

Sustainability Management



Basic Sustainability Policy of the KING JIM Group

We have positioned sustainability as an important management issue in the 10th Medium-Term Management Plan, which will end in the fiscal year ending June 20, 2024. In March 2022, we formulated the Basic Sustainability Policy of the KING JIM Group to clearly state the basic direction of our initiatives to improve sustainability.

This policy consists of perspectives from ESG (environment, society, governance) as well as the social contributions we have worked on for many years, which are expressed in our management philosophy of "DEVELOPING ORIGINAL PRODUCTS AND CREATING A NEW CULTURE TO CONTRIBUTE TO SOCIETY."

Basic Sustainability Policy of the KING JIM Group

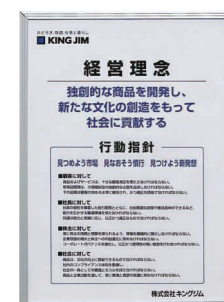
The KING JIM Group aims to realize a sustainable society and achieve sustainable development of the Group through its corporate activities.

- We will contribute to society by providing new value to the world, through developing products that make work and life convenient and comfortable.
- As a responsible member of society, we will actively make effective use of resources and strive to conserve the global environment in all aspects of our corporate activities.
- We will promote the creation of a workplace environment where a diverse group of human resources can each exert their abilities to the maximum and be active just the way they are.
- Through sound governance, we will conduct management that gains the trust of society, and aim to continuously increase corporate value.

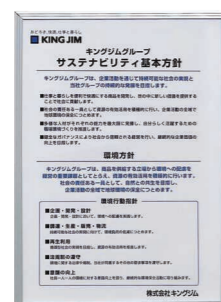
Sustainability Promotion System

In order to promote initiatives for improved sustainability, in September 2021, we appointed an executive in charge of sustainability and established an inter-departmental organization called the Sustainability Committee, thereby building a management system. In the same period, we set up a Sustainability Promotion Section within the Corporate Planning Department, which is conducting activities as a leader in sustainability.

We have posted the management philosophy, Basic Sustainability Policy of the KING JIM Group, and Environmental Policy at all offices of Japanese and overseas Group companies, with the aim of inculcating these values among employees, so employees are conscious of them as they go about their day to day work.



Management philosophy



Basic Sustainability Policy of the KING JIM Group
Environmental policy



Initiatives to Raise Sustainability Awareness

“SDGs campaign” in the company

A total of 750 employees, including all KING JIM employees and domestic Group company employees, participated in our “SDGs campaign,” which raised awareness of sustainability and made SDGs more familiar. Each employee chose one or more activities that they can easily do in their daily lives, declare them, and put them into practice.



Initiatives

- 1) Using reusable bottles
- 2) Using reusable bags
- 3) Using the stairs
- 4) Turning off the lights diligently
- 5) Saving water use



Awareness activities

We have put up posters about sustainability at various places in the company, and we hold study sessions for executives and employees. In the future, we plan to conduct E-learning and other education to further improve awareness inside the company.

In-house original comic “Sustainya Press”

In order to have all members of the KING JIM Group get a deeper understanding of our sustainability activities and promote active and voluntary participation in those activities, we published an original comic “Sustainya Press,” which introduces sustainability terminology and the sustainability initiatives of KING JIM and other companies.

“Sustainya Press” is produced by in-house volunteers, and the characters appearing in the comic have become very popular within the company, helping to raise awareness of sustainability activities within the company.



Distribution of “Pattan,” the KING JIM convenience store eco-bag, to employees

As one of the SDGs campaign’s initiatives “using reusable bags,” we are distributing “Pattan,” the KING JIM convenience store eco-bag, to all employees, to encourage them to use reusable bags when shopping.





Materiality (Priority Issues) Social Contribution via the Development of Original Products

Providing New Value Not Found in the World/ Implementing and Disseminating Our Management Philosophy

Following our management philosophy of “DEVELOPING ORIGINAL PRODUCTS AND CREATING A NEW CULTURE TO CONTRIBUTE TO SOCIETY,” we continue to create products not found in the world. As exemplified by KING FILE, TEPPRA, and POMERA, we have developed new markets as a pioneer for each of the product categories. To meet the needs of the era and create original products from the perspective of “creating something that someone out there really wants,” there is something that we cherish in product development.

“First penguin”

Penguins exhibit the next behavior: when the first penguin in the flock dives into the ocean to hunt for food, the rest of the flock follows behind. This is a clever way to live, because the other penguins face less risk if they jump in after checking the waters and confirming that they look safe. The penguin that jumps in first takes the biggest risk, but it gets to eat the biggest, most delicious fish first. Similar to the marketing term “blue ocean strategy,” “first penguin” means “You must be brave enough to jump in the ocean first, in order to create products that do not yet exist in the world and create new markets.” “First penguin” is the concept of product development we aim to achieve.

No majority rule

At development meetings where we decide which products to commercialize, we do not decide by majority rule. Even if nine out of ten people do not want a product, if there is one person who really wants the product, we consider this to mean that there is demand in the market, and we approve the product for commercialization.

Aim to hit home runs without fear of failure

Some of our new products have sluggish sales, but if one out of ten becomes a hit, it is possible to make up for the failures of the remaining nine products. Rather than taking mediocre swings out of fear of failure, we aim for one-shot home runs with KING JIM style products.

Ensuring Quality Management

KING JIM conducts tests of product usability, safety, and reliability to ensure that customers can use our products with confidence.

We design our products in compliance with Japanese Industrial Standards (JIS), the Electrical Appliances and Material Safety Law, VCCI¹, Radio Law, RoHS Directive², etc., as well as based on our design specifications standards document, which summarizes the quality requirements that products should meet, to create products that are safe for customers to use.

Even after products are launched, we conduct sampling inspections specified by JIS on products shipped from factories and manufacturers, as well as 100% inspections as required, to verify that the level of quality desired by KING JIM is maintained. We also conduct sampling inspections of product inventory to ensure that quality is maintained.

¹ VCCI: An abbreviation for the “Voluntary Control Council for Interference by Information Technology Equipment.” An industry organization that discusses regulations for radio waves emitted by information technology devices. Or standards defined by that council for electromagnetic interference emitted from electronic equipment.

² RoHS Directive: An abbreviation for the “Restriction of the use of certain Hazardous Substances in electrical and electronic equipment.” The RoHS Directive regulates the use of specified hazardous substances (10 substances) contained in electrical and electronic equipment used in the EU (European Union).

Obtaining and Protecting Intellectual Property

In accordance with the KING JIM Group Compliance Program, we respect the intellectual property rights of the KING JIM Group (patent rights, utility model rights, design rights, copyrights, trademark rights, etc.) and respect the intellectual property rights of others as well.

The Product Development Regulations regulate the acquisition, management, and utilization of intellectual property. Our R&D department and intellectual property department research intellectual property rights at the planning and design stages to prevent infringement of intellectual property rights of third parties, and actively seek to acquire intellectual property rights related to our original products and brands.

We have also established an employee invention reward system as an internal regulation to encourage inventions that contribute to the growth of the Company.

Important Themes

- Providing new value not found in the world
- Developing sustainable products
- Ensuring quality management
- Obtaining and protecting intellectual property
- Implementing and disseminating our management philosophy



Developing Sustainable Products

Eco-friendly products

Based on our Environmental Policy, KING JIM considers the environment throughout our product planning, development, and design. KING JIM has defined our standards for environmental consideration categories at each stage of production, use, and disposal of the products. Our comprehensive catalog uses Environmental Marks to designate products and make it easy to understand a product’s environmental information. We have internally defined “eco-friendly products” as products that comply with certifications from third-party organizations, such as the “Environmental Mark” and the Eco Mark, as well as the Act on Promoting Green Procurement.

In the fiscal year ended June 20, 2022 eco-friendly products made up 77% of net sales. We will continue to maintain this high net sales ratio of eco-friendly products.

Percentage of net sales of eco-friendly products
77%

Environmental Mark



* The mark shown is just one example.
* Environmental Mark is a registered trademark of KING JIM.

Eco Mark



* This certification number is just one example.

Act on Promoting Green Procurement compliant product



Product development for achieving SDGs

We develop products for achieving SDGs, which are common goals of the international society for realizing a sustainable society.

Electronic Memo Pad “Boogie Board” *Sold in Japan only

A simple electronic notepad that can be written on and erased as many times as necessary. It is useful for written communication and can be used as a learning tool to practice mathematics.



Hand Sanitizer Dispenser “tette”

A sensor detects human hands and automatically dispenses disinfectant, which helps prevent the spread of infectious disease.



Message from the Executive in Charge of R&D

We create new value with “Surprise, Comfort, Work and Life.”

Since our founding, we have grown our business based on our management philosophy of “DEVELOPING ORIGINAL PRODUCTS AND CREATING A NEW CULTURE TO CONTRIBUTE TO SOCIETY.” We develop products with the desire to always be the first company to offer solutions for problems and provide new discoveries for customers.

So far, we have developed our business with a focus on stationery and office supplies, but we see the recent diversification of work styles as well as changes in the market environment and customer mindsets as opportunities for growth. With a focus on “new lifestyles,” we would like to develop products with original value that will please our customers, and strive to expand our business domains. In the future, we will develop sustainable products with even more consciousness of the environment and SDGs, as well as contribute to society while providing value to our customers.



Miyoko Kimura

Director and Managing Executive Officer, General Manager, R&D Division

Materiality (Priority Issues)
Environmental Consideration

The KING JIM Group has established an Environmental Policy to act responsibly for the environment as a member of society.

The Group established Our Corporate Charter of the Environment to serve as a foundation for environmental activities in Group management. In response to societal demand to address environmental issues and the expansion of our business domains due to the increase in the number of Group companies, in March 2022, we revised the contents of Our Corporate Charter of the Environment and changed its name to Environmental Policy, so it can serve as a new policy on sustainability.

Environmental Policy

As a supplier of products, the King Jim Group views environmental considerations as an important management issue, and actively make effective use of resources. As a responsible member of society, we aim to live harmoniously with nature and strive to conserve the global environment in all aspects of our corporate activities.

Environmental Action Guidelines

■ Planning, development and design

We conduct the practice of giving consideration to the environment in the planning, development, and design stages.

■ Procurement, production, sales and logistics

We will strive to reduce our environmental impact in order to realize a sustainable society.

■ Recycling

We will promote effective use of resources with the aim of realizing a recycling-oriented society.

■ Compliance with laws and regulations

We will comply with environmental laws and regulations, as well as other requirements that we have agreed to.

■ Raising awareness

We will strive to raise the environmental awareness of each and every employee, and engage in continuous environmental conservation activities.

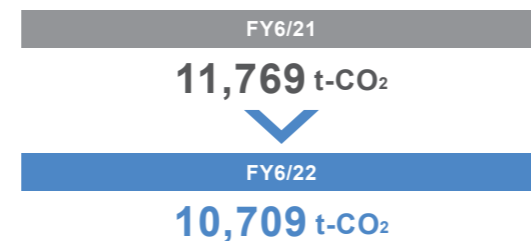
Reducing CO₂ Emissions

● Responding to climate change

Climate change due to global warming threatens the sustainability of us and the global environment, affecting our businesses, customers, and supply chain. It is our responsibility to do our part to address many issues caused by climate change.

Moving forward, we will disclose information based on the TCFD (Task Force on Climate-related Financial Disclosure) recommendations.

● KING JIM Group's CO₂ emissions (Scope 1+2)



Important Themes

- Reducing CO₂ emissions
- Promoting the 3Rs
- Managing waste



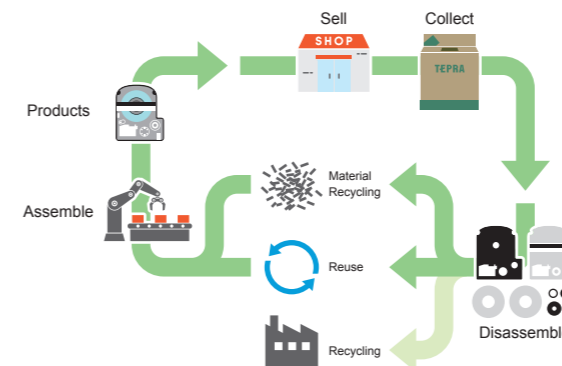
Promoting the 3Rs

The KING JIM Group works on creating products that further reduce the burden on the environment in terms of the product lifecycle, 3Rs [Reduce, Reuse, and Recycle].



● Collecting used "TEPRA" PRO tape cartridges *In Japan only

"TEPRA" PRO tape cartridges have specifications that make them reusable. After cartridges are collected, we disassemble and recycle them in-house. We use recycling technology to recover resources from PRO tape cartridges collected from the market, in order to achieve zero waste.



● KING FILE Super Dotch DE

With this product, users can separate the cover and binder of old files, then attach them to the separately sold storage binder and replacement cover respectively for reuse.



Managing Waste

The amount of waste is continuing to increase globally. The Group is working to reduce and recycle waste by promoting the effective use of resources such as plastic and cardboard.

● Reuse of plastic scraps

At KING JIM Group's overseas factories, we are reusing plastic scraps generated during file production by dissolving these scraps and turning them into raw materials once again.

● Collection of Cardboard Boxes

When the online furniture retailer BON FURNITURE provides product assembly service and placement service, the transport company staff takes back all the packing materials, including the cardboard boxes. Some of the collected cardboard boxes are recycled and put to effective use.



Materiality (Priority Issues) Promotion of Diverse Human Resources

As a pioneer of new markets at a time of fragmented individual tastes, the KING JIM Group continues its search for new business styles. We provide work environments that accommodate employees of differing backgrounds, diverse in gender, age, working styles, presence of disabilities, and other aspects. We believe that incorporating the ideas of these employees will lead to responses to changes in the business environment and the company's growth. With the aim of being a company where diverse human resources can be themselves and work while remaining highly motivated, we will continue to introduce systems and support employees in response to changes in the social environment.

Promoting Diversity

Efforts to promote the active participation by women

KING JIM has set a goal of increasing the percentage of female managers to 20% by 2030, and the current percentage of female managers is 5.48%. When appointing women to managerial positions, we recognize differences in the average length of service between men and women due to resignation for marriage, childbirth, and childcare reasons. We have established an internal system to enhance work-life balance regardless of gender and seek to create environments where all employees can continue working throughout life's events.

<Example initiatives>

- Interviews before and after childbirth or childcare leave
- Sending company information emails to employees on childbirth/childcare leave
- Distributing life event handbooks that summarize the internal systems and procedures that can be used when an employee experiences major life events
- Distributing the Ikuboss Manual to direct supervisors of departments that will welcome pregnant employees and employees returning to work after taking childbirth/childcare leave.

Employment of persons with disabilities

KING JIM continuously hires persons with disabilities, achieving an employment rate for people with disabilities of 3.46% as of June 2022. We maintain an employment rate that surpasses the statutory employment rate (2.3%) and the effective employment rate among all private companies (2.20% in 2021). Our satellite office in Kawagoe, Saitama Prefecture, offers enhanced support for employees with disabilities.

Job rotation

At KING JIM, we rotate employees among two or three departments every ten years to enhance employees' skills by creating opportunities to gain various experiences and environments in which employees can maximize their potential.

Self-reports

Under this system, once a year, the KING JIM Group asks all employees (including temporary employees) to directly communicate and share their thoughts on any matters, including current job status, their future careers, relationships at work, and general management matters, to top management. The content is shared only with the President and a small number of executives and used for appropriate personnel allocation and work environment improvement.

Cultivating Human Resources

Overseas training program

Our annual overseas training program aims to develop a global workforce by sending selected young employees to overseas affiliated companies as trainees for one year. Trainees benefit from the opportunity to work in a different culture and then apply their experiences to their work upon their return home.

E-learning/External group-training program/Distance learning

We offer e-learning courses and external training programs that employees can freely take, at no cost, from many subjects, including Business Skills, Languages, Management, Labor and Mental Health. We also offer correspondence courses on business skills and language proficiency for advancement requirements and self-development.



We hold a walking event in which we recruit participants to walk 8,000 steps per day for a month and share the results within the company. Every time, we award original goods with designs featuring KING FILE-kun as participation prizes.

Ensuring labor health and safety

The KING JIM Group considers employee safety paramount and is working hard to improve its labor health and safety. At the KING JIM Headquarters and Matsudo Office, a Health and Safety Committee has been established. Each site health and safety general manager directs safety supervisors, health supervisors, and other personnel to protect employees' safety and health.

Important Themes

- Ensuring labor health and safety
- Promoting diversity
- Cultivating human resources
- Promoting work-life balance



Promoting Work-Life Balance

Childcare support

We are implementing initiatives to support a balance between childcare and work, and we have received the Kurumin certification from the Minister of Health, Labour, and Welfare as a company that supports childcare.



Childcare and nursing care leave, etc.

We encourage employees to take childcare leave, of which five days are paid. In addition, we try to foster a company culture where it is easy to take childcare leave. For example, we individually reach out to employees who or whose spouses will be giving birth so that we can share their stories with the persons concerned inside and outside of the company. The criteria for restrictions on off-the-clock work, overtime work, and late-night work, as well as child nursing care leave and shortened working hours are raised above the statutory levels to the time children to complete the third grade of elementary school. Even when nursing care is involved, employees can use the system for shortened working hours in addition to nursing care leave. Moreover, off-the-clock work, overtime work, and late-night work are restricted.

Return and retention rates of employees after childcare leave: 100%
* Includes results for male employees

Reducing overtime work

KING JIM is undertaking the following initiatives to reduce overtime work.

- 1) Employees must leave the office by 20:05 at the latest.
- 2) Overtime work is not allowed on Wednesday every week.
- 3) The supervisors of employees whose overtime exceeds 45 hours a month are given warnings.

Increasing the number of days of annual paid leave taken

At KING JIM, we encourage our employees to take annual paid leave by setting a target for the number of days of leave that should be taken and notifying employees of this target. In the fiscal year ending June 20, 2023, our target is for every employee to take at least seven days of leave. We provide managers of each department with monthly updates on how much paid leave their subordinates have taken to help them keep track of the status to ensure that all employees can take paid leave actively and aim for further improvement.

We have introduced various other systems as well.

| | | |
|--|-------------------|------------------------------|
| Tea with the President | Telework | Staggered working shifts |
| No overtime work day (every Wednesday) | Celebration leave | Refreshment leave |
| Carryover of paid leave | Volunteer leave | Other forms of special leave |

* Telework and staggered working shifts have progressed during the COVID-19 pandemic, and we will continue to recommend using these systems and pursue the work styles of the future.



Message from the General Manager of the Human Resources Department

An aggressive human resources strategy that responds to the changing times.



"Let's give it a try!"

This phrase is not just used for product development in the KING JIM Group, but for human resource strategies as well. It is essential that diverse human resources play an active role in order to respond to unprecedented situations such as the decline of the working population, the COVID-19 pandemic, and the rapid depreciation of the yen. To that end, we believe it is important to flexibly change our internal systems so as to support our employees. It is also important to avoid risks, but if we avoid all risks, we will not be able to achieve great results that may exist beyond those risks. Therefore, it is crucial to cultivate human resources who can solve problems while taking on new challenges.

We will continue to create a work environment where employees can demonstrate the full extent of their abilities.

Yusuke Kojima

Senior Executive Officer, Deputy General Manager, Administration Division, and General Manager, Human Resources Department