

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

## ■ Corporate Activities

# Corporate Governance and Risk Management

### Activity highlights

### Continuously Holding Compliance Training at Overseas Group Companies



KOKUYO-IK (Thailand) Co., Ltd., which manufactures stationery products in Thailand, has continued to hold annual compliance trainings since 2013 with the goal of enhancing its employees' compliance awareness. To ensure that every employee fully understands the importance of compliance, all employees, including directors and managers, attend this training. In the training session held on January 5, 2017, the participants together read out loud the KOKUYO Group Code of Conduct, which applies to all companies within the KOKUYO Group, to reconfirm the code, therefore making the training session an important platform for reaffirming the significance of compliance. For KOKUYO-IK (Thailand), which operates 24 hours a day, this training session is also an extremely important opportunity for all employees (approximately 270 people) to gather together. Utilizing this opportunity, all employees enhanced their awareness as members of the KOKUYO Group by, for example, reciting together the KOKUYO Creed (Thai language version), in which the KOKUYO founder Zentaro Kuroda clearly stated his own management philosophy. For companies planning to expand overseas business, the management structure in their overseas group companies is a major issue, and the development and propagation of compliance awareness in particular has become important. In order to continue complying with laws and regulations and carrying out business activities in accordance with social ethics, the KOKUYO Group plans to actively carry out training to promote compliance that is consistent with the local situation at its overseas sites.



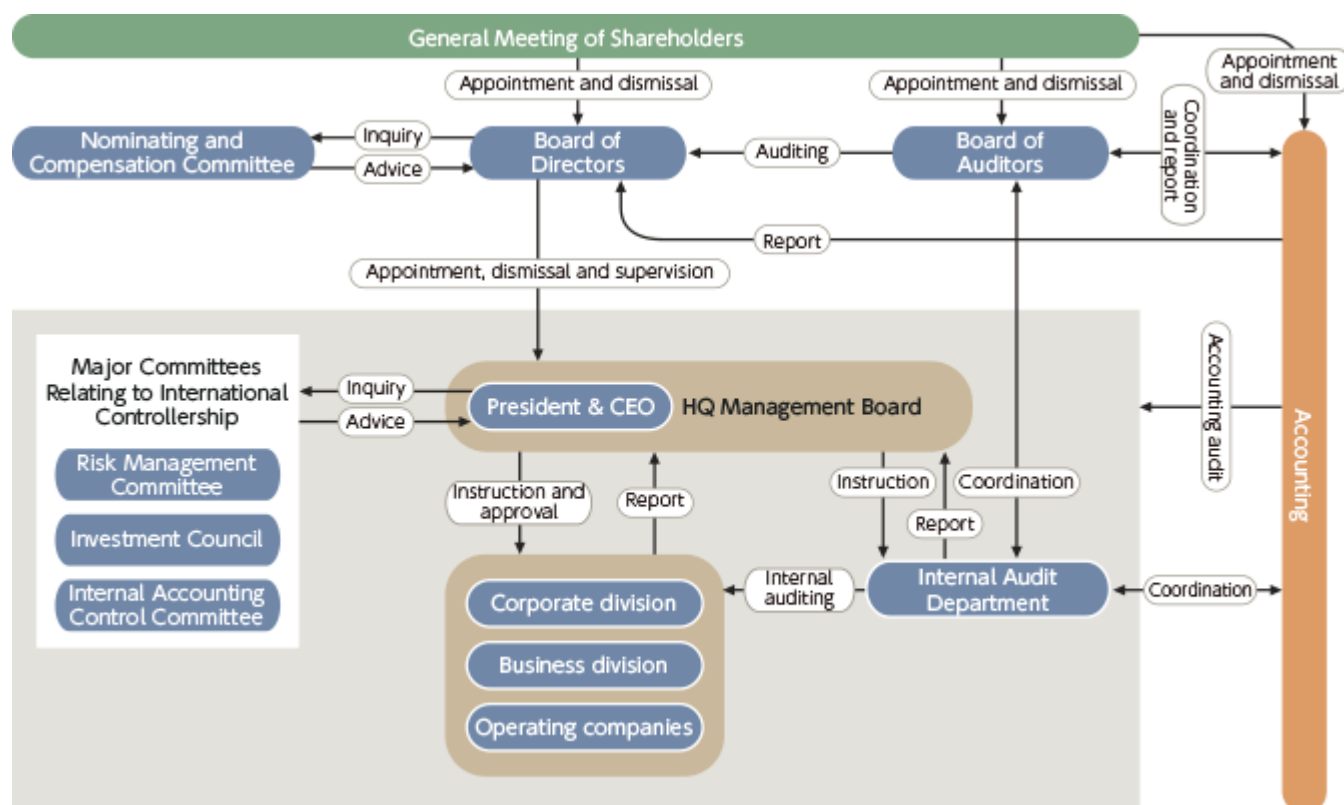
Explanatory material in Thai language

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

## Basic Concepts

## Corporate Governance Structure

With the aim of ensuring the reproducibility and continuity of transparent, apt, and efficient business administration, we established a structure for corporate governance. In order to ensure that business and operations are carried out without improprieties, without mistakes, and efficiently, we developed and are operating a system of internal control that we are striving to improve and enhance on an ongoing basis. Headed by various board members, key committees linked to internal control appoint members from among multiple related sections and endeavor to systematically promote and fortify responses to important issues concerning CSR on a group-wide basis.



## Board of Directors, Audit & Supervisory Board Members, and Managing Officers

[For a list of the members of the board of directors, please see the basic information in the Corporate Profile.](#)

## KOKUYO's Basic Policy of Intellectual Property Rights

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

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

The KOKUYO Group aims to standardize and centralize utilization and strategies for intellectual property rights by controlling operations related to the intellectual property rights of subsidiaries and affiliated companies in Japan and overseas centrally within the intellectual property rights group of the legal department.

The group monitors the products of our competitors on a daily basis for the acquisition of rights in inventions, design, and trademarks; as well as executing thorough preliminary surveys to prevent a violation of the intellectual property

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

rights of others; and protecting our intellectual property rights. In addition, in cases where there is a conflict with competitors, the group corresponds to such a situation through cooperation with the management by taking a rapid and optimal approach for resolution.

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

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

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

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



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

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



### Commencement of Group-wide Risk Management Promotion

The KOKUYO Group took the opportunity of the integration in 2015 to establish an organization and start taking steps to promote risk management.

The aim of this activity is to establish a risk management circle from the Group's point of view. First, we started with recognizing what kind of risk exists in the entire KOKUYO Group, and considered policy of prioritization and measures from a perspective of what is best for the Group as a whole, and then promoted it.

We will clarify the particularly important themes or themes related to the entire organization, and aim to improve the effectiveness and efficiency of risk management by advancing the activity across the entire Group.



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

Business Continuity Planning (BCP) defines action plans to continue business operations to the best of our ability after the occurrence of unforeseen circumstances, such as disasters and accidents, as well as action plans to recover and resume business in as little time as possible where interruption is unavoidable.

In order to product supply with greater stability even in critical times such as disaster or outbreak of infectious disease, KOKUYO Group is thorough in its Group-uniting crisis management and will continue to promote continuous business management.

\*BCP (Business Continuity Planning)

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

## BCP and Emergency-Handling Training by the Furniture Business Division

Because KOKUYO's response structure and action procedures did not function fully following the Great East Japan Earthquake, they were completely revised and training was held to verify the details of the revision. The BCP and Emergency-Handling Training was held by the Furniture Business Division on December 6, 2017. The training assumed that a Tonankai Earthquake had occurred, severely affecting the abilities of businesses in western Japan to continue operating. The intent of the training was to validate the effectiveness of the early response if the furniture business' continuity emergency headquarters were set up in the Shinagawa SST Office. The training turned out to be a large-scale event, with a total of 73 employees participating in Tokyo and western Japan. We will develop solutions for the issues identified during the training, and reexamine our response structure and action procedure in order to make them more effective.



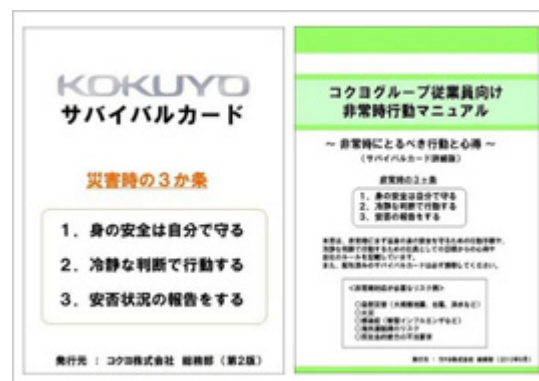
Participants, who were divided into teams according to function, discussed whether executing the specified action procedures would handle the potential crisis scenarios that they had been assigned.

## Early Response Measures during Disasters

To ensure that all employees can restore calm behavior in the event of large-scale disaster, we distributed survival cards that list procedures to be followed during times of disaster and ask that all employees carry the cards with them at all times.

The survival card provides three rules to follow during disasters - (1) to ensure one's personal safety, (2) to remain calm, and (3) to report one's own condition - as well as information about how to browse disaster message boards offered by cell phone companies and an information section for identification in case of unexpected circumstances.

In addition, the emergency action plans for employees that provide a full detail of the survival card are posted on the intranet to raise awareness of measures for disasters.



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

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

To quickly confirm the safety of Group employees in times of disasters, in 2006, we set up a safety confirmation system using cell phones, PCs, fixed line telephones and other means of employee communication. Immediately after the earthquake in March 2011, it was temporarily impossible to use telephones and e-mail. At present, however, there is no other alternative systems available to confirm the safety of a large number of employees at the same time. For the time being, we will continue to require all employees to register their cell phones and other contact addresses, and make sure that all employees receive notification and that contact information is kept up to date and in a usable state.

## Implementation of Emergency Drills at Business Locations

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

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

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

firefighting and simultaneous reporting to the fire department and disaster center, through to evacuation after abandoning firefighting efforts.

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



An emergency drill held at the Osaka Headquarters



✦ KOKUYO's CSR Charter	✦ Corporate Profile	✦ KOKUYO's Three Business Areas	✦ KOKUYO Group History	✦ KOKUYO's CSR	✦ Customers
✦ Regional Communities	✦ Environmental Conservation	✦ Corporate Activities	✦ Respect for Human Rights	✦ Third-Party Assessments	

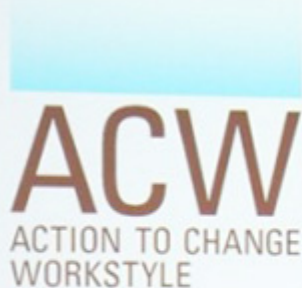
## ■ Corporate Activities

### With Business Partners

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

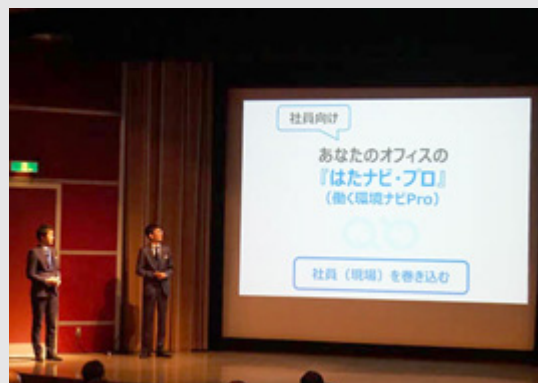
#### Activity highlights

#### Work Style Reform Suggestion Committee Started with Retailers for True Work Style Reform



Seizing a business opportunity in the trend for work style reform, which many companies are striving for, KOKUYO started the Work Style Reform Suggestion Committee (nicknamed "Action to Change Workstyle" (ACW)) together with retailers who are KOKUYO Jewelry Members (KJM)\*. The most important goal of this committee is to strengthen the relationship between retailers and customers, resulting in sustained growth for both KOKUYO and the retailers. Between April and May 2017, ACW Kick-off meetings were held at five locations. Afterwards, a forum was held at 29 locations throughout Japan to explain specific activity details to the sales staff of the retailers that had agreed with the objectives of the ACW. The ACW has also prepared a variety of mechanisms to support retailers' sales activities, such as tools for effectively drawing out customer issues and needs, and workshops to improve proposal-making skills.

There have been strong public calls regarding the importance of work style reform and initiatives to achieve it. However, while many IT tools and various systems for preventing overwork are being introduced, working-level people are increasingly complaining that efforts toward work style reform have not produced any results and that the situation has actually gotten worse. Therefore, the ACW will proceed with proposal-making activities to achieve a working environment that is truly friendly to workers and in which both efficiency for the company and comfort for individual workers can be achieved so that individuals and teams can demonstrate creativity. The process will begin with reform of the working environment (working space), which directly affects the mindset and actions of workers, as well as tools (stationery and furniture necessary for working), and operation (the 5S rule, etc.).



Working Environment Navigation Tool that visualizes the issues existing in the customer's working environment

\* A system to rank and incentivize retailers who sell more than a certain amount of KOKUYO products based on annual sales.

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



## Basic Concepts



## Building Stronger Relationships of Trust with Our Suppliers

As corporate activities are becoming more globalized, KOKUYO Group is well aware that managing its own company and subsidiary companies is insufficient for fulfilling the scope of social responsibility. In 2013, the Group therefore invited 32 principal subcontractors to give an account of the procurement policy and implemented a self-examination questionnaire for feedback to the subcontractors. In 2014, we sent the basic procurement policy and guidelines to nearly 400 suppliers. We will strive to further build relationships of trust through these activities.

### KOKUYO Group's Procurement Policy

The KOKUYO Group shares its Corporate philosophy of "Enrich the world through our products" with its suppliers and, while working to create relationships of mutual understanding and confidence as well as fulfilling its social responsibility, continues to contribute to social development.

#### ■ Pursuit of Quality and Safety

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

#### ■ Mutual Development

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

#### ■ Respect for Human Rights

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

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

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



## KOKUYO Group Procurement Guidelines

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

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

## 1. Pursuing Quality and Safety

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

### 1-1. Customer Satisfaction

To increase customer satisfaction, the Group works to grasp the needs of its customers accurately as it strives to develop and offer products and services that are superior in quality and safety.

### 1-2. Responding to Customers

The Group takes the customers' perspective and responds promptly and sincerely to customer requests and complaints, while also endeavoring to improve quality and prevent future issues related to customer satisfaction.

### 1-3. Product Supply

The Group strictly observes delivery schedules and ensures product supply by maintaining appropriate levels of inventories and structuring effective logistics systems.

### 1-4. Managing Disaster and Other Risks

The Group creates risk management systems during normal times and is able to provide stable supplies of products to its customers.

### 1-5. Fair Pricing

The Group provides products at competitive prices through activities to maintain product supply and ongoing cost-cutting efforts.

## 2. Mutual Development

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

### 2-1. Promoting Compliance Best Practices

The Group strictly observes the laws, social norms, and corporate ethics of various countries and regions and strives to keep its employees informed about compliance matters.

### 2-2. Fair and Transparent Transactions

The Group respects fair, transparent, and free competition and conducts its transactions accordingly. The Group prohibits behavior by its employees that takes advantage of the Group's position as purchaser of goods and services, including such behavior as making requests for monetary compensation or other special treatment.

### 2-3. Prohibition of Transactions and Other Relationships with Antisocial Forces

The Group takes a resolute attitude toward antisocial groups and other forces that are a threat to order in society and to safety, and, therefore, rejects all unreasonable requests from such elements. In addition, the Group does not engage in transactions with or have other relationships with such antisocial groups.

### 2-4. Protection of Intellectual Property Rights

The Group takes measures to protect and prevent unauthorized use of intellectual property.

### 2-5. Prohibition of Conflicts of Interest

The Group prohibits its management and staff from taking advantage of their positions to obtain personal gain or engage in behavior that is contrary to the interests of Group companies.

### 2-6. Management of Confidential Information

The Group appropriately manages confidential information related to sales, technology, management, and other issues as well as personal information and strives to prevent the loss or leakage of information.

### 2-7. Information Disclosure and Dissemination

The Group properly discloses information on its business activities, the quality of its products, safety, and other matters. In accord with stakeholder requests, the Group provides information on its products and gathers and disseminates environment-related information, including information on harmful chemical substances that may be contained in its products.

### 2-8. Prohibition of Insider Transactions

The Group forbids trading in, and encouraging the trading in, the shares of Group companies and associated companies based on undisclosed, material insider information.

## 3. Respect for Human Rights

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

### 3-1. Prohibition of Child and Forced Labor

The Group does not permit unfair discrimination or child and forced labor. Moreover, the Group does not conduct transactions with companies, groups, or other entities that engage in such practices.

### 3-2. Prohibition of Sexual and Power Harassment

The Group does not allow sexual harassment, power harassment, bullying, or other such violations of human rights.

### 3-3. Promotion of Occupational Health and Safety

The Group considers the safety and health of its employees and seeks to create comfortable working conditions.

### 3-4. Human Resource Training

The Group actively trains its employees to work effectively when they are assigned to posts in foreign countries.

## 4. Environmental Protection and Symbiosis with Local Communities

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

### 4-1. Promotion of Environmental Protection Activities

The Group respects and observes environment-related laws, and, in all its activities, takes initiatives to protect the environment. Moreover, the Group conducts activities that give consideration to the natural environment and biodiversity.

### 4-2. Understanding and Reducing the Impact on the Environment and Observing Green Procurement Practices

In its business activities, the Group understands the impact that its operations have on the environment, and, by improving its facilities and reconsidering the materials it uses, the Group works to reduce the burden of its operations on the natural environment. As part of these activities, the Group also observes green procurement practices.

### 4-3. Contributing to Society

The Group participates actively in providing support for social, educational, and cultural activities as well as in promoting exchange with local communities, including offering assistance for beautification projects, volunteer work, and other activities.



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

## Project to Link Logitem Delivery Center to Head Office Divisions

During the relocation of KOKUYO Logitem's head office divisions to the second floor of the KOKUYO headquarters office, an area where employees can actually see and touch KOKUYO products was set up in the middle of the office. Named the "Touch & Look Hub," its purpose is to facilitate linkage between the head office and the delivery center. Here, the "Linking Project"\* regularly holds trainings with the goal of helping head office employees to improve their product knowledge and become more familiar with operations that take place at the site (delivery center). The Linking Project plans to continue holding a variety of training sessions at the Touch & Look Hub to build a mechanism that links the head office with the delivery center.

\* The Linking Project is made up of KOKUYO Logitem female employees who worked on workplace environment improvement as part of the "What I'd like to be" project, as well as members of the Future Workshop, which is deliberating future distribution issues related to KOKUYO furniture.



At the Fourth Training held on February 15 and 17, participants were divided into two-person teams and tried out assembly work

## New Product Briefing Held in Hanoi, Vietnam, Inviting Partner Companies

On March 2, 2017, KOKUYO Vietnam Co., Ltd. held a meeting in Hanoi to demonstrate new products for FY2017, inviting approximately 130 influential wholesalers and retailers in the northern part of the country. In addition to new product explanations, the meeting introduced the Campus 1 Gia Dinh? Campaign ("1 Gia Dinh?" means "One family?" and is a key policy, chosen with the hope that the manufacturer, wholesalers, and retailers will grow together like a family). Incentive trips to Japan were also introduced and wholesalers with excellent results were recognized by presenting them with plaques. KOKUYO aims to build strong bonds with distribution partners in Vietnam and grow together to become companies that are cherished by customers.



Plaques presented to express appreciation to wholesalers with excellent results in 2016

## Events Held to Celebrate the 20th Anniversary of the Founding of KOKUYO Malaysia

On April 21 and 22, various events were held, including a 20th anniversary ceremony for KOKUYO Malaysia Sdn. Bhd. In the anniversary ceremony on April 21, commemorative photos were taken and tree planting was carried out with a hope for the future expansion of international business. On the day of the ceremony, the International Business Division also held an ASEAN strategy meeting, attended by representatives from local sales subsidiaries (in Malaysia, Thailand, Singapore, and Indonesia) that had generated record-high profits in 2016, and animated discussions were held for the achievement of further growth. At the annual dinner\* held on April 22, all participants, including guests from Japan, wore traditional Malaysian batik clothing, making the party quite lively and full of enriching interactions.



Commemorative photo taken for the 20th anniversary with people forming the number "20"

\* A party that Malaysian companies hold once a year and invite their employees to. It is similar to the "forget-the-year party" in Japan.

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

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

Kokuyo's Furniture Business Division holds subcontractor meetings with the executives of major subcontractors twice a year. In 2017, the meetings were held in May and December. At the May meeting, participants reflected upon the high demand season and shared their forecast for future sales trends. At the December meeting, the furniture business division reflected upon the current financial period, and also explained their policies for the 2018 high demand season and market trends.

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

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



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



Ceremony to formally recognize superior subcontractors

## "Driver Competition" contest for achieving impressive deliveries

Since 2010, KOKUYO Logitem, the company responsible for distribution, has held the Driver Competition involving truck drivers of partner companies and other operators, with the goal of further improving customer satisfaction in the delivery of our furniture products. The level of recognition for this competition has been increasing both inside and outside the company year after year as a platform for fully demonstrating abilities in product assembly and customer service cultivated through everyday efforts. The competition level has also been increasing every year. The theme for the eighth competition held in 2017 was "Thoroughness in Basic Actions." The national final was held on September 9, and the winner among 364 entrants from all over Japan was chosen. The event helped the participants to return to the basics of product delivery and also learn techniques for preventing the increasing number of accidents resulting in property damage.



In addition to simulated delivery and assembly, vehicle guiding was newly added as one of the categories in this year's competition

✧ KOKUYO's CSR Charter	✧ Corporate Profile	✧ KOKUYO's Three Business Areas	✧ KOKUYO Group History	✧ KOKUYO's CSR	✧ Customers
✧ Regional Communities	✧ Environmental Conservation	✧ Corporate Activities	✧ Respect for Human Rights	✧ Third-Party Assessments	



## Stationery Business Conducted an Audit of Subcontractors

The Stationery business has been implementing an audit of subcontractors for the purpose of securing reliability of environmental indicators in product catalogs. In 2017, we conducted a factory audit of 90 companies.

We visit our subcontractors to check for compliance with standards concerning environment-friendliness established by the Green Purchasing Law, etc. The audit follows the audit procedure established by KOKUYO to confirm whether the ratios of used paper and reprocessed resin conform to the standards, whether specified materials that meet the standards aroused in the production process, and whether there are any issues in the legitimacy of materials. In addition, we work with the subcontractors to consider challenges to properly guarantee compliance with environment-conscious standards in the audit.

By exchanging information on examples of cases where reliability with regards to production control was improved, we will strive to ensure the reliability of environmental indicators in the future.

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

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

## ■ Corporate Activities

# With Stakeholders

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



## Basic Concepts



## Policy and Achievements Regarding Dividends

We are working towards sustainable business growth to maximize corporate value in the medium- to long-term and to increase dividends paid to shareholders. In FY2017, we offered an annual dividend of 29.0 yen per share (13.5 yen as an interim dividend and 15.5 yen as a year-end dividend). Retained earnings are actively employed to make investments for future growth.



## Making Management More Transparent

### 1) IR Activities

We strive to fairly and accurately convey the KOKUYO Group businesses, corporate attitude and vision for the future, as well as achieve two-way communication. In 2017, we conducted the following IR activities:

#### ■ For institutional investors:

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

#### ■ For individual investors:

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

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

### 2) Information Disclosure:

We disclose information in accordance with the rules established by the Tokyo Stock Exchange for the timely disclosure of corporate information by issuers of listed securities (hereinafter referred to as the "rules of timely disclosure"). With regards to information that may not be subject to the rules of timely disclosure, we also endeavor, as a matter of basic policy, to promptly disclose as proactively and fairly as possible by way of appropriate methods so as to help investors to understand our company better.

※ Related information: [IR News](#)



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



## Shareholder Special Benefit Plans

To respond to the continuing support of KOKUYO shareholders and with the aim of significantly deepening the understanding of the KOKUYO Group by having shareholders actually use Group products, KOKUYO has established a shareholder special benefit plan. Under this plan, KOKUYO Group products are sent once per year to holders of 500 shares or more.



KOKUYO Group products sent to shareholders at the end of December, 2017

## IR for individual investors

### "Company information session: Story of 'Dotliner' tape glue development"

On May 12, 2017, an IR event was held for individual investors titled "Company information session: Story of 'Dotliner' tape glue development" to secure loyal stockholders.

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

Therefore, in addition to the provision of information such as the company overview and future business strategies through the standard investor information sessions, we held an IR event to convey stories relating to products so that investors could understand KOKUYO better and become better acquainted with the company.

The first part of the company information session described KOKUYO's history, overviews of each business, financial status, strategies for the future, target for the period ending December 31, 2017. In the second part, the person responsible for the Stationery business introduced the development process, which took about 3 years, and the product line-up of the Glue Tape "Dot Liner", which was launched in 2015 and achieved cumulative sales of 100 million.

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



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

## ■ Corporate Activities

# New Value Creation

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

### Activity highlights

### Innovative Chair "ing" that Changes the Concept of Sitting



The "ing," debuted with great fanfare in November 2017, is a chair based on a completely new concept that supports both the mind and health of office workers, freeing them from "sitting." Recent surveys indicate that the number of hours Japanese people sit on a chair each day is the longest in the world, and the heightened health risks caused by this extended sitting have become a serious social problem. KOKUYO decided that this is an issue it must solve since it has been involved in work styles in Japan for many years. The starting point was the establishment of the Innovation Center in 2014. The Innovation Center aims for the development of innovative new products with future potential that can be differentiated from other companies' products, preventing them from getting pulled into price competition. In addition, the Center works toward monozukuri that is not market-driven (merely responding to customer expectations) but product-driven (exceeding customer expectations and betraying them in a good sense).

Based on these concepts, the "ing" was developed through an unprecedented number of trials and errors over a period of approximately four years. Based on the viewpoint that the essence of the problem is not sitting itself, but maintaining the same posture for a long time, we created an innovative chair that keeps the person healthy even while sitting on it by drawing out body movements to revitalize the body and the brain.

KOKUYO has long worked to create innovations from a variety of aspects, including technology and design. The "ing" is a product that once again demonstrates KOKUYO's potential and its inherited DNA both inside and outside the company. The "ing" could lead to an innovative new stage of work style reform. By utilizing the "ing," we hope to innovate how people work and make the Japanese working environment more comfortable.

\* For details, please visit [the "ing" website](#).



The seat sways 360 degrees in all directions, enabling the person to keep moving while sitting on it.

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## "Think of Things" Opens as a New Point of Contact with Customers

On May 26, 2017, a new KOKUYO facility opened in Sendagaya, Tokyo. On the first floor is the "Think of Things" lifestyle shop and caf?, stocked with products that can be considered tools to produce stimulation and discoveries in both daily life and work. The second floor has a studio and the third floor is provided with offices. In this stimulating environment where people seeking new values can congregate, a variety of experiments will be initiated through products, service, events, etc.

We plan to use this new facility as a platform where, by having direct exchanges with end users, we will be able to actually experience customers' taste and trends and think about and create values that KOKUYO can provide for the future.

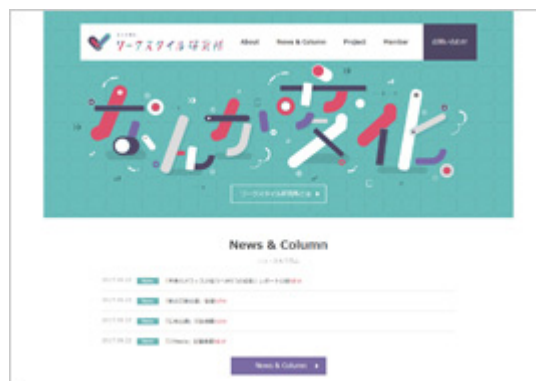


Under the theme of "Crossing the boundary between work and private life," the shop promotes tools that can produce stimulation and discoveries in both private life and work.

## The Work Style Research Institute, which Suggests Future Work Styles from a Unique Viewpoint

KOKUYO's Work Style Research Institute continues to suggest necessary new work styles for offices from a unique viewpoint, by sensing changes in work styles early on. Its official website opened in July 2017, strengthening information dissemination. The website also features unique work-style-related content, including a report on "walking meetings," which all famous executives and politicians are said to be practicing, as well as KOKUYO's unique work value diagnostic tool "#workTag." The Laboratory's goal is to materialize undiscovered work styles that will bring change to the marketplace by collecting information and conducting research from the viewpoint of "How much enjoyment can workers derive from their work and does it enrich them?"

\* For details, please visit [the Work Style Research Institute's official website](#).



Official website, which introduces the activities of the Work Style Research Institute and their results to customers

## NEOS Series Creating New Office Standard for Files

Sixty years have passed since flat files were invented in 1956. KOKUYO's files have undergone many changes in response to the needs of the times. The NEOS Series, launched in 2017 as a new standard file series, is characterized by a variety of colors that can be coordinated with office furniture, which was previously not possible. In addition to a high degree of design freedom, the evolution in functionality conceived for the series as a whole makes the NEOS Series the ideal tool for creating a worker-friendly and beautiful office space. We will continue to work on developing products that can demonstrate KOKUYO's uniqueness by capitalizing on our unique strength of being able to design stationery and furniture as a set.



Refined color line-up to create office spaces with a variety of concepts



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## Work Style Reform EXPO to Promote Work Style Innovation through Sound Environment Improvement

KOKUYO Engineering & Technology Co., Ltd., which provides office relocation services, exhibited at the Fourth Work Style Reform EXPO. The goal was to promote sound solution and gain contact points with highly promising users who are seriously thinking about work style reform.

Sound solution is a technology for improving the worker-friendliness of workplaces by improving sound environments. A sound-masking system is a representative product that is effective in ensuring speech privacy. At the venue, visitors were able to experience sound masking using virtual reality, making the Expo an excellent opportunity for promoting sound solutions, which are not yet well known in Japan.



Sound masking for experiencing a 360-degree view with sound using VR, which became the centerpiece of the exhibit

## "Hakokatsu" Initiative to Encourage Reuse of Empty Copy Paper Boxes

The Hakokatsu project is a company-wide initiative of Kaunet Co., Ltd., which sells office products through the web or fax. We redesigned the outside box for copying paper so that it could be reused by customers when the box was empty. To better accommodate the storage and shipping applications indicated by many customers, we left as wide a space as possible on the box for describing its stored content. This size can accommodate multiple labels. We also provided a space on the box top where a shipping label could be pasted.

Following the redesign, we have been promoting wider utilization by publishing a booklet summarizing reutilization examples. We also held a campaign to encourage customers to submit their utilization methods so as to create high added values to differentiate our products from competing products.



Hakokatsu design based on the concept of ease of reuse



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## Implementing work style reforms: Commencing Business at the Tokyo Shinagawa SST Office

In October 2017, KOKUYO established and moved its operations in the Tokyo region to a new office; on October 2, business commenced at the Tokyo Shinagawa SST Office.

The goals of the move were the re-centralization and optimization of our management resources, efficiency improvements, and the establishment of a new work style suited to KOKUYO. For some time now, the company has been working hard to develop a variety of new products and design a range of business spaces that would contribute to work style reforms at its Japanese offices. In order to take our initiatives one step further and foster a corporate culture that draws out value from our employees, we established the Tokyo Shinagawa SST Office.

The new office locates all departments on a single floor. By removing both physical and psychological barriers between different departments to ensure smooth communication and enhanced collaboration, the office is designed to improve workplace productivity. With the exception of staff who require specialized terminals for their work, for example, the office operates a system where employees are free to change desk. We hope that by changing where they sit on a daily basis and thereby expanding their observable world, employees will be encouraged to have new realizations and ideas, and that inter-staff communications will improve. Of course, we realize that establishing a new office will not solve all our problems in one go. However, we firmly believe that the experience of thinking about, trying out, and implementing such work style reforms ourselves will lead to suggestions beneficial to our customers.

Location: 18th Floor, Shinagawa Season Terrace,  
Konan 1-2-70, Minato Ward, Tokyo

