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■ Governance

Inculcating compliance

Basic Concepts

Operations across our group are governed by a range of regulatory standards, including those related to quality, business transactions, environmental impact, labor, health & safety, accounting, and tax. To ensure that we always comply with these 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. By educating employees in these standards and ensuring that they uphold them, we are building a compliance culture.

[KOKUYO Group Code of Conduct](#)

Systems

Whistleblowing hotline

KOKUYO has 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.

Compliance training

- Workshops and e-learning modules on general compliance
- E-learning modules and discussions on preventing bid-rigging
- E-learning modules on the construction industry

Initiatives in 2020

Compliance magazine launched to improve risk awareness

In December 2020, we launched a compliance magazine (Konpura-magajin) to promote an accurate understanding of corporate compliance and improve employees' awareness of the risks around them. The magazine is published monthly on our internal portal site and emailed to employees. Each issue contains illustrated articles about incidents and media stories related to compliance. By raising employees' risk awareness, the publication serves as a first step for building a workplace in which employees always uphold compliance.

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■ Governance

Risk Management

■ Concepts

The KOKUYO Group took the opportunity of the integration in 2015 to establish an organization and started 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 policies for prioritization and measures from a perspective of what is best for the Group as a whole, and then promoted these measures. We will clarify the particularly important themes or themes related to the entire organization, and aim to improve the effectiveness and efficiency of risk management by advancing the activity across the entire Group.

Related information: "[Related information: Business Risks](#)"

■ Systems

■ 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

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. It also executes thorough preliminary surveys to prevent a violation of the intellectual property rights of others, and protects our intellectual property rights. In addition, in cases where there is a conflict with competitors, the group responds 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. 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 group 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.

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 disrupts operations in our plants or offices. Mindful of how severely businesses can be affected by the increasingly prevalent catastrophic events such as earthquakes, extreme storms, flooding, fires, and infectious disease, we have reaffirmed the importance of getting the initial responses right and minimizing the damage from such calamities. Our plan outlines what initial responses to take, and how to follow them up, in different kinds of disaster/emergency scenarios (including a state of emergency). Through such planning, we aim to go further in ensuring that every employee will act swiftly and safely in an emergency to safeguard human life.

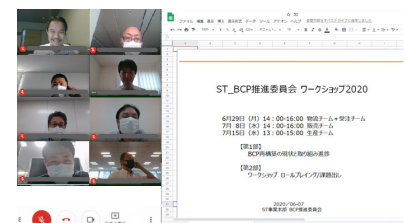


Tokyo Fire Department's earthquake simulator truck—the truck simulates the seismic intensity (7 on Japan's earthquake intensity scale) of the March 2011 earthquake

Initiatives in 2020

Workshop on business continuity planning for stationery businesses

Employees involved in the stationery business attend an annual workshop on business continuity planning. The workshop is organized by the BCP Promotion Committee, which has members from seven business units under the Stationery Business Division. Between June and August, 2020, four workshop sessions were held, each remotely. The workshop for 2020 focused on the restoration phase and was designed to clarify the procedures and issues for remote work and enhance preparedness for dealing with storm and flood damage. Participants reviewed earthquake, storm, and flood incidents that occurred in the past year and identified aspects of the business continuity plan to improve. We will continue to update and improve the business continuity plan.



Workshop held remotely