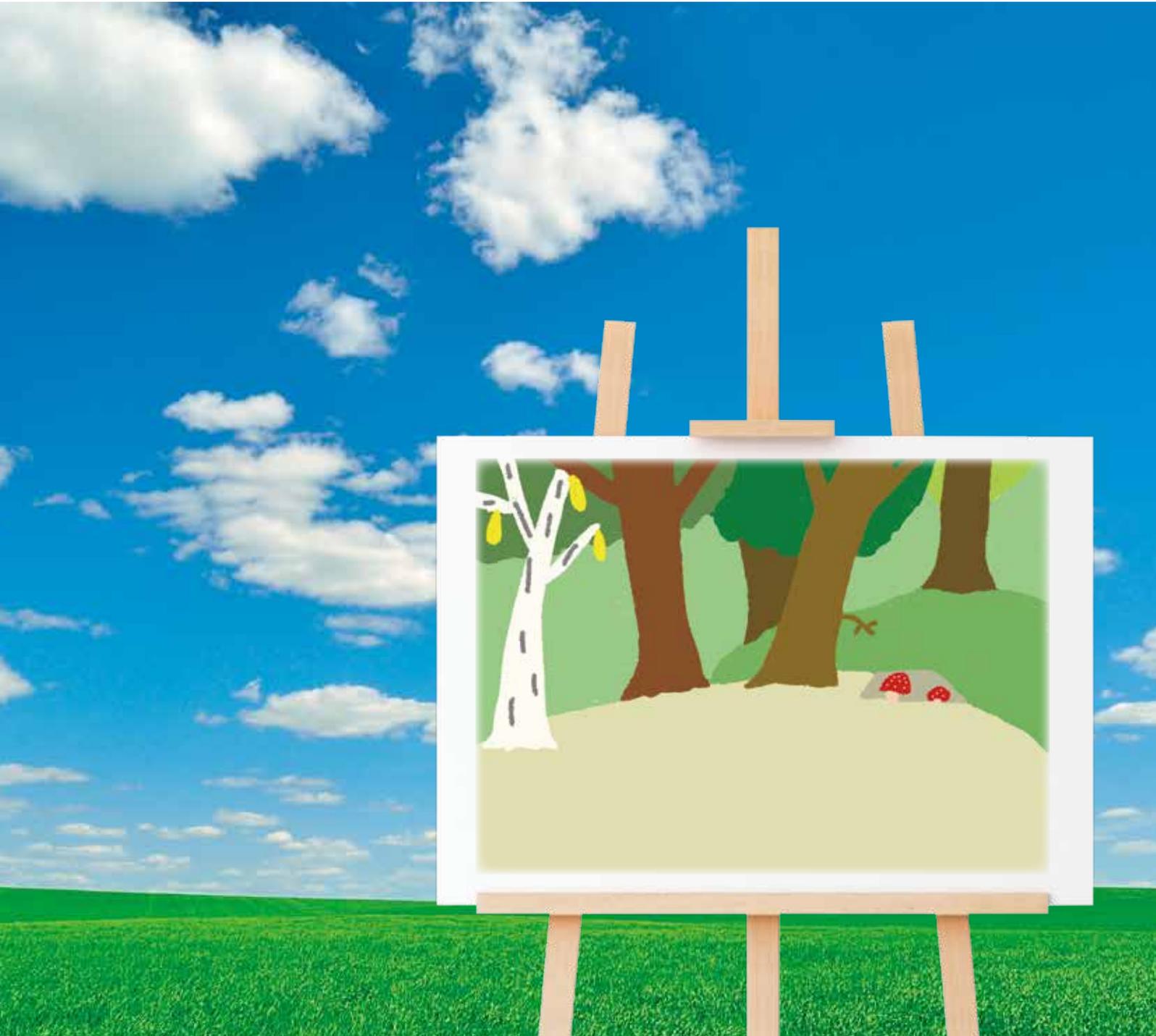


SHINSEI PULP & PAPER COMPANY LIMITED

# CSR Report 2017

Corporate Social Responsibility



This is a work from "Paralym Art" that SHINSEI PULP & PAPER COMPANY support.

# Top message

## Creation of new values

With increasing interest and attention being given to sustainable growth in society recently, the promotion of CSR has become an ever more important initiative. In order for a company to meet its social responsibilities, it is very much required to contribute to solving environmental and other social issues, in addition to creating economic growth.

At the SHINSEI PULP & PAPER COMPANY, we promote a Management Philosophy, a Management Strategy and CSR in an integrated manner, while considering business expansion and CSR to be mutually necessary. For a company to realize sustainable development, it needs to evolve and grow. It is essential to proceed with management on the basis of a high level of ethics and continually propose “new values,” as driven by innovation to create new markets. There is considerable uncertainty about the future, as a result of various issues caused by an imbalance in the population composition due to a declining birthrate and an aging population, in addition to a general tendency to take advantage of IT-related developments across all segments of society. Therefore, I firmly believe an important social responsibility of a company is to overcome such a situation through new value creation.

## People play a central role in changing times

Currently, unprecedented changes such as the rapid advancement of digitization in the form of IoT and AI and the progress of a virtual society being driven by the development of the Internet are taking place. In reality, these changes in social structures are about to change the identity of companies, the values of individuals and actual relationships between companies and individuals. At the same time, it is people constituting companies that create new values. We will actively promote the development of a corporate-wide CSR mindset and the establishment of a corporate culture to create an environment of a great place to work for diverse human assets.

## The power of paper

With ever-expanding electronic media, the superiority of paper has become conspicuous. The mission of the

SHINSEI PULP & PAPER COMPANY is to communicate this superiority to all stakeholders once again as a paper trading company. In other words, by communicating the power of paper that has been continually chosen throughout its long history and the roles of films that are ever spreading, we must continue to provide the market and society with unprecedented added values. To complete this mission, we will continue to make all-out efforts to remain a company from which a great deal is expected and one that is trusted by all stakeholders, position environmental management as the core of our corporate activities and strive to enhance corporate value. We respectfully ask for your continued support and guidance.

October 2017

President and CEO

加藤 康次郎  
Yasujiro Kato



### Philosophy

**We respond to the changes of times with firm commitment to “innovation and challenges” and continue to grow with society.**

### Management Policies

1. We continue to meet our responsibilities to create a rich society through ecofriendly corporate activities.
2. We continue to grow as a company that is “supported,” “needed” and “chosen.”
3. We continue to pursue infinite possibilities of wood-based natural materials starting with “paper.”
4. All of us individually have high targets and continue to exert our full power.

### Code of Behavior

#### 1. Total compliance with laws and regulations

The SHINSEI PULP & PAPER COMPANY complies with not only laws and regulations but also domestic and international rules and social codes, achieves trust from society and customers, and fulfills its responsibilities.

#### 2. Consideration for the environment

The SHINSEI PULP & PAPER COMPANY recognizes the conservation of the global environment as one of its first priorities and to pass on a rich future to the next generation.

#### 3. Disclosure of corporate information

The SHINSEI PULP & PAPER COMPANY actively and fairly discloses corporate information to shareholders and other stakeholders.

#### 4. No relationship with antisocial forces

The SHINSEI PULP & PAPER COMPANY consistently refuses any requests from antisocial forces and organizations.

#### 5. Establishment of safe and easy-to-work working environment

The SHINSEI PULP & PAPER COMPANY respects each employee’s personality and uniqueness and realizes a safe and easy-to-work environment.

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### Editing policies

The “CSR Report” is an annual report explaining our environmental initiatives and other social corporate activities. This report covers the period of fiscal year 2015 (April 2016–March 2017), mainly describing actual figures. In relation to the latest information, some initiatives after April 2017 are referred to.

The editorial policy of this report is communicating our CSR activities in an easy-to-understand manner. In addition, we made the design of the report warm and inviting, using “Paralym Art,” an activity that we support, as a motif. We hope as many people as possible understand our CSR activities through this report.

Business activities covered by this report: Compiled mainly from social and environmental activities at domestic sales bases

Referenced guidelines: Environmental Reporting Guidelines “Towards a Sustainable Society, (Fiscal Year 2012 Version) published by the Japanese Ministry of the Environment”; ISO26000

Publication: October 2017

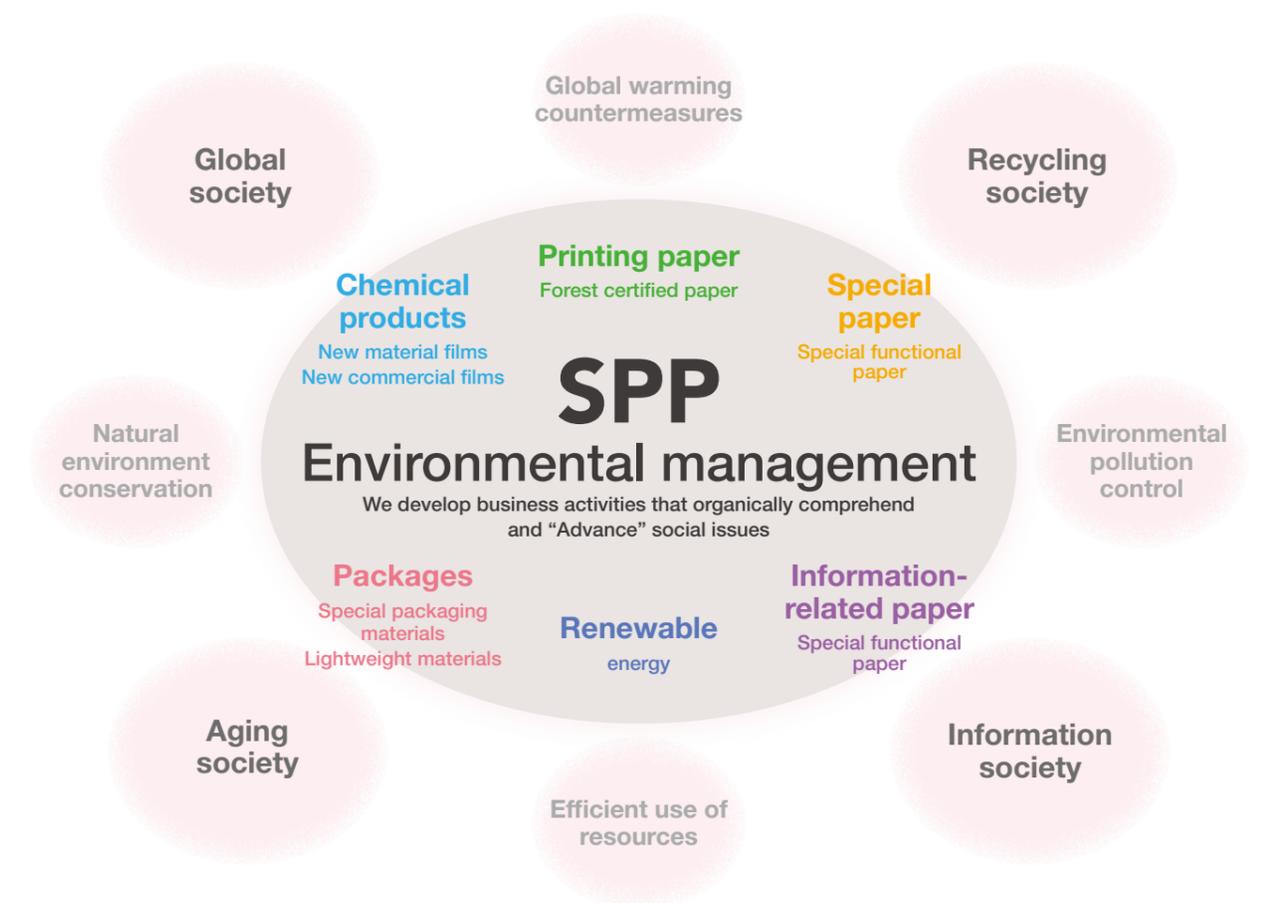
### About Cover

“Paralym Art” is an activity that is carried out by SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION to support the social participation and economic independence of disabled people through their art. The picture on the cover is a work done by Shota Tahara, with the title “In the forest.”



# SPP Mid-term management plan

2017 (158th term) will be the final year of our 4th mid-term management plan, launched in 2015.  
The slogan of this plan is “evolution.”  
We will advance our business activities to become an even better company that is full of vitality and dreams.



By organically coordinating the five fields that SPP has advantages in, namely, printing paper, special paper, information related paper, packages and chemical products, we will develop “Broader and deeper” business activities while responding to various changes in business environment.

<b>Action strategies</b>	<ol style="list-style-type: none"> <li>1. Paper and Chemical Products business will accelerate “Business innovation.”</li> <li>2. Paper, Chemical Products and Real Estate business will accelerate initiatives for “New business development.”</li> <li>3. We will accelerate initiatives for “Businesses of future generations in new fields.”</li> <li>4. We will foster a corporate culture to tackle the changes of the times with a spirit of “Innovation and challenge.”</li> </ol>
<b>CSR/ Environmental activities</b>	<ol style="list-style-type: none"> <li>1. Development of support activities for disabled persons with Paralymp Art</li> <li>2. Sales promotional activities of forest certified paper</li> <li>3. Development of solar power business and its environmentally-friendly maintenance and management</li> </ol>

# Environmental-based Procurement and Sales Guidelines

The SHINSEI PULP & PAPER COMPANY contribute to the sustainable growth of society with the establishment of our Environment-based Procurement and Sales Guidelines based on the Basic Philosophy of the Environmental Policy.

## Scope of application

This guideline applies to domestic and overseas sites.

<b>Purpose</b>	Based on the Basic Philosophy of the Environmental Policy, the SHINSEI PULP & PAPER COMPANY fulfills its social responsibility and contributes to environmental protection through positive procurement and the sale of environment-friendly products.
<b>Procurement policy</b>	<ol style="list-style-type: none"> <li>1 Active and positive approach to forest-certified paper</li> <li>2 Active and positive approach to products complying with the Green Purchasing Law</li> <li>3 Active and positive approach to recycled pulp products</li> <li>4 Active and positive approach to pulp products without the use of chlorine bleaching</li> <li>5 Active and positive approach to paper made from lumber of thinning</li> <li>6 Active and positive approach to non-wood paper</li> <li>7 Active and positive approach to chemical products based on impact categories</li> <li>8 Active and positive approach to partners who value preserving high conservation value forests and rural natural environments</li> <li>9 Active and positive approach to products with transparency based on legality</li> </ol>
<b>Sales policy</b>	<ol style="list-style-type: none"> <li>1 Products where the legality of manufacturers can be verified</li> <li>2 Products manufactured by sustainable resources</li> </ol>
<b>Relevant laws, regulations, ordinances and standards</b>	<ol style="list-style-type: none"> <li>1 Guidelines for Private Sector Engagement in Biodiversity (Ministry of the Environment)</li> <li>2 Act on the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Purchase Act)</li> <li>3 Act on Promotion of Distribution and Use of Legally Logged Wood Products (Clean Wood Act)</li> <li>4 Substances prohibited from use: Attached Table 9 of Order for Enforcement of Industrial Safety and Health Act (Management of chemical substances used in products)</li> </ol>



# SPP's activities towards achieving a sustainable society

We are conducting various initiatives toward realizing a sustainable society.

## “Sustainable Development Goals (SDGs)” associated with SPP's initiatives and products

Core products and businesses	17 Sustainable Development Goals (SDGs)	
Business in emerging countries such as Bangkok (creation and maintenance of employment)	Put an end to all forms of poverty everywhere	
Research on food packaging materials to extend shelf life and preserve freshness to reduce food waste	Put an end to starvation, achieve stable food supply, improve nutritional status and promote sustainable agriculture	
Provision of sanatorium for employees and families	Secure healthy life for people of all ages and promote welfare	
Gender-equal employee educational system, countermeasures for harassment, support for qualification acquisition	Provide inclusive, fair and high quality education to all people and promote the opportunity for lifelong learning	
Expansion of maternity leave and childcare leave system	Achieve gender equality and contribute in the empowerment of women	
Tree planting activities and sales of antibacterial agents	Secure access to water and sanitation for all people, in addition to sustainable management	
Reduction of CO2 by SPP Tomi Power Plant (Tomi-shi, Nagano Prefecture)	Secure access to reasonable, credible, sustainable and modern energy for all people	
Registration for “Leading Companies for Women” (Ministry of Health, Labor and Welfare)	Promote sustainable and inclusive economic growth, productive full employment and decent work for all people	
Sales of LED, development of new businesses and products by CNF	Develop resilient infrastructure and promote inclusive and sustainable industrialization while expanding innovation	

Employment promotion and support activities (Paralym Art) for handicapped people	Eliminate inequality in Japan and between countries	
Establishment of Business Continuity Plan (BCP) and handling of disaster prevention products	Make cities and residential areas inclusive, safe, resilient and sustainable	
Purchase and sales using the SPP purchasing & sales guideline	Secure a sustainable pattern of consumption and production	
Tree planting activities conducted through “1% for Present Tree”	Establish urgent countermeasures for climate change and its effects	
Tree planting activities conducted through “1% for Present Tree”	Preserve ocean and marine resources for sustainable development and utilize them in a sustainable form	
Active purchase and sales of environmentally friendly products	Conduct preservation, recovery and sustainable utilization of terrestrial ecosystems, sustainable management of forests, countermeasures against desertification, prevention and recovery of soil deterioration, as well as the preservation of biodiversity	
Work with employee committee to establish consultation counter for harassment incidents	Promote a peaceful and inclusive society towards sustainable development and provide access to justice for all people while creating an effective, credible and inclusive system at all levels	
Sales activities by Global Business Department	Strengthen implemental initiatives towards sustainable development and revitalize global partnership	

SDGs summarize global issues such as poverty, education and the environment into 17 divisions with the aim of creating a sustainable society.

From the perspective of environmental management many of SPP's initiatives are included in the SDGs.

- 1 Eliminate poverty
- 2 Eradicate starvation
- 3 Provide health and welfare to all people
- 4 Provide high quality education to all people
- 5 Achieve gender equality
- 6 Provide access to safe water and toilets for all people
- 7 Provide clean energy for all
- 8 Achieve both fulfilling work and economic growth
- 9 Create a foundation for the industry and innovative technology
- 10 Eliminate inequality between people and countries
- 11 Create cities people can live in forever
- 12 Be responsible for creation and utilization
- 13 Conduct specific countermeasures against climate change
- 14 Preserve the ocean environment
- 15 Preserve the land environment
- 16 Create peace and fairness for all people
- 17 Achieve our goals through partnerships



## Promoting the use of forest certified paper



### Sales of forest certified paper

In 2003 Shinsei Paper & Pulp acquired FSC's® (Forest Stewardship Council®) CoC (Chain of Custody) certification, and the PEFC's (Programme for the Endorsement of Forest Certification) CoC certification in 2007. The logos indicate that we have acquired certification in all processes from the procurement of timber to the final product.



責任ある森林管理のマーク  
FSC®  
Acquired in 2003



持続可能な森林管理の促進  
www.pefcasia.org  
PEFC  
Acquired in 2007



### Forest certified system

Forest certified system includes two certifications: Forest Management (FM) and CoC certification.



\*FSC®/CoC and PEFC/CoC are different certification systems.

### Forest certified papers used at the Olympics and Paralympics

With the 2020 Tokyo Olympic and Paralympic Games approaching, the social tendency is moving towards the utilization of forest certified papers. In line with paper manufacturers successively developing new forest certified products, we have heralded "Sales promotion activities of forest certified papers" in our "Mid-Term Management Plan" to meet environmental concerns and customer demands with proactive sales activities.

"Increase of forest area certified under an independently verified certification scheme" has been heralded in the UN's Sustainable Development Goals (SDGs). We will take advantage of the 2020 Tokyo Olympic and Paralympic Games to further promote the utilization of forest certified papers.

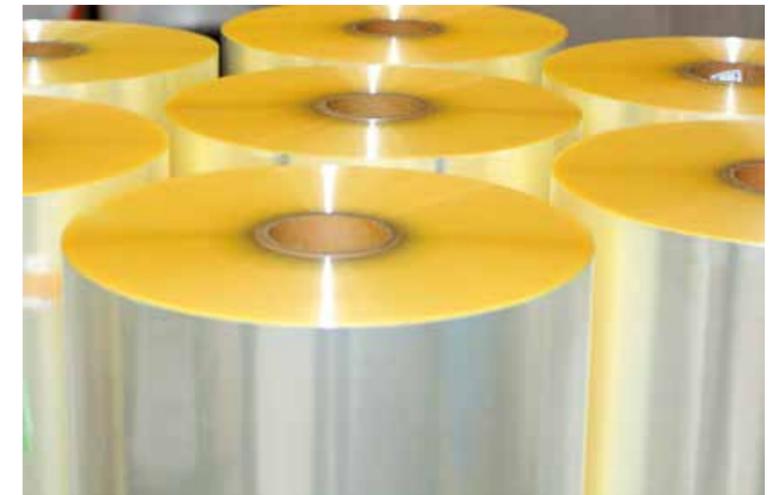


## Environment preservation in chemical products field



We are selling environmentally friendly products as the core products in the chemical products field. Food packaging films are used for protecting contents against external factors, including physical, chemical, biological and human factors. We determine reference points for each environmental impact assessment item (waste reduction, prevention of air, water and soil pollution, prevention of global warming etc.), and sell products that are considered environmentally friendly based on these assessment points.

In addition, a social tendency towards reducing food waste arose several years ago in Europe and America. Now there is also a movement to extend the shelf life of foods in Japan. In order to extend shelf life, we select the optimum film from various barrier films and propose flexible packaging films that can lead to the reduction of food waste.



### Themes for handling chemical products

- 1 Proposal of various barrier films
- 2 Proposal of functional films (universal design compliant products)
- 3 Participation in new markets



Flexible packaging films that extend shelf life and contribute in reducing food waste

## Supply of electricity using solar power



We are making efficient use of company-owned land to create renewable energy. The SPP Tomi Power Plant, launched in March 2016 for the promotion of renewable energy, has a power output of 500Kw and has concluded a sales contract with the Chubu Electric Power Company. The reduced amount of CO<sub>2</sub> emissions in FY2016 was 276t-CO<sub>2</sub>/KWh.

From spring to autumn, we use sheep to rid the areas of weeds. This initiative is based on our environmental policy and basic philosophy, and is considered an effective method as it does not generate any CO<sub>2</sub> emissions or plant residues.



## Discussion with experts

# The future of coexistence between paper and digital technology

With the rapid and ever-widening applications of information technology, in addition to the utilization of electronic data across all aspects of society in recent years, the way paper ought to be and the role it is required to play are changing. How will the two mediums of paper and digital data of different properties coexist with each other from now on? Dr. Fumihiko Onabe, Professor Emeritus of the University of Tokyo, and an authority on media studies, joined a number of our employees to discuss what this coexistence should be and the roles paper needs to play.

### Yasuyuki Nonaka

Section Manager  
1st Section  
3rd Printing Paper Department  
2nd Paper Division  
Tokyo Main Branch

Joined the company in 1997. After working at Nagoya Branch, responsible for the sales of paper for publications in Tokyo ever since.

### Ayako Tsuji

Function Paper  
Development Section  
Development Department  
Information Function Paper Division  
Tokyo Main Branch

Joined the company in 2007. After experiencing purchasing operations of paper for print and publications, currently responsible mainly for the sale of industrial films.

### Dr. Fumihiko Onabe

Professor Emeritus,  
University of Tokyo  
(Paper Science)

### Koji Nishioka

Director  
Managing Officer  
Officer in charge of Tokyo Main Branch Divisions

Joined the company in 1982. Mainly responsible for cardboard sales. Currently, in charge of information functional materials, packaging and overseas business.

## The role of paper, as endorsed by the modernization of Japan

**Nishioka** In response to recent trends towards applications of information technology, the needs for paper are changing. Today, we are fortunate to have Dr. Onabe, a specialist in the study of paper and the media in Japan as a guest, as we consider coexistence between paper and digital technology. Dr. Onabe, what do you make of the current status pertaining to the Japanese paper and pulp industry?

**Onabe** I regard it as one of the most important industries playing a role in Japan's growth. Paper has a history of more than 2,000 years. The Japanese paper and pulp industry started in 1873. As a first full-scale papermaking company of machine-made paper in Japan, Shoshi Kaisha was established in Oji, beginning to manufacture in 1875. Since that time, and along with the progress of paper and printing technologies, school education became the norm, and with the publication of newspapers, magazines and books, knowledge and ideas were able to become more widespread. It can certainly be said that with modernization, paper in particular, contributed to improving economic systems via the issuance of bank notes and the development of democracy through expanding journalism. Production volumes of paper and cardboard increased on a steady scale. Immediately after the outset of WW2, it dramatically decreased, but the sheer importance of the role played by paper remained intact. During the postwar era, production once again continued to grow, and at its peak in 2000, it was about 32 million tons. As endorsed by a history of 145 years since the start of the industry, certain levels of needs can be expected going forward, while the importance of the paper and pulp industry will remain the same.

**Nishioka** These days, electronic media is rapidly emerging. What impact will this utilization of digital technology have on the paper and pulp industry?

**Onabe** On a global scale, production volumes of paper have been increasing year on year. Currently, it is approximately 400 million tons. Paper consumption is very much linked to economic growth and increases in population. Globally speaking, as populations are increasing and with economic growth continuing, especially in developing countries, the demand for paper is anticipated to increase. Though being affected by electronic media, the main reason for the declining production of paper in Japan is its decreasing population, yet the essential needs for paper will remain the same.

**Nishioka** Looking back at history, paper is indispensable for humans. We believe that our corporate value lies in contributing to the growth of society and our customers by providing paper to meet such needs.



### Profile of Dr. Fumihiko Onabe

Graduated from Department of Forestry, Faculty of Agriculture, University of Tokyo, in 1967. Following graduate school, studied at McGill University (Montreal, Pulp and Paper Research Institute). Visiting researcher at Centre Technique du Papier in Grenoble, France, as a government-sponsored overseas student. Appointed Professor of the University of Tokyo in 1992. Retired in 2003 (Paper Science Laboratory, Life Material Science Major, Graduate School of Agricultural and Life Science). Former President, Japan Paper Academy, previous President and Member Emeritus, Japanese Society of Printing Science and Technology. Majors in paper science and applied fields such as cognitive science in fields of painting, printing, imaging and packaging, Kansei science, paper culture and media theory. Chief Compiler of The Encyclopedia of Paper (2006, Asakura Publishing).

## Solid affinity between paper and people

**Nishioka** Throughout history, why has paper been so useful for people?

**Onabe** Paper has a strong affinity with people, as it has a high level of emotional value. Most information in the brain is processed via vision. When character information on paper is inputted into the brain, paper can vitalize the brain, awaken consciousness and enable it to concentrate. Also, paper itself is capable of appealing to all five senses. Information memorized via paper is stably settled in the brain and can be easily recalled when needed. Throughout history, humans have created many different types of media to record characters, and paper has remained and become popular. In the 1950s, computers were created, while in the 1970s, information started to be digitized. This was an era when being paperless was emphasized. Paper is still around as it has an unrivaled level of affinity. Right now, electronic media in the form of many different mobile terminals are emerging. However, the role paper plays as an interface with information will remain substantial. In Japan, the history of paper is almost 1,400 years, playing a crucial part in the formation and succession of our culture. As Japanese understand it, a sense of familiarity with paper is bound to be especially strong.

**Tsuji** Children nowadays grow up in touch with electronic media. Will their affinity with paper be the same?

**Onabe** Media selection behavior in humans depends on the cognitive structure of individuals and the environments they are in. This human cognitive structure can be classified into three parts. A part commonly and genetically passed on since birth as homo sapiens, a part inherited from parents and a part one learns and experiences on one's own. If a high affinity to paper is intrinsically given as homo sapiens, an affinity with electronic media will have a limit, regardless of how much it increases, and an exceptionally high affinity with paper will never be shaken. At the same time, there is a possibility that

humans will adapt to electronic media. The direction of recent electronic media development is focused on how to come closest to paper's properties. In reality, it has not yet been able to yield effects comparable to those of paper. Even reading information from a screen, does not necessarily mean that the information is processed in the same manner as paper, or resulting in long-term memory. For this reason, and regardless of how much progress the utilization of digital technology makes, I believe the role of paper with a high level of affinity to humans will remain significant.

## Usage of paper and electronic media depending on information involved

**Nishioka** As a specialized paper trading company, we certainly should consider the co-existence of paper and electronic media. Dr. Onabe, what do you think about this co-existence?

**Onabe** It is most unlikely that electronic media will immediately replace paper media. In modern times, a vast amount of information is created using a wide range of methods. Therefore, there is a need to appropriately choose the media, depending on the information involved. Different from paper media, electronic media has certain characteristics such as the capability of using diverse expressions like sound and video, excellent search functions and easy storage. However, with its relatively short history, they are not comparable to the affinity paper enjoys, while a sense of visceral discomfort has not been eliminated. I am sure that paper media will survive. Based on the characteristics of individual media, media literacy to use them for different purposes will be required.

**Nonaka** Recently, people are starting to use paper or electronic media for different processes in their own way. For example, the number of people reading comic books using electronic media is increasing, but the custom to read business or reference books in a paper format is still very much deep-rooted. This would suggest that the more it is information people want or need to remember, the more people will choose a paper format.

**Nishioka** Many people experience or enjoy different books via electronic media and also buy interesting books in the form of paper media. When returning to pages that have attracted you and by reading them again and again, it deepens an understanding of the text. This is a unique value of paper.

**Onabe** In psychology, this is known as the "rehearsal effect". It has been proved that by repeated reading, memory does in fact become more stable. In addition, it is also said

that as paper is a still picture, we tend to comprehend information in a positive manner and concentrate consciousness, meaning that the information becomes easier to remember.

**Nishioka** While the attractiveness of paper is being re-evaluated, people now use paper and electronic media for different purposes, based on their own experiences. In terms of quality of information, how should they be used for different purposes?

**Onabe** Information can be classified into "flow information" and "stock information." The former is passing information that we don't need to remember after looking at it and making

Discussion with experts



The future of coexistence between paper and digital technology



a judgment. Electronic media can handle this information, as it can efficiently send, receive and process a large volume of information. On the other hand, stock information is what we need to remember in the form of knowledge or information. In the case of such information, it is necessary to continue to use paper media with its high affinity to humans as an interface to accept the information. Paper has consistently been used in elementary education as it enables an understanding through a rehearsal effect to use visual and tactual senses again and again and deepen memorization as knowledge. In fact, the main stream of textbooks is still paper, while digitization is making progress as supplementary materials for teachers. Having said that, a trend towards the digitization of textbooks is happening, which poses a problem. Ideally, a deep understanding of all information is needed, but time is always limited. By properly using paper and electronic media for different purposes, we can efficiently obtain the knowledge and information we need.

**Tsuji** In business, I believe the role paper plays is significant. Even now, we still tend to print-out contracts and important

documents. Also, it is not unusual to print E-mail or document data. By printing, typographical errors can be discovered. IT is applied to many different operations, but for really critical situations, paper is still being used.

**Nonaka** In the publishing industry, there is a trend of moving from electronic media to paper media. In Japan, comic books are popular for electronic books, and there are more cases of publishing popular work as books. A business model to earn sales and profits by combining paper and digital media, not just conventional paper, is now a real trend in the industry. This is expected to spread to other fields apart from comics.

**Nishioka** I agree. You mentioned an example in the

not altered. Processing to emphasize content is a means of revealing an important added value of paper. In fact, there are many types of paper, and the market is huge.

**Nonaka** High workability is another great characteristic of paper. It can be made in different shapes or combined with other things. In the publishing industry, high portability is necessary, so weight reduction of paper is making progress. To reduce weight, paper needs to be made thinner, but this might negatively affect printability. Furthermore, when electronic data is printed, it reveals a paper's tone and texture. Responding to customer requirements, we propose paper that balances weight and printability and with an

publishing industry, but how to use paper and electronic media for different purposes is in fact diverse. Our customers come from a wide range of business types. We have to remain open to many different fields and actively offer valuable paper responding to each customer's applications and business development needs.

## Pursuing an added value of paper matching social needs

**Nishioka** As the role played by paper is critical, it will become more important to offer "value unique to paper." What do you make of paper's values?

**Onabe** Functionally, it is said to excel in the basic function of 3W, namely, write, wrap and wipe. Also, a wide range of unique values such as colors, forms and patterns can be added. A typical example of this is Japanese paper. It has a history in that its delicacy and special texture has colored Japanese culture. Even in current times, its basic role has

optimal finish. This is an added value for customers.

**Nishioka** Lightness may well be one keyword. Cardboard also has similar needs. Since Internet shopping has become more and more popular, the number of door-step deliveries has increased, resulting in an increased need for cardboard. Different from paper as media, its role is finished as soon as a parcel reaches a consumer, thus requiring a compatibility between lightweight and minimum strength. Such a compatibility between properties for individual applications and lightweight will become an important added value of paper.

**Tsuji** Overseas, a MADE IN JAPAN mark is an added value. This is likely to be a manifestation of thought that Japanese are particular about high quality, as the importance of paper is high. The more general-purpose products become, the harsher the price competition. By taking advantage of Japanese papermaking technology and manufacturing paper at specifications that can only be produced in Japan, business opportunities will increase.

**Onabe** Among wealthy people in Asia undergoing the process of economic growth, Japanese paper diapers have

attracted a high level of popularity. This is a manifestation of parental love to care for the health of their precious children and a desire to use good paper diapers. Japan can produce good paper diapers due to the fact that the country has rich and top-level technology, while Japanese people have a sensitive mindset. Such warmth of Japanese people will lead to an improvement in paper's values.

**Nishioka** Having an environmental advantage is also an added value for paper. Wood material can be reproduced, while used paper can be reused via recycling. Firstly, paper is made by melting and removing unnecessary parts of cut down trees. Trees are planted to compensate for the amounts lumbered. In recent years, the acquisition of a forestry certification is promoted to use paper produced from well-managed forests. In Japan, the collection rate of used paper is as high as more than 80% for recycling purposes. We actively sell forestry-certified paper to contribute to the conservation of the environment.

**Onabe** Paper has the potential to be added with diverse added values. What added value should be provided? Like all the employees of SHINSEI PAPER and PULP COMPANY, I hope people close to customers and end-users take advantage of their sensitivity, keep pace with trends and transmit it.

**Nishioka** Proposing any added values of paper is our true worth. There are sure to be many more potential business opportunities. We will stay ahead of the needs of customers and society, make optimal proposals and thereby further increase the value of paper.

## Relaying the value of paper made in Japan both domestically and internationally

**Nishioka** Communicating the value of paper is one of our important roles. How should we relay this?

**Nonaka** I think the advantages of paper were clearly recognized once again during the Great East Japan Earthquake in 2011. At disaster-stricken sites, people could



obtain all the latest information from the TV and the Internet after power was restored, yet as they were living under very tense conditions, they read books to stay calm. This is a sort of "gentleness" that paper has, right? Since 2010, or the first year of electronic books, they were popular for a while, but now it has settled down. In the U.S., probably due to people becoming tired of digital information, the number of electronic book users is decreasing, with more and more people returning to paper books. As Dr. Onabe mentioned, I also believe there is a real affinity between humans and paper. This gentleness of paper is essential. It is our responsibility to communicate the intrinsic attractiveness of paper in this way.

**Tsuji** Not only in Japan but also abroad, we need to actively relay this. Papermaking technology from Japan leads the world. By openly communicating the attractiveness of Japanese paper, we will then see increased business opportunities.

**Onabe** One of the main strengths of a trading company is that they accumulate information and know-how, in addition to diverse networks. The pleasure of work is based on this,

and to create and communicate new values. I hope that SHINSEI PULP & PAPER employees offer and communicate the value of paper by fully utilizing all accumulated management resources.

**Nishioka** our strength lies in the know-how and experience we have accumulated ever since foundation. Along with the evolution of IT, the fourth industrial revolution has started to take the world by storm. By understanding markets in a mid- and long-term span of five, ten or twenty years and taking advantage of what we have accumulated, we will pass on the value of paper to future generations. This is one mission that only our company can accomplish. Leading the industry, we want to develop the future of paper.

## Humans living with paper due to affinity with it

**Nishioka** Electronic media will further evolve. Regardless

Discussion with experts



## The future of coexistence between paper and digital technology

of how far the utilization of digital technology takes, needs for paper will never disappear but rather increase. In such a situation, how will paper co-exist with digital technology?

**Onabe** Paper and digital media will co-exist forever. The years from 2010, which are known as the first years of electronic books to the present day, is an experimental period of using paper and electronic media in tandem. While the utilization of digital media made progress, the superiority of paper has been recognized yet again. Years of fully-fledged co-existence are still to come. Even so, the importance of the roles paper will assume will never change. Taking a recent

example, people use cash cards, and virtual currencies such as Bitcoin have been created. However, trust in paper money, being a physical object, remains very high. Looking back on history, paper has enabled humans to maintain culture and continue evolution. This is proof that paper is most suitable for recording and storing characters. Humans are an organism that feel pleasure in receiving information from characters supported by paper as a medium. Even if the utilization of digital media makes further progress, paper is essential to life as it has a strong affinity with people. In line with the progress of the utilization of digital technology, paper will possibly have new applications. For co-existence with digital media, paper will continue to evolve in such a way to increase emotional value and live together with people. I hope to see SHINSEI PULP & PAPER employees be ahead of the times and pursue new possibilities for paper.

**Nishioka** As a specialized paper trading company, we want to deliver valuable paper that contributes to customers and society. Thank you very much.

## After the round-table discussion



Hearing about the affinity of paper with humans and the history of paper itself with Dr. Onabe, it really allowed me to refresh my feelings about the value of paper. We have a history of about 130 years of making great progress with paper. In view of the future, I aim to help paper and our company evolve by taking advantage of all management resources handed down from senior and former employees. (Nishioka)



Out of a sheer desire to do work that contributes to people with paper, I have been tackling my duties. Thanks to this round-table discussion, I am now more than convinced that paper will continue to play an important role in the publishing industry and this refreshes my determination. As a salesperson, I will continue to communicate the attractiveness of paper, while better understanding all market changes. (Nonaka)



This was a really precious opportunity to face the value of paper. Learning that we can discover new attractive points unique to paper through co-existence with digital technology, I believe there will be an expansion in the paper and pulp market. Remaining open to worldwide trends, I plan to continue delivering new attractive values of paper. (Tsuji)



Why do humans need paper? It turns out that the more I learn about it, in more diverse fields of study such as psychology and philosophy, not just science and technology, I can discover new reasons. Even if the utilization of digital media makes further progress, it is apparent that humans and paper have an inseparable relationship. As a researcher, I will pursue this relationship between people and paper into the future. (Onabe)

# Making progress in line with society by meeting trust and expectations as a result of sound management

We established an organization to fully support our business and fulfill all our social responsibilities through governance based on our Management Philosophy.

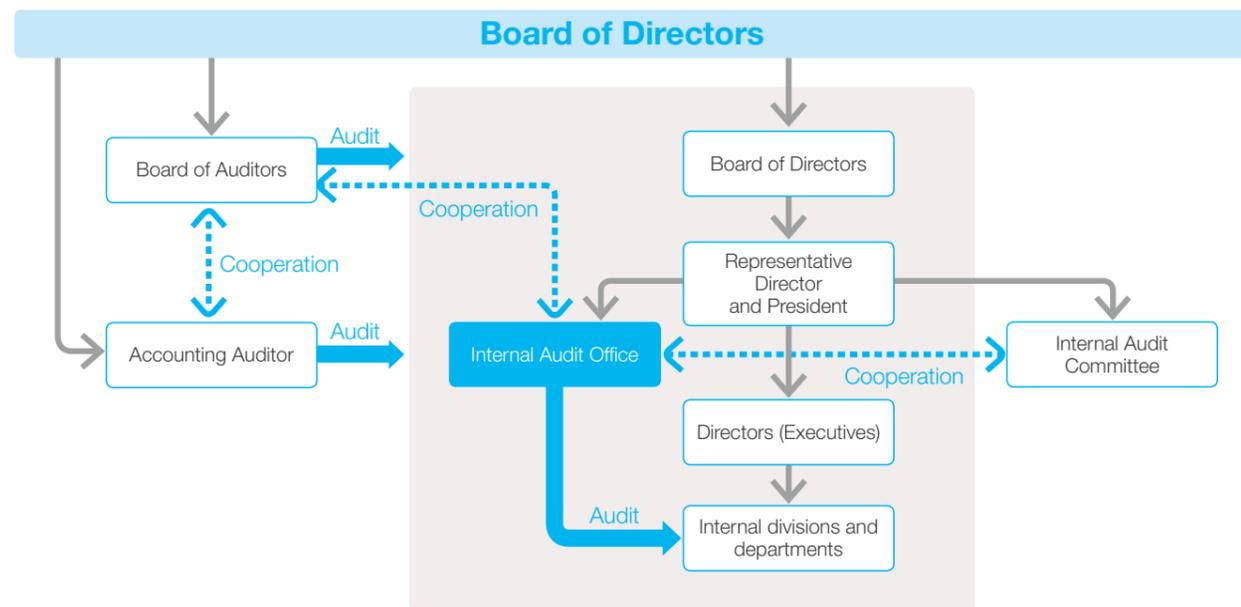
## Corporate governance

It is possible to realize to continue to grow as a company that is "Supported," "Needed" and "Chosen," as defined in our Management Policies, by establishing proper relationships with all stakeholders and strengthening the value of our presence. For this reason, we continually strive to improve on auditing functions and increase transparency in relation to management, focusing on the General Meeting of Shareholders, (Board of) Directors, (Board of) Auditors and Accounting Auditor.

We hold meetings of the Board of Directors for the

approval of important management issues, and the proper and prompt execution of all necessary measures. A Board of Auditors plays a role of auditing body, that is responsible for the establishment of an excellent corporate governance system to support healthy and sustainable growth and to respond to trust from society. For auditing plans and results, close communication between the (Board of) Auditors and the Accounting Auditor is sufficiently conducted, ensuring an auditing system with fairness and effectiveness.

### Corporate governance organization



## Internal controls

1. Securing effectiveness and efficiency of corporate and business management
2. Securing correctness of financial statements
3. Thorough compliance with all laws, regulations, and internal rules
4. Safeguarding of assets

## Compliance

Compliance involves not only complying with all relevant laws and regulations but also obeying internal rules, manuals and ethical practices to enable our company to conduct fair and proper business activities, and to facilitate the improvement of a compliance environment by establishing and operating rules in relation to corporate management. We conduct business activities that comply with social norms and corporate ethics. Also, to enable employees raise their levels of awareness, we regularly conduct training based on actual case examples.

## Risk management

### Business continuity planning (BCP)

We stipulated a Business Continuity Plan (BCP) for the purpose of securing continuity of important business (including protecting life and property). Regular review of the plan is conducted for business continuity and to recover important business (product service, bases and business partners) based on simulation of every possible risk affecting our businesses.

### Disaster Prevention Plan

We stipulated a disaster countermeasure manual prioritizing secure of employees' life. Confirming employees' safety and location by using a Safety confirmation system when disaster occurs. Assuming the situation that employees disable to return to home, we prepare countermeasures to minimize damage such as drinking water and food, etc. for three days and annual disaster training.

### Standard to control chemical substances in products

We stipulated our control standard and established a system to meet needs of our customers.

## Internal Audit Office

Internal Audit Office under the direct control of President was established as an independent office from business lines.

Internal Audit Office conducts regular internal auditing on all departments to understand risks, check systems to execute duty properly and efficiently, secure accuracy of financial report, comply with laws and regulations and maintain properties work effectively and efficiently, prevent and improve.

## Handling of personal information

We stipulated consideration and safety control measures in order to ensure the proper handling of personal information, among other things.

Below is the scope of our paperwork handling personal numbers.

1. Paperwork relating to personal numbers of managers (including their dependent family members)
2. Paperwork relating to personal numbers of non-managers

Additionally, we will properly handle personal information by establishing the following measures to secure control:

- Organizational safety control measures
- Human factor safety control measures
- Physical safety control measures
- Technical safety control measures

### Free address office in Osaka Branch

Osaka Branch introduced a free address office in January 2017 when our office relocated, which is used by senior managers, assistant managers and generalists. Every morning employees take their laptop and file box from their locker and take a seat at any desk. When leaving the office all belongings are to be placed back in their personal locker. This is the basic rule to use the office. At first it felt confusing

but now we enjoy being able to communicate beyond division and department barriers, which is definitely one of the biggest advantages of a free address office. We are also seeing great results, such as sales collaboration through a new cooperative system (across-department teams). Going forward, we will make the most of our unique environment by working as one to create something new.



**Masao Baba**  
Manager  
General Affairs Department  
Osaka Branch



# A company that develops people, utilizes them and contributes to society

We strive to create better working environments and target bringing out the full strengths of all our employees and their teamwork who support our business activities.

## General business owner action plans

### 1 Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (April 1, 2015 – March 31, 2018)

We promote a work-life balance (WLB) and have an action plan to allow each employee to fulfill their responsibilities while working with satisfaction and high motivation. We also aim to create a work environment that offers employees diverse options at every stage of life.

- 1. The ratio of annual paid holidays taken by employees (Days taken divided by newly given number of holidays) to reach 50% or more.**
  - Work assignments at each department are made clear for the purpose of job sharing.
  - To take paid holidays in an organized manner, a Paid Holidays Schedule is prepared every three months and shared within departments. Instructions are provided to departments that are not satisfied with the schedule.
- 2. Promote operational efficiency and reduce additional working hours.**
  - Managers constantly understand all subordinates' tasks and duties, and make appropriate management decisions and instructions to promote operational rationalization and efficiency.
  - Basically, every Wednesday and Friday are set as a No Overtime Day. However, it is possible to change the day at the discretion of a store manager, general manager or divisional director according to actual situations (At least five No Overtime Days must be implemented each month).
- 3. Towards an environment where both men and women can positively participate in child-rearing, an 80% usage ratio of child-rearing holidays by pregnant female employees to be achieved.**
  - Various systems (maternity leave, child-rearing leave, etc.) are thoroughly promoted to improve the working environment that makes it easier to continue work after returning to the workplace.

### 2 Action plan based on the Act to Advance Women's Success in Their Working Life (April 1, 2015 – March 31, 2018)

We have worked on creating a better work environment and recruiting female employees. We consider embracing their unique perspectives in business management as a great opportunity for new value creation. As a clear indication of management, we set our goal of advancing women's success in their careers with several concrete measures.

- 1. Ratio of female recruits to be 50% or more.**
  - Promoting working environments where women can actively participate.
  - Actively appealing diversified working styles according to the career plan of each job applicant.

#### Promoting the active utilization of female human resources

In the Printing Paper Department, we mainly work on sales of publication papers. Recently, quality needs for papers are becoming more complicated as the development of eco-friendly products progresses including bulky paper, a light paper that can achieve high logistics efficiency. I feel privileged to work on the frontline of such operations.

There are many female staff working in publication companies, which I think is good for me because I can work with them as a good partner, enjoying casual conversations

and detailed meetings. Sales is a job that requires communication with people outside your company and there should be no gender discrimination. However, you can utilize your gender as a unique characteristic in your work.

Nowadays there are constant advancements in environment and system creation to raise awareness of this issue. I hope there will be more opportunities for all employees to be correctly evaluated and workplaces where they can perform at their best.



**Maho Yamamoto**  
2nd Section  
2nd Printing Paper  
Department  
2nd Paper Division

## Human Resources System

Regarding people and management, we understand that a company's businesses are created by people, so is the company's value. By clarifying employees' goals and achievements, we aim to create a challenging organizational culture through skill development and fair treatment of employees.

### Human assets development

To grow as a company that is "Supported," "Needed" and "Chosen," we focus on improving human resources who can work with a high degree of motivation as professionals. We host new employee training, new manager training and upper-level management training for employees to understand their roles and develop their skills across every growth stage in their careers.



Senior employee training

#### Human resources development

Working in the Human Affairs Section I really feel the importance and difficulty of developing better human resources. Each employee has a different personality and I always try to help them grow by understanding and utilizing their individual strengths.

A company's driving force is a strong human resource system that can understand the company's goals, take the necessary steps toward achieving goals, and correctly evaluate the results. To achieve our management

philosophy, "Growing with society in response to changing times," we will continue to enhance our corporate value by providing employees with motivation and support for skill development.



**Hideyuki Murakami**  
Manager  
Human Affairs Section  
General & Human Affairs  
Department  
Administration Division

## Promoting the employment of elderly people

After the amendment of the Law for the Stabilization of Employment of the Aged, we introduced a "Re-employment Standard" to hire employees who want to continue working following forced retirement and who satisfy health and other conditions up to the age of 65. We recognize that the need to promote the success of experienced employees will further increase in the future as the declining birthrate and aging population advances. We are implementing activities, such as increasing opportunities to talk with their bosses and proper relocations so that we can understand the expertise of each and every employee to clarify their roles.



## Stress Check

EAP (Employee Assist Program) such as making opportunities for employees to do stress check by themselves and take counseling by an external institution was introduced to prevent mental incompetence. Since 2016, survey including stress check based on a law was conducted to make employees aware of mental burden.

## Promoting the employment of disabled persons

We positively address the employment of disabled persons as part of promoting diversification. As of April 2017, we fully satisfy the legally required employment rate. Going forward, we will continue to promote the expansion of this and strive to establish a working environment where disabled persons can work safely and securely.

## Occupational health and safety

We believe securing the health and safety of employees should be of the utmost priority for any company. Under the basic philosophy of respect for humanity, we are actively working on “establishing a workplace environment where everyone can feel secure, happy and healthy.”

We have a monthly health committee meeting, which includes an industrial doctor and a health manager, to investigate and discuss preventive measures against health disorders, as well as the maintenance and promotion of health. We strive to maintain health and safety in working environments, as exemplified by the fact that if an employee desires it, he or she can consult the industrial doctor.



Consulting with the industrial doctor

## Child-rearing and nursing leave system

To establish a working environment where employees can make work and family life compatible, we support part-time working hours and limited overtime, depending on the actual conditions of and requests from an employee, in addition to our child-rearing and nursing leave systems.

### Return to work and child-rearing

I took child-rearing leave in November 2015 for the delivery of my second child, and returned to work in April 2016. It was my second time using child-rearing leave.

I took one-year leave after delivering my first child but after returning to work I became pregnant again. I was slightly nervous because I just had taken leave the previous year, but my colleagues were very considerate and I was able to comfortably take my second childcare leave.

I also worried about whether I would find a nursery center for my children due to the already long waiting lists, but fortunately I found

one and was able to return to work earlier than I expected. For my first few months back I was also able to work shorter hours.

Moreover, the many times I had to take additional leave when my children got sick must have been inconvenient for my colleagues, but thanks to their wonderful support and understanding I have been able to keep working and raise my children.

I will do my best to contribute to the company that I appreciate so much for its excellent child-rearing leave program and for allowing me to return to work.



**Tomoko Tao**  
General Affairs Department  
Kyushu Branch

## Regular health checkups and maternity healthcare

We support employees to keep healthy both physically and mentally. 30 and 35-year old employees have an annual lifestyle disease checkup, while employees of other ages undergo a health checkup once every year. We also have maternity healthcare rules, giving consideration to creating an environment where female employees can continue to work before and after childbirth in good health.

## Countermeasures against harassment

We have stipulated rules on harassment in our employment regulations based on our stance of “zero tolerance for all forms of harassment.”

We listen to the opinions of employees as necessary and are working on employee compliance to prevent any inappropriate behavior that disturbs working conditions or inhibits work performance.

## Cooperative relationship with Employee Association

At our company, we have organized an Employees Association to build and maintain a smooth relationship between the company and its employees. We consider that good employer-employee relationships are indispensable for the development and wellbeing of the entire company, hold regular meetings and exchange opinions on various different projects.

### About the Employees Association

#### Yoshiki Minamitani

1st Section  
2nd Chemical Business Department  
Chemical Business Division  
Tokyo Main Branch

The SHINSEI PULP & PAPER Employee Association is comprised of all employees, excluding officers and temporary employees. The main purpose of the Employees Association is the improvement of working conditions through a cooperative

relationship between the company and its employees and the cultivation of friendships among all employees.

The Japanese government is promoting work style reforms while we are working to improve business development and employee lifestyles. As a new initiative, we set up a harassment consultation service to support all employees and hold regular meetings with the General Affairs Department to exchange opinions.

## Club Activities

We provide support to club activities as places for internal communication and exchanges with people outside the company. The clubs cover a wide variety of activities, helping employees feel reinvigorated. As part of the overall welfare system, whether it's the sports club or the cultural club, we consider these activities to be excellent for improving the health and education of employees.

### Sado (Tea Ceremony) Club, Osaka Branch

10 employees of the Osaka Branch belong to its Sado Club and conduct activities a few times a month. By doing Sado one can expect to learn how to:

- 1 Concentrate and focus completely on one task through tea preparation.
- 2 Enrich daily life through appreciation of calligraphy, flowers and incense .
- 3 Respect oneself and others.

The club provides the perfect opportunity to communicate with people from different departments.

Changing ones focus from work to tea ceremony is nice way to end the day.

One day, we hope to hold an open tea ceremony to show others what is involved in the ritual preparation of tea.



# Paralym Art

## Support activities for the handicapped



パラリンアートは、  
「内閣官庁 東京オリンピック競技大会・東京パラリンピック競技大会推進本部事務局」  
が管理する「beyond2020 プログラム」の認証事業です。

Paralym Art is an initiative conducted by the SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION, in order to promote the social participation and financial independence of handicapped people through art. The ultimate goal of the initiative is to “eliminate barriers between handicapped and non-handicapped people,” to be achieved by “providing the handicapped with as many opportunities for social participation and businesses involvement as possible.”

We aim to maximize the value added to papers as part of the “CSR-linked PR activities using Paralym Art,” and bridge the gap between companies as a general agency. We consider Paralym Art to be one of the CSR activities of SPP as a specialty trading company, and plan to expand the initiative nationwide.

Paralym Art has been certified by the “beyond2020 Program.” Looking to 2020 and beyond, the government has certified cultural projects that take advantage of diverse regional cultures and create legacies appropriate to a mature society for the next generation as “beyond2020 Program.”

We will continue to promote the social participation and financial independence of handicapped people.



### ● For rent

Paralym Art will bring cheerfulness to reception desks, waiting rooms, conference rooms and offices. We offer a rental service with reproductions of Paralym Art and will present a certificate of appreciation to anyone who rents Paralym Art for showing their support.

### ● Sales

We sell reproductions to meet the request of customers who wish to keep the works of Paralym Art with them. Upon purchase we will also present a certificate of appreciation for showing their support of Paralym Art.

### ● License

We license works of Paralym Art for various applications, including corporate brochures, CSR reports, product catalogs, posters and cooperate calendars, to support corporate value enhancement.

### ● Goods & novelty items

In creation of corporate value we are providing a “Paralym Art Calendar 2018” as a novelty item featuring the works of Paralym Art.



### ● Sponsorship of art events

We support the “SOMPO Paralym Art Cup 2017” hosted by the Paralym Art Secretariat.



# CSR activities through sports

## Basketball club initiatives



Our basketball club joined the Kanto area corporate league in 1993. After a full day of work club members gather together to practice for upcoming games.

The team won the 49th All-Japan Corporate Basketball Championships in the 2017 Takamatsunomiya Memorial Cup and became number one in Japan for the first time.

As part of the CSR activities, the team participated in a joint training and exhibition game with junior high students at the Yokosuka-shi Junior High School Athletics Meet on April 2017.

On June 2017, representative members of the team participated in a basketball clinic held at “Basketball Festa,” an event hosted by Shinagawa-ku basketball league and Kanto area basketball league for elementary and junior high students in Shinagawa-ku. During the joint training representative members played defense, giving the students tips on lay-ups and jump shots. At the end of the program the members and students mixed up the teams for a game as the members continued to provided excellent guidance.



Joint training and exhibition game with junior high school students from Yokosuka-shi



Basketball clinic for elementary and junior high school students in Shinagawa-ku



# Preserving the blessings of nature and the environment for the future

To become a company that contributes to the global environment, we carry out initiatives to pass down the blessings of nature, including forest resources, to future generations.

## Environmental Policy

### ● Basic Philosophy

The SHINSEI PULP & PAPER COMPANY recognizes the conservation of the global environment as one of our main priorities, targets realizing an "environment where people and nature live in harmony" through activities leading to the future, and take action to pass on a rich future to future generations. We also recognize that action associated with environmental conservation is an important responsibility assigned to each of us, and all employees do their best to maintain and enhance conservation.

### ● Course of Action

As a paper distribution company, we continually grasp how goods and services we deal with in our business activities, impact the environment, minimize environmental burdens by setting environmental targets and promote the prevention of environmental pollution and global warming. We review environmental targets in response to changes in conditions when appropriate.

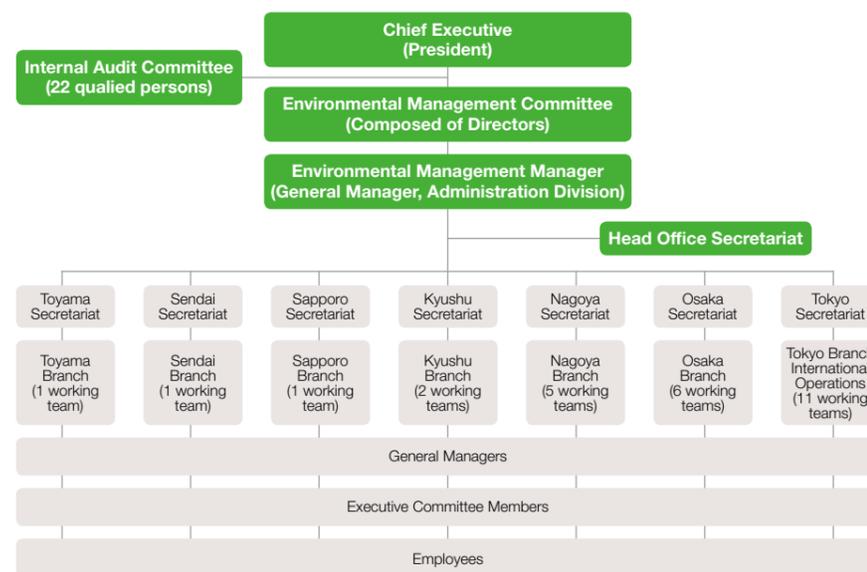
#### Environmental targets

1. We address positive sales activities of eco-friendly products and the development of goods with little environmental burden.
2. In delivering goods, we strive to promote the efficiency of logistics to prevent air pollution.
3. We promote recycling by sorting waste at our offices.
4. We positively purchase green products.
5. We actively address energy saving by reducing the use of electric power and other energy.
6. We comply with environmental laws and regulations in addition to other requirements we agree with.

## ISO Environment Committee

We have an ISO Environmental Committee that reports directly to the President. We also have working teams in individual divisions and departments to promote employee awareness of ISO.

### ● ISO14001 Environmental Management System



## Our initiatives

### ISO14001 (Environmental management system)

Since 2002 efforts have been underway at all offices to raise environmental awareness and increasing the number of eco-friendly products. We have completed the transition to the 2015 version and are now working on strategic environmental management.



### ISO9001 (Quality management system)

We received certification at the Electric Materials Industry Section, Industrial Function Paper Department, Information Function Paper Division, Tokyo Main Branch in 2005. We have tackled the enhancement of customer satisfaction and acquired trust from suppliers. We have already completed the transfer to the 2015 version.



### Specied consignors

Subject: Business owners with freight transportation (in ton-kilometers) of 30 million ton-kilometers or more Enforced in 2007. We are subject to this category and satisfy the figure required by the government.

### 1% for Present Tree\*

Since 2009, we have conducted this tree planting activity in which 1% is added to the purchased amount of paper from the company, and this amount of 1% is then used to support tree-planting. We have planted more than 10,000 trees through this initiative.



Present Tree equivalent to 50,000 yen is applied



Raising of 10 trees\* will start

\*If trees are planted to a place designated at 5,000 yen/tree

Transition in numbers of planted trees	
2009	66
2010	8,168
2011	535
2012	524
2013	609
2014	520
2015	404
2016	381
<b>Total</b>	<b>11,207</b>

### 1% for Revive Japan\*

Since 2011, 1% is added to purchased amounts from our partners, and this amount of 1% is then used to support restoration activities from the Great East Japan Earthquake of 2011.



\*Conducted in partnership with certified NPO Corporation, NPO Environmental Relations.

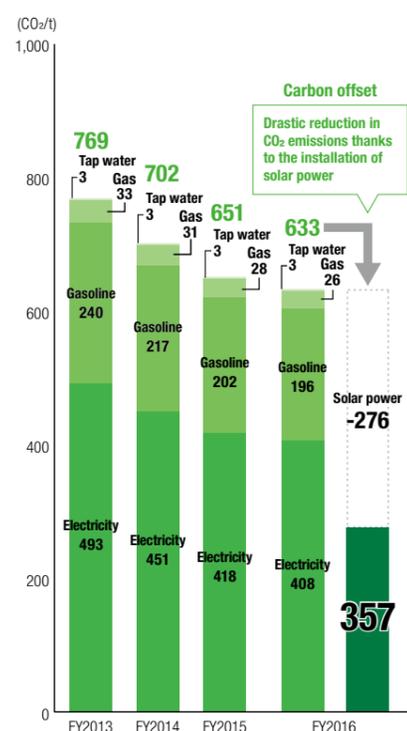
We adopt the scheme of "Revive Japan" with our monopoly product, Rescue Board Magnum, and donate an equivalent amount to each sales unit.



# Continuous activities to preserve the environment and fulfill our responsibility as a corporation

In accordance with the Basic Philosophy of the Environmental Policy, we established a Course of Action and are proceeding with our initiatives.

## CO<sub>2</sub> emissions by our business activities

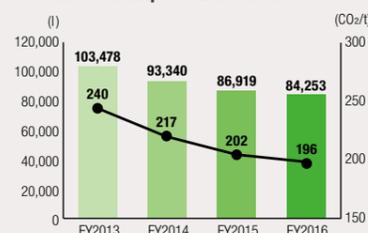


## FY2016

### Power consumption and CO<sub>2</sub> emissions



### Gasoline consumption and CO<sub>2</sub> emissions



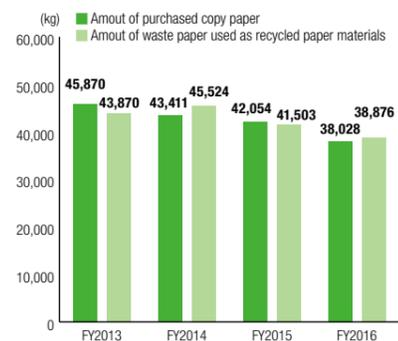
### City gas consumption and CO<sub>2</sub> emissions



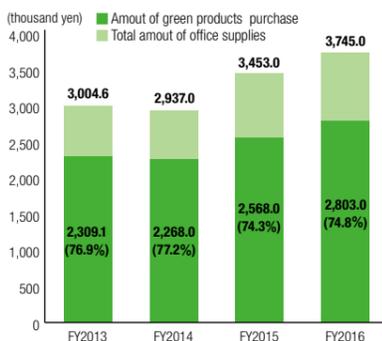
### Consumption of tap water and CO<sub>2</sub> emissions



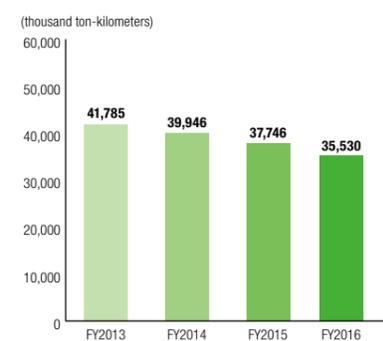
### Amount of purchased copy paper and amount of waste paper used as recycled paper materials



### Green products purchase ratio



### Transportation results as a Specied Consignor\*



\*Business owners that have a volume of freight transportation (in ton-kilometers) of 30 million ton-kilometers (volume of delivery x delivery distance) or more. The revised Energy Saving Act calls for efforts to reduce this figure by 1% or more per annum in the medium and long-term.

## Initiatives for ISO14001: 2015

In April 2017, we successfully completed a transition to the ISO14001: 2015 standard. We now engage in business operations in total compliance with the requirements of this revised standard: (1) Strategic Environmental Management, (2) Leadership, (3) Environmental preservation, (4) Environmental performance, (5) Lifecycle perspective and (6) Communication.

### “Risks and opportunities” as identified by “Context of the organ

Context of the organization	External issues	Internal issues	Stakeholders	Compliance obligations	Risks and opportunities	Planning of initiatives → Underline: Evaluations of effectiveness of initiatives	Environmental initiatives at offices
Environmental-friendliness in the paper industry. Developments in addition to sales developments of forest certified paper and paper made from lumber of thinning	○		○		Stable supply, social recognition and avoidance of environmental destruction	Developments and sales of products matching requirements of the times. Opportunities to raise awareness of eco-friendly products → Sales increases and social responsibility	Sales of eco-friendly products
Measures against global warming/CO <sub>2</sub> emissions reductions	○	○	○	○	Shortage of raw materials, unfair evaluations of paper use and loss of opportunities to improve company reputation. Recycled resources, evaluations of lifecycles as materials and recycled paper	Active promotion, improvement of procedures and personnel education → High evaluations of paper industry and contributions to the future	Sales of eco-friendly products, promotion of logistics efficiency, promotion of other vehicle usage efficiency, reduction of general waste emissions, reduction of power consumption and promotion of green purchase
Environmental destruction by natural and man-made disasters	○	○	○		Uncertainty about business continuity and loss of opportunities to increase sales	Improvements in reinforcement procedures of monitoring and inspection systems based on risk assessments and personnel education → Establishment of BCP and higher levels of trust from stakeholders	Promotion of operational efficiency
Entry to solar power generation. Tree planting activities			○		Environmental contributions and parts of CSR activities	Employee awareness-raising in relation to environmental contributions and trust from stakeholders → Long-term trust in company	Reduction of power consumption
Arrival of paperless age, based on IT utilization	○	○	○		Loss of opportunities to continue business and business shrinkage Rediscovery of paper's advantage	Human resource development. Creation of the value of papers, information security → Sustainability of paper, new developments	Sales of eco-friendly products Promotion of operational efficiency

### Environmental initiatives at offices

The Kosugi Office, Toyama Branch, appropriately sorts and stores all industrial waste such as stretch films and laminate wrappings that are generated from regular purchases and shipments, in addition to cutting processes, on the basis of ISO compliance rules pertaining to laws and regulations. We also work with the office in relation to manifest management and entrust responsible disposal to a contracted recycle service provider. In addition, as a means to create a healthy and

safe workplace to enable employees on site work with a real sense of safety, all employees work on health and safety activities. For safety activities, as for operations that may lead to a serious labor disaster, we work on improving a sensitivity of danger and review operational methods, while also improving and enhancing equipment in accordance with PDCA procedures. In particular, during times of heavy snow, we pay additional attention and bear it in mind to create a safe place to work.



## Specific actions for CO<sub>2</sub> reductions

For environmental protection, each and every employee voluntarily tackles what he or she can do at hand.

- Conditional stopping of air conditioners
- Turning off fluorescent lamps during lunch breaks
- Implementation of CoolBiz and WarmBiz
- Implementation of no-overtime day
- Stopping one elevator
- Introduction of LED lighting
- Prohibition of working on holidays
- Promotion of using the stairway (in-house 3Up3Down movement)
- Establishing summer vacation days

### ISO14001 in FY2017

Target setting	Tokyo/Overseas	Osaka	Nagoya	Kyushu	Sapporo	Sendai	Toyama	Branches
Reduction of power consumption	4	2		1	1	1	1	10
Reduction of gasoline consumption	8	2	2	1	1	1	1	16
Reduction of general waste emissions	3	1		1				5
Reduction in amounts of copy paper	1	1						2
Promotion of green product purchases		1	1		1			3
Sales of eco-friendly products	12	6	6	2	2	2	1	31
Promotion of operational efficiency	9	5	7	1	1	1	1	25
Others	1							1
<b>Total</b>	<b>38</b>	<b>18</b>	<b>16</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>93</b>

For ISO14001 in FY2017, a total of 93 targets have been fulfilled at all branches. We will continue to address challenge in order to achieve all targets by the end of the year. In FY2016, we achieved 80% of all target goals.

# Local Contribution Activities

Deeply rooted in their community, each site is engaged in activities for environmental protection and society.

## ● Tokyo Regular Cleaning Activity

Chiyoda-ku, Tokyo, the location of our Tokyo Main Branch, holds "Chiyoda-ku Cleanup Day" in the spring and fall each year. Elementary and junior high schools, as well as residents of the local community, join together for the clean-up activities. We regularly participate in these activities to show our support for the community. We also conducted clean-up activities in June for "Environment Month," where about 50 employees volunteered to participate.



## ● Osaka Cleaning Activity

Osaka City designates the first day of every month as "Beautification Day," and calls on residents and companies to participate in simultaneous cleaning activities. The Osaka Branch voluntarily conducts cleaning activities around the branch building, thereby contributing to the promotion of environmental beautification.



## ● Nagoya Emergency Drills

The Nagoya Branch conducts emergency drills in the OP Nagoya Building every year. Our employees and other tenants of the building participate in regular disaster prevention training. To set up a cooperative system and get involved in firefighting activities in case a fire occurs in the area, we also conduct firefighting training.



## ● Toyama Resource Collection Initiatives

The Toyama Branch received a request from a children's club in Kosugi, the location of our Kosugi office, to provide warehouse plots for resource waste collection three times a year in the morning of the last Sunday of the month in April, July and November. We sort out and load recyclable newspaper and cardboard with residents. The resource collection revenue is used to purchase equipment and cover event expenses for local children.



## ● Kyushu Hakata Gion Yamakasa

Hakata Gion Yamakasa is a traditional festival with more than 770 years of history held from July 1 to 15 every year in Hakata Ward, Fukuoka City. It has also been designated as an "Important Intangible Folk Cultural Property." Our Kyushu Branch sponsors the festival, contributing to exchanges in the local community by providing free tap water for use as kioimizu, water sprayed on carriers during the festival.



## ● Sapporo Community Health and Safety Activity

The Sapporo Branch is a member of "Gobangai Shinkokai" and "Daigo Chonaikai," and participates in activities related to lighting, decorations and advertisements, as well as traffic safety and environmental health issues. We also contribute to the development of the area as a tourism destination.



## ● Sendai Environmental Maintenance

Employees in the Sendai Branch conduct a clean-up activity every year to remove weeds from around the office building and the surrounding roadsides. As almost all of our employees join in the activity during their lunch break, it really helps raise environmental awareness across the entire branch.



# Creating paper for the next generation through reforestation Tree planting activities for the future

We are participating in tree planting projects to contribute to reforestation.



We have allowed employees to experience the processes of forest preservation, reforestation and paper production through tree planting activities every year. This year young employees of the Tokyo Main Branch took the lead and participated in the "Present Tree in Fuefuki Misaka," Yamanashi Prefecture, hosted by NPO Environmental Relations. With paper as our core business, we believe it is important to encourage young employees to experience the process involved in creating a corporate tree-planting movement. This allows them to see how every tree we plant leads to reforestation and finally to paper.

Through the "1% for Present Tree" activity, we have already planted more than 11,000 trees, and will continue to engage in environmental preservation through reforestation.



# Leading new value creation



## Yuko Sakita

Journalist and Environmental Counselor  
 Chief Director, NPO GENKI Net for Creating a Sustainable Society  
 Representative Director, NPO Shinjuku Environmental Information Network

### Profile

Graduated from Rikkyo University in 1974. Joined SHUEISHA Inc. Since 1985 she has been working as a freelance journalist, looking at environmental and energy issues, particularly the creation of sustainable recycle-based communities, from the viewpoint of everyday people. She belongs to many government committees including, the Central Environment Council of the Ministry of the Environment, and the Advisory Committee for Natural Resources and Energy of the Ministry

of the Economy, Trade and Industry. She is also an adjunct researcher at Waseda University, a local revitalization specialist appointed by the Cabinet Office, Government of Japan, and chairman of the "National Food Consumption Network Committee." She is also currently a member of the "Community Development and Sustainability Committee" and the "Resource Management Working Group" in preparation for the Tokyo 2020 Olympic and Paralympic Games.

### Main works

Book: "Dare demo dekiru gomi diet" (1999, Godo Shuppan)  
 Thesis: "Civic Role and Civic International Cooperation, which realize Recycle Type Community Improvement of Collaboration" (2005, Environmental Research Quarterly)  
 Co-authored: "Denknogomi Chisoushobunsaizensen wo manabu tabi" (2010, Recycle Bunkasha)  
 Co-authored: "Minna de tsukuru Olympic/Paralympic" (2015, The Environmental News)

2017 has seen the world undergo substantial directional change as people approach our environment, economy, society and culture with a broader outlook aimed at achieving a more sustainable future. While Japan is facing a declining birthrate, aging population and regional depopulation, the global populace has reached an all-time high and is continuing to grow, bringing the need for life and business style reforms directed toward the sustainable use of resources to the forefront of innovation.

As outlined in the "Top message," adapting with the changes in society will require management to be based on "high ethical standards" for the future, and the workplace environment to promote human resource development for "new value" creation.

In the "Special Feature Round-table Discussion," experts and employees discussed the future of paper and digital media based on the progress of IT. They came to the conclusion that there is a strong affinity between paper and people, including new paper application development, and the possibilities of the future depend on the ideas and suggestions "paper trading companies" can offer those using paper.

Through the long history of the Japanese paper and pulp industry and cooperating companies, the Special Feature discusses the importance of cultivating human resources to maintain the co-existence of paper and digital media. All stakeholders will surely feel more confident after reading this CSR report.

At the UN General Assembly in September 2015, all countries aiming for a sustainable future adopted the "2030 Agenda for Sustainable Development" as their specific SDGs target.

The Agenda details 17 goals that all developing and developed countries should be dealing with, and emphasizes, as a guideline for future global standards, the growing importance of not only the efforts of a country as a whole but also the individual efforts of regions and companies.

The Fifth Environmental Basic Plan under consideration at the Central Environment Council also emphasizes SDGs while the CSR Report compares company-wide efforts against these 17 goals with the future in mind.

Target 15 in particular prompted the sustainable forest management movement and, as legacy that determines the

procurement rules for timber, food and paper, is even expected to establish the facilities and operational materials for the 2020 Tokyo Olympic and Paralympic Games. As a business company utilizing the blessings of forests, Paralymp Art is adopting the cover picture, "in the forest," and I am evaluating your strong approach to social responsibility via sustainability certified materials across all forest management, processing and distribution processes.

Regarding tree planting, the "1% for Present Tree" activity has already planted more than 11,000 trees, a spectacular result, as trees are planted every year to the equivalent of 1% of all sales made.

Regarding the food packaging film business in the chemical products field, through Target 12.3 it is expected that developments in containers and packaging materials will enable the extension of expiration dates, cutting food waste in half by 2030 and reducing food loss.

Moreover, Target 7 places emphasis on the use of renewable energy and with companies operating 500kW solar power generation facilities on their own land, power sales in FY2016 achieved a reduction of 276 tons of CO<sub>2</sub>, offsetting more than 40% of total emissions.

The Paris Agreement is aiming for CO<sub>2</sub> emissions and absorption of ± 0 by the end of this century and is an area of major social significance among corporate activities. In last year's company message I suggested "high world-class targets be heralded." This fiscal year, I believe there is great willingness to incorporate business content checks at a global standard through repeating the PDCA cycle. Going forward I sincerely hope everyone can adopt high specific indicators to reach ± 0.

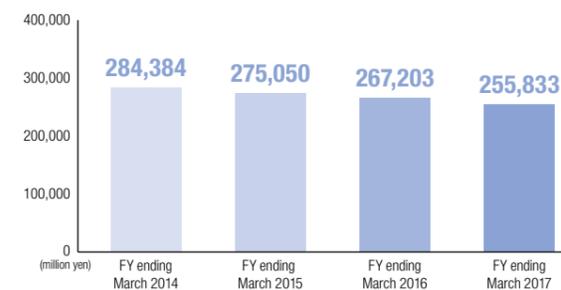
Finally, under the policy of aiming for a comfortable workplace environment, I am pleased to see continuous efforts to improve the childcare and nursing care leave system as well as fulfilling club activities. The basketball club in particular consistently practiced after work and finally became the corporate champion team in FY2017. I believe it is the result of both the comfortable workplace environment and the strong ambition of the employees. I hope this determination will help bring about new ideas and suggestions for a bright future involving paper and digital media.

# Corporate Overview

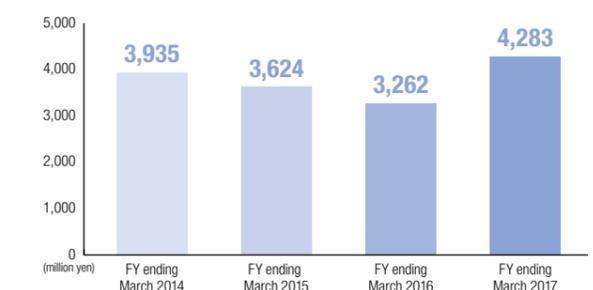
<b>Company name</b>	SHINSEI PULP & PAPER COMPANY LIMITED
<b>Head Office</b>	Central Branch 1-8, Kandanshikicho Chiyoda-Ku, Tokyo, 101-8451 Japan
<b>Established</b>	November 3, 1889
<b>Incorporation</b>	March 14, 1918
<b>Capital</b>	3,228,000,000 yen
<b>Line of business</b>	Paper, pulp, chemicals, processed paper, architectural materials, machinery, equipment, etc.
<b>Line of business</b>	607 (As of March 31, 2017)
<b>Domestic business sites</b>	7 (Tokyo, Osaka, Nagoya, Kyushu, Sapporo, Sendai, Toyama)
<b>Description of business</b>	<ol style="list-style-type: none"> <li>Sales and processing of paper, pulp, chemicals, and chemical products as well as the sales of paper products</li> <li>Sales and lease of paper processing machines, printing machines, packing equipment, synthetic resin processing equipment, industrial electric equipment, transportation machines, communication equipment, office equipment and accessories</li> <li>Sales and lease of packing materials, printing and bookbinding materials, architectural materials and papermaking materials</li> <li>Brokerage, wholesale, agency and import/export of any of the foregoing items</li> <li>Business system design, installation, supervision, and contracting of any of the foregoing items</li> <li>Trusted development of land as well as sales/purchase, rental/lease and supervision of land and building</li> <li>Room rental and parking lot service</li> <li>Warehouse service and automotive transportation business</li> <li>Interior finishing work</li> <li>Investment in business associated with any of the foregoing items</li> <li>Non-life insurance agency and insurance agency based on the Automobile Accident Compensation</li> <li>Life insurance solicitation</li> <li>Sales of books, magazines, and stationery</li> <li>Power generation utilizing natural energy and supply, sales, management, operations and mediation of electricity</li> <li>Any other business incidentals or relating to the businesses referred to in any of the foregoing items</li> </ol>
<b>Welfare facilities (Recreation facilities)</b>	Four locations across Japan (Kiyosato, Tomiura, Kisokoma, Yufuin)

## Business result report (independent)

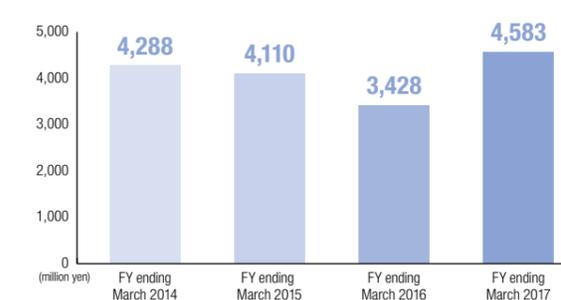
### ● Sales



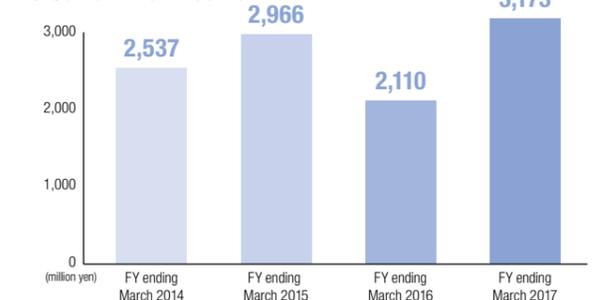
### ● Operating Income



### ● Ordinary Income



### ● Current Net Income



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