their moods and reinvigorate their energy for work by relaxing in a calm atmosphere.



#### Stationery Business Division's Awards Ceremony

At the end of January 2018, The FY2017 Stationery Business Division's awards ceremony was held at two venues: Osaka and Tokyo. This awards ceremony has been held annually since 2009 as an initiative for nurturing a corporate culture of mutual recognition and praise. Work initiatives are comprehensively assessed from various perspectives and judged with reference to votes from employees. Individual awards were newly established from FY2017, becoming good opportunities for focusing and giving praise to individuals instead of their work. Going forward, all employees will continue to work toward nurturing a culture of active mutual recognition.



#### "Shunjukai" Retirement Ceremony for Employees Approaching Mandatory Retirement

This 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. The ceremony is held twice a year, once each in the first and second halves of the fiscal year. In FY2018, 45 and 67 employees were included in the first- and second-half ceremonies, respectively. During the ceremony, the attendees revealed their recollections about life at KOKUYO and the messages they wished to convey to younger generations of employees. Chairman Kuroda presented each retiring employee with a list of commemorative gifts, and at the same time expressed appreciation for their many years of effort and contribution.



## 2018 KOKUYO Memorial Service for Deceased Employees

On August 28, 2018, the 2018 KOKUYO Memorial Service for Deceased Employees was held at Tentokuin temple on Mt. Koyasan. This memorial service enshrines the spirits of 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 employees 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. This fiscal year, 31 people were enshrined, bringing the total number of enshrined people since 1974 to 631.



## SST Employee Exchange Event "CROSS!!!"

Tokyo Shinagawa SST Office holds the employee exchange event "CROSS!!!" each month. This event was named in hope that there will be crossing of various things-people, objects, and actions. It aims to provide two kinds of venues: venues for people to know, connect, and interact with each other as a communication infrastructure that can easily connect the right people at the right time; and venues to learn various types of knowledge and skills through the event's themes. Going forward, many attractive events will also be held so as to become a venue where people with positive attitudes regarding interaction and growth can reap many benefits.



## IWAMI Paper Industry Conducted Ceremony Commemorating 100th Anniversary

IWAMI Paper Industry (Headquarters: Tsuwano-cho, Kanoashi-gun, Shimane; President: Hiroki Tokunaga) was established in 1918 as a factory for producing paper and handmade Japanese writing paper. A commemorative ceremony was held on October 24, 2018 to welcome its 100th anniversary.

At the ceremony, this milestone day was celebrated by everyone, including Tsuwano-cho's Mayor Shitamori giving a congratulatory speech, a look back at the past 100 years using presentation slides and video, and a ceremony known as kagami-wari where a ceremonial sake barrel is broken open.

Going forward, IWAMI Paper Industry will continue to carry out manufacturing unique to IWAMI by further refining the printing and processing technologies passed down from previous generations, and accumulating its own strengths.



## KOKUYO & Partners (K&P) Hosted 170 Persons, the Most Ever, at Its Annual Year-End Party

KOKUYO & Partners Co., Ltd. (K&P) hosted its party on November 17, 2018. Approximately 170 persons participated out of the total 300 employees and partners who are stationed at customers offices to provide administrative services-including reception, mail room, office services, and facility management-and the operation of coworking spaces such as MOV. This time, the theme was "Let's Make, Get Excited, and Connect." As per the theme, it was a party with a handmade feeling, such as everyone putting on original name tags which they decorated by themselves, and all participants blowing up balloons used to decorate the venue.





## "What I'd Like to Be" Office Plans Events, Such as Female Employee Training

The "What I'd Like to Be" Office, which aims to ensure diversity promotion and the advancement of women at KOKUYO Logitem, held the fifth "What I'd Like to Be" meeting-a workshop-in Tokyo on October 17, 2018. In addition to a total of 43 female employees, partner company JR East Logistics was also invited to the meeting, during which lectures were given regarding topics such as providing ideal working conditions and motivation for women, and solutions to problems unique to the Logistics Division. Going forward, the Office will continue to plan new events to contribute toward the realization of diversity and the advancement of women from a variety of viewpoints.



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# Employees' Safety and Health

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

### Basic Concepts

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

### KOKUYO Group Occupational Safety and Health Basic Policy

#### [Basic policy]

Safety First !

The KOKUYO Group promotes safety-related activities because it regards the health and safety of each employee's mind and body as the foundation of its business.

#### [Code of conduct]

1. Comply with all relevant laws and regulations, including those related to the Industrial Safety and Health Law, as well as internal guidelines and standards.
2. Encourage continuous and autonomous workplace improvement, and strive to prevent occupational accidents and health problems.
3. To ensure the safety and health of everyone involved in the Group's business, promote the creation of a transparent culture in which everyone participates.

### KOKUYO Group Health Targets and 2018 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-related diseases.

We have carried out a walking campaign to encourage the habit of enjoyable exercise in which employees record daily the number of steps taken and their weight, and have also held healthy eating seminars in collaboration with public health centers. Moreover, as cancer prevention measures, we installed mammography systems so that examinations can be performed during regular in-house health check-ups, to promote having medical examinations for breast cancer and colorectal cancer.

Furthermore, we have actively enhanced health check options. For example, we now allow employees to undergo complete medical check-ups if desired, and have created opportunities for employees to benefit from medical examinations and increase their health awareness. Such efforts have led to the recognition under the 2019 Certified Health and Productivity Management Outstanding Organization Recognition Program (White 500) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

#### KOKUYO Group data

	2014	2015	2016	2017	2018
Percentage of employees with a BMI over 25	23%	23%	23%	24%	25%
Percentage of employees who smoke (from Q&A data)	26%	27%	26%	26%	26%

## Recognition as a 2019 Certified Health and Productivity Management Outstanding Organization (White 500)

KOKUYO Co., Ltd. and Kaunet Co., Ltd. were among the organizations recognized under the 2019 Certified Health and Productivity Management Outstanding Organization Recognition Program (White 500), selected jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. The Certified Health and Productivity Management Outstanding Organization Recognition Program honors outstanding enterprises, such as large enterprises and small and medium-sized enterprises, engaging in health and productivity management based on their efforts made in line with the health-related issues in local communities and health promotion activities promoted by the Nippon Kenko Kaigi.



## FY2018 KOKUYO Group Construction Safety and Health Conference

As people all over Japan were thinking about the importance of safety while marking the 91st annual National Safety Week\* (the first week of July), the KOKUYO Group also thought about safety at all of its locations throughout Japan and held its Safety and Health Conference with the goal of raising awareness.

### ●[Construction] FY2018 KOKUYO Group Construction Safety and Health Conference

With a belief that the safety and health of its employees and partners constitute the foundation that supports company growth, the KOKUYO Construction Safety and Health Promotion Committee set the basic policy in FY2018 as: "The KOKUYO Group places top priority on the health and safety of employees working together, and shall establish a safety culture, and create a comfortable and attractive workplace environment." Employees and partners shared this basic policy and reaffirmed their commitment to keep working together toward achieving zero-accident and zero-disaster. The events at seven venues throughout Japan included an opening address by Vice Chairman Kuroda, the chair of the KOKUYO Group Central Safety Health Committee, speeches by the representatives of the various regions, an activity report by the Construction Safety and Health Promotion Committee, and formal recognition of partners.

### ●[Factories] Safety and Health Conferences and Safety Patrol at KOKUYO Group factories in Japan

Safety and health conferences, as well as safety patrols, were held at five plants in seven locations in Japan. At the safety and health conferences, as part of the initiatives to create transparent workplaces, a letter of appreciation was presented to employees recommended by executives at various workplaces, and an explanation was given on aspects such as occupational accident data and the policy for safety initiatives.

Each of the safety and health conferences for construction and factories included innovative content to prevent safety awareness from becoming a mere slogan. In order to pass our safety-protecting culture onto future generations, we will continue to provide opportunities on a site-by-site basis within the entire KOKUYO Group to pause every year and think about safety.

### ●[Delivery] KOKUYO Logitem Safety Conference

KOKUYO Logitem, a KOKUYO Group company undertaking distribution and delivery of furniture products, held the Seventh Safety Conference. A total of 230 people, including employees of KOKUYO Logitem and partner companies, participated in the conference at two venues in Osaka and Tokyo. At the conference, employees of partner companies and KOKUYO Logitem had discussions under the theme of "Considering the basis and basics of safety in an increasingly complex environment."

### ●[Development] Manufacturing Safety Convention and Safety Patrol



Safety Conference at KOKUYO MVP



Everyone pointing and calling out a safety slogan (Construction Sector Kanto Region Safety Convention)



Safety patrol (KOKUYO K Heart)

A safety convention and safety patrol were conducted at KOKUYO's head office with participation of employees of workshops, which conducts aspects such as development and quality inspection for KOKUYO products, and KOKUYO K Heart, which undertakes operations such as printing and processing. Since employees of development sites handle machinery tools and many chemical substances, we hold the safety convention and safety patrol as events to thoroughly disseminate and reaffirm prevention of occupational accidents with employees anew.

\*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, Labor and Welfare and Japan Industrial Safety and Health Association.

### Conduct of Safety Patrols at Logitem's Kansai Delivery and Distribution Center and KSL's Kinki Integrated Distribution Center (IDC)

On October 15, 2018, safety patrols were conducted by the KOKUYO Group Central Safety Health Committee at KOKUYO Logitem's Kansai Delivery and Distribution Center and KOKUYO Supply Logistics' (KSL) Kinki Integrated Distribution Center (IDC). This year's patrol of distribution locations is the second series of its kind, following the patrols conducted at KOKUYO Logitem's Saga Office and KSL's Kyushu IDC last year. This time, another aim of the patrols was to confirm the state of damage caused by Typhoon No. 21. The KOKUYO Group Central Safety Health Committee will continue to strive to create a work environment and develop a corporate culture where employees can work safely, with peace of mind, and vigorously.



### Training Inspection of Shibayama Factory by Narita Labor Standards Association

Narita Labor Standards Association conducts its Outstanding Workplace Inspection Workshop each year. Shibayama Factory was chosen as the site for inspection, and on November 9, 2018, a total of 36 officials visited the factory, including the Chief of the Narita Labor Standards Inspection Office, the head of the Narita Labor Standards Association, and the head of the Togane Labor Standards Association. Shibayama Factory was selected due to recognition of its presentation about elimination of forklift accidents resulting in property damage at the National Industrial Safety and Health Convention held in 2017.

On the day of the inspection, briefings were given about the overview of Shibayama Factory and steady initiatives in safety activities, followed by reenactment of the presentation on activities to eliminate forklift accidents resulting in property damage using various ingenuities which was the impetus for the inspection this time.



### New Initiative-Kyushu Integrated Distribution Center (IDC) Achieves 2,500 Continuous Days without Any Accidents!

On October 1, 2018, KOKUYO Supply Logistics' Kyushu Integrated Distribution Center (IDC) achieved 2,500 continuous days without any accidents in logistics operations and no occupational accident occurring in the 10 years since October 1, 2008. A commemorative ceremony-attended not just by employees of Kyushu IDC but also by KOKUYO Logitem's Kyushu Department as well as executives and employees of partner companies tasked with operations within and outside warehouses-was held on

October 24 to celebrate this achievement. This record of 2,500 days is but an epoch. Going forward, the center is determined to continue working steadily so as to extend its record of no accidents.



## Organized KOKUYO Group Factory Get-together 2018

On November 1, 2018, a factory get-together gathering the safety managers of Group factories was organized by the KOKUYO Group Central Safety Health Committee at KOKUYO MVP located in Tottori-shi. This is the third such get-together, and from this time onward, safety managers from the Furniture Business Division and KOKUYO Logitem also participated and exchanged opinions in order to widen the circle of safety and health within the Group beyond industries.



Believing that the health and safety of its employees are the foundation of company growth, the KOKUYO Group will continue to strive to maintain the safety and health of group employees and create a work environment and culture that enable employees to work vigorously and demonstrate their full abilities.

## Specific Steps We have Taken in 2018

### 1) Implementation of health campaign

It was the fifth year of the walking campaign that is held jointly by KOKUYO and KOKUYO Health Insurance Association for all employees. This health activity, called the "Online Walking Competition-Health Challenge Log," is based on the concept of "enjoy becoming fit and receiving rewards!" Each employee self-reports the number of steps they have taken daily, and those who achieved their goals receive 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 Online Walking Competition

	2014	2015	2016	2017	2018
Participants	340 persons	670 persons	853 persons	923 persons	1,177 persons

### 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. The Health Insurance Association also offers subsidies, making it easier for employees to get vaccinations, even at clinics outside the company if desired.

We also have hand antiseptics and masks available at each worksite, and are utilizing posters, our online company magazine, and company-wide e-mail messages to consistently carry out activities to raise awareness about disease prevention and prevent the spread of communicable diseases.



### Number of people who had vaccinations

	2014	2015	2016	2017	2018
No. of people receiving vaccinations	2,487 persons	2,749 persons	2,852 persons	2,630 persons	2,951 persons

### 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 that they feel.

Additionally, we conduct comprehensive employee surveys related to work engagement, employee satisfaction (ES), and compliance awareness as workplace health markers.

Of the survey results, the items related to workplace culture in particular are collated with data on hours worked. The findings are then utilized to create opportunities and as tools and KPIs for workplace improvement and incorporated into worksite-originated activities.

### KOKUYO's Health Activities!

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The KOKUYO Group has been promoting health activities in order to prevent lifestyle-related diseases. A system was implemented to allow health check results to be viewed via the Internet so that employees can check their own results to help them in managing their own health. In addition, results are compared against the standards of the KOKUYO Group. Measures are taken for those who fall below certain standards, such as arranging consultations with industrial physicians and occupational health nurses, and improving employees' health through measures in their work.

Furthermore, KOKUYO also supports employees in building their health through dissemination of various information, such as the impact of passive smoking and its measures, and awareness required for creating workplaces where people can work with peace of mind while pregnant or raising children.

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## ■ Social

# Work Style Reform

KOKUYO aims to, by 2020, establish new work styles in the company while taking on various challenges leading to work style reform, and "grow through smart work."

### Basic Concepts

#### 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, 2017.

The KuruminMark 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, 2017

KOKUYO Co., Ltd., KAUNET Co., Ltd.,

KOKUYO Marketing Co., Ltd., KOKUYO Engineering & Technology Co., Ltd.



#### Re-Employment System for Employees Who Left Their Jobs Due to Personal Circumstances

KOKUYO has a re-employment system for regular employees who left their jobs due to personal circumstances such as marriage, child-bearing, childcare, family care, job relocation of spouse, study abroad, volunteer work, career change and other reasons recognized by the company.

#### Handling Re-Employment of Mandatory Retirees

KOKUYO has in place a system which, in principle, allows employees who wish to work at the KOKUYO Group after retiring at the mandatory age of 60 to continue work as senior employees.

Through this initiative, we offer opportunities for employees to continue applying themselves in society after mandatory retirement. At the same time, we can expect them to use their experience and knowledge developed so far in their work to contribute toward developing younger employees.

#### 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 system allows employees 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. Therefore, the number of employees utilizing this system is increasing.

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.



### Conducting "Exciting Smart Work" Trial

As an initiative contributing to work style reform, "Exciting Smart Work" takes on the challenge of diverse work styles. A trial spanning three months was conducted from July 23 to October 26, 2018. Participants-which comprised 100 persons who applied as individuals, and 155 persons from nine selected departments-took on the challenge of various work styles, including telecommuting, telework, and a flextime system without a core period. As a result of the trial, KOKUYO was awarded the "Jisa Biz Promotion Award," which recognizes companies promoting off-peak commuting, in the work-style category due to KOKUYO's "Exciting Smart Work" activities. The results from this trial are expected to contribute toward extraction of issues for the realization of smart work as an organization



### Umeda Value Chain Working Together on Work Style Reexamination

Occupants of the Umeda Office-KOKUYO Marketing, KOKUYO Logitem, KOKUYO Engineering & Technology, and the Furniture Business Division-are working together on reexamining work styles. In the past, reexamination of work styles has been undertaken individually by the respective group companies. The office working together as one maximizes results, and at the same time, specific improvement measures are discussed by representatives from the respective companies at the Work Style Reexamination Meeting so that a department's reexamination does not end up imposing a burden on other group companies or departments. KOKUYO will continue to carry out further reexamination while gathering opinions from workplaces.



### Joint Labor-Management Initiative to Reform Work Style

To achieve balanced work styles, we consider it to be important to reform both our systems and mindset. Therefore, our labor and management are working together to promote the following initiatives:

- Ensuring that all employees understand the systems and rules (holding attendance rule study meetings and individual consultations about the telecommuting system)
- Promotion of "Plus 3 Vacation Days" (taking an additional three paid vacation days a year)
- Creation of a transparent workplace culture (improving the workplace utilizing employee surveys)

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### 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.



#### Basic Concepts

As corporate activities are becoming more globalized, KOKUYO Group is well aware that managing its own company and subsidiary companies is insufficient for fulfilling 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 will strive to further build relationships of trust through these activities.

#### ■ KOKUYO Group's Procurement Policy

##### 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 in the aim of creating a society where the rights of all people are respected.

##### ■ Environmental Protection and Symbiosis with Local Community

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

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

### 1. Pursuing Quality and Safety

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

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

### 2. Mutual Development

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

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

### 3. Respect for Human Rights

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

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

### 4. Environmental Protection and Symbiosis with Local Communities

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

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



## Initiatives with Partners

### Announcement of ACW Awards

Action to Change Workstyle (ACW) was launched in July 2017. After a year, the ACW Awards was held to commend members with outstanding activities. MARUTEN SANGYO Co., Ltd. came in top for the first year of the ACW Awards. ACW is an initiative that sees the trend for work style reform, which many companies are striving for, as a business opportunity, and seeks to provide proposals for achieving work style reform. Going forward, ACW aims to strengthen the relationship between retailers and customers so as to result in sustained growth for both KOKUYO and the retailers, and expand activities together with retailers.



### Subcontractor Meetings Held by KOKUYO's Furniture Business Division

KOKUYO's Furniture Business Division holds subcontractor meetings with the executives of major subcontractors twice a year.

In 2018, the meetings were held in May and December. At the May meeting, participants reflected upon the high demand season and shared their forecast for future sales trends. At the December meeting, the furniture business division reflected upon the current financial period, and also explained their policies for the 2018 high demand season and market trends.

In addition, KOKUYO expressed its gratitude by formally recognizing subcontractors that took excellent initiatives. Their initiatives were also presented, enabling us to learn from one another to support our coexistence and co-prosperity, and cooperate to improve the entire furniture business.

In November, a study meeting was held targeting mid-level employees in the design and development departments of subcontractors, to share KOKUYO's approach to market trend analysis and design concepts in our monozukuri.



Ceremony to formally recognize superior subcontractors



Explanation by Mr. Sakagami, Group Managing Officer and Head of Furniture Business Division

### Stationery Business Conducted an Audit of Subcontractors

The Stationery business has been conducting an audit of subcontractors for the purpose of securing reliability of environmental indicators in product catalogs. In 2018, we conducted a factory audit of 89 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 aroused 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 environment-conscious standards in the audit. By exchanging information on examples of cases where reliability with regards to production control was improved, we will strive to ensure the reliability of environmental indicators in the future.

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

## ■ KOKUYO Logitem Holds the 9th Driver Competition

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The national final of the Driver Competition, with the goal of further improving customer satisfaction through joint delivery and at the point of delivery of our furniture products, was held on October 13, 2018. The level of recognition for this competition has been increasing both inside and outside the company year after year as a platform for fully demonstrating abilities in product assembly and customer service cultivated through everyday efforts. The competition level has also been increasing every year. The theme this year was "Basic Actions and Product Knowledge + Sense of Speed." Approximately 400 participants from all over Japan took part, and it was a good opportunity for learning by returning to the basics.



## ■ KOKUYO Logitem Distributed Hand Warmers

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KOKUYO Logitem, the company responsible for distribution, carried out activities to distribute hand warmers to drivers from January to February 2018. At the 14 distribution centers participating in this activity, hand warmers and beverages were handed to workers within the premises as well as drivers before the peak period with a reminder to be safe. Going forward, KOKUYO will continue to plan activities that will make people happy.



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# Providing Peace of Mind and Safety to Customers

KOKUYO always develops new products and services from the perspectives of customers, and without being satisfied with the present conditions, we continue to improve the safety and quality of our entire product line and services. Currently, KOKUYO is working toward attaining ISO9001 certification throughout the entire company.

### All Companies Achieved ISO 9001 (Quality Management System) Certification

KOKUYO's furniture business has defined and strictly implemented process procedures covering product planning, design and development, production, and installation, based on the ISO 9001 Quality Management System (QMS) certified in 1997. However, these days, there are increasing cases of harsh criticism from the market due to unfortunate incidents related to product quality. In order for KOKUYO to continue to maintain high quality in the future, we started to aim at ISO 9001 certification not limited to the furniture business but for all companies as a whole, from the idea that, beginning with the marketing process, all processes need to be connected in series, covering product planning, design and development, and production. The company-wide kick-off toward attainment of certification was held in July, 2018, and in April, 2019, external audit by Japan Quality Assurance Organization (JQA) was completed and all companies successfully achieved ISO 9001 certification.\* Concurrently, KOKUYO's stance on quality has been defined in the KOKUYO Co., Ltd. Quality Policy stated below.



### KOKUYO Co., Ltd. Quality Policy

KOKUYO will continue to meet the trust of our customers and pursue their satisfaction through providing products and services that enrich work, learning, and living.

1. We shall strive to develop products that exceed our customers' expectations in all aspects.
2. We shall strive to provide safe products which can be used with peace of mind, and pursue even better quality.
3. We shall comply with the relevant laws and regulations, and fulfill our social roles and responsibilities.
4. We shall sincerely accept feedback from our customers, and undertake product development and improvement.
5. We shall adapt to changes in the environment, and undertake continuous improvements to our management systems.

Hidekuni Kuroda, President,  
KOKUYO Co., Ltd.  
January 1, 2019

Going forward, we will continue to use the QMS (Quality Management System)'s Plan-Do-Check-Act (PDCA) Cycle that was defined to realize sustainable growth and quality improvement.

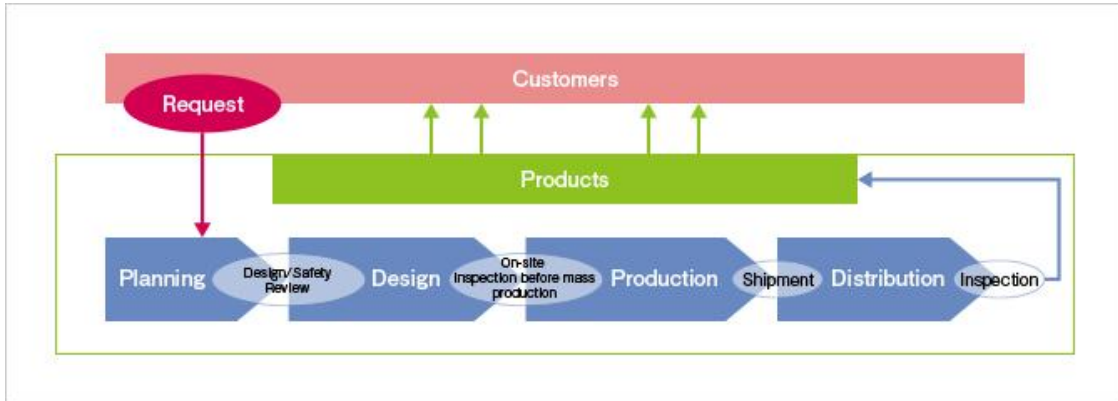
\* However, only the KOKUYO brand articles for the stationery business and Kaunet brand articles for Kaunet Co., Ltd. are covered.





## 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 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.

### 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.



Introduction of robots in quality testing

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

In addition to safety, people around the world are seeking a sense of reassurance and now anybody can receive and transmit large amounts of information anytime. As we consider it to be 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 ISO 9001 Quality Management System certification. Based on this, we are developing and thoroughly implementing 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 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, we conduct multi-faceted evaluations to ensure ease of use and safety. In the production phase, we ensure compliance with the Japanese Industrial Standards (JIS) and other industry standards, as well as our even more demanding in-house standards.

#### 2) Responding when Failures Occur

Should a product fail while being used by a customer, that information is shared among all related departments to provide a fast response. In this process, we identify the cause of the problem and incorporate corrective measures into the product and its manufacturing process in order to prevent recurrences of similar failures. If a serious accident occurs, the Compliance Committee determines the policy to be followed, reports the issue to the relevant government authorities, and notifies the public through newspapers and websites to limit the extent of any damage.

#### 3) Notifications Regarding Product Safety and Quality

KOKUYO Furniture uses its corporate website as a medium 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 Quality Improvement Initiatives for the Total Process through to Delivery

In selling furniture, our company's responsibility is also to deliver our products to customers' offices and make them ready for use. For this reason, we strive to continuously improve quality not only in our manufacturing processes, but also in shipment and delivery. We provide training on product assembly techniques and customer service manners to the partner companies subcontracted to deliver our products. We also hold a nationwide contest every year to judge the abilities in product assembly and customer service. Through these activities, we are raising the awareness level of delivery personnel, with the goal of achieving continuous quality improvement.

### Handing letters of appreciation containing heartfelt comments to share customers' frank opinions

KOKUYO Logitem, the company responsible for distribution, has conducted a web-based customer survey twice a year since 2012 on the quality of delivery. The feedback received from customers through the survey is delivered to partner companies and delivery centers operating on the front lines of product delivery. Based on favorable comments received from customers, we select drivers who have met the various selection criteria for work leading to added value in delivery, and show our gratitude by handing letters of appreciation containing heartfelt comments directly to the drivers. We continue to share customers' frank opinions with field personnel to further motivate the drivers and improve delivery quality.



In-house voting to pick the winners of the Most Heartfelt Comment Award and the Award for Largest Number of Heartfelt Comments



## 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 in Okinawa Prefecture, remote islands and some hilly and mountainous areas, Kaunet delivers orders the next day if orders are placed before 6 p.m.

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 paperboard boxes, which is the most common packaging, Kaunet exercises its ingenuity in using cushioning materials for protecting products as little as possible. For imperious products in a lower volume, the orders are delivered using simple packaging, such as paper bags or polyethylene bags 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. There was also 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 so that we could 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) Developing a menu for introducing and utilizing emergency supplies best-suited to offices

KOKUYO is operating a disaster solution business to provide emergency supplies essential in the process of building an organization's BCP, as well as the expertise necessary for introducing and operating them. Using primarily the SONAeL, a guidebook on emergency supplies, and the PARTS-FIT, a disaster countermeasure series for both normal states and during emergencies, we are assisting our customers in simultaneously achieving a comfortable working environment and emergency preparedness.



働く場所にフィットする。  
 防災用品は備蓄し置くだけでは不十分。働いているときに備蓄した防災用品がすぐに使えない。PARTS-FITは、働いているときに備蓄した防災用品がすぐに使えない。PARTS-FITは、働いているときに備蓄した防災用品がすぐに使えない。



エレベーターにそなえる。  
 地震発生時エレベーターが停止すると、エレベーターに閉じこめられる危険があります。エレベーターに備蓄した防災用品がすぐに使えない。elecabiは、エレベーターに備蓄した防災用品がすぐに使えない。



PARTS-FIT



elecabi  
 Emergency supplies cabinet for elevators

## 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 8 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).



Seminar on disaster countermeasures for corporations

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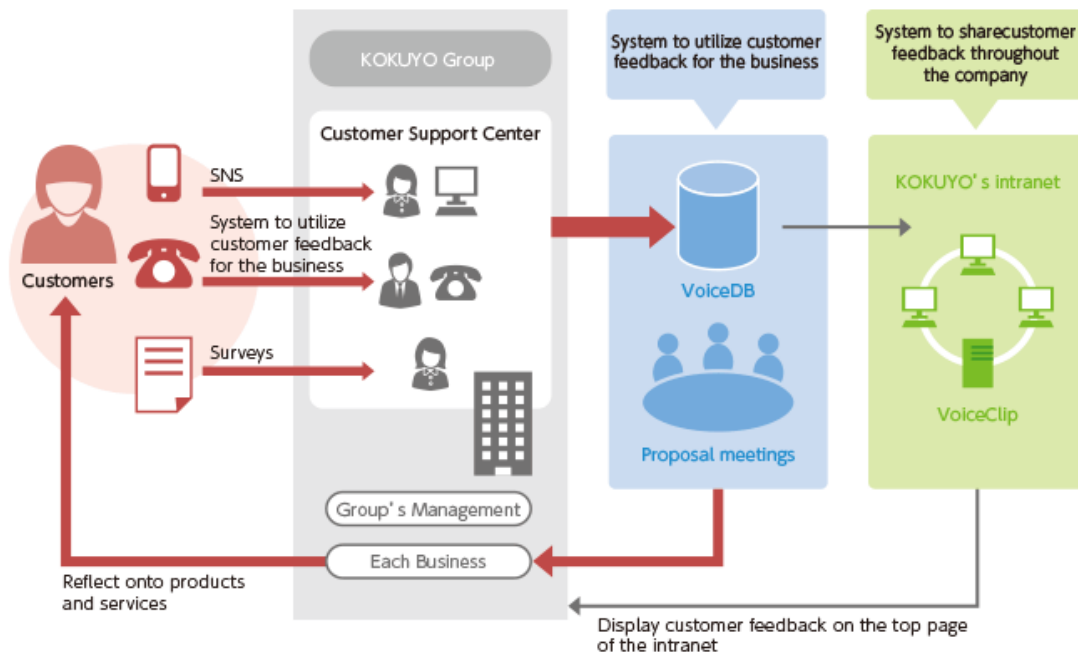
## ■ Social

### Dialogue with our Customers

We are thorough in handling customer inquiries with sincerity and care. In addition, we take feedback as valuable opinions for improving KOKUYO's products and services, and make effort to share them across the entire company.

#### 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 from customers with all of our group employees (customer personal information is excluded beforehand). Both angry complaints and words of appreciation from customers are updated weekly on VoiceClip, and distributed via email as Voice Clip Weekly. 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 and view previous feedback as needed.



## Heavy-duty stapler Ratchkiss 240

Improvements were made to the heavy-duty stapler redesigned in December 2017, incorporating feedback from customers. In the past, slipperiness of the handle was reduced using an anti-slip coating. However, we received inquiries, as this coating may deteriorate over time under special conditions. This feedback was communicated to the department in charge. Thinking about how to address the issue from just the shape of the handle, without having to use anti-slip coating, the department filmed videos to compare use by men and women and research how the handle is pressed. After repeated attempts, an easy-to-use stapler that does not use anti-slip coating yet does not slip easily was achieved. The handle has a round shape that fits in the hand with recesses on both sides for the fingers, allowing for the stapler to be used in different ways, either with one or two hands.



Design that fits in with the office



SL-M220

## Dialogues with our Customers

### Limited Period THINK OF THINGS Pop-Up Store Opened in London's Shoreditch District

A pop-up store of the lifestyle shop and cafe THINK OF THINGS opened in the Shoreditch district in East London from October 3 to 14, 2018.

The Shoreditch district is a place where emerging companies and creators such as designers and artists gather. It is seen as an area proposing new lifestyles. In addition to receiving good reactions and valuable feedback from people active in this avant garde region, KOKUYO also built relationships with local creators and retailers of high standards.

Going forward, KOKUYO will continue to roll out advanced initiatives one after another while using the THINK OF THINGS brand-which interweaves space, products, and content-to heighten creative recognition both within and outside Japan, and at the same time undertake various trials in view of the value that KOKUYO will provide in the future.



### Exhibiting for the First Time at the 3rd Enjoying Life Exhibition Organized by Hobonichi

From June 7 to 11, 2018, KOKUYO exhibited for the first time at the 3rd Enjoying Life Exhibition produced by Hobonichi Co., Ltd. and held at the outdoor space of Yebisu Garden Place. KOKUYO empathized with the exhibition's concept of "a dream-like shopping district here only for a limited period," leading to the decision to exhibit.

Exhibits communicated the sense of new discoveries and excitement felt at school and stationery shops as a child such as through the latest office chair "ing", concluding the exhibition with high praise.



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### New Value Creation

With the issues facing society in recent years becoming more diversified and complex, we are striving to create KOKUYO-style values so that our customers' work, learning, and living can become more creative and fruitful.

#### Signed Agreement to be an Official Supporter of the Olympic and Paralympic Games Tokyo 2020

KOKUYO signed an agreement to join the Tokyo 2020 Sponsorship Program as an Official Supporter in the "Office Furniture & Stationery" category. KOKUYO will contribute to the Games by providing office furniture and stationery to the offices and other locations of parties related to the Games, such as the Tokyo Organising Committee of the Olympic and Paralympic Games. Besides supporting Tokyo 2020 by putting in place an environment that is easy for staff to work in, KOKUYO will apply creativity to fully support new changes driving Tokyo's future evolution and the prosperity of the world.

#### SENTIR-Responding to Diversifying Office Needs with Innovative Technology

"SENTIR" is a work table incorporating unprecedented ideas. The work table's specification and surface finishing can be chosen much like choosing what to wear. At the same time, it gives an image of a place where one can work comfortably in one's own style like in a living room or cafe.

The tabletop and legs use KOKUYO's unique surface finishing techniques. Innovative technology is used to provide a lineup of design variations incorporating more than 2,000 trends.



#### Development of IoT Stationery "Shukudai Yaruki Pen " That Nurtures Habit of Writing Announced

On June 7, 2018, development of "Shukudai Yaruki Pen "- an IoT stationery that visualizes daily children's efforts for study in a fun way and generates motivation in children-was announced.

"Shukudai Yaruki Pen" analyzes and visualizes daily children's efforts for study by fixing an attachment which recognizes movement onto a pencil and linking it to a smart phone. By bringing fun to repetitive learning, which has a tendency to become monotonous, it supports the building of a habit for taking initiative in doing homework by making the act of writing something familiar to children.





## Commenced Production of Wilkhahn's Multipurpose Chair "Occo"

The "Occo" chair is highly popular for use at lounges and meeting areas. Production commences at the Mie Factory in July 2018 so as to shorten production lead time and deliver the chair to even more customers. This is the third licensed production of a Wilkhahn product by the Mie Factory, following the commencement of production of the "ON" chair in 2014, and "IN" chair in 2016. Till now, delivery of products with seat and back cushions imported from Germany required about three to four months. With the commencement of licensed production, the shortest possible delivery time is now approximately four weeks.



## Organized Workshop for University Staff to Think about Work Style Reform

On December 13, 2018, Kindai University's Faculty of Engineering was invited for a work style reform workshop at the Hiroshima Live Office of the Chugoku branch of KOKUYO Marketing. On the day of the workshop, various programs were conducted using the live office, including a demonstration of case studies related to efforts for attaining accreditation as a company practicing work style reform, and an experiential workshop on storage. Positioning document sorting and office improvement as the first step in creating an even more appealing campus, the workshop provided the staff with a start toward achieving a motivating workplace. Going forward, KOKUYO will continue to cooperate with not just companies but also universities as partners in work style reform.



## Supporting Service Quality Improvement at Nursing Care Frontlines through Digitalizing of Hand-Written Memos

KOKUYO launched the input-support tool "DENSHI-SHITAJIKI" (Electronic Writing Pad)-which can digitalize hand-written characters-for medical and healthcare providers, and has enabled it to collaborate with Blue Ocean Note (BON), the care system provided by Blue Ocean System Co., Ltd. BON is a system which allows information required at the frontlines of nursing care-such as case records and daily operation logs-to be share among staff. It is expected to contribute toward service quality improvement in nursing care as collaboration with "DENSHI-SHITAJIKI" reduces the load of transferring hand-written characters, thereby allowing frontline staff to focus on their actual jobs.



## Supporting Research in Simple Tests for the Early Detection of Cognitive Impairment through Analysis of Handwriting Data

The Clock Drawing Test is a screening of cognitive impairment. KOKUYO is working together with Wacom Co., Ltd. to use "DENSHI-SHITAJIKI" (Electronic Writing Pad) and the testing software to develop a mechanism that stores the drawing process of subjects as data and analyzes the data. Analysis of handwriting data will be used to support research in simple tests for the early detection of cognitive impairment being conducted at Niigata University of Health and Welfare. Subjects will be able to undergo tests in a familiar way by writing on paper, while those administering the tests will be able to easily obtain even more necessary information. KOKUYO will continue to support this research, and contribute toward the early detection of mild cognitive impairment.



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## ■ Social

### New Products and Services in 2018



May 28th, 2018

Stationery business

[Loose-Leaf Paper Specially for Managing Study Schedules Launched](#)



May 30th, 2018

Stationery business

["Choi+" Stickers for Joining Printouts and Notes Launched](#)



June 11th, 2018

Overseas

[Notebooks Supporting Learning Launched for Students in Vietnam](#)



June 20th, 2018

Shiga

["Biwacoaster" Launched](#)



July 26th, 2018

Furniture business

["SENTIR" Work Table Developed](#)



September 3th, 2018

防災

[Rotating Disaster Prevention Helmet for Offices Launched](#)



September 18th, 2018

Kaunet

**"ZIPZAP" Bag for Hand Washing and Bleaching Launched**



September 26th, 2018

Stationery business

**Campus Notebooks with Different Purposes for Elementary School Students Completely Renewed**



October 1th, 2018

Stationery business

**Birth of New Brand "Gloo" That Changes Concept of Sticking for Adhesive Products**



October 3th, 2018

Stationery business

**Limited "Hocan" Commemorating 10th Anniversary of Campus Notebook (Dotted Ruled Lines) Launched**



October 11th, 2018

A&C

**KOKUYO Picture Book "Oekakizukan (Animal Picture Book for Drawing)" Supervised by Three Zoos in Yokohama Launched**



October 15th, 2018

Furniture business

**"TAB MEE" Tablet Stand Launched**



December 10th, 2018

Stationery business

**"mochi-hako" Series Specially for Carrying Business Tools Launched**



January 15th, 2019

CSR

**"Word Block" Launched!**

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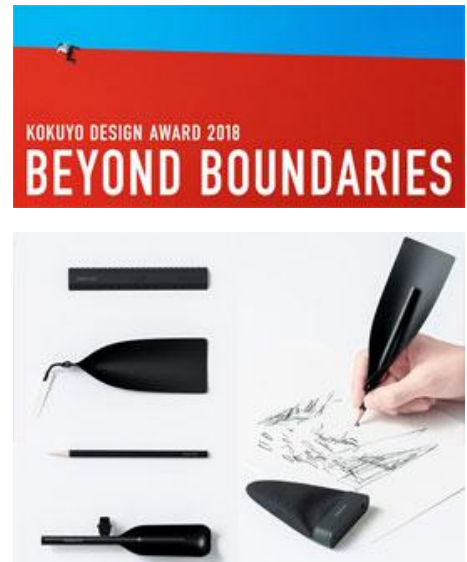
## ■ Social

### Domestic contribution activities

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

#### KOKUYO Design Award 2018 with "Beyond Boundaries" Theme

The KOKUYO Design Award is a design competition that aims to attract product designs for commercialization from a broad range of general users, bringing forward products that are superior from a user's perspective. It was launched in 2002 with the aim of further strengthening customer-centric product creation. 2018 marked the 16th year of the award, and ideas were sought under the theme of "Beyond Boundaries." Takuma Yamazaki's "Sound of Drawing" was chosen for the Grand Prix in recognition for being a project that represents a new way of communicating with stationery by amplifying the faint noises created by the friction between pencil and paper. KOKUYO also makes effort to make winning entries into commercial products. So far, 18 entries have gone from the contest to the market. People's attention is drawn to the numerous unique items that create new stories in everyday life.



#### 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. Each year, KOKUYO teams are formed with KOKUYO product retailers and agencies in various regions, helping to revitalize shopping districts through race participation. In 2018, the team from KOKUYO Hokkaido Sales won the Hokkaido tournament. In addition, good results were also achieved at tournaments such as the Fukui tournament, Akita tournament, and Saitama tournament. Going forward, as a company selling office chairs, KOKUYO will continue to actively take part in these races, make them more exciting, and contribute to local revitalization.





## 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, 14 years have passed and we have continued to face students with sincerity, and today, a total of 18 leading companies from various industries have joined the Job Study.

As of the end of 2018, the Job Study had amassed 14 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, including economic fluctuations and the graduate recruitment environment, is rapidly changing, and numerous issues still exist between job seekers and companies even in the current so-called seller's market. Against this backdrop, the Job Study is asking the representatives of the personnel departments of 18 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. These include the flood of internships, the bringing forward of recruitment, and the abolishment of recruitment guidelines for new graduates entering the workforce in FY2021. Because it is an era when needs and difficulties have diversified, 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 18 companies that comprise this program are committed to joining forces to create new value and opportunities that others cannot provide.



Hiroki Yamamoto  
Recruitment Unit  
HR Department  
KOKUYO Corporate Administration  
Division



## 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 Activity Network, 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 Green Activity Network'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.

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?



Delivery using a plastic box instead of a cardboard box



## 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 in collaboration with the local government.

At various sites around the country, our employees have participated in blood donation drives since 1980. In 2018, 52 employees donated blood on two occasions when the Japanese Red Cross Osaka Blood Center visited the company, despite this only taking place in the afternoon.



## 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. Periodic events, annual interviews, and interactions with corporate supporters are also sponsored with the heartwarming intention that children who have endured painful experiences will not be left alone. In March of every year, events to celebrate new students' entrance to schools of higher learning and enrolled students' graduation are held with supporters and others involved, in which the students have an opportunity to passionately discuss their future dreams and goals. KOKUYO Tohoku Sales, along with the MICHINOKU Future Fund Charitable Foundation, will continue to support these young people's dreams of higher education.



Gathering of the seventh graduating class of students held in March 2018



## Campus Art Award 2018, 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, the District Merit Awards, the AKB48 Team 8 Award, and other winning entries were selected from the entries.

The Grand Prix went to "Spring with the Red Train" by Rie Kuboyama.



Campus Notebook with the Grand Prix-winning work "Spring with the Red Train" on its cover was sold as a limited-edition item in KOKUYO's official online store

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## Social

# Foreign contribution activities

### Initiatives in China

#### Donating Notebooks through the Consulate General of Japan in Shanghai

In October 2018, while giving lectures introducing Japanese culture at Zhongming Elementary School in Tongling County, Anhui Province and Nanchang University, Jiangxi Province, the Consulate General of Japan in Shanghai gave KOKUYO notebooks as gifts to the students attending the lectures.



#### Chasing Big Dreams with Small Notebooks!

From October 21 to 23, 2018, six employees from the Shanghai, Beijing and Shenzhen offices of KOKUYO (Shanghai) Management Co., Ltd., KOKUYO Commerce (Shanghai) Co., Ltd. and KOKUYO Furniture (China) Co., Ltd. gathered together to visit Haieryu Elementary School in Sangzhi County, Hunan Province, and interacted with children there.

The employee volunteers spent a meaningful day with the children, playing games and doing crafts using KOKUYO stationery.

We organize these kinds of interchange activities with children every year.

Seeing the stationery they have made bring smiles to so many children's faces was an irreplaceable experience for the employees. KOKUYO is actively having

its employees participate in volunteer activities to help them personally understand the concept of contributing to society through our products.



#### Presenting Gift Sets to Poor Children to Celebrate Discharge from Hospital through Cherry Blossom Foundation of the Shanghai Japanese Commerce & Industry

In May 2016, the Shanghai Japanese Commerce & Industry Club established the Cherry Blossom Foundation based on a cooperative agreement with the Shanghai Children's Health Foundation. The Cherry Blossom Foundation has been helping poor families with surgery or treatment expenses for their children who are suffering from strabismus or congenital dislocation of joints. Additionally, the Club presents celebratory gift sets packed with stationery, sweets, etc. to children being discharged from the hospital.

On November 28, 2018, members of the club visited the Children's Hospital of Shanghai and handed the celebratory gift sets directly to the child patients who had been receiving support. The gift sets included stationery donated by KOKUYO.

#### Students of Shanghai Fourth School for the Disabled Visiting KOKUYO's Furniture Showroom

In the autumn of 2018, a total of 28 students from Shanghai Fourth School for the Disabled visited the showroom of KOKUYO Furniture Co., Ltd. Employees of KOKUYO Furniture introduced its furniture products to students using simple sign language they had learned, and got the students to touch chairs and desks to experience the latest office environment. Through this activity, we communicated the warmth of society to the students.





## Initiatives in India

### Donation of stationery to underprivileged children through Holy Family Hospital

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May 2018

KOKUYO Camlin, with the support of Holy Family Hospital's NGO, donated stationery to underprivileged children living in slums, and at the same time, provided guides on essential knowledge such as basic hygiene concepts and human rights.

### Art therapy at Tata Memorial Hospital

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July 2018

The Tata Group is a major conglomerate in India. Tata Memorial Hospital held an event using art and pictures as therapy for leukemia patients and their families. Approximately 50 patients fighting leukemia and family members took part. KOKUYO Camlin co-sponsored the event and provided products.

### Art event jointly organized with Spandan Foundation

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November 2018

An art event for children with various disabilities was held in Mumbai together with the Spandan Foundation, an NGO which was established in 1990 for the purpose of supporting children's education. KOKUYO Camlin provided the art materials necessary for this event, and was able to bring smiles to the children's faces.





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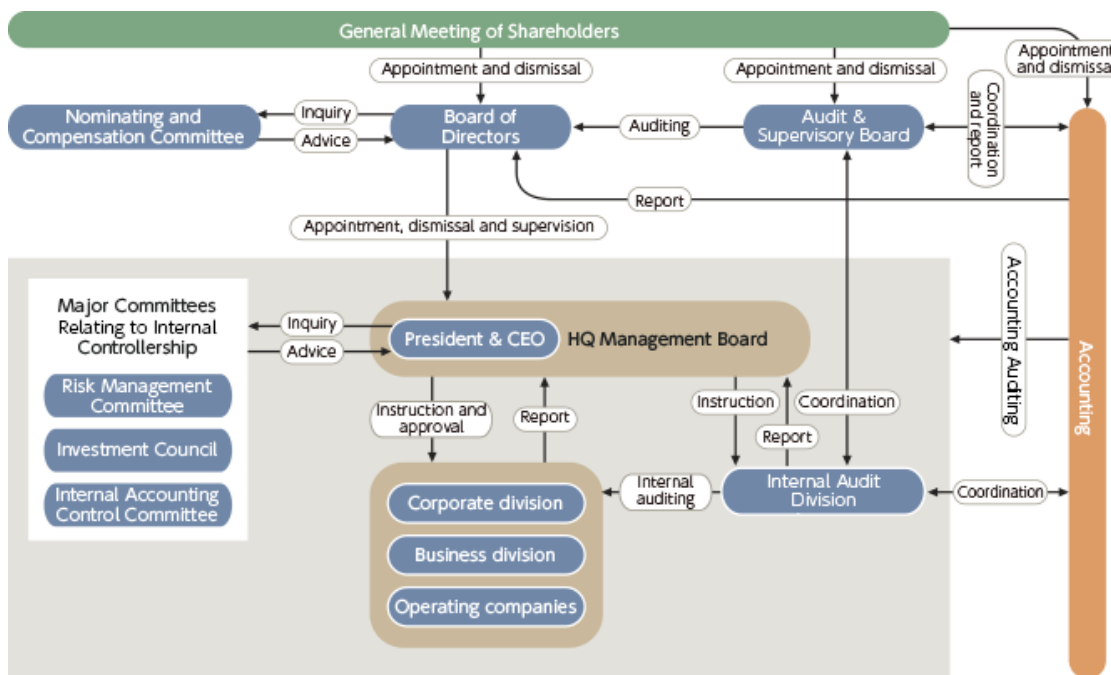
## ■ Governance

# Corporate Governance

The Group we want to be in the future is 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 can work, learn and live better. Our idea is to be a company group providing constant support for the intellectual activities of our customers through our products and services. The group believes that ensuring efficient, transparent and fair management is an essential element to sustainably lifting corporate value over the long term. For that reason, we are constantly working to enhance these qualities in the building and operation of our administrative systems.

## 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.




For details, please refer to




→ "[IR > Strategy > Corporate Governance](#)" in KOKUYO corporate homepage

→ [Corporate Governance Report \(Japanese only\)](#) (228kb)

## Directors (As of March 28, 2019)

Position & Job Title	Name	Date of birth	Past experience	
<b>Representative Director of the Board, Chairman</b>	 Akihiro Kuroda	September 28, 1949	April 1972 December 1977 December 1981 December 1985 December 1987 August 1989 March 2011	Joined KOKUYO Director Managing Director Senior Managing Director Representative Director and Executive Vice President Representative Director and President Representative Director and President and CEO

			March 2015 May 2017	Representative Director and Chairman (incumbent) Co-Chairperson, Kansai Association of Corporate Executives Significant concurrent positions: Co-Chairperson, Kansai Association of Corporate Executives Outside Director (Audit and Supervisory Committee Member), Asahi Broadcasting Group Holdings Corporation (incumbent)
<b>Representative Director of the Board, President</b>	 Hidekuni Kuroda	January 10, 1976	April 2001 July 2005  June 2007  March 2009 March 2009  March 2011 March 2014 March 2015	Joined KOKUYO Director and Executive Officer, KOKUYO Office System Co., Ltd. Director and Managing Executive Officer, KOKUYO Office System Co., Ltd. Director Representative Director and President, KOKUYO Furniture Co., Ltd. Managing Executive Officer Director and Senior Managing Executive Officer Representative Director and President and CEO (incumbent)
<b>Director of the Board, Vice Chairman</b>	 Yasuhiro Kuroda	July 6, 1952	April 1975 June 1991 June 1993 June 1995 March 2009 March 2010 March 2011  March 2015	Joined KOKUYO Director Managing Director Senior Managing Director Representative Director and Senior Managing Director Representative Director and Executive Vice President Representative Director, Executive Vice President and Executive Officer Director and Vice Chairman (incumbent)
<b>Director of the Board, Executive Vice President</b>	 Takuya Morikawa	October 7, 1959	April 1982 June 2005 June 2005  March 2011 March 2014 March 2015  January 2019	Joined KOKUYO Director Representative Director and President, KOKUYO S&T Co., Ltd. Managing Executive Officer Director and Senior Managing Executive Officer Director, Group Senior Executive Officer, Managing Officer of International Business Division Director and Executive Vice President, Special Officer in Charge of Overseas Business and M&A (incumbent)
<b>Director of the Board, Executive Vice President</b>	 Nobuyuki Miyagaki	March 10, 1956	April 1978 April 2003 October 2004 April 2011 March 2012 March 2015  January 2019	Joined KOKUYO IT Communication Company Executive Manager Auditing Office Manager, KOKUYO Furniture Co., Ltd. Manager of Process Reform Department Audit & Supervisory Board Member (Full-time) Director, Group Senior Executive Officer, Managing Officer of Corporate Administrations Director and Executive Vice President, Company-Wide Risk Management Officer (incumbent)
<b>Outside Director of the Board</b>	 Hisao Sakuta	September 6, 1944	April 1968  June 1995 June 1999  June 2001  June 2003 June 2011 March 2012 June 2012 June 2013  July 2016  October 2016	Joined Tateisi Electric Manufacturing Co. (currently Omron Corporation) Director, Omron Corporation Managing Executive Officer and General Manager of Management Strategy HQ, Omron Corporation Senior Managing Executive Officer and President of Electronic Components Business Company, Omron Corporation  President & CEO, Omron Corporation Chairman, Omron Corporation Outside Director, KOKUYO (incumbent) Chairman and Director, Omron Corporation Representative Director, Chairman and CEO, Renesas Electronics Corporation Representative Director and Chairman, NTK Ceramic Co., Ltd. (incumbent) CEO, NTK Ceramic Co., Ltd. (incumbent) Significant concurrent positions: Representative Director, Chairman & CEO, NTK Ceramic Co., Ltd.
<b>Outside Director of the Board</b>		May 30, 1959	April 1982	Joined Yamashita-Shinnihon Steamship Co., Ltd. (currently Mitsui O.S.K. Lines, Ltd.)

	 Hiroshi Hamada		January 1995 August 2000  May 2006 April 2008  November 2011  March 2014 May 2015  September 2015	Joined Dell Computer Inc. (currently Dell Japan Inc.) Representative Director, President, Dell Japan Inc. and Vice President, Dell Computer Corporation  Representative Partner, Revamp Corporation  Executive Officer, President and Chief Operating Officer, Hoya Corporation Director, Representative Executive Officer, President and Chief Operating Officer, Hoya Corporation Outside Director, KOKUYO (incumbent) Chairman, Representative Director and CEO, Aruhi Group Corporation (currently Aruhi Corporation) (incumbent) Chairman, President, Representative Director, CEO and COO, Aruhi Group Corporation (incumbent) Significant concurrent positions: Chairman, President, Representative Director, CEO and COO, Aruhi Group Corporation (incumbent)
<b>Outside Director of the Board</b>	 Taketsugu Fujiwara	February 19, 1947	April 1969  June 2000 June 2003 October 2003  June 2009  April 2010  June 2014 March 2015 June 2018	Joined Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corporation) Director, Asahi Kasei Corporation  Senior Executive Officer, Asahi Kasei Corporation Presidential Executive Officer, Asahi Kasei Chemicals Corporation Director, Vice-Presidential Executive Officer, Asahi Kasei Corporation President and Representative Director, Presidential Executive Officer, Asahi Kasei Corporation  Vice Chairman, Asahi Kasei Corporation Outside Director, KOKUYO (incumbent) Counsellor, Asahi Kasei Corporation (incumbent) Significant concurrent positions: Outside Director, Shimadzu Corporation Outside Director, IHI Corporation Outside Director, Konica Minolta, Inc.
<b>Outside Director of the Board</b>	 Mika Masuyama	January 6, 1963	April 1985 September 1991 November 1992 June 1997 January 2004 October 2016  March 2019	Joined the Bank of Japan International Marketing Director, Cap Gemini Sogeti Senior Consultant, Gemini Consulting Japan  Joined Egon Zehnder Partner, Egon Zehnder President and Representative Partner, Masuyama & Company LLC. (incumbent) Significant concurrent positions: President and Representative Partner, Masuyama & Company LLC. Outside Director (Audit and Supervisory Committee Member), Suntory Beverage & Food Limited Outside Director, KOKUYO (incumbent)
<b>Audit &amp; Supervisory Board Members</b>	 (left) Morihiro Murata Outside Audit & Supervisory Board Member  (center) Kazutoshi Maeda Outside Audit & Supervisory Board Member (Full-time)  (right) Hideyuki Yasue Outside Audit & Supervisory Board Member			

## Officer Remuneration

At KOKUYO, we make effort to design director compensation plans that can fulfill our responsibilities to explain and manage to stakeholders --including shareholders and employees --which are transparent, rational, and guarantee the medium-to-long-term improvement of corporate value beyond short-term results.

Our compensation standards are set at figures which allow us to appoint outstanding talents, motivate improvement of corporate value, and retain people.

### a. Total amount of remuneration, etc. for each category of officer, types of remuneration, etc., and number of eligible officers

Officer category	Total amount of remuneration, etc. (million yen)	Total amount of remuneration, etc. by category (million yen)				Number of eligible officers
		Base compensation	Stock options	Bonuses	Retirement bonuses	
Directors (excluding outside directors)	238	238	—	—	—	5
Outside directors	46	46	—	—	—	3
Audit & Supervisory Board members (excluding outside members)	—	—	—	—	—	0
Outside Audit & Supervisory Board	36	36	—	—	—	3

#### Notes

- KOKUYO eliminated the retirement bonus system in 2005.
- There are no directors who receive salaries as employees in addition to their remuneration, etc. as directors.
- The amount of remuneration, etc. paid directors is within the scope of maximum director remuneration (no more than 40 million yen per month) set by resolution at the 57th ordinary General Meeting of Shareholders held on June 29, 2004.
- The amount of remuneration, etc. paid to Audit & Supervisory Board members is within the scope of maximum Audit & Supervisory Board member remuneration (no more than 6 million yen per month) set by resolution at the 42nd ordinary General Meeting of Shareholders held on December 21, 1989.

### b. Total amount of remuneration, etc. paid to each officer

There are no officers in the consolidated group who received total remuneration, etc. in excess of 100 million yen, and accordingly, no information is provided.

### c. Amount of officer remuneration, etc. or policy on determinations relating to the method of calculation

KOKUYO's remuneration systems are transparent and reasonable in order to fulfill our responsibilities regarding accountability and for consequences to shareholders, employees, and other stakeholders and are designed to provide motivation over the medium to long term. Remuneration is set at levels that enable us to hire outstanding human resources and motivate and retain human resources.

Specifically, officer remuneration comprises fixed remuneration in the form of base compensation and variable remuneration that is linked to key indicators (sales, operating income, etc.) of the Company's performance and individual performance evaluations. A certain portion of the variable remuneration is paid through monthly acquisition of KOKUYO shares in accordance with certain rules, which are reserved during an officer's employment with the Company. From the perspectives of roles and independence, however, the remuneration of directors who do not concurrently serve as managing officers and Audit & Supervisory Board members comprises only base salary.

The amounts of remuneration paid to individuals are determined by the Board of Directors based on findings submitted by the Nominating and Compensation Committee. At the 72nd ordinary General Meeting of Shareholders held on March 28, 2019, a resolution was adopted to limit the amount of director remuneration to no more than 600 million yen annually. In addition, a resolution was adopted to introduce a long-term incentive program that will grant no more than 100 million yen of transfer-restricted shares to directors (excluding outside directors) and managing officers each year for the purpose of further promoting shared interests with shareholders.

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## ■ Governance

# System for the Promotion of Compliance

### Basic Concepts

Various laws and regulations-related to aspects such as product quality, transactions, the environment, labor, safety, hygiene, accounting standards, and taxes-apply to the KOKUYO Group as we go about our business activities. We enacted the KOKUYO Group Code of Conduct, which is to be observed by all employees, so that we comply with laws and regulations, and carry out business activities in accordance with social ethics. KOKUYO is working on building a compliance system and its adherence through spreading the KOKUYO Group Code of Conduct.

### Initiatives for the Promotion of Compliance

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

The KOKUYO Group Hotline is a hotline where employees can seek advice on problems related to compliance and corporate ethics 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 at overseas offices.

### Continuously Holding Compliance Training at Overseas Group Companies

KOKUYO-IK (Thailand) Co., Ltd., which manufactures stationery products in Thailand, has continued to hold annual compliance trainings since 2013 with the goal of enhancing its employees' compliance awareness.

For companies planning to expand overseas business, the management structure in their overseas group companies is a major issue, and the development and propagation of compliance awareness in particular has become important. In order to continue complying with laws and regulations and carrying out business activities in accordance with social ethics, the KOKUYO Group plans to actively carry out training to promote compliance that is consistent with the local situation at its overseas sites.



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## ■ Governance

# Risk Management

### Basic Concepts

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 then 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.

Related information: "[Risk Factors](#)."

### KOKUYO's Basic Policy of Intellectual Property Rights

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 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 the products of our competitors on a daily basis for the acquisition of rights in inventions, design, and trademarks; as well as executing thorough preliminary surveys to prevent a violation of the intellectual property rights of others; and protecting 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, in the aim of increasing customer satisfaction and encourage inventions that strengthen the Group's development.

### Information Security Measures

KOKUYO establishes our information security management system based on our Information Security Basic Policy.

KOKUYO possesses confidential business information as well as customer information and personal information obtained in the course of business. We take such information as important information assets, and in addition to strengthening the management concerning the handling of this information, we take measures against system failures and leaks of information outside the company due to virus infections of information systems and cyber attacks.

## Information Security Basic Policy

- (1) Appropriate safety measures are taken in order to prevent unauthorized access to information assets, as well as loss, falsification and leakage, etc. of information assets.
- (2) Laws and ordinances regarding information security and other standards are adhered to.
- (3) Personal information is managed according to the Personal Information Protection Policy defined by the KOKUYO Group.
- (4) Users of departmental information assets are educated on the importance of information security to ensure thorough awareness regarding this basic policy.
- (5) Information security management systems are established in departments, and these systems shall be improved on a continuous basis.

## 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.

\*BCP (Business Continuity Planning)

## Conduct of Training for Business Continuity Planning Related to Stationery Business

In July and November 2018, business continuity planning training was conducted for group companies involved in the stationery business.

Within the stationery business, teams are formed based on function rather than by department or company in order for relevant organizations to collaborate and consolidate the necessary information so as to be able to assess the possibility of business continuity during times of emergencies. At the first training in July, tabletop exercises were conducted to identify issues. At the second training, video conferencing apps were used during the training based on a scenario assuming being unable to commute to offices during times of emergencies.

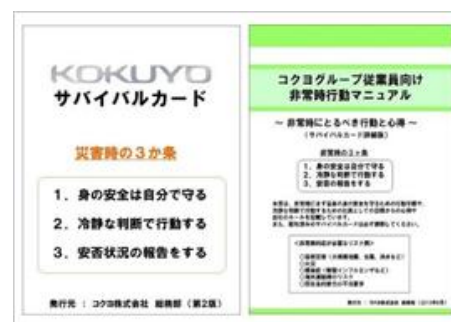
KOKUYO will continue to make improvements so as to achieve BCP that actually functions during times of emergencies.

## Early Response Measures during Disasters

To ensure that 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 that all employees 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 for disasters.



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

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

To quickly confirm 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 impossible to use telephones and e-mail. At present, however, there is no other alternative systems available 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.

## Implementation of Emergency Drills at Business Locations

To ensure that all employees take safety precautions on their own in an emergency, along with regular countermeasures for earthquakes, we are conducting periodic training and drills simulating a large-scale earthquake on weekdays.

The Osaka Headquarters and the Shinagawa Office holds an evacuation drill simulating the situation after receiving an early earthquake warning. Actions for maintaining safety by taking cover under desks were implemented. Based on the scenario of an office fire following an earthquake, full emergency training is being offered, beginning with immediate firefighting and simultaneous reporting to the fire department and disaster center, through to evacuation after abandoning firefighting efforts.

The KOKUYO Group will continue to increase Group-wide crisis-response capability in the future.



An emergency drill held at the Osaka Headquarters



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## ■ Governance

### With Stakeholders

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

#### ■ Basic Concepts

#### ■ Policy and Achievements Regarding Dividends

KOKUYO is working toward sustainable business growth to maximize corporate value in the medium- to long-term and to increase dividends paid to shareholders.

Our basic policy is to distribute surplus twice a year, as an interim dividend and a year-end dividend. The deciding authority for year-end dividends is the General Meeting of Shareholders, while that for interim dividends is the Board of Directors. The total annual dividend for the 72nd fiscal year was 32.0 yen per share; the year-end dividend was 16.0 yen per share, while the interim dividend was 16.0 yen per share.

Retained earnings are actively employed to make investments for future growth. It is stated in KOKUYO's articles of incorporation that interim dividends can be distributed annually on June 30 based on resolutions passed by the Board of Directors.

Note that KOKUYO is a company to which consolidated dividend regulations apply.

#### ■ Making Management More Transparent

##### 1) Investor Relations (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 2018, we conducted the following IR activities:

###### ■ For institutional investors:

The financial results briefing was held twice last year. At the briefings, the President spoke about the Group's results and strategies. We also explained the Group's status through means such as individual visits and foreign investor conferences.

###### ■ For individual investors:

In addition to explanations regarding the Group, the person in charge of product development introduced the product development process to help increase understanding of the Group and to foster a sense of familiarity.

We will continue to proactively engage in IR activities to increase our corporate value.

##### 2) Information Disclosure

We disclose information in accordance with the rules established by the stock exchange on which we are listed for the timely disclosure of corporate information by issuers of listed securities (hereinafter referred to as the "rules of timely disclosure"). With regard to information that may not be subject to the rules of timely disclosure, we also adhere to the fair disclosure rules stated in the Financial Instruments and Exchange Act and 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](#)

#### ■ SST Live Office Tour after Financial Results Briefing

On August 2, 2018, the "Briefing of Financial Results for the Six Months Ended June 30, 2018" was held for institutional investors, analysts, and others at the Shinagawa Season Terrace Conference Hall. It was attended by approximately 40 institutional investors and analysts.

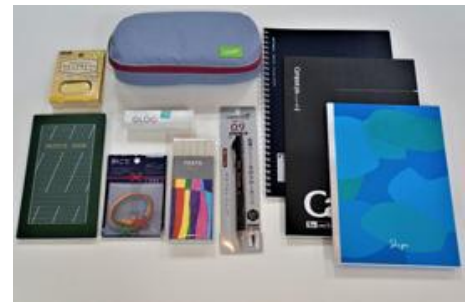
A live office tour was conducted after the briefing. Participants of the tour showed great interest in aspects such as the office's concept and employees' work styles in the office, and asked questions enthusiastically.

Going forward, KOKUYO will work on putting across its actual physical size in its IR activities and not end just with the briefing of numerical figures.



## 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 per year to holders of 500 shares or more.



KOKUYO Group products sent to shareholders at the end of December, 2018

## Company Information Session: Story of 'Dotliner' Tape Glue Development

At KOKUYO, regular briefings for individual investors are held to secure loyal stockholders. These briefings were held four times in 2018.

In general, individual investors invest in shares to gain profits through stock dealing and to obtain dividends. As such, the holding period of shares is unstable. However, we believe that by making individual investors loyal fans of KOKUYO, they will become great customers for our products and services and will end up holding onto 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 also talk about stories related to product development.

At the briefings, the first part touched on topics such as KOKUYO's history, overviews of each business, financial status, and strategies for the future. In the second part, the persons responsible for stationery-related businesses introduced the aims behind developing "Campus Note" notebook and "Dot Liner" glue tape as well as episodes behind the scenes related to these products.

Of the individual investors who attended the event, some requested more detailed information relating to the business and finances, while many shared opinions and thoughts on KOKUYO's focus when creating Campus notebooks.



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## ■ Third-Party Assessments

# Commendation and Recognitions from Outside

### ■ Commendations

#### ■ Work Style Reform "Exciting Smart Work" Received "Jisa Biz Promotion Award "

The initiative of taking on the challenge of new work styles "Exciting Smart Work" was awarded the "Jisa Biz Promotion Award"-organized by the Tokyo Metropolitan Government-in the work-style category. In the three months from July 23 to October 26, 2018, employees utilized various systems-such as flextime, telework, and telecommuting-under the theme of creating opportunities to continually think about diverse work styles while being excited about work even as they aimed to make effective use of their private time through reducing commuting time. KOKUYO received the award in recognition of these initiatives.



#### ■ KOKUYO's "ing" Received Two Design Awards

KOKUYO's "ing" office chair received Germany's international design award German Design Award 2019. At the same time, it was selected for the "JIDA Design Museum Selection Vol. 20" by the Japan Industrial Designers' Association (JIDA).

Candidates for the German Design Award are recommended by the German Design Council from among products which have received design awards from countries around the world. It is a prestigious award known as the "award among awards."

"JIDA Design Museum Selection" selects and commends products with high-quality design that contribute to society. "ing" received the Gold Selection Award.



#### ■ KOKUYO's Booth at ORGATEC 2018 Received Top Prizes at Two Categories in Frame Awards Orgatec

At ORGATEC 2018, an international office furniture trade fair held in Cologne, Germany from October 23 to 27, 2018, the "ing" exhibition booth was selected by Dutch interior magazine Frame for top prizes in the Frame Awards Orgatec. Frame Awards Orgatec assesses the booths of exhibiting companies to select the Best Use of Colour, Best Use of Light, Best Use of Material, and the Trade-Fair Stand of the Year (overall assessment). KOKUYO achieved a stunning success by simultaneously receiving awards for both Best Use of Light and Trade-Fair Stand of the Year.



## Received Excellent Facility Management Award

Kewpie Corporation's Sengawa Kewport, which the Furniture Business Division is involved in, received an award at the 12th Japan Facility Management Award (JFMA Award). An awards ceremony was held at the venue of Japan Facility Management Association's forum on February 22, 2018.

Sengawa Kewport also received the Ministry of Economy, Trade and Industry Award at the 2014 Nikkei New Office Awards. This time, KOKUYO was recognized as a service provider for its work spanning four years in developing the office of Sengawa Kewport as well as achievements in managing and operating the office.

## "Shukudai Yaruki Pen" Received Ministry of Internal Affairs and Communications' Innovation Generation Award 2018

On October 24, 2018, "Shukudai Yaruki Pen" (tentative name meaning "Homework Motivation Pen")-an IoT stationery under development-received the Generation Award under the Innovation Program spearheaded by the Ministry of Internal Affairs and Communications. This award is given to unique and creative ideas in the IoT field that can shape better futures. There were a total of 10,440 entries, and one entry is selected from each of the 10 fields.

Receiving this award also brought the motivation of team members to a higher level. KOKUYO is working to launch this product in 2019, and hopes to make it into a product that exceeds people's expectations.

## Disaster Solutions Department's "SONAeL" Initiative Received Two Awards

"SONAeL Vol. 11," the product catalog produced by the Disaster Solutions Department, received a silver award in the Catalog category at the 59th Japan Catalog Exhibition. It also received a silver award in the overall category for product catalogs at the 39th Japan B to B Advertising Awards.

"SONAeL Vol. 11" is a catalog in the form of a guidebook which allows disaster-prevention plans to be assembled while reading explanations given as stories. Going forward, KOKUYO will use this experience to continue evolving so as to produce catalogs that are even closer to customers.



## 15 KOKUYO Products Receive 2018 Good Design Awards

The Good Design Awards 2018 were announced on October 3, with 15 KOKUYO products receiving awards. Among them, the office disaster-countermeasure storage system "PARTS-FIT" was selected for the Good Design Best 100-a category of Good Design Award winners that have received especially high evaluations from juries-while "SCRAPBOOK D" was selected for the Long Life Design Award which is given to widely-supported products and services that have been offered continuously for 10 years or more. These products were introduced at the special exhibition of Good Design Exhibition 2018 held from October 31, and gathered attention from many visitors.



## Graphic Design of Lifestyle Shop THINK OF THINGS Received Tokyo ADC Award

The graphics in general, package design, symbol, and logo of THINK OF THINGS-a lifestyle shop operated by KOKUYO-was selected by the Tokyo Art Directors Club for the Tokyo ADC Awards 2018. An awards ceremony was held on December 18, 2018.

As an award which reflects the leading trends in Japan's advertising and graphic design, the Tokyo ADC Awards gathers attention both within and outside Japan. This year, 13 works received awards out of the approximately 8,000 works released, used, or published within the one year period from May 2017 to April 2018.



## ■ Aki Kanai of KOKUYO Received Award at the JAGDA New Designer Awards 2018

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KOKUYO employee Aki Kanai from the Creative Center was selected by the Japan Graphic Designers Association (JAGDA) to receive an award at the JAGDA New Designer Awards 2018. The award ceremony was held on June 29, 2018.

Aki Kanai joined KOKUYO in 2008. She applied her talents at many occasions, including the art direction of the "Futuristic Post Office" at the Japanese Industry Pavilion during Expo 2010 Shanghai China and the lifestyle shop THINK OF THINGS, signage planning of KOKUYO's locations within and outside Japan, and the planning and design of in-house branding. Going forward, Aki Kanai will continue to undertake creative activities within and outside the company while putting creative design as her core axis.

## ■ Yui no Mori Project Received Special Award "Green Wave Award" at the Biodiversity Action Award Japan 2018

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The Yui no Mori Project-which takes place in Shimanto River basin area of Kochi Prefecture with the goals of regenerating a deteriorating planted forest and revitalizing the local community that protects it-received the special award "Green Wave Award" at the Biodiversity Action Award Japan 2018.

The Biodiversity Action Award Japan was established in 2013 as part of the publicity activities in Japan for the United Nations Decade on Biodiversity. Its goal is to discover, support, and widely publicize activities contributing to biodiversity conservation. The special award "Green Wave Award" commends activities for learning through interacting with nature, such as tree planting, and the maintenance of forests and trees.



## ■ "Protect Lake Biwa with Reeds" ReEDEN Project Received Minister of Economy, Trade and Industry Award at the 20th Japan Water Prize

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The ReEDEN Project-launched in 2007 for the conservation of reed beds and the use of reeds-has aims such as establishing modest connections among various business entities (supported by 127 companies as of July 2018), and contributing to local organizations through the development, manufacturing, and sales of the ReEDEN Series of eco-friendly stationery products developed using reed grass as raw material as well as donating a part of the profits derived from these products.

Strongly recognized as an initiative that links a company's business activities with wide-ranging activities in collaboration with local communities, on June 26, 2018, it received the Minister of Economy, Trade and Industry Award at the 20th Japan Water Prize, which recognizes initiatives contributing to the restoration of the water cycle.



Photo shooting with Vice Minister of Economy, Trade and Industry

## ■ ReEDEN Project Received the Fifth Shiga Biodiversity Grand Prize (Corporate Category)

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Shiga Prefecture formulated the "Shiga's Biodiversity Strategy" in 2015 and set a goal of incorporating biodiversity in its socioeconomic activities. In order to achieve this goal, the Shiga Biodiversity Grand Prize was established as a system to recognize excellent biodiversity-related activities in three categories: the corporate category, the general category, and the partnership category. "Protect Lake Biwa with Reeds" ReEDEN Project received the Fifth Shiga Biodiversity Grand Prize (Corporate Category), and the award presentation ceremony was held at the Shiga Prefectural Government Office on February 7, 2018.



Award presentation ceremony at the Shiga Prefectural Government Office

## ■ KOKUYO Product Shiga Received the Shiga Prefecture Low-Carbon Society Development Award (Business Action Plan Category)

Shiga Prefecture Low-Carbon Society Development Award is a program launched in 2012 to recognize business operators that submit business action plans and reports under the business action plan program and have undertaken excellent initiatives in reducing greenhouse gas emissions in business activities serving as a model for other business operators.

KOKUYO Product Shiga Co., Ltd. received the Shiga Prefecture Low-Carbon Society Development Award (Business Action Plan Category), and the award presentation ceremony was held at the Shiga Prefectural Government Office on February 9, 2018.

[Evaluation points]

Using real-time visualization of electricity usage as one of the performance indicators for grasping energy-saving effects, the yield improvement and productivity enhancement.

Making improvements based on energy saving proposals submitted by employees to the internal improvement proposal program, creating a virtuous cycle of proposal, implementation and evaluation of improvement and raising the awareness and energy-saving initiatives of all employees.

Launching the Network to Protect Lake Biwa with Reeds and undertaking volunteer activities; promoting the creation of low-carbon society while raising the public awareness of conservation of natural environment through the development, manufacture and sales of paper stationery products made from reeds, which absorb and fix carbon dioxide.



Award presentation ceremony at the Shiga Prefectural Government Office

## ■ Recognitions Related to Work Style

### ■ Ministry of Economy, Trade and Industry's "Certified Health & Productivity Management Outstanding Organizations Recognition Program"

KOKUYO received scores which placed it within the top 10% of the 1,800 companies (of which 859 are listed companies) surveyed. This was a significant improvement from the previous year's assessment, which placed KOKUYO in the band above 50% up to 60%.



### ■ Announcement of Results for Nikkei Smart Work Management Survey

Based on the Smart Work Management Survey consolidated by Nikkei Inc. from the perspective of worker-friendliness, KOKUYO's overall score is from 55 to below 60 (out of responses received from 663 companies).

The survey considered three factors: the adoption of diverse, flexible work practices; a corporate structure that gives rise to new businesses; and the ability to develop markets. In addition, corporate governance and other areas of management foundation were also factored in the total score calculation and ranking of each company. KOKUYO got a 3.5-star rating.



### ■ Published in Japan Business Federation's "Compilation of Good Practices on Work Style Reform"

Initiatives-such as "Exciting Smart Work" where each and every employee takes on the challenge of new, unique and motivating work styles where he or she can shine-were stated in the "Compilation of Good Practices on Work Style Reform" published by Japan Business Federation (Keidanren).

In addition to systems and mechanisms, KOKUYO was recognized for striving toward even better work styles while undergoing various tries and errors, such as trial activities undertaken by employees on their own initiative and "CROSS!!!" events. KOKUYO will continue to take on the challenge of aiming to be the company with the best work style in Japan.

Related information: "[Compilation of Good Practices on Work Style Reform](#)"

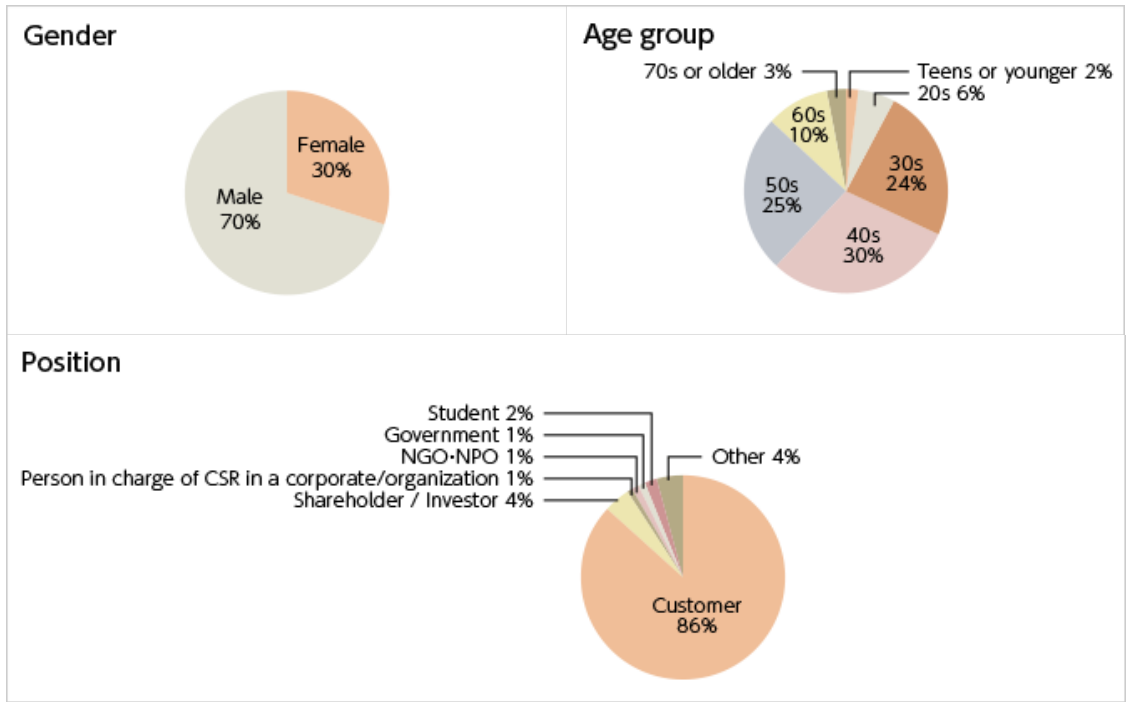
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## ■ Third-Party Assessments

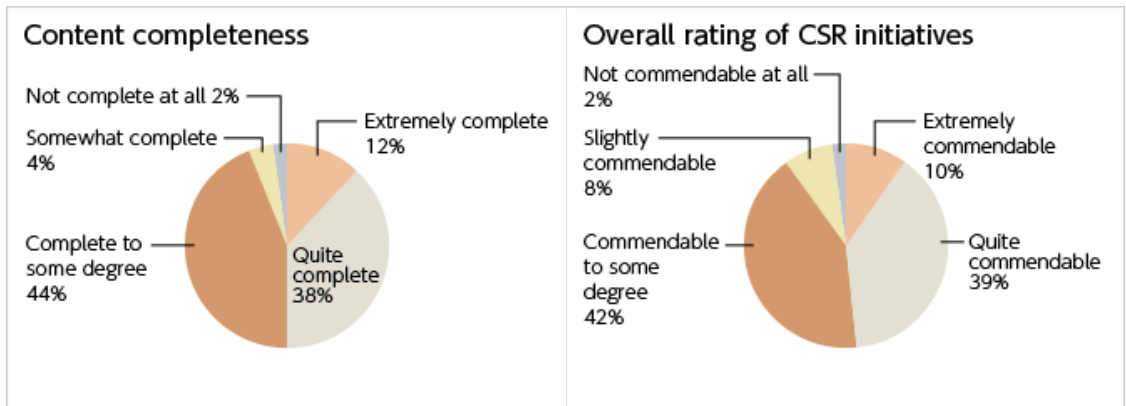
### CSR Report 2018 Survey Results

The KOKUYO Group conducts a survey on our website that asks people both inside and outside the company for their opinions so that we can utilize the results to improve our future activities and reports. The results of our survey on the CSR Report 2018 are summarized below. We would like to express our sincere appreciation to all those who participated in the survey.

#### Attributes of those who participated in the survey



#### Survey results



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# Content Index





## Content Index

### GRI Standards content index

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		102-17	Mechanisms for advice and concerns about ethics	<a href="#">Securities Report p35 (Japanese)</a> (1.39MB)
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		102-37	Stakeholders' involvement in remuneration	<a href="#">Securities Report p34 (Japanese)</a> (1.39MB)
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	○	102-46	Defining report content and topic Boundaries	
	○	102-47	List of material topics	
	○	102-48	Restatements of information	
	○	102-49	Changes in reporting	
	○	102-50	Reporting period	<a href="#">CSR Report p2(11.0MB)</a> (11.0MB) 
	○	102-51	Date of most recent report	<a href="#">CSR Report p2(11.0MB)</a> (11.0MB) 
	○	102-52	Reporting cycle	<a href="#">CSR Report p2(11.0MB)</a> (11.0MB) 
	○	102-53	Contact point for questions regarding the report	<a href="#">For questions regarding the report, please contact below.</a>
	○	102-54	Claims of reporting in accordance with the GRI Standards	
	○	102-55	GRI content index	<a href="#">Content Index</a>
	○	102-56	External assurance	<a href="#">Environmental Management</a>
	<b>103: Management Approach</b>			
		103-1	Explanation of the material topic and its Boundary	
		103-2	The management approach and its components	
		103-3	Evaluation of the management approach	
<b>Material topics</b>				
<b>200: Economic</b>				
201: Economic Performance		201-1	Direct economic value generated and distributed	<a href="#">Earnings Highlights</a>
		201-2	Financial implications and other risks and opportunities due to climate change	
		201-3	Defined benefit plan obligations and other retirement plans	<a href="#">Securities Report p71 (Japanese)</a> (1.39MB) 
		201-4	Financial assistance received from government	
202: Market Presence		202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
		202-2	Proportion of senior management hired from the local community	
203: Indirect Economic Impacts		203-1	Infrastructure investments and services supported	
		203-2	Significant indirect economic impacts	

Description	Core Questions	Standards	GRI Standards Questions	Page
<b>204: Procurement Practices</b>		204-1	Proportion of spending on local suppliers	
<b>205: Anti-corruption</b>		205-1	Operations assessed for risks related to corruption	
		205-2	Communication and training about anti-corruption policies and process	
		205-3	Confirmed incidents of corruption and actions taken	
<b>206: Anti-competitive Behavior</b>		206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
<b>300: Environment</b>				
<b>301: Materials</b>		301-1	Materials used by weight or volume	<a href="#">Environmental Performance Data</a>
		301-2	Recycled input materials used	<a href="#">Environmental Performance Data</a>
		301-3	Reclaimed products and their packaging materials	
<b>302: Energy</b>		302-1	Energy consumption within the organization	<a href="#">Environmental Performance Data</a>
		302-2	Energy consumption outside of the organization	<a href="#">Environmental Performance Data</a>
		302-3	Energy intensity	<a href="#">Environmental Performance Data</a>
		302-4	Reduction of energy consumption	<a href="#">Environmental Performance Data</a>
		302-5	Reductions in energy requirements of products and services	
<b>303: Water</b>		303-1	Water withdrawal by source	<a href="#">Reports by Business Site</a>
		303-2	Water sources significantly affected by withdrawal of water	
		303-3	Water recycled and reused	
<b>304: Biodiversity</b>		304-1	Operational sites owned, leased, managed	<a href="#">Yui no Mori</a>
			in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">ReEDEN Project</a>
		304-2	Significant impacts of activities, products, and services on biodiversity	
		304-3	Habitats protected or restored	<a href="#">Yui no Mori</a>
		304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
<b>305: Emissions</b>		305-1	Direct (Scope 1) GHG emissions	<a href="#">Environmental Performance Data</a>

Description	Core Questions	Standards	GRI Standards Questions	Page
		305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Environmental Performance Data</a>
		305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Environmental Performance Data</a>
		305-4	GHG emissions intensity	<a href="#">Environmental Performance Data</a>
		305-5	Reduction of GHG emissions	<a href="#">Environmental Performance Data</a>
		305-6	Emissions of ozone-depleting substances (ODS)	
		305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<a href="#">Environmental Performance Data</a>
	<b>306: Effluents and Waste</b>		306-1	Water discharge by quality and destination
		306-2	Waste by type and disposal method	<a href="#">Environmental Performance Data</a>
		306-3	Significant spills	
		306-4	Transport of hazardous waste	
		306-5	Water bodies affected by water discharges and/or runoff	
<b>307: Environmental Compliance</b>		307-1	Non-compliance with environmental laws and regulations	<a href="#">Legal Compliance and Pollution Prevention</a>
<b>308: Supplier Environmental Assessment</b>		308-1	New suppliers that were screened using environmental criteria	
		308-2	Negative environmental impacts in the supply chain and actions taken	
<b>400: Social</b>				
<b>401: Employment</b>		401-1	New employee hires and employee turnover	<a href="#">CSR Data: Society</a>
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
		401-3	Parental leave	<a href="#">CSR Data: Society</a>
<b>402: Labor/Management Relations</b>		402-1	Minimum notice periods regarding operational changes	
<b>403: Occupational Health and Safety</b>		403-1	Workers representation in formal joint management-worker health and safety committees	<a href="#">Securities Report p10 (Japanese)</a> 📄 (1.39MB)
		403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<a href="#">CSR Data: Society</a>
		403-3	Workers with high incidence or high risk of diseases related to their occupation	
		403-4	Health and safety topics covered in formal agreements with trade unions	

Description	Core Questions	Standards	GRI Standards Questions	Page
<b>404: Training and Education</b>		404-1	Average hours of training per year per employee	
		404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Human Resource Development Program</a>
		404-3	Percentage of employees receiving regular performance and career development reviews	
<b>405: Diversity and Equal Opportunity</b>		405-1	Diversity of governance bodies and employees	<a href="#">CSR Data: Society</a>
		405-2	Ratio of basic salary and remuneration of women to men	
<b>406: Non-discrimination</b>		406-1	Incidents of discrimination and corrective actions taken	
<b>407: Freedom of Association and Collective Bargaining</b>		407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
<b>408: Child Labor</b>		408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">With Business Partners</a>
<b>409: Forced or Compulsory Labor</b>		409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">With Business Partners</a>
<b>410: Security Practices</b>		410-1	Security personnel trained in human rights policies or procedures	
<b>411: Rights of Indigenous Peoples</b>		411-1	Incidents of violations involving rights of indigenous peoples	
<b>412: Human Rights Assessment</b>		412-1	Operations that have been subject to human rights reviews or impact assessments	
		412-2	Employee training on human rights policies or procedures	
		412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
<b>413: Local Communities</b>		413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Domestic contribution activities</a> <a href="#">Foreign contribution activities</a>
		413-2	Operations with significant actual and potential negative impacts on local communities	
<b>414: Supplier Social Assessment</b>		414-1	New suppliers that were screened using social criteria	
		414-2	Negative social impacts in the supply chain and actions taken	<a href="#">With Business Partners</a>
<b>415: Public Policy</b>		415-1	Political contributions	

Description	Core Questions	Standards	GRI Standards Questions	Page
416: Customer Health and Safety		416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">Quality Assurance at KOKUYO Stationery</a>
				<a href="#">Quality Assurance at KOKUYO Furniture</a>
417: Marketing and Labeling		417-1	Requirements for product and service information and labeling	<a href="#">Kaunet Quality Assurance</a>
		417-2	Incidents of non-compliance concerning product and service information and labeling	
		417-3	Incidents of non-compliance concerning marketing communications	
418: Customer Privacy		418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	
419: Socioeconomic Compliance		419-1	Non-compliance with laws and regulations in the social and economic area	

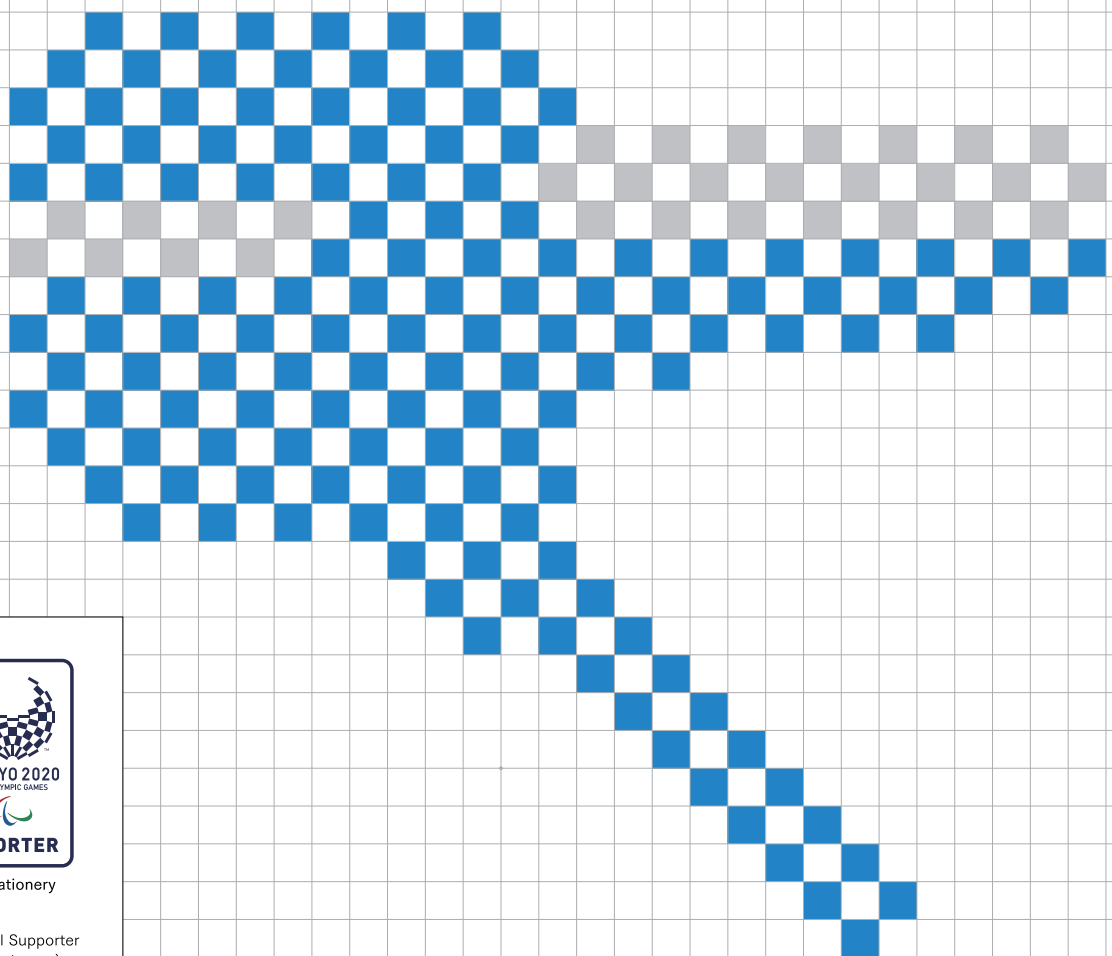


## ISO26000

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="#">Message from the President</a></li> <li>• <a href="#">CSR Management</a></li> <li>• <a href="#">Corporate Governance and Risk Management</a></li> </ul>
Human rights	Issue 1: Due diligence Issue 2: Human rights risk situations Issue 3: Avoidance of complicity Issue 4: Resolving grievances Issue 5: Discrimination and vulnerable groups Issue 6: Civil and political rights Issue 7: Economic, social and cultural rights Issue 8: Fundamental principles and rights at work	<ul style="list-style-type: none"> <li>• <a href="#">CSR Management</a></li> <li>• <a href="#">KOKUYO's CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">System Linking Company's Growth with Individual Growth</a></li> <li>• <a href="#">Work Style Reform</a></li> <li>• <a href="#">Human Resource Development</a></li> <li>• <a href="#">Employees' Safety and Health</a></li> <li>• <a href="#">Respect for Human Rights</a></li> <li>• <a href="#">Basic Framework for Diversity</a></li> <li>• <a href="#">With Business Partners</a></li> <li>• <a href="#">CSR Data: Society</a></li> </ul>
Labor practices	Issue 1: Employment and employment relationships	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO's CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> </ul>

	<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 development and training in the workplace</p>	<ul style="list-style-type: none"> <li>• <a href="#">System Linking Company's Growth with Individual Growth</a></li> <li>• <a href="#">Work Style Reform</a></li> <li>• <a href="#">Human Resource Development</a></li> <li>• <a href="#">Employees' Safety and Health</a></li> <li>• <a href="#">Respect for Human Rights</a></li> <li>• <a href="#">Basic Framework for Diversity</a></li> <li>• <a href="#">With Business Partners</a></li> <li>• <a href="#">CSR Data: Society</a></li> </ul>
<p>Environment</p>	<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="#">CSR Management</a></li> <li>• <a href="#">KOKUYO's CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">With Business Partners</a></li> <li>• <a href="#">Environmental Management and Third-party Inspection</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> <li>• <a href="#">Yui no Mori</a></li> <li>• <a href="#">Eco-Batsu Activities</a></li> </ul>
<p>Fair operating practices</p>	<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</a></li> <li>• <a href="#">System for the Promotion of CSR</a></li> <li>• <a href="#">KOKUYO's CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">With Business Partners</a></li> <li>• <a href="#">Corporate Governance and Risk Management</a></li> </ul>
<p>Consumer issues</p>	<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, support, and complaint and dispute resolution</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's CSR Charter</a></li> <li>• <a href="#">Providing Peace of Mind and Safety to Customers</a></li> <li>• <a href="#">CSR Report 2018 Survey Results</a></li> <li>• <a href="#">CSR Data: Reflecting the views of customers</a></li> <li>• <a href="#">Eco-Batsu Activities</a></li> </ul>
<p>Community involvement and development</p>	<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 investment</p>	<ul style="list-style-type: none"> <li>• <a href="#">KOKUYO's CSR Charter</a></li> <li>• <a href="#">KOKUYO Group Code of Conduct</a></li> <li>• <a href="#">New Products and Services in 2018</a></li> <li>• <a href="#">Human Resource Development</a></li> <li>• <a href="#">Domestic contribution activities</a></li> <li>• <a href="#">Foreign contribution activities</a></li> <li>• <a href="#">Commendation and Recognitions from Outside</a></li> <li>• <a href="#">Biodiversity/Promoting Environmental Communications</a></li> <li>• <a href="#">CSR Data: Society</a></li> </ul>



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