KOKUYO

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SUSTAINABILITY
2024

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Message from the CEO

Message from the CEO

Drawing on our strengths to achieve our long-term vision CCC 2030.

President and CEO
Hidekuni Kuroda

2023 and FE 2024: In line with expectations

Our long-term vision, CCC 2030, sets a 2030 target of 500 billion yen in net sales. To achieve this target, we've developed the Forest-Like Management Model and have worked on our third medium-term plan, Field Expansion 2024 (FE 2024)—an execution strategy covering, the years 2022, 2023, and 2024. In this strategic context, 2023 represented an important foothold toward the final year of FE 2024.

How, then, did we fare in 2023? Our consolidated financial performance was generally pleasing. Although short of the annual target due to the delayed recovery of the Chinese economy, net sales still showed revenue growth from the previous year, totaling at 328.7 billion yen. Operating income, at 23.8 billion yen, vastly exceeded the upgraded target and again represented growth from the last year. As for net income attributable to owners of parent, we achieved an all-time high of 19.0 billion yen, partly as a result of selling cross-held shares.

Some of our businesses performed better than others, with the variation reflecting national and international economic factors and high raw material prices. The overall picture, though, is one of strong performance. In multiple businesses, we identified problems to address and capitalized on growth opportunities, culminating in palpable progress in our portfolio strategy. Take, for example, our recent acquisition of HNI Hong Kong Limited, an office furniture company in Hong Kong. Now known as Kokuyo Hong Kong Limited, the company is serving as the fulcrum in our efforts to streamline business processes and strengthen cross-selling in China and ASEAN. To give another example, in our Indian stationery business, we boosted capacity to supply our mainstay products, unlocking a larger market share. In these ways, the seeds of growth we sowed are beginning to bear fruit. Although the pandemic presented challenges for our office furniture operations, our employees promptly recognized shifts in our customers' workstyles and identified corresponding needs, leading to numerous successful deals. Exemplifying this is Work Pod, a portable work booth resembling a telephone box. Work Pod was designed to meet the demand for diverse forms of remote conferencing following the rise in hybrid work.

Let me tell you about our expectations for 2024, the final year of FE 2024. For net sales, we're determined to achieve an annual target of 355 billion yen, representing an 8% increase over the previous year, by further reinforcing the foundations for our portfolio strategy. This goal is mainly predicated upon steady growth in our Japanese furniture business and business-supplies business as well as in our overseas stationery businesses. As for operating income, we're unlikely to meet the initial target set out in FE 2024 given that field expansion in the lifestyle field has been a little slow and also because we're investing in talent and fixed assets ahead of the upcoming fourth medium-term plan. On the other hand, ROE is set to top 8%, exceeding the target set out in FE 2024. It's crucial to meet the targets for 2024, the concluding year of FE 2024, as this success will provide us with a solid foundation for launching our fourth medium-term plan and ultimately reaching our CCC 2030 goals.

Three Strengths and Sources of Value Co-creation: Seeing as the customer does, focusing on customers' situational contexts, and having unique talent

As I mentioned earlier, during FE 2024 we've been seizing growth opportunities in a number of businesses. This growth is driven by three strengths that represent sources of value co-creation at Kokuyo.

The first of these strengths lies in a corporate culture where we co-create ideas and solutions together with customers. Our employees are good at seeing from the customer's perspective when it comes to developing products (furniture, stationery, office supplies) and the purchasing and delivery services related to them. In other words, our employees can switch back and forth between two different perspectives: They can think as the customer does and they can also think as one who is pitching a solution to the customer. Although it is generally thought that the practice of observing customers is very important in business, we don't believe it's nearly enough to simply engage in passive observation. Instead, we believe it is even more crucial to put ourselves into our customers' shoes. Only by thinking as the customer does can you generate brilliant ideas for new products and services. Through such customer-oriented thinking, we've racked up many successes, helping entrench this approach as our corporate culture.

The second strength is that our employees focus not on what products we could sell but on the situational contexts in which the products might address the customer's needs. Kokuyo aspires to be a WORK & LIFE STYLE Company. To fulfill this aspiration, our employees, as a matter of habit, always try to envisage the situational context—in a work environment or private setting, for instance—where the value should be delivered. In the case of office furniture, for example, we might pitch a particular combination and layout of office furniture with the idea that this would support more effective workstyles or enhance communication in the office. In the case of stationery in China, we struck gold with a line tailored for schoolgirls. Our success came from focusing on how stationery could help make the act of studying more enjoyable. To give an example from our B2B operations, in a joint product-development project with the convenience store chain FamilyMart, we analyzed the situational contexts in which consumers buy things and applied that to design the layout of the store shelves. Our successes in problem-solving are down to a process in which we focus not just on the product itself but on the situational context in which it is used. Simply put, we have the talent and technological prowess to turn ideas into reality, and that is one of our key strengths.

Underlying this approach is our culture of experimentation, one of our important values. As part of this culture, we run experiments on our own or together with customers when necessary, to identify potential unmet needs and then focus on solving them. This entrenched culture of ours enables a unique approach to identifying and solving problems. As such, it plays an important role in our product development.

None of these approaches would be possible were it not for our wonderfully unique and creative employees, and we often use the words "diligent and quirky" to describe them. We say "diligent," because employees are devoted to solving customers' problems. We say "quirky" because they are obsessed with thinking up interesting and unconventional ideas. "Co-creating with empathy" is a core value of ours, and the pursuit for it is an endless endeavor. It refers to the process of building empathic resonance with customers and expanding the possibilities to co-create value with them. But as to whether our "diligent and quirky" employees have opportunities to fulfill their potential, this hinges upon the workplace climate and corporate culture. Management must therefore provide a workplace environment that respects employees' individuality and rewards challenge-taking instead of punishing failure. Management must also ensure that employees feel psychologically secure, so that they have the confidence to take on the next challenge. Thus, to ensure our sustained growth as an organization, we need to encourage an open, fair, and non-hierarchical culture that supports diligent and quirky employees. I and the rest of management will stay committed to building an organization and culture to that end.

A self-directed, collaborative society: Real progress and outcomes in material issues (materiality)

"Presenting a tomorrow you can't wait for" is a corporate purpose statement we unveiled in 2022: We then made 2023 a year for communicating this purpose to our internal and external stakeholders. We used TV ads to broadcast employees' visionary ideas and I actively made a number of media appearances. In this way, we succeeded in our goal of communicating our commitment internally and externally. What matters, of course, is what we do from now on. As we put our long-term vision into practice, we need to give internal and external stakeholders a clear idea of the visionary ideas we have (the kind of tomorrow we're presenting) and how we will make them a reality. Our visionary ideas remain ideas for now, but everyone's pumped—employees are raring to make them a reality.

CCC 2030 commits us to work toward the future we imagine: a self-directed collaborative society. I know this sounds like an impossible dream. After all, many people today would say that living a self-directed life and being true to yourself are hard to balance with being a collaborative team player.

To reconcile these contradictory elements, we need plenty of creative ideas and innovation. We also need to clarify where we are headed—to set out what exactly we should be doing through such innovation. With this in mind, we identified five material issues. Addressing these material issues will unlock our potential for continually creating value over the long term and it will also lay a foundation for a self-driven, collaborative society.

In our efforts to tackle the material issues of 2023, the primary focus was on urging employees to take initiative and be proactive. This is because employees are faced with a balancing act that demands creativity and innovation: they must meet urgent customer demands while also working to solve medium to long term sustainability issues.

Employees have indeed been taking the initiative and devising ideas for the material issues, and their actions have started producing fruit. For example, to address the material issue of improving wellbeing among employees and external stakeholders, employees developed the idea of Hows Park. Hows Park is a joint initiative in which Kokuyo employees work with the employees of Kokuyo K Heart, a special (disability-friendly) subsidiary of ours, to develop products with inclusive design. The goal is to get inclusive-design products representing 20% of new product launches by 2024. Hows Park emphasizes both living a self-directed life and being true to yourself. It equally emphasizes being a collaborative team player in society. After a period of testing, Hows Park started full operation in June 2023. It organizes workshops to develop products. In FY2023, it developed an envelope storage box with a design that makes the envelopes easily grabbable. It is now a product series.

Another material issue is to contribute toward a circular economy. For this issue, employees came up with Tsunage Loopa, a program of environment learning for kids across Japan. The program involves collecting and recycling used notebooks. Since its launch in November 2023, a total of 86 schools have participated in Tsunage Loopa, with a total 20 thousand tons of notebooks brought in for recycling. An increasing number of schoolteachers and students in elementary schools are expressing an interest in participating. Echoing this interest, our employees have shown an increased appetite for developing more new products. It's really wonderful to see employees start to take the initiative and engage proactively in building a sustainable world.

Changes in 2024: A new talent management policy, stronger corporate governance

If we are to achieve the CCC 2030 target of 500 billion yen in net sales, then we need to expand the reach of our businesses. In 2024, we're making anticipatory investments in talent and infrastructure to unlock growth in the years ahead. We can predict that as we expand the reach of our businesses, we will be met with the need to take on new challenges. It will be increasingly important to invest in the talent necessary to digitize and globalize our operations, including existing ones.

Against this backdrop, we established a new talent management policy in 2023. The purpose of this new policy is to empower each employee by fostering an organizational culture conducive to challenge-taking and by providing opportunities for growth (see the feature article on human capital management). Under this policy, we're going to ramp up talent development efforts. We've also committed to increasing the hiring of fresh graduates and mid-career talent, and in 2024, we doubled the previous year in the number of fresh graduates we hired. With a high proportion of our workforce consisting of employees aged 50 or older, we feel that hiring more young graduates will bring in fresh perspectives and ideas. We'll also focus on a form of talent development that fosters a mindset that is willing to take on the challenge of transcending existing business boundaries and creating new value.

CCC 2030 commits us to long-term value creation, in which we create both social value and economic value. One way we build our long-term value is to strengthen corporate governance. As part of this, we switched our corporate structure from that of a company with an audit and supervisory board to that of a company with three designated committees (nomination, audit, and remuneration). With this transition, we'll be operating in the final year of FE 2024 with a clear separation between management supervision and business execution.

If we are to make real progress toward our vision in the run-up to 2030, we need to make decisions quicker. Streamlined decision-making in business execution is essential to sustaining and accelerating our revenue growth. Being a company with three designated committees means having a clearer division of roles and responsibilities between those who supervise management and those who execute the company's business. This clear division will enable us to make decisions quicker than we could previously. Along with this new structure, we're encouraging our frontline employees to be proactive challenge-takers and to engage in a PDCA cycle of continuous improvement.

I believe that our transition to a globally standard corporate governance model will help convince a lot more investors and stakeholders about our commitment to corporate governance.

Delivering our purpose in a changing world: Toward more self-directed and collaborative workstyles and lifestyles

The world will continue to move at a breakneck pace, bringing further changes to workstyles and lifestyles. As people's values grow increasingly diverse, so too will people's motivations for working and studying. In this world of change, our role as an organization is to deliver ideas and solutions for a better work life, a better study life, and a better private life. This is exactly what our purpose (presenting a tomorrow you can't wait for) is all about, and this is how we show the world our unique worth. By fulfilling this purpose, we'll be helping people be both self-directed and collaborative in their work life, study life, and private life, which in turn will help create a better planet and society.

In order to keep broadcasting our purpose to the world, we want to keep taking on fresh challenges in the global arena with the trust and confidence of our stakeholders. I hope that Kokuyo will earn your continued trust and confidence as we present ideas for workstyles and lifestyles of tomorrow. I look forward to our continued journey together.

Message from the CSO
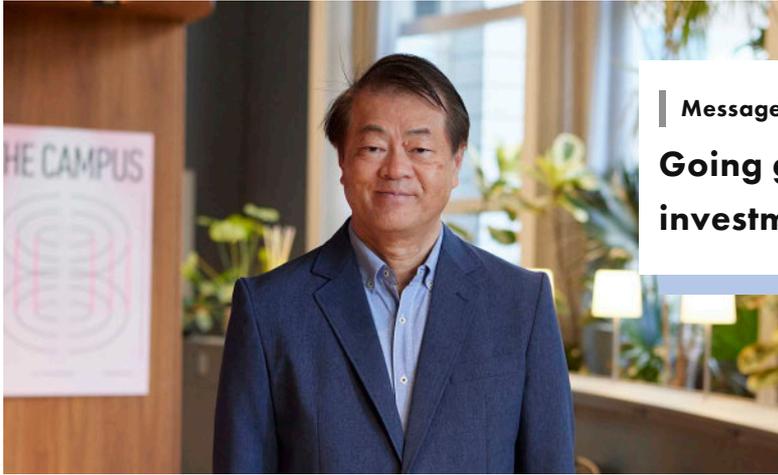
Message from the CSO

Going global with a more ambitious investment and M&A strategy

Director, Corporate Officer
Managing Officer of the Corporate Planning Division CSO
Toshio Naito

Japanese furniture business enjoys tailwinds from office renovation demand

The year 2023 was the middle year in our third medium-term plan, Field Expansion 2024 (FE 2024). FE 2024 commits us to improving the profitability of our Japanese businesses, expanding the reach of our businesses, pressing ahead with a global expansion, and incubating new business ideas. In 2023, we made headway with these strategies, largely in line with expectations. Our progress is reflected in our results for net sales and operating income.

As for the results for each business, let me begin with our Japanese furniture business. In Japan, demand for new office builds and office renovations remained brisk, giving us an opportunity to apply our prowess in interior design. Our integrated office designs won acclaim, culminating in pleasing net sales and operating income and driving growth for our organization as a whole. To unlock further growth for this business, we'll focus on talent acquisition and hire more fresh graduates and mid-career talent. We'll also press ahead with a digital transformation program for streamlining business flows. These measures will increase the market share and make the business more profitable.

Our overseas furniture businesses faced greater challenges than expected amidst the ongoing economic malaise in China. However, the prospects are bright. Kokuyo Hong Kong Limited, which we acquired in 2022, is playing a pivotal role in efforts to streamline business flows, including consolidating products and transferring production. Such streamlining, along with changes in sales prices and a cross-selling strategy, will increase the profitability of the overseas furniture businesses. With Kokuyo Hong Kong's post-merger integration proceeding as planned, the overseas furniture businesses should be able to achieve their medium-term growth targets once the Chinese economy starts showing signs of recovery.

In our business-supplies business, we're seeing the continued rise of e-commerce with the post-pandemic economic recovery and the return to offices. The competition is heating up here, but I'm pleased by the performance of Benri-net, Kaunet's solutions system for large-scale corporate clients. We'll further strengthen the system to expand the customer base.

Growth in the overseas stationery businesses

In our overseas stationery businesses, we've been working with local subsidiaries on global product development projects that will expand our market presence. For example, we've worked with our Indian subsidiary, Kokuyo Camlin Limited, on a rebranding project. This project involves revamping product lines and their packaging to add more value to the products. This project culminated in sharp revenue growth in 2023—14% more than in 2022—and has given us the confidence in the potential for making India our next big overseas market following China. We've also organized pop-up shops in Thailand, Malaysia, and the USA to test the global demand for value-added stationery, which proved to be a hit with locals. In Japan, our stationery business continued to face a tough environment, forcing us to reallocate resources and optimize costs. By contrast, we're confident of further global growth in our value-added stationery. In 2024, we expect that overseas stationery sales will account for 39% of our total stationery revenue for that year, 3.7 points up from the previous year.

Expanding the reach of our businesses and going global

Our current medium-term plan defines four strategic priorities for expanding the reach of our businesses and expanding globally: dynamic investment, empowered talent, active innovation, and delivering both social and business value.

For dynamic investment, we've focused on M&As. On the belief that we needed a tougher M&A strategy, we established the Growth Strategy Council to provide an organizational structure for deliberating on our growth strategy for the medium and long term. As we build a track record in overseas M&A deals, our M&As are becoming more effective and our vetting process is becoming more streamlined. In the months and years ahead, we'll be building our M&A experience and pursuing overseas M&As more proactively.

For the empowered talent theme, we've started exploring ways to provide every employee with growth opportunities, including holding a talent development committee in each business division and focusing on employee transfers, promotion, and assignment. We've also established a talent management policy and launched an internal talent development organization called the Kokuyo Academy as part of a systematic approach to talent development.

One example of what we've done in the active innovation theme is The Campus Flats Togoshi, which we opened in September 2023 in the Togoshi area of Shinagawa, Tokyo. The Campus Flats Togoshi is Kokuyo's first "share house" (a residential property with shared spaces separate from private rooms). The units have been filling up fast, and we're now mulling a second building. That's not the only example. In the second half of 2023, we launched Pandoor, a service that supports parallel work. We have also begun our experiment with Study with Campus, a private study area for middle school and high school students. These examples demonstrate our increased activity and innovation in our entrepreneurial endeavors.

Focusing on cash flow as we head toward further growth

We recognize that our growth prospects will be limited if we just focus on enhancing our existing businesses. Accordingly, as well as expanding the reach of our existing businesses, we're focusing on nurturing ventures that tap into new needs, as part of a shift to discontinuous growth. In 2023, we witnessed a genuine transformation in our employees' mindset, marking a successful transition towards growth.

We want people to see Kokuyo as an organization of sustained growth, and they will only do so if we have a robust capital policy. To that end, we'll be focusing a lot more on cash flow and profitability of capital.

We continue to offload our cross-held shares. As of the end of 2023, cross-held shares accounted for 12.2% of our consolidated net assets. We're on course to reduce this figure to below 10% by the end of 2024.

Regarding shareholder returns, we've previously committed to a payout ratio of 40% in our dividend payments. However, having launched a share buyback program that runs from 2023 to 2024, the total payout ratio for 2023 and 2024 is likely to top 50%.

For ROE, our current benchmark is 8% or more. We're set to meet that target in FY2024, the final fiscal year of our current medium-term plan. Thus, we're making headway in our initiatives that focus on profitability of capital.

We'll disclose further developments in our capital policy in our fourth medium-term plan, which we plan to announce later in 2024.

Message from the Managing Officer of CSV Division

Message from the Managing Officer of CSV Division

Business activities that address material issues will enable us to balance social value and economic value.

Managing Officer of the Auditing Committee and CSV Division
Naotaka Umeda

Kokuyo's unique culture: A passion for tackling societal issues

A hallmark of Kokuyo is our passion for proactively tackling societal problems. This mindset is one of our strengths and has become an embedded part of our culture.

As social conditions change, so too do people's values and so too do customers' needs and the societal problems that need addressing. Kokuyo is good at adapting to such macro changes, because no matter how society changes, we always retain our passion for tackling problems. Whenever an existing product or service has failed to meet the customer's requirements, we've put our heads together and combined different ideas to solve the problem, and this has sometimes involved co-creation with the customer. We've also always been creating new value, contributing to the resolution of societal problems. This well-rooted attitude represents a strength that enables us to deliver value for society regardless of changes in the way people work and live, and it represents a part of Kokuyo's unique culture.

Kokuyo-style materiality: Balancing social value and economic value

The third medium-term plan, Field Expansion 2024 (FE 2024), sets KPIs for five material issues which we are committed to addressing.

In 2020, we ran our first materiality analysis. We referred to societal problems, as represented by the SDGs for example, and identified a number of material issues. However, with employees feeling a little vague on exactly why they should be engaging in these issues, we failed to build up the united effort we'd hoped for. In 2022, we took steps to rectify this situation. First, we clarified our corporate purpose with a new purpose statement—to present a tomorrow you can't wait for. We then defined the ideal future scenario we want to achieve—a self-directed, collaborative society—to establish consensus about our direction as an organization. Finally, we updated our set of material issues, making them reflect Kokuyo's present brand values more closely.

Kokuyo employees once had the notion that sustainability is just about contributing to society in some way. But after we updated our set of material issues, employees started to see that sustainability is really a matter of how we can solve societal problems through our business operations. The swift response is probably down to Kokuyo's long-held culture of problem solving. Kokuyo as a whole has the passion to engage in sustainability, and while it may still take some time for individual employees to grasp the full significance of this and take actions themselves, change is happening slowly but surely.

A good example of Kokuyo-style sustainability is our commitment to tackling the functional depletion of forests in Japan caused by a lack of forest-thinning work. Back in the early 2000s, Kokuyo started selling products made from timber harvested in forest-thinning operations. In 2006, we launched a forest conservation project called Yui-no-Mori Project in Shimanto, Kochi Prefecture. Until then, timber harvested in forest-thinning operations was mainly used in government offices, but we started offering furniture made from such timber under the brand Yuimori. The idea was to use Japanese timber in a way that would create a more harmonious relationship between people and nature. In this way, we developed a Kokuyo-style sustainable project that creates a positive loop between environmental benefits (sustainable forest management) and economic benefits (contributing to the local economy). All sustainability activities are integrated into our business operations, and the project is driven by the proactive efforts of our employees. Each of our Kokuyo-style sustainability projects will surely help build up our organization's long-term value.

Understanding and explaining how sustainability action produces economic value

FE 2024 sets out the material issues (materiality) along with 2030 challenge goals and 2024 commitment goals. Each one is very ambitious.
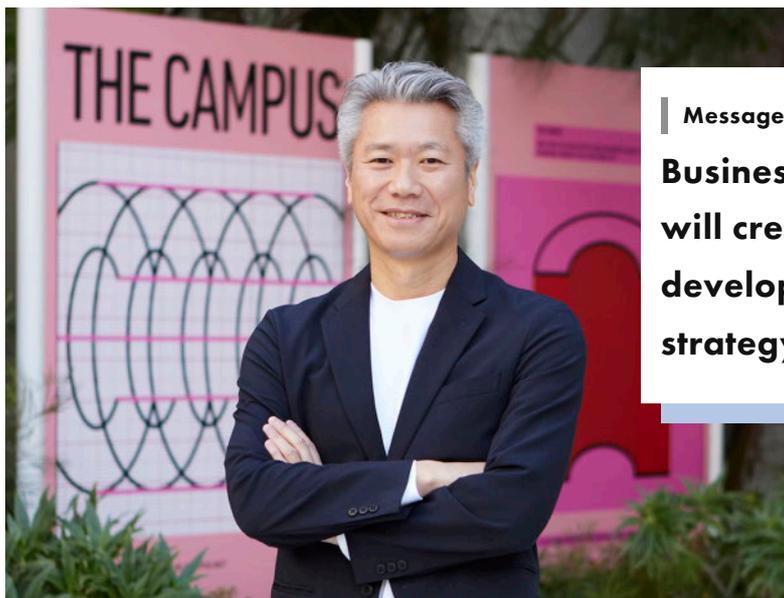
Two of the five material issues are particularly ambitious: improve wellbeing among employees and external shareholders and expand business fields through the Forest-Like Management Model. They powerfully declare our organizational passion for making life better by contributing to a self-directed, collaborative society.

In managing sustainability initiatives, we focus, as you would expect, on working toward the KPIs in a way that will balance social value with economic value, but we also focus on inculcating awareness among employees about the benefits of the initiatives and the importance of proactive, dynamic action. We also recognize that we must do more to give our shareholders, investors, and other stakeholders a precise and logically coherent account of how our materiality efforts will create economic and social value. These tasks will be on our minds as we approach our fourth medium-term plan.

Creating as many "That's it!" moments as possible

As I see it, customer needs are societal problems in their own right. Customers experience little annoyances or they find that a product lacks a certain feature that would make it easier to use. When we deliver a product that makes customers say "That's it! That's just what I needed," we are solving a bona fide societal problem. As small as the problem may be, we'll put our heart and soul into solving it—that's part of our organizational culture. In some cases, this may be hard to square with short-term financial objectives like revenue and profit. But what matters most is to put ourselves into our customers' shoes to find a solution to their problems. That is where our true purpose lies. The more we solve customers' problems, the more we, in turn, enhance our ability to sustainably create economic value. Sustained creation of social value along with economic value requires employee creativity. It also requires us to articulate the organization's values in clear language to ensure they continue to be upheld. Whereas our culture, purpose, and material issues were once tacitly understood, they are now expressed in clear statements, which has helped in clarifying Kokuyo's direction and informing employees about what we value as an organization. Kokuyo's distinctive approach to problem solving—to find what it takes for the customer to say "That's it!"—requires us to unleash one of our strengths: creativity. The Kokuyo-style approach is to get as many "That's it!" moments as possible and, through these inspirations, create economic value. The more employees identify these problems prevalent in society, engage in them, and show the world how we as a company can solve them, the more they will take pride in the work they do. Kokuyo is full of people who keenly observe the small problems in the world, are willing to listen to people's concerns, and offer solutions. One of my primary responsibilities is to enhance the visibility of these valuable assets and foster opportunities for connection and communication. I am committed to intensifying my efforts in this regard.

Message from The Managing Officer of H&C Division

Business-spanning strategic reassignments will create opportunities for employees to develop their abilities to drive our long-term strategy and forge their career paths.

Managing Officer, Human Talent & Culture Division, and
Chair of Wellbeing Subcommittee
Yasunari Koshikawa

A passion for solving problems is our strength

When it comes to sustaining long-term value creation and achieving our long-term vision, CCC 2030, the most important thing is to leverage our core competencies to the fullest.

What exactly are our core competencies, then? One of our strengths is summed up by a witticism we've coined: being "diligent and quirky." The phrase encapsulates the kind of Kokuyo employee who is motivated and passionate, almost to the point of obsession, about solving customers' problems and making a positive difference in their lives.

Take, for example, Hako-Ake, a product that functions as both a box cutter and a pair of scissors. This product targets the niche need for a quicker and easier way to open delivery boxes. The audience for the product may be limited and the product may have a limited social impact, but the prospect of customers thinking "that's just what I needed" was the key inspiration, and that's what makes it a quintessential Kokuyo product.

Whether the target audience is big or small, the inspiration behind products has always come from a desire to make someone's life a little easier. Over the years, such creative imagination has become embedded as our organizational culture. It must remain rooted as a universal value in our organization in years to come, when the reins are passed to a younger generation of employees.

However, this "diligent and quirky" mindset has yet to permeate across the whole organization; it remains limited to particular teams or divisions. In other words, there is still significant potential for it to spread. I feel the need to establish a foundation that enables signature Kokuyo-style creativity and a system that allows individuals to fully exert their uniqueness and abilities across both the stationery and furniture businesses, so that we, as an organization, can foster creative talent. Additionally, there is a need to devise and promote a talent strategy that inculcates Kokuyo-style creativity as a common value. This is my main mission.

The Talent Management Policy in context

With the aim of enabling the expression of signature Kokuyo-style creativity across all business areas, we formulated our Talent Management Policy (see the feature article on human capital management), which delineates the core competencies of our talent. This policy is crafted to empower the talent necessary for realizing our long-term vision. Guided by this policy, management will assist employees in developing visionary ideas.

The policy emphasizes dynamic reassignment, whereby employees who have until now confined themselves to a particular division or business area will start working across divisional boundaries. This approach will help employees develop their career and gain multifaceted perspectives.

Kokuyo's agenda for expanding its business area requires us to depart from the conventional approach to talent development. Kokuyo initially focused on stationery and later expanded into the workstyle and lifestyle fields. As a result, employees have tended to specialize in one business area or another. However, unlike in the 1980s and 1990s, when the emphasis was on quantitative expansion, our current focus is on qualitative aspects and value creation under our Forest-Like Management Model. Therefore, we absolutely need talent with multifaceted perspectives.

In many aspects of business, we require talent with multiple perspectives. One example is our strategy to expand the stationery business in South East Asia. Since business customs and the values young people expect from stationery differ from country to country, our product development and marketing teams must understand the things that apply globally and the things that should be localized. Another example is The Campus Flats Togoshi, a "share house" we opened as part of our strategy for expanding the reach of the furniture business. In this project, the team had to think about uses for the idle building that could deliver added value to local people. In these kinds of projects, you need the knowledge and experience to combine Kokuyo's strengths, but you also need to have multifaceted perspectives. In other words, these projects are unlikely to succeed if our employees confine themselves to a single business field.

An urgent task in the months and years ahead will be to ensure that our approach to talent development and acquisition is well-aligned with our strategy for business expansion and all other strategies. Reassigning talent across divisional boundaries is a part of this effort, and it's something we will continue to strongly promote.

Meaningful reassignment: What matters is matching management's perspective with the employee's perspective

Strategic staff reassignments should be meaningful, requiring alignment between management's plans and employee preferences. While management focuses on cultivating talent to meet strategic objectives, it's crucial to balance this perspective with the potential and personality of the employees involved. Furthermore, it's essential to ensure that reassignments align with the growth experiences employees seek. To facilitate optimal matches, we'll leverage various organizational structures, including the Talent Development Committee, where corporate officers discuss potential assignments for career development, and the 20% Challenge, an internal program allowing employees to spend 20% of their time in another division.

There are cases wherein an employee can only achieve their career ambitions by first gaining the prerequisite knowledge and skills. In such a case, we'll make sure the employee in question understands that, and then we'll provide opportunities for them to gain experience, thereby helping them advance toward their dream career. Ultimately, I hope we can encourage employees to achieve growth beyond their wildest dreams.

An urgent task: Changing workplace attitudes toward challenge-taking

We conduct two types of employee surveys: a monthly engagement pulse survey and an annual stress check. On the whole, employee engagement is high, and we understand that this is contributing to our high employee retention rate.

Aspects that require more attention in the future include challenge-taking, a sense of growth, and other things that have to do with employees being vibrant. While many employees relish taking on a new challenge, many others prefer to stay absorbed in routine work. Concerningly, this includes younger employees. These findings suggest that we must do more to change attitudes and foster a workplace that empowers challenge-taking behavior. We do have a working environment that is supportive of employees who show a willingness to take on challenges. If an employee raises their voice, they have peers that will come to their help. As a company, we need to channel this culture effectively to create a robust organization that can maximize the challenge-taking ambitions of employees.

VISION

LONG-TERM VISION CCC 2030

In February 2021, we unveiled CCC 2030, a long-term vision in which we aim to achieve 500 billion yen in net sales by 2030 by shifting to the Forest-Type Management Model. The main theme of this vision is to become a diverse "forest" of businesses that grows sustainably. We also unveiled a new purpose statement, "Presenting a tomorrow you can't wait for," which expresses our role in building a self-directed, collaborative society. This vision requires radical organizational reform, including a change in corporate culture, organizational processes, how we allocate talent, and how we unleash the potential of every employee. Committing to such change, we held a yearlong process of discussions. During this process, we reaffirmed our values upon which we will expand our business fields: Co-creation with empathy, a culture of experimentation, and designing experiences.

KOKUYO's new business model: The Forest-Type Management Model

● **Our philosophy**	**be Unique.**		
● **Purpose**	**Presenting a tomorrow you can't wait for.**		
● **Values**	**Co-creation with empathy**	**A culture of experimentation**	**Designing experiences**
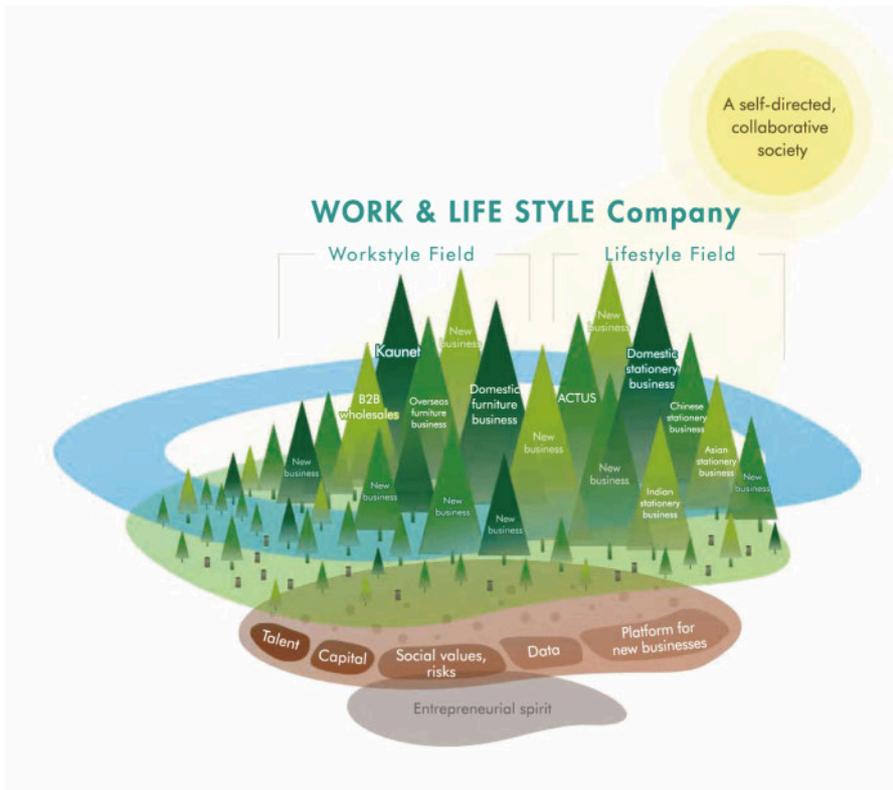
By expanding the two fields, we aim to achieve net sales of ¥500 billion in 2030.

WORK & LIFE STYLE Company

Work: Workstyle Field

In this field, we primarily target corporate clients and market products and services that cater to new ways of working.

Learning, daily life: Lifestyle Field

In this field, we primarily target individual consumers and market products and services that cater to new learnings styles and lifestyles.

New needs: Nurturing business ideas

Net sales:
¥50–100 billion

Office management

This sub-field focuses on office needs, including facility management and purchasing management.

Talent and values

This sub-field focuses on solutions for increasing the productivity and performance of individuals and teams.

Self-driven learning

This sub-field focuses on the growing demand for self-expression and authenticity in life and learning.

Co-living

This sub-field focuses on people's desire to be true to themselves while living interconnectedly with others.

Existing businesses: Expand fields

Net sales:
¥100 billion

Hybrid workplace

Amid the Covid-driven shift to hybrid work (a combination of remote and office work), this sub-field supports this shift by providing solutions for office-space design and purchasing management.

Lifestyle tools

Amid the growing desire for personalized living spaces and furniture, this sub-field manufactures interior and learning tools that deliver added value.

Existing businesses: Tweak business

Net sales:
¥300 billion

Furniture businesses

Business supply distribution

Stationery businesses

Interior retail businesses

Total net sales in 2030:
¥500 billion

Net sales: **¥300–350** billion
Change from 2020:
+¥100–150 billion

Net sales: **¥150–200** billion
Change from 2020:
+¥50–100 billion

Sustainable Management

Background to Sustainable Business Strategy

In 2022, we established the Sustainable Business Strategy. For many years, our CSR Charter had served as a basic set of principles guiding our efforts to fulfill our corporate social responsibility (CSR). However, we decided to reformulate the charter as a sustainable business strategy that would bridge our long-term vision (the overarching concept) with our policy on stakeholder engagement (a subconcept).

Sustainable Business Strategy

To build a self-directed, collaborative society, we will present a tomorrow you can't wait for and lead the way in sustainable business practices.

To balance social value and economic value, we will address social and environmental challenges and offer inspiration in work, learning, and living.

Organizational infrastructure for sustainability

Previously, the Environment Committee led efforts to address environmental issues and monitor social trends and issues. However, in 2022, the committee was consolidated into the new Sustainability Committee as part of a shift to a new organizational framework for sustainability. Under the present framework, we have publicly committed to accomplishing the goals for our upgraded set of material issues, and senior management (executives and board members) have taken on the leading role in integrating sustainability through a PDCA cycle. The Sustainability Committee is chaired by the Managing Officer of CSV Division, and it consists of four subcommittees: the Environment Subcommittee (what once was the Environment Committee), Wellbeing Subcommittee, Procurement Subcommittee, and Forest-Type Management Model Subcommittee.

Organizational framework for Sustainable Business Strategy
Addressing sustainability issues

Sustainability Committee
Chair: Head of CSV
Naotaka Umeda
Membership: All executive officers

Environment Subcommittee
Chair: Masahiro Fukui

Wellbeing Subcommittee
Chair: Yasunari Koshikawa

Procurement Subcommittee
Chair: Koji Morita

Forest-Like Management Model Subcommittee
Chair: Toshio Naito

Board of Directors

- Decides on important agenda items

↑

Meetings on PDCA for Medium- and Long-term Strategy

- Discusses broad themes raised by executives

↑ Reports to, discusses with (twice a year)

Sustainability Committee and its subcommittees

Sustainability Committee

By hearing reports from the subcommittees and reports on engagement with stakeholders, the committee monitors the PDCA process for the sustainable business strategy and regularly reports its findings to the Board of Directors.

Main agenda
- Approach to organizing and disclosing non-financial information, communicating goals with subcommittees
- Reports about subcommittee activities
- Reports about societal changes related to sustainability
- Assigning order of priority
- Budget allocation

Environment Subcommittee

This subcommittee addresses environmental issues pertaining to the KOKUYO Group as a whole.
It coordinates the efforts of three inter-divisional taskforces (climate crisis, circular economy, coexisting with nature) to achieve the materiality goals.

Main agenda
- Forecasted results for previous year, targets for current year
- Confirmed results for previous year, whether targets for current year need revising
- Mid-year check, management review

Wellbeing Subcommittee

This subcommittee coordinates efforts to pitch new workstyle ideas and efforts to promote diversity, inclusion, and innovation.
The subcommittee focuses on five major companies and also communicate its activities to other group companies. We are planning to extend the coverage across the group from FY2024.

Main agenda
- Ascertaining the current situation
- Identifying issues
- Deciding on actions to take
- Monitoring progress

Procurement Subcommittee

This subcommittee communicates our "co-creation with empathy" principle to supply chain partners. It starts by engaging with tier 1 suppliers (those handling KOKUYO brands, Kaunet's private brands, and distributed brands) and then broadens the supply chain engagement through a PDCA cycle.

Main agenda
- Monitoring progress
- Supplier evaluation
- Customers' requirements

Forest-Type Management Model Subcommittee

This subcommittee sets an annual plan for accomplishing materiality goals, monitors progress, and uses the findings to set the annual plan for the forthcoming fiscal year. In this way, it helps disseminate the Forest-Type Management Model across the group.

Main agenda
- Monitoring progress toward materiality goals at all stages
- Annual plan for materiality goals
- Annual plan for forthcoming fiscal year

↑ Coordinates with

Workstyle Field

| Furniture Businesses | Business Supply Distribution |

Lifestyle Field

| Stationery Businesses | Interior Retail Businesses |

Decision-making Process for Material Issues

In FY2022, we updated our material issues. We had identified a set of material issues back in FY2020 based on a standard materiality analysis. However, we subsequently decided to conduct a more thorough materiality analysis so that our material issues would align with the kind of society we envisage: a self-directed, collaborative society. For the FY2022 materiality analysis, we performed a gap analysis. Specifically, we reassessed the current societal impacts of our two strategic business domains defined in our long-term vision (CCC 2030) and third medium-term plan (Field Expansion 2024). We then back-casted from the 2030 society we envisage to determine the gap between current impacts and desired impacts. With this information, we identified issues that we need to proactively address. We divided these issues into economic and social categories.

Identify issues → Divide issues into economic and social categories → Consider realigning material issues → Final review of material issues by Sustainability Committee

Step 1: Identify issues

The process of updating the material issues began with a review of the existing issues we had defined in 2020. In that review, we thought about the strategic issues we will need to address if we are to lead the way toward a self-directed, collaborative society* and become a company in which no idea goes to waste. Through the review, we sought to identify a new set of material issues.

＊A self-directed, collaborative society is a society that respects personal values and cherishes social bonds. In this society, horizontal connections between people, tools, and environments provide new opportunities to collaborate for a better world.

Step 2: Divide issues into economic and social categories

In light of the findings of the review conducted in 1 and the strategic themes outlined in the medium-term plan, we identified specific issues to make up for the inadequate elements in the previous materiality analysis. We divided these issues into economic and social categories and then plotted these issues onto the graph shown on the right.

1 Achieve diversity and inclusion in our organization and beyond
2 Reform management system   3 Respond to the climate crisis
4 Contribute toward a circular economy   5 Contribute toward a society that coexists with nature

Social

Promote nature-positive business
Promote use of legal timber
Visualize environmental impacts of business activities
Reduce CO_2 emissions at consumption end
Promote energy saving across supply chain
Promote women in the workplace and the employment of people with disabilities
Pitch ideas for new way of working (develop solutions)
Develop inclusive products and services
Reduce waste across supply chain
Build a circular business model
Improve employee satisfaction and develop talent
Use/develop circular-economy materials/products
Build organizational framework for open innovation (using external resources)
Build organizational framework for nurturing new businesses that will enhance customer experience value
Build corporate system for managing Forest-Type Management Model

Economic

＊SC: supply chain

Step 3: Reconceptualize materiality

Previously, we had conceptualized material issues as issues that were important to the SDG agenda. In this step, we reconceptualized them as issues that are important to our strategic agenda for creating the ideal society we envisage. We then created organizational infrastructure aligned with this new conception. For the reconceptualized material issues, we set key performance indicators (KPIs) aligned with our vision for 2030.

＊KPI(Key Performance Indicator)

Material Issues	Outcome
Material Issue 1 — **Better wellbeing**	**Improve wellbeing** Innovation is created, leading to better wellbeing among diverse individuals and communities [4 QUALITY EDUCATION] [5 GENDER EQUALITY] [8 DECENT WORK AND ECONOMIC GROWTH]
Material Issue 2 — **Transition to a management system that creates social value**	**Expand business fields through the Forest-Like Management Model** Collaborative approach in all businesses contributes positively to the environment and society, extending empathy outward in society and addressing social issues [9 INDUSTRY, INNOVATION AND INFRASTRUCTURE]
Material Issue 3 — **Respond to the climate crisis** **Material Issue 4** — **Contribute toward a circular economy** **Material Issue 5** — **Contribute toward a society that coexists with nature**	**Safeguard the planet as a place for work and life** ● Our collaboration with partners contributes toward carbon neutrality throughout our supply chain ● Our collaboration with partners and customers leads the way toward a zero-waste society by reducing, reusing, and recycling ● We safeguard the planet by balancing business activities with natural capital [7 AFFORDABLE AND CLEAN ENERGY] [11 SUSTAINABLE CITIES AND COMMUNITIES] [12 RESPONSIBLE CONSUMPTION AND PRODUCTION] [13 CLIMATE ACTION] [14 LIFE BELOW WATER] [15 LIFE ON LAND] [16 PEACE, JUSTICE AND STRONG INSTITUTIONS] [17 PARTNERSHIPS FOR THE GOALS]

2021 onward

Step 4: Final review of material issues by Sustainability Committee

The Sustainability Committee, chaired by the Managing Officer of CSV Division, will conduct a review and make the final decision on the material issues. Under the framework provided in Japan's Guidance for Collaborative Value Creation, we will engage with investors and incorporate their feedback. We will iteratively update the material issues to reflect changes in the social and economic landscape.

Decision-making Process for Material Issues (FY2020 to FY2021)

Decision-making Process for Material Issues (FY2020 to FY2021)

| Identify ESG issues | → | Analyze each issue's impact on stakeholders | → | Submit to management for review (management reviews validity as material issue) | → | Set goals/targets |
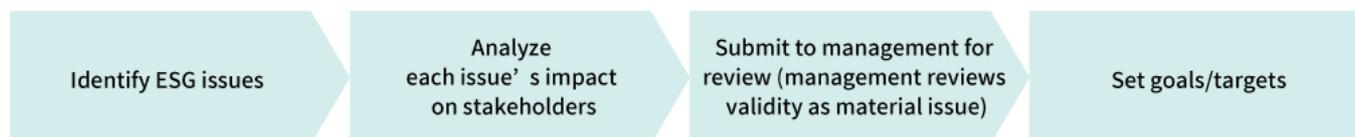
＊ESG: Environmental, Social, Governance

Step 1: Identify ESG issues

First, we identified 34 potential environmental, social, and governance issues by referring to the SDGs and to data from MSCI Inc. and the Sustainability Accounting Standards Board (SASB).

	Perspective	Was a survey conducted?	Was desk research (secondary research) conducted?
Stakeholders	Consumers	○	—
	Key clients	○	—
	Investors (MSCI, SASB)	—	○
	National and local governments (growth strategy)	—	○
Our businesses	SDG contribution from products, services, and CSR items	—	—
	Development divisions	○	—
	Senior management	No, but a discussion was held	

＊SDGs：Sustainable Development Goals

　MSCI：Morgan Stanley Capital International

　SASB：Sustainability Accounting Standards Board

　CSR：Corporate Social Responsibility

Step 2: Analyze each issue's impact on stakeholders

Having identified potential issues, we then rated each issue in terms of how much it matters to stakeholders and how much it impacts our business. Issues that had a high score on both metrics were defined as material.

Materiality matrix
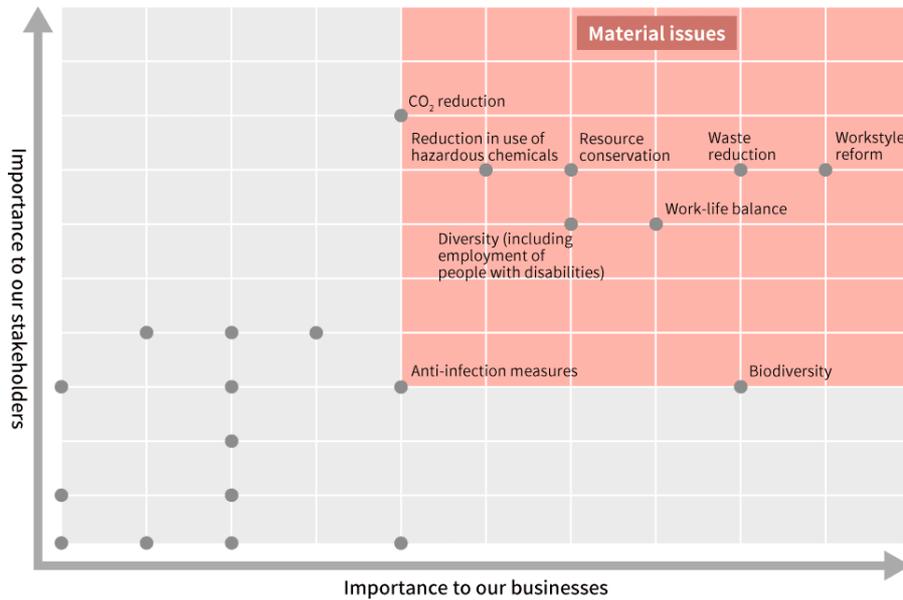
Step 3: Submit to management for review

The issues rated as material were then reviewed by the management to determine whether the materiality designation was valid.

Step 4: Define material issues and goals

Finally, in regard to the material issues, we set goals/targets for 2030.

Material issue		2030 goal
Material issue 1 Pitch ideas for new ways of working	Pitch ideas for ways of working in the new normal, support work-life balance	Employees act on their initiative and solve problems through teamwork
Material issue 2 Promoting diversity and inclusion	Build a diverse, innovative workplace that is inclusive of gender, disability, and nationality	Workforce is diverse, individual differences are respected, and employees feel empowered
Material issue 3 Respond to the climate crisis	Reduce CO_2 emissions through energy efficiency and renewable energy. Use forests to offset emissions	Offset CO_2 emissions: Contribute to absorption of at least 6,000 tons of CO_2 a year
		Reduce CO_2 emissions: Emissions down by 26% from 2013 level in 2030
Material issue 4 Contribute toward a circular economy	Promote human rights and resource conservation/waste reduction in the entire supply chains	100% of waste (office, construction, inventory) recycled
		Procurement guidelines applied throughout corporate group
Material issue 5 Contribute toward a society that coexists with nature	Protect biodiversity and reduce use of hazardous chemicals to minimize environmental impacts	Promotion of the use of legal timber
		Forests: Forests thinned at 150 hectares a year
		Reedbeds: Reeds trimmed at 1.5 hectares a year

As of 2020

-MATERIAL ISSUE 1- IMPROVE WELLBEING

KOKUYO Materiality

Improve Wellbeing among Employees and External Stakeholders

Material Issue 1
Improve wellbeing

Basic policy

Wellbeing is the experience of feeling happy and healthy.To help improve wellbeing, we will promote work-life balance, new workstyles, and a diverse workplace (inclusive of gender, disability, and nationality) that produces innovation.To promote wellbeing in society, we will develop products with inclusive design.For this, we have two challenge goals: pitch ideas for new ways of working, and promote diversity, inclusion, and innovation.

Vision for 2030

2023 results	2024 target	2030 challenge goal	Outcome
• Take-up of paid leave: 61.7% (among five main group companies in Japan) • Percentage of leadership roles occupied by women: 9.3% (among five main group companies in Japan) • Number of inclusive-design projects: 3	• 100% take-up rate for paid leave among managers and general staff • Women account for 12% of leadership roles • Percentage of new product series that incorporate inclusive design: At least 20%	• We promote personalized, authentic employee experiences by marketing "life-based working" (an approach that tailors work around people, rather than expecting people to tailor themselves around their jobs). Challenge goals for flexible and diverse work options (flextime, empowering women) 27 challenge goals (three per year for nine years) • We have removed social barriers, encouraging more people to engage actively in work and learning. Percentage of new product series with inclusive design: At least 50%	Innovation is created, leading to better wellbeing among diverse individuals and communities.

Having coined the term "life-based working" to describe a situation in which the one's workstyle, learning style, and lifestyle are balanced and embody one's uniqueness, we have set 2030 challenge goals and KPIs for our efforts to encourage more people to engage actively and spiritedly in their work and study.

● Challenge goals for flexible and diverse work options (flextime, empowering women) 27 challenge goals (three per year for nine years)

● Percentage of new product series that incorporate inclusive design: At least 50%

To promote employee wellbeing, we'll shift to a mindset that places more value on employees' time and promote employee empowerment and growth.As an organization that pitches workstyle solutions, we commit to building a workplace that accommodates diverse workstyles and that empowers employees to develop their potential and build their career.

To contribute to public wellbeing, we will develop products with inclusive design. We define an inclusive-design approach as one in which, from the planning stage onward, one empathizes and co-creates with individuals who have disabilities or face social barriers in order to identify and resolve the issues.

Actions to achieve the goals

To improve employee wellbeing, we will continue an initiative we launched in 2022 called Kokuyo-Style Hybrid Work.

We will keep experimenting with diverse workstyles. For example, we will provide our satellite-style multipurpose space known as n.5 (pronounced "n-ten-go") and, in 2024, start piloting a scheme that allows employees to do remote work in locations other than their homes to help them balance childcare commitments and family care commitments with career. With new workstyles, employees will gain more disposable time, which will help them unleash their uniqueness and forge a fulfilling career.

To help improve wellbeing among external stakeholders, we will accelerate our inclusive-design initiatives in 2024. We will use Hows Park as a testing ground for us to pilot our inclusive-design initiatives. At Hows Park, a diverse team of individuals will stimulate each other's creativity to develop inclusive products and services. To help improve wellbeing among diverse groups of individuals and the public at large, we will pitch our inclusive designs and our designs for the dialogue-based diversity office.

Shift to mindset that values employees' disposable time

To help employees gain more disposable time, we will transform employee management with new approach to workstyles and time allocation, focusing on three themes: follow-up process, 1 on 1, and leave support.

For the follow-up process theme, team leaders will keep track of members' work with timely follow- ups and then modify work schedules and reallocate resources as necessary. This process will help standardize workflows and improve efficiency at each organizational unit. Alongside this, we will set days for which we encourage employees to take paid leave and encourage employees and their supervisors to hold dialogues about strategic take up of leave. Such dialogue will only be effective if there is an open organizational culture. We have examined the kind of 1-on-1 sessions that best suit our organization (the frequency of the sessions, the settings in which they are held, and the tools used), resulting in the Kokuyo 1-on-1 model, which we have rolled out across our organization.

We are also actively committed to reforming workstyles in the logistics industry. Kokuyo Supply Logistics, following Kokuyo Logitem, has now introduced flextime for distribution center staff and all other employees. With flextime, employees exercise autonomy in deciding which hours they work during busy periods. This contributes to wellbeing by freeing up disposal time and by reducing physical and mental strain.
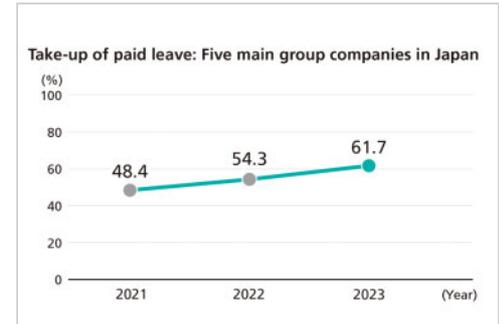
Take-up of paid leave: Five main group companies in Japan

48.4 (2021), 54.3 (2022), 61.7 (2023)

* The five main group companies are: Kokuyo Co., Ltd., Kaunet Co., Ltd., Kokuyo Marketing Co., Ltd., Kokuyo Supply Logistics Co., Ltd., and Kokuyo Logitem Co., Ltd.

Helping employees build diverse and fulfilling careers

Among our metrics for measuring empowerment of diverse employees in the workplace is a material goal: Women account for 12% of leadership roles in 2024.

To prevent situations in which employees are forced to give up their career because of childcare commitments or family care commitments, we have revised our systems and improved our programs for helping balance career with such commitments. We extended the coverage of sick child leave so that employees can now use it until their child is in the sixth grade of elementary school. We also relaxed the requirements for family care leave. Alongside this, we revised our personnel evaluation approach for employees on maternity or paternity leave so that their leave does not create a blank period in their record and so that we can take into account the skills the employees have accumulated and provide feedback.

In conjunction with International Women's Day, we held an event that focused on a fulfilling life and career for women (Life & Career Day for Women). The event, which was well attended by employees, both men and women, featured talks by guest speakers. A panel discussion was also organized by employees who were experimenting with strategies to balance childcare commitments with work. In this way, the event encouraged attendees to think about their career and life. We will continue to help employees develop their potential and forge fulfilling careers.

Percentage of leadership roles occupied by women: Five main group companies in Japan

Leadership roles: Being a manager or project leader
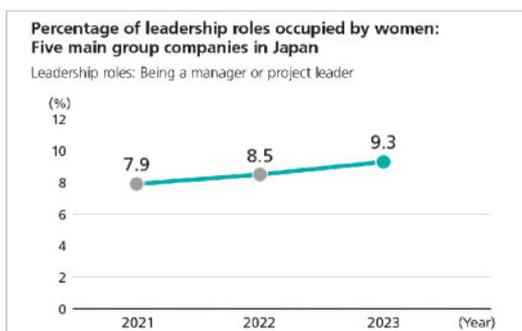
7.9 (2021), 8.5 (2022), 9.3 (2023)

* The five main group companies are: Kokuyo Co., Ltd., Kaunet Co., Ltd., Kokuyo Marketing Co., Ltd., Kokuyo Supply Logistics Co., Ltd., and Kokuyo Logitem Co., Ltd.

An event for thinking about life and careers for women

▦ Promoting inclusive design

We have a cross-organizational taskforce that promotes inclusive design across the Kokuyo Group. With the support of social entrepreneur and social designer Misaki Tanaka, we have launched and showcased Hows Design, a Kokuyo-style approach to inclusive design.

Hows Design uses a design approach that emphasizes co-creation through a process of dialogue inspired by asking plenty of "how" questions. Two "how" questions are particularly important: "how are you?" which represents a concern for the people's needs and "how will we do it?" which represents the passion to build them a better tomorrow. Products and services created in Hows Design are labeled with an original mark. In 2023, we launched three products with the mark. All three items have an inclusive design that accommodates the needs of people with disability and are based on ideas develop through a process of dialogue with members of Kokuyo K Heart Co., Ltd. (a disability-friendly subsidiary) and Kokuyo employees who have a disability. As well as promoting inclusive design, the taskforce has launched a Hows Design website, held universal manner training sessions for employees, and co-organized a Dialogue in the Dark* workshop. These and other activities of the taskforce all involve co-creation with external partners.

Our goal for 2024 is for 20% of our newly launched products to have been designed through the Hows Design process. In 2023, we launched a diversity office called Hows Park, which runs workshops attended by designers, marketers, inventors, and lead users. So far, Hows Park has held 62 workshops since the opening in 2023, and in 2024 two items were launched onto the market. We will step up efforts to reach our 2030 challenge goal, which is for at least 50% of newly marketed products to incorporate inclusive design.

HOWS DESIGN

This mark appears on products and services that were created through Hows Design

Criteria for Hows Design mark
- ☑ A varied range of lead users participate from the planning stage
- ☑ A pro-diversity approach is used to gain insights that lead to ideas for potential solutions
- ☑ A prototype is shared with lead users in a process of dialogue, and the design is reworked and improved accordingly
- ☑ The design includes features that eliminate barriers to accessibility, so that users can have a better experience

https://www.kokuyo.co.jp/sustainability/howsdesign/

2023	Established Hows Design, an approach to inclusive design, and launched three new products
2024	Percentage of new product series that incorporate inclusive design: At least 20%
2030	Percentage of new product series that incorporate inclusive design: At least 50%

Promoting inclusive design

USB memory sticks with five color choices and easy-read text

Next-generation counters that make public spaces more inclusive and accessible

Kaunet's story about developing products through Hows Design

Among the core products in Kaunet's original Kaukore premium series is the quick-dispense series. The series includes quick-dispense envelopes and quick-dispense trash bags that let you grab each item one by one without hassle. When designing these quick-dispense products, Kaunet evaluated whether the items would be easy to grab for people with low grip strength or finger strength and whether people with upper limb impairments could really grab each item without hassle. This marked the start of Kaunet's engagement in Hows Design. Some 200 quick-dispense packs products are on the market. Kaunet's product development team tested more than 20 packs of trash bags and envelopes over and over again. The tests highlighted issues with the container itself, let alone the pack: It was unclear where the tear-off opening was. Moreover, you had to exert strength to open the container and use both hands to open it. The team then realized team that a quick-dispense design begins from the design of the container opening. The team then prepared tested eight varieties of a perforated tear-off strip, with three samples of paper material in each case. The tests revealed that cardboard has a thickness that makes it easy to remove the tear-off strip. They also revealed cases in which the tear-off strip became a burden to tug part way through. The team then designed a storage box for holding envelopes and tested the box to see whether it let users grab each envelope one by one without hassle and whether it was accessible to wheelchair users with a lower vantage point. The tests revealed that it was easy to grab each envelope one by one when the stack was tall but that it was harder to do so when the stack was smaller. The team then cut out parts of the box and stuck parts back together in a trial-and-error process. This process culminated in an envelope storage box that was the first Hows Design product in the quick-dispense series. The box is designed so that the user can tell at a glance where the perforated tear-off strip is and can remove the strip with minimal effort. The box also features notches that make it easy to break down and flatten. In other words, the product was designed to be easy to use from the start to the end.

**Head of Product Development, Kaunet
Mr. Aoi**

The team tested more than 20 packs of trash bags and envelopes, including its own samples

The team tested perforated tear-off strips over and over again to find the optimum thickness, angles, and toughness.

Before)
The box's tear-off strip is hard to find and the envelopes are hard to grab one by one when only a few are left.

After)
The tear-off strip is easy to find and even the last envelope in the stack is easy to grab.

Addressing a societal issue in collaboration with Kumamoto City

Kokuyo has worked on a social innovation with Kumamoto City, which is promoting workstyle reform. With the municipal government's work growing increasingly complicated following the 2016 Kumamoto Earthquake, the pandemic, and the digital transformation agenda, the municipal government wants to bring in private-sector expertise for enhancing the quality of its services and improving the workplace environment. We helped the municipal government reform its workstyles by channeling our expertise in office space design and in improving purchasing operations. Specifically, we redesigned the municipal office's layout to optimize workflow and enhance the workplace environment. We also helped the municipality introduce a "group address" system (office space is allocated to different teams, with each team having flexible seating arrangements for its members), provided our system for consolidating office consumables, and provided our system for streamlining purchasing operations.

By using digital technology, the municipal office vastly reduced its business processes and created new work processes, resulting in a more diverse and inclusive workplace.

**Kumamoto City
Reformation Project
Management SectionGeneral
Affairs Bureau,**
Mr. Noguchi

**KOKUYO MARKETING Co.,Ltd.
Business Supply Division
Public Business Development
Department Group 1
Group Manager**
Mr.Ishii

KOKUYO Materiality

Expand Business Fields through the Forest-Like Management Model

Basic policy

Over the years, we've offered solutions for new ways of working, learning, and living through a process of first-hand experimentation in which we design experiences for customers through products and services. Amid the plethora of socio-environmental issues, we want to transform management systems and lead the way to a sustainable future with the support of all employees and businesses. As more partners and customers engage with us, the circle of empathy will expand, sparking more innovation and solving more social issues.

2023 result	2024 target	2030 challenge goals	Outcome
15 visionary idea (Mirai Yokoku) experiments (bringing the cumulative total since 2022 to 22)	At least 8 visionary idea (Mirai Yokoku) experiments (bringing the cumulative total since 2022 to at least 30)	Our new and existing businesses address the problems society faces. 100% of sales have balanced social value and economic value.	Organization-wide collaboration contributes positively to the environment and society, increasing organizational empathy and leading the way in addressing social issues.
50.4% participation in sustainability initiatives (compared to 27% in the previous year) *Questionnaire survey conducted among employees directly employed in domestic consolidated group companies	100% of staff engaging in sustainability efforts	Our employees make the world a better place in many ways. 100% of employees are addressing social issues	

By 2030, we aim to have all of our new and existing businesses contributing to the solution of socio-environmental issues. To that end, we set a 2024 goal to raise the number of visionary idea (Mirai Yokoku) experiments we produce. In line with this goal, we are committing resources in a sustained manner toward new experiments and entrepreneurship that will resonate with an increasing number of stakeholders and lead the way in tackling socio-environmental issues. By 2030, we want our employees to be playing a positive role in every corner of society. We will therefore integrate everyday work into sustainability initiatives developed by members of taskforces of the Sustainability Committee. We will also organize awareness-raising events for employees and external stakeholders to foster across society a culture of passion and commitment for sustainability.

Actions to achieve goals

Our goal for 2024 is to have produced 30 visionary idea (Mirai Yokoku) experiments and for 100% of employees to be addressing social issues.
In an example of nurturing businesses ideas targeting new needs, we launched a business in the self-driven learning sector in 2023. The business is called Hello! Family—a new brand that supports communication in modern families and is tailored to diversified workstyles and lifestyles. Combining a smartphone app and four IoT devices, Hello! Family provides a fun way for users to check where their family members are and what they are doing. The number of visionary idea (Mirai Yokoku) experiments increases year by year. Ideas in the pipeline in 2024 include a solution that helps people work multiple jobs and an idea related to learning spaces for secondary school students. We hope to turn these ideas into businesses.

Number of Mirai Yokoku experiments

(Experiments)

- 2022 result: 7
- 2023 result: 15 — Cumulative total of 22
- 2024 target: At least 8 — Cumulative total of at least 30
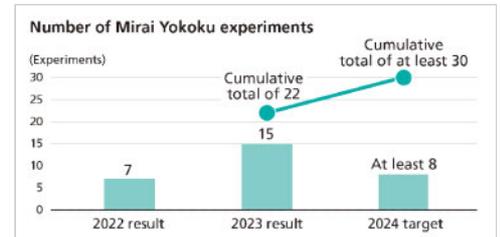
A Mirai Yokoku experiment: The Campus Flats Togoshi

With the advent of the 100-year life, people are increasingly spending their disposable time on pursuits related to self-actualization, such as side jobs, adult learning, and communitarian activities, making work life increasingly inseparable from private (or home) life. Against this backdrop, we channeled our abilities in designing office and retail spaces along with our expertise in making work easier and transformed a company dormitory (built in 1990) in Togoshi, Tokyo, into the Campus Flats Togoshi. We celebrated the opening in September 2023. The Campus Flats Togoshi is a multi-purpose facility. As well as having 39 apartment units, it has a study where tenants can have a go at something they have always wanted to do. It also has a food stand open to the public. The facility was designed around the concept of prototyping lifestyles. It provides a space that tenants, as part of their everyday home life, can casually drop into and use to try out something they've always wanted to try, as well as providing valuable time for plotting out one's next life stage.

voice | **Message from a project member**

The diversification of workstyles and lifestyles has hugely increased the range of options for how to live one's life. The inspiration behind this project was a desire to offer people new lifestyle ideas, drawing on our forte in designing experiences. With a space open to the public and innovative content generation, the facility is designed as a place where tenants can casually try out new things and a place outside the company where employees feel connected with the community and their inner selves. In this way, I hope that the Campus Flats Togoshi will contribute to community building and community interaction.

Corporate Planning Division
Innovation Center
Head of Lifestyle Exploration Unit
Ms. Arakawa

Initiative for encouraging engagement in socio-environmental issues: Tsunage Loopa

In October 2023, we launched Tsunage Loopa, an environmental education program that brings together three parties to think about how to protect the planet: 1) schoolkids across Japan, who use stationery, 2) Kokuyo, which produces notebooks, and 3) members of the public who engage in recycling. In the program, the schoolkids actively collect used notebooks and participate in the process whereby the collected notebooks are turned into parts of new products. Through this experience, participants will start thinking about how society can shift to a circular economy and create a sustainable future. In FY2023, Tsunage Loopa reached 86 schools, with a total of 21.5 thousand children participating and with some 15,000 disused notebooks (2 tons) being collected. In March 2024, we launched an edition of the Campus notebooks ("Campus notebook Tsunage Loopa") featuring a front cover made from recycled notebooks that were collected at elementary schools in Japan as part of the Tsunage Loopa program. We will continue to encourage employees to take such self-driven initiatives.

Front cover of Tsunage Loopa themed notebook ("Campus notebook Tsunage Loopa")

-MATERIAL ISSUE 3- RESPOND TO THE CLIMATE CRISIS

KOKUYO Materiality

Respond to the climate crisis

> **Basic policy**
>
> Over 90% of our emissions are from our value chain (scope 3), meaning that we can't contribute to carbon neutrality just by reducing emissions from our own businesses.
>
> We rely on numerous production and distribution partners. To contribute to carbon neutrality, we work with these supply chain partners on initiatives such as switching to more sustainable raw materials and delivery methods.

Implementing the basic policy: Following the TCFD framework

Governance

In 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We regard climate change as a major strategic concern and have established an organizational framework for managing climate-related risks. Under the supervision of the Board of Directors, the Sustainability Committee identifies climate-related risks so that the management can incorporate the information into strategic planning and take the decisions and actions necessary to mitigate the risks. To supervise this process effectively, the Board of Directors hears reports from the committee twice a year and then deliberates on climate-related risks and other sustainability issues. The board also decides on matters of strategic importance.

The Sustainability Committee's membership consists entirely of executives and the committee is chaired by the Managing Officer of the CSV Division. The committee monitors social and environmental trends to identify strategic concerns related to sustainability. It then formulates actions plans and allocates budgetary resources for addressing these concerns. The Environment Subcommittee (a subcommittee of the Sustainability Committee) collaborates with the managers responsible for each business division to identify climate-related risks, incorporate the findings into strategic planning, and spearhead organization-wide efforts to mitigate the risks.

Strategy

We use scenario analysis to identify the climate-related risks and opportunities and their financial implications so that the necessary measures can be taken. Since 2030 is the endpoint for our long-term vision, our scenario analysis projects climate-related shifts in society and among stakeholders between now and that endpoint. The scenario analysis conducted in FY2021 covered the furniture and business supply distribution businesses, which fall under the Workstyle segment. In FY2022, it covered the stationery and interior retail businesses, which fall under the Lifestyle segment. We have identified the climate-related risks and opportunities in the stationery and interior retail businesses.

Scenario analysis

Scenario	Description of scenario	References
Within 1.5℃	Sustainable Development / Net-zero Scenarios: Committing to a net-zero transition by 2050, the world acts to keep global warming below 1.5℃ relative to pre-industrial times. Government regulation is tougher compared to that in the 4℃ scenario, and people take a greater interest than they do at present in climate change and other environmental issues.	• IEO World Energy Outlook 2021. Sustainable Development Scenario/Net Zero Emissions by 2050 Scenario • IPCC SSP1-1.9
4℃	Stated Policies Scenario: Government regulation is weak compared to the other two scenarios. There are no further measures or further policy intentions beyond what governments have already implemented or stated. GHG emissions may increase for a time, and people's interest in climate change and the environment remain as it is now.	• IEO World Energy Outlook 2021. Stated policies Scenario • IPCC SSP5-8.5

Risks and opportunities

< Workstyle Field >

Scenario	Furniture Businesses
1.5℃	With growing pressure around the world for a net-zero transition, our customers, suppliers, and other social stakeholders will take more action to contribute to the net-zero transition and to reduce waste. The financial/business risks include higher CO_2 emissions costs, the need for more capital spending, higher raw material costs, and a decline in sales revenue following changes in customers' needs. The opportunities include the potential for developing goods and services to cover shifting customer needs and behavior, and the potential to expand business domains by developing low-emissions businesses. Accordingly, we will seize the opportunity to develop new products and services so that we can create value suited to the changes among customers and in society.
4℃	Timber prices rise amid the global spread in consumer activism coupled with climate impacts. Manufacturing and transportation become increasingly vulnerable to climate-related disaster risks. The financial/business risks include higher raw materials costs and the risk that hiking sales prices to absorb the cost increases may cause a drop in demand for furniture products. Where physical risks materialize, the risks include opportunity losses, business suspension, and the cost of responding to the incident. We will address the risks by increasing our organization's resilience. We also eye opportunities in the changing market trends, including the rise of disaster management efforts and new workstyles in our customers' offices. To capture these opportunities, we will develop new solutions that create value.

Scenario	Business Supply Distribution
1.5℃	As the net-zero transition progresses, customers, distributors, and other social stakeholders take more action to contribute to the net-zero transition and to reduce waste. The financial/ business risks include the costs of carbon taxes, higher transport costs, and a decline in sales revenue following changes in customers' needs. The opportunities include the potential to increase sales revenue with a lineup suited to the shifting customer needs. Accordingly, we will seize the opportunity to change our product lineup and expand our digital measures so that we can increase our climate resilience and create value suited to the changes among customers and in society.
4℃	Raw material prices rise amid the global spread in consumer activism coupled with climate impacts. Physical risks materialize, disrupting transportation and other parts of the supply chain, which may have severe ramifications for the business model. The financial/business risks include higher costs, both for raw materials and for transportation. Where physical risks materialize, the risks include opportunity losses, business suspension, and the cost of responding to the incident. To address the risks, we will strengthen our organization's resilience by altering our procurement strategy and expanding digital measures.

< Lifestyle Field >

Scenario	Global Stationery
1.5℃	The global net-zero transition leads to new consumer and market trends, with consumers changing their attitudes toward stationery and other consumables and with new workstyles and learning styles emerging. The financial/business risks include higher CO_2 emissions costs, higher raw material costs, the costs of added investment, and the risk that the stationery market shrinks amid digitalization. The financial/business opportunities include the chance to create new value by developing products and services for Japanese and overseas markets that cater to the emerging trends.
4℃	Cost pressures increase amid the global spread in consumer activism and the physical impacts of climate change become an increasing threat. The financial/business risks include higher costs in raw materials and energy. Where physical risks materialize, the risks include opportunity losses and the cost of responding to the incident. Financial/business opportunities include a growing demand for stationery in overseas markets. The opportunities can be realized by strengthening resilience, globalizing the supply chain, and expanding in overseas markets.

Scenario	Interior retail businesses
1.5℃	The net-zero transition increases pressure to realize ecological sustainability, including reducing the CO_2 emissions generated in the life cycle of furniture (from production to disposal). The financial/business risks include higher CO_2 emissions costs, higher raw material costs, and the costs of added investment. They also include the risk that people purchase interior goods less frequently out of concern for the environment and the risk of increased competition from furniture rental and subscription services. Financial/business opportunities can be realized by balancing business interests with environmental friendliness, such as by carbon footprint labeling and developing services that reduce furniture waste (e.g. repair services).
4℃	Prices for timber goods and other products rise amid the global spread in consumer activism coupled with climate impacts. The supply chain and retail activities become increasingly vulnerable to climate-related disaster risk. The financial/business risks include higher raw materials costs and the risk that hiking sales prices to absorb the cost increases may cause a drop in demand for furniture products. Where physical risks materialize, the risks include opportunity losses and the cost of responding to the incident. To manage these risks, we will strengthen resilience and ensure stable deliveries of our products by altering our procurement strategy and developing our e-commerce business.

Risk Management

Climate-related risks are managed by the Environment Subcommittee (a subcommittee of the Sustainability Committee). Guided by the findings of regular internal and third-party research, this subcommittee identifies and evaluates the risks with attendance of managers responsible for each business division. Once the risks are identified and evaluated, they are communicated to business divisions concerned. The strategic implications of the risks are incorporated into strategic planning by the Environment Subcommittee, while business-specific implications are addressed by the relevant business divisions. Under the existing system for groupwide risk management, the Risk Management Committee has steered efforts across the corporate group to manage groupwide risks. To integrate climate-related risk management into this existing system for groupwide risk management, the Risk Management Committee will now coordinate with the Sustainability Committee's Environment Subcommittee. Specifically, the Environment Subcommittee will inform the Risk Management Committee about important matters concerning risk management and the state of compliance with environmental laws and regulations.

Metrics and Targets

Material issues

Outcome	2030 challenge goal		2024 commitment goal
		KPI	
Our collaboration with partners contributes toward carbon neutrality throughout our supply chains.	With our partners support, we have achieved our carbon emissions reductions target based on the Science Based Targets initiative (SBTi)	SBTi-based emissions reduction target: Target set and achieved (target to be determined)	Emissions reductions target: 50% reduction in our Japanese businesses from 2013 level
		Carbon sequestration: At least 6,000 t-CO_2 sequestered a year	

We have committed to reaching net-zero by 2050.
We have previously worked to reduce GHG emissions at scopes 1 and 2, focusing on the emissions caused by our business activities in Japan. We have now expanded our focus to scope 3 emissions—emissions in the supply chain related to business activities across the Kokuyo Group.
For 2030, we have set a GHG reduction target representing a milestone on the road to 2050. The target aligns with the Science Based Targets initiative (SBTi) established in the Paris Agreement.
We have also committed to a 2024 target of 50% reduction from the 2013 level in GHG emissions from operations in Japan.

Accomplishments in 2023, plans for 2024

Accomplishments in 2023	Plans for 2024
2024 commitment goal • Reduce GHG emissions from operations in Japan by 38.9% from 2013 level **2030 challenge goal** • Submitted science-based targets • Sequestered 4,133 tons of CO_2	**2024 commitment goal** • Reduce GHG emissions by 50% through renewable shift **2030 challenge goal** • Get science-based targets validated, set basic plan for achieving them • Sequester 6,000 tons of CO_2

Submitting science-based targets (for 2030) for validation

We have embarked on our journey to reach carbon neutrality by 2050.
We have set near-term science-based targets aligned with the criteria set by the Paris Agreement and submitted the targets to the SBTi for validation. They include targets pertaining to scope 3 (supply chain) emission, so we will work with our supply-chain partners to make our supply chain carbon neutral.

Targets submitted to SBTi (they are still undergoing review as of May 2024)
· Reduce total GHG emissions at scopes 1 and 2 by 42% between 2022 and 2030
· Reduce total GHG emissions at the scope 3 category "purchased goods and services" by 25% between 2022 and 2030
· Get suppliers representing 17.4% of GHG emissions from "purchased goods and services" to commit to SBTis by 2028

From now on, we will focus on supply chain emissions as well as emissions from our own operations.

Strategy to meet 2024 commitment target

Progress in 2023 toward 2024 target

We have committed to a reduction of 50% from the 2013 level in GHG emissions at scopes 1 and 2 in Japanese operations.
In 2023 and earlier, we worked to meet this goal by shifting to renewable energy sources in Kokuyo Mie plant (which produces office furniture) and Kokuyo Product Shiga (which produces notebooks and other paper products). These renewables shift reduced CO_2 emissions by 38.9%.
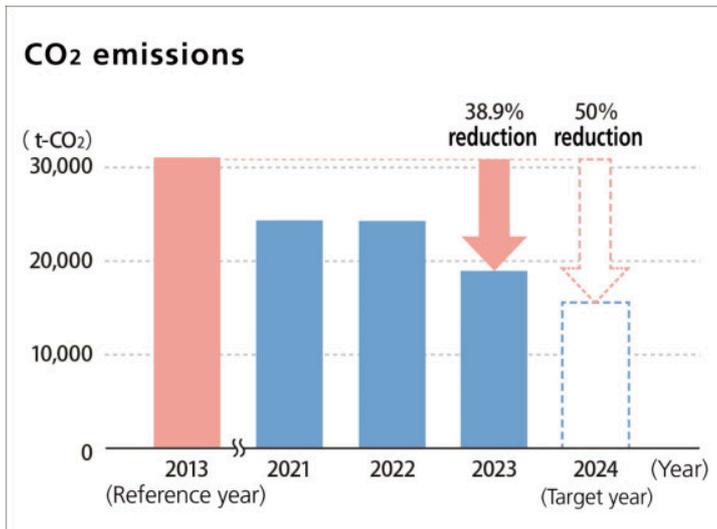
	2013 (reference year)	2021	2022	2023	2024 (goal)
CO_2 emissions (t-CO_2)	30,683	24,103	24,101	18,741	15,341
% change		-21.4%	-21.5%	-38.9%	-50.0%

＊CO_2 reduction result: 38.9% down from 2013 level
  Coverage: Consolidated subsidiaries in Japan, Kokuyo K Heart, Heartland
＊CO_2 absorption: 4,133t-CO_2
  Certificate validating CO_2 absorption in Yui-no-Mori in July 2022

Strategy to meet 2024 goal

We are reducing CO_2 emissions originating from the generation and consumption of electricity, which account for the majority of our scope 1 and 2 emissions. Kokuyo Mie plant (which produces office furniture) switched to net-CO_2-free power in 2022, and Kokuyo Product Shiga (which produces notebooks) did so in 2023.
In 2024, the switch will be made in Shibayama plant (which produces room partitions), in Kokuyo MVP's Tottori plant, and in The Campus (our core live office in Shinagawa).

GHG levels: Calculation, reduction initiatives

Scopes 1 and 2 (our own emissions)

CO$_2$ emissions from 29 entities (Japan and overseas) in the Kokuyo Group

To meet the criteria for SBT validation, we expanded the coverage of reduction estimates to our consolidated subsidiaries.

Our estimates encompass 29 entities: Kokuyo, 26 consolidated subsidiaries, and two affiliates.

In 2022, these entities emitted 37,846 tons of CO$_2$. In 2023, this was down to 32,869 tons as a result of switching to renewable energy sources.

* The 2030 target pertains to the entities that were included in the scope of consolidation in the reference year of 2022.

* See the Data section for reduction results that include entities added to the scope of consolidation in or after 2023 and entities that are outside the scope of consolidation (non-consolidated subsidiaries and affiliates).

Scope 1 and 2 emissions
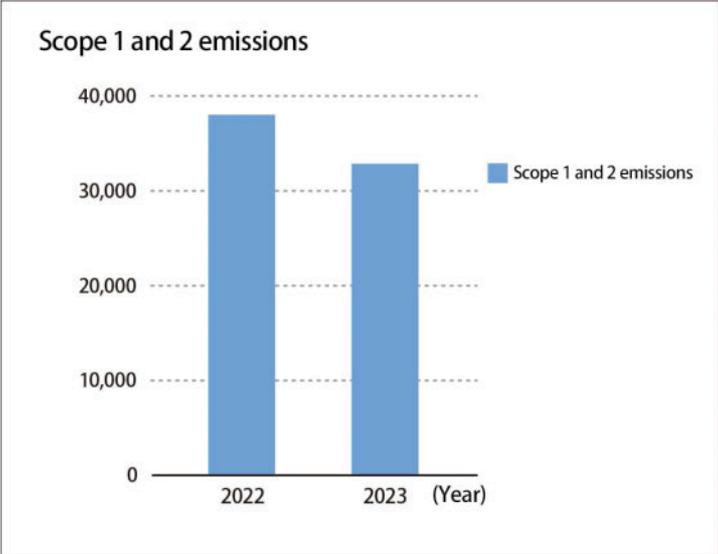
	Scope 1 and 2 emissions
2022	37,846
2023	32,869

Emission per unit (GJ / 100 million yen)
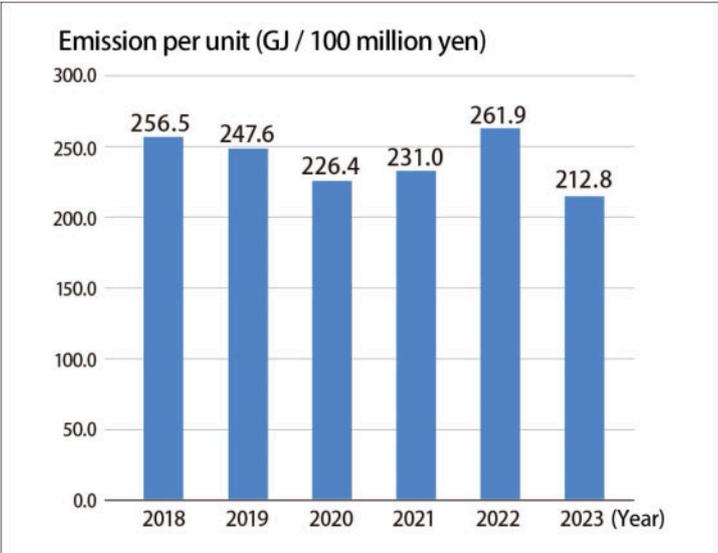
	2018	2019	2020	2021	2022	2023
Emissions per unit (GJ / 100 million yen)	256.5	247.6	226.4	231.0	261.9	212.8

Renewables shift

We are switching to renewable energy sources to reduce our scope 1 and 2 emissions.
Kokuyo Mie plant (which produces office furniture) switched to net-CO_2-free power in 2022, and Kokuyo Product Shiga (which produces notebooks) did so in 2023. In 2024, the switch will be made in Shibayama plant (which produces room partitions), in Kokuyo MVP's Tottori plant, and in The Campus (our core live office in Shinagawa).

Kokuyo Mie Factory

Kokuyo Product Shiga

Energy saving

While shifting to renewables, we are also working to use energy more efficiently in an ongoing effort to reduce energy consumption and GHG emissions.

Offices

With the post-pandemic return to offices, we have seen a rise in office energy use. To offset this, we are working to make our office assets more energy-efficient. We upgraded the air conditioning at our Osaka workshop, reducing energy use by 24%.

Solar panels installed on the new wing of the Osaka office

Plants

We had anticipated that plants would use more energy with the rise in production, but we managed to reduce energy use by improving operations and upgrading production equipment.
At Mie plant (which produces office furniture), operational improvements improved production efficiency, resulting in 8% less energy use. At Kokuyo Product Shiga (which produces notebooks), a change in the rules for ventilation resulted in 9% less energy use.

Solar panels at Shiga plant

Distribution in Japan (warehousing, deliveries)

With stronger commitment to energy efficiency (more energy-efficient lighting practices, for example), KOKUYO Logitem reduced energy use by 6% in deliveries in its distribution center for the Greater Tokyo Area and by 15% in deliveries in its distribution center for Chiba.

Hybrid streetlights installed at our integrated distribution center for the Greater Tokyo Area

Scope 3 (supplier emissions)

Committed to decarbonizing our supply chain, we estimate and disclose scope 3 emissions (such as emissions from manufacturing services, transport and distribution, or from the use and end-of-life treatment of sold products).
Previously, we limited our calculations to operations related to Kokuyo-brand products that Kokuyo produces. Starting in 2022, we expanded the coverage to include consolidated subsidiaries so that we could ascertain the environmental impacts of operations across our supply chain.

With this wider scope, total GHG emissions in 2023 amounted to 1,275,697 tons, down from the 2022 figure of 1,299,493 tons. A major contributor was the reduction in scope 2 emissions with the shift to renewables in our Japanese production sites.
We will continue our efforts to reduce our value chain emissions.

＊The reliability of our environmental data was confirmed in an independent assessment conducted by Bureau Veritas Japan.
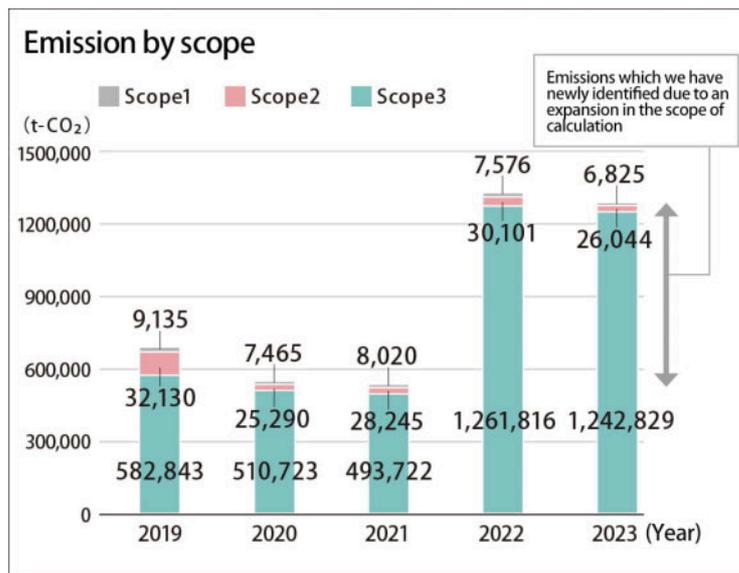
2023	Emission by scope (t-CO_2)	% of total
Scope1	6,825	0.5%
Scope2	26,044	2.0%
Scope3	1,242,829	97.4%
Total	1,275,697	

＊In 2022, we expanded the coverage to include consolidated subsidiaries.
＊We noticed an error in the data for 2022 that we disclosed in 2023. The graph above shows the corrected data.

	2019	2020	2021	2022	2023
Scope1	9,135	7,465	8,020	7,576	6,825
Scope2	32,130	25,290	28,245	30,101	26,044
Scope3	582,843	510,723	493,722	1,261,816	1,242,829

Scope3 Breakdown
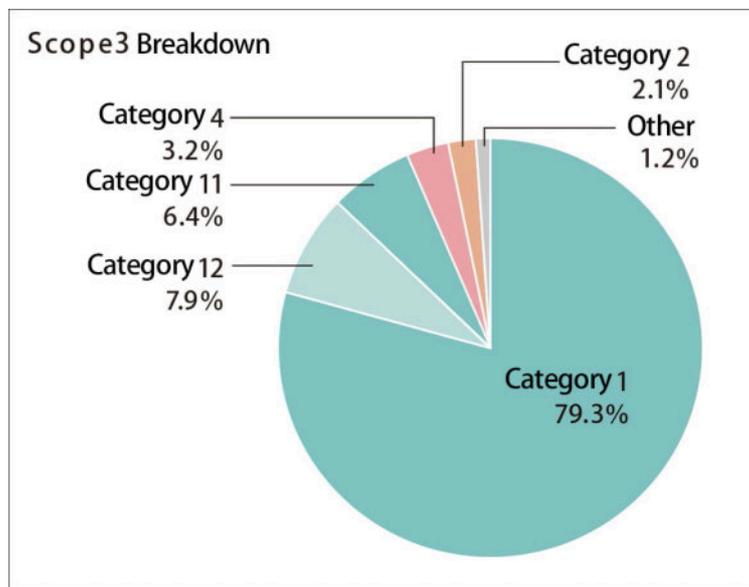
	Category	Are these emissions calculated?	Reason for not calculating	Scope 3 emissions (t-CO_2)	% of scope 3 emissions	% of total emissions (scopes 1, 2, & 3)
Category 1	Purchased goods and services	Yes	-	985,083	79.3%	77.2%
Category 2	Capital goods	Yes	-	25,715	2.1%	2.0%
Category 3	Fuel- and energy-related activities not included in scope 1 or 2 Fuel- and energy-related activities	Yes	-	5,696	0.5%	0.4%
Category 4	Upstream transportation and distribution	Yes	-	40,052	3.2%	3.1%
Category 5	Waste generated in operations	Yes	-	4,055	0.3%	0.3%
Category 6	Business travel	Yes	-	1,187	0.1%	0.1%
Category 7	Employee commuting	Yes	-	3,129	0.3%	0.2%
Category 8	Upstream leased assets	No	Because we calculate them as scope 1 and 2 emissions	-	0.0%	0.0%
Category 9	Downstream transportation and distribution	Yes	-	5	0.0%	0.0%
Category 10	Processing of sold products	No	Because we produce complete products, not intermediate goods	-	0.0%	0.0%
Category 11	Use of sold products	Yes	-	79,250	6.4%	6.2%
Category 12	End-of-life treatment of sold products	Yes	-	97,990	7.9%	7.7%
Category 13	Downstream leased assets	Yes	-	284	0.0%	0.0%
Category 14	Franchises	Yes	-	382	0.0%	0.0%
Category 15	Investments	No	Because this category does not apply	-	0.0%	0.0%
Total	-	-	-	1,242,829	-	-

RESPOND TO THE CLIMATE CRISIS

KOKUYO Materiality

Material Issue 4: Contribute Toward a Circular Economy

Basic policy

We want to use the planet's limited resources efficiently in delivering value to customers. Accordingly, we've been working to recycle more of our waste and to develop ecologically sustainable products and services. As an organization that provides products that are as accessible to as many people as possible, we also aim to promote individuated zero-waste lifestyles. We'll engage partners and customers in our efforts to help build a circular economy, one that recycles and reuses rather than wasting.

Metrics and targets for material issue

Outcome	2030 challenge goals		2024 commitment goal
		KPI	
Our collaboration with partners and customers leads the way toward a zero-waste society by reducing, reusing, and recycling.	Over 16% of the Japanese population participates in our programs for building a circular economy, creating positive behavioral changes in society.	At least 80% of net sales attributable to products sold by the Group (including overseas companies) that support a transition to a circular economy	100% of new products incorporate circular-economy design principles
		100% of waste (office, buildout services, inventory) recycled	
	We conduct numerous experiments for a circular economy, encouraging more companies to commit.	100% of suppliers endorse our circular-economy design principles	100% of key suppliers (some 400 companies) provided feedback (evaluations, issues to address) in supplier evaluation survey

Accomplishments in 2023, plans for 2024

Accomplishments in 2023	Plans for 2024
• 100% of new products (465 series) incorporated circular business guidelines • Launched Tsunage Loopa, a program in which elementary school students return used notebooks for recycling • Started disclosing product information about the materials in products in order to increase recycling rate • Offices: 93.8% of waste recycled, Worksites: 81.8% of waste recycled • Provided feedback (evaluations, issues to address) to 482 key suppliers	• Keep developing products and services in accordance with Sutenai Circle (our circular design guidelines) • Expand Tsunage Loopa (in which elementary school students can bring in used notebooks for recycling and get to see the result of the recycling) • Conduct a further survey among key suppliers to monitor their commitment to sustainability Take measures to achieve a 100% response rate in the survey • Start applying standards for paper and timber procurement to fulfill our responsibility as an organization that uses copious amounts of forestry resources (paper and timber)

Circular business guidelines: Sutenai Circle

One of our material issues is to contribute toward a circular economy with the ideal outcome being a scenario in which our collaboration with partners contributes toward carbon neutrality throughout our supply chains. To achieve this outcome, we developed Sutenai Circle, a set of circular business guidelines, in 2023. Sutenai Circle delineates seven processes (A to G). Of these, we focus on three: Use (D), Collection (E), and Recycling (F). For these processes, we communicate with users and the venous industry (companies that turn industrial waste into reusable resources) to promote a shift to genuinely recyclable products and to develop recycling services.

Circular Business Guidelines schema

Use (D) — Supporting long-term use
- Provide the information and services necessary for long-term use
- Make the product energy efficient

Transportation and deliveries (C) — Eliminate waste in transportation and deliveries
- Reduce, reuse, and recycle packaging, and provide net-zero packaging
- Make deliveries more efficient
- Retransport and recycle returned goods and inventory stock as appropriate

Safety (G) — Use no hazardous materials
- Prevent pollution
- Protect human health

Collection (E) — Enabling disposal with confidence
- Provide the information and services necessary for recycling
- Promote a mindset for participating in recycling

Recycling (F) — Consider technologies and routes for recycling
- Forge traceable recycling routes
- Retransport and recycle discarded/collected products as appropriate

Procurement (A) — Eliminate negative environmental impacts in procurement
- Reduce resource use
- Use certified or traceable materials
- Use recycled materials (including those recycled in-house or by a partner)
- Switch to low-carbon materials

Product design (B) — When designing products and production processes, consider usability, collectability, and recyclability
- Use materials and design elements that enable long-term use
- Consider materials and design elements that will make the product collectible and recyclable
- Use design elements that waste no resources

Examples of business initiatives across the Kokuyo Group

Products and services integrating circularity principles

Organization-wide: Tsunage Loopa (an experiential learning program)

Tsunage Loopa is an environmental education program that prompts participants to think about how we can look after our planet. The program brings together schoolkids in Japan, who use notebooks, Kokuyo, which makes the notebooks, and anyone engaged in recycling. In the program, schoolkids bring in used notebooks for recycling and get to see and touch the result of the recycling—new notebooks that are partly made from the old notebooks. This experience helps transform attitudes about recycling and pave the way toward a more sustainable future. In 2023, 86 schools (covering some 21.5 thousand students) signed up for the program, and some 15 thousand (2 tons) notebooks were collected for recycling.

Stationery Business: Tsunage Loopa edition of Campus notebooks

We have released a special edition of Campus notebooks for elementary school students. The front and back covers are made from used notebooks that were returned by elementary schools participating in Tsunage Loopa. In this way, we are creating a notebook-to-notebook recycling loop that delivers notebooks back to the customer with no loss in the value of the materials. We hope that the product prompts people to think about non-wasteful ways of using many other kinds of products.

Furniture Business: Long-life design

We have adopted the Co.S.M.O concept, in which we use a platform for multiple furniture series, allowing for modular elements that can be reassembled and replaced as necessary. Co.S.M.O furniture has durable core structures and units with environmentally friendly designs that make the furniture as light and compact as possible, minimizing CO_2 emissions during transportation. For long-selling furniture models, we extended our warranty from three to ten years in 2022. Through measures such as this, we are committing to maximizing the useful lifespan of our products and services.

Business Supply Distribution: Loopa

Kaunet Loopa is a simple, convenient, and reliable service for recycling office wastepaper. The program now collects and recycles paper packs, paper cups, confidential documents, and miscellaneous wastepaper. To facilitate the recycling of many more materials, we will incorporate a design-for-recyclability strategy (using design and manufacturing processes that enable recycling).

Interior Retail Business: Helping maximize the lifespan of furniture

To reduce furniture waste, we have three services that help maximize the lifespan of furniture.

1) We offer a repair service that extends the furniture's lifespan.
2) When users have no alternative but to discard furniture (such as when the family composition has changed or when they move house), we offer to buy back the furniture and upcycle it.
3) We recycle 100% of worn-out or broken furniture.

Efforts in logistics operations: Cleaning service to make furniture as good as new

We offer a cleaning service for chairs and general fabric products. Using specialized cleaning equipment, we wipe away marks made by oil-based marker pens, stains from spilt coffee, and long years of embedded dirt and grime. We also buff the frame, the front and rear of the seat and backrest, and the legs. The furniture is returned to the customer as good as new. In this way, the cleaning service helps extend the useful lifespan of the furniture. Note that the cleaning service is only available in certain areas of Japan.

Initiatives for waste

The volume of waste materials generated by the group's 41 business offices in 2023 was 22,472 tons (previous year: 20,124 tons), and the recycling rate was 93.8% (previous year: 95.9%). We generated 4,015 tons of waste materials on worksites (previous year: 4,628 tons) with a recycling rate of 81.8% (previous year: 82.3%). The responsibilities of the prime contractor with respect to the disposition of waste materials generated in buildout processes 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 worksites 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 target of 100% for the rate at which waste materials are recycled.

Reducing

Reducing and recycling at Shibayama plant

Shibayama plant generates about 500 tons of industrial waste every year. In 2023, the plant enhanced material recycling (recovering materials from waste without altering the chemical structure of the materials) to increase its recycling rate. The plant managed to increase its recycling rate by 3% by correctly sorting its waste. Previously, the plant found glass waste unfeasible to recycle. In 2023, however, it hired a waste management provider that could recover materials from the glass waste. Consequently, some 20% of the glass waste was subjected to material recycling in 2023. Shibayama plant will continue to go further in reducing and recycling its waste.

Reusing

Resource-efficient deliveries (using foldable crates instead of cardboard boxes)

Kokuyo products are now delivered to retailers in foldable crates to minimize the use of packaging materials. Normally, the products would be delivered in cardboard boxes and the retailers would have to dispose of the cardboard themselves. The switch to foldable crates minimizes resource use. Moreover, we periodically collect the crates, which helps inculcate a commitment to a sustainable circular economy in our distribution channels.

Returning and reusing buffer packaging materials

We encourage our distribution channels to return buffer packaging materials (cushioning material that protects the contents from shocks) so that they can be reused. We have started reusing coverings that protect desk corners and door stoppers used to keep warehouse doors from opening. By having these goods returned and recycled, instead of being disposed of after the delivery, we are supporting the effective use of plastic resources.

Reusing, recycling

Recycling stretch film used in warehouses

Kaunet's warehouses and KOKUYO Logitem's distribution centers use stretch film to prevent goods from falling. The stretch film is now returned and subjected to intermediate processing, after which it can be reused. By recovering materials that would previously have been disposed of and reusing them as materials in our products, we are reducing resource usage in the production of products and reducing the amount of plastic waste that gets burned, thereby contributing to an environmentally friendly circular economy.

Reusing and recycling collected furniture

We continue to run a collect and reuse/recycle scheme. After delivering products, we offer to take away the customer's disused products so that they can be reused and recycled according to their condition. In 2023, KOKUYO Logitem collected around 2,758 tons of used office furniture (desks, chairs, and so on). Around 199 tons of the collected furniture was salvaged for reuse. The remainder was dismantled and sorted for recycling.

A desk being dismantled and sorted

Education and training

Workshop for learning about the circular economy

We can only help create a circular economy if many employees across the Kokuyo Group understand what a circular economy is and know what hinders circularity. To that end, in 2023, we ran a workshop based on the board game Waste-Zero Game. Each team had to think of ways a used product could be used further in order to avoid having to send it to landfill, earning minus 5 points. Through this game, the teams shared ideas about the value on garbage and insights they have gained in their everyday lives. In this way, the participants reevaluated the act of throwing things away.

Sustainable procurement efforts

In 2022, we surveyed suppliers about their sustainability efforts. In 2023, we conducted another such survey. Of the 533 suppliers we contacted, 482 (90.4%) responded to the survey. We then fed back the survey results to these respondents. We will conduct another survey in 2024, aiming for a 100% response rate. To fulfill our responsibility as an organization that uses copious amounts of forestry resources (paper and timber), we will start applying standards for paper and timber procurement (see contribute toward a society that coexists with nature).

Number of suppliers	533
No. of respondents	482
Response rate	90.4%

Third-party recognition

An NPO called GENKI Net for Creating a Sustainable Society organized a dialogue to explore the potential for collaboration in paper recycling between the public, private, and academic sectors. At the event, Kaunet Loopa was honored as a model practice for recycling office wastepaper and we received a letter of gratitude from Ryoko Kizawa, the head of GENKI Net.

The letter of gratitude is presented

The Circular Economy Taskforce approaches its third year

Piloting a collect and recycle scheme for office furniture

Among the materials in used furniture, the metals tend to get recycled, but the plastic and timber materials tend to get disposed of by incineration or landfilling. This is a big concern to us, as we want to lead the way toward a zero-waste society. We are therefore piloting a collect-and-recycle scheme for our furniture. When the furniture is no longer needed, the furniture is collected and its materials—the timber and plastic materials as well as the metals—are recycled. This is not something a single company can do by itself. We work with providers of collection, intermediate processing, and recycling services who share our commitment toward a circular economy. Together, in a trial-and-improvement process, we continue our efforts to build this recycling scheme.

Workplace Business Division
Manufacturing and Production
Department
Strategic Coordination Unit
Mr. Nakamura

Working with customers and suppliers on alternatives for zero-waste society

To achieve the zero-waste society Kokuyo envisages, we must engage customers and suppliers in our initiatives. In Kaunet Loopla, a recycling service run by Kaunet (which delivers Kokuyo's mail-order / e-commerce services), customers can return their used plastic folders for recycling. With the collaboration of suppliers, the plastic is reused as materials in office essentials, like pens, correction tape, and storage. We will keep focusing on what happens to our products once they are no longer needed and develop more alternatives for zero-waste society.

Kaunet
Product Development
Department, Merchandising
Division
Development Group 1
Ms. Shido

A notebook recycling program that gets children to think

To create a circular economy, our actions must be future-oriented as well as present-oriented. In Tsunage Loopa, our environmental education program for elementary school students, the schoolkids get to experience horizontal recycling with something they are familiar with—notebooks. This experience prompts them to take a personal interest in the transition to a circular economy. We will keep expanding Tsunage Loopa so that it reaches more kids and builds momentum toward a zero-waste society.

Global Stationery Business
Division
D2C Strategy Department
Direct Marketing Unit
Mr. Morita

Related information

Efforts to recycle plastic

In 2023, 3,486 tons of plastic waste was generated by the Kokuyo Group, 90.3% of which was recycled.* Logistics operations accounted for the largest share of the waste generation, followed by buildout operations and manufacturing operations (operations in plants). We are working to generate less plastic waste, recycle more of the waste, and improve the quality of recycling (by switching from thermal recycling to material recycling).

＊ This is the percentage of the total waste plastics generated by business operations in Japan. We compile data on such in accordance with the Act on Promotion of Resource Circulation for Plastics.

Inter-year comparison in plastic waste tonnage in Japan
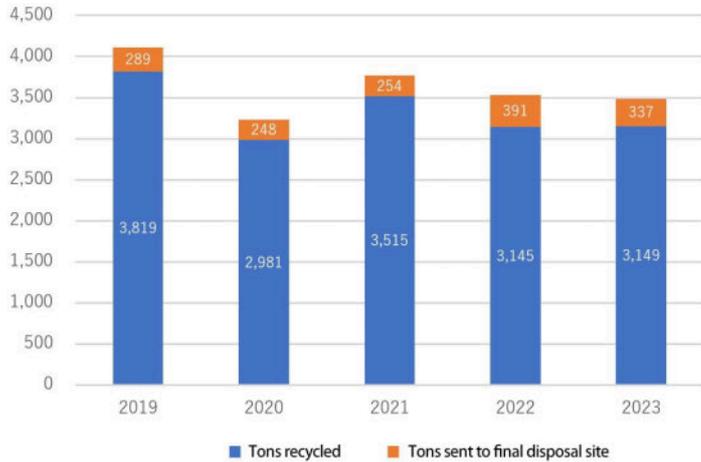
Year	Tons of plastic waste	Tons recycled	Tons sent to final disposal site	% recycled
2019	4,108	3,819	289	93.0%
2020	3,229	2,981	248	92.3%
2021	3,769	3,515	254	93.2%
2022	3,535	3,145	391	88.9%
2023	3,486	3,149	337	90.3%

Plastic waste tonnage by business category

- Logistics — 1629 — 47%
- Construction — 804 — 23%
- Manufacturing — 445 — 13%
- Sales and services — 416 — 12%
- Offices — 192 — 5%
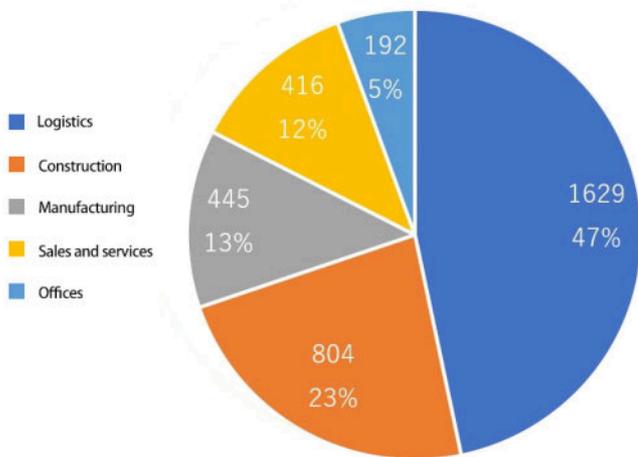
Plastic waste tonnage by group company
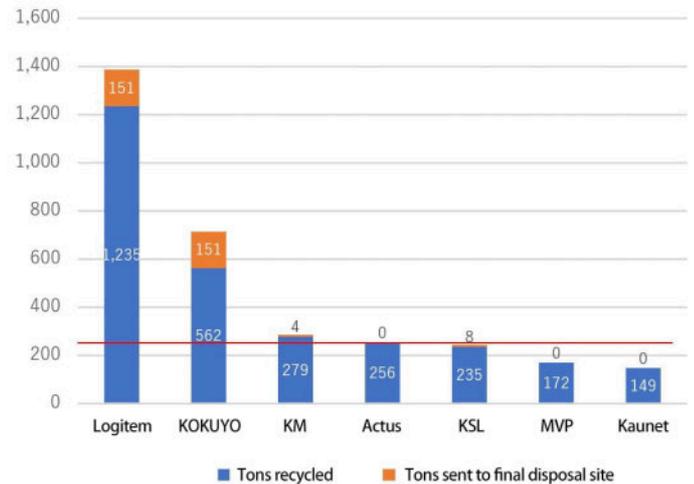
＊ Under the Act on Promotion of Resource Circulation for Plastics, a company is classified as a large quantity generator if it generated at least 250 tons of plastic waste in the previous year.

CONTRIBUTE TOWARD A CIRCULAR ECONOMY

The All-Paper series

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

The All-Paper series is involved in the Ministry of the Environment's Plastics Smart Campaign, which focuses on the global problem of ocean plastics. The campaign facilitates action on this problem by through partnership with a wide range of individuals, local governments, NGOs, companies, and research agencies.

We are a member of the Japan Clean Ocean Material Alliance (CLOMA), and such membership helps us stay abreast of the latest technological advances in addressing the problem of ocean plastics.
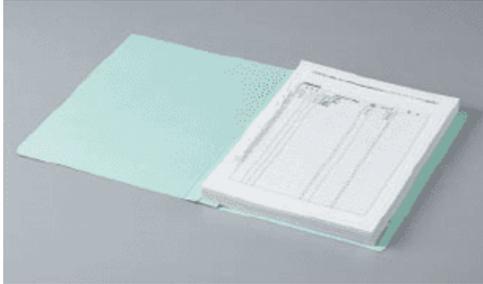
Large-capacity flat file (from the All-Paper series)

Paper folder with window (from the All-Paper series)

Low-plastic products

In the furniture business, we actively use recycled resins in our products. Some resins are recycled from discarded fishing gear and others from manufacturing scraps. Our website discloses details about these recycled materials. We also try our best to design products so that, once they reach the end of their life, they can be broken down into mono materials, which allows for more recycling.

Disclosing information about product materials

KOKUYO Materiality

Contribute toward a society that coexists with nature

Basic policy

Conservation of forests is a major imperative for us since we use plenty of timber (not least in our mainstay products of notebooks and office furniture). Over the years, we have worked to conserve biodiversity and reduce our use of hazardous materials in order to minimize our impact on the environment.We will ascertain the environmental impact of our business activities and work on strategies to mitigate these impacts to contribute toward a healthy planet, in which natural capital is balanced with business activities.

Metrics and targets for material issue

Outcome	2030 challenge goals	
		KPI
We safeguard the planet by balancing business activities with natural capital.	We now disclose our carbon footprint and actions to minimize it, encouraging an eco-friendly attitude in the market.	Carbon footprint of business activities visualized and carbon neutrality achieved
		Forest conservation: Forests thinned at 150 hectares a year
		Reedbed conservation: Reeds trimmed at 1.5 hectares a year

Accomplishments in 2023, plans for 2024

Accomplishments in 2023	Plans for 2024
• Made a start in ascertaining risks related to raw materials, business sites, and the surrounding areas as step toward ascertaining our environmental impacts • Forest conservation: 88.55 hectares of forest thinned • Reedbed conservation: 0.45 hectares of reeds trimmed	• Apply Kokuyo Group Standards for Procuring Paper and Timber • Develop activities to create positive environmental impacts

Measuring environmental impacts

We are developing metrics to measure how well we discharge our responsibility as a company whose businesses use forest resources. The metrics, all describing an aspect of co-existence with nature, include understanding biodiversity, relationship between business and biodiversity, evaluation of raw material risks, and identification of risks to business sites and the surrounding area. With companies increasingly expected to disclose information in line with the Taskforce on Nature-related Financial Disclosures (TNFD), we are also monitoring this trend and working to understand what the requirements are.

KOKUYO Group's policy on timber procurement

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

KOKUYO Group's policy on timber procurement

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

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

Kokuyo Group Standards for Procuring Paper and Timber

In April 2024, we established the Kokuyo Group Standards for Procuring Paper and Timber. We satisfy these standards in our procurement of paper and timber. We will go further in ensuring that our procurement activities are sustainable—and that respect for people's safety and human rights is upheld across our supply chain.

Kokuyo Group Standards for Procuring Paper and Timber

Kokuyo's businesses are heavily dependent upon goods made from natural resources, in particular paper and timber. Paper and timber are renewable resources. Kokuyo's businesses are therefore sustainable if they use paper and timber that has been managed responsibly. They will be unsustainable, however, if the natural resources that supply the paper and timber are managed irresponsibly. With this firmly in mind, we commit to sustainable procurement, whereby we safeguard or reinforce ecosystems and biodiversity underlying our businesses and respect the safety and human rights of all people across our supply chain.

1. As a rule, we prioritize the use of paper and timber that is certified in an internationally reputed certification system.[*]
2. If we are unable to use such paper and timber, we will use paper and timber that is confirmed to have satisfied the following legal criteria:
   1) The product can be traced back to the furthest upstream production site.
   2) Documentation is available certifying that the product complies with legal requirements in the territory of production.
   3) The product is not made from a species threatened with extinction.
   4) The product does not harm the ecosystem.
   5) The product does not harm the local environment or local community.
3. We will only use recycled paper or timber that has been recycled legally following market circulation.
4. We will routinely monitor the percentage of raw materials that satisfy the above criteria. Our goal for 2030 is to get this percentage to 100%.
5. If the paper or timber in question has been certified but there is doubt about its sustainability, we may suspend the procurement of the product until we have confirmed that it meets these standards.

These standards apply to paper and timber, but we will follow these standards in our procurement of other raw materials too. We intend to set out separate sets of standards for other raw material categories.

[*] Currently, these certification systems may include the Forest Stewardship Council (FSC®) and the Program for the Endorsement of Forest Certification (PEFC).

Certified as a procurer of legal and sustainable timber

We have been certified as a "procurer of legal and sustainable timber" by the Japan Office Institutional Furniture Association (JOIFA). In line with the requirements set out in the Act on Promoting Green Procurement, we strive to ensure that the timber we use is legal and sustainable by providing a paper trail to show how the timber is procured and used and by appointing the right people to manage this process.

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

In 2023, our due-diligence review of timber compliance revealed no potential legal issues with the timber we used. We will continue performing rigorous due diligence while finding ways to further enhance the manual's effectiveness. You can view the manual (ver 1.4) by following the link below.

How we have used forest resources

In 2023, we used around 6,958 tons of wood in furniture products. Of this wood, 17% consisted of rough-cut lumber that was made into solid wood or engineered wood (including plywood). The remaining 83% consisted of forest residues (byproduct from thinning or clearing) or engineered wood (including medium-density fiberboard and particle board) made from such. Each year, we report such data to JOIFA, the body that certifies us as a "procurer of legal and sustainable timber," in compliance with the Act on Promoting Green Procurement. As per JOIFA's reporting guidelines, we try to identify the wood species among the timber we use.
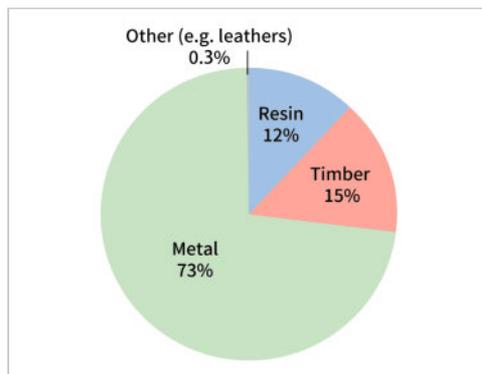
Materials used in furniture products (excluding packaging) in 2023

- Other (e.g. leathers) 0.3%
- Resin 12%
- Timber 15%
- Metal 73%
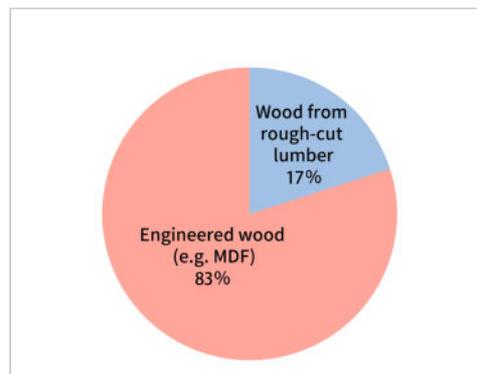
Engineered wood versus rough-cut lumber

- Wood from rough-cut lumber 17%
- Engineered wood (e.g. MDF) 83%
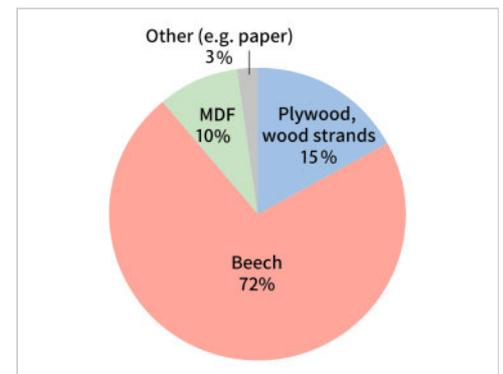
Tree species among rough-cut lumber used

- Other (e.g. paper) 3%
- MDF 10%
- Plywood, wood strands 15%
- Beech 72%

Timber use survey

We conduct an annual survey to monitor the following data items for the timber used in our furniture products, including wood species, volume used, and country or region of origin. It is often unfeasible to identify the country or region of origin of the timber used in products, but we do our best to source the products sustainably.

Tree species	Condition	Volume used (m³)	Country or region of origin
Ash		4	USA
Kapur	Wood strands, veneers	18	Indonesia, Malaysia
Japanese cedar	Plywood	4	Japan
Beech	Engineered wood	56	Croatia, Germany
Poplar		142	China, Canada, USA
Maple		1	USA
Lauan		365	USA, Canada
Rubberwood	Engineered wood	16	Thailand, Vietnam
Radiata Pine	Engineered wood	2	
Falcata	Engineered wood	224	Indonesia
Beech	Plywood	15	Germany
Meranti		9	Malaysia
Total		857	

＊The data in the above table has been aggregated from the figures provided by each supplier. The data covers only wood from rough-cut lumber.
＊The table shows only wood species for which we could identify the country or region.

Using Japanese or local timber

As much as 67% of Japan's landmass is covered by forests. Forests help prevent sediment runoff, contribute to water retention, and absorb CO_2. They also provide a renewable resource. However, in much of the country's man-made forests, which account for 40% of all the forests, these roles are not fully performed due to insufficient forest thinning.
In 1998, we started developing forest thinning equipment, releasing it to the market in 2000. By making our office products from Japanese timber that was harvested during thinning operations, we create new demand for wood while also contributing to sustainable forestry.

yuimori

Back in October 2006, we launched the Yui-no-Mori Project in partnership with the Taisho-cho Forestry Association (now the Shimanto-cho Forestry Association) in Kochi Prefecture. More recently, we launched Yuimori, a brand of wooden furniture made from timber harvested in Yui-no-Mori Project. By using Japanese timber, the brand contributes to harmony with nature. Yuimori products feature elegant and impactful designs along with the high quality required for office furniture. They are also designed for sustainable disposal.
The products were designed by Keiji Ashizawa, who boasts an extensive design portfolio from architecture to furniture. Furniture experts Tendo Mokko (headquartered in Tendo, Yamagata; represented by Yukio Kato) fabricated the designs, bringing out the timber feel. We contributed our own know-how in office furniture, such as ideas for making a chair comfortable.
Through Yuimori, we contribute to greater harmony with nature.

CONTRIBUTE TOWARD A SOCIETY THAT COEXISTS WITH NATURE

EF Counter, featuring modesty panels made from locally sourced timber

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

The customizable counter protects user's privacy and enhances the experience of using the amenity.

A walking stick rests securely on the edge.
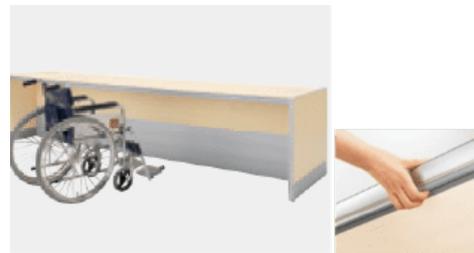
The edge is easy for wheelchair users to grip.

FSC Certification

In 2003, we received chain-of-custody (COC) certification from the Forest Stewardship Council® (FSC). The FSC is an international non-governmental organization that runs a system of third-party forestry certification. Its purpose is to preserve forest environments by promoting a responsible form of forest management that benefits local communities and is economically sustainable. COC certification applies to the processing and distribution of FSC-certified products. The organizations in our group that have obtained COC certification are KOKUYO, Kaunet, and KOKUYO Product Shiga. The FSC has approved our products, including our printer paper and notebooks. In 2016, we received COC certification under the Programme for the Endorsement of Forest Certification (PEFC). The PEFC is a forest certification scheme. Its criteria is based on accepted intergovernmental standards. We aim to get more of our products certified for their sustainable use of forest resources. (FSC® C004748)

Printer paper (PPC Color Paper)

Reed paper

UU Chair

▦ Yui-no-Mori Project

In 2006, we launched a project to conserve a private forest in the Taisho district of Shimanto, Kochi Prefecture, which we named Yui-no-Mori ("linkage forest"). In this project, we thin the forest and make effective use of the resulting timber. Our purpose is to lead the way in reviving manmade forests and restoring the link between the natural environment and local livelihoods. In 2007, the project was certified by the Forest Stewardship Council® (FSC®).Today, Yui-no-Mori has a surface area of 5,425 hectares, and a cumulative area of 2,053 hectares has been thinned. Kochi Prefecture has awarded us the "CO_2 absorption certificate" since 2007. In FY2022, the forest absorbed 4,133 tons of CO_2. The cumulative total (April 2006 to March 2023) stands at 76,222 t-CO_2. In 2023, Yuimori (the brand of products made from timber harvested in the Yui-no-Mori Project) was honored at the 6th Eco Pro Awards and at the 2023 Japan Wood Design Award. The Yui-no-Mori Project itself has earned accolades too. In January 2022, it earned the grand prize in the "conservation in practice" category at the Japan Nature Conservation Awards 2022 Nature Conservation Society of Japan. In May 2022, it earned the "excellence award" (Forestry Agency Director-General Award) at Forests × Decarbonization Challenge 2022. In 2020, it earned a "sustainability action" commendation from the Ecological Life and Culture Organization and the "18th Corporate Philanthropy Award" from the Japan Philanthropic Association. In 2019, it won a commendation at the Low Carbon Challenge Cup 2019 and a "minister's prize" in the corporate category of the Ministry of the Environment's Good Life Awards. In 2018, it won a "Green Wave Award" prize at the Biodiversity Action Awards. In 2017, it won the Japan Wood Design Award.

CONTRIBUTE TOWARD A SOCIETY THAT COEXISTS WITH NATURE

Kochi Prefecture confers certificate of carbon sequestration

On November 11, 2023, Kochi Prefecture awarded Kokuyo and Kaunet a CO_2 absorption certificate in recognition of the fact that we had offset a total of 4,133 tons of CO_2 (Kokuyo offset 3,497 tons and Kaunet offset 636 tons). The award ceremony was held at the Shimanto-cho town hall. Presenting the award, [First-name] Sakata (an assistant section chief) thanked the two companies for contributing over the years to Kochi's efforts to preserve its environment, manage its forests, promote local industry, and support its PR. To help spread the word about Yui-no-Mori, Kaunet launched a scheme in 2008 whereby customers can use their loyalty points to fund the thinning work. In 2023, there were around 186 applications for the scheme.

The 4,133-ton offset represented 11% of the group's total CO_2 emissions in 2023 (36,829 tons).

FSC certification

Yui-no-Mori has enjoyed FSC certification since 2007.
Following a regular audit performed on August 24 and 25, 2023, the project was recertified by the FSC.

Presentation of CO_2 absorption certificates

CO_2 absorption certificate

An FSC certification audit in progress

Monitoring thinning outcomes

An important part of forest conservation is seeing the outcomes of thinning. We monitor these outcomes over the long term in partnership with Shimanto Forestry Association, Shimanto High School, and officials of Kochi Prefecture and Shimanto. On October 5, 2023, we measured the water quality of Shimanto River. On November 19, we conducted a vegetation survey.

Wildlife survey

We investigated the kinds of fauna that inhabit Yui-no-Mori.
On May 11, 2023, we teamed up with experts and students at Shimanto High School to install 12 cameras in locations in Yui-no-Mori. The cameras were installed in six locations, two in each (the locations were in Utsuigawa, Yoshikawa, and Shimotsui). The cameras recorded footage for six months, ending on November 7.
On June 16 and 17, an ornithologist helped us identify the birds that appeared in the footage.
Analysis of the footage revealed the presence of 11 types of mammals. One mammal species was the Japanese dormouse, designated as a natural treasure. We also identified 46 types of birds. These results confirmed that Yui-no-Mori remains biodiverse.

Students from Shimanto High School installing a camera

A camera in place
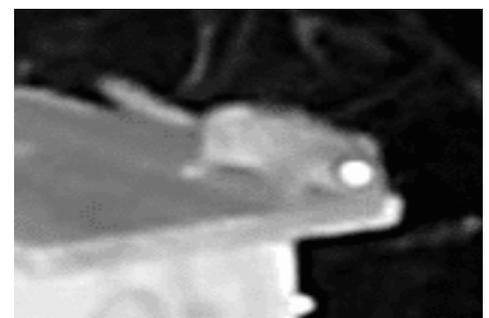
A Japanese dormouse (national treasure)

Mammals identified

Order	Family	Common name	Binominal name
Primates	Cercopithecidae	Japanese macaque	Macaca fuscata
Rodentia	Muridae	Small Japanese field mouse	Apodemus argenteus
		Unidentified murid species	
	Sciuridae	Japanese giant flying squirrel	Petaurista leucogenys
		Japanese dwarf flying squirrel	Pteromys momonga
	Gliridae	Japanese dormouse	Glirulus japonicus
Chiroptera		Unidentified bat species	Chiroptera
Carnivora	Canidea	Common raccoon dog	Nyctereutes procyonoides
	Mustelidae	Japanese badger	Meles anakuma
		Japanese marten	Martes melampus
		Mustelidae	
	Viverridae	Masked palm civet	Paguma larvata
Lagomorpha	Leporidae	Japanese hare	Lepus brachyurus
Artiodactyla	Suidae	Wild boar	Sus scrofa
	Cervidae	Sika deer	Cervus nippon
6	10	11	

*Families and species were only counted if the family or species could be distinguished.

Birds identified

Order	Family	Common name	Binominal name
Columbiformes	Columbidae	Oriental turtle dove	Streptopelia orientalis
		White-bellied green pigeon	Treron sieboldii
Suliformes	Phalacrocoracidae	Great cormorant	Phalacrocorax carbo
Cuculiformes	Cuculidae	Northern hawk-cuckoo	Hierococcyx hyperythrus
		Lesser cuckoo	Cuculus poliocephalus
Accipitriformes	Accipitridae	Black kite	Milvus migrans
		Eurasian goshawk	Accipiter gentilis
		Grey-faced buzzard	Butastur indicus
Strigiformes	Strigidae	Ural owl	Strix uralensis
		Japanese scops owl	Otus semitorques
		Northern boobook	Ninox japonica
Coraciiformes	Alcedinidae	Ruddy kingfisher	Halcyon coromanda
		Common kingfisher	Alcedo atthis
		Crested kingfisher	Megaceryle lugubris
	Coraciidae	Oriental dollarbird	Eurystomus orientalis
Galliformes	Phasianidae	Copper pheasant	Syrmaticus soemmerringii
Piciformes	Picidae	Japanese pygmy woodpecker	Dendrocopos kizuki
		Japanese green woodpecker	Picus awokera

CONTRIBUTE TOWARD A SOCIETY THAT COEXISTS WITH NATURE

Order	Family	Common name	Binominal name
Passeriformes	Pittidae	Fairy pitta	Pitta nympha
	Campephagidae	Ryukyu minivet	Pericrocotus divaricatus tegimae
	Monarchidae	Black paradise flycatcher	Terpsiphone atrocaudata
	Corvidae	Eurasian jay	Garrulus glandarius
		Large-billed crow	Corvus macrorhynchos
	Paridae	Varied tit	Sittiparus varius
		Japanese tit	Parus minor
	Pycnonotidae	Brown-eared bulbul	Hypsipetes amaurotis
	Cettiidae	Japanese bush warbler	Horornis diphone
	Aegithalidae	Long-tailed tit	Aegithalos caudatus
	Phylloscopidae	Eastern crowned warbler	Phylloscopus coronatus
	Zosteropidae	Warbling white-eye	Zosterops japonicus
	Certhiidae	Eurasian treecreeper	Certhia familiaris
	Troglodytidae	Eurasian wren	Troglodytes troglodytes
	Cinclidae	Brown dipper	Cinclus pallasii
	Turdidae	White's thrush	Zoothera aurea
		Japanese thrush	Turdus cardis
		Narcissus flycatcher	Ficedula narcissina
		Blue-and-white flycatcher	Cyanoptila cyanomelana
	Passeridae	Eurasian tree sparrow	Passer montanus
	Motacillidae	Grey wagtail	Motacilla cinerea
		Japanese wagtail	Motacilla grandis
	Fringillidae	Grey-capped greenfinch	Chloris sinica
		Japanese grosbeak	Eophona personata
	Emberizidae	Meadow bunting	Emberiza cioides
9	27	43	

Invasive species		Chinese bamboo partridge	Bambusicola thoracicus
		Red-billed blue magpie	Urocissa erythrorhyncha
		Red-billed leiothrix	Leiothrix lutea

▦ ReEDEN Project

The reeds of Lake Biwa play an essential role. They provide an aquatic habitat, support biodiversity, and absorb CO_2. In the past, the reeds served as material for roofing and sudare screens, but with the decline of such traditional industries, the reedbeds are no longer maintained so well. The lake once had 260 hectares of reedbeds, but only half remains. In 1992, Shiga Prefecture passed an ordinance to address the problem by conserving, cultivating, and using the reeds. Believing that such action would preserve Lake Biwa's beautiful environment and fight climate change, KOKUYO Product Shiga (which operates near the lake's shore) launched ReEden Project in 2007 to raise awareness about the reeds and promote their use.

CONTRIBUTE TOWARD A SOCIETY THAT COEXISTS WITH NATURE

Conserving Lake Biwa's reedbeds -Network for Protecting Lake Biwa Through Reed Management-

We have formed a network of partnerships for protecting Lake Biwa through reed management. The network had to suspend activities during the pandemic (Kokuyo Project Shiga continued managing the reeds on its own), but it resumed activities in February 2023. Membership of the network has grown with many companies resolving to continue sustainable-business initiatives and environmental initiatives and with many individuals recognizing that environmental initiatives are essential to secure a sustainable future. The network had formed in the first place on the understanding that local stakeholders should act together to address a local environmental issue that concerns them all. Now encompassing 132 companies that share the vision, the network engages in reed cutting three times every winter, from December to March. The network cut reeds in Lake Nishinoko on two occasions in February 2023, in Iba-Naiko in December 2023, in Lake Nishinoko on two occasions in February 2024, and it will cut reeds in Iba-Naiko in December 2024. Alongside winter reed cutting, the network helps organize and advertise summer events, including a fishing competition to clear away invasive fish species and an experience of canoeing around the reedbeds.

Reed cutting supports the environment because when the reeds grow, they absorb carbon dioxide and filter impurities from the water to a greater extent. During the pandemic, the reedbed area under management shrunk. Compared to reedbeds that are never trimmed, reedbeds that are periodically trimmed have ticker, longer, and more healthy reeds.

To expand the project outward, we have brought on board more stakeholders outside our network of volunteers. Since the project began in 2017, 35 activities have been held, with a cumulative total of 5,500 people participating. We will hold more activities in the future.

December 16, 2023: Winter reed cutting in Iba-Naiko with partners from the Iba area

February 10, 2024: Winter reed cutting in Nishinoko with partners from the Shimotoira area

CONTRIBUTE TOWARD A SOCIETY THAT COEXISTS WITH NATURE

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

In biomass surveys, predetermined samples of the reeds are cut from the reedbeds and their length is measured to derive an average length. The average length is then multiplied by the reed-cutting area to determine the amount of carbon dioxide the reedbeds are sequestering. This formula for calculating the CO_2 absorption in reeds has been published on Shiga Prefecture's website.

The findings are shared with the organizations and individuals participating in the network to guide their future environmental activities.

In 2023 (counting three rounds of reed cutting), 13.3 tons of carbon dioxide was sequestered over a project area of 12,600 square meters.

There is now a body of evidence to show how the project is contributing toward a low-carbon world. The data has demonstrated that the project is mitigating climate change in addition to improving the lake's water quality and biodiversity. This knowledge has boosted participants' motivation and brought more people on board.

The project team plans to expand the use of the tool with a view to benefiting the whole of the prefecture. The team's vision is to follow up the carbon sequestration work in forests across Japan by developing an unprecedented carbon sequestration system for lakeside environments.

Measuring reed length as part of a biomass survey (in Iba-Naiko and Nishinoko)

▨ External awards and recognition

Yuimori honored at 6th Eco Pro Awards

■ Description of award program

Program organizer
Sustainable Management Promotion Organization

Name of award
Commendation (Yushu sho)

Awardee
Yuimori (brand of wooden furniture)

■ Comments from the judges

・The office furniture designs have cleared three hurdles to using Japanese conifers in wooden furniture: cost, resilience, and aesthetics. The sale of the furniture has environmental as well as economic benefits in that it contributes to better management of man-made forests in Japan, which are often desolate. With these benefits plus an aesthetically appealing design, Yuimori has a positive outlook.

・We commend the fact that, as well as clearing the hurdles to use Japanese conifers in wooden furniture through a three-way collaboration, the brand allows for easy recycling after the furniture reaches the end of its life.

・Yuimori is a brand of Japanese-made furniture inspired by the manufacturer's forestry program.

・It is great to know that a big-name producer of office goods is interested in forest management. The manufacturer seems committed to engaging with the value chain and managing the whole life cycle of the product (rather than letting the sale be the end of the cycle, it creates value for second and third users too).

CONTRIBUTE TOWARD A SOCIETY THAT COEXISTS WITH NATURE

Yuimori honored at 2023 Japan Wood Design Award

■ **Description of award program**

Category
Lifestyle design

Sub-category
Products

The Wood Design Awards honors wood-related products and projects that benefit consumers in three ways: by improving life, by improving health, and by improving society. The purpose of the awards program is to promote an abundant life with wood, enriching people's lives, stimulating demand for Japanese timber, and encouraging responsible forestry.
Endorsing the awards program, Kokuyo actively uses Japanese timber.

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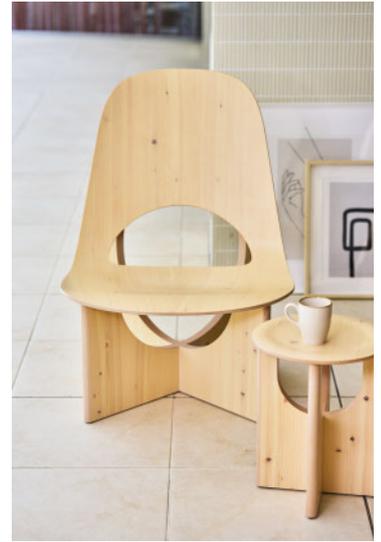
voice | **Yuimori—a brand of sustainable wooden furniture**

Some 40% of Japanese woodland consists of man-made soft conifer forests, which provide a source of softwood. With the rise in timber imports and the decline of the forestry industry, many of these conifer forests have been left to grow desolate. Key to restoring and preserving the natural functions of forests is to use as unwastefully as possible the timber that was harvested in these forests during thinning operations. By using such timber in manufacturing, we can contribute to a society that lives in harmony with nature. This belief inspired the brand Yuimori. One hurdle we faced was that the softness of conifer makes it hard to use as furniture material. Another issue was that, as an office furniture maker, Kokuyo mainly uses steel in its furniture products. To overcome these challenges, we engaged with partners who had expertise in designs and manufacturing technology that made adept use of wood (wood being the focus of the project) and combined their expertise with our own track record in manufacturing office furniture. The collaboration resulted in designs that bring out the natural feel of the wood, blend in with the interior space, and offer the resilience demanded by office furniture. We will keep protecting the forests of Japan to contribute toward a future in which Japanese timber features much more prominently in the furniture people use.

Workplace Business Division
Workstyle Marketing Division
Marketing Strategy Unit
Ms. Kawamura

Environment

Environmental Management

Basic Concepts

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

KOKUYO Group Environmental Policy

Building a sustainable society will require the creation of a decarbonized and recycling-oriented society that can coexist with nature. The KOKUYO Group Environmental Policy defines the following seven items as the specific activity items to achieve that: response to the climate crisis; contribution to a recycling-oriented society; contribution to a society that coexists with nature; procurement, development and supply of environmentally friendly products; legal compliance and pollution prevention; information disclosure and communication; and environmental management. Each operating company sets targets in line with the characteristics of their business based on this KOKUYO Group Environmental Policy. They then strive to improve their environmental performance.

KOKUYO Group Environmental Policy	We recognize that global warming, depletion of resources, biodiversity conservation and other global environmental problems are perpetual issues shared by the whole world to achieve a sustainable society. Accordingly, the KOKUYO Group will assume the lead in taking action to resolve these issues by bringing together the wisdom of various people involved in our business activities.	
	Response to the Climate Crisis	We will take measures to significantly cut and absorb the amount of greenhouse gases we emit to realize a decarbonized society.
	Contribution to a Recycling-oriented Society	We will strive to thoroughly save resources and reduce waste materials as far as possible and then effectively utilize them as resources to develop a recycling-oriented society.
	Contribution to a Society That Coexists with Nature	We will promote the conservation of biodiversity and the reduction in harmful chemical substances through our business activities to minimize our environmental impact on ecosystems.
	Procurement, Development and Supply of Environmentally Friendly Products	We will reduce our environmental burden over the entire product life cycle and will work on the development of new environmental technologies and green procurement.
	Legal Compliance and Pollution Prevention	In addition to environmental laws and regulations, we will seek to observe the industry guidelines we have accepted and our own standards, as well as to prevent environmental pollution.
	Information Disclosure and Communication	We will actively disclose environmental information, work on communication with our customers and all external entities, and will fully engage in environmental preservation activities.
	Environmental Management	We will strive to continuously improve our environmental performance and to solve social issues through our business activities to realize a sustainable society.

Challenge goals for 2030 and commitment goals for 2024

Our materiality assessment has identified three critical challenges: respond to the climate crisis, contribute toward a recycling-oriented economy and contribute toward a society that coexists with nature. We started considering the state we want to achieve in 2030 and then established indicators (KPI) for that when promoting activities. We have set ambitious targets for 2030 as challenge goals and targets we are aiming to realize in the Medium-Term Plan as commitment goals to serve as a milestone for that.

Material Issue		Outcome	2030 Challenge Goals	2024 Commitment Goals
Safeguard the planet as a place for work and life	Material issue 3 Response to the Climate Crisis	Our collaboration with partners contributes toward carbon neutrality throughout our supply chains.	We are working with partners to achieve carbon emissions reduction targets based on the Science Based Targets initiative (SBTi).	Reduce CO_2 emissions: Reduce CO_2 emissions in Japan by 50% compared to 2013
	Material issue 4 Contribution to a Recycling-oriented Society	Our collaboration with partners and customers leads the way toward a zero-waste society by reducing, reusing, and recycling.	Over 16% of the Japanese population participates in our circular-economy initiatives, creating positive behavioral changes in society.	100% of new products are based on the recycling-oriented design guidelines
			We conduct numerous experiments for a circular economy, encouraging more companies to commit.	100% of our key suppliers (some 400 companies) respond to our feedback survey.
	Material issue 5 Contribution to a Society That Coexists with Nature	We safeguard the planet by balancing business activities with natural capital.	We now disclose our carbon footprint and actions to minimize it, encouraging an eco-friendly attitude in the market.	-

＊SBT：Science-Based Targets

Environmental Management System (EMS)

Our Environmental Management System (EMS) consists of an integrated accreditation system for planning, R&D, production, marketing, sales, services, storage, and shipment. Since 2004, the system has covered KOKUYO and all major subsidiaries in Japan. While keeping the core elements of the EMS consistent across the group, we differentiate according to the scale of the environmental impact. Specifically, operating companies and plants with a relatively large environmental impact get case-specific treatment, while those with less impact get standard treatment. We also try to give the companies sufficient leeway to manage their environmental impacts in a manner that suits the nature of their businesses. For example, we allow the companies to set environmental targets in line with their business strategies.

Previously, our environmental initiatives were led by the Environment Committee. This committee coordinated efforts to address environmental issues and monitored socioenvironmental trends. However, we later decided that a more group-wide approach was necessary to deal with the increasingly diverse and complex environmental issues in Japan and around the world. In 2022, we reorganized the committee into a subcommittee (Environmental Subcommittee) of the new Sustainability Committee and increased its membership to include Actus (our interior retail business) and Heartland (a special subsidiary—a company focused on employing people with disabilities). The Environmental Subcommittee has three taskforces for leading cross-organizational efforts to accomplish the goals for the three material issues: the Climate Crisis Taskforce, the Recycling-oriented Society Taskforce, and the Taskforce for Coexistence with Nature.
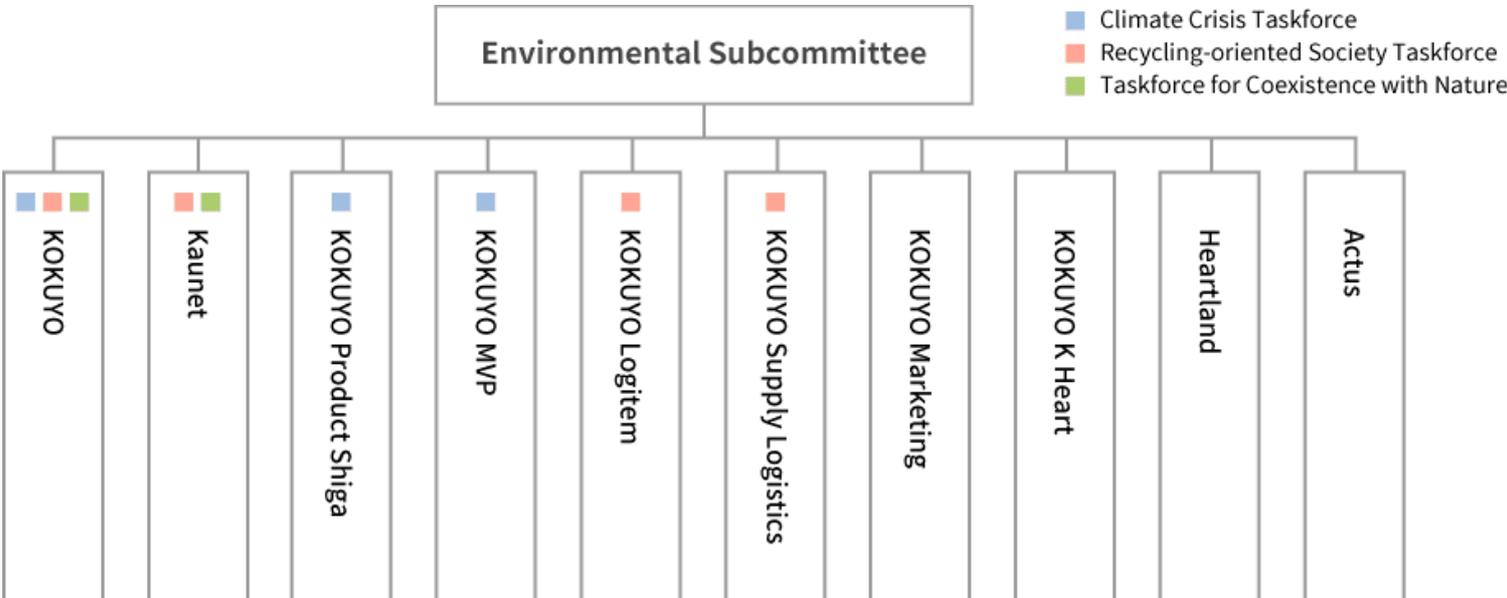
Three taskforces
for accomplishing the material goals

Climate Crisis Taskforce

- KOKUYO
- Kaunet
- KOKUYO Product Shiga
- KOKUYO MVP
- ACTUS

Recycling-oriented Society Taskforce

- KOKUYO
- Kaunet
- KOKUYO Logitem
- KOKUYO Supply Logistics
- KOKUYO Marketing

Taskforce for Coexistence with Nature

- KOKUYO
- Kaunet
- KOKUYO Marketing

Environmental Education

We provide training opportunities to raise employees' awareness about environmental conservation, learn the knowledge necessary for accomplishing our environmental goals, and gain the expertise to deal with emergencies. These opportunities include briefing sessions about environmental law, which are provided by the ISO Promotion Office, workshops for training the auditing team, and an assortment of training provided by each corporate division. In fiscal 2023, we saw an increase in employees attending general environmental training as a result of organizing an internal event called Sustainable Academia Weeks. This event was designed to deepen employees' sustainability awareness and it focused on five themes: enhancing wellbeing, transforming to a management system for creating social value, responding to the climate crisis, contributing to a circular economy, and contributing to harmony with nature. Attendance of accident and emergency drills increased too. This increase was the result of including in the total the business continuity planning training and evaluation meetings run by Actus.

Education and training category	Number of attendees *Total employees attending training programs and drills		
	2021	**2022**	**2023**
General environmental education	2,561	2,611	3,466
Briefings on environmental targets and legislation	372	1,711	1,657
Accident/emergency response drills	325	234	316
Training for internal audit team	30	17	17
Other training	744	68	94
Total	4,032	4,641	5,550
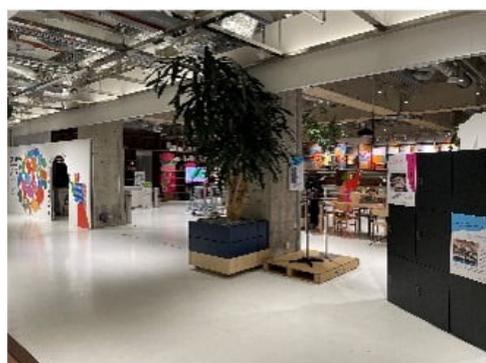
The venue for Sustainable Academia Weeks (Shinagawa office)

Sustainable Academia Exhibition (Shinagawa office)

Emergency drill (for discharge event) at Kokuyo MVP

During Sustainability Academia Weeks, the Sustainable Academia Exhibition was held to showcase the company's sustainability initiatives. I and three other employees were on the team running the SA Exhibition. Our group had members from the sales, design, and development teams, and we had all signed up for the 20% Challenge.[1]

A key focus of the Sustainable Academia Exhibition was to help our fellow employees understand the company's sustainability initiatives and take a personal interest in them. To that end, we made sure the exhibition would be relatable to the perspectives of ordinary employees, with content and styles clearly showing how Kokuyo's material issues related to employees' everyday work. The display panels used a colorful visual design to catch the eye and create a fun learning experience.

The exhibition ran for a fortnight in Tokyo and Osaka. It was attended by 55% of the Tokyo staff and by 67% of the Osaka staff.[2] Inside the venue was a message board called Our Sustainable Kokuyo, which showed employees' messages about sustainability. Seeing employees post their messages, I got the impression that we have taken a big step forward.

This event has inspired employees, including me and the other organizing members, to take a personal interest in sustainability. I hope that this encourages us all to take further sustainability action and broadcast these actions to our stakeholders so that many more people will engage with Kokuyo in sustainability action.

Workplace Business Division Manufacturing Development Division Construction Materials Department
Ms. Tenhiro

[1] The 20% Challenge is an internal moonlighting scheme in which employees can volunteer to spend 20% of their hours working in another part of the company. The purpose is to encourage employees to proactively develop their career and their skills and to spark up the organization.

[2] The total number of attendees at each event

Internal (first- and second-party) auditing and third-party auditing

Internal audits (first- and second-party audits) are performed to ensure conformity across our corporate group, with a focus on legal compliance. In first-party audits, the auditee (a group company) performs the audit on itself. In second-party audits, our ISO Promotion Office performs the audit on the auditee. In 2023, first-party audits were performed from July 1 to September 7, second-party audits were performed from August 1 to September 11, and third-party (ISO 14001) audits were performed from November 27 to 30. The first- and second-party audits identified 20 instances requiring corrective action. One of these was a serious non-conformity: During an internal audit, the manager of the audited site failed to provide the records as requested in a timely fashion. Corrective action has been taken. For example, the manager has received training to improve their discernment and the site's recordkeeping methods have been improved. The first- and second-party audits also identified a record 12 issues of non-conformities related to operational management.

On the other hand, the third-party highlighted examples of sustainability initiatives that were well integrated with business management. These included Loopla (a scheme for recycling office plastic waste), Tsunage Loopa (an environmental education program), and other initiatives illustrating our organizational commitment to environmental sustainability.

The third-party audit in 2023 was a surveillance audit.

Internal audits

Year	2021	2022	2023
Sites audited	77	72	79
· First-party audit	61	56	63
· Second-party audit	16	16	16
· Extraordinary audit	—	—	—
Issues identified	38	26	20
· Serious nonconformity	0	0	1
· Minor nonconformity	14	6	5
· Corrective action	24	20	14

Third-party audits

Year	2021 recertification audit	2022 surveillance audit	2023 surveillance audit
Sites audited	21	14	18
Excellent aspect	0	0	0
Good aspect	16	10	17
Minor nonconformity	0	0	0
Opportunity for improvement	32	28	16

ISO14001 audit
(Kokuyo's Osaka Umeda office)

ISO14001 audit
(Kokuyo's Shibayama plant)

ISO14001 audit
(Kokuyo Supply Logistics' Ibaraki distribution center)

ISO14001 audit
(Kokuyo Marketing's Yamaguchi office)

ISO14001 audit
(Kokuyo MVP's Aoya plant)

ISO14001 audit
(Kokuyo Logitem's Saitama distribution center)

Overview of Third-party Reviews of Environmental Performance Data

Our environmental reporting was independently reviewed and certified by Bureau Veritas Japan for the purpose of receiving independent feedback on the accuracy, transparency, consistency, validity, and completeness of the reporting. In its third-party review, Bureau Veritas Japan reviewed environmental performance data and scope 3 emissions data pertaining to the 41 organizations that make up Kokuyo Group.[1] It also visited workplaces to see how data was being measured and managed. Four Japanese workplaces were visited: Kokuyo Tohoku Sales's Ichibancho office, Kokuyo Mie plant, Kokuyo's Shibayama plant, and Kokuyo Logitem's Komono distribution center. One overseas workplace was visited: KOKUYO Camlin's Patalganga plant). The review identified eight excellent aspects and nine opportunities for improvement. It also identified 31 issues requiring corrective action and 23 opaque aspects requiring better transparency. During the review period, we rectified the issues and clarified the opaque aspects.

The review mentioned that the primary documentation serving as evidence was filed appropriately and the data was transparent. It also mentioned certain areas for improvement, such that certain data items were aggregated or inputted inaccurately.

In light of the issues raised, we will continue working hard to improve the accuracy and precision of disclosures both internally and throughout our supply chains.

Year	2021	2022	2023
Excellent aspects	8	11	8
Opportunity for improvement	10	12	9
Issue requiring corrective action	43	38	31
Aspect requiring better transparency	0	7	23

Third-party audit of environmental performance data at Kokuyo Tohoku Sales's Ichibancho office

Third-party audit of environmental performance data at Kokuyo's Shibayama plant

Third-party audit of environmental performance data at Kokuyo Logitem's Komono distribution center

*1 The review covered data reporting from the following organizations

	Entities included in consolidated accounting	Non-consolidated subsidiaries, affiliates
Japan	KOKUYO Co., Ltd. Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., KOKUYO Logitem Co., Ltd., KOKUYO Product Shiga Co., Ltd., KOKUYO MVP Co., Ltd., LmD International Co., Ltd., Actus Co., Ltd., KOKUYO Finance Co., Ltd, KOKUYO & Partners Co., Ltd., 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., Chubu Kispa, Nikkan	KOKUYO K Heart Co., Ltd., Heartland Co., Ltd., IWAMI Paper Industry Co., Ltd., Origin Co., Ltd., Estic
Overseas	KOKUYO Vietnam Co., Ltd., KOKUYO Malaysia Sdn. Bhd., KOKUYO (Shanghai) Management Co., Ltd., KOKUYO Commerce (Shanghai) Co., Ltd., KOKUYO Furniture (China) Co., Ltd., KOKUYO Design Consultants (Shanghai) Co., Ltd., KOKUYO International Asia Co., Ltd., KOKUYO International (Malaysia) Sdn. Bhd., KOKUYO Vietnam Trading Co., Ltd., KOKUYO CAMLIN Ltd., Kokuyo Hong Kong Ltd., Global Known Ltd., Lamex China Investment Ltd., Lamex Trading Company Ltd., Dongguan Lamex Furniture Ltd., Lamex (S) Sales Pte. Ltd.	KOKUYO-IK (Thailand) Co., Ltd.

ENVIRONMENTAL

Legal Compliance and Pollution Prevention

Basic Concepts

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

Summary for 2023

Twenty-nine 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. In 2023, we discovered that some furniture products were erroneously represented in relation to labeling under the Act on Promoting Green Procurement because the ratio of recycled plastic used did not satisfy the compliance standards. We'll improve the accuracy of catalog listings to ensure that such an incident never reoccurs. There were no other serious violations of laws and regulations.

Response to Water Risks

Water is an indispensable resource to all people, companies and organizations active on the planet. On the other hand, water-related risks are rising as the world's population increases.
The KOKUYO Group considers water to be a valuable resource. Accordingly, we strive to use it efficiently. At the same time, we properly grasp and respond to water-related risks.

Awareness of Water Risks

The KOKUYO Group has defined 47 countries as water stress areas. These are areas where the water stress has been rated as "extremely high" or "high" according to the Aqueduct water risk-related evaluation tool provided by the World Resources Institute (WRI). We have production bases in India and Thailand in water stress areas. The base in India produces stationery and painting supplies while the base in Thailand produces files and tape. We are appropriately managing and gathering information on the amount of water used in those areas.
Water risks, such as the impact on business from a shortage in water, have not yet materialized in relation to our business at the present time. Nevertheless, we will continue to grasp local information in that area to analyze water risks. Together with that, we will appropriately manage business so that our business activities do not have an adverse effect on the environment.

Compliance with Water-related Laws, Regulations and Standards

The KOKUYO Group complies with the laws, regulations and standards in our business areas. There were no items identified as being legal violations or unjust in relation to water in FY2023.

●Water Usage in the KOKUYO Group and Water Usage in Water Stress Areas (2023) Cubic kilometers (km^3)

| | | KOKUYO Group | KOKUYO Camlin | | | | KOKUYO-IK (Thailand) |
			Total	Tarapur	Patalganga	Samba	
Input	Volume of water intake	298	62	26	25	12	19
Output	Volume of wastewater	213	38	26	0	12	15
	Public water drainage	40	-	-	-	-	-
	Drainage to the sewer system	173	38	26	-	12	15

Initiatives to Save Water

Over 50% of the KOKUYO Group's water usage is within Japan. In addition, much of that water is used in the steel product painting process in the manufacturing process. We are striving to save water by re-using cleaning water to effectively use water resources in our Shibayama Plant (Chiba), our main manufacturing plant for office furniture. The cleaning water is evaporated by using exhaust heat from a deodorizing furnace on a circular basis. Basically, no water is discharged. We reduce the volume of the sludge generated during the treatment process and then dispose of it appropriately.

Promoting the Management of Chemical Substances Included in Products

We recognize that every supplier has a moral responsibility not only to avoid the use of prohibited substances but also to handle hazardous substances (substances that could harm the environment or health) safely and to communicate the hazard information. We also recognize that there has been a clear global shift in the regulation of chemical substances. Specifically, countries around the world are moving from the traditional hazard-based approach, which focuses on the inherent properties of a chemical substance that make it potentially hazardous, to a more scientific risk-based approach, which focuses instead on the circumstances in which these potential hazards may cause harm. We, too, have shifted toward risk-based assessments over the past several years. In 2014, we listed up the hazards in the chemical substances we use. Referring to this list, we started examining the risks of the substances in 2015 on a priority basis. In 2017, we released our findings on the hazards and exposure risks in a report titled Guidelines for Managing Chemical Substances Included in Product (Stationery Edition). In 2023, we held seminars on Japan's Act on Control of Household Products Containing Harmful Substances and overseas chemical substances regulations. We will continue to improve the capabilities of our employees to meet the demands of our customers such as for compliance with chemical substance regulations and safety information disclosures.

Enforcing appropriate management and handling of chemical substances (KOKUYO Head Office)

Publicizing the harms and dangers of chemical substances on noticeboard panels (KOKUYO Shibayama Plant)
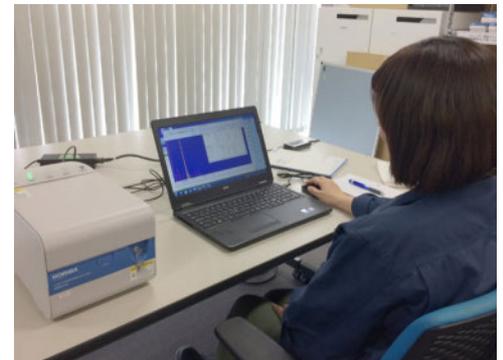
Scanning for heavy metals using X-ray fluorescence

INFORMATION DISCLOSURE AND COMMUNICATION

Environmental

Information disclosure and communication

Basic policy

We proactively share environmental information with customers and other external stakeholders to encourage engagement in environmental conservation.

Collaborating and sharing environmental information with external organizations

We share environmental information with external stakeholders and collaborate with external organizations in addressing key environmental issues in order to contribute toward a sustainable world. We also run a schools outreach program that prompts schoolkids to take a personal interest in environmental issues.

Participating organizations and projects

All Japan Stationery Association

In 2019, the All Japan Stationery Association launched an SDGs research committee for the purpose of guiding efforts in the stationery industry to balance environmental and social governance with economic aspects. The committee consists of 17 companies, and Kokuyo has chaired the committee ever since it began. In 2021, the committee established a basic policy on SDG action. In 2022, it established the SDG Committee. The committee then established a number of working groups. There are currently four working groups: one on CO_2 reduction, one on calculating the carbon footprint of products (CFP), one on reducing plastics, and one on disclosing sustainability information. In 2013, the committee's main actions included drawing up, and briefing association members about, a manual for the simplified calculation of scope 1 and 2 emissions, a simplified method for calculating product-specific emissions, and guidelines for designing stationery and office supplies that use plastic.

SDG Committee

List of key associations and projects

- Osaka-fu Kogyo Kyokai [Osaka Industrial Association]: Chair of environmental action committee
- Kansai Economic Federation: Member of the environment and energy committee's energy and environment subcommittee
- Green Purchasing Network: Trustee
- Japan Clean Ocean Material Alliance
- All Japan Stationery Association: Chair of SDG action committee
- Japan Office and Institutional Furniture Association: Chair of SDG committee
- Japan Chemical Industry Association: Member of chemical management committee

External lectures and events

Tsunage Loopa, a schools outreach program

Tsunage Loopa is an environmental education program in which schoolkids return their used notebooks. The used notebooks are then recycled into materials used in new products. By taking part in the recycling process, the children learn about the relationship between a circular economy and protecting the environment. In 2023, Kokuyo Group employees visited five schools (with a total of about 400 students) to deliver Tsunage Loopa classes there. The students who attended these classes have the role of spreading the message to their peers, creating momentum for a shift to a circular economy.

A Tsunage Loopa class at Koyama Elementary School, Tottori Prefecture

Respect for Human Rights

We have a code, policy, and guidelines to ensure that our stakeholders' human rights are always respected in the course of our business activities.

KOKUYO Group Code of Conduct

The KOKUYO Group is subject to various laws and regulations when engaging in business activities. Those laws and regulations govern areas of business including product quality, fair trade and other transactions, the environment, labor, health and safety, accounting standards, taxation business, bribery and information management. We have established the KOKUYO Group Code of Conduct which each employee must follow to engage in corporate activities in accordance with social ethics while complying with those laws and regulations.
We use this KOKUYO Group Code of Conduct globally as the basis of our daily activities.

Key actions

Supply chain action

Rapid economic globalization has given rise to colossal multinationals. Many are extending their supply chains into developing economies in an effort to drive down costs. This trend has exacerbated socioenvironmental issues. Examples include human rights issues such as forced labor and child labor, widening inequality, and environmental degradation. Along with our supply-chain partners, we are determined to fulfill our corporate social responsibility by creating positive socioeconomic impacts.

Personal information protection

We have established the Personal Information Protection Policy.

Rectification, redress

Whistleblowing hotline

We have a group-wide hotline (the KOKUYO Group Hotline). Employees can use the hotline to raise concerns about compliance or business ethics when they feel uncomfortable raising such concerns through the usual channels, or if they doubt that the usual channels would resolve the issue satisfactorily. The hotline is global and accessible to all employees of the global KOKUYO Group, whether they work in Japan or an overseas location. The KOKUYO Group considers the number of whistleblowing reports we receive to be one indicator of the effectiveness of the whistleblowing hotline. We believe a certain number of whistleblowing reports to be appropriate. The number of whistleblowing reports we have received through the hotline has remained constant, including those from overseas, with virtually no increase or decrease over the past few years. Approximately half of the whistleblowing reports are related to management such as harassment and assessments.

LABOR AND TALENT

To promote wellbeing inside and outside our organization, we embrace new workstyles and support the careers of diverse employees.

Workstyle Reform, Diversity, and Inclusion

Basic approach

Wellbeing is the experience of happiness and health.
We are committed to promoting wellbeing (the experience of feeling happy and healthy) inside and outside our organization. To enhance wellbeing inside the organization (and thus promote it in society), we embrace new workstyles, fostering a workplace that is diverse and inclusive of gender, disability, and nationality.

Actions in 2023

On the first floor of our head office, we built Hows Park, a pro-diversity office that embraces inclusive design. From the first stage of the design process, we engaged in dialogue with a diverse spectrum of lead users, including people with hearing impairment, mental-health problems, and lower-limb conditions, and wheelchair users to ensure that the office would be accessible and inclusive to all.

Hows Park accommodates diverse needs with the shape and height of furniture, easy visibility, and comfortable sense of distance.

Programs

Programs for workplace diversity*

We exceed regulatory requirements in our effort to support the careers of diverse employees and accommodate their needs associated with each life stage. Underlined text indicates a measure that exceeds regulatory requirements.

Maternity leave	Pregnant employees are entitled to a leave of absence for a period lasting from six weeks before the due date (14 weeks if a multiple pregnancy) to eight weeks after it.
Spouse's leave	Employees whose spouse is pregnant are entitled to two days' leave around the due date.
Parental leave	Employees are entitled to a leave of absence to care for their children until the child's 2nd birthday (if the child's second birthday falls in April, until the end of that April).
Sick child leave	Employees with children who are yet to enroll at elementary school are entitled to five days of leave a year or, if they have multiple applicable children, 10 days of leave a year (the leave can also be taken on an hourly basis). Taking such leave has no impact on wage or bonus.
Nursing care leave	Employees are entitled to take, for each care dependent, up to three periods of leave totaling no more than 183 days.
Short nursing care leave	Employees are entitled to take, for each care dependent, five days of leave a year or, if they have multiple care dependents, 10 days of leave a year (the leave can also be taken on an hourly basis). Taking such leave has no impact on wage or bonus.
Shorter hours	Childcare: Employees with children are entitled to take shorter work schedules until the children complete grade 3 of elementary school. Nursing care: Employees with dependents are entitled to take shorter work schedules for up to three years for each dependent.
Work from home	We promote a mixture of home and office working.
Complete flextime (with no predetermined core period)	We encourage employee productivity with flexible work hours
Re-employment system for employees who voluntarily resigned	We run a returnship program to help reintegrate into the workplace regular employees who resigned because of marriage, childbirth, childcare, nursing care, spouse relocation, overseas study, charity work, a career change, or other valid personal reasons. We believe that bringing in outside experience and insight further increases the diversity of our organization.
Re-employing mandatory retirees	We have in place a system that, in principle, allows employees who wish to work at the Kokuyo Group after retiring at the mandatory age of 60 to continue working as senior employees. Through this initiative, the retirees get opportunities to continue a professional role in society after mandatory retirement. In return, they use their experience and knowledge to help younger colleagues develop.

*These programs apply in Kokuyo and major subsidiaries.

Kokuyo-Style Hybrid Work

In 2022, we launched Kokuyo-Style Hybrid Work. This program honors diversity while encouraging employees to engage in workstyles that improve the productivity and creativity of the team as a whole, so that personal growth can accompany team outcomes. Kokuyo's distinctive workstyle model is practiced by supporting each employee's "life-based working," a term we use to describe a situation in which the one's workstyle, learning style, and lifestyle are balanced and embody one's uniqueness.

For example, employees choose one of three workstyle categories (office-based, balanced, home-based) and then decide with their superiors on a workstyle that will best suit their individual and team performance. Teams regularly review members' workstyles to see how they can improve.

With the workplace expanding, we provide employees with a satellite-style multipurpose space, known as n.5 (pronounced "enu-ten-go"). The space may be used as a satellite office, but it can also be used for activities related to employees' working, learning, and living. Employees use n.5 for a variety of purposes, including for self-led seminars and other self-organized events.
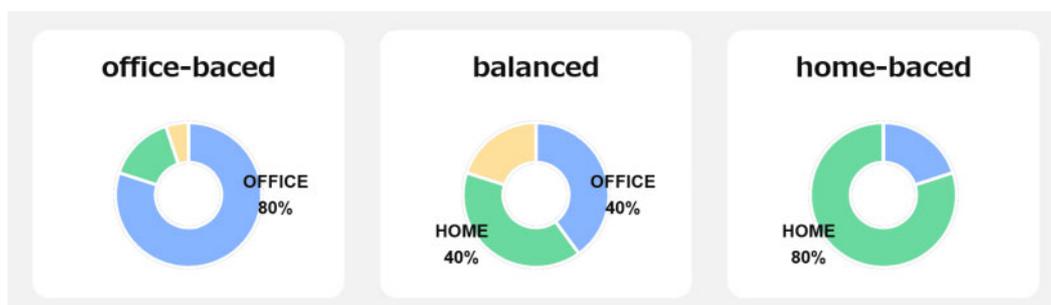
Flextime in distribution centers

The distribution industry faces a number of labor challenges. For example, restrictions on truckers' overtime will come into effect in Japan in 2024. To address the challenges, Kokuyo Group has embraced workstyle reform.

It is generally believed that flextime is unfeasible for the distribution industry. Nonetheless, KOKUYO Logitem introduced flextime for back-office staff in 2009 and then for distribution center staff in 2022. As well as prompting a higher uptake of flextime in delivery operations, KOKUYO Logitem has set a best-practice model for the industry. In 2023, KOKUYO Supply Logistics introduced flextime for distribution center staff and all other employees. With flextime, employees exercise autonomy in deciding which hours they work during busy periods. This frees up disposal time and reduces physical and mental strain. It also sets a good example of flexible workstyle practices for the industry.

Work-life balance

The Kokuyo Group endeavors to create an employee-friendly working environment with consideration for the work/life balance.

These initiatives have been recognized. Three companies in our group have acquired the Kurumin Mark as of the end of December 2022.

The Kurumin Mark is granted to companies and organizations which proactively support childrearing by the Ministry of Health, Labour and Welfare that is working to reduce the declining birthrate. This initiative is based on the Law for Measures to Support the Development of the Next Generation.

* The companies which have acquired the Kurumin Mark (as of the end of December 2023):
  Kokuyo Co., Ltd.
  Kaunet Co., Ltd.
  KOKUYO Marketing Co., Ltd.

Employing People with Disabilities

Kokuyo has been an active employer of people with disabilities ever since 1940. In that year, Kokuyo started recruiting students from a school for the deaf in Osaka (now known as Chuo School for the Deaf). The students were employed in the company's factory in Imazato, which stood on the site of what is now our Head Office.

A turning point in our policy for employing people with disabilities came in 2002, when we unveiled a program of structural reform. This reform program involved spinning off our business units into new companies. A question we then faced was how to provide jobs in the new group companies for people with disabilities. In September 2003, we founded KOKUYO K Heart as a "special subsidiary" (meaning a disability-friendly employer that is counted as part of the parent company). In December 2006, we founded Heartland, a subsidiary devoted to employing people with intellectual or mental disabilities. As of June 1, 2023, people with disabilities make up 2.38% of the group's workforce.

Heartland is a special subsidiary of Kokuyo. It employs people with disabilities and specializes in the running of agriculture. It creates employment for a total of approximately 7,000 people with disabilities in the region annually.

Labor and Talent

Basic approach

We aim for a cyclical process of employee growth and business growth. This approach balances two goals: expanding our business portfolio to cultivate a diverse ecosystem of businesses, and allowing individuals to expand their career opportunities.

Creating a cyclical process of employee growth and business growth
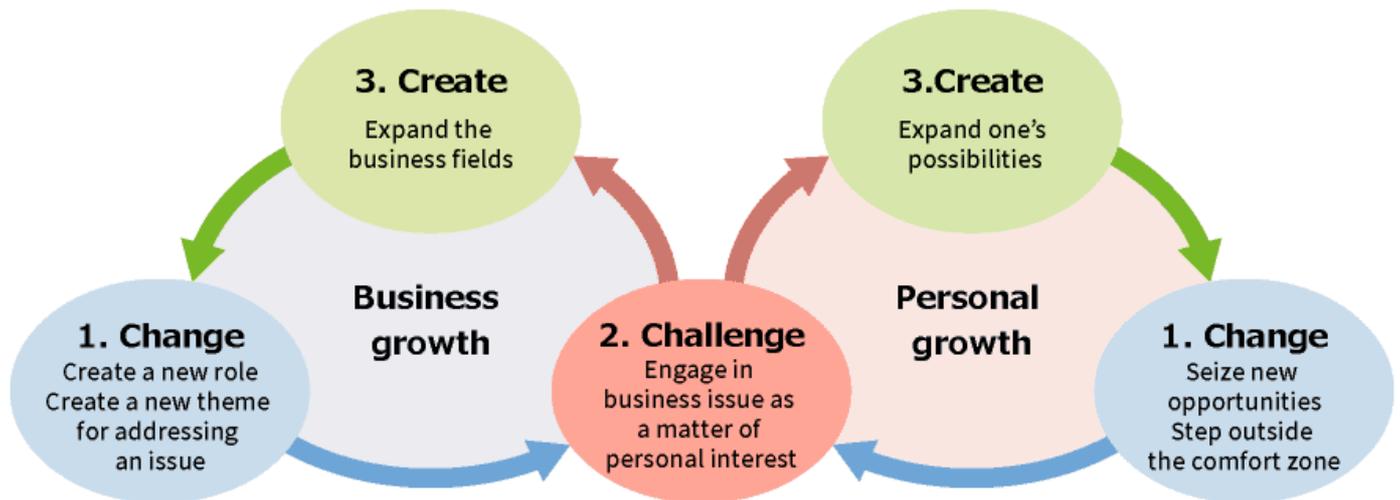
Talent Management Policy

In 2023, we established the Talent Management Policy. This policy enshrines the principle that Kokuyo's workforce as an asset to society and that we should help every employee achieve their potential and cultivate talent that will drive business growth and contribute toward a better society. This principle is shared by the management and every employee.

One action we have taken in line with the policy is to launch the Talent Development Committee. This committee holds meetings across all divisions so that managers can confer about the career potential of each employee.

Our systematic approach to talent development has included programs such as the 20% Challenge and the Kokuyo Marketing University. To these, we recently added a new program, Kokuyo Academia, to further bolster talent development. The idea behind Kokuyo Academia is to give attendees an idea of Yokoku as the source of corporate and personal growth and to help them refine the leadership and creative skills they need to make their Yokoku a reality. The idea is also for attendees to gain confidence in their potential from what they have learned so that they will feel empowered to take on a new challenge. In this way, Kokuyo Academia helps foster a culture of continued learning and challenge-taking (Yokoku).

Programs

In FY2018, we launched a new employee reward system. Line managers receive rank-based pay, which reflects the person's roles and responsibilities with no regard to their age or experience. Regular employees receive skill-based pay, reflecting the person's knowledge, skills, or training. This new system delineates organizational functions and roles according to the company's strategy, ensuring that the right person is matched to the right job. It also encourages dialogue between managers and employees concerning the company's goals and how the employee can help achieve them. Attainment of these goals (measured on an absolute scale) is taken into account in employee evaluations in order to achieve a more differentiated approach to evaluation and treatment.

Since FY2019, we have been bolstering our talent-development infrastructure to match and promote the right people to the right jobs and to develop their abilities. Increasingly, we promote based on merit, not seniority. In a growing number of cases, employees are promoted to line manager in their early 30s, to middle manager (department manager) in their late 30s, and to managing officer in their 40s.

Human Resources Management Structure to Create Cyclical Process of Employee Growth and Business Growth

Our talent-development cycle consists of four processes: 1) creating new opportunities and identifying raw, underdeveloped talent; 2) moving employees to new positions of responsibility in a timely manner; 3) backing up employees who take on challenges; and 4) appraising employees based on multiple viewpoints.

Growth stage	Non-managerial staff	Managerial staff
	Challenges him/herself at work and engages with others to contribute toward business success	Demonstrates inspirational leadership and motivates others toward business success, opening up new future possibilities

	Skills development	Goal setting, goal evaluation	Deployment
Aim	Using the skill-will matrix, help employee expand his/her limits and work toward business growth in the medium to long term	Clarify roles through dialogue and measure attainment (on an absolute scale) to encourage engagement	Create opportunities for employee to challenge him/herself by assigning him/her work that best-matching overall in line with business strategy
Actions	• Hone leadership skills • Hone core skills Focus on three C's of leadership, engaging others, trial and error • Hone job-specific skills • Support employee autonomy Tutoring, follow-ups	• Cascade goals Use manager-employee dialogues to clarify the company's goals and how the employee can help achieve them • Expand limits Clarify what areas the employee should improve and how Set goals appropriate to the employee's attributes • Measure attainment on an absolute scale	• Assign work that matches the employee's talent Use HR meetings, meetings about changing job grade • Career challenge Give employee opportunity to declare career objective, provide career counseling • 20% challenge (internal moonlighting) • Cross-organizational projects

Actions in 2023

Creating new opportunities for challenge-taking

● 20% Challenge: Internal moonlighting

In 2020, to promote an empowered workplace in which employees actively pursue opportunities for professional development, we launched 20% Challenge, a program of internal moonlighting in which participants spend 20% of their working time engaging in a job for another organizational division. Organizational divisions issue recruitment notices for certain jobs ("challenges"), employees apply for them, and the head of the division in question works with the HR team to find the right candidate. The program runs for three to 12 months, and participants' achievements and efforts count toward their individual personnel evaluation. To date, approximately 260 employees have participated. These participants stepped across business and organizational boundaries to engage in challenges such as market research for overseas businesses, strategy support, R&D solutions for digital learning, and raising employees' eco-awareness. The idea is that employees try to divide their time 80–20 between their normal work and the new assignment, a ratio that is ideal for raising workplace productivity without compromising one's normal work. Through this program, we visualize workplace activity. We then identify aspects to rectify or recalibrate through dialogues among the employees concerned and their managers and HR.

	2021	2022	2023
20% Challenge participants (cumulative total)	129	189	266

<Challenge theme> **Giving Kokuyo Digital Power! Kokuyo Digital Academy - Launch and Planning Efforts**	<Challenge theme> **Taking up the Yokoku Baton to address social issues through business: Managing Yokoku and Disseminating Yokoku Inside and Outside the Organization**
■ Job category 　Other ■ Business category 　Business supplies / Kaunet ■ Organizational category 　Business Supplies Promotion Office	■ Job category 　New business development ■ Business category 　Customer service ■ Organizational category 　Corporate Planning Division Innovation Center

Examples of challenge themes in 20% Challenge topics

● Kokuyo Marketing University and Kokuyo Marketing Graduate School

Kokuyo Marketing University is a project-based training program for employees who graduated from university between three and 12 years ago. The program teaches attendees to consider customers' perspectives and to develop ideas that tap into an unmet need. The attendees acquire knowledge about marketing and strategic planning. They then apply their knowledge in a project in which they create a product concept. Under the guidance of external corporate strategists, they spend around half a year perfecting the product idea and then present it to the management. Since the program began in 2017, more than 160 younger employees have taken on a project related to development, planning, or another area. The program continues to provide a starting point for employee development and action. For example, attendees can enhance their learning by making use of the program's mentorship system, in which they receive support from graduates of the program. Additionally, attending the program leads to positive changes in workplace outputs and encourages the employees to accept an offer of redeployment and the fresh challenges it brings.

Kokuyo Marketing Graduate School is a program for mid-level leaders, who are aged between 30 and 40. The program is designed to equip these employees with strategic acumen, including the ability to objectively forecast future scenarios. During the program, attendees are presented with 10-year business themes determined by the management. Under the guidance of external marketing professionals, they spend around nine months engaging in team work to perfect their growth strategy for Kokuyo and then present it to the management. Since the program's launch in 2019, more than 110 employees have participated. Many of the program graduates are playing an active part in the company after seizing opportunities to take on the challenge of an even larger role such as through company-wide projects after completing the program.

	2021	**2022**	**2023**
Kokuyo Marketing University Participants (cumulative total)	118	143	168
Kokuyo Marketing Graduate School Participants (cumulative total)	73	93	113

Kokuyo Marketing University
Kokuyo Marketing University, seventh year (2023): Group discussion

Kokuyo Marketing Graduate School
Kokuyo Marketing Graduate School, third year (2023): A final presentation session

EMPLOYEE HEALTH AND SAFETY

Employee safety

Basic Concepts

KOKUYO believes that creation of a safe, secure and pleasant working environment, safety measures in times of disaster and other measures are the foundations for employees to work vigorously and demonstrate their full abilities. Therefore, the KOKUYO Group Central Safety Health Committee—which has the function of overseeing safety and health within the KOKUYO Group—takes the lead to link the health and safety committees of our offices to establish mechanisms and systems while actively exchanging opinions with our employees.

KOKUYO Group Safety and Health Basic Policy

【Basic Policy】

We take a safety-first approach on the belief that the cornerstone of all our business is the mental and physical wellness of every employee.

【Code of Conduct】

1. Comply with all relevant laws and regulations (such as 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 health and safety of everyone involved in the Group's business, we promote the creation of a transparent culture in which everyone participates.

Systems

KOKUYO Group construction industry and plants health-and-safety conferences

During Japan's National Safety Week[*] (first week of July), we organize health-and-safety conferences to enhance safety-consciousness across the corporate group.
The conference in fiscal 2023 was the first conference held after Covid-19 was downgraded to a class-5 disease. This meant that, unlike in the previous conference, the attendees could recite on mass a pledge to achieve zero safety incidents. The attendees' voices reverberated throughout the venue.

[*] Run by the Ministry of Health, Labour and Welfare and the Japan Industrial Safety & Health Association, National Safety Week is a campaign that calls upon employers to take voluntary actions to prevent workplace injuries. It also aims to raise awareness about health and safety and entrench workplace safety.

● **Construction industry: KOKUYO Group construction industry health-and-safety conferences**

The Kokuyo Construction Industry Health and Safety Promotion Committee organizes health-and-safety conferences at seven venues for our construction partners in the Kokuyo Group. It does so on the belief that employee health and safety is foundational to business growth.Unlike the conferences in the previous three years, the conferences in FY2023 dispensed with attendance restrictions and a requirement to wear facemasks. The first half began with presentations about best practices during the previous year followed by the presentation of awards to exemplary health and safety staff. For the second half, a guest speaker delivered a presentation about health and safety. The conferences concluded with attendees reciting on mass the conference slogan and pledging to make the ensuing year incident-free.

● **Plants: Safety conventions and safety patrols in plants in the KOKUYO Group in Japan**

We hold safety conferences and conduct safety patrols at seven bases in five plants in Japan. The safety conferences in FY2023 were held with no attendance restrictions, as in pre-pandemic times. The conferences presented occupational accident data from the previous fiscal year, gave briefings about safety initiatives, delivered themed training, and declared a pledge on safety.

We will also continue to provide opportunities to take a pause and think about safety once a year at each site over our entire group in the future. We will do that to connect a culture that protects safety with the future.

● **Development: Manufacturing safety conference and safety patrol**

Safety conferences and safety patrols are organized in a hybrid format by the workshops held in Osaka that develop our products and inspect quality and by Shinagawa X-stage.

The purpose is to keep employees ever mindful about occupational accident prevention and about what needs to be done to prevent such accidents, particularly those related to chemical substances, which are frequently used not just in plants but also in product development processes. In FY2023, the conferences and patrols used a hybrid format. This format resulted in a higher number of attendees, as it was possible for remote workers and staff at the Shinagawa office to attend online. The conference therefore succeeded in raising safety awareness among many employees.

▦ Initiatives in 2023

▦ Meetings for Plants in the KOKUYO Group to Exchange Opinions in 2023

In November 2023, Kokuyo Product Shiga hosted a meeting to discuss solutions for occupational issues. The meeting was attended by supervisors and HR managers from the five major production plants in the Kokuyo Group.

Over the years, meetings of the Kokuyo Group Central Safety Health Committee and the production plants have highlighted a wide range of issues, not just those related to health and safety. These issues must be addressed to prevent occupational accidents, but they cannot be fully solved by a single person's efforts alone. As such, occupational safety issues constitute an urgent HR concern for the Kokuyo Group as a whole. Accordingly, the Kokuyo Group Central Safety Health Committee and the Group HR and General Affairs Support Unit organized the meetings so that HR and other corporate divisions can work together and discuss solutions.

Step 1
Identify the issues that are important to each plant's HR manager
Step 2
Arrange these issues into the categories hiring, training, and workplace culture, and discuss potential solutions with HR and other corporate divisions
Step 3
Clarify the solutions each plant will adopt

To ensure that the legacy of the meeting is more than empty words, we will keep taking action until the issues are resolved.

▦ Foreperson leadership training

To help develop the talent pool for plants over the medium and long term, the KOKUYO Group Central Safety Health Committee and KOKUYO MVP (one of our manufacturing subsidiaries and plants) jointly ran workshops for training leaders and sub-leaders, with an emphasis on communication skills.

We plan to roll this leadership program out to other plants. In this program, attendees will practice getting their message across and engaging in dialogue effectively so that they can foster a positive workplace culture that keeps employees feeling secure and confident.

EMPLOYEE HEALTH AND SAFETY
Employee health

Basic Concepts

【Wellbeing: Building a healthy workplace】

The foundations of wellbeing are employee health and engagement.
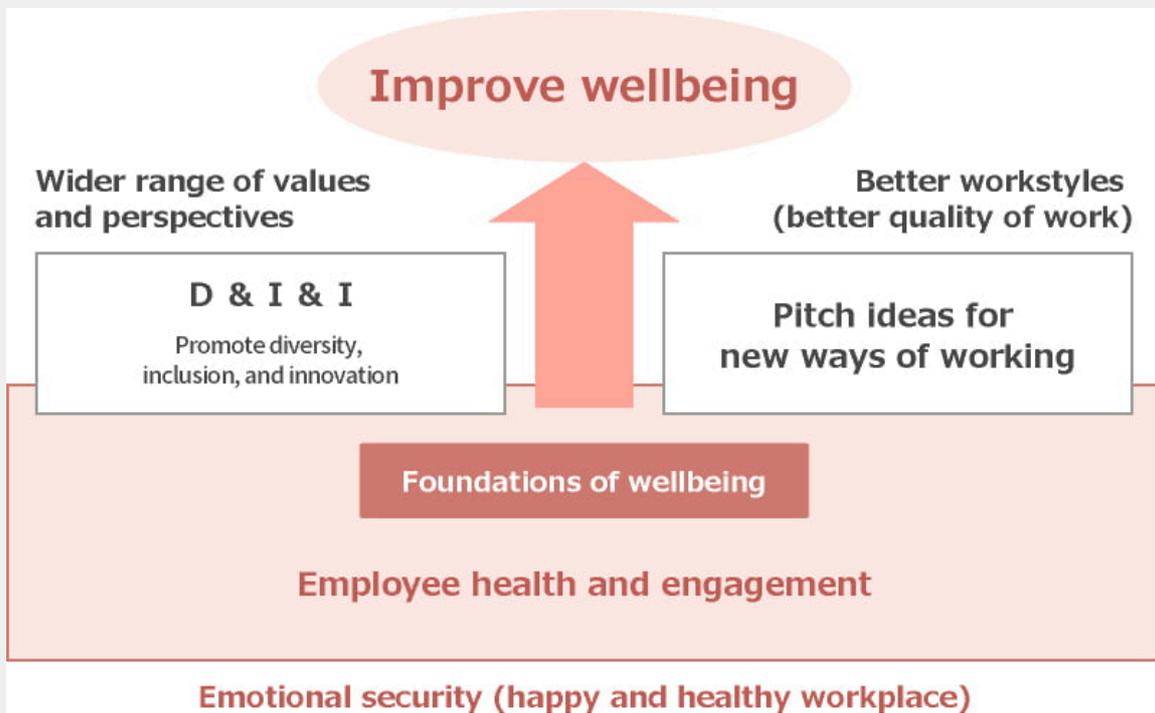
【KOKUYO Health and Productivity Declaration】

We have issued the following declaration to signal our commitment to building a healthy workplace as part of our sustainability strategy.

KOKUYO Health and Productivity Declaration

Sustainable Business Strategy is stated as follows: To build a self-directed, collaborative society, we will present a tomorrow you can't wait for and lead the way in sustainable business practices. A key part of this strategy is promoting wellbeing both within and outside our organization.

Three main strategies for improving wellbeing:

· Pitch ideas for new workstyles

· Promote diversity, inclusion, and innovation

· Promote employee health and engagement

Wellbeing (a state of being healthy and happy) is critical to building a healthy workplace. We therefore support employees' physical and mental health and encourage employee engagement. In this task, we cooperate with our employees, our health insurance association, and our workforce's labor union, gleaning insights and best practices for promoting wellbeing in society at large.

Six core actions for building a healthy workplace

Six core actions for building a healthy workplace

Health management

Provide health checks and follow-ups and offer a range of medical options to maintain employees' health or prevent deterioration.

workplace

Continuously improve the workplace to support the physical and mental wellbeing of employees.

Mental health

Analyze the results of stress checks and other employee surveys to identify how to support employees' mental health and engagement.

New workstyles

Facilitate flexible work arrangements—allow remote working, reduce overtime, encourage uptake of annual leave, support employees with caring commitments, and help employees balance work with family obligations.

Health awareness

Provide employees with information and education to promote self-care.

Employee engagement

Clarify problems in the organizational culture and make the necessary changes to encourage greater engagement in work

Organizational framework for building a healthy workplace

In FY2022, we established the Health Management Taskforce within the Subcommittee for Building an Organizational Framework for Sustainability and Promoting Wellbeing in order to expedite efforts to build a healthy workplace.
Employee health and engagement is managed by the KOKUYO Group Central Safety Health Committee, Risk Management Committee, KOKUYO's health management staff, group company members involved in building a healthy workplace, health insurance associations, labor unions, and the Health Management Taskforce.

Organizational framework for building a healthy workplace

Chief officer for building a healthy workplace: Representative Director and President

Deputy chief officer for building a healthy workplace: Executive officer for HR

Sustainability Committee

Subcommittee for Building an Organizational Framework for Sustainability and Promoting Wellbeing

Health Management Taskforce

Coordinated activity

Central Safety Health Committee	Group company members involved in building a healthy workplace
Risk Management Committee	KOKUYO Health Insurance Association
Health management staff (including occupational physicians)	KOKUYO Labor Union

* View data on health-promotion performance

Strategic roadmap for KOKUYO health and productivity management

As part of our strategy for promoting employee health, we set out goals, tasks, expected outcomes, and investments.

＊The roadmap shows, from the left, investments, expected outcomes, tasks, and the ultimate goal.

Investments in employee health	Expected outcomes of investments in employee health			Strategic task to be addressed by employee health management
	Metric for measuring engagement	Metric for measuring change in attitude or behavior	End goal	
Health challenge Walking campaign Kokuyo health activities, collaborative health	Percentage of employees participating in activity	Percentage of employees with lifestyle disease Exercise, sleep, smoking	No presenteeism	Build the value of our organization over the medium and long term
Campaign to encourage employees to undergo secondary medical assessments Health guidance for high-risk cases	Percentage of employees undertaking secondary medical assessment Percentage of employees receiving health guidance	Percentage of employees receiving treatment or taking medication		Since employees play the lead role in implementing our sustainability strategy (to build a self-directed, collaborative society, we will present a tomorrow you can't wait for and lead the way in sustainable business practices), we need to promote employee health, foster a more engaged organizational culture, and improve wellbeing in the workplace.
Action to prevent lifestyle disease	Percentage of employees receiving medical assessments	Guidance from line manager, self-care	No absenteeism	
Action for women's health issues				
Women's health seminar	Percentage of employees participating in seminar	Percentage of employees working long hours	High level of engagement in work	
Employee satisfaction survey Pulse survey	Response rate	Percentage of high-stress cases		We need to build a healthy and ambitious organizational culture in which employees can develop their careers and produce value for society.
Mental health seminar	Percentage of employees participating in seminar	Amount of communication		
Seminar for managers				We can then pitch our model for healthy workstyles to customers and other stakeholders.

Initiatives in 2023

Recognition as a 2024 Certified Health & Productivity Management Outstanding Organization (White 500) and a 2024 Certified Heath & Productivity Management Outstanding Organization (Large Enterprise Category)

On March 11, 2024, KOKUYO and Kaunet became two of the 500 whitelisted companies in an award program run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, earning the official designation "2024 Certified Health & Productivity Management Outstanding Organization (White 500)." On the same date, KOKUYO Marketing earned a separate accolade under the same program ("Health and Productivity Management Outstanding Organization" 2024, large enterprise category). The program (officially translated as "2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program") gives recognition to companies that make exemplary efforts toward a healthy and productive workplace. We will continue to promote wellbeing in line with the KOKUYO Health and Productivity Declaration, which we established in October 2019 and updated in 2022.

2024 健康経営優良法人 Health and productivity ホワイト500

2024 健康経営優良法人 Health and productivity

Employee Health Goals: 2023 Results

In 2013, we set concrete goals for promoting healthy behaviors that help prevent lifestyle diseases. Since then, our internal health insurance associations have worked with the health management office on actions to meet these goals.

The health-promotion activities include tracking employees' daily steps and weight, organizing fun walking campaigns, and running diet seminars in partnership with public health centers. We also encourage our employees to undergo regular screening for colorectal cancer and breast cancer. To that end, we have installed a mammography unit on the premises. Additionally, we worked to increase the range of health-check options, giving employees more opportunities to go and get a health check. For example, comprehensive medical checkups (called "ningen dock") are available for employees who want them.

We have had to suspend some services because of the pandemic, but we still worked to promote health consciousness by running an online survey on health behaviors and an e-learning course.

Showcasing our expertise in health and productivity management through THE CAMPUS, a space for experimenting with new workstyles and lifestyles

In February 2021, we opened THE CAMPUS in Shinagawa, Tokyo. THE CAMPUS is a space for experimenting with new workstyles and lifestyles.

THE CAMPUS is a space in which people from different professional backgrounds gather to explore and test new ideas to identify the values of the future. It is tied in with KOKUYO'S Next Experience, a project to engage in tasks for solving long-term social issues. We will continue to use THE CAMPUS to widely showcase to society the knowledge and know-how of health and productivity management that KOKUYO has put into practice and proposals to protect the mental and physical health, safety and security of employees and visitors.

Main Proposals to Protect the Mental and Physical Health, Safety and Security of Employees and Visitors

● **Take measures to address mental health issues which are increasing with the advancement of telecommuting**

Increase communication, promote the building of new relationships beyond the boundaries of purposes and organizations, and showcase spaces, furniture, fixtures and stationery which can control concentration, immersion and relaxation according to the purpose

● **Take measures to prevent infectious diseases**

Take measures to prevent droplet-based, contact-based and aerosol-based infections based on experimental verification, and visualize the behavior of those infected with diseases and close contacts based on behavioral analysis using the IoT etc.

The above initiatives have been recognized. This is the first complex in Japan to have acquired the WELL Health-Safety Rating[*] which evaluates health and safety according to global standards.

[*] The WELL Health-Safety Rating for Facility Operations and Management provides third-party verification that the certified building is clean and safe. The rating was launched by the International WELL Building Institute in June 2020 in response to the spread of Covid-19. The criteria for the rating include anti-Covid measures, emergency preparedness programs, cleaning and sanitization procedures, and air and water quality management.

Other initiatives

● **Management reform initiatives**

In FY2023, we positioned management reform by management and managers in particular as an urgent matter for mid- to long-term sustainable growth. Accordingly, we worked to put into practice a partnership-based management style. Specifically, we developed the format and structure of 1on1 in KOKUYO through a 1on1 trial for all management and managers to solve the issues which arise in the course of engaging in business. We also put into practice business follow-up activities to eliminate imbalances in business and to create an environment to engage in high-market value work. This is an initiative in which roles and responsibilities are determined for each layer. The upper layers proactively involve members. The concerns facing each are then quickly resolved through man-hour forecasting and grasping the situation in a timely manner. These efforts have had an effect. Overtime hours have significantly reduced and that has led to changes in how time is used. We will work to entrench this initiative in 2024. At the same time, we will engage in efforts to lower the barriers to taking vacations.

● Employee welfare

Health is the key principle in Play Work Mileage, our choice-based program of employee welfare. Play Work Mileage supports employee health in the following ways.

It encourages employees to invest in their own health

Employees can redeem points against expenses they incur in promoting their health, including expenses for optional medical checkups (ningen docks), medical bills, and the cost of various health supplies. In FY2023, our employees redeemed a collective total of approximately 236 million yen in points.

● It encourages employees to promote their own health

We operate a program which allows employees to earn points which they can use to receive subsidies under the aforementioned choice-based program of employee welfare according to records of their walking and daily lifestyle habits. The aim of this program is to encourage employees to practice health promotion by making it a habit to engage in light exercise and to take actions with an awareness of their health in their daily lives. We have also been running the Walking Campaign for a limited time to encourage even more employees to participate in the program such as by competing over which team walks the greatest number of steps.
We ran a wellness program which provides seminars, surveys and individual guidance by trainers in a set to improve and enhance the health literacy of employees about physical ailments.

● Program to ensure the full use of regular screenings

This is a program to support employee health. We hold seminars with industrial physicians before and after employees undergo their regular health checkups so that the results of those checkups can lead to improvements for the next time. We hold these seminars online so that the families of employees can also participate in them.

● Smokefree workplace

Data from Japan Tobacco's annual Japan Smoking Rate Survey indicates a high rate of smoking among male employees in our corporate group. On April 11, 2020, Japan banned indoor smoking with some exceptions. In conjunction with the ban, we banned smoking on all company premises in Japan. We continue our efforts to raise employees' awareness of the risks of smoking.

Health Insurance Association: Increased Subsidy for Cancer Screening

Across the group, rates of screening for breast cancer and cervical cancer are low at 20%. Accordingly, in April 2020, the KOKUYO Health Insurance Association raised the subsidy for breast cancer screening from 5,000 to a maximum of 10,000 yen.

We have made it possible to undertake free cervical cancer risk screenings from 2021. That program also extends to colorectal cancer screenings for those who are 30 years old and over.

We will continue our efforts to help prevent or detect cancer and promote cancer awareness.

Mental Health Action

We conduct an annual stress check as required by law.

To promote a culture of self-care, in which employees feel comfortable asking for help after the stress check, we have introduced the Employee Assistance Program. This externally run program encourages employees to recognize the warning signs and symptoms of stress and to seek preventive health services at an early stage.

In addition to the employee survey, we have been conducting the pulse survey monthly since 2021. The purpose of this is to promote fixed-point observation of issues in ways of working and workplaces and to encourage dialogue in teams to build even better organizations.

We identify issues that we will tackle with priority and measures to deal with those issues by business and human resource departments engaging in dialogue while comprehensively looking at these survey results and personnel and organizational data.

Risk Management

Basic Concepts

Our third medium-term plan, Field Expansion 2024, commits us to tweaking existing businesses and expanding into new business fields. We must therefore detect risks that could disrupt these efforts and then actively develop measures to address these risks. To that end, we are enhancing our risk sensitivity and developing a risk management program involving both management and frontline staff.

Risk Management Structure

We have the Risk Management Committee, a body that advises the President and CEO on risk management. The committee ascertains and assesses a broad set of risks that could potentially impact Kokuyo Group and then spearheads efforts to control (avoid, mitigate, transfer, accommodate) these risks. and reports its findings to the CEO. If the committee determines that a risk has a high level of threat or urgency, it informs the Board of Directors and Audit and Supervisory Committee.

Our risk management structure is designed to enable an integrated approach in which the management of risks affecting Kokuyo Group as a whole is integrated with business strategy, with the right balance between risk and return. It is also designed so that risk management frameworks and processes are coordinated with governance and internal controls. To that end, in non-emergency times, the committee holds regular quarterly meetings to provide unified management of risks that have occurred in the Kokuyo Group and to monitor corrective/preventive action and risk response planning as part of an ongoing PDCA cycle.

Information security risks and occupational risks are regularly monitored by the Risk Management Committee's subcommittees.

For information security risks, we evaluate vulnerabilities in our software, operating systems, and network devices, including those in overseas sites. For occupational risks, we use an employee satisfaction survey, among other data, to identify occupational risks in group companies. In these ways, we are managing each risk as part of an organization-wide effort to ensure effective and efficient risk management.
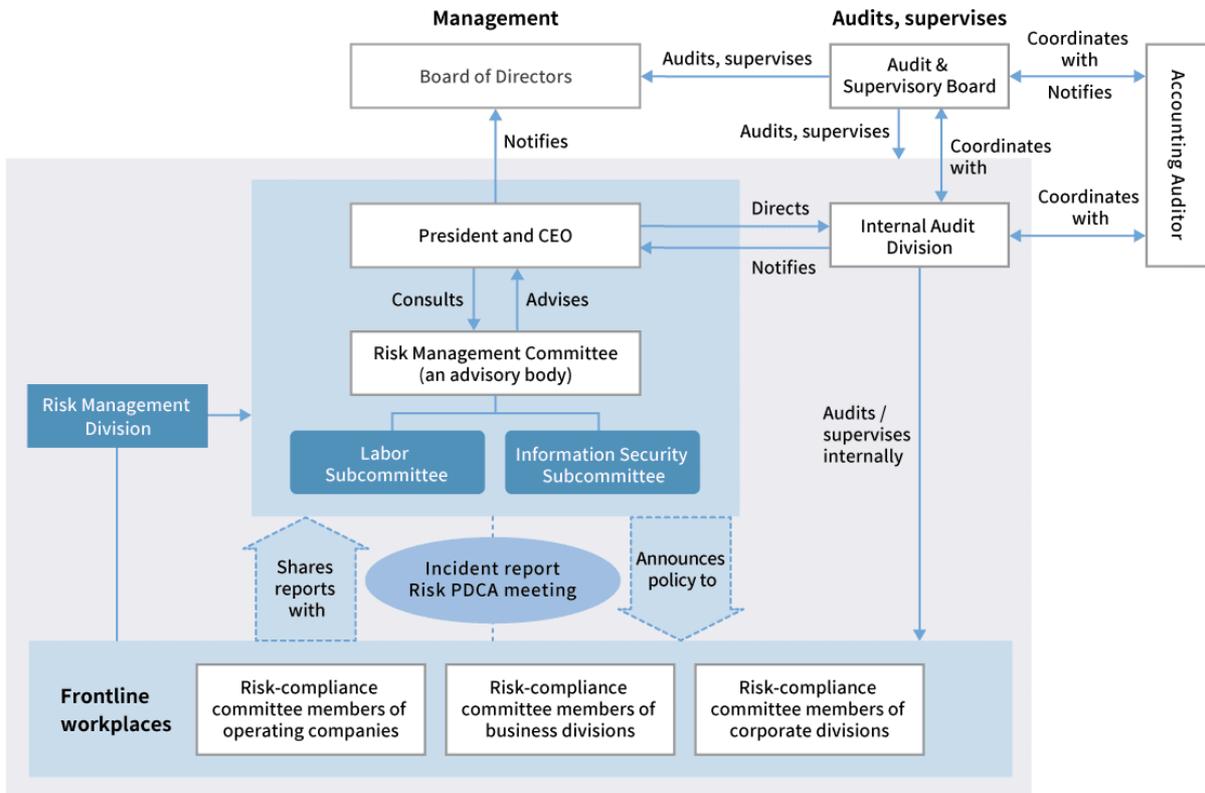
Business risks affecting Kokuyo

The following table shows the risks we have identified and the measures we are taking to address these risks. The risks are divided into external risks and risks related to business operations. In the knowledge that the scope of our business will change as we expand the reach of our business fields and nurture new business ideas, we will stay vigilant so that we can detect new risks relevant to our business operations and take the appropriate action.

Risks affecting Kokuyo and Measures to address these risks

Business Risks		Identified risks	Measures
External Risks	Economic Risks	• Economic fluctuations in Japan could affect corporate earnings and in expenditure on fixed assets. • Economic uncertainties prevail in China and other important overseas markets	• Shift business model from tangibles to intangibles • Go further in overseas expansion and improve coordination with local subsidiaries
	Market Risks	• Market decentralization and digitalization diminish Kokuyo Group's competitive advantage • The quality of our services might diminish amid staff shortages in logistics and construction	• Use portfolio management to ensure optimal allocation of corporate assets • Minimize workload in logistics and construction without sacrificing business continuity and growth prospects
	Risks Associated with Changes in Fair Value	• Fluctuations in financial markets reduce the fair value of our investment securities	• Regularly assess holdings to determine whether it is worth continuing to hold them; consider selling and offloading holdings
	Risks Associated with Natural Disasters and Infectious Disease Outbreaks	• A major natural disaster could cause a suspension in business activities or a reduction in business activities in Japan or overseas	• Engage in business continuity planning and regularly review the plan to ensure it is effective
Risks Related to Business Operations	Compliance Risks	• A violation of regulatory requirements (related to quality, environment, labor, etc.) might be detected or confirmed	• Establish the Kokuyo Group Code of Conduct, continually spread awareness of the code • Ensure regulatory response by regularly monitoring regulatory developments and compliance with the latest regulations
	Quality Risks	• A product recall could harm our performance and reputation	• Implement and operate a quality management system aligned with ISO 9001
	Procurement Risks	• Performance is vulnerable to fluctuations in raw material prices and exchange rates • Deficiencies in ESG could harm our performance and reputation	• Use forward exchange agreements, optimize local procurement ratios, and diversify suppliers • Use Sustainable Procurement Guidelines to promote mutual business growth with supply-chain partners
	Talent and Labor Risks	• Delays in attracting and training talent could stunt business growth • An occupational accident or employee health issue could harm our performance or reputation	• Follow the Talent Management Policy and use Kokuyo Academia (a talent development organization) to expedite investments in talent development • With the guidance of the Labor Subcommittee, provide employees enough disposable time to safeguard their wellness and plan their career
	Information Security Risks	• Performance could be harmed by a cyberattack that causes system failure or the leakage of sensitive business information or customers' personal data	• Use vulnerability analysis to enhance security, have the Information Security Subcommittee regularly monitor information security • Improve system failure detection and cyber-defenses, back up data regularly • Set rules on the handling of customer and personal data, inform employees about information security risks
	Investment Risks	• Macroeconomic changes could harm the performance of companies in our investment portfolio	• Consult outside experts during the investment vetting process, keep improving the monitoring process

Promoting compliance

Kokuyo Group Code of Conduct

Operations across the Kokuyo Group are governed by a range of laws and regulations, including those related to quality, business transactions (including fair trade), environmental impact, labor, health & safety, accounting and tax, bribery, and information management. To ensure that we always comply with these laws and regulations and uphold high ethical standards in all our business activities, we have established the Kokuyo Group Code of Conduct, which all employees are expected to follow. This code applies to everyday business activities across the global group. Among other things, the code emphatically prohibits employees from bribing public-sector or government officials.

Whistleblowing hotline

We have a group-wide hotline (the Kokuyo Group Hotline). Employees can use the hotline to raise concerns about compliance or business ethics when they feel uncomfortable raising such concerns through the usual channels, or if they doubt that the usual channels would resolve the issue satisfactorily. For workplaces in Japan, we have provided a hotline to a third-party whistleblowing service to help protect the anonymity of whistleblowers. For workplaces overseas, we provide a hotline that any member of the Kokuyo Group can use. We believe that if the hotline receives a certain amount of inquiries/reports in a given year, that is a sign that it is working effectively. In FY2023, the hotline received 20 inquiries/reports.

In June 2024, we made the Kokuyo Group Hotline available to our trading partners to contribute to healthy trading relationships and mutual prosperity.

Business Continuity Planning

We have developed a business continuity plan, which we continually review and revise as part of a business continuity planning lifecycle. The plan includes measures for maintaining a stable supply of goods when an emergency such as a natural disaster disrupts operations in our plants or offices. Mindful of the threat of catastrophic events such as earthquakes, extreme storms, flooding, fires, major power outages, and infectious disease, we have reaffirmed the importance of getting the initial responses right and minimizing the damage from such calamities. We use emergency manuals, emergency drills, and similar means to ensure that every employee will act safely in an emergency to safeguard human life.

In view of the rising concern for sustainability (ESG, SDGs), our emergency power sources include solar power systems and reserve batteries.

Initiatives Regarding Management 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**

Our legal department has a unit devoted to managing intellectual property (IP) for our subsidiaries in Japan and overseas. The unit works to standardize and unify the use of, and strategies concerning, intellectual property across KOKUYO Group.

The unit's duties include managing procedures for obtaining protections for our IP (inventions, designs, and trademarks), conducting preliminary surveys to ensure that we avoid violating the IP rights of others, and monitoring rival products to check for potential violations of our own IP rights. Should a dispute occur, the unit will coordinate with the management to enable a swift and satisfactory 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 unit establishes and operates the system for research, analysis, and close investigation to prevent and avoid the violation of rights held by others. In addition, awareness-raising activities for respecting the intellectual property rights of others and improving awareness of legal compliance are conducted for development departments through training as the necessity arises and as part of daily work.

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

The intellectual property unit and development departments 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. 35 of the Patents Act and establish an incentive system for employee invention as an internal rule, with the aim of increasing customer satisfaction and encouraging inventions that strengthen the Group's development.

Initiatives Regarding Information Security

The KOKUYO Group undertakes the establishment of an information security management system, adherence with relevant laws and regulations, and safety management of confidential information (customer information, personal information, etc.) in our possession obtained as part of our business.

1）**Laws and ordinances regarding information security and other standards are adhered to.**
2）**Personal information is managed according to the Personal Information Protection Policy defined by the KOKUYO Group.**
3）**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.**
4）**Regulations and rules regarding the management and use of information assets are formulated and revised, and education is continually conducted to employees about these regulations and rules.**
5）**Inspections and improvements are continually conducted on the management system and initiatives related to information security.**

KOKUYO Group Hotline (For Supply Chain Partners)

The KOKUYO Group has established and is operating a whistleblowing hotline which can be used by our supply chain partners. The purpose of the hotline is to build healthy relationships with our supply chain partners and to achieve mutual sustainable growth.
We ask you to report to us any legal violations or wrongdoing by organizations or individuals in the KOKUYO Group you notice. In this way, we are looking to detect problems early, correct them early and then prevent their recurrence.

Applicable Users

Officers or employees (including contract employees, part-time employees and temporary employees) of Japanese supply chain partners which have entered into a contract with a KOKUYO Group company in Japan

Applicable Report Contents

Legal violations, wrongdoing, violations of the KOKUYO Group Code of Conduct and acts which may be considered as such by organizations or individuals in the KOKUYO Group

＊We do not accept reports on matters internal to supply chain partners that are not related to the KOKUYO Group.
＊We accept anonymous reports. However, please tell us the name of the organization or individual causing the problem.

How to Make a Report and Report Flow

Please send your report to the e-mail address below.

kokuyo(at)risk-hotline.com

＊We have used "(at)" in place of "@" in the e-mail address to prevent spam. Please replace the "(at)" with "@" to when sending your e-mail.

We entrust the reception of reports to Security Protection Network Co., Ltd. Information such as your name and the supply chain partner's name are not shared with the KOKUYO Group without your consent. Investigations into the contents of your report and consideration of our response take place within the KOKUYO Group. In addition, upon confirming your wishes, we may respond in cooperation with our supply chain partners.

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┌─────────────────────────────────────────────┐
│  Whistleblower (supply chain partner employee etc.)  │
└─────────────────────────────────────────────┘
        ↓ Report          ↑ Reply
┌─────────────────────────────────────────────┐
│        Security Protection Network Co., Ltd.         │
└─────────────────────────────────────────────┘
        ↓ Report          ↑ Results
┌─────────────────────────────────────────────┐      Cooperation according
│      KOKUYO Group Hotline Secretariat        │      to the report contents
│         ↕ Investigation in cooperation       │  ↔  ┌──────────────────────┐
│      Department related to the report        │     │ Supply chain partner │
└─────────────────────────────────────────────┘     └──────────────────────┘
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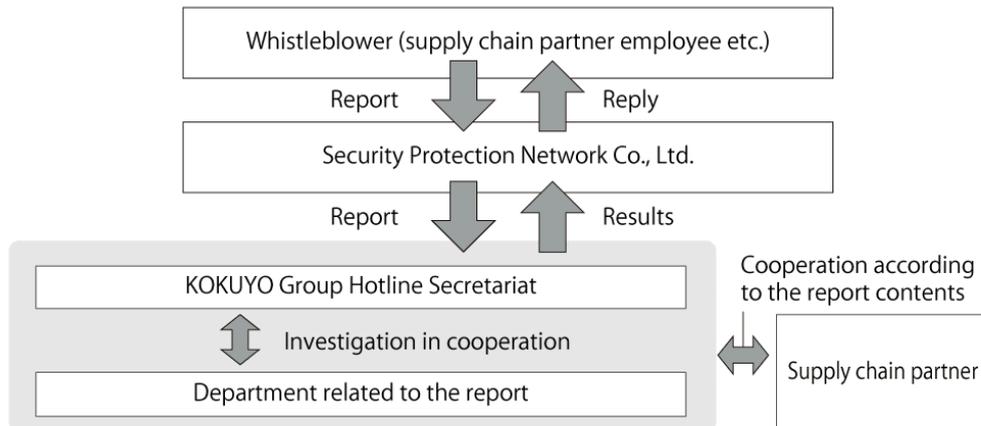
When a Report Is Received

· We will not treat whistleblowers or supply chain partners disadvantageously due to making a report.

· Please make your report upon disclosing your name and supply chain partner's name in principle so we can conduct a detailed investigation and provide feedback. Even in such cases, information such as your name and supply chain partner's name will not be shared with the KOKUYO Group without your consent. Please understand in advance that we may not be able to fully investigate or take appropriate measures if you make your report anonymously.

· The contents of the reports will not be shared with the KOKUYO Group without your approval. If you do not wish to disclose information such as your name and supply chain partner name, the information will be shared in a form which does not identify you unless you indicate otherwise to the hotline. Moreover, those involved in the KOKUYO Group Hotline are bound by the duty of confidentiality.

· We will not accept reports which slander or libel individuals, false reports and reports based on improper purposes under any circumstances.

· The KOKUYO Group will conduct an investigation if we determine one is necessary for the contents of your report. If you have any materials or data related to the contents of your report, please provide them to us. (We will not be able to conduct the necessary investigation if the content of your report is unclear.) We may conduct the investigation in cooperation with our supply chain partners.

· In principle, we will not conduct an investigation against your wishes. However, if the contents of your report constitute a serious violation of laws or ordinances, or if it is deemed important by the KOKUYO Group, we may conduct an investigation without obtaining your consent.

· The feedback we will provide in response to your report is intended only you. Please do not use part or all of the contents elsewhere or reuse it.

DATABANK

SOCIETY

Reporting Period

January 1 to December 31 of the applicable year (the results are current as of December 31)

Reflecting Customer Opitions

CHANGES IN THE NUMBER OF ENQUIRIES (Number of enquiries)

TYPE OF ENQUIRIES

CHANGES IN THE NUMBER OF ENQUIRISE
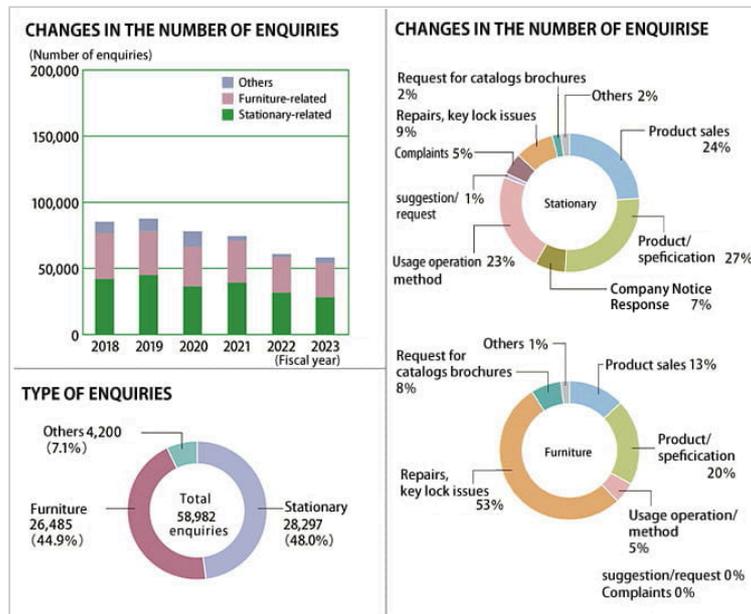
Employee* Composition: By Position

＊Employees here includes outside directors and members of the Audit & Supervisory Board

		Subject	2019	2020	2021	2022	2023
Number of Executives and Directors	Inside	Non-consolidated	4	3	3	2	2
	Outside	Non-consolidated	3	4	4	4	4
	Total	**Non-consolidated**	**7**	**7**	**7**	**6**	**6**
Number of Members of the Audit & Supervisory Board	Inside	Non-consolidated	0	1	1	1	1
	Outside	Non-consolidated	3	2	2	2	2
	Total	**Non-consolidated**	**3**	**3**	**3**	**3**	**3**
Number of employees	Male	Non-consolidated	1,631	1,634	1,601	1,452	1,480
	Female	Non-consolidated	583	607	606	610	662
	Total	**Non-consolidated**	**2,214**	**2,241**	**2,207**	**2,062**	**2,142**

Employee Composition: By Gender

		Subject	2019	2020	2021	2022	2023
Number of employees (KOKUYO Group)	Male	Consolidated	4,946	4,899	4,915	4,645	4,624
	Female	Consolidated	2,015	1,983	1,910	2,219	2,307
	Total	**Consolidated**	**6,961**	**6,882**	**6,825**	**6,864**	**6,931**

Employee Composition: By Contract type and by Gender

		Subject	2019	2020	2021	2022	2023
Total number of employees[1]		Consolidated	6,961	6,882	6,825	6,864	6,931
Non-regular employees[1]		Consolidated	1,832	2,333	2,711	4,097	3,785
Percentage of non-regular employees[1]		Consolidated	20.83	25.31	28.43	37.38	35.32
Regular employees	Male	Five main group companies of KOKUYO	2,494	2,511	2,511	2,480	2,473
	Female	Five main group companies of KOKUYO	829	888	928	960	1,029
	Total	**Five main group companies of KOKUYO**	**3,323**	**3,399**	**3,439**	**3,440**	**3,502**
Senior employees	Male	Five main group companies of KOKUYO	253	268	256	263	239
	Female	Five main group companies of KOKUYO	10	8	11	14	19
	Total	**Five main group companies of KOKUYO**	**263**	**276**	**267**	**277**	**258**
Contracted employees	Male	Five main group companies of KOKUYO	135	105	83	60	58
	Female	Five main group companies of KOKUYO	95	102	101	91	88
	Total	**Five main group companies of KOKUYO**	**230**	**207**	**184**	**151**	**146**
Part-time/casual employees	Male	Five main group companies of KOKUYO	111	118	112	133	123
	Female	Five main group companies of KOKUYO	163	180	188	195	188
	Total	**Five main group companies of KOKUYO**	**274**	**298**	**300**	**328**	**311**
Temporary employees	Male	Five main group companies of KOKUYO	186	142	128	183	203
	Female	Five main group companies of KOKUYO	347	167	146	199	261
	Total	**Five main group companies of KOKUYO**	**533**	**309**	**274**	**382**	**464**

＊The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

＊2 In 2022, we changed the definitions of regular and non-regular employees. "Regular employees" now includes only managing officers and non-managerial regular employees, whereas before it also included senior employees. "Non-regular employees" now includes senior employees alongside contracted employees, and part-time or casual employees, whereas before senior employees were not included.

Employee Composition: By Contract Type and by Region

		Subject	2019	2020	2021	2022	2023
Regular employees	Within Japan	Consolidated	4,090	4,145	4,183	4,218	4,294
	Overseas	Consolidated	2,475	2,347	2,308	2,646	2,637
	Total	**Consolidated**	**6,565**	**6,492**	**6,491**	**6,864**	**6,931**
Senior employees	Within Japan	Consolidated	300	322	308	328	315
	Overseas	Consolidated	4	4	2	18	19
	Total	**Consolidated**	**304**	**326**	**310**	**346**	**334**
Contracted employees	Within Japan	Consolidated	594	564	598	631	654
	Overseas	Consolidated	45	36	70	533	512
	Total	**Consolidated**	**639**	**600**	**668**	**1,164**	**1,166**
Part-time/casual employees	Within Japan	Consolidated	584	553	571	575	542
	Overseas	Consolidated	37	4	2	21	4
	Total	**Consolidated**	**621**	**557**	**573**	**596**	**546**
Temporary employees	Within Japan	Consolidated	589	379	331	434	511
	Overseas	Consolidated	1,401	974	1,162	1,557	1,228
	Total	**Consolidated**	**1,990**	**1,353**	**1,493**	**1,991**	**1,739**

Employee Composition: By Age, Average Ages of Male and Female Employees, Average Tenure

		Subject	2019	2020	2021	2022	2023
Number of employees by age group	Under 30	Five main group companies of KOKUYO	423	470	469	465	506
	30s	Five main group companies of KOKUYO	579	591	595	619	665
	40s	Five main group companies of KOKUYO	1,233	1,150	1,076	965	894
	50s	Five main group companies of KOKUYO	1,086	1,188	1,299	1,379	1,439
	60s or older	Five main group companies of KOKUYO	265	276	267	0	1
Average tenure (years)	Male	Five main group companies of KOKUYO	46.57	46.8	47.22	45.8	45.77
	Female	Five main group companies of KOKUYO	39.33	39.32	39.79	40.05	39.97
	Average	**Five main group companies of KOKUYO**	**44.87**	**44.98**	**45.34**	**44.21**	**44.07**
Average length of continuous service (years)	Male	Five main group companies of KOKUYO	20.7	20.9	21.31	19.94	19.78
	Female	Five main group companies of KOKUYO	14.06	13.83	14.05	14.16	13.7
	Average	**Five main group companies of KOKUYO**	**19.14**	**19.18**	**19.47**	**18.34**	**18**

* The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

▦ Employee Composition: By Nationality

		Subject	2019	2020	2021	2022	2023
Number of employees	Non-Japanese employees in the KOKUYO Group	Five main group companies of KOKUYO	12	11	11	12	28
	Non-Japanese employees at KOKUYO	Non-consolidated	12	11	9	10	25

＊The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

▦ Employees Composition: Employees with Disabilities

	Subject	2019	2020	2021	2022	2023
Number of employees with disabilities	Group companies dedicated to employing people with disabilities	128	129	134	134	137.5
Percentage of employees with disabilities	Group companies dedicated to employing people with disabilities	2.31	2.3	2.37	2.33	2.38

▦ Breakdown of New Hires

		Subject	2019	2020	2021	2022	2023
Number of fresh graduate hires	Male	Five main group companies of KOKUYO	33	40	28	35	42
	Female	Five main group companies of KOKUYO	37	40	18	18	29
	Total	**Five main group companies of KOKUYO**	**70**	**80**	**46**	**53**	**71**
Number of mid-career hires	Male	Five main group companies of KOKUYO	32	28	23	47	81
	Female	Five main group companies of KOKUYO	21	23	24	26	59
	Total	**Five main group companies of KOKUYO**	**53**	**51**	**47**	**73**	**140**
Percentage of mid-career hires (%)		KOKUYO	25	22	29	43	—
Turnover rate	Male	Five main group companies of KOKUYO	1.60	1.96	1.39	1.91	2.59
	Female	Five main group companies of KOKUYO	2.95	1.81	1.56	2.65	1.87
	Total	**Five main group companies of KOKUYO**	**1.92**	**1.93**	**1.44**	**2.11**	**2.4**

＊The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

▦ Managerial Appointments: By Gender

			Subject	2019	2020	2021	2022	2023
Number of managerial appointments	Executives and higher	Male	Five main group companies of KOKUYO	20	22	20	18	19
		Female	Five main group companies of KOKUYO	0	1	2	2	2
	Department heads	Male	Five main group companies of KOKUYO	63	65	77	95	198
		Female	Five main group companies of KOKUYO	4	4	2	2	5
	Section chiefs	Male	Five main group companies of KOKUYO	750	732	768	808	668
		Female	Five main group companies of KOKUYO	54	55	69	78	85
	Sub-section chiefs	Male	Five main group companies of KOKUYO	1,118	1,066	1,034	1,009	1,016
		Female	Five main group companies of KOKUYO	273	288	314	337	361
		Total	**Five main group companies of KOKUYO**	**2,283**	**2,234**	**2,286**	**2,349**	**2,354**

* The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

▦ Managerial Appointments: Percentage of Managerial Posts Occupied by Women

		Subject	2019	2020	2021	2022	2023
Percentage of middle management posts (department heads, section chiefs) occupied by women		Five main group companies of KOKUYO	6.66	6.89	7.75	8.14	9.41
managerial posts (sub-section chief or higher) occupied by women	Executives and higher	Five main group companies of KOKUYO	4.76	8.33	9.09	10	9.52
	Department heads	Five main group companies of KOKUYO	5.97	5.80	2.53	2.06	2.46
	Section chiefs	Five main group companies of KOKUYO	6.72	6.99	8.24	8.8	11.29
	Sub-section chiefs	Five main group companies of KOKUYO	19.63	21.27	23.29	25.04	26.22
	Total	**Five main group companies of KOKUYO**	**14.54**	**15.62**	**16.93**	**17.84**	**19.24**

* The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Managerial Appointments: (Number of Non-Japanese Employees)

		Subject	2019	2020	2021	2022	2023
Managerial appointments: Non-Japanese managers	Executives and higher	Five main group companies of KOKUYO	0	0	0	0	0
	Department heads	Five main group companies of KOKUYO	0	0	0	0	0
	Section chiefs	Five main group companies of KOKUYO	3	3	3	4	4
	Sub-section chiefs	Five main group companies of KOKUYO	7	6	5	5	5
	Total	**Five main group companies of KOKUYO**	**10**	**9**	**8**	**9**	**9**

* The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Managerial Appointments: Percentage of Managerial Posts Occupied by Non-Japanese Staff

		Subject	2019	2020	2021	2022	2023
Percentage of managerial posts occupied by non-Japanese employees	Executives and higher	Five main group companies of KOKUYO	0.00	0.00	0.00	0.00	0.00
	Department heads	Five main group companies of KOKUYO	0.00	0.00	0.00	0.00	0.00
	Section chiefs	Five main group companies of KOKUYO	0.37	0.38	0.36	0.45	0.45
	Sub-section chiefs	Five main group companies of KOKUYO	0.50	0.44	0.37	0.37	0.37
	Total	**Five main group companies of KOKUYO**	**0.44**	**0.40**	**0.35**	**0.38**	**0.38**

* The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Working Hours, Paid Leave Takeup Rate

	Subject	2019	2020	2021	2022	2023
Total working hours per year	Five main group companies of KOKUYO	2060.6	2056.7	2092.5	2087.7	2023.2
Non-prescribed working hours per year	Five main group companies of KOKUYO	256.3	226.9	260.3	269.1	237.2
Long-time worker rate (over 360 hours of total annual overtime)	Five main group companies of KOKUYO	23.5	17.4	24.0	25.2	19.0
Paid leave uptake rate (%)	Five main group companies of KOKUYO	61.40	48.9	48.4	54.3	61.7
Yearly education and training costs per employee (yen)	Five main group companies of KOKUYO	37,408	35,562	39,107	42,955	54,554

* The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Number of Employees on Childcare Leave

		Subject	2019	2020	2021	2022	2023
Employees on childcare leave	Male	Five main group companies of KOKUYO	6	12	26	35	44
	Female	Five main group companies of KOKUYO	60	58	72	70	66
	Total	**Five main group companies of KOKUYO**	**66**	**70**	**98**	**105**	**110**

＊The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Employees on Long-Term-Care Leave

		Subject	2019	2020	2021	2022	2023
Employees taking time off for long-term care	Male	Five main group companies of KOKUYO	3	1	0	0	0
	Female	Five main group companies of KOKUYO	1	1	1	0	1
	Total	**Five main group companies of KOKUYO**	**4**	**2**	**1**	**0**	**1**

＊The five main group companies are KOKUYO Co., Ltd., Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Logistics Co., Ltd., and KOKUYO Logitem Co., Ltd.

Health management

	Subject	2019	2020	2021	2022	2023
Regular health checkup attendance rate (%)	—	99.6	98.6	99.4	99.6	99.5
Voluntary checkup attendance number (breast cancer, colorectal cancer checkups)	—	1,222	1,551	3,482	4,871	5,226
Regular health checkup finding rate (%)	—	27.5	19.8	29.5	29.0	19.6
Percentage of employees receiving full medical checkup (%)	—	87.3	70.5	75.8	78.0	—
Lifestyle-related disease occurrence/specific health checkup attendance rate (%)	—	98	98	98	98	98
Lifestyle-related disease occurrence/specific health guidance rate (proactive support) (%)	—	34	39	47	42	46
Lifestyle-related disease occurrence/lifestyle-related disease medical costs (including health insurance dependents) (million yen)	—	139	161	144	149	142
Response rate for stress check survey (%)	Employees of companies that conduct a stress check survey	94.8	96.4	95.9	94.1	95.6
Stretch check score (deviation value)※4	Employees of companies that conduct a stress check survey	54	55	54	49	55
Percentage of employees with poor mental health(with severe stress) (%)※4	Employees of companies that conduct a stress check survey	5.5	4.8	5.6	9.3	11.9
Number of employees who took leave due to poor mental health	※5	10	16	10	16	25
Number of employees who took leave due to other illnesses	※5	11	9	2	5	6
Number of employees who retired due to poor mental health	※5	3	10	1	5	3
Number of employees who left due to other health issues	※5	6	6	8	2	7
Absenteeism: Annual working days per employee lost due to injury or disease※1	Kokuyo (including what was once Ket), Kaunet	—	2.27	1.38	1.09	—
Presenteeism: Score for productivity lost because of illness, injury, or other conditions in employees attending work※2	Kokuyo (including what was once Ket), Kaunet	—	—	—	21	—
Employee engagement score (deviation value)※3	Employees of companies that conduct a stress check survey	49	49	50	51	51
Percentage of participants in health activity(walking campaign) (%)	Kokuyo (including what was once Ket), Kaunet	23.8	25.3	—	33	—
Percentage of participants in health activity(walking campaign) satisfied by activity (%)	Kokuyo (including what was once Ket), Kaunet	—	—	—	90	—

*1 Absenteeism is calculated as follows: Annual working days lost due to injury or disease divided by total working days for all employees.

*2 The presenteeism score represents the difference between maximum productivity (scaled at 100) and employees' actual productivity rate (according to survey findings).

*3 The employee engagement score describes the extent to which employees identify with and actively commit themselves to the organization's strategy and goals.

*4 The vendor estimation method was changed in 2023.

*5 Kokuyo (including what was once Ket), Kaunet, Kokuyo Logitem, Kokuyo Supplies Logitem, Kokuyo Marketing.

▦ Occupational Health and Safety

Coverage: KOKUYO Co., Ltd. Mie Factory and Shibayama Factory, KOKUYO Product Shiga Co., Ltd., KOKUYO MVP Co., Ltd., IWAMI Paper Industry Co., Ltd.

		2019	2020	2021	2022	2023
Number of work-related accidents	**Consolidated factories**	**2**	**5**	**1**	**6**	**6**
	Mie Factory	1	0	0	0	2
	Shibayama Factory	0	0	0	1	3
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	1	3	1	5	0
	IWAMI Paper Industry	0	1	0	0	1
Work-related accident frequency rate(%)[1]	**Consolidated factories**	**0.85**	**2.33**	**0.44**	**2.61**	**2.69**
	Mie Factory	2.82	0	0	0	3.04
	Shibayama Factory	0	0.02	0	1.43	4.53
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	2.16	6.79	2.14	11.19	0
	IWAMI Paper Industry	0	6.67	0	0	7.78
Severity rate for work-related accidents(%)[2] [3]	**Consolidated factories**	**0.05**	**0.02**	**0**	**0**	**0.07**
	Mie Factory	0.15	0	0	0	0.04
	Shibayama Factory	0	1.83	0	0	0.10
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	0	0.09	0.01	0.00	0
	IWAMI Paper Industry	0	0.03	0	0	0.49
Workdays lost due to work-related accidents	**Consolidated factories**	**132**	**63.5**	**8**	**32**	**192**
	Mie Factory	130	0	0	0	34
	Shibayama Factory	0	12	0	26	82
	KOKUYO Product Shiga	0	0	0	0	0
	KOKUYO MVP	2	46.5	8	6	0
	IWAMI Paper Industry	0	5	0	0	77

＊Number of work-related accidents includes only accidents that resulted in at least one full workday of leave. It excludes accidents that employees suffered when commuting.

＊1 Work-related accident rate is calculated as follows: Number of employees who experienced a work-related accident × 1,000,000 / Total person-hours

＊2 Work-related accident severity rate is calculated as follows: Number of lost workdays / Total person-hours × 1,000

＊3 The work-related accident rate is shown with the third decimal place rounded off

A score of "0" indicates that absolutely no fatal work-related accidents occurred.

On the other hand, a score of "0.00" would indicate a fatality rate higher than 0 but less than 0.005.

DATABANK
ENVIRONMENTAL PERFORMANCE DATA

■Reporting Period
Fiscal 2023 (January 1 to December 31, 2023)

■Guidelines Used for Reference
Ministry of the Environment, Environmental Report Guidelines (2012 Edition)
Ministry of the Environment, Environmental Accounting Guidelines (2005 Edition)
Global Reporting Initiative (GRI), Sustainability Reporting Guidelines

■Organizational Units Covered
From 2012, the scope of coverage was extended to all consolidated subsidiaries.

	Consolidated Subsidiaries	Non-consolidated Subsidiaries and Affiliates
Japan	KOKUYO Co., Ltd.	KOKUYO K Heart Co., Ltd., Heartland Co., Ltd., IWAMI Paper Industry Co., Ltd., Origin Co., Ltd., ESTIC CORPORATION
	Kaunet Co., Ltd., KOKUYO Marketing Co., Ltd., KOKUYO Supply Distribution 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., 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., KISPA Inc., NIKKAN 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 TRADING Co., Ltd., Kokuyo Camlin Limited, Kokuyo Hong Kong Ltd., Global Known Ltd., Lamex China Investment Ltd., Lamex Trading Company Ltd., Dongguan Lamex Furniture Ltd., Lamex (S) Sales Pte. Ltd.	KOKUYO-IK (Thailand) Co., Ltd.

Scope of Report: KOKUYO Co., Ltd., 34 consolidated subsidiaries, six non-consolidated subsidiaries and affiliates (192 locations)

▦ 2023 Results

Environmental Policy	Goals and Results for 2023		Goal met?
	Goal	**Result**	
Prevention of global warming *Domestic consolidated subsidiaries, Kokuyo K Heart, Heartland	Reduction of CO_2 emissions Total year-on-year change in volume: -7.2% (when production is excluded: -13.0%)	-13.5% (reduction efforts reduced emissions by -15.1%)	Yes
	Reduction of unit energy consumption Year-on-year reduction: -1.0%	Per unit of sales: -13.6%	Yes
Resource Conservation and Recycling	Improve recycling rate in relation to total waste volume Business offices: 95.9% and over Construction sites: 82.3% and over	Business offices: 93.8%	No
		Construction sites: 81.8%	No
Procurement, development, and provision of eco-friendly products	Maintain eco x zero	Maintained	Yes
Information disclosure and communication	Publication of CSR report 2023	Publication of CSR report 2023	Yes
Environmental management	ISO 14001: Regular inspection in 2015	Regular inspection results Strong point: 0 cases Good points: 17 cases Matters pointed out for improvement: 0 cases Opportunities for improvement: 16 cases	Yes

▦ Environmental Friendliness Efficiency Indicators

Kokuyo Group designates unique environmental friendliness efficiency indicators as indices to comprehensively evaluate financial performance and impact on the global environment.

These indicators show the extent to which products and services are being offered to society with respect to specific environmental load and correspond to the following four items.

1. CO_2 emissions
2. Final waste disposal
3. Usage of chemical substances subject to PRTR regulations
4. Water usage

Using fiscal 2000 as the baseline for each indicator, the progress status for each fiscal year can be determined.

Environmental friendliness efficiency indicator =
$$\frac{\text{Current fiscal year (Sales / Environmental load data)}}{\text{Baseline fiscal year (Sales / Environmental load data)}}$$

Environmental Friendliness Efficiency Indicators
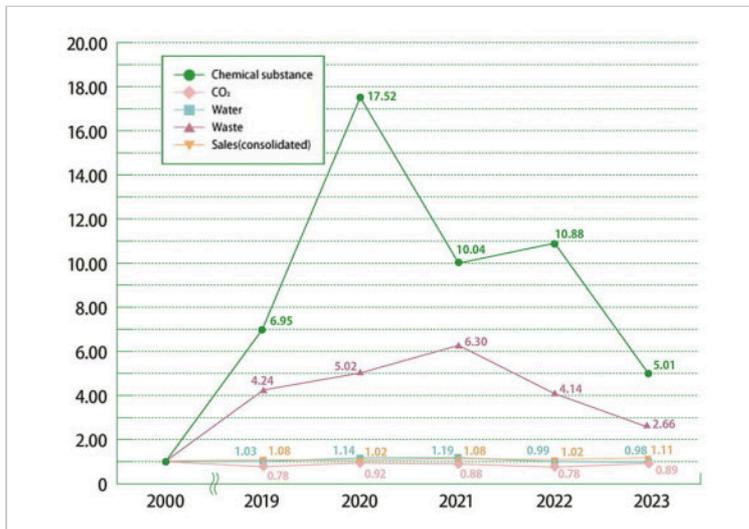
* The chemical substances have been calculated according to the volume of chemical substances designated as class 1 under the PRTR Law handled by sites (in Japan) which are required to report data under the PRTR Law.
* The actual values from April to December 2023 have been given for the volume of chemical substances handled in 2023 in response to the revision to the PRTR Law.
* CO_2 (greenhouse gas emissions) from 2019 have been calculated according to the adjusted emission factor for each power company.

▦ JEPIX

The Japan Environmental Policy Priorities Index (JEPIX) is a method of quantifying the individual amount of different types of environmental loads, such as greenhouse gas emissions and air pollutants, as single indicators called Environmental Impact Points (EIP). The EIP is calculated by multiplying the environmental load of each environmentally harmful chemical by the integrated coefficient, which is calculated from the ratio between Japan's environmental policy target and the actual amount of emissions (environmental friendliness factor), and then obtaining the sum total of them all.

Environmental impact point (EIP) =
Σ (environmental loads x environmentally friendliness factors)

JEPIX
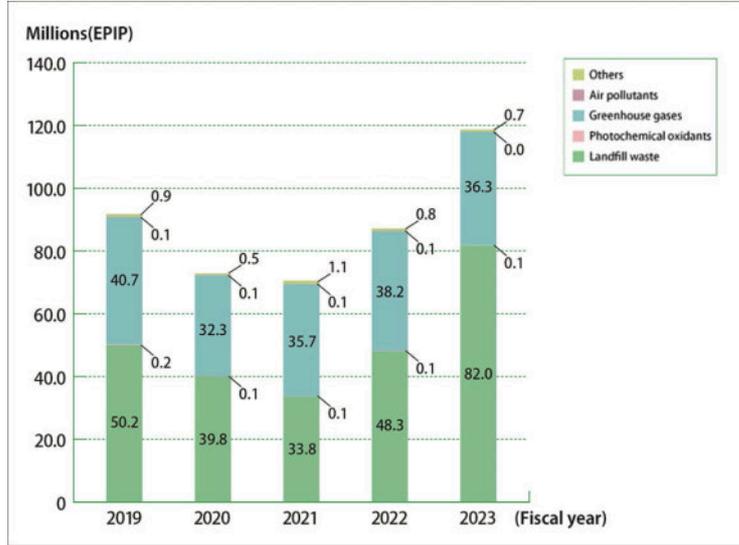
Emissions of soot and smoke (SOx and NOx) designated by the Air Pollution Control Act

	2021	2022	2023
SOx	-	-	-
NOx	0.30	0.13	0.11

(Unit tons)

(Millions [EIP])	2019	2020	2021	2022	2023
Landfill waste	50.2	39.8	33.8	48.3	82.0
Photochemical oxidants	0.2	0.1	0.1	0.1	0.1
Greenhouse gas	40.7	32.3	35.7	38.2	36.3
Air pollutants	0.1	0.1	0.1	0.1	0.0
Other	0.9	0.5	1.1	0.8	0.7

＊Air pollutants and photochemical oxidants for 2023 have been calculated from the actual values for chemical substances from April to December 2023 in response to the revision to the PRTR Law.

Global Warming Preventative Measures

Material Issue: Respond to the Climate Crisis

Attainment of the goal for CO_2 emissions:

*The domestic consolidated subsidiaries of Kokuyo K Heart and Heartland have been calculated within the applicable scope.

*Electricity-based emission factors are calculated using the basic emission factors of the relevant electrical power companies for each given year

*Results for 2020 and later are disclosed based on a market-based approach.
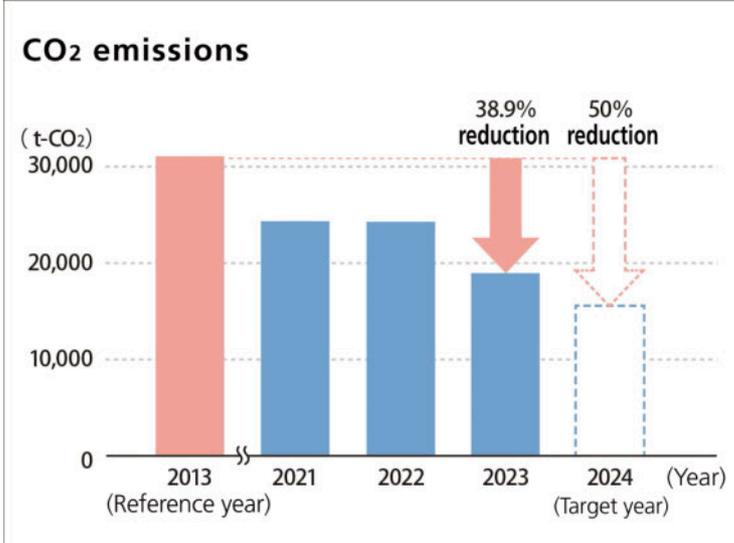
	CO_2 emissions (t)
2013 (Base year)	30,683
2021	24,103
2022	24,101
2023	18,741
2024 (Target year)	15,341

(Unit tons)

Scope 1 and 2 Emissions

Kokuyo, 20 consolidated subsidiaries (domestic and overseas), 10 affiliates (domestic and overseas)

CO_2 emission transitions
***KOKUYO Co., Ltd., 20 consolidated subsidiaries, 10 affiliates**
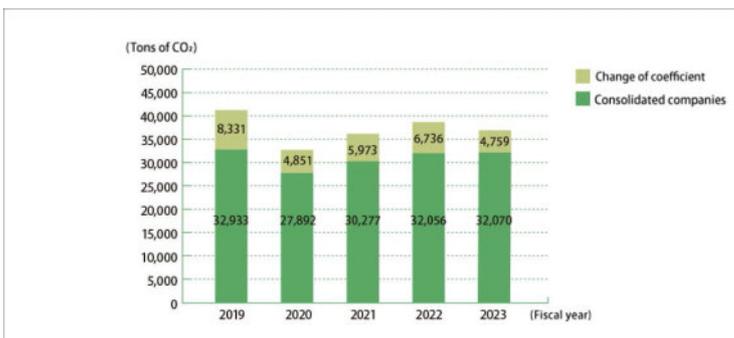
	Scope of calculation	Coefficient change	Total
2019	32,933	8,331	41,264
2020	27,892	4,851	32,743
2021	30,277	5,973	36,250
2022	32,056	6,736	38,792
2023	32,070	4,759	36,829

(Unit tons)

*Market-based (Non-Fossil Fuel Certificate applied)

*In line with the GHG Protocol's Scope 2 Guidance, we take the market-based approach (which reflects supplier-specific emissions factors associated with our energy purchases).

*Differences due to changes in emission factors are calculated using the average emission factors of all power sources in 2000 (0.378kg-CO_2/kwh).

CO$_2$ Emissions (Initiatives to Reduce CO$_2$ under the SBTs)
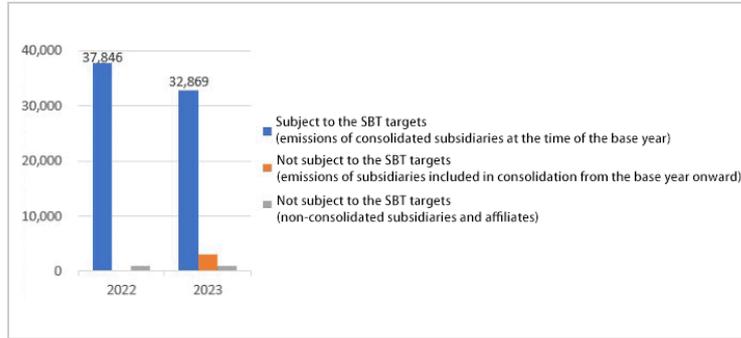
	Subject to the SBT targets (emissions of consolidated subsidiaries at the time of the base year)	Not subject to the SBT targets (emissions of subsidiaries included in consolidation from the base year onward)	Not subject to the SBT targets (non-consolidated subsidiaries and affiliates)	Total
2022	37,846	-	946	38,792
2023	32,869	2,976	984	36,829

(Unit tons)

CO$_2$ emission by source
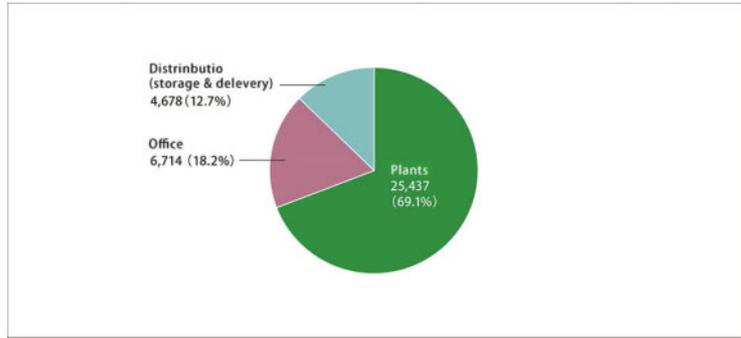
	CO$_2$ emissions	Composition ratio
Plants	25,437	69.1%
Offices	6,714	18.2%
Distribution (storage, deliveries)	4,678	12.7%
Total	36,829	100%

(Unit tons)

*Market-based (Non-Fossil Fuel Certificate applied)

CO$_2$ emission by source
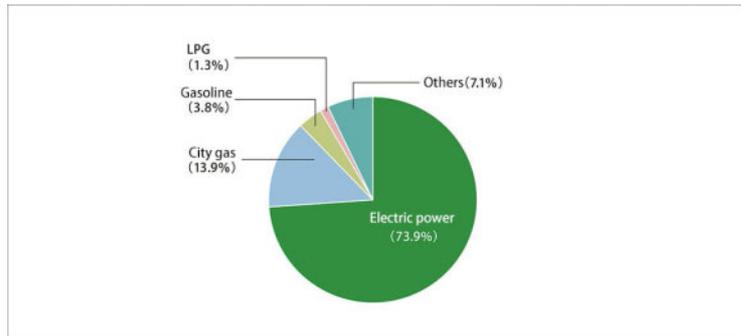
	CO$_2$ emissions	Composition ratio
Electricity	27,223	73.9%
City gas	5,103	13.9%
Gasoline	1,409	3.8%
LPG	462	1.3%
Other	2,631	7.1%
Total	36,828	100%

(Unit tons)

*Market-based (Non-Fossil Fuels Certificate applied)

CO$_2$ emission by country
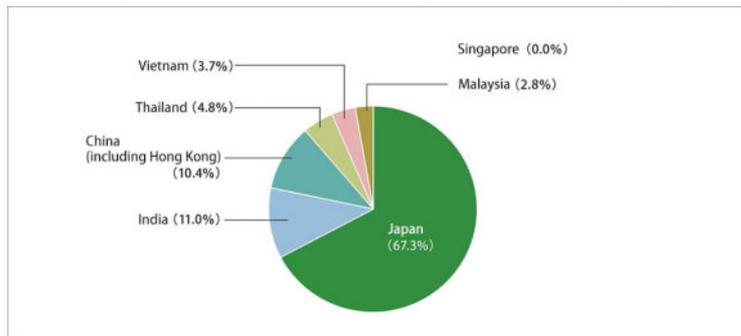
	CO$_2$ emissions	Composition ratio
Japan	27,581	67.3%
India	4,525	11.0%
China (including Hong Kong)	4,248	10.4%
Thailand	1,984	4.8%
Vietnam	1,518	3.7%
Malaysia	1,141	2.8%
Singapore	10	0.0%
Total	41,007	100.0%

(Unit tons)

*Location-based

▦ Greenhouse gases emitted by the supply chain

	Category	Applicable/ Not applicable	Reason for Non-applicability	Scope 3 Emissions	As Percentage of Total	As Percentage of Total Emissions
Category 1	Purchased products / services	Applicable	-	1,011,674	78.7%	76.5%
Category 2	Capital goods	Applicable	-	28,701	2.2%	2.2%
Category 3	Fuel not included in Scope 1 or 2 and energy-related activities	Applicable	-	6,340	0.5%	0.5%
Category 4	Shipping and delivery (upstream)	Applicable	-	41,293	3.2%	3.1%
Category 5	Waste materials generated by businesses	Applicable	-	4,208	0.3%	0.3%
Category 6	Business trips	Applicable	-	1,242	0.1%	0.1%
Category 7	Commuting by workers	Applicable	-	3,272	0.3%	0.2%
Category 8	Leased assets (upstream)	Not applicable	Included in Scope 1 / 2	-	0.0%	0.0%
Category 9	Shipping and delivery (downstream)	Applicable	-	5	0.0%	0.0%
Category 10	Processing of sold products	Not applicable	Kokuyo is a manufacturer of completed products and does not deal with intermediate products	-	0.0%	0.0%
Category 11	Use of sold products	Applicable	-	79,250	6.2%	6.0%
Category 12	Discarding of sold products	Applicable	-	109,111	8.5%	8.2%
Category 13	Leased assets (downstream)	Applicable	-	284	0.0%	0.0%
Category 14	Franchises	Applicable	-	382	0.0%	0.0%
Category 15	Investments	Not applicable	No investments	-	0.0%	0.0%
Total	-	-	-	1,285,762	-	-

Greenhouse gases emitted by the supply chain (by scope) (Tons of CO$_2$)

Scope1 7,649 (0.6%)
Scope2 29,221 (2.2%)
Scope3 1,285,763 (97.2%)
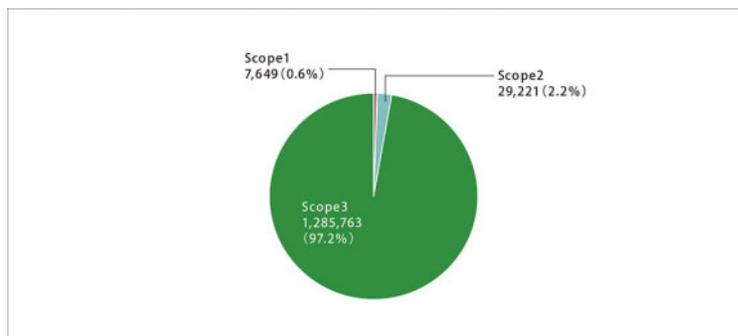
Greenhouse gases emitted by the supply chain (for Scope 3)

Category11 (6.2%)
Category9 (0.0%)
Category7 (0.3%)
Category6 (0.1%)
Category5 (0.3%)
Category4 (3.2%)
Category3 (0.5%)
Category2 (2.2%)
Category12 (8.5%)
Category13 (0.0%)
Category14 (0.0%)
Category1 (78.7%)
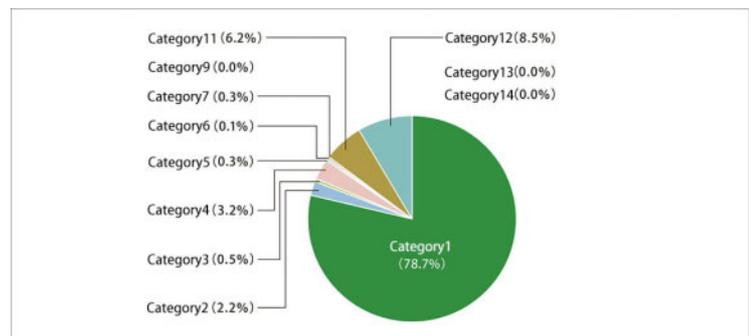
2023	Emissions by scope	Ratio
Scope 1	7,649	0.6%
Scope 2	29,221	2.2%
Scope 3	1,285,763	97.2%
Total	1,322,633	-

(Unit Tons of CO$_2$)

Resource Saving and Recycling

Waste Materials: Recycling and Final Disposal Amounts
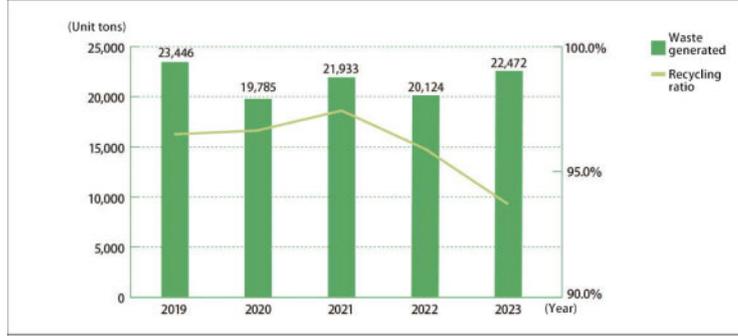
	Waste generated	Recycling amount	Recycling ratio
2019	23,446	22,591	96.4%
2020	19,785	19,107	96.6%
2021	21,933	21,357	97.4%
2022	20,124	19,300	95.9%
2023	22,472	21,074	93.8%

(Unit tons)

Waste Materials by Activity
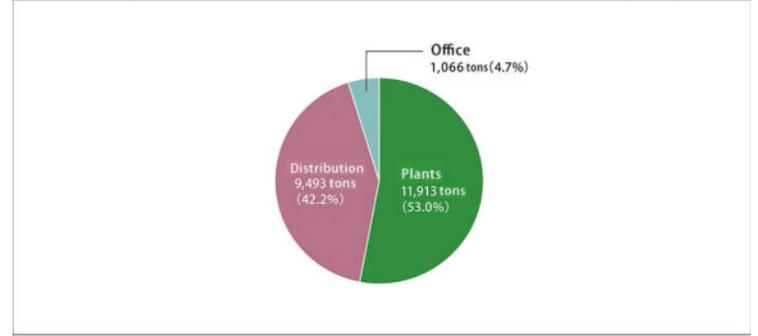
	Waste generated	Composition ratio
Plants	11,913	53.0%
Distribution	9,493	42.2%
Offices	1,066	4.7%
Total	22,472	99.9%

(Unit tons)

Waste material types (Recycling rate in brackets)
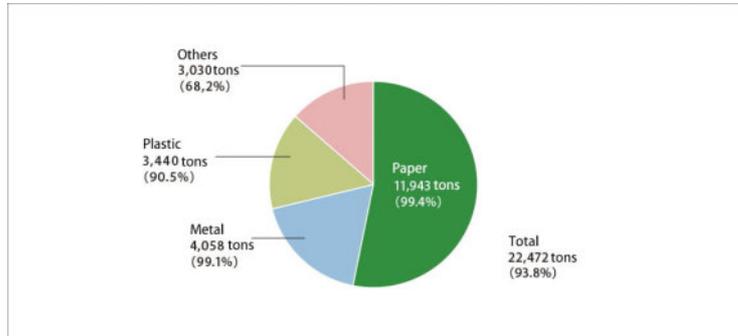
	Waste generated	Recycling amount	Recycling ratio
Paper	11,943	11,876	99.4%
Metals	4,058	4,021	99.1%
Plastic	3,440	3,113	90.5%
Other	3,030	2,063	68.2%
Total	22,471	21,073	93.8%

(Unit tons)

Plastic waste generation (in Japan)
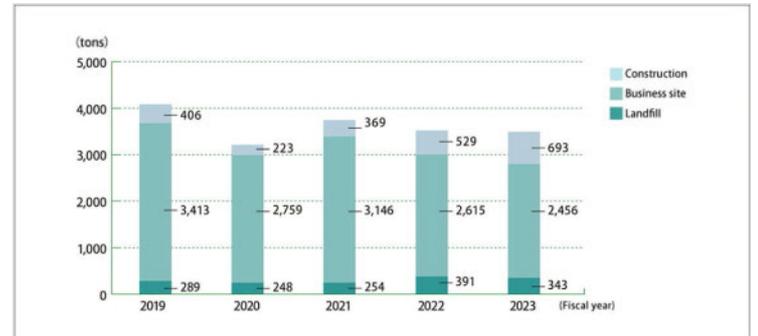
Year	Final disposal amount	Business offices	Construction sites	Total
2019	289	3,413	406	4,108
2020	248	2,759	223	3,229
2021	254	3,146	369	3,769
2022	391	2,615	529	3,535
2023	343	2,456	693	3,492

(Unit tons)

Emissions by Country
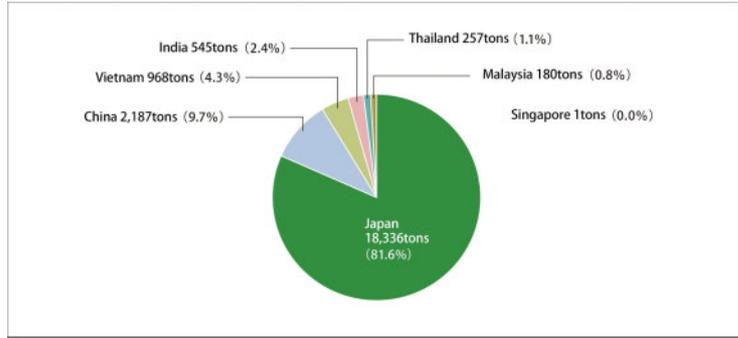
	Waste generated	Waste generated composition ratio
Japan	18,336	81.6%
China	2,187	9.7%
Vietnam	968	4.3%
India	545	2.4%
Thailand	257	1.1%
Malaysia	180	0.8%
Singapore	1	0.0%
Total	22,472	100.0%

Hazardous Waste Generation

	2021	2022	2023
Waste generated	70	56	80

(Unit tons)

＊Kokuyo Group defines and manages specially controlled industrial waste (as defined in Act on Waste Management and Public Cleansin) as hazardous waste.
＊Kokuyo Group covers Kokuyo Co., Ltd. and 20 consolidated subsidiaries and 10 affiliates.

▦ Water Resources

Water used, water recycled, water discharged
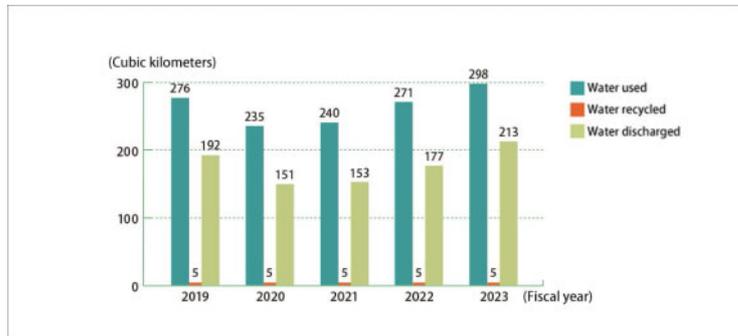
	Water used	Water recycled	Water discharged
2019	276	5	192
2020	235	5	151
2021	240	5	153
2022	271	5	177
2023	298	5	213

(Unit 1,000㎥)

＊Water recycled: Water recycled in factories
＊Water discharged: Wastewater discharged into public water bodies or sewers
＊The volume of water used and discharged increased in 2022 because the Indian subsidiary was included in that year.

Water usage by location
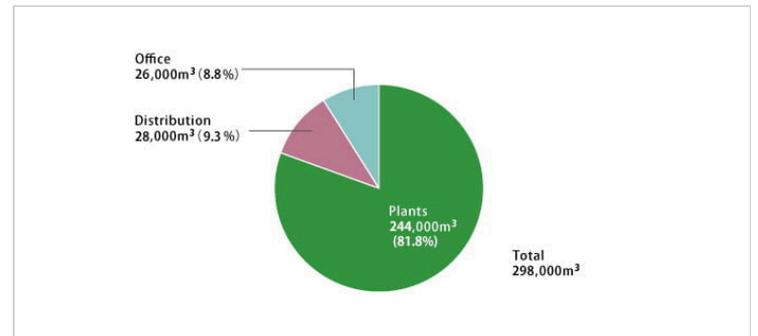
	Water usage	Composition ratio
Plants	244	81.8%
Distribution	28	9.3%
Offices	26	8.8%
Total	298	99.9%

(Unit 1,000㎥)

Water usage by country
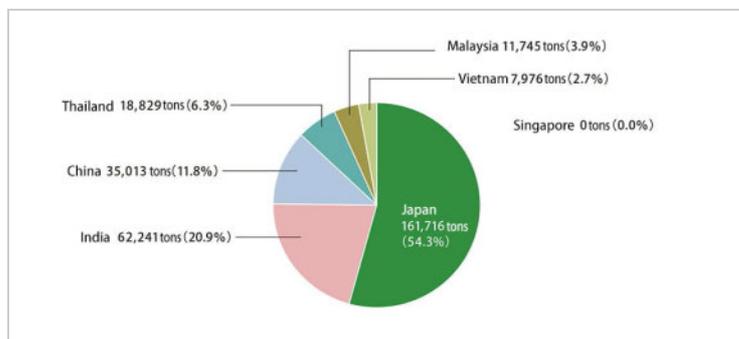
	Water usage	Water usage composition ratio
Japan	161,716	54.3%
India	62,241	20.9%
China	35,013	11.8%
Thailand	18,829	6.3%
Malaysia	11,745	3.9%
Vietnam	7,976	2.7%
Singapore	97	0.0%
Total	297,617	100.0%

Hazardous Waste Generation

	2021	2022	2023
Public water areas	42	40	40
Grandwater	111	138	173
Total	153	178	213

(Unit 1,000㎥)

Chemical Substances Subject to PRTR Law

| PRTR Management No. | Chemical name | Vol. handled (kg) | Vol. Released | | | | | Vol. Treated (kg) | Vol. Consumed (kg) |
			Vol. Released into Air (kg)	Vol. Released into Public Bodies of Water (kg)	Vol. Released into Sewers (kg)	Vol. Sent to Landfill (kg)	Sub-total (kg)		
1	Zinc compounds (water-soluble)	127.3	0.0	0.0	0.0	0.0	0.0	127.3	0.0
20	2-aminoethanol	249.2	0.0	0.0	0.0	0.0	0.0	249.2	0.0
30	Linear Alkyl Benzene Sulfonic Acid and its salts (LAS)	15.0	0.0	0.0	0.0	15.0	15.0	0.0	0.0
53	Ethylbenzene	21.3	13.0	0.0	0.1	0.1	13.2	0.0	8.1
80	Xylene	22.8	14.0	0.0	0.1	0.1	14.1	0.0	8.6
82	Silver and its water-soluble compounds	1.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
83	Cumene	6.1	6.0	0.0	0.1	0.0	6.1	0.0	0.0
125	Chlorobenzene	11.0	10.9	0.0	0.1	0.0	11.0	0.0	0.0
127	Chloroform	5.7	5.6	0.0	0.1	0.0	5.7	0.0	0.0
134	Vinyl acetate	3.1	1.4	0.0	0.0	0.0	1.4	0.0	1.6
232	N,N-dimethylformamide	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
298	Tolylene diisocyanate	0.6	0.6	0.0	0.0	0.0	0.6	0.0	0.0
300	Toluene	36.0	35.6	0.0	0.4	0.0	36.0	0.0	0.0
302	Naphthalene	20.4	20.2	0.0	0.2	0.0	20.4	0.0	0.0
309	Nickel compounds	10.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0
321	Vanadium compounds	2.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
354	Di-n-butyl phthalate	13.4	0.0	0.0	0.0	0.0	0.0	0.0	13.4
392	N-hexane	30.8	30.8	0.0	0.0	0.0	30.8	0.0	0.0
407	Poly(oxyethylene) alkyl ether	436.3	0.0	0.0	15.5	175.8	191.3	0.7	244.3
410	Poly(oxyethylene) nonylphenyl ether	6.9	0.0	0.0	0.0	0.2	0.2	0.0	6.7
412	Manganese and its compounds	18.2	0.8	0.0	0.0	6.5	7.3	0.0	10.9
448	Methylenebis(4,1-cyclohexylene) diisocyanate	309.7	0.0	0.0	0.0	0.0	0.0	0.0	309.7
453	Molybdenum and its compounds	275.4	0.0	0.0	0.0	0.0	0.0	0.0	275.4
565	Polyacrylic acid	160.0	0.0	0.0	154.8	5.2	160.0	0.0	0.0
579	Alpha-alkyl-omega-hydroxy poly [oxyethane-1,2-diyl/oxy(methylethane-1,2-diyl)] (Limited to mixtures for which the alkali group structure is branched and that alkyl group has from 9 to 11 carbon atoms (limited to mixtures for which that alkyl group has 10 carbon atoms as the main component)	38.0	0.0	0.0	0.0	0.0	0.0	38.0	0.0
585	Alpha-(isocyanatobenzyl)-omega-(isocyanatophenyl)poly[(isocyanatophenylene)methylene]	33.2	33.2	0.0	0.0	0.0	33.2	0.0	0.0
594	Ethylene glycol monobutyl ether	12,301.6	11.9	0.0	0.0	0.4	12.3	12,289.3	0.0
595	Ethylenediaminetetraacetic acid and its potassium and sodium salts	7.6	0.0	0.0	0.0	7.2	7.2	0.5	0.0
626	Diethanolamine	293.3	0.0	0.0	0.0	9.7	9.7	0.0	283.7
627	Diethylene glycol monobutyl ether	5,513.8	88.2	0.0	0.0	3.0	91.2	5,422.6	0.0

| PRTR Management No. | Chemical name | Vol. handled (kg) | Vol. Released | | | | | Vol. Treated (kg) | Vol. Consumed (kg) |
			Vol. Released into Air (kg)	Vol. Released into Public Bodies of Water (kg)	Vol. Released into Sewers (kg)	Vol. Sent to Landfill (kg)	Sub-total (kg)		
629	Cyclohexane	7,179.1	7,179.1	0.0	0.0	0.0	7,179.1	0.0	0.0
653	Dimethyl (1-phenylethyl) benzene	1.6	0.0	0.0	0.0	1.6	1.6	0.0	0.0
661	1,2-dimethoxyethane	9.3	9.0	0.0	0.0	0.3	9.3	0.0	0.0
691	Trimethylbenzene	19.9	19.7	0.0	0.2	0.0	19.9	0.0	0.0
708	(1-Hydroxyethane-1,1-diyl)diphosphonic acid and its potassium and sodium salts	22.3	22.3	0.0	0.0	0.0	22.3	0.0	0.0
731	Heptane	2,720.5	2,720.5	0.0	0.0	0.0	2,720.5	0.0	0.0
746	N-methyl-2-pyrrolidone	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
753	Sulfide (2,4,4-trimethylpentene)	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Total		29,922.5	10,222.9	0.0	171.6	255.1	10,619.5	18,138.6	1,164.4

* We made the calculations for the specific class 1 designated chemical substances and the class 1 designated chemical substances under the PRTR Law which was revised in 2021 (came into effect on April 1, 2023). Therefore, the calculation period for the actual values for 2023 of the applicable substances is from April 1 to December 31, 2023.
* The volume of PRTR Law Class I Designated Chemical Substances that were used, handled, released, transferred, disposed, recycled, and consumed by the business establishments (in Japan) subject to notification under the PRTR Law.
* For the calculation methods, see the Ministry of the Environment/Ministry of Economy, Trade and Industry's PRTR Release Estimation Methods Manual, version 5.0 (March 2023).
* "Volume treated" refers to those PRTR designated substances that were treated on site by incineration, neutralization, breaking down, reactive process, etc.
* "Volume consumed" refers to the volume of substances that were removed from the site by the removal of the products containing or accompanying them or that were modified for disposal by means of chemical reaction with other substances.

Environmental Load Material Flow

INPUT

Planning, Research & Development

Energy	55,811 GJ
Water	20,000 m³

Production

Energy	529,790 GJ
Water	244,000 m³
Substance Input	94,915 tons
Paper	51,248 tons
Metal	19,926 tons
Resins	4,078 tons
Wood	2,817 tons
Cloth	249 tons
Chemical products	
	12,825 tons
Other	3,772 tons

Cyclical water use at plants: 4,957 m³

Sales & services

Energy	73,727 GJ
Water	7,000 m³

Distribution (storage and shipping)

Energy	97,290 GJ
Water	28,000 m³

Distribution (consigned transportation)

Energy	288,665 GJ
Overall volume transported	167.7 mil. ton/km

Use

Over sales voulume	213,000 tons
Container and packaging materials	9,542 tons

OUTPUT

Planning, Research & Development

Energy origin greehouse gas CO_2	2,679 tons of CO_2
Waste	740 tons
Wastewater	20,000 m³

Production

Energy origin greehouse gas CO_2	25,437 tons of CO_2
Other greenhouse gases	41.5 ton-CO_2e
SOx	0.00 tons
NOx	0.11 tons
Waste	11,913 tons
COD	191 kg
BOD	85 kg
Wastewater*	159,000 m³

*of which the volume of waste-water discharged to areas of water for public use: 40,000 m³

Sales & services

Energy origin greehouse gas CO_2	4,035 tons of CO_2
Waste	326 tons
Wastewater	7,000 m³

Distribution (storage and shipping)

Energy origin greehouse gas CO_2	4,678 tons of CO_2
Waste	9,493 tons
Wastewater	28,000 m³

Distribution (consigned transportation)

Energy origin greehouse gas CO_2	18,516 tons of CO_2

Use

Collected used products	2,758 tons
Re-use of used products	199 tons

		Planning, R&D	Manufacturing	Sales, services	Distribution (storage, deliveries)	Logistics (contracted goods transportation)	Total
Inputs	Energy (GJ)	55,811	529,790	73,727	97,290	288,665	
	Water (km^3)	20	244	7	28		
	Total volume transported (Mt)					167.7	
	Substance inputs (t)		94,915				
	Paper (t)		51,248				
	Metals (t)		19,926				
	Resins (t)		4,078				
	Wood (t)		2,817				
	Cloth (t)		249				
	Chemical products (t)		12,825				
	Other (t)		3,772				
	Total volume sold (kt × 10)						21.3
	Packaging (t)						9,542
Recycling	Water recycled in factories (m^3)		5,120				
Outputs	CO$_2$ emissions from electrical power (tCO$_2$)	2,679	25,437	4,035	4,678	18,516	
	GHG emissions from sources other than electrical power (tCO$_2$e)		41.5				
	SO$_x$ (t)		-				
	NO$_x$ (t)		0.11				
	Waste (t)	740	11,913	326	9,493		
	Wastewater (km^3)	20	159	7	28		
	Discharges to public water bodies (km^3)		40				
	COD (kg)		191				
	BOD (kg)		85				
	Used products collected (t)						2,758
	Used products reused (t)						199

Input items

Indicator	Unit	Calculation method
Volume of energy used	GJ	Power, gas (city gas, LPG, natural gas), oil (gasoline, light oil, kerosene, fuel oil A), heat (hot water, cold water) The power unit calorific values are the daytime and nighttime power values stated in the Enforcement Regulations of the Act on the Rational Use of Energy (effective from April 1, 2008). The unit calorific values of gas, oil, and heat are those values presented in the Greenhouse Gas Emission Calculation and Reporting Manual, Ver. 4.9 (Apr 2023, Ministry of the Environment, Ministry of Economy, Trade and Industry).
Water	km^3	Tap water, water for industrial use
Substance Input	t	The volume of raw materials used to manufacture products in the plants of the KOKUYO Group
Overall Sales Volume	kt × 10	Data from furniture and stationery products
Container and Packaging Materials	t	The volume of packaging materials used to package products

Output Items

Indicator	Unit	Calculation method
CO$_2$ Emissions from Energy Use	t-CO$_2$	CO$_2$ emissions from the use of electricity, gas, oil, and heat (see Global Warming Preventive Measures) Coefficients based on the Act on Promotion of Global Warming Countermeasures (adjusted emission coefficients based on the actual values in fiscal 2021 and 2022 for each power company) were used to calculate the CO$_2$ emissions factors for power consumption in Japan. For power consumption overseas, we use the local emissions factors listed in IEA Emissions Factors 2023. Values presented in the Greenhouse Gas Emission Calculation and Reporting Manual, Ver. 4.9 (Apr 2023) and Ver. 5.0 (Feb 2024) (Ministry of the Environment, Ministry of Economy, Trade and Industry) were used to calculate CO$_2$ emissions factors for gas, oil, and heat. The ton/kilo method and the fuel consumption method were both used to calculate the distribution (consigned transportation) CO$_2$ emissions.
Other Greenhouse Gases	t-CO$_2$e	Emissions of greenhouse gases (CO$_2$, CH$_4$, N$_2$O) related to production activities, (in Japan), but excluding such emissions from energy sources, have been converted to a CO$_2$ basis. Emission coefficient values were taken from the Ministry of the Environment and the Ministry of Economy, Trade and Industry's Greenhouse Gas Emission Calculation and Reporting Manual, Ver. 5.0 (Dec 2024).
SO$_x$, NO$_x$	t	Emissions from smoke- and soot-producing facilities at manufacturing plants (in Japan)
Waste	t	The volume of discharged waste (emissions) is the total amount of waste and valuable substances discharged from business establishments. The recycle volume is the total of the volume of discharged waste (emissions) that has been recycled through material or thermal recycling, and the volume of valuable substances. The final waste volume is the combined total of the recycling residue and the volume of waste directly disposed of in landfills, out of the total volume of discharged waste (solid waste) (). If industrial waste has been calculated by cubic measurement, conversion factors (reference) for converting cubic measurements of industrial waste into weights as stated in a notice released by the Ministry of the Environment (December 27, 2006; Env. Ind. Waste Issue No. 061227006) were used.
Wastewater	km^3	Wastewater discharged to areas of water for public use and into the sewage system
COD, BOD	kg	Of plants in Japan, the volume of effluent discharged to areas of water for public use by plants with a legal obligation to measure water quality

Other items

Indicator	Unit	Calculation method
Overall Transportation Volume	tkm	The total of the following outsourced transportation volumes: total domestic transportation in Japan including the transportation of furniture products, store fixtures, stationery products, transportation of catalog sales by Kaunet, and transportation of Actus products; and transportation of products between overseas sites and within Malaysia.
Cyclical Water Use at Plants	m^3	The volume of water used in a cyclical way (i.e. recycled) on business premises
Cyclical Resource Use on Sitest	t	The volume of recycled resources, such as packaging materials, on the business premises of Kokuyo Logitem and Kokuyo Supply Distribution.
Collected Used Products	t	The volume of used products collected from customers by Kokuyo Logitem.
Re-use of Used Products	t	The volume of re-used products from the used products collected from customers by Kokuyo Logitem.

Environmental Accounting

Environmental Accounting

(Unit: Multiple of 10 thousand yen)

Item	Environment-related Investments			Costs			Effects			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Pollution prevention	690	0	0	1,532	1,778	2,550	0	0	0	1,532	1,778	2,550
Global warming prevention	10,785	7,491	1,124	8,200	2,481	4,306	▲2,160	▲1,603	▲1,400	6,040	878	2,906
Resource saving and recycling	0	0	0	54,265	50,736	45,842	▲24,564	▲26,213	▲26,050	29,701	24,523	19,792
Procurement and provision of eco-friendly products	0	0	0	3,583	4,980	3,434	0	0	0	3,583	4,980	3,434
Survey and research into environmental technology	0	0	0	160	148	317	0	0	0	160	148	317
Environmental communication	0	0	0	1,623	3,547	3,539	0	0	0	1,623	3,547	3,539
Setting up management structures	0	0	0	6,369	9,244	11,361	0	0	0	6,369	9,244	11,361
Environmental damage response	0	0	0	0	0	0	0	0	0	0	0	0
Total	11,475	7,491	1,124	75,732	72,914	71,347	▲26,724	▲27,816	▲27,450	49,008	45,098	43,899

Breakdown of economic effects

Item	Content of countermeasures	2021	2022	2023
Global warming prevention	Effects of introducing energy-saving facilities	▲1,124	▲633	▲324
	Effects of solar power generation	▲978	▲936	▲976
	Effects of improving operations	▲58	▲34	▲101
Resource saving and recycling	Proceeds from garbage sorting and recycling	▲24,561	▲26,213	▲26,050
	Waste Reduction	▲2	0	0
	Cost reductions achieved through the promotion of recycling	0	0	0
Total		▲26,723	▲27,816	▲27,451

Sites with ISO 14001 Certification

Seventy-three sites, or 38% of the total 192 sites have received ISO 14001 certification.

No.	Company Name	Site Name
1	Kokuyo	Head Office (including XT and WS)
2		Tokyo Shinagawa Office
3		Tokyo Shinagawa SST Office
4		Tokyo Kasumigaseki Office
5		Nagoya Office
6		Osaka Umeda Office
7		Mie Factory
8		Shibayama Factory
9	Kokuyo K Heart	Head Office
10	Kokuyo MVP	Tottori Factory
11		Aoya Factory
12	Kokuyo Product Shiga	Head Office
13	Kokuyo Logitem	Head Office
14		Sapporo Distribution Center
15		Sendai Distribution Center
16		Gunma Distribution Center
17		Central Japan Delivery and Distribution Center
18		Central Japan Delivery Center
19		Shin Chiba Distribution Center
20		Shiga Distribution Center
21		Mie Distribution Center
22		Ina Distribution Center
23		Chubu Delivery and Distribution Center
24		Toyama Distribution Center
25		Fujiwara Distribution Center
26		Komono Distribution Center
27		Kansai Delivery and Distribution Center
28		Okayama Distribution Center
29		Kyushu Distribution Center
30	Kokuyo Supply Logistics	Head Office
31		Sapporo Distribution Center
32		Ibaraki Distribution Center
33		Metropolitan Area Integrated Distribution Center
34		Chubu Integrated Distribution Center
35		Shiga National Distribution Center
36		Kinki Integrated Distribution Center
37		Osaka Nanko Distribution Center
38		Kyushu Integrated Distribution Center
39		Fukuoka Distribution Center

No.	Company Name	Site Name
40	Kaunet	Head Office
41		Tokyo Shinagawa Office
42	Kokuyo Marketing	Head Office
43		Tachikawa Office
44		Chiba Office
45		Saitama Office
46		Yokohama Office
47		Nagano Office
48		Matsumoto Office
49		Nagoya Office
50		Shizuoka Office
51		Umeda Office
52		Kyoto Office
53		Kobe Office
54		Wakayama Office
55		Hiroshima Office
56		Yamaguchi Office
57		Matsue Office
58		Fukuoka Office
59		Nagasaki Office
60		Miyazaki Office
61		Kagoshima Office
62		Kumamoto Office
63		Oita Office
64		Okinawa Office
65	Kokuyo (Malaysia)	Head Office
66	Kokuyo-IK Thailand	Head Office
67	Kokuyo Camlin	Patalganga Plant
68		Tarapur Plant
69		Samba Plant
70	Kokuyo Commere (Shanghai)	Head Office
71		Beijing Office
72		Shenzhen Office
73		LAMEX Dongguan Plant

KOKUYO (MIE PLANT)

LOCATION	2012 Nishitawara, Nabari-shi, Mie
PRINCIPAL PRODUCTS	Steel desks, low partitions, chairs, etc.
COMMENCEMENT OF OPERATIONS	May 1993
SITE AREA	145,977m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	102,694	100,880	90,943
	Fuel	40,836	39,532	36,637
	Electricity	61,858	61,348	54,306
Water resources（m^3）	City/well water	62,873	64,067	64,252
Outputs		**2021**	**2022**	**2023**
Atmospheric emissions（t）	CO$_2$	4,621	4,310	1,864
	SO$_x$	-	-	-
	NO$_x$	0.3	0.13	0.11
Waste emissions（t）	Total waste volume	1,337	1,265	1,160
	Reuse/heat recovery	1,334	1,261	1,153
	Final disposal	3	3	7
Emissions into bodies of water（m^3）	Volume of effluent	30,467	31,097	29,974
	Emissions into public water areas	30,467	31,097	29,974
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.6～8.1	7.6～8.0	7.5～8.1
	COD(mg/L)	11.3	8.6	9
	BOD(mg/L)	4.1	2.4	3.9
	SS(mg/L)	2.7	2.3	3.5

KOKUYO (SHIBAYAMA PLANT)

LOCATION	3155-4 Ohdai, Shibayama-machi, Sanbu-gun, Chiba
PRINCIPAL PRODUCTS	Room dividers, low partitions, cabinets, etc.
COMMENCEMENT OF OPERATIONS	June 1994
SITE AREA	73,734m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	116,567	120,133	104,221
	Fuel	59,518	61,458	51,676
	Electricity	57,049	58,675	52,545
Water resources（m^3）	City/well water	15,065	15,336	13,364
Outputs		**2021**	**2022**	**2023**
Atmospheric emissions（t）	CO$_2$	5,572	5,767	5,018
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	2,222	2,107	2,223
	Reuse/heat recovery	2,222	2,091	2,219
	Final disposal	0	16	4
Emissions into bodies of water（m^3）	Volume of effluent	10,156	10,428	8,292
	Emissions into public water areas	4,945	5,089	2,591
	Emissions into sewage systems	5,211	5,339	5,701
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.4	7.3	7.4
	COD(mg/L)	2.8	1.8	1.3
	BOD(mg/L)	1.4	1.6	1.5
	SS(mg/L)	0.7	0.5	1.5

KOKUYO PRODUCT SHIGA

LOCATION	312 Kamigano, Aisho-cho, Echi-gun, Shiga
PRINCIPAL PRODUCTS	Notebooks, plain paper copy paper, carbon duplication books, loose-leaf supplies, etc.
COMMENCEMENT OF OPERATIONS	October 1980
SITE AREA	114,294m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	52,351	52,931	42,179
	Fuel	1,022	1,010	1,014
	Electricity	51,328	51,921	41,165
Water resources (m^3)	City/well water	4,230	4,796	4,728
Outputs		**2021**	**2022**	**2023**
Atmospheric emissions (t)	CO$_2$	1,894	1,751	491
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions (t)	Total waste volume	2,155	2,177	2,129
	Reuse/heat recovery	2,149	2,177	2,129
	Final disposal	6	0	0
Emissions into bodies of water (m^3)	Volume of effluent	4,174	4,708	4,482
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	4,174	4,708	4,482
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.9〜8.9	7.0〜7.9	7.1〜8.3
	COD(mg/L)	5.1	4.4	1.9
	BOD(mg/L)	13.0	6.9	6.1
	SS(mg/L)	46	4.6	14

KOKUYO MVP (TOTTORI FACTORY)

LOCATION	2-201 Minami, Koyama-cho,Tottori-shi, Tottori
PRINCIPAL PRODUCTS	Custom-made stationery
COMMENCEMENT OF OPERATIONS	September 2007 (Predecessor company, KOKUYO Office Supplies Industrial, began operations in December 1962)
SITE AREA	38,389m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	21,632	27,886	21,569
	Fuel	206	216	208
	Electricity	21,426	27,670	21,361
Water resources（m^3）	City/well water	2,924	2,331	2,178
Outputs		2021	2022	2023
Atmospheric emissions（t）	CO$_2$	1,170	1,507	1,312
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	942	966	837
	Reuse/heat recovery	926	953	837
	Final disposal	15	13	0
Emissions into bodies of water（m^3）	Volume of effluent	2,924	2,331	2,178
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	2,924	2,331	2,178
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

KOKUYO MVP (AOYA FACTORY)

LOCATION	1114 Aoya, Aoya-cho, Tottori-shi, Tottori
PRINCIPAL PRODUCTS	Custom made stationery
COMMENCEMENT OF OPERATIONS	September 2007 (Predecessor company, KOKUYO Office Supplies Industrial, Aoya Factory, began operations in April 2000)
SITE AREA	34,607m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	14,523	15,022	12,474
	Fuel	979	900	676
	Electricity	13,544	14,122	11,798
Water resources（m^3）	City/well water	4,327	1,201	1,718

Outputs		2021	2022	2023
Atmospheric emissions（t）	CO$_2$	791	816	757
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	438	424	399
	Reuse/heat recovery	437	423	399
	Final disposal	1	1	0
Emissions into bodies of water（m^3）	Volume of effluent	4,327	1,201	1,718
	Emissions into public water areas	4,327	1,201	1,718
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

IWAMI PAPER INDUSTRY CO., LTD. (HEADQUARTERS FACTORY)

LOCATION	I-378 Ushiroda, Tsuwano-cho, Kanoashi-gun, Shimane
PRINCIPAL PRODUCTS	Letter paper, receipt, vocabulary notebook, memo pad, etc.
COMMENCEMENT OF OPERATIONS	October 1918
SITE AREA	5,382m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	2,806	2,553	2,218
	Fuel	282	390	302
	Electricity	2,525	2,162	1,917
Water resources（m^3）	City/well water	496	422	482

Outputs		2021	2022	2023
Atmospheric emissions（t）	CO_2	133	120	121
	SO_x	-	-	-
	NO_x	-	-	-
Waste emissions（t）	Total waste volume	82	66	60
	Reuse/heat recovery	82	66	60
	Final disposal	0	0	0
Emissions into bodies of water（m^3）	Volume of effluent	496	422	482
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	496	422	482
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.9～8.4	6.0～8.4	6.0～8.4
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

IWAMI PAPER INDUSTRY CO., LTD. (Ato Factory)

LOCATION	586-3 Atotokusa, Yamaguchi-shi, Yamaguchi
PRINCIPAL PRODUCTS	Resume form, manuscript paper, slip pad, report paper, etc.
COMMENCEMENT OF OPERATIONS	April 1991
SITE AREA	28,297m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	9,266	7,223	6,281
	Fuel	1,988	212	182
	Electricity	7,279	7,011	6,099
Water resources（m^3）	City/well water	704	631	681

Outputs		2021	2022	2023
Atmospheric emissions（t）	CO$_2$	520	384	330
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	272	294	256
	Reuse/heat recovery	272	284	253
	Final disposal	0	9	3
Emissions into bodies of water（m^3）	Volume of effluent	704	631	681
	Emissions into public water areas	704	631	681
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.5～7.9	6.5～7.9	6.5～7.9
	COD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	BOD(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation
	SS(mg/L)	Not subject to regulation	Not subject to regulation	Not subject to regulation

KOKUYO-IK (THAILAND)

LOCATION	529 Moo 4 Bangpoo Industrial Estate Soi 8C, T. Praksa, A. Muang, Samutprakam 10280 Thailand
PRINCIPAL PRODUCTS	Clear books (transparent document holders), polypropylene files, tape adhesives, corrective tape etc.
COMMENCEMENT OF OPERATIONS	December 1996
SITE AREA	12,679m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	41,945	44,798	38,056
	Fuel	321	343	357
	Electricity	41,624	44,454	37,699
Water resources（m^3）	City/well water	16,576	19,728	18,829

Outputs		2021	2022	2023
Atmospheric emissions（t）	CO_2	1,943	2,126	1,975
	SO_x	-	-	-
	NO_x	-	-	-
Waste emissions（t）	Total waste volume	303	317	257
	Reuse/heat recovery	265	278	217
	Final disposal	38	39	40
Emissions into bodies of water（m^3）	Volume of effluent	13,262	15,782	15,063
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	13,262	15,782	15,063
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.1	7.0	7.6
	COD(mg/L)	102.64	73.3	44
	BOD(mg/L)	177.8	32.6	2.1
	SS(mg/L)	10.0	13.8	57.5

KOKUYO (MALAYSIA)

LOCATION	Lots 79 & 83, Persiaran Bunga Tanjung 1, Senawang Industrial Park 70400 Seremban, Negeri Sembilan Darul Khusus, Malaysia
PRINCIPAL PRODUCTS	Workstations, phone booths, cabinets, furniture, etc.
COMMENCEMENT OF OPERATIONS	October 1999
SITE AREA	58,000m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	18,778	18,958	16,553
	Fuel	6,001	5,554	5,446
	Electricity	12,777	13,404	11,107
Water resources（m^3)	City/well water	8,124	11,426	11,745
Outputs		2021	2022	2023
Atmospheric emissions（t)	CO$_2$	1,164	1,170	1,052
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t)	Total waste volume	200	209	180
	Reuse/heat recovery	164	165	166
	Final disposal	36	45	14
Emissions into bodies of water（m^3)	Volume of effluent	2,156	3,217	6,025
	Emissions into public water areas	1,121	1,854	4,701
	Emissions into sewage systems	1,035	1,363	1,324
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.7	8.0	7.9
	COD(mg/L)	18.4	28.3	51.3
	BOD(mg/L)	6.8	8.6	13.3
	SS(mg/L)	8.5	9.8	17.1

KOKUYO VIETNAM

LOCATION	Land Plot B2-B7, Japan-Haiphong IZ, An Duong Dist., Haiphong City, Vietnam	
PRINCIPAL PRODUCTS	Notebooks, files for thick covers, tack labels, etc.	
COMMENCEMENT OF OPERATIONS	November 2006	
SITE AREA	51,544m^2	

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	29,485	24,795	24,009
	Fuel	575	629	708
	Electricity	28,910	24,166	23,301
Water resources（m^3）	City/well water	9,569	8,668	7,976
Outputs		2021	2022	2023
Atmospheric emissions（t）	CO$_2$	1,917	1,562	1,512
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	1,006	784	968
	Reuse/heat recovery	806	611	919
	Final disposal	200	173	49
Emissions into bodies of water（m^3）	Volume of effluent	7,655	6,934	6,381
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	7,655	6,934	6,381
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.0	7.2	7.0
	COD(mg/L)	188.5	134.5	54.5
	BOD(mg/L)	71.5	65.4	30.2
	SS(mg/L)	101.5	74.8	41.1

KOKUYO COMMERCE (SHANGHAI) CO.,LTD SHANGHAI FACTORY

LOCATION	No.128 RenJie RD, FengXian District, Shanghai,P.R,China 201402
PRINCIPAL PRODUCTS	Adhesive-bound notebooks, spiral notebooks, twin-ring notebooks, report pads, etc.
COMMENCEMENT OF OPERATIONS	August 2012
SITE AREA	27,457.7m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	16,864	16,197	16,571
	Fuel	511	283	284
	Electricity	16,353	15,915	16,287
Water resources（m^3）	City/well water	1,800	1,763	2,051

Outputs		2021	2022	2023
Atmospheric emissions（t）	CO$_2$	1,055	1,000	1,132
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	1,227	1,399	1,494
	Reuse/heat recovery	1,193	1,364	1,435
	Final disposal	34	34	59
Emissions into bodies of water（m^3）	Volume of effluent	1,620	1,587	1,846
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	1,620	1,587	1,846
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	Not subject to measurement	Not subject to measurement	Not subject to measurement
	COD(mg/L)	Not subject to measurement	Not subject to measurement	Not subject to measurement
	BOD(mg/L)	Not subject to measurement	Not subject to measurement	Not subject to measurement
	SS(mg/L)	Not subject to measurement	Not subject to measurement	Not subject to measurement

KOKUYO CAMLIN (TARAPUR FACTORY, INDIA)

LOCATION	Plot no. D-2/1, MIDC Tarapur, Tal- Palghar, Dist- Thane, 401506
PRINCIPAL PRODUCTS	Art supplies, crayons, etc.
COMMENCEMENT OF OPERATIONS	April 1974
SITE AREA	10,045m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	20,539	45,533	21,922
	Fuel	286	790	395
	Electricity	20,252	44,743	21,527
Water resources（m^3）	City/well water	17,901	23,874	25,968
Outputs		2021	2022	2023
Atmospheric emissions（t）	CO$_2$	1,487	3,145	1,725
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	45.2	85.0	129.2
	Reuse/heat recovery	45.2	85.0	129.2
	Final disposal	0	0	0
Emissions into bodies of water（m^3）	Volume of effluent	17,901	23,874	25,968
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	17,901	23,874	25,968
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.72	7.37	7.6
	COD(mg/L)	69.0	46.0	42.2
	BOD(mg/L)	12.0	10.0	9.8
	SS(mg/L)	2.0	23.0	9.3

KOKUYO CAMLIN (PATALGANGA FACTORY, INDIA)

LOCATION	Plot No. F – 8, Additional Patalganga MIDC, Chavane Village, Post – Apte, Taluka – Panvel, District – Raigad, Maharashtra - 410220
PRINCIPAL PRODUCTS	Writing instruments (markers, mechanical pencils, gel pens, sketch pen), ink, crayons, etc.
COMMENCEMENT OF OPERATIONS	April 2017
SITE AREA	56,000m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	23,227	26,224	23,826
	Fuel	1,203	987	1,493
	Electricity	22,025	25,237	22,333
Water resources （m^3）	City/well water	35,571	38,640	24,564

Outputs		2021	2022	2023
Atmospheric emissions （t）	CO$_2$	1,678	1,812	1,879
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions （t）	Total waste volume	281.9	222.9	242.4
	Reuse/heat recovery	281.7	222.3	242.4
	Final disposal	0	0.626	0
Emissions into bodies of water （m^3）	Volume of effluent	0	0	0
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	-	-	-
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	6.5	7.5	7.9
	COD(mg/L)	32.0	120.0	131.8
	BOD(mg/L)	8.0	32.0	34.0
	SS(mg/L)	17.0	28.0	34.0

KOKUYO CAMLIN (SAMBA FACTORY, INDIA)

LOCATION	Lane No. 9, Sidco, Phase - 1 I.G.C., Samba- 184 121
PRINCIPAL PRODUCTS	Art supplies, poster colors, etc.
COMMENCEMENT OF OPERATIONS	January 2008
SITE AREA	10,040m^2

Inputs		2021	2022	2023
Energy (GJ)	Volume of energy inputs	6,820	8,680	8,559
	Fuel	579	752	588
	Electricity	6,241	7,928	7,971
Water resources（m^3）	City/well water	6,977	10,259	11,709

Outputs		2021	2022	2023
Atmospheric emissions（t）	CO$_2$	492	600	675
	SO$_x$	-	-	-
	NO$_x$	-	-	-
Waste emissions（t）	Total waste volume	103.4	116.2	173.1
	Reuse/heat recovery	103.4	116.2	173.1
	Final disposal	0	0	0
Emissions into bodies of water（m^3）	Volume of effluent	6,977	10,259	11,709
	Emissions into public water areas	-	-	-
	Emissions into sewage systems	6,977	10,259	11,709
Restricted items emitted into bodies of water	Hydrogen ion concentration (PH)	7.6	7.5	7.2
	COD(mg/L)	48.0	104.0	64.0
	BOD(mg/L)	8.0	23.0	11.0
	SS(mg/L)	10.0	56.0	21.0

Mapping to other guidelines

Mapping to GRI Standards

We have referred to the GRI Sustainability Reporting Standards.

Index	Disclosure	GRI Standard	Relevant page
General Disclosures			
GRI 2: General disclosures 2021			
1. **Organization and reporting practices**	2-1	Organization details	Corporate Data ›
	2-2	Business entities covered by the organization's sustainability reporting	Affiliated Companies (Japanese Only) ›
	2-3	Reporting period, reporting frequency and contact details	Sustainability site editorial policy ›
	2-4	Description of revisions and corrections to information	
	2-5	External assurance	Independent assurance certificates ›
2. **Activities and workers**	2-6	Activities, value chains and other business relationships	Business Overview › Supply Chain Management ›
	2-7	Employees	Databank (society) ›
	2-8	Workers other than employees	
3. **Governance**	2-9	Governance structure and composition	Corporate Governance ›
	2-10	Nominating and selecting in the highest governance body	Corporate Governance ›
	2-11	Chair of the highest governance body	Corporate Governance ›
	2-12	Role of the highest governance body in supervision of the management of impacts	Corporate Governance ›
	2-13	Transferring responsibility for the management of impacts	Corporate Governance ›
	2-14	Highest governance body's role in sustainability reporting	Sustainable Management ›
	2-15	Conflicts of interest	Corporate Governance ›
	2-16	Communicating critical concerns	Risk Management ›
	2-17	Collective knowledge of highest governance body	Corporate Governance ›
	2-18	Evaluating the highest governance body's performance	Corporate Governance ›
	2-19	Remuneration policies	Corporate Governance ›
	2-20	Process for determining remuneration	Corporate Governance ›
	2-21	Annual total compensation ratio	

Index	Disclosure	GRI Standard	Relevant page
4. **Strategies, policies, and practices and customs**	2-22	Statement on the strategy for sustainable development	Message from the CEO ›
	2-23	Policy statement	Sustainable Management › KOKUYO Group Code of Conduct › Respect for Human Rights ›
	2-24	Implementation of the policy statement	Environmental › Improve wellbeing › Supply Chain Management › Providing Peace of Mind and Safety to Customers ›
	2-25	Process to correct negative impacts	Risk Management › Promoting compliance › Respect for Human Rights ›
	2-26	System for seeking advice and system for raising concerns	Promoting compliance ›
	2-27	Compliance with laws and regulations	Promoting compliance › Legal Compliance and Pollution Prevention ›
	2-28	Organizations with membership qualifications	Sustainability Policy, Guidelines › Endorsement ›
	2-29	Approach to stakeholder engagement	Stakeholder Engagement › Dialogue with our Customers › Employee Communication › Supply Chain Management › Social Contribution ›
	2-30	Labor agreement	Page 10 of our latest annual securities report (Japanese Only) › (827 kb)

GRI 3: Material topics 2021

	Disclosure	GRI Standard	Relevant page
	3-1	Process for determining material items	The 5 Materialities ›
	3-2	List of material topics	Sustainable Management ›
	3-3	Management of material items	Sustainable Management ›

GRI 200: Economic

Index	Disclosure	GRI Standard	Relevant page
GRI201: **Economic Performance 2016**	201-1	Direct economic value generated and distributed	Performance Highlights ›
	201-2	Financial implications and other risks and opportunities due to climate change	Respond to the climate crisis ›
	201-3	Defined benefit plan obligations and other retirement plans	Page 95 of our latest annual securities report (Japanese Only) › (827 kb)
	201-4	Financial assistance received from government	
GRI202: **Presence in the local economy 2016**	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	
GRI203: **Indirect Economic Impacts 2016**	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	
GRI204: **Procurement Practices 2016**	204-1	Proportion of spending on local suppliers	
GRI205: **Anti-corruption 2016**	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
GRI206: **Anti-competitive Behavior 2016**	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	

Index	Disclosure	GRI Standard	Relevant page
GRI207: **Tax** **2019**	207-1	Approach to tax	
	207-2	Taxation business governance, control, and risk management	
	207-3	Stakeholder engagement and management of concerns related to tax	
	207-4	Country-by-country reporting	
GRI 300: Environment			
GRI301: **Materials** **2016**	301-1	Materials used by weight or volume	Databank (environmental) ›
	301-2	Recycled input materials used	Databank (environmental) ›
	301-3	Reclaimed products and their packaging materials	
GRI302: **Energy** **2016**	302-1	Energy consumption within the organization	Databank (environmental) ›
	302-2	Energy consumption outside of the organization	Databank (environmental) ›
	302-3	Energy intensity	Databank (environmental) ›
	302-4	Reduction of energy consumption	Databank (environmental) ›
	302-5	Reductions in energy requirements of products and services	
GRI303: **Water and effluents** **2018**	303-1	Interactions with water as a shared resource	
	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	Water resource › Reports for Each Business Site ›
	303-4	Water discharge	Water resource › Reports for Each Business Site ›
	303-5	Water consumption	Water resource › Reports for Each Business Site ›
GRI304: **Biodiversity** **2016**	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Yui no Mori (Japanese) › Contribute toward a society that coexists with nature ›
	304-2	Significant impacts of activities, products, and services on biodiversity	
	304-3	Habitats protected or restored	Yui no Mori (Japanese) ›
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
GRI305: **Emissions** **2016**	305-1	Direct (Scope 1) GHG emissions	Databank (environmental) ›
	305-2	Energy indirect (Scope 2) GHG emissions	Databank (environmental) ›
	305-3	Other indirect (Scope 3) GHG emissions	Databank (environmental) ›
	305-4	GHG emissions intensity	Databank (environmental) ›
	305-5	Reduction of GHG emissions	Databank (environmental) ›
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Databank (environmental) ›
GRI306: **Effluents and Waste** **2020**	306-1	Waste generation and significant impacts related to waste	
	306-2	Management of significant impacts related to waste	
	306-3	Generated waste	Databank (environmental) > Resource saving and recycling ›
	306-4	Undisposed waste	Databank (environmental) > Resource saving and recycling ›
	306-5	Disposed waste	Databank (environmental) > Resource saving and recycling ›
GRI308: **Supplier** **Environmental** **Assessment** **2016**	308-1	New suppliers that were screened using environmental criteria	
	308-2	Negative environmental impacts in the supply chain and actions taken	

Index	Disclosure	GRI Standard	Relevant page
GRI 400: Social			
GRI401: Employment 2016	401-1	New employee hires and employee turnover	Databank (society) ›
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3	Parental leave	Databank (society) ›
GRI402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	
GRI403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Employee Safety › Employee Health ›
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	Employee Safety ›
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Safety ›
	403-5	Worker training on occupational health and safety	Employee Safety ›
	403-6	Promotion of worker health	Employee health ›
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee health ›
	403-8	Workers covered by an occupational health and safety management system	Page 10 of our latest annual securities report (Japanese Only) › (827 kb)
	403-9	Work-related injuries	Databank (society) ›
	403-10	Work-related ill health	
GRI404: Training and Education 2016	404-1	Average hours of training per year per employee	
	404-2	Programs for upgrading employee skills and transition assistance programs	Labor and talent ›
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Databank (society) ›
	405-2	Ratio of basic salary and remuneration of women to men	
GRI406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	
GRI407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Supply Chain Management ›
GRI409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Management ›
GRI410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	
GRI411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	
GRI413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Contribution ›
	413-2	Operations with significant actual and potential negative impacts on local communities	

Index	Disclosure	GRI Standard	Relevant page
GRI414: **Supplier Social** **Assessment** **2016**	414-1	New suppliers that were screened using social criteria	
	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management ›
GRI415: **Public Policy** **2016**	415-1	Political contributions	
GRI416: **Customer Health and** **Safety** **2016**	416-1	Assessment of the health and safety impacts of product and service categories	Providing Peace of Mind and Safety to Customers ›
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI417: **Marketing and** **Labeling** **2016**	417-1	Requirements for product and service information and labeling	
	417-2	Incidents of non-compliance concerning product and service information and labeling	
	417-3	Incidents of non-compliance concerning marketing communications	
GRI418: **Customer Privacy** **2016**	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	

▦ ISO26000

Below, we have mapped disclosures to the ISO 26000 core subjects.

ISO 26000 Core Subject	Issues	Page
Organizational governance	Issue 1: Organizational governance	Message from the CEO › Sustainable Management › Corporate Governance ›
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	Sustainable Management › KOKUYO Group Code of Conduct › Labor and talent › Respect for Human Rights › Supply Chain Management › Databank (society) ›
Labor practices	Issue 1: Employment and employment relationships Issue 2: Conditions of work and social protection Issue 3: Social dialogue Issue 4: Health and safety at work Issue 5: Human development and training in the workplace	Sustainable Management › KOKUYO Group Code of Conduct › Labor and talent › Improve Wellbeing › Respect for Human Rights › Supply Chain Management › Databank (society) ›
Environmental	Issue 1: Prevention of pollution Issue 2: Sustainable resource use Issue 3: Climate change mitigation and adaptation Issue 4: Protection and restoration of the natural environment	Sustainable Management › KOKUYO Group Code of Conduct › Supply Chain Management › Environmental Management › Respond to the climate crisis › Contribute to circular economy › Legal Compliance and Pollution Prevention › Contribute toward a society that coexists with nature › Databank (environmental) › Reports for Each Business Site › Yui no Mori (Japanese) ›

Fair operating practices	Issue 1: Anti-corruption Issue 2: Responsible political involvement Issue 3: Fair competition Issue 4: Promoting social responsibility in the value chain Issue 5: Respect for property rights	Sustainable Management › KOKUYO Group Code of Conduct › Supply Chain Management › Promoting compliance › Risk Management ›
Consumer issues	Issue 1: Fair marketing, factual, and unbiased information and fair contractual practices Issue 2: Protecting consumers' health and safety Issue 3: Sustainable consumption Issue 4: Consumer service, support, and complaint and dispute resolution Issue 5: Consumer data protection and privacy Issue 6: Access to essential services Issue 7: Education and awareness	Sustainable Management › Providing Peace of Mind and Safety to Customers › Databank (society): Reflecting Customer Opitions › Contributing to a recycling-oriented society › Dialogue with our Customers ›
Community involvement and development	Issue 1: Community involvement Issue 2: Education and culture Issue 3: Employment creation and skills development Issue 4: Technology development and access Issue 5: Wealth and income creation Issue 6: Health Issue 7: Social investment	Sustainable Management › KOKUYO Group Code of Conduct › Improve wellbeing › Labor and talent › Social Contribution › Awards and Accolades › Contribute toward a Society that Coexists with Nature › Databank (society) ›

Sustainability Policy, Guidelines

Basic Concepts

We have established a policy and guidelines to guide our efforts to incorporate sustainability into our business activities.

Sustainable Business Strategy

We established the Sustainable Business Strategy to bridge our long-term vision with our policy on stakeholder engagement.

KOKUYO Group Environmental Policy

Building a sustainable society will require the creation of a decarbonized and recycling-oriented society that can coexist with nature. The KOKUYO Group Environmental Policy sets out specific actions to that end.

KOKUYO Group Code of Conduct

After we started expanding globally, it became apparent that we needed to define a set of common behavioral standards while giving leeway to local differences, such as cultural differences, differences in values, and differences in legal interpretations. To that end, we established the KOKUYO Group Code of Conduct.

KOKUYO Group Safety and Health Basic Policy

KOKUYO believes that creation of a safe, secure and pleasant working environment, safety measures in times of disaster and other measures are the foundations for employees to work vigorously and demonstrate their full abilities. To that end, we established the KOKUYO Group Safety and Health Basic Policy.

KOKUYO Health and Productivity Management Declaration

We support employee health and productivity on the belief that the key to employee well-being is to encourage employees to take an interest in their health and engage positively at work. Our commitment is enshrined in the KOKUYO Health and Productivity Management Declaration, which is aligned with the Sustainable Business Strategy.

Circular Business Guidelines

We created the Circular Business Guidelines as an updated version of the eco-batsu initiative, which we have continued since 2008. The guidelines are designed to support closed-loop recycling and reduce recycling speed by reinforcing the areas of use, collection, and recycling. Through communication with users and the venous industry, we will shift to truly circular products and roll out maintenance and collection services for circulation.

KOKUYO Group Sustainable Procurement Policy

The KOKUYO Group Sustainable Procurement Policy enshrines our commitment to ensuring that our procurement activities contribute to a sustainable planet and society. Under this policy, we communicate our belief in co-creation with empathy to our supply chain partners, work to build mutual trust with them, and continue working with them to fulfill our collective social responsibility to support development of society.

KOKUYO Group Sustainable Procurement Guidelines

To ensure that our supply chain contributes to a sustainable planet and society, we established the KOKUYO Group Sustainable Procurement Guidelines. Based on the Sustainable Procurement Policy, these guidelines clarify the requirements and expectations for both KOKUYO and our suppliers.

KOKUYO Group Policy on Timber Procurement

In 2011, we released the KOKUYO Group Policy on Timber Procurement to enshrine our commitment to sustainable use of forest resources.

KOKUYO Group Paper and Timber Procurement Standards

We recognize the roles played by forests such as in curbing global warming and promoting biodiversity. Accordingly, we have established the KOKUYO Group Paper and Timber Procurement Standards. We are aiming with these standards for development in harmony with forest resources in the future while taking into consideration legality, transparency and sustainability in relation to the procurement of materials.

KOKUYO Quality Pledge

The KOKUYO Quality Pledge enshrines our commitment to quality. In line with this pledge, we will satisfy customers and earn their trust by delivering products and services that enrich work, learning, and living. We will also manage risks effectively and ensure the accuracy of information about our products and services.

Employees

Employee Communication

Basic Concepts

We are aiming to foster an open and easy-to-communicate organizational culture in which it is possible to create value through varied experimentation with members who have different values. The purpose of that is to be a company that creates new value by extracting the value of diversified human resources and solving social issues in 2030.

We will look to entrench a culture of experimentation where all employees respect each other and can easily access the information they need. It will also be one where value is produced through repeated trial and error in our third medium-term plan, Field Expansion 2024. Our goal with that is to change the way of working at KOKUYO into one of hybrid work and project-based work.

Systems

Employee Satisfaction Survey (stress check)

We conduct an annual stress check as required under law.

By analyzing the responses, along with overtime data and interview data, we identify issues. With this information, HR facilitates dialogues aimed at prompting self-led solutions.

Pulse Survey

We conduct a pulse survey to be able to rotate through the PDCA cycle at a high pace of once a month in KOKUYO Co., Ltd. and Kaunet Co., Ltd. One purpose of the survey is to grasp the state of individuals and teams and then use it together with other data as the indicator for responding to alerts and improving teams. Another purpose of the survey is for management to grasp the state of sites and employees even more timely and accurately while taking various measures such as new ways of working and initiatives to realize our long-term vision. We are aiming to foster an easy-to-communicate corporate culture in which employees can think and talk with each other about the company on an equal footing regardless of their position through establishing a habit of always be aware of the condition of their teams and organizations by continuing this survey every month.

Initiatives in 2023

Employee Town Meetings

All officers presented the YOKOKU in business for their own departments in the form of a movie. The aim of this activity was to serve as the impetus for each employee to see KOKUYO's purpose as their own and to think about their own YOKOKU. We held a town meeting as an opportunity for officers and employees to deepen their understanding by thinking and entering into dialogue together on the thoughts they could not fully express in their movies, why they chose that particular YOKOKU and the future that lies ahead.

President's Award

In FY2020, we launched the President's Award to honor initiatives that help build KOKUYO's value. In 2023, the third year of the program, the prestigious award went to the Initiative to Revitalize Human Resources in the HR Department.

The diverse initiatives established by the HR Department based on the concept of simultaneous growth of business and human resources include the KOKUYO Marketing University and the KOKUYO Marketing Graduate School. The university is a program aimed at young to mid-career employees to develop the basic core abilities they must learn regardless of their job type. Meanwhile, the graduate school is a program aimed at mid-career leaders in their 30s and 40s. In addition, there is the 20% Challenge. This initiative was started to boost independent career formation, ability improvement and organizational revitalization. It led to the creation of a system to allow employees to proactively take on challenges with respect to job offers on the organizational side. These efforts have been recognized.

In-house Awards Program (THE AWARDS)

THE AWARDS is a new awards program we started in 2023. It is a program to praise our close colleagues such as people and teams who are working hard on YOKOKU, people who are providing support behind the scenes, and people who have grown. Our aim with the program is to create a culture in which our employees put into words what they want to attempt and then receive support for taking on those challenges from those around them.

We sought entries for the following four types of awards and presented them together with the President's Award in 2023.

Best YOKOKU Award

Teams and projects which take on YOKOKU and work on various experiments (self-nomination or nomination by others)

Best Management Reform Award

Teams which have improved the well-being of their organization (self-nomination or nomination by others)

Most Supportive Person (MSP) Award

A colleague who supports and advances experiments in various aspects (nomination by others)

Most Improved Person (MIP) Award

A colleague who has undergone remarkable growth (nomination by others)

We selected award-winners by business and region. The winners then gathered from all over Japan at our Shinagawa Office for the awards ceremony. We have shared their efforts with all employees such as through our company newsletter.

Customers

Providing Peace of Mind and Safety to Customers

Basic policy

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.

KOKUYO Quality Pledge

We shall continually aim to delight and win the trust of customers by providing products and services that help people work, play, and learn better.

1. We shall endeavor to develop products that exceed customer expectations in every way
2. We shall endeavor to ensure product safety and to raise the bar on product quality
3. We shall comply with legal requirements and fulfill our corporate social responsibility
4. We shall listen to customers and incorporate their feedback into the development cycle
5. We shall update our management system in response to changes in the business landscape

Quality Management System (QMS)
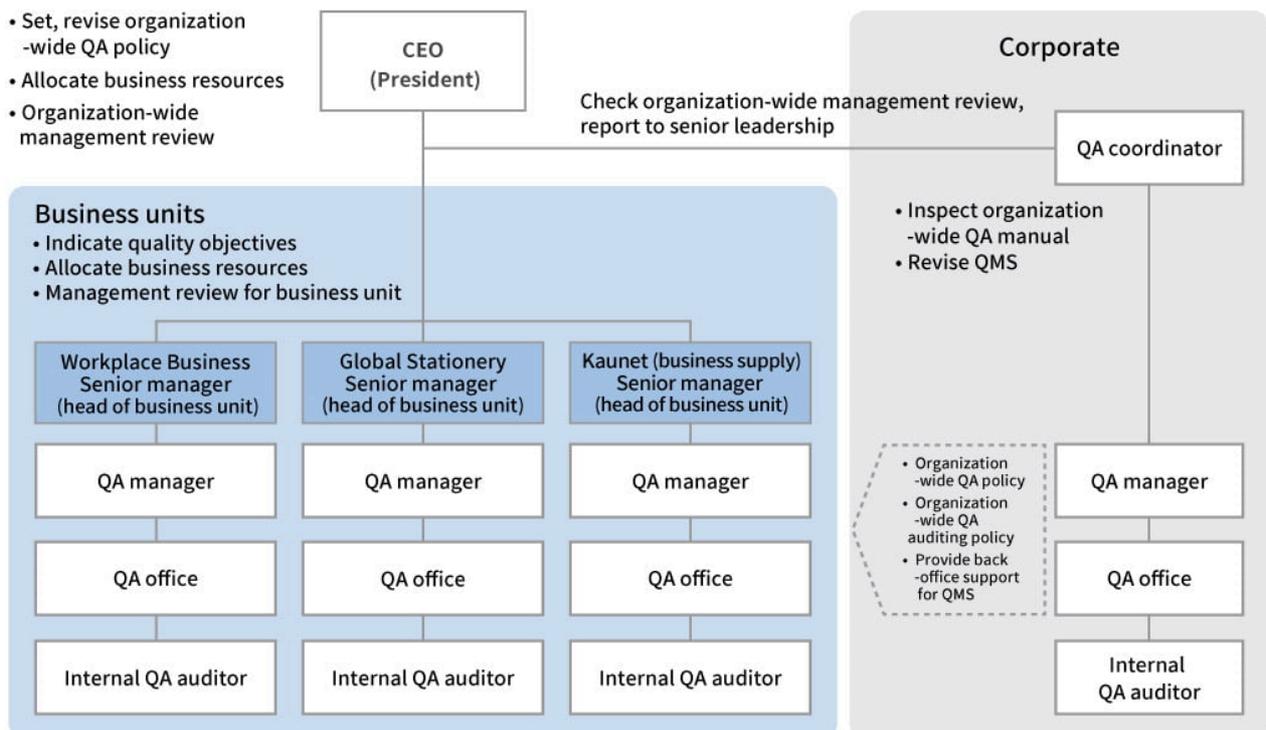
Managing the quality assurance process

In accordance with our QMS, we manage and continually improve quality at each process: planning, design, manufacturing, and distribution.
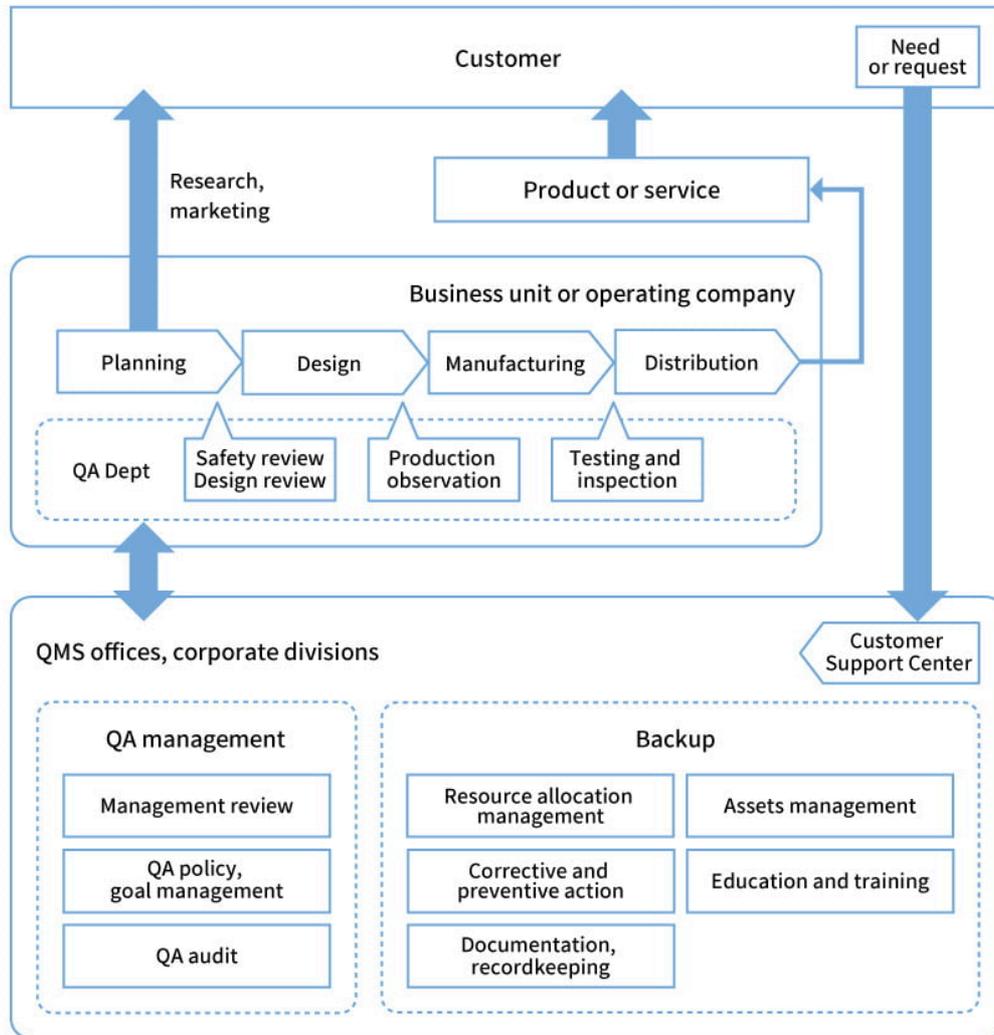
* SR-DR: safety review and design review

QA activities

- In accordance with our QMS, a third-party audit and internal audit are conducted once a year.
- We provide organized and sustained QA education (team leader training and programs for training, or improving the skills of, QA auditors).
- We inform employees about the QMS, improve its effectiveness, and improve motivation to engage in it (using our newsletter Online, webcasts, an award program, and issuing QMS straps).

░ Attainment of ISO 9001 (Quality Management System) Certification by All Companies

As of June 2019, all companies in our corporate group have attained ISO 9001:2015 (which specifies requirements for a quality management system) and we have standardized the manufacturing ("craftsmanship process") for our three main kinds of business: office furniture, stationery, and Kaunet's office supplies. Our quality management systems, as well as complying with the requirements specified in ISO 9001:2015, are continually improved. In other words, we continually look for ways to make our workforce more quality consciousness and to improve customer satisfaction, believing that quality goes hand in hand with sustained business growth.
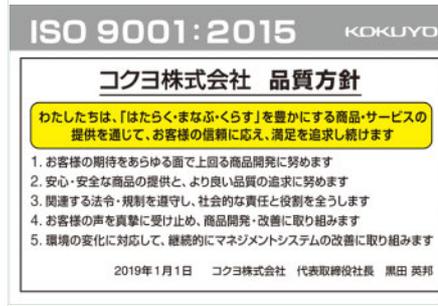
Registration certificate number: JQA-2029

Registered business: KOKUYO Co., Ltd.

Scope of registered activities:

・Design, development and manufacture of office furniture
・Purchase and sale of office furniture
・Design, development, manufacture and construction of furniture used in public facilities
・Design, development, manufacture and construction of building materials
・Design and development of stationery products
・Purchase and sale of stationery products
・Planning, development, purchase and sale of products handled by Kaunet

Relevant business / production sites:

・Workplace businesses: Head Office, Mie Plant, Shibayama Plant, Tokyo Shinagawa Office and Umeda Office
・Global stationery businesses: Head Office, Tokyo Shinagawa Office, Ibaraki Delivery Center and Osaka Nanko Delivery Center
・Kaunet Co., Ltd.: Tokyo Shinagawa SST Office

＊Current as of June 16, 2023

Quality Assurance for 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, covering planning, design, manufacturing, and distribution.
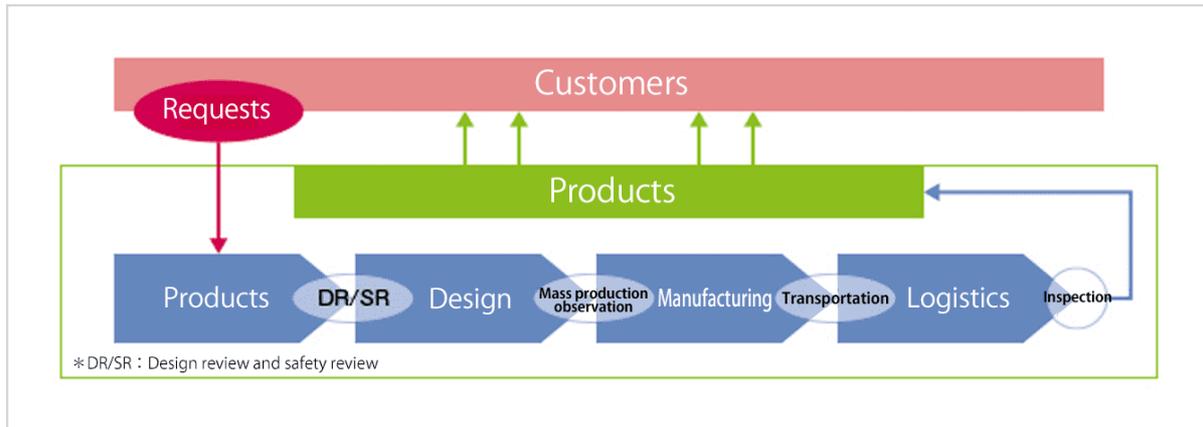
1) Continually improving quality assurance

To ensure that customers can use our products safely and securely, we continually improve our system for quality assurance by updating the key processes (design review, safety review, production observation, chemical safety management, legal compliance). We also perform risk assessments to identify and mitigate potential risks.

2) Inspection and testing based on international standards

When testing and inspecting products, we apply international standards. We evaluate testing and inspection processes with a view to improving the country-specific standards. Additionally, we endeavor to do more to catch defects before the product is sold to customers.

3) Responding to customer complaints quicker and more accurately

It is not enough for a product to be objectively safe; the customer must feel reassured that it is so. This is especially true in today's world, where people have a plethora of information at their fingertips. Accordingly, we need to respond all the quicker and all the more accurately to customer complaints. To that end, we have established clear and standardized protocols, tools, and criteria for responding to such incidents. Such standardization streamlines the response process and minimizes inconsistencies in responses.

4) Testing for quality, testing for value

We have always performed thorough quality evaluations when updating products or releasing new ones, and we recently introduced robotics to enhance the reproducibility and accuracy of the testing. For a product to satisfy customers, it must not only be reasonably priced and reliable; it must also have a wow-factor. We have started quantifying the extent to which a product has this.
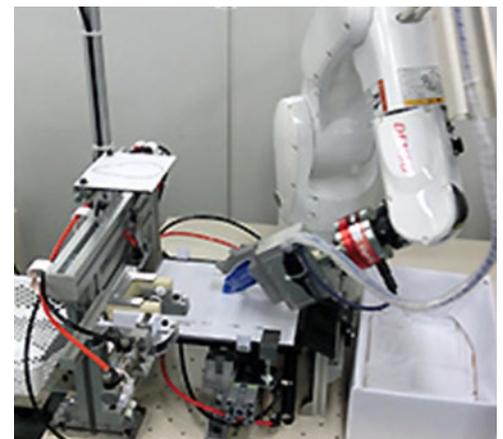
Robotics technology for quality testing

▦ Quality Assurance for Furniture

Our workplace businesses attained ISO 9001 certification in 1997. Since then, we have standardized the marketing, planning, design, production, and installation processes for furniture. We use a PDCA cycle to ensure that we always provide products and services that are tailored to the changing ways in which people work, study, and live. We continually strive to improve our manufacturing, delivery, and installation. We listen to feedback from customers and use this feedback to inform and guide our continual-improvement activities.

1) Setting high standards for craftsmanship

When developing a product, we assess safety and functionality using a variety of metrics. As well as measuring the product against the Japanese Industrial Standards and other industry standards, we measure it against our own standards, which are even higher and which we update annually.

2) Dealing with defects

When a customer finds a defect in one of our products, we inform the relevant personnel without delay. As well as investigating the cause for the defect, we make the necessary improvements in the product or manufacturing process to prevent a similar defect. If there is a serious safety issue, the Risk Compliance Committee will determine the response. To limit the damage, we will notify the relevant authorities and issue notices on our website and in newspapers and other media to alert consumers.

KOKUYO corporate site

3) Public notices concerning safety or quality issues

We use our website to alert consumers about safety or quality issues with our products.

▦ Quality Assurance for Kaunet's Products

Kaunet has a huge lineup that includes stationery, office supplies, food and drink, home appliances, gifts, medical equipment, shop equipment, order-made business cards and seals/stamps, and office furniture. The business has around 8,000 suppliers. It also has its own premium brand, Kaukore, which emphasizing workplace productivity. At least 5,300 products are sold under this brand. Kaunet always strives to develop useful products based on ideas from the user's perspective. To ensure that its products are safe and command confidence, Kaunet works together in the value chain to improve not only the quality of its goods but also the customer service at call centers and delivery.

1) Kaukore, Kaunet's premium series

When developing a product, we assess safety and functionality using a variety of metrics. As well as measuring the product against the Japanese Industrial Standards and other industry standards, we measure it against our own standards, which are even higher and which we update annually.

2) Hearing it straight from the customers: Monitor Kaunet

Kaunet operates Monitor Kaunet, a web community through which it interacts with customers directly. Monitor Kaunet helps Kaunet understand the concerns and problems customers experience on a daily basis, providing inspiration for product ideas.

3) A call center for hearing customer feedback on a daily basis

As well as Monitor Kaunet, Kaunet operates a call center. The feedback obtained over the phone leads to improvements to existing products and services as well as to new products. Kaunet shares the feedback throughout the entire company so that it can improve its products and services.

4) Trustworthy delivery service

Customers can order Kaunet products on the company's website or from its printed catalog. Goods are delivered on the same day or on the following day at the latest. An assembly service is also available for bulky furniture and items that are tricky to assemble. For this service, delivery staff trained in furniture assembly will assemble and install the item in the customer's office or home and take all the packaging away with them.

Initiatives in 2023

QMS talent development

Through our QMS, we keep improving our processes to enhance customer satisfaction. To that end, we secure a steady stream of QA talent. This task forms part of the senior leadership's Quality Pledge. Every year, the business units' QA offices organize training to provide for the expected roles and ability levels.

Annual Training to Improve the Skills of the Members of the QMS Internal Audit Team

We conduct internal audits every year in our quality management system (QMS) activities. The purpose of those audits is to evaluate whether the QMS is producing results as intended. The members of the internal audit team appointed by the organization evaluate whether products, services and the processes that produce those comply with the requirements in internal audits. If there is a problem, the identified organization promptly strives to correct it. KOKUYO considers these internal audits to be a very important measures to enhance customer satisfaction. Accordingly, we provide skills-upgrading training every year so that members of the internal audit team improve their skills to be able to conduct effective internal audits.

Regular team leader training

Team leaders are process owners (they are accountable for the process in question). To train up process owners, we organize an annual training program focusing on how to apply the QMS in organizational management. In group discussions, attendees deepen their knowledge about the need for the QMS, the role of a team leader, effective strategies, and how they should support members.

Customers

# Dialogue with Our Customers

Basic Concepts

We handle all customer inquiries thoroughly and sincerely. 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.

Systems

A System for Utilizing Feedback from Customers

Our Customer Support Center collects and logs information on more than 200 inquiries a day received from customers into our VoiceDB database. The feedback is then shared throughout the organization (after removing all personally identifiable data), allowing employees to identify ways to improve products and services at the planning and development stages.
Every week, we use Slack (a communication tool) to distribute both positive feedback and issues which the Customer Support Center believes should be shared and recognized by all employees in particular. This practice has led to improvements. It is fostering a corporate culture in which we make improvements by listening carefully to our customers.
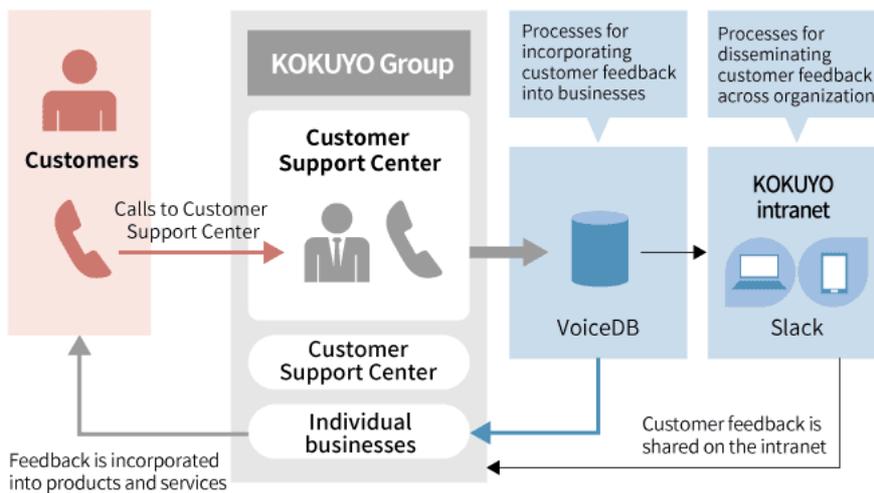
Initiatives in 2023

Making use of customer feedback

We take the valuable feedback we receive from our customers seriously. We strive to make improvements on a daily basis so that we can provide even better products and services from the point of view of our customers.

Customer Harassment Response Guidelines

We receive valuable opinions and requests from our customers. On the other hand, we also receive some unreasonable complaints which include excessive demands and abusive language. We are taking steps to prevent a deterioration in the working environment in accordance with the KOKYO Group Code of Conduct.
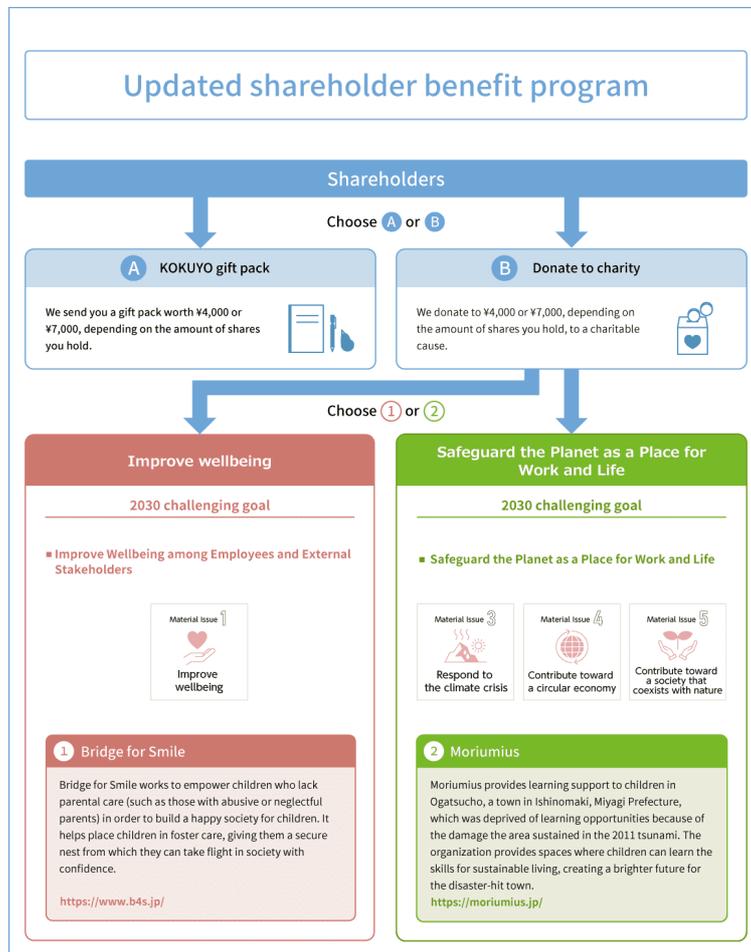
community

Social Contribution

Basic Concepts

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.

Initiatives in 2023

Updated shareholder benefit program

We provide a shareholder benefit program to give shareholders a better understanding of our businesses and of the products and services we deliver. We have added an option from December 2022 to make a charitable donation so that shareholders can more deeply appreciate our efforts to address material issues. The donations will be used in social contribution activities such as to support children's independence and learning.

Updated shareholder benefit program

Shareholders

Choose Ⓐ or Ⓑ

Ⓐ KOKUYO gift pack

We send you a gift pack worth ¥4,000 or ¥7,000, depending on the amount of shares you hold.

Ⓑ Donate to charity

We donate to ¥4,000 or ¥7,000, depending on the amount of shares you hold, to a charitable cause.

Choose ① or ②

Improve wellbeing

2030 challenging goal

■ Improve Wellbeing among Employees and External Stakeholders

Material Issue 1

Improve wellbeing

① Bridge for Smile

Bridge for Smile works to empower children who lack parental care (such as those with abusive or neglectful parents) in order to build a happy society for children. It helps place children in foster care, giving them a secure nest from which they can take flight in society with confidence.

https://www.b4s.jp/

Safeguard the Planet as a Place for Work and Life

2030 challenging goal

■ Safeguard the Planet as a Place for Work and Life

Material Issue 3
Respond to the climate crisis

Material Issue 4
Contribute toward a circular economy

Material Issue 5
Contribute toward a society that coexists with nature

② Moriumius

Moriumius provides learning support to children in Ogatsucho, a town in Ishinomaki, Miyagi Prefecture, which was deprived of learning opportunities because of the damage the area sustained in the 2011 tsunami. The organization provides spaces where children can learn the skills for sustainable living, creating a brighter future for the disaster-hit town.

https://moriumius.jp/

Comments from staff on the updated shareholder benefit program: Mr. Miura, head of IR office

Over the years, we've provided gift packs to shareholders so that they can get a better idea of our products. More recently, we've pivoted to a sustainability strategy to aid our sustainable corporate development. As part of this, we now want shareholders to engage with us in tackling the material issues. That's why we, with the help of 20% Challenge members, introduced the charitable giving option.

Comments from staff: Ms. Nishibayashi, an employee engaging in the 20% Challenge

KOKUYO runs the 20% Challenge, an internal moonlighting program. Through this program, I applied to do moonlighting at the IR office, as I wanted to learn skills for communicating with shareholders and other stakeholders. I had a great time working on the shareholder benefit program. It was exciting and I learned a great deal. I'll use the experience to spread the word about how KOKUYO is addressing the material issues.

Campus Art Awards 2023: A Painting Competition for Junior High and High School Students

We hold the Campus Art Awards in partnership with The Yomiuri Chukosei Shimbun. Campus Art Awards is a drawing competition for students at junior high school and high school. The award program began in 2015, and 2,281 works were showcased this year. The theme for 2023 was titled "my sweet hometown." This theme focused on the landscapes, customs, traditions, events, cuisine, confectionary, and other motifs associated with the students' hometowns. The purpose was to give students an opportunity to take an interest in their hometown, discover its charms, and express them. For the top individual prize, the winner received 50 Campus notebooks featuring the person's winning picture. The school of the winner received 1,000 of the notebooks featuring the winning picture.
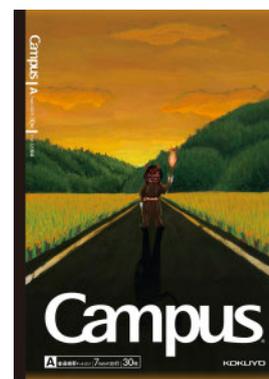
The top individual prize-winning piece: "God watching over us" by Nao Sato, a second-year student at Akita University of Art High School (the academic year is as of FY2023)

Michinoku Future Fund: A scholarship for students left orphaned by the 2011 disaster

Since the year after the Tohoku disaster of March 11, 2011, we have donated to Michinoku Future Fund*, a scholarship program for students who lost their parents in the disaster. In 2024, the foundation awarded its 14th annual set of scholarship. Scholarships were awarded to 46 students, securing them a place in a higher or further education institution, where they can start their journey towards a bright career.

Students, graduates and foundation staff gather at a ceremony held in March every year for the benefit of the recipients of the scholarships as well as the students who are about to graduate. Supporter companies were also able to participate in this ceremony for the first time in four years in March 2023 to hear directly from the students about their dreams and goals. (This ceremony will be held with a focus placed on interaction between students in FY2024, so no supporter companies will participate.) We remain as committed as ever to supporting the good work of the foundation.

The sendoff event held for the first time in four years in FY2023

＊Founded by Rohto Pharmaceutical, Calbee, and Kagome, Michinoku Future Fund provides higher or further education scholarships to students who lost their parents in the March 2011 disaster, on the belief that future generations are the foundation for the recovery. There have been 1,145 scholarship recipients since the foundation of the fund (as of April 2024). Most of the students have finished their schooling and are working in their respective fields.

CSR in China: Chasing Big Dreams with Small Notebooks

We want to contribute to a self-directed, collaborative society, in which everyone thrives. In 2014, we launched a community outreach program called Chasing Big Dreams with Small Notebook. This year marked the eighth year of the program. Volunteers from KOKUYO's workforce visit an elementary school in Yunnan, China. They conduct a lesson and organize games with the children to forge ties with the community. The school receives a donation from KOKUYO and the children receive KOKUYO notebooks.

With everyone's good will, we make a huge difference

This was the first time members of another operating company (LAMEX) participated in KOKUYO's social contribution event. It provided an opportunity to deepen mutual understanding and interaction.

Yong'an Primary School,Dali Bai Autonomous Prefecture,Yunnan Province

Supply Chain Management

Basic Concepts

Rapid economic globalization has given rise to colossal multinationals. Many are extending their supply chains into developing economies in an effort to drive down costs. This trend has exacerbated socioenvironmental issues. Examples include human rights issues such as forced labor and child labor, widening inequality, and environmental degradation. Along with our supply-chain partners, we are determined to fulfill our corporate social responsibility by creating positive socioeconomic impacts.

Sustainable procurement efforts

Following on from 2022, we again surveyed 533 suppliers to confirm the status of their sustainability efforts in 2023. Of these suppliers, 482 responded to the survey (response rate: 90.4%). We fed back the results to the suppliers who responded to the survey. We will continue to promote efforts in 2024 to receive responses from all our suppliers. We will also begin operating standards for paper and timber procurement as a responsibility of a company which uses a lot of paper, wood and other forest resources.

No. of suppliers	533
No. of respondents	482
Return rate	90.4%

Image of the survey feedback

We have revised the KOKUYO Group Sustainable Procurement Policy and KOKUYO Group Sustainable Procurement Guidelines

We have also clarified the establishment of internal controls in the KOKUYO Group Sustainable Procurement Policy and KOKUYO Group Sustainable Procurement Guidelines in line with the revisions to the standards for evaluating and auditing internal controls relating to finance reporting as well as the progress in disclosures relating to non-financial information such as sustainability and revisions to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) report.

KOKUYO Group Sustainable Procurement Policy

The KOKUYO Group Sustainable Procurement Policy enshrines our commitment to ensuring that our procurement activities contribute to a sustainable planet and society. Under this policy, we communicate our belief in co-creation with empathy to our supply chain partners, work to build mutual understanding and trust with them, and continue working with them to fulfill our collective social responsibility to support the development of society.

KOKUYO Group Sustainable Procurement Policy

Desiring a sustainable planet and society, we commit to corporate social responsibility throughout our supply chain. We will build trust with our suppliers and communicate to them our values, particularly co-creation with empathy.

■Quality management

We will satisfy customers and earn their trust by delivering products and services that enrich work, learning, and living. We will manage risks effectively and ensure the accuracy of information about our products and services.

■Respect for Human Rights

We desire a world of intercultural understanding, where everyone's human rights are respected. We will never tolerate unjustified discrimination, child labor, and forced labor, and will never deal with organizations that engage in such. We will never tolerate sexual harassment, workplace bullying/harassment, or similar violations of human rights.

■Health and safety

We will comply with Japan's Industrial Safety and Health Law and other legal and regulatory requirements concerning health and safety. We will pay fair wages and expenses, provide employee welfare programs, offer fair employment contracts, and comply with legal and regulatory requirements concerning employee rights. We will encourage sustained and self-led efforts to improve the workplace and work to prevent occupational accidents and disease.

■Environment

As part of our corporate social responsibility, we will support environmental conservation at a global scale and involve local communities in these efforts. We will comply with environmental laws, integrate a concern for the environment into all our business activities, and organize initiatives that protect the environment and support biodiversity.

■Fair and honest trade practices

In our procurement activities, we will comply with the laws of the territories in question, our contractual obligations, and industrial and international norms. We will maintain a strict policy of non-engagement with organized crime groups, including groups (including those labelled in Japan as "anti-social forces") and another group that threatens public order or security. We will refuse all demands from such groups and never do any business with them. In these ways, we will honor the rights of our suppliers, prevent extortion, bribery, and all other forms of corruption, and ensure fair and honest trade practices.

■Information security

We will safeguard commercially sensitive information (including information about sales, technology, and business strategy) and personal information from loss and leaks. We will never engage in insider trading (trading in a stocks of KOKUYO or an affiliate based on material information that is not yet in the public domain) or insider tipping.

KOKUYO Group Sustainable Procurement Guidelines

We have established the matters we want to achieve together with our business partners as the KOKUYO Group Sustainable Procurement Guidelines based on the KOKUYO Group Code of Conduct and the KOKUYO Group Sustainable Procurement Policy to ensure the earth and society continues to remain sustainable.

KOKUYO Group Sustainable Procurement Guidelines

To ensure that our supply chain contributes to a sustainable planet and society, we established the KOKUYO Group Procurement Guidelines. Based on the Sustainable Procurement Policy, these guidelines clarify the requirements and expectations for both KOKUYO and our suppliers.

1. Quality management

We will satisfy customers and earn their trust by delivering products and services that enrich work, learning, and living. We will manage risks effectively and ensure the accuracy of information about our products and services.

1-1 Ensuring product safety

To fulfill our responsibility as suppliers, we will satisfy product safety standards specified in the laws of the territories concerned and prioritize product safety in design, manufacturing, and sales operations.

1-2 Quality management

To meet the customer's requirements, we will comply with KOKUYO Group's safety standards for products and services as well as legal and regulatory obligations related to such.

1-3 Ensuring accurate information

We will be transparent about our business activities and about product quality and safety, and ascertain and disclose information as necessary to meet stakeholder demands.

1-4 Risk management

We will maintain an effective risk management system to ensure continuity of supply in times of disaster.

2. Respect for Human Rights

We desire a world of intercultural understanding, where everyone's human rights are respected. We will never tolerate unjustified discrimination. We will never tolerate child labor and forced labor. We will never deal with organizations that engage in such. We will never tolerate sexual harassment, workplace bullying/harassment, or similar violations of human rights.

2-1 Non-tolerance of child labor and forced labor

We will never tolerate unjustified discrimination. We will never tolerate child labor and forced labor. We will never deal with organizations that engage in such.

2-2 Non-tolerance of sexual harassment, workplace bullying/harassment, and discrimination

We will never tolerate sexual harassment, workplace bullying/harassment, or similar violations of human rights. We will make reasonable accommodations for religious observance.

2-3 Freedom of association, right to collective bargaining

In compliance with local laws and regulations, we respect employees' freedom of association and their right to bargain collectively with their employer for better work conditions or wages.

3. Health and safety

We will comply with Japan's Industrial Safety and Health Law and other legal and regulatory requirements concerning health and safety. We will pay fair wages and expenses, provide employee welfare programs, offer fair employment contracts, and comply with legal and regulatory requirements concerning employee rights. We will encourage sustained and self-led efforts to improve the workplace and work to prevent occupational accidents and disease.

3-1 Employee health and safety

We will prioritize employees' health and safety and provide a safe, secure, and comfortable working environment.

3-2 Respecting employees' time

We will never allow working hours to exceed the statutory limits. In managing employee working hours and time off, we will consider international standards.

3-3 Reasonable wages and expenses

We will comply with all applicable laws and regulations regarding employee compensation, including requirements for minimum wage, overtime pay, and legally mandated expenses and rent discounts). We will pay a living wage—a wage that covers the employee's basic needs.

3-4 Emergency response

We will prepare for accidents, disasters, and other emergencies that threaten employees' lives and health. We will identify the risks (including the likelihood they occur) and prepare emergency procedures and secure the necessary provisions to minimize damage to employees and assets. We will also organize training and drills so that employees understand what to do in an emergency.

3-5 Occupational accidents and disease

We will identify, assess, document, and report occupational accidents and disease and then take corrective and preventive action.

3-6 Workplace hazards

We will identify, assess, and control the risk of employees becoming exposed to biological, chemical, or physical hazards.

3-7 Considering workload

As part of our efforts to control the risk of occupational accidents and disease, we will identify and assess employees' physical workload.

3-8 Machine safety

We will assess the machinery used by employees to ensure it poses no threat to employee safety.

3-9 Safety in employee amenities

We will ensure the safety of employee amenities such as accommodation, dining areas, and toilets.

3-10 Health and safety communication

We will educate and train employees in the workplace hazards using a language and approach they will understand, and incorporate employee feedback regarding health and safety.

3-11 Managing employee health and productivity

We will manage the health and productivity of all employees.

4. Environment

As part of our corporate social responsibility, we will support environmental conservation at a global scale and involve local communities in these efforts. We will comply with environmental laws, integrate a concern for the environment into all our business activities, and organize initiatives that protect the environment and support biodiversity.

4-1 Reducing energy consumption and greenhouse emissions

We will make sustained efforts to use energy more efficiently, reduce energy consumption, and reduce greenhouse emissions.

4-2 Pollution

We will take reasonable steps to reduce atmospheric discharges of hazardous substances.

4-3 Water management

We will manage the environmental impacts of our water intake and wastewater discharges. As part of this, we will monitor and control the amount of water we use and discharge. We will monitor, control, and process pre-discharge wastewater. We will identify and control pollution sources that could contaminate water.

4-4 Protecting biodiversity

We will protect biodiversity in areas we source products from and in areas where we operate.

4-5 Using resources effectively, managing waste

We will use resources effectively and manage waste with the three Rs: reduce, reuse, and recycle.

4-6 Managing chemical substances

We will identify, disclose, and control chemical substances and other substances that are hazardous to human health and the environment. These controls will involve on ensuring safety when the substances are handled, transported, stored, used, recycled, reused, and disposed of.

4-7 Managing chemical substances in products

We will comply with legal prohibitions or restrictions on the use of certain substances in products. We will also comply with customer requirements related to such.

4-8 Community engagement

We will organize social, educational, and cultural programs. We will engage with communities, organize local cleanups, and encourage voluntarism.

5. Fair and honest trade practices

In our procurement activities, we will comply with the laws of the territories in question, our contractual obligations, and industrial and international norms. We will maintain a strict policy of non-engagement with organized crime groups, including groups (including those labelled in Japan as "anti-social forces") and another group that threatens public order or security. We will refuse all demands from such groups and never do any business with them. In these ways, we will honor the rights of our suppliers, prevent extortion, bribery, and all other forms of corruption, and ensure fair and honest trade practices.

5-1 Promoting compliance

We will comply with local legal and regulatory requirements, societal norms, and corporate ethics. We will inform employees about the need for such compliance.

5-2 Fair and honest trading

We will engage in fair, free, and honest trading. When procuring, we will never exploit our position as the client and demand unreasonably low prices or special treatment.

5-3 Non-engagement with organized crime

We will maintain a strict policy of non-engagement with organized crime groups, including groups (including those labelled in Japan as "anti-social forces") and another group that threatens public order or security. We will refuse all demands from such groups and never do any business with them.

5-4 Protecting intellectual property

We will protect intellectual property from unauthorized use.

5-5 No conflict of interest

No board member, executive, or employee will exploit their position for personal gain to the detriment of the company's interests.

5-6 Whistleblower protection

We will treat whistleblower inquiries in confidence, protect whistleblowers' anonymity, and never tolerate retribution against whistleblowers.

5-7 No insider trading

We will never engage in insider trading (trading in a stocks of KOKUYO or an affiliate based on material information that is not yet in the public domain) or insider tipping.

5-8 Responsible mineral procurement

In procuring the tantalum, tin, tungsten, and gold used in our products, we will monitor the mining enterprises in question to confirm that they are neither fueling nor contributing to human rights abuses, environmental destruction, corruption, or conflict in conflict-affected or high-risk areas.

5-9 Ensuring the reliability of reports

To ensure the reliability of reports (including non-financial information, we do not tolerate the falsification of records or applications and reports containing serious falsehoods.

6. Information Security

We will safeguard commercially sensitive information (including information about sales, technology, and business strategy) and personal information from loss and leaks. We will never engage in insider trading (trading in a stocks of KOKUYO or an affiliate based on material information that is not yet in the public domain) or insider tipping.

6-1 Cyber defenses

We will use cyber defenses to stave off the threat of cyberattacks that may harm our company or a third party.

6-2 Personal information protection

We will safeguard the personal information of suppliers, clients, consumers, employees, and other stakeholders as required by law.

6-3 Preventing information leaks

We will safeguard our own information and confidential information entrusted to us by a client or third party.

Endorsement

Basic Concepts

We endorse international initiatives and guidelines related to sustainability.

Japan's Guidance for Collaborative Value Creation

In our integrated reporting, we adhere to the Guidance for Collaborative Value Creation provided by Japan's Ministry of Economy, Trade and Industry. This guidance serves as a lingua franca for companies and investors to engage with each other. Business leaders use the guidance to organize and integrate the information investors want to know (the organization's values, business model, strategy, governance, and so on) so that they can communicate more effectively with the investors.

Task Force on Climate-related Financial Disclosures (TCFD)

Our integrated reporting also follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which we have endorsed. Specifically, our disclosures of strategies and policies include non-financial information such as initiatives for a zero-carbon transition. The TCFD provides companies a framework for disclosing climate-related financial information, including climate-related risks, opportunities, and initiatives.

Sustainable Development Goals

Our material issues align with the Sustainable Development Goals (SDGs), and we keep the SDGs in mind when developing products and services. The SDGs were enshrined in the 2030 Agenda for Sustainable Development, released in 2016 following its adoption at the UN Summit in September 2015. They represent the aspiration of the 193 member states to achieve a better and more sustainable world by 2030.

Integrated Reporting Framework of the International Integrated Reporting Council

Our integrated reporting is also guided by the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC). We use this framework to organize information about our value-creation process. The IIRC is a global coalition of regulators, investors, companies, standard setters, accountants, and NGOs.

ISO 26000

We align our disclosures with the core themes set out in ISO 26000. ISO 26000 is a guidance standard concerning social responsibility. It was published by the International Organization for Standardization on November 1, 2010.

GRI Guidelines

The GRI Guidelines serve as a framework for reporting environmental, social, and governance information. The guidelines are provided by the Global Reporting Initiative, an NPO dedicated to setting international standards on sustainability.

SASB Standards

We follow the SASB Standards when identifying our material issues. The SASB Standards are provided by the Sustainability Accounting Standards Board, an NPO that sets standards for corporate disclosures of non-financial information, by which a company's long-term value can be measured.

Awards and Accolades

Inclusion in ESG Indexes (as of 2024.05)

Name of Recognition	Date of Announcement	Results
FTSE Blossom Japan Sector Relatives Index	June 2023	Selected for inclusion in index
MSCI ESG Select Leaders Index	June 2023	Selected for inclusion in index
MSCI Japan Empowering Women Index (WIN)	June 2023	Selected for inclusion in index
S&P/JPX Carbon Efficient Index	June 2023	Selected for inclusion in index
Morningstar Japan ex-REIT Gender Diversity Tilt Index	April 2023	Selected for inclusion in index

Sustainability Evaluations (as of 2024.05)

Name of Recognition	Date of Announcement	Results
MSCI ESG Rating	February 2024	Score:AA
CDP	December 2023	Climate Change B- (Management)
		Forests C (Awareness)
		Water security: C
FTSE ESG Rating	June 2023	Score:2.6
Sustainalytics ESG Risk Rating	June 2023	Score:8.7 (Negligible Risk)

Other Evaluations and Awards (as of 2024.05)

Name of Recognition	Date of Announcement	Results
CSR Companies Ranking 2024 (Toyo Keizai Inc.)	February 2024	Overall ranking: 282nd
4th Nikkei SDGs Management Survey (Nikkei Inc.)	November 2023	Grade: 3.5 out of 5
6th Nikkei Smart Work Management	November 2023	Grade: 3.5 out of 5

Awards and Certifications for Sustainability Initiatives

March 2024
Recognition as a 2024 Certified Health & Productivity Management Outstanding Organization (White 500) and a 2024 Certified Heath & Productivity Management Outstanding Organization (Large Enterprise Category)


September 2023
Yuimori sustainable wooden furniture brand earns the top prize at the 6th EcoPro Awards

＊Photo: Lounge chairs and tables in the Yuimori wooden furniture brand

August 2023
KOKUYO Receives a Letter of Appreciation from the GENKI NET for Creating a Sustainable Society NPO for Our Initiative with the Kaunet Loopa Paper Resource Recycling Service

Awards for Products and Services
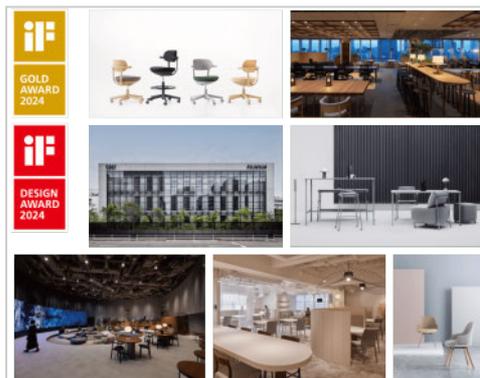
April 2024
Four Facilities and Three Products Which KOKUYO Worked on Win the Highest Award and Other Awards at the iF DESIGN AWARD International Design Awards

＊In the photo, the images in the first row from the left show Pallo chairs and HAKUHODO Technologies office; the images in the second row from the left show FUJIFILM Creative Village and the Any way office furniture series; and the images in the third row from the left show THE CAMPUS HALL "CORE" open communication hall, SoloTime Futako Tamagawa and Liite casual chairs

November 2023
KOKUYO NO YOKOKU Brand Site Wins the Corporate Site Award Grand Prix in the Corporate Grand Prix Category at the 11th Web Grand Prix


November 2023
Hello! Family. Series in the Parent and Child Monitoring IoT brand Wins the Excellence Award in the General Safety Measures and Monitoring Category at the BabyTech® Awards 2023

October 2023
15 Products Win Awards Including the Gold Award and BEST100 at the GOOD DESIGN AWARD

＊In the photo, the images in the first row from the left show Smart Double Clip, Any way office furniture series, Clipboard (Thin and Silent Clips), 2WAY Compact Scissors (HACOAKE) and C-table office lounge tables; the images in second row from the left show HASA high-grade scissors, PERPANEP German-designed notebooks, pallo chairs, n.5 satellite-style multipurpose space for employees, and Liite casual chairs; the images in the third row from the left show FUJIFILM Creative Village, fore moving panel sound-absorbing panel, Tsukue + school desk attachment, THE CAMPUS HALL "CORE" open communication hall, and OSFA adjustable sofas
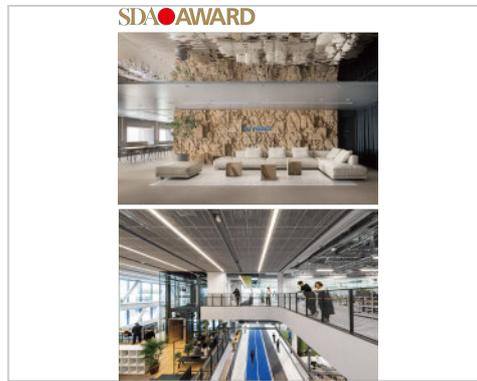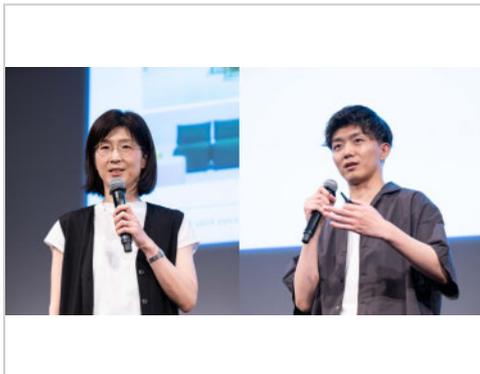

October 2023
Two Facilities Which KOKUYO Worked on the Interior Design Win the Silver Award at the 57th Japan Sign Design Award

＊In the photo, the images from the top show INFORIUM TOYOSU INNOVATION CENTER and Innovation Center MIZUNO ENGINE

September 2023
KOKUYO Wins the Special Achievement Award at the PHASE FREE AWARD 2023

July 2023
KOKUYO Wins the 2023 Adobe Marketo Engage Champion Award

July 2023
**KOKUYO the Only Japanese Company to Win at the Slack Spotlight Awards 2023**

June 2023
KOKUYO's @office Office Supplies Purchasing System Takes First Place for Overall Customer Satisfaction in the J.D. Power 2023 Corporate E-commerce Customer Satisfaction Survey (SM)

April 2023
KOKUYO wins 2023 Red Dot Design Award for pallo and Liite chairs.

＊In the photo, lower image shows pallo chairs and the top right image shows Liite chairs.
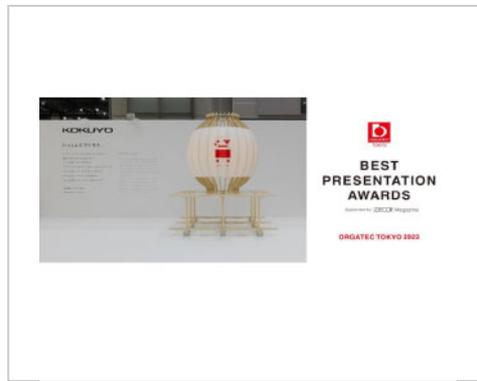
April 2023
KOKUYO booth wins Grand Prix in the ORGATEC TOKYO 2023 BEST PRESENTATION AWARDS Supported by ELLE DECOR Magazine for second consecutive year.

＊The photo shows part of the KOKUYO's booth at the exhibition (an interactive model with a festival theme).

Editorial policy

We recently restated our philosophy and embarked on a program of transformation to achieve our next growth goal. In 2024, we published Integrated Report 2024, which gives our shareholders and other stakeholders a clear idea of our new strategic direction and how we aim to achieve sustainable corporate development and create value on the road to 2030 and beyond. By reading the report, you will discover how we defined our value-creation story and material issues, and how we have aligned these issues with our business strategies. By exploring this website, you can learn about our initiatives for addressing material issues and our other sustainability initiatives. We have included plenty of referential data too.

Period to which the integrated report pertains

Integrated Report 2024 pertains to the fiscal year ended December 31, 2023.

＊However, it also includes information that predates or postdates that fiscal year.

Report scope

Integrated Report 2024 focuses on KOKUYO CO., Ltd., 34 consolidated subsidiaries, and six non-consolidated subsidiaries and associated companies (192 sites).