



CSR Report 2022

Corporate Social Responsibility



CaMISHELL is our term for paper which is blended with eggshells, primarily disposed of as industrial waste, as a raw material. The use of eggshells also contributes to the reduction of carbon dioxide emissions when incinerated.

The cover artwork is from Paralyam Art, which is supported by Shinsei Pulp & Paper Company.

SHINSEI PULP & PAPER CO., LTD.

Philosophy

We respond to the changing times with a firm commitment to “innovation and challenges” and continue to grow with society.

We are a trading company that provides solutions for paper, paperboard, and film. As a trading company, we reliably deliver products to customers. But our role doesn't end there. We accurately identify the challenges faced by our customers and society as they change with the times and produce added value that supports sustained customer growth and development.

Management Policies

1. We will continue to meet our responsibilities to create a rich society through eco-friendly corporate activities.
2. We will continue to grow as a company that is supported, needed, and chosen.
3. We will continue to pursue the infinite possibilities of wood-based natural materials starting with paper.
4. We will each maintain high aspirations and display our talents as professionals.

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Editorial Policy

The editorial policy of the CSR Report is communicating our CSR activities in an easy-to-understand manner to our stakeholders. This report is an annual report covering the period of fiscal 2021 (April 2021-March 2022), but some of the latest initiatives that began after March 2022 are also referenced. In the creation of this report, internal and external surveys were conducted on last year's CSR Report, and thoughts and views from these were reflected in this report's planning and composition. We would like as many people as possible to learn about our CSR activities through this report.

Business activities covered by this report:
 Compiled mainly from social and environmental activities at domestic sales bases.
 Guidelines: Environmental Reporting Guidelines (Fiscal Year 2018 Version) published by the Japanese Ministry of the Environment; ISO 26000
 Publication: October 2022

About the Cover

The front cover is decorated with artwork from Paralym Art, which is supported by SPP. Paralym Art is an activity carried out by the Shougaiha Jiritsu Suishin Kikou Association to support the social participation and economic independence of people with disabilities through art. The image on the cover is by an artist named Yuki Sakura and is titled "Sun." Comment from the artist: "Thank you for choosing to use 'Sun.' I am very surprised and filled with happiness. I hope that the spirit of this image, of plants bathing in sunlight and taking root in the ground, will reach everyone who sees it."

SPP in Numbers

<p>1889 Established</p> <p>Solid trust and results</p>	<p>231.2 bn yen In consolidated sales</p> <p>Comprehensive group strength</p>	<p>44.25% Consolidated equity ratio</p> <p>Sound financial structure</p>	<p>24 Group companies</p> <p>A network spanning the entirety of Japan and overseas</p>	<p>841 Employees (consolidated)</p> <p>A general trading company pursuing added value in paper and film</p>
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SPP's Value Creation

SPP provides added value to both our customers and supplier manufacturers, emphasizing the creation of solid relationships of trust. Respecting business practices cultivated over many years, we provide solutions that are of value to society.

Social Issues

Global Warming
Strengthened initiatives to achieve carbon neutrality by 2050



Accelerating Pace of IT Utilization
Elimination of paper with the advancement of digitalization



Changes in Demand Structure
Changes in life and working styles brought about by the COVID-19 pandemic

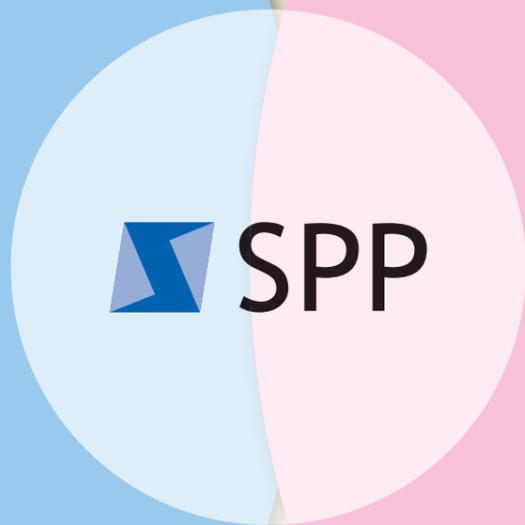


Supplier manufacturers

Paper manufacturers

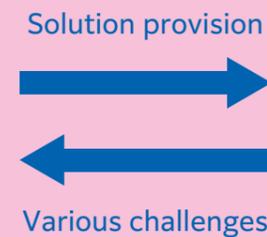
Film manufacturers

Processing manufacturers



Customers

- Wholesalers
- Publishers
- Printing companies
- Newspaper companies
- Advertising agencies
- Public agencies
- Trading companies
- Food companies
- Precision instrument manufacturers
- Etc.



Value Creation (Solutions)

Paper

Since our establishment, we have contributed to culture and education through the sale of paper. In recent years, we have touted the value of paper materials that leverage the environmental friendliness of wood-based natural materials, aiming to realize a sustainable society.

Paperboard

In response to rising needs for the elimination and reduction of plastic due to the issue of ocean pollution, we are actively offering paper materials that can be used as substitutes. In addition, we are pouring our efforts into the development of new materials that recycle industrial waste.

Chemical products

Aiming to resolve the increasingly serious issue of food waste, we are offering solutions such as high barrier films. In addition, we are focusing on trends in the development of bioplastics as sustainable substitute materials.

Contributing to the SDGs



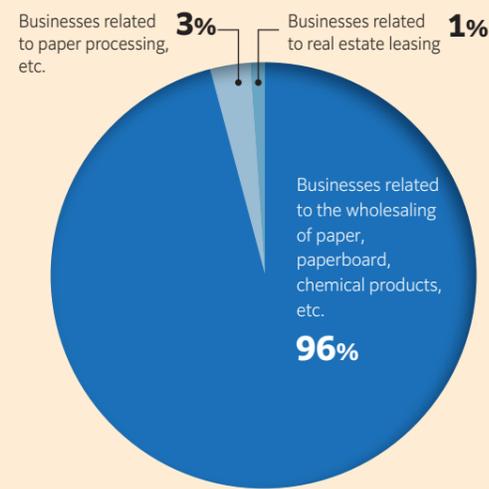
SPP's Business Segments

We are strengthening coordination between paper, paperboard, and chemical products, and are working to increase our corporate value and improve business efficiency in order to respond to the changes in the business environment brought about by COVID-19 as well as the changes in the demand structure resulting from social conditions.

Performance in FY2021

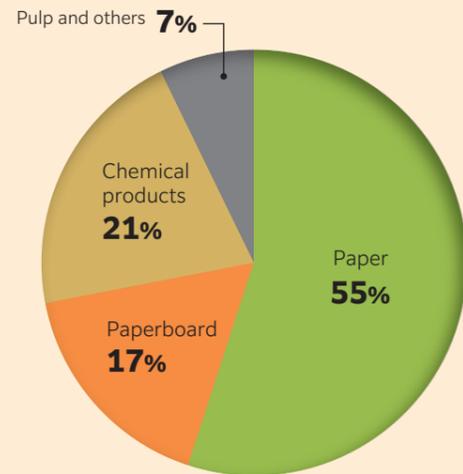
Sales (consolidated)

231.2 bn yen



Sales (non-consolidated)

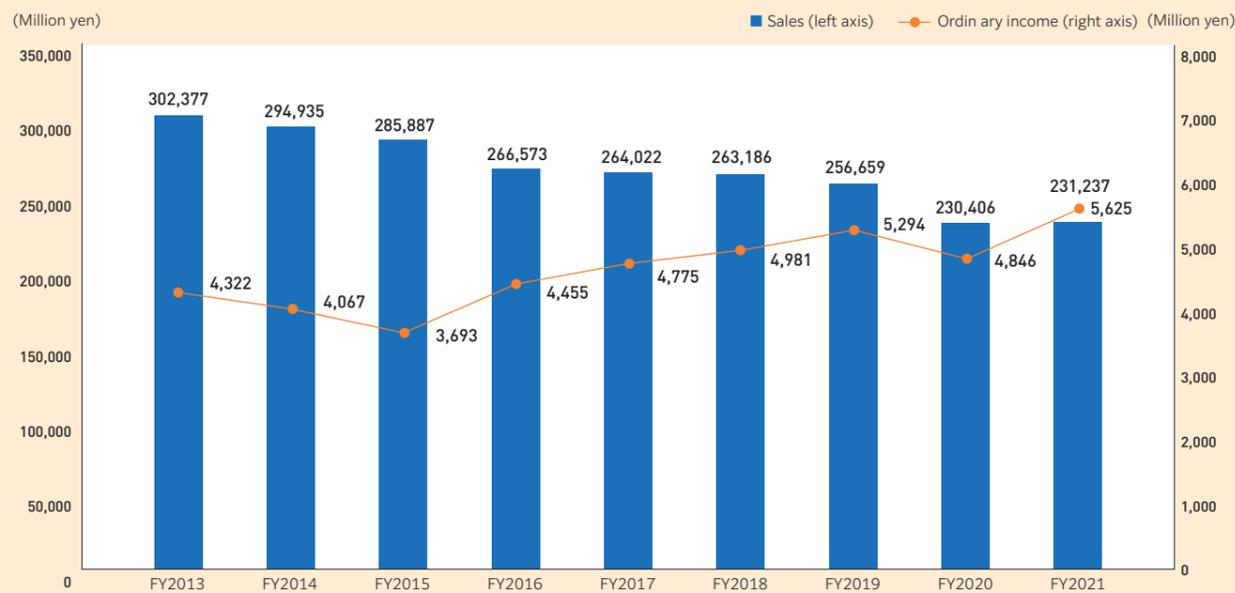
221.5 bn yen



Product sales (non-consolidated)

218.7 bn yen

Changes in Sales and Ordinary Income



Main Products

Product Category	Main Products	Performance Review for Fiscal 2021
Paper	<ul style="list-style-type: none"> Printing paper (books, magazines, flyers, etc.) Data processing paper (copy paper, sales slips, receipts, etc.) Functional and special paper (paper carrier tape, separators, non-woven fabric, etc.) Packaging paper (heavy duty bags, wrapping paper, envelopes, shopping bags, etc.) 	<p>With the continuing trend toward electronic media, sales of paper for publication printing continued to decline. However, sales of paper for commercial printing recovered centering on flyers and catalogs in reaction to the dramatic decline of the previous fiscal year as well as due to the easing of restrictions on social activities in the latter half of the fiscal year. Demand overseas for Japanese products increased and sales to Southeast Asia grew. As a result, sales volume was 1,008 thousand tons (a 3.5% increase compared to the previous fiscal year), and sales were 120.691 billion yen.</p>
Paperboard	<ul style="list-style-type: none"> Containerboard (cardboard cases, etc.) Boxboard (high-grade packaging, etc.) Other paperboard (colored paperboard, chipboard, account book covers, packages, etc.) 	<p>Sales of containerboard increased with the firm demand for electronic sales and home delivery, etc. Sales of boxboard increased in reaction to the decline of the previous fiscal year as well as because of the signs of recovery seen in the demand for souvenirs and medical products. In addition, overseas sales centering on Southeast Asia continued to be on an increasing trend. As a result, sales volume was 514 thousand tons (a 3.6% increase compared to the previous fiscal year), and sales were 37.703 billion yen.</p>
Chemical products	<ul style="list-style-type: none"> Packaging film (food, miscellaneous goods, medicine, etc.) Industrial and optical film (adhesive film, etc.) Special functional film (reduced volume film, etc.) 	<p>Turning to chemical products, in accordance in the demand for cooking at home taking hold, sales of chemical products for home food products remained strong. In addition, signs of a recovery in industrial sales were also seen. Further, sales also increased due to sales price revisions resulting from factors such as increased crude oil prices. As a result, sales were 45.669 billion yen.</p>
Others	<ul style="list-style-type: none"> Logistics (warehousing, transportation) Processing (paper processing, chemical processing) Real estate (building leasing) Others (solar power generation, molded recycled plastic products, etc.) 	<p>Sales for businesses related to paper processing, etc. increased due to the continuing strong manufacturing and sales of our cardboard manufacturing subsidiary. In addition, looking at expenses, we strove to secure profits through means such as the reduction of fixed costs.</p> <p>With our real estate leasing-related businesses, we strove to effectively utilize our existing real estate assets as well as to manage and maintain them.</p>

Message from the President

By Leveraging Our Capabilities as a Trading Company as Well as the Combined Strength of the Group, We Will Fulfill Our Mission and Contribute to Society.

Etsuo Sanpei

President, CEO, and
Sales Division General Manager



SPP's Role

We Will Further Refine Our Capabilities as a Trading Company Adapted to the Changing Times and Continue to Evolve as the Bearer of Stable Product Supply.

The role of SPP is to stably supply paper, paperboard, and chemical products. In order to fulfill that role, I believe it is important for us to pursue capabilities as a trading company adapted to the changing times and to redevelop our sales channels.

SPP's strengths are its information capabilities in terms of our knowledge of a variety of industries; our distribution capabilities able to flexibly respond to demand; and our financing capabilities, including credit. With these strengths, we are able to propose optimum solutions which fulfill any and all budget, usage, and delivery requirements. In order to further demonstrate these coordination capabilities as the bearer of stable product supply, it is even more important that we have a bird's-eye view of factors such as market scale, growth potential, and customer trends; and that we respond and adapt minutely to individual customer changes.

In May 2022, we held a meeting to explain our 6th three-year mid-term management plan for all employees, and at the meeting, we focused our explanation more than ever before on market analysis. The reason for this was because it was important for us to depict the future of the industry based on the changes in the Japanese economy and in the demand structure. At the same time, concretely identifying the challenges and needs of our current customers ties directly into the evolution of our capabilities as a trading company. In the previous fiscal year, our Sales Division conducted a survey on the products of our group companies. Based on the results, we were able to get a picture of the customer needs which are not currently being satisfied. Going forward, we will continue to refine our information capabilities and aim to provide industry-leading solutions.

Issue Awareness

In Order to Realize Carbon Neutrality by 2050, We Must Carefully Explain the Background Behind Our First Price Revisions in Three Years.

The paper industry as a whole is accelerating its initiatives toward achieving carbon neutrality by 2050. In response to the agreement made by the nations which participated in COP26 as well as the revisions made by the Japanese government to its plan for global warming countermeasures, the Japan Paper Association drastically revised its reduction target for energy-derived CO₂ emissions for fiscal 2030 to 38% in comparison to fiscal 2013 levels. In order to achieve this target, in addition to introducing the latest energy-saving technologies, it will also be essential to switch from fossil fuel-derived energy to renewable energy.

Global warming is an urgent issue which compels action, and the price revisions we implemented on printing and data processing paper in January 2022 were also partially a result of it. The primary factors behind our price revisions were the soaring costs of crude oil and

the increase in distribution expenses. In order to achieve our CO₂ reduction target for 2050, however, taking environmental measures such as capital investment will be unavoidable. It has become impossible to absorb cost increases through conventional corporate efforts, and price revisions were also unavoidable in terms of providing a stable supply of paper.

I view it as our social responsibility to carefully explain to our customers and the market the background behind these price revisions, as well as additional price revisions resulting from soaring raw material prices and the impact of foreign exchange rates resulting from the changes in world affairs thereafter. In addition, as a trading company knowledgeable about paper, paperboard, and chemical products, I believe it is necessary for us to further promote the superiority of paper, such as the fact that it is a sustainable and environmentally-conscious product.

Mid-to-Long-Term Risks and Opportunities

Event	Risks	Opportunities	Direction of Response
Strengthened initiatives to achieve carbon neutrality by 2050 	Paper Insufficient supply of raw materials for papermaking due to increased demand for biomass fuel made from raw materials such as thinned wood and waste wood	Paper Accelerated shift towards paper products due to reduction of plastic usage Paperboard Switch to paper products Chemical products Popularization and expansion of bioplastic products	Paper Paperboard Chemical products Propose solutions for switching to paper products with functionality through coordination between the three departments
Elimination of paper with the advancement of digitalization 	Paper Rise of digital native generation Paper Elimination of paper in internal business operations	Paper Re-recognition of the added value of paper	Paper Strengthen response to changes in demand, creation of new demand
Changes in life and working styles brought about by the COVID-19 pandemic 	Paper Paperboard Chemical products Reduced packaging and switch to simplified packaging due to changes in packaging styles	Paper Increase hygiene awareness due to COVID-19 pandemic Paperboard Expansion of online shopping and other forms of e-commerce Chemical products Growth in markets connected to food, chemical products, and health	Paper Response to demand for individual packaging Paperboard Response to regional and small lot containerboard demand Chemical products Proposal of functional films matched to needs and challenges

Strategy Background and Significance

We Will Cultivate Markets, Promote Development of Products and Applications, and Aim to Use the Combined Strength of the SPP Group to Maximize Group Profits.

Our 6th three-year mid-term management plan, "Growth 2024," started in April 2022. Under the slogan, "Taking on the challenge of cultivating markets and developing products and applications through the leveraging of the combined strength of the SPP group," we will aim to strengthen group management and achieve sustainable growth. In terms of our direction for growth, taking "sustainability"—which is bringing about changes in consumption behavior in the paper, paperboard, and chemical products markets—as a keyword, I would like to return to our starting point to focus on product proposal. In our existing businesses, we will demonstrate our capabilities as a trading company and strengthen our product proposal activities. We will also cultivate adjacent markets and promote the development of new

products and applications. In addition, we have developed a system to promote market expansion overseas as well.

In October 2021, we launched our "Kami Hyakka — Paper & Product—" online store to serve as a venue for providing a wide range of group company and customer products. Discovering new value in every product and promoting that value is SPP's mission, and we will aim to develop business activities unbound by department and group divisions to maximize group profits.

Further, in order to support such business activities, we established a new DX Department in April 2022. We launched a project to renew our core system and have begun building a database which will support a diverse variety of products.

Efforts Being Focused On

We Aim to Realize a Sustainable Society Through Paper Replacement Solutions and Cross-Industry Logistics Reform.

Going forward, I perceive that the initiatives we should particularly focus on are those concerning paper product replacement and distribution.

The benefits of switching to paper products are extensive for both our customers and ourselves, and SPP is positioned to be able to provide optimum solutions which leverage their strengths. Currently, we are strengthening our support for eliminating plastics in food packaging, and I would like for us to further enhance detailed proposal activities for plastic product replacements and demonstrate our unique coordination capabilities.

In addition, alongside our business activities, what we must place emphasis on is streamlining distribution. We have accumulated approximately 10 years' of experience and knowhow in this area, such as our implementation of collaborative distribution with competing agents starting in

2011. Promoting efficient stock layouts, the effects of collaborative distribution are apparent. Going forward, we are considering expanding the collaborative distribution area and will be striving to further reduce the burden on truck drivers as well as to reduce CO₂ emissions. In addition, in terms of themes which will require response going forward, we are also focusing on reducing CO₂ emissions from deliveries as well as the carbon footprint of individual products.

One year has passed since I assumed office as president, and through our new mid-term management plan, I would like to make the next three years a foundation for future growth. To do so, it is my intention to redevelop our sales channels; establish an environment, including by way of DX, which will enable us to demonstrate the combined strength of the group; and to fully realize a transformation.

Growth 2024 6th Three-year Mid-term Management Plan

Slogan

Taking on the challenge of cultivating markets and developing products and applications through the leveraging of the combined strength of the SPP group

Respond to changes in the demand structure under the keyword "sustainability" in the paper, paperboard, and chemical products markets, as well as changes in the living environment due to the COVID-19 pandemic, and aim for sustainable growth through market cultivation, new product development, and application development while maintaining a mindset of transformation and taking on new challenges without being bound by preconceived notions.

Basic Policy

- 1) Promote activities based on strategies for each business field in accordance with market trends
- 2) Secure revenue through activities adapted to changes in industry business structure
- 3) Expand businesses through revitalization of group management resources

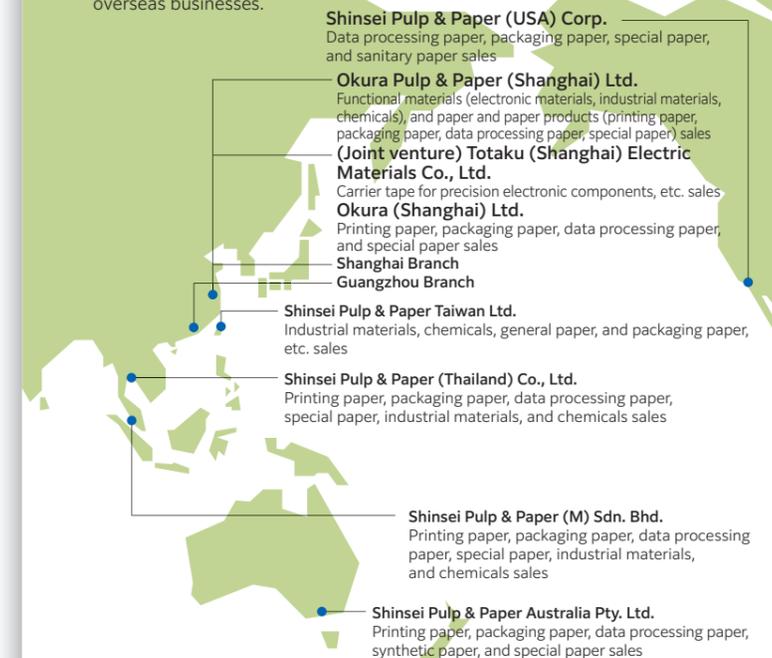


Initiatives by Department

Paper	Seize post-COVID-19 demand and promote customer cultivation in order to respond to decreasing structural demand.
Paperboard	Grasp changes in demand structure and the trend toward paper replacement products and aim for business expansion by strengthening relationships with customers and cultivating new customers.
Chemical products	Promote proposal activities adapted to changes in social conditions and the environment, cultivate new products and customers, and also focus on expanding overseas products.

Overseas Expansion

Overseas Bases and the Types of Products They Carry
We will accelerate business partnerships with overseas customers and handling of new products centering on the promotion departments of our overseas businesses.



Special Feature 1: Pursuing Added Value in Distribution

Aiming for Sustainable Paper Distribution

The SPP group's paper distribution involves the warehousing and delivery of paper centering on in-house warehouses operated by Shinsei Distribution. With three distribution bases in Adachi, Niiza, and Wakasu, we strive to reduce shipping costs and increase efficiency by warehousing products in the warehouses closest to their delivery destinations. In addition, currently we actively promote collaborative delivery from the same warehouse, warehousing products mutually with the warehouses of other agents and inviting manufacturers to store their products in our warehouses.

The distribution of paper puts a significant burden on drivers in the form of the work involved in loading and unloading, and is one cause of driver shortages. Working in concert with other agents, SPP is striving to improve the environment and ensure safety through means such as the industry collectively asking customers to take measures to improve loading and unloading conditions.

We began engaging in collaborative distribution with other agents in 2011. We are now striving to further increase delivery efficiency by expanding the area for our collaborative distribution to include locations such as the Adachi area in addition to the current areas of

Sumidagawa, Itabashi, and Ariake. Going forward, we intend to further optimize delivery and enhance our response to the driver shortage by aiming to attract manufacturer and agent storage centering on small lot deliveries in the Adachi area.

With regard to the group as a whole, we have established a new Distribution Planning Department under the Sales Division to conduct analyses and draft plans for improving distribution for all our bases. We will also be shifting delivery operations, previously performed by the Logistics Department, to Shinsei Distribution, centralizing delivery management and increasing loading efficiency and in turn decisively promoting revenue stabilization. In addition, we are actively promoting DX and intend to fully tie our digital transformation into improving the distribution environment as well as customer service.



Masayoshi Suzuki
General Manager, Operations Division,
Sales Division

Three-year Mid-term Management Plan

1 Distribution optimization

- Build distribution collaboration system with manufacturers and agents. Optimize distribution for white logistics based on the 2024 problem.*
- Revise items kept in stock and operate stock efficiently.

2 Draft measures in cooperation with agents and manufacturers to promote distribution optimization

- Promote collaborative distribution with agents and effectively utilize in-house warehouses.

3 Optimize distribution with different industries

- Build a system for collaborative storage and delivery through distribution matching with industries outside paper pulp.

4 Increase efficiency through DX promotion at Shinsei Distribution

- Investigate automated vehicle allocation system.
- Optimize operations and improve customer service by maintaining an awareness of vehicle allocation and vehicle load information.
- Increase efficiency by improving data exchange on collaborative delivery system.

* A term for the truck driver labor environment problem which will occur due to the maximum number of annual overtime hours for vehicle driving work being limited to 960 hours from April 1, 2024 per the Act on the Arrangement of Related Acts to Promote Work Style Reform.

What is Collaborative Distribution



Collaborative distribution is an arrangement in which multiple companies work together with delivery companies to store their packages in the same warehouses and load them onto the same trucks for delivery. Both inter- and intra-industry collaborative delivery is being implemented for food, beverages, daily necessities, and other products with the aim of increase distribution efficiency. The paper industry is also engaging in collaborative distribution through agents, making it possible to increase delivery and loading efficiency and help resolve the driver shortage issue through the aggregation of individual deliveries. Collaborative distribution can also contribute to reduced CO₂ emissions by reducing the number of deliveries which need to be made.

Paper Distribution Issues and SPP's Responses



1. Securing lead times

- Issue** Securing the lead times necessary to plan combining shipments in order to increase vehicle allocation efficiency
- SPP** Improve cutoff times for ordering deliveries and promote reduction of delivery time designations to reduce the burden on shipping companies

2. Optimization of small lot, high frequency deliveries

- Issue** Optimization of deliveries by aggregating small lot deliveries from multiple warehouses
- SPP** Increase collaborative delivery efficiency through stock aggregation at a single warehouse

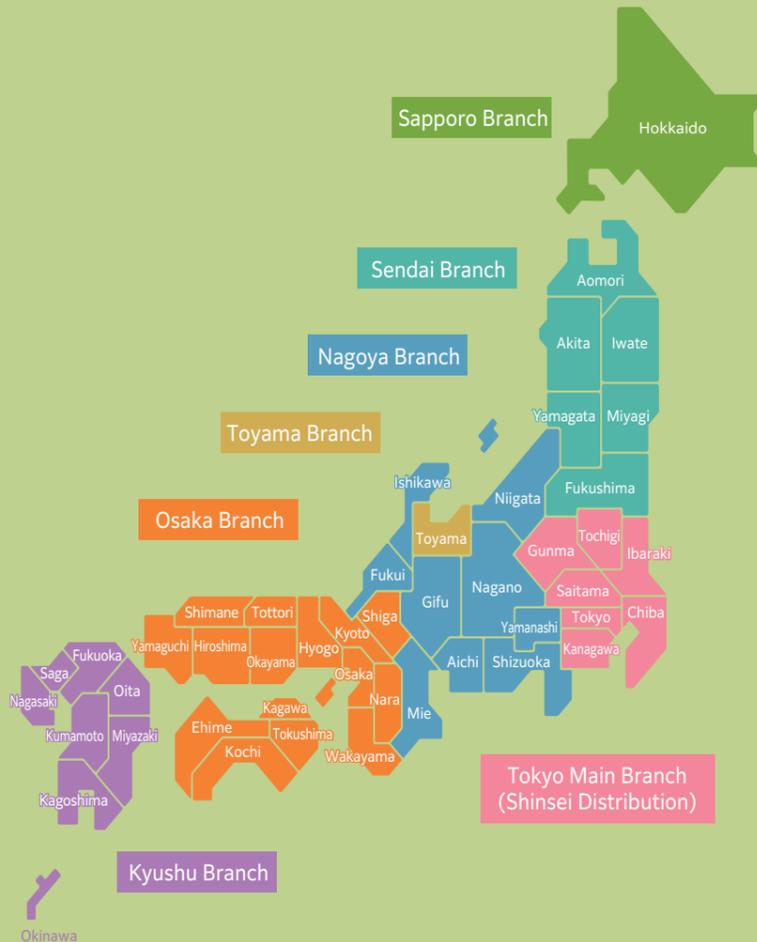
3. Reduction of truck wait times

- Issue** Wait times during warehouse loading and unloading
- SPP**
 - 1. Manufacturer warehousing**
Introduced a warehousing truck reservation system for group company Shinsei Distribution in Adachi in September 2021
 - 2. Business warehouse loading and delivery unloading**
Promote reduction of wait times based on investigations into the details of wait times across the industry

4. Reduction of incidental work

- Issue** Reduction of loading and unloading work not specified in contracts, etc.
- SPP** Promote delivery recipient unloading across the industry

SPP Branch Areas of Coverage



Area-Specific Initiatives

Kansai Area Osaka Branch



Naoki Shimono
Logistics Department,
Osaka Branch

We Aim to Tackle the Issues of an Expansive Area and Complicated Distribution Through Collaborative Distribution and Increased Efficiency with DX

The area covered by the Osaka Branch is extensive, including the Kansai, Chugoku, and Shikoku regions. Our warehouses are somewhat concentrated in the eastern Osaka area but also dot the entire prefecture of Osaka. Coordinating between distribution companies is difficult and the addition of other factors such as distances means there are a mountain of issues involved in achieving efficient deliveries.

We are working with the Sales Department to tackle these issues and have been making more progress resolving them than ever before. For example, we have gained customers' understanding to generally avoid same-day deliveries and designating delivery times. As a company with delivery capabilities, my intention is for SPP to

strengthen collaborative distribution with agents centering on Shinsei Distribution as well as coordination with other distribution companies to further promote efficient deliveries.

In addition, there are issues in the distribution industry such as the 2024 problem, and going forward it will become even more difficult to secure drivers. There is a possibility that it will become infeasible to provide distribution services at their current level. We will be promoting measures such as promoting DX, revising our ordering system, optimizing delivery plans, and introducing a reservation system. At the same time, I feel it is essential that these issues be shared by the industry as a whole, and that supply chains be optimized by promoting collaborative storage and collaborative delivery.

Kanto Area Shinsei Distribution



Hiroshi Ichikawa
Head, Adachi Sales
Office, Logistics Division,
Shinsei Distribution
Company

Dramatically Improving Vehicle Management by Coordinating with SPP's Logistics Department and Introducing a Vehicle Movement System

To date, Shinsei Distribution has engaged in close coordination with the people in charge of vehicle allocation between its distribution bases to operate delivery services unmatched by other businesses, including such difficult-to-meet demands as designated delivery times and same-day deliveries.

Starting in April of this year, we began engaging in operations on the same floor as the people in charge of vehicle allocation in SPP's Logistics Department, improving information sharing and mutual understanding and, in turn, drastically increasing the efficiency of vehicle allocation. In addition, the introduction of MOVO Fleet, a system for managing vehicle movement, has enabled us to optimize vehicle management. Further, Berth, a reservation

system, has made it possible for us to see what the loads will be for inbound trucks a day in advance. Accordingly, by scheduling truck unloading, we have halved the amount of time required to unload a truck, from approximately 20 minutes to around 10. Moreover, the number of vehicles left waiting from the previous day has also decreased, and the number of trucks waiting two or more hours has fallen dramatically, from around 30% to slightly under 2%. Not only has work efficiency improved, the work is also less mentally taxing, and the response from drivers has been positive.

Going forward, we will be working to rejuvenate our work force in anticipation of the feared worsening in the driver shortage, and to make the work environment more comfortable for women drivers to work in.

Kanto Area Shinsei Distribution (secondment)



Masako Niwa
Adachi Sales Office,
Logistics Division,
Shinsei Distribution
Company

Integration with Shinsei Distribution Is Accelerating Distribution Operation Optimization; DX Implementation and Human Resources Cultivation Will Be the Keys Going Forward

Previously, I was in charge of distribution operations in the Sales Division. With the integration with Shinsei Distribution accompanying the transfer of distribution operations to Shinsei, however, I was seconded to Shinsei Distribution in April. Shinsei Distribution manages the stock of wholesalers and manufacturers. Accordingly, I believe that being able to know the status of wholesaler and manufacturer deliveries in addition to those of other agents can be used to increase delivery efficiency. In addition, I believe that switching from using outside contractors to in-house delivery can lead to improved loading efficiency and also be a powerful means of promoting delivery streamlining.

In response to the challenge of improving and strengthening distribution capabilities which are ready for the future, because delivery operations include many components built on a relationship of trust with the distribution operator, I would like to demonstrate my sales skills and knowledge as a shipper (agent) and focus on cultivating human resources who can understand the situation on the ground. Further, improving efficiency through DX is essential, and this also holds true with regard to other issues such as the labor shortage. By introducing automated vehicle allocation and vehicle load information systems, we will accelerate the automation of operations conducted by human beings.

Business Continuity Plan Initiatives

We take measures to enable us to respond swiftly in the event of a disaster or emergency. For example, we have set up an emergency email system so that information is shared with all branch officers and division heads, etc., and we have also installed IP radios to ensure a stable communication system with Shinsei Distribution. In addition, we have created a list of distributors and have made preparations so that confirmation work can be conducted smoothly in the event of a disaster or emergency.

Further, we stack goods in our warehouses in stepped tiers to prevent them from tipping over during an earthquake.



Stepped tier stacking

Achieving Both Social Value and Economic Value

The soft packaging market, which centers on films for food packaging, was steady up until 2018 due to the popularization of retort pouch foods and frozen foods. From 2019 onward, the movement to eliminate plastics, including with regard to container packaging materials, accelerated due to such issues as food waste and microplastics. The soft packaging market was also impacted by soaring raw material prices and changes in eating habits and distribution brought about by the COVID-19 pandemic. In Japan, the population is aging and the birthrate is declining, and it is regarded as a certainty that the amount of food per person will decline. Against the backdrop of increased international interest in consideration for the environment, including tightened regulations, it is conceivable that a variety of capabilities will continue to be demanded of soft packing going forward.

The Chemical Business Division has continuously responded to the changes in the soft packaging market. In addition, we believe that the growing number of issues can also be seized upon as opportunities with a change in perspective. SPP is fully leveraging its coordination capabilities as a trading company in order to offer a variety of proposals, including proposals for combining barrier materials to extend shelf lives as well as proposals

regarding such matters as simplifying plastic packaging and reducing plastic amounts in accordance with the Plastic Resource Circulation Act, switching to a single material, recycled plastics, and bioplastics. In addition, leveraging the capabilities of SPP group company Taibo Co., Ltd., we will work to circulate and horizontally recycle plastic resources.

Going forward, we believe that innovation in packaging material selection is also necessary in order to respond to the changes in social conditions and the environment. Rooted in our relationships of trust with film manufacturers as well as the knowledge and information capabilities of our chemical expert staff across Japan, we will leverage our distribution, slit processing, and recycling capabilities to achieve both social and economic value and contribute to the realization of a sustainable society.



Yoshihisa Kawamura
In charge of chemical products in the Sales Division and Manager, Chemical Business Department, Tokyo Main Branch



Naoyoshi Kosaku
Manager, Chemical Business Division, Osaka Branch

Three-year Mid-term Management Plan

1 Proposals adapted to the changes in social conditions and the environment

- Environmentally-conscious product sales (expansion of proposals for each segment)
- Expansion of recycling business

2 Expansion of new customer cultivation

- Strengthening of sales to the industrial materials field
- Strengthening of sales to overseas markets

3 Raising the level of distribution, information, and other capabilities

- Development of a system for optimizing order reception operations
- System for sharing information between all bases

Characteristics of Food Packaging Films

The invention of retort pouches using high barrier multilayer films gave rise to a new food culture of retort pouch and frozen foods, etc. Food packaging films appear to be a single layer, but in fact consist of a complex, multilayer structure. Packaging for snacks, for example, must be moisture-proof, prevent oxidation, maintain flavor, and prevent damage, among other capabilities, and packaging materials are scrupulously selected for each individual food product. In addition, while there are standard sizes for paper, no such standards exist for films. A variety of chemical and fiber manufacturers produce films leveraging their individual superiorities, and the films they produce have a broad array of characteristics. SPP organizes customer requirements and uses its own unique capabilities as a trading company to offer proposals enabling each manufacturer to fully exhibit the strengths of their films.

TOPIC

Acquisition of ISCC PLUS Certification*

SPP acquired ISCC PLUS certification in June 2022 in order to guarantee that the biomass plastics we handle are produced from sustainable biomass materials.

*An international certification system for sustainable biomass products operated by International Sustainability and Carbon Certification.



History of Our Chemical Products Business

Postwar-1960s

From cellophane to plastics



With the increase in food production after WWII, business expanded through the sale of cellophane, made from the same pulp used in paper. Around 1965, plastic films offering superior water and moisture proofing appeared, with new packaging materials being developed one after another. From the dawn of plastic films, SPP has grown together with a variety of manufacturers, building the foundation of its current chemical products business.

1990s

Popularization of functional packaging materials



With the birth of wide area distribution of perishable foods as well as convenience stores, eating habits matured, and a diverse array of functional packaging materials were developed to support these. In addition, against the backdrop of importance being placed on food safety and relevant laws and regulations being established, high barrier multilayer films were popularized as packaging materials. During this time, SPP strengthened its offerings of functional packaging materials combining films from various manufacturers.

2020s

Toward films tackling environmental issues



In recent years, pre-prepared foods and home meal replacements have become widely popular due to the declining population, increase in the number of single-person households, and advancement of women in the workplace. Against this backdrop, packaging receptacles have been required to become smaller and to also function as tableware. Further, per environmental considerations, SPP has strengthened its offerings of bioplastics and proposals for increasing packaging functionality as well as reducing packaging weight and volume.

SPP's Strengths

Functional Film Creation Capabilities

(Example composition of the materials of a retort pouch)

- PET (heat-resistance, printing suitability): Company A
- NY (increased tearing resistance, pinhole resistance): Company B
- AL (oxygen barrier properties, moisture proofing, light shielding): Company C
- Retort CP (heat sealing/pouch sealing properties): Company D

Since the time when plastic films for packaging first appeared, SPP has continued to do business with a variety of chemical and fiber manufacturers in Japan. Rooted in an enormous volume of information and knowledge as well as an abundance of accomplishments tied together by the trust of these manufacturers, SPP offers unique functional films. In addition, fully demonstrating our capabilities as a trading company, SPP provides one-stop service, from proposals to processing and distribution.

Total Coordination Capabilities Matched to Needs



Amid the demand for even higher performance films, SPP meticulously meets customer needs with total coordination capabilities supported by the knowledge and information-gathering capabilities of our chemical expert staff across Japan. Further, our major strengths also include distribution capabilities specially adapted to films as well as capabilities in slit processing and resource circulation and horizontal recycling.

Activity Report Section



Environmental Policy

Aiming to realize a sustainable society through our corporate activities, we made clear our promotion of the Sustainable Development Goals (SDGs) and, with an eye on the year 2030, made contributing to the resolution of global environmental issues an environmental target.

Basic Philosophy

Shinsei Pulp & Paper Company recognizes the conservation of the global environment as one of its main business priorities, aims to realize a “sustainable society in which people and nature can coexist” through all its corporate activities, and will proactively take action to pass it on to the next generation.

In addition, taking action to conserve the environment is an important duty charged to each and every one of us, and all our employees will do their best to preserve and improve the environment.

Course of Action

As a paper, paperboard, and film distribution company, Shinsei Pulp & Paper will maintain an awareness of how the environment is influenced by the products and services we offer through our business activities. We will minimize our environmental impact by setting environmental targets and promote the prevention of environmental pollution and global warming.

Furthermore, we will review our environmental targets in response to changing conditions.

Environmental Targets

1. Engage in the proactive sale of environmentally conscious products and the development of products with low environmental impact.
2. Strive to prevent air pollution by working to optimize distribution in regards to product delivery.
3. Promote the reduction and recycling of office waste.
4. Strive to proactively purchase environmentally conscious products.
5. All members will proactively conserve energy by reducing the amount of electricity and other forms of energy they consume.
6. Engage in business activities aimed at the promotion of the Sustainable Development Goals (SDGs).
7. Observe all environmental regulations as well as other requirements undertaken by SPP.

(Revised April 1, 2020)

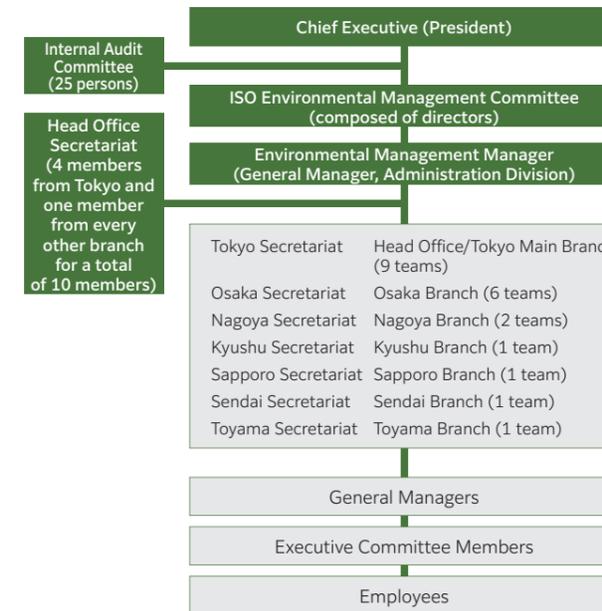
Initiatives for ISO 14001

SPP has acquired the international ISO 14001: Environmental Management System certification issued by the International Organization for Standardization (ISO) and engages in environmentally conscious business management. We have enhanced the awareness of each and every one of our employees concerning our environmental management system by organizing an ISO Environmental Management Committee with our president serving as the chief executive, and establishing activity targets for each division and department. In addition, we have increased the effectiveness of our PDCA cycle, promoting and managing implementation plans to continuously improve our environmental management system. Further, we conducted ISO 14001 education from April 2022 and, at the same time, promoted awareness of our business continuity plan (BCP) with the aim of strengthening education of our employees regarding environmental issues.

PDCA Cycle Conceptual Diagram



ISO 14001 Environmental Management System



ISO 14001 Internal Audit

SPP acquired ISO 14001 certification for all bases in 2002. Since that time, we have conducted internal audits of all bases, departments, and divisions twice a year in July and January in accordance with the internal audit rules of the Environmental Management System (EMS) Manual.

Year by year, awareness of environmental management has grown, and our internal audits have shifted focus from EMS compliance to effectiveness and now performance in actual practice, and our initiatives have also been highly evaluated by reviewing bodies.

This fiscal year, the internal audit committee comprises 25 members in total spanning a broad range of ages and positions, from general staff to management staff from the sales and management departments. Through audits leveraging the work experience of each member, we have strengthened SPP's management capabilities, improved internal environmental awareness, and verified that PDCA, the foundation of ISO standards, is functioning properly.

FY 2021 ISO 14001 Implementation Plan and State of Achievement

ISO 14001 implementation plan: 83 targets, 69 targets achieved, 14 targets unachieved

Environmental targets	Implementation plan examples	Targets	Achieved	Achievement rate
Eco-friendly product sales	Promotion of sales of forest-certified paper, etc.; expansion of sales of chemicals and film	32	25	78.1%
Distribution optimization	Reduction of gas consumption and optimized inventory through transport optimization	11	8	72.7%
Reduction of general waste	Waste sorting initiatives, reduction of amount of copy paper used	9	9	100.0%
Reduction of energy consumption	Room temperature adjustment, regularly turning off lights, turning off lights when leaving	6	3	50.0%
Promotion of green product procurement	Active procurement of green office products	1	0	0%
Observance of environmental laws, ordinances, and regulations	Building management regulatory inspections and inspection implementation verification	7	7	100.0%
Promotion of the SDGs	Verify state of paid leave acquisition	1	1	100.0%
Work optimization	Promotion of internal beautification, stationery recycling	16	16	100.0%
Total		83	69	83.1%

In fiscal 2021, we achieved our targets in areas such as work optimization and promotion of the SDGs. Due to the impact of COVID-19, we made little progress in the area of eco-friendly product sales. Due to the establishment of satellite offices and winter temperature drops, we also did not achieve the reduction of energy consumption. We will

be cognizant of promoting the SDGs as well as observing environmental laws, ordinances, and regulations as we engage in ISO promotion coordinated with our business activities while also continuing to closely observe changes in the COVID-19 pandemic.

Forest-Certified Paper Sales

SPP recognizes the conservation of the global environment as one of the most important issues in its management and, as a paper distribution company, we have acquired FSC™*1 (Forest Stewardship Council™) and PEFC*2 CoC*3 certification with the aim of promoting paper products produced using material from forests managed according to sustainable methods. By carrying forest-certified products (paper), we are promoting sustainable forest management.

*1 The Forest Stewardship Council™ (FSC™) is a global, not-for-profit organization dedicated to the promotion of responsible forest management worldwide. [License Code: FSC-C023021]

*2 The Programme for the Endorsement of Forest Certification Schemes (PEFC) is an NPO that manages international forest certification.

*3 An abbreviation for "Chain of Custody." Certifies that wood and wood products come from a forest whose management has been certified as sustainable.

Example Environmentally Conscious Products

Recycled paper	Paper made from collected used paper. Japan's used paper utilization rate exceeds 66%, and this used paper is utilized in familiar products spanning everything from standard paper to toilet paper and cardboard.	ECF pulp	Paper manufactured with chlorine-free bleaching that does not generate harmful organochlorine compounds; this paper is created with the aim of reducing environmental impact.
Bulky paper	A lightweight paper which is thick yet low in density. Because it can be transported efficiently, it contributes to reduced CO ₂ emissions and the conservation of resources.	Paper made from thinned wood	Paper that uses wood thinned in order to promote healthy forests as a raw material. Appropriately thinning and managing forests can help increase their ability to absorb CO ₂ .
Non-wood paper	Paper made from raw materials other than wood, such as plants and agricultural byproducts. Plants such as bamboo and sugarcane grow fast and possess superb ability to absorb CO ₂ .	Afforested tree pulp	Pulp that uses trees obtained from a forest managed according to a cyclical plan from tree planting to felling as a raw material. This enables the efficient and stable acquisition of wood.

Environmental Consciousness Measures

Thinned wood mark	An initiative by the National Federation of Forest Owners' Co-operative Associations raising awareness about the importance of thinned wood and promoting its use. SPP acquired the thinned wood mark certification and is working to popularize it.
Preserving forests for the future	SPP endorses and supports the Forest Culture Association's "activities to preserve forests for the future" as a corporate member.

1% for Present Tree

Since 2009, we have engaged in 1% for Present Tree, a tree planting activity in which we reserve 1% of sales from our customers to purchase and plant young trees. Since we began this activity, we have planted over 10,000 trees, helping to prevent disasters and reduce environmental burden through the conservation of forests.



Marine Plastic Countermeasures

Aiming to resolve the global environmental issue of marine plastic waste, in 2019 we joined the Clean Ocean Material Alliance (CLOMA), a platform for promoting the sustainable use of plastic products and the development and introduction of substitute materials. We are continuously working to reduce plastic through such means as switching from bottles to standing pouches and proposing new paper products.



An Initiative for Recycling Waste into Products

CaMISHELL is a registered trademark for paper made by mixing pulp with eggshells, normally disposed of as industrial waste. This helps recycle resources and reduce the amount of pulp used. This product was developed so that companies that use paper as part of everyday operations could take the first step toward environmental conservation and promoting the realization of the SDGs. Commercialized in forms such as business card paper and coated cardboard used in packaging, we began selling CaMISHELL as a waste-reducing product in 2020.



This report is printed on CaMISHELL paper made with eggshells blended in.

Eco-Friendly Procurement and Sales Guidelines

SPP has established Eco-Friendly Procurement and Sales Guidelines based on the Basic Philosophy of our Environmental Policy and thoroughly follows these guidelines in its purchasing and sales, contributing to the sustainable growth of society.

Purpose

Based on the Basic Philosophy of the Environmental Policy, the Shinsei Pulp & Paper Company fulfills its social responsibility and contributes to environmental protection through the proactive procurement and sale of environment-friendly products.

Procurement policy

We proactively consider procurement of the following products.

1. Forest-certified paper
2. Products complying with the Green Procurement Act
3. Recycled pulp products
4. Chlorine-free bleached pulp
5. Paper made from thinned wood
6. Non-wood paper
7. Chemical products based on environmental impact
8. Partners who advocate preserving high-value forests and rural environments
9. Product transparency required by law
10. Products that contribute to the promotion of the SDGs

Scope

These guidelines apply to all domestic and overseas bases.

Sales policy

1. Provide products where the legality of manufacturers can be verified
2. Provide products manufactured with sustainable resources
3. Provide products that contribute to the promotion of the SDGs

Relevant laws, regulations, ordinances, and standards

1. Guidelines for Private Sector Engagement in Biodiversity (Ministry of the Environment)
2. Act on the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Procurement Act)
3. Act on the Promotion of Distribution and Use of Legally Logged Wood Products (Clean Wood Act)
4. Usage of chemSHERPA to communicate information regarding chemical substances in products (management of chemical substances used in products)

Carbon Offset Initiatives

Reducing CO₂ through Solar Power

We established a solar power facility on land owned by SPP in Tomi City, Nagano Prefecture and began selling electricity in March 2016. During the one-year period from April 2020 to March 2021, CO₂ emissions were cut by 265 tons per kilowatt hour. From mid-May to late October, we used sheep, which do not emit CO₂, generate significant amounts of noise, or produce plant residue, to control weeds and undergrowth.



Solar power and use of sheep to remove undergrowth



Solar power

Reducing CO₂ through Tree Planting

Calculating the cumulative total amount of CO₂ absorbed by the trees we planted over the past 12 years, we reached 18.0 t-CO₂/year in fiscal 2021.

* For detailed data for fiscal 2021, please see the "Environmental Data" section on page 29.



Tree planting



Human Resources Relevant SDGs



Basic Thinking

The greatest resource of a trading company is its human resources. In order to increase employee motivation together with creating a rewarding work environment, we make use of a target management system-based personnel system. We also incorporate ongoing improvements in response to the changing business environment with the aim of creating a personnel system that is fair and agreeable to employees.

Based on this personnel system, we aim to realize our management philosophy and policies by promoting human resource practices that further the careers of employees by putting the right people in the right places and making use of role rotation.

Human Resource Cultivation

SPP's aim is for each and every employee to have high aspirations and demonstrate their abilities as part of a professional group. In addition, we believe that the source of our strength as a company is the cultivation of human resources who can correctly understand targets, take correct action to achieve those targets, and correctly evaluate the results of target achievement. We put great effort into our cultivation of human resources through means such as new employee training, on the job training, and grade-specific training.



New employee training

Encouraging Human Resources to Flourish

SPP strives to maintain an environment that makes it easy for all employees to work and that enables them to fully demonstrate their capabilities. We promote work-life balance through means such as support for work as well as childcare and caregiving, strict observance of working hours, and encouraging the systematic acquisition of paid leave.

For more information, please see our website.

WEB Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

WEB Action plan based on the Act to Advance Women's Success in Their Working Life

<https://www.sppcl.co.jp/csr/management/plan.html>

Promoting the Utilization of Female Human Resources

SPP has established a goal of achieving a new hire ratio of 50% women, and is proactively providing employment opportunities for women. In addition, we strive to maintain an environment that enables women to fully demonstrate their individuality and capabilities.

Respect for Human Rights

SPP respects the basic human rights of individuals and prohibits child labor, forced labor, and acts that disregard an individual's personhood, including discriminatory speech and conduct, acts of violence, power harassment, sexual harassment, and bullying, in order to support the fair and equal treatment of laborers and eliminate discrimination.

Freedom of Association

SPP respects laborers' freedom of association and right to collective bargaining.

Support for Work and Childcare/Caregiving

SPP has established a leave system for childcare and caregiving. In addition, we are striving to create a work environment in which employees can comfortably balance work and home life, providing support through means such as limiting overtime work and shortened working hours in accordance with individual employee circumstances and needs. We have also partially relaxed the requirements of our childcare shortened working hours system. Originally, this system was only available to parents up until their children entered elementary school. From April 2022, however, when deemed unavoidable by the company, parents may make use of this system up through the lower grades of elementary school.

Promoting Senior Citizen Employment

We have established a re-employment system that employs employees up to a maximum age of 65 who desire to work after retirement age and who meet certain conditions such as good physical health. Such employees are provided with support to leverage the expertise and experience they have cultivated with us and pass their abundant know-how on to the next generation.

Promoting Employment of People with Disabilities

SPP is actively promoting the employment of people with disabilities as part of efforts to utilize diverse human resources, and each year we fully satisfy the legally required employment rate. Going forward, we will continue to promote the expansion of the employment of people with disabilities and strive to create a work environment in which people with disabilities can work in safety and security.

Promoting Health and Productivity Management

SPP takes pride in the health of its employees and believes that healthy and energetic workplaces begin with the health of employees. In October 2020, SPP took part in the Healthy Enterprise Declaration and, in March 2022, SPP received certification from the Ministry of the Economy, Trade and Industry and Nippon Kenko Kaigi as a 2022 Health & Productivity Management Outstanding Organization (large enterprise category).

SPP makes sure to have its employees undergo a regular medical examination once a year and, further, for those employees at risk of adult diseases, has an outside organization provide a personalized health guidance interview. SPP also engages in educational activities, such as health education for women.



2022 Health & Productivity Management Outstanding Organization (large enterprise category)



Radio calisthenics are part of our internal health-promotion activities.

Holding Health Committee Meetings and Offering Health Consultations

Based on occupational health laws and ordinances, SPP holds monthly health committee meetings, with industrial physicians, employees from departments such as the General Affairs Department, and employees qualified as health supervisors taking turns as members. Advice received from industrial physicians in health committee meetings and information on safety and health topics is shared with the entire company via a health committee newsletter.

In addition, we have established a system that enables employees who so desire to receive an individual health consultation from an industrial physician.

Holding Stress Checks

Stress checks obligated by law as a mental health measure are held once a year, helping to maintain the mental health of employees and prevent poor mental health before it occurs.

Harassment Countermeasures

SPP has established the prohibition of any and all acts of harassment as part of workplace regulations. Further, we are working to prevent the occurrence of harassment and create a work environment in which all employees can work in safety and security through messages from our president and initiatives such as establishing an internal consultation service.

A Cooperative Relationship with the Employee Association

At SPP, an Employee Association has been organized by employees that strives to build and maintain smooth relations between the company and employees. Believing that good relations between the company and employees are essential to company development and wellbeing, regular meetings are held monthly and opinions are exchanged on a variety of topics.



A meeting being conducted by the leadership of the Employee Association

Corporate Governance



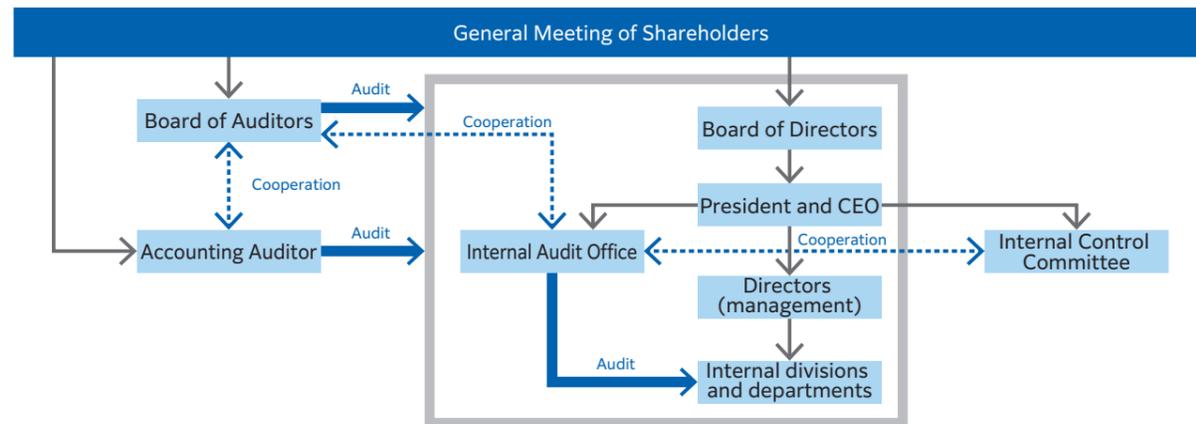
Basic Thinking

In order to continue to grow as a company that is supported, needed, and chosen as stipulated in our Management Policies, we believe we must build good relationships with the various stakeholders around us and increase our value to society. Accordingly, we recognize that strengthening the functionality and transparency of management-related audits is essential, and we are striving to formulate a suitable system of corporate governance comprising our General Meeting of Shareholders, Board of Directors, Board of Auditors, and Accounting Auditor.

We hold Board of Directors meetings as a system for decision-making and business execution. In these meetings, key managerial items are identified, leading to the appropriate and rapid implementation of necessary

measures. In addition, we have established a Board of Auditors as an auditing body. The Board of Auditors supports sound, sustainable growth and bears the responsibility of establishing a good system of corporate governance worthy of the trust placed in us by society. The Board of Auditors and Accounting Auditor engage in full communication concerning audit plans and results, creating an auditing system that is fair and effective. External directors play a role in the Board of Directors in ensuring the validity and appropriateness of decision-making from an objective perspective by expressing opinions based on legal and other aspects. In addition, external auditors in the Board of Directors and Board of Auditors provide necessary observations during times such as the deliberation of agenda items.

Corporate Governance Organization



Corporate Governance Overview (As of June 27, 2022)

Organizational structure	Company with a board of corporate auditors
Board of Directors (seven members, including one external director)	Makes decisions concerning items established in our basic policies and laws, ordinances, and our Articles of Incorporation, as well as other important matters concerning our operations, together with supervising the state of business management. (Held once a month and otherwise as necessary.)
Board of Auditors (four members: two fulltime auditors and two external auditors)	Auditors attend Board of Directors meetings, executive directors meetings, and other important meetings, auditing the Board of Directors in the execution of their duties. Auditors also work to strengthen and enhance the functions of the Board of Auditors through means such as investigating the operations and financial condition of subsidiary and affiliated companies.
Internal Audit Office (two members)	The Internal Audit Office was established under the authority of the CEO and audits the operations of SPP's divisions and departments as well as its branches as an internal audit organization.

Maintaining a System of Internal Controls

SPP positions following laws and ordinances and acting in accordance with social norms as a top priority in the execution of professional duties. Accordingly, SPP has established an Internal Control Committee with the CEO serving as chairperson with the aim of providing thorough guidance on the observance of laws and ordinances, one of our internal control targets, as a key matter.

In addition, we have established an Internal Audit Office as an organization under the direct control of

the president to conduct audits determining whether operations are being performed in accordance with laws, ordinances, and regulations and report the results to the president.

Auditors conduct audits based on the Audit Regulations to determine whether directors' execution of duties conforms to laws, ordinances, and our Articles of Incorporation.

Compliance

Compliance doesn't just mean observing laws and ordinances. It also includes abiding by internal regulations, manuals, and ethics that conform to core labor requirements so that a company engages in business activities in a fair and appropriate way. Further, it even means the maintenance of the environment that determines what kinds of rules a company creates and applies. SPP engages in corporate activities that follow social standards and corporate ethics.

Fair Trade (Corruption Prevention)

Once a year, SPP's Internal Audit Office conducts audits of every office to affirm that we are engaging in fair trade and also to check for improper transactions that could lead to corruption. We also take measures such as regularly rotating the people in charge.

Risk Management

SPP has set up a regulation-based risk management system. Key examples include the establishment of occupational regulations, regulations for the Board of Directors, and the implementation of regular audits by the Internal Audit Office to monitor for risks across departments and divisions. In addition, the Sales Division and Administration Division provide overall management of the operations under the jurisdictions of SPP's departments and divisions.

Information Security

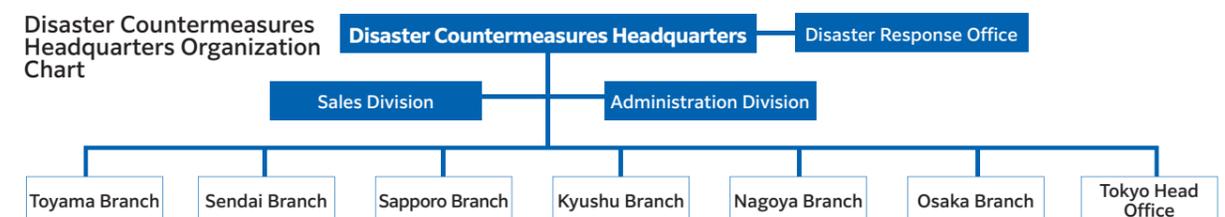
Handling of Personal Information

We have established points of concern and safety control measures to ensure the proper handling of specific personal information. The scope of affairs in which SPP handles Individual Numbers includes those relating to the Individual Numbers of employees (including dependent family members) as well as those relating to the Individual Numbers of non-employees.

In addition, as part of the aim to safely manage personal information, we have established four regulations that are used for the proper management of personal information: organizational safety management measures, human safety management measures, physical safety management measures, and technical safety management measures.

Organizational System

When a disaster occurs, regardless of the area, SPP establishes a Disaster Countermeasures Headquarters as well as a Disaster Response Office at our closest base to the disaster area. The company president serves as the director-general of the Disaster Countermeasures Headquarters, and the general manager of the Administration Division and the general manager of the Sales Division serve as deputy directors-general.



Disaster Countermeasures

We have established protocols with regard to countermeasures, rescue, and relief in the event of a natural disaster with the aim of minimizing harm.

Based on our Disaster Countermeasures Regulations, all of our offices have created their own Disaster Countermeasures Manuals and have established clear action guidelines for all employees. In addition, all of our offices have created disaster organization composition tables and duty tables, and they strive to hold drills and make preparations during normal times.



Testing generators

Business Continuity Plan (BCP) Maintenance

As a company trusted by society, SPP has established a business continuity plan conscious of our relationships with a variety of stakeholders and regional communities. Our business continuity plan is a manual for organizational systems and employee actions so that we can rapidly

restart and restore business activities in the event of an emergency. In addition, in order to continuously revise this plan, we hold BCP Committee meetings conducted by members of company management twice a year.

Basic policy

- Preserve human life and business assets
- Rapidly restore business activities
- Minimize effects on stakeholders
- Establish trust with customers during normal times

Businesses to protect

- Businesses related to the wholesaling of paper, paperboard, chemical products, etc.
- Businesses related to paper processing, etc.
- Businesses related to real estate leasing

Purposes

- Ensure the safety of employees and visitors
- By rapidly restarting business activities, fulfill duty to supply customers and preserve their trust
- Quickly stabilize business activities and preserve employee employment

Stationing Disaster Supplies

In fiscal 2021, we periodically inspected disaster equipment and emergency food stocks. We also worked to expand our stock of portable toilets and emergency water supplies as well as equipment such as power generators and storage batteries.



Stockpiles of food and water

Infection Control Measures

In fiscal 2021, in accordance with the infection control measures manual we formulated in response to the COVID-19 pandemic, we engaged in measures to prevent infection. Going forward, we will continue to adhere to this manual and work to minimize the impact of infectious diseases on our business activities.



A reception office with panels for preventing droplet dispersion



A sterilization stand

Overview of Infection Control Measures

Equipment deployment and installation	Installation of alcohol-based sanitizer, installation of space sterilization sprayers and anti-droplet dispersal panels, use of antiviral tape in high-contact locations, and stocking and promotion of use of antigen test kits
Indoor infection control measures	Masks worn at all times, visitor entry control; periodic ventilation of offices; thorough sterilization of doorknobs, etc.
Measures to reduce chances of employee contact	Establishment of satellite offices, dispersal of lunch breaks, commuting restrictions (work from home, recommendation of staggered work hours, promotion of paid leave usage)

Social Contribution Activities



Support Activities for People with Disabilities

Paralym Art

Paralym Art is an initiative conducted by the Shougaiha Jiritsu Suishin Kikou Association to promote the social participation and financial independence of people with disabilities through art. The ultimate goal of the initiative is to eliminate barriers between people with disabilities and those without disabilities by providing people with disabilities with as many opportunities for social participation and businesses involvement as possible.

Through CSR-related PR activities using Paralym Art, we seek to maximize the value added to paper and bridge the gap between companies as a comprehensive agent. We consider Paralym Art to be a CSR activity and plan to expand it nationwide. In fiscal 2021, we produced 18,330 Paralym Art Calendars imprinted with our company name, licensed out 34 works of art, and rented out seven works of art.



Paralym Art
障がい者アートを応援しています



Desktop calendar



Wall calendar



2021 Grand Prix-winning piece "World's Smile" by Marziyeh Hoshmand (Iran)

Kami Hyakka – Paper & Product – Online Store

In October 2021, we launched our official online store, Kami Hyakka – Paper & Product – (hereinafter, "Kami Hyakka"). Through Kami Hyakka, we are offering products that will be of help as an "unsung hero" in customers' lives, with a focus on value-added products.

In addition, we are also proactively participating in initiatives for a future decarbonized society and operate Kami Hyakka with the aim of protecting the global environment and delivering the gift of beautiful nature to the future.

WEB <https://kami100ka.com/>



Financial Highlights (Consolidated)

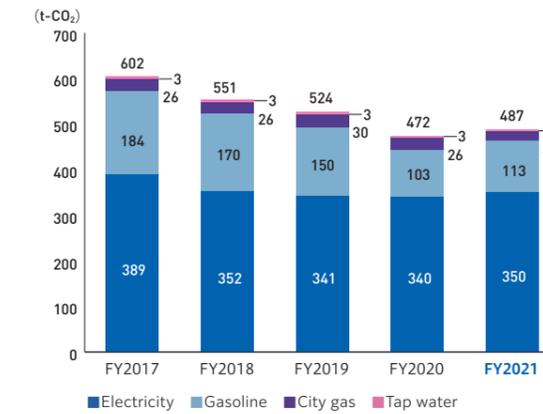
	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Sales	Millions of yen	264,022	263,186	256,659	230,406	231,237
Operating income	Millions of yen	4,421	4,539	4,857	4,187	4,666
Ordinary income	Millions of yen	4,775	4,981	5,294	4,846	5,625
Net income for the period attributable to parent company shareholders	Millions of yen	2,580	5,017	3,634	3,275	3,883
Net assets	Millions of yen	56,991	60,244	60,718	65,566	68,018
Total assets	Millions of yen	159,962	160,090	147,492	149,248	153,565
Equity ratio	%	35.59	37.58	41.12	43.89	44.25
Cash flow from operating activities	Millions of yen	5,048	4,560	3,373	6,596	1,504
Cash flow from investing activities	Millions of yen	-1,176	1,093	-2,933	-5,050	-2,001
Cash flow from financing activities	Millions of yen	-4,049	-4,141	-3,119	-1,543	-2,734
Cash and cash equivalents closing balance	Millions of yen	11,012	12,500	9,798	9,802	6,657

Non-Financial Highlights

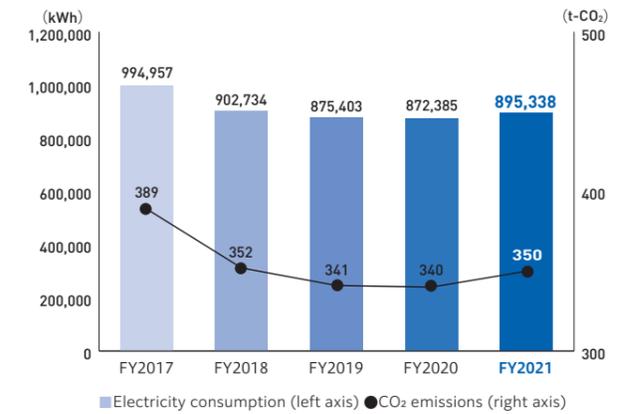
	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Employees (consolidated)	People	870	851	817	843	841
Employees (non-consolidated)	People	592	590	570	560	542
Male	People	396	393	379	369	358
Female	People	196	197	191	191	184
CO₂ emissions from business activities (non-consolidated)	t-CO ₂	602	551	524	472	487
Greenhouse gas emissions output level (non-consolidated)	—	0.73	0.71	0.63	0.61	0.63
1% for Present Tree number of trees planted (cumulative total)	Trees	11,554	11,922	12,275	12,469	12,711
CO₂ reductions from tree planting activities	t-CO ₂	-14.7	-15.7	-16.3	-17.5	-18.0
CO₂ reductions from solar power generation	t-CO ₂	-283	-282	-274	-270	-265

Environmental Data

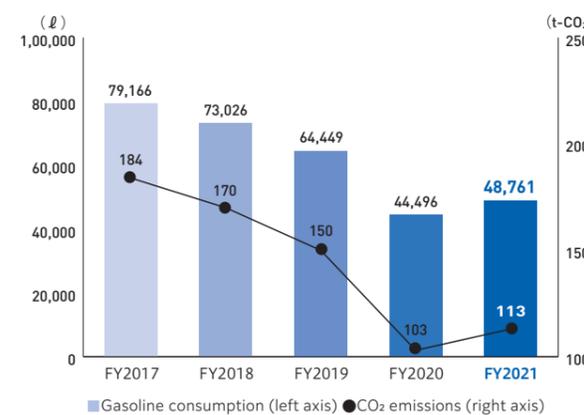
CO₂ Emitted through Business Activities



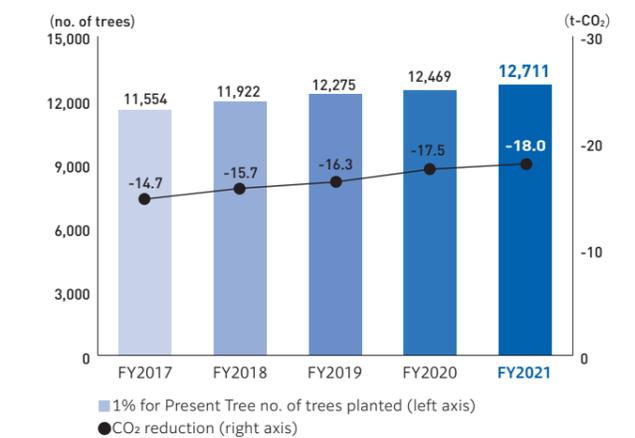
Electricity Consumption and CO₂ Emissions*1



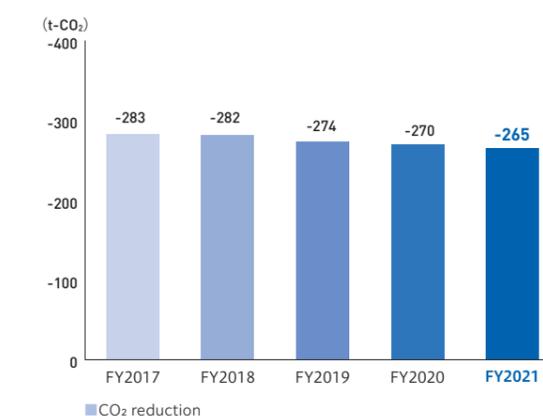
Gasoline Consumption and CO₂ Emissions*2



CO₂ Reductions from Tree Planting Activities*3



CO₂ Reductions from Solar Power Generation



*1 Electricity consumption (kWh) × calorific value unit 0.00039 (t-CO₂/kWh)
 *2 Gasoline consumption (ℓ) × calorific value unit 34.6 (GJ/ℓ) × emission factor 0.0671 (t-CO₂/GJ)
 * Calorific value units and emission factors were equalized in order to confirm improvements and were calculated per the figures above.
 *3 Amount of CO₂ absorbed annually per hectare of forest (t-CO₂/year/ha) = annual trunk growth per hectare of forest (m³/year/ha) × expansion factor × (1 + ratio of portion underground) × bulk density (t/m³) × carbon content percentage × CO₂ conversion factor
 Source: "Shinrin ni yoru nisanatanso kyushuryo no santei hoho ni tsuite (Regarding the Calculation Method for the Amount of Carbon Dioxide Absorbed by Forests)," Kanto Forest Management Bureau website (Japanese language only) <https://www.rinya.maff.go.jp/j/press/kikaku/211227.html>

Corporate Overview

Company name	SHINSEI PULP & PAPER COMPANY LIMITED
Head office and main branch	1-8 Kandanshikicho, Chiyoda-ku, Tokyo, 101-8451 Japan
Established	November 3, 1889
Incorporated	March 14, 1918
Capital	3,228,000,000 yen
Lines of business	Paper, pulp, chemicals, processed paper products, building materials, machinery, equipment, etc.
No. of employees	841 consolidated, 542 non-consolidated (as of March 31, 2022)

- Description of business**
- Sales of processed paper products and sales and processing of paper, pulp, chemicals, and chemical products
 - Sales and leasing of paper processing machinery, printing machinery, paper manufacturing machinery, packaging machinery, plastic processing equipment, industrial electrical equipment, transportation machinery, communication equipment, office equipment, and accessories
 - Sales and leasing of packaging, printing, bookbinding, building, and papermaking materials
 - Brokerage, wholesale, agency, and import/export of any of the above mentioned items
 - Business system design, installation, supervision, and contracting for any of the above-mentioned items
 - Land development as well as land and building sales, purchasing, leasing, and management consignment
 - Room rental and parking lot services
 - Warehouse services and automotive transport handling operations
 - Interior finishing work
 - Investment in businesses associated with any of the above-mentioned items
 - Non-life insurance agency and insurance agency based on the Act on Securing Compensation for Automobile Accidents
 - Life insurance solicitation
 - Sales of books, magazines, and stationery
 - Power generation utilizing natural energy and the supply, sales, management, operation, and mediation of electricity
 - Any and all business activities related to any of the above-mentioned items

Main banks Sumitomo Mitsui Banking Corporation, MUFG Bank, Mizuho Bank, Norinchukin Bank, Shizuoka Bank, Joyo Bank

Group Companies

Head office and branches

Head Office/
Tokyo Main Branch
Osaka Branch
Nagoya Branch
Kyushu Branch
Sapporo Branch
Sendai Branch
Toyama Branch

Domestic affiliated companies

Shinsei Distribution Company [Warehousing and transportation]	Corepack Co., Ltd. [Paper processing and manufacturing (cardboard)]
Sapporo OS Distribution Company [Warehousing and transportation]	Yamaichi Kakoshi Co., Ltd. [Paper processing]
Kyodo Kami Shoji Co., Ltd. [Paper sales]	Muromachi Company [Molded product processing]
Daimonji Paper [Paper sales]	Kyokutou Koubunshi Co., Ltd. [Film processing]
Tsutsumi Shigyo KK [Paper products sales]	OP Pack Co., Ltd. [Film processing]
OP Palm Co., Ltd. [Paper products sales]	Hokkai Paper Industry Co., Ltd. [Film processing]
Sanko Forms Co., Ltd. [Paper processing and manufacturing (information recording paper)]	Taibo Co., Ltd. [Recycled materials and molded product sales]
Koei Co., Ltd. [Paper processing and manufacturing (cardboard)]	Taibo Products Co., Ltd. [Recycled plastic materials and molded products manufacturing]

Overseas affiliated companies

Okura Pulp & Paper (Shanghai) Ltd. [Paper and film sales]	Shinsei Pulp & Paper Australia Pty. Ltd. [Paper sales]
Okura (Shanghai) Ltd. [Paper and film sales]	Shinsei Pulp & Paper (USA) Corp. [Paper sales]
Shanghai Branch	Shinsei Pulp & Paper Taiwan Ltd. [Paper and film sales]
Guangzhou Branch	Shinsei Pulp & Paper (M) Sdn. Bhd. [Paper and film sales]
Shanghai Toh Tech Co., Ltd. (Joint venture) [Packaging and processing business]	Shinsei Pulp & Paper (Thailand) Co., Ltd. [Paper and film sales]

Official Website



Please visit our official website for reports and additional detailed information.

<https://www.sppcl.co.jp/csr/>

Message to SPP



Yuko Sakita

Journalist and environmental counselor

“Toward Creating the Next Generation of Life and Work Styles”

Profile

Yuko Sakita graduated from the College of Sociology at Rikkyo University in 1974 and joined Shueisha Inc. Since 1985, she has worked as a freelance journalist and looked at environmental and energy issues, particularly the creation of sustainable, recycle-oriented communities, from the viewpoint of everyday people. She serves as a member on numerous municipal government committees as well as national government committees such as 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 chairperson of the National Delicious Food Clean Plate Movement Network Council. In addition, she was a member of the Community Development and Sustainability Committee, the Sustainability Discussion Group, and the Resource Management Working Group for the Tokyo 2020 Olympic and Paralympic Games. In order to propagate the legacy of the Tokyo 2020 Games, she participated in the consideration of the sustainable procurement rules for Expo 2025. Previously, she served as the chief director for the Genki Net for Creating a Sustainable Society NPO. Currently, she is the representative director of the Shinjuku Environmental Action Net NPO.

Main works

Book: “Anyone Can Do It The Waste Diet” (Japanese) (1999, Godo Shuppan)
 Thesis: “International Cooperation and the Role of the Public in Realizing the Creation of Cooperative Recycling-Oriented Communities” (Japanese) (2005, Environmental Research Quarterly)
 Co-authored: “Electric Waste: A Trip to Learn about the Frontline of Geological Disposal” (Japanese) (2010, Recycle Bunkasha)
 Co-authored: “Making it Together: The Olympics and Paralympics” (Japanese) (2015, The Environmental News)
 Contribution: “The Future Life of Hydrogen Society from the Perspective of Citizens” (Japanese) (2019, The Journal of Fuel Cell Technology, Fuel Cell Development Information Center)
 Serialization: “Environmental Baton: Going Beyond 2020” (Japanese) (serialized 2018–2021 in “Life and Environment,” Japan Environmental Sanitation Center)

In last year’s CSR Report, I encouraged SPP to achieve carbon neutrality in its business activities as quickly as possible and blaze a trail for society. And in regard to this, I saw promise in the utilization of renewable energy from solar power, carbon offsetting through afforestation activities, and the future application of electric vehicles.

I read this year’s message from the president and I learned that SPP is aiming to reduce its CO₂ output in fiscal 2030 by 38% in comparison to fiscal 2013, as well as for carbon neutrality in 2050. Further, that SPP was focusing on facilities investment to achieve fundamental energy transformation by revising the prices of its printing and data processing paper. It is my heartfelt hope that SPP will steadily implement this mid-to long-term strategy toward carbon neutrality.

I also learned that SPP was aiming for a synergistic effect among all its group companies with a focus on paper, paperboard, and chemical products, and the realization of the creation of a sustainable society through the elimination of plastic and distribution reform. My impression of these was that SPP was steadily implementing reform in its business activities with an eye not just on carbon neutrality, but also the future beyond a time currently undergoing a variety of changes.

Amid the dramatic shift away from disposable plastics in order to resolve the global issue of ocean plastics, the world is expecting great things from the use of paper to replace plastics.

In addition, we are in the third year of our battle against the COVID-19 pandemic, which began in 2020. We are in an age in which DX is transforming everything about the way we live and work, exemplified in such areas as cashless payments and business practices powered by IT in response to a “with COVID-19” world. SPP’s distribution reform, supported by its capabilities as a trading company, is no mere business optimization and in fact poses great potential.

I would like to express my respect for SPP’s intention to proactively survive the changing times, powered by the elimination of plastics and distribution reform. I have also reaffirmed that, while SPP is a historic company, it will not simply continue to focus on that history but will rather constantly take on new challenges as a pioneer who constantly creates the coming future.

The shift toward paper product replacement, in particular, connotes a dramatic change in the social structure in terms of the elimination of paper due to the advancement of digitalization. At the same time, it is also a huge source

for uncovering new demand as movement supporting the elimination of disposable plastics.

Before COVID-19, I visited countries such as the UK, Belgium, the Netherlands, Germany, and France to observe the current state of their circular economies. I still vividly remember that when I stopped by local supermarkets, most used paper takeout containers for their ready-made foods. The switch to paper products is a global phenomenon, occurring not just in the workplace but also in more familiar locations of consumer activity. Japan consumes the second greatest amount of disposable plastic container packaging per person after the United States. In order to swiftly improve this situation, as well, I am hoping that SPP will offer ever more business proposals that can serve as keys to societal reform.

Meanwhile, due to COVID-19, time spent at home has increased, and the resulting increase in Internet shopping and deliveries has certainly increased demand for containerboard. Data on the change in demand for containerboard has emerged, such as the fact that the amount of containerboard collected by municipalities in Tokyo in 2021 had increased dramatically over that of 2019. In a time when the 3Rs are promoted, there is growing concern among the public as to why businesses don’t make use of reusable shipping cartons and the like.

In addition, with the variety of paper product alternatives emerging, societal interest in paper recycling has risen, as has the need for suitable technological development. I strongly encourage SPP to gaze at the future from a variety of perspectives and be a leader going forward.

I was involved in the creation of plans to operate the Tokyo 2020 Games sustainably and, in order to capitalize on that legacy, also took part in the working group on sustainable procurement for Expo 2025. Through these discussions, in June 2022, the Japan Association for the 2025 World Exposition formulated its standards for the procurement of paper and other goods and announced its procurement rules, which included the use of forest-certified paper.

I appreciate the great difficulties faced by papermakers. A variety of factors are intertwined, including the increased cost of materials imported from abroad and prohibitions against the import of conflict resources. However, I sincerely hope that the use of forest-certified materials will continue to be promoted based on a long-term perspective, and that Expo 2025 will go down in history as a major turning point for sustainable procurement.



SHINSEI PULP & PAPER CO., LTD.

1-8 Kandanishikicho, Chiyoda-ku, Tokyo, 101-8451 Japan
TEL: +81-3-3259-5080 (switchboard)
FAX: +81-3-3233-0991 (switchboard)
<https://www.sppcl.co.jp>



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