



CSR Report 2020

Corporate Social Responsibility



CaMISHELL

CaMISHELL is our term for paper that 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 Paralyt 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.

With a passion for “innovation and challenges,” Shinsei Pulp & Paper Company (SPP) will expand the possibilities of materials to their limits.



Contents

Profile	02
Top Message	04
Social Issues and SPP	06
SPP's Business Segments	08
Management Strategy	10
Responding to Risks and Opportunities	12
Special Feature	
Societal Needs and SPP's Solutions	13
Activity Report Section	
Environmental	20
Human Resources	23
Social Contribution Activities	25
Corporate Governance	26
Data Section	
Corporate Overview	30
Message to SPP	31

Editorial Policy

The CSR Report is an annual report explaining our environmental initiatives and other social corporate activities. This report covers the period of fiscal year 2019 (April 2019 – March 2020) with actual business figures. Some of the latest initiatives that began after March 2020 are also referenced. The editorial policy of this report is communicating our CSR activities in an easy-to-understand manner. In order to make the report warm and inviting, the front cover is decorated with artwork from Paralym Art, which is supported by SPP. 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.
 Referenced guidelines:
 Environmental Reporting Guidelines (Fiscal Year 2018 Version) published by the Japanese Ministry of the Environment; ISO 26000
 Publication: October 2020

Sustainable Development Goals

The Sustainable Development Goals (SDGs) are 17 goals to change the world by 2030, agreed upon by the 193 United Nations member states.

Shinsei Pulp & Paper Company (SPP) seeks to proactively contribute toward the SDGs through business activities relating to the distribution of paper, paperboard, and film.



About the Cover

Paralym Art is an activity carried out by the Shougaiha Jiritsu Suishin Kikou Association to support the social participation and economic independence of disabled people through art. The image on the cover is by an artist named Chisuke and is titled “There Are Many Things I Want.” Regarding this piece, the artist stated, “This is the first time a piece that I am proud of has been selected. I will continue to work hard!”



Philosophy

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

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.

Code of Behavior

- 1. Total compliance with laws and regulations**
Shinsei Pulp & Paper Company not only complies with laws and regulations but also abides by domestic and international rules and social codes, achieves trust from society and customers, and fulfills its responsibilities.
- 2. Consideration for the environment**
Shinsei Pulp & Paper Company recognizes the conservation of the global environment as a priority and seeks to pass a rich future on to the next generation.
- 3. Disclosure of corporate information**
Shinsei Pulp & Paper Company actively and fairly discloses corporate information to shareholders and other stakeholders.
- 4. No relationships with antisocial forces**
Shinsei Pulp & Paper Company consistently refuses any requests from antisocial forces and organizations.
- 5. Establishment of a safe and worker-friendly environment**
Shinsei Pulp & Paper Company respects each employee's personality and uniqueness and realizes a safe, worker-friendly environment.

We Will Continue to Take on Innovation and Challenges in Order to Realize a Sustainable Society

Our Duties

As a trading company selling paper, paperboard, and film, products that are essential to everyday life, we have two duties.

The first is to contribute to the reduction of CO₂ as an environmental industry. We use sustainable wood and also possess an advanced paper recycling system for the paper products we sell, making them highly environmentally friendly materials. The wood that serves as a raw material for our paper manufacturing is produced in systematically cultivated forests, absorbing significant amounts of CO₂. The CO₂ emitted when this paper is incinerated is offset by the CO₂ absorbed in the tree growth process, achieving carbon neutrality. We offer the added value of our paper materials and, through their sale, contribute to a reduction in environmental impact.

The second is to contribute to the reduction of food waste. At the present time, there is nothing that can replace film in terms of its ability to serve as a barrier

to gasses and liquids. Film for food packaging maintains quality and extends shelf life, contributing to a reduction in the amount of food disposed of at the consumption stage. In addition, reevaluating food waste can help solve the global challenges of famine and poverty.

We will continue to engage in the initiatives we have conducted unchanged going forward, but I feel that through the SDGs, touted as targets shared by the international community, our goals have become clearer. In addition, our daily lives have undergone a complete change due to the influence of COVID-19. Today, film products are experiencing growth due to the need to ensure safety in a wide variety of areas; however, it is my aim to accurately ascertain the demand for paper, paperboard, and film not just from a short-term perspective but also the mid-to-long-term perspective and meet the needs of society.

Focusing on Plastic Elimination

Amidst a huge trend toward plastic reduction caused by the increasing severity of the issue of plastic waste in the ocean, paper materials are gathering a large amount of attention as an alternative. Further, in terms of reducing plastic usage, film as a product is evolving under the theme of sustainability, including biodegradable and plant-based materials as well as materials that combine film and paper. Accordingly, we are offering solutions for eliminating and reducing the usage of plastic, combining a variety of products that are not restricted to the specific categories of paper, paperboard, or film.

Perceiving these changes, we made Taibo Co., Ltd., which manufactures and sells recycled plastic, an affiliated company in January 2019, entering the recycled plastics business. Going forward, it is our desire to collect the cuttings and other plastic scraps produced by film production factories we work with, distribute recycled plastics produced using materials with clear origins, and contribute to the realization of a recycling-oriented society.

Further coordination between departments and

affiliated companies is necessary in order to accelerate this trend toward the elimination of plastic. Going forward, we cannot stop just at the exchange of information between departments; it will also be essential for us to fully utilize all "assets," such as human resources, products and systems, including those of the customers of other adjoining industries to respond to changing demand.

Our value is not something we determine ourselves. It is evaluated by the customers who buy our products and the manufacturers who supply our materials. And in order for us to be trusted and to fulfill our duties, it is important that we calmly evaluate the situation and act with enthusiasm. It is my aim that we continue to optimize our portfolio and attentively respond to the changing needs of the times with passion for the “innovation and challenges” heralded in our management philosophy.

President and CEO

Yasujiro Kato



Ensure sustainable consumption and production patterns



Enhancing the Value of Materials as a Paper, Paperboard, and Film Professional

As a professional materials purveyor, we take the value of materials and share it with society. Because we are positioned between manufacturers and companies, it is important that we fulfill our duty to society and take the lead in social issues such as the aging population combined with the declining birthrate, and environmental problems.

As an example, the issue of food waste, in which food that is perfectly edible is thrown away, is growing increasingly severe. The total amount of food Japan wastes annually is around 6.12 million tons*1. This is a huge quantity, equivalent to the amount of food eaten by all the residents of Tokyo in a year. In response to this massive wastage of food, we are exhaustively considering and offering ideas for what film materials can do. Establishing themes such as freshness retention, expiration date extension, and decreasing leftovers through individual packaging, we are tackling the issue of reducing food waste. In addition, we are researching and developing films that biodegrade in the natural environment.

*1 Estimate for fiscal year 2017 (according to the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of the Environment)



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Considering the Whole Supply Chain – With a Trading Company at the Center

“Provide solutions that meet customer expectations while at the same time resolving social issues” – achieving this is no easy matter. It is necessary that we always look at problems from a bird’s-eye view.

For paper, proper forest management is an important subject matter because when forests die, the quality of the water reaching the ocean changes, consequently even affecting the marine ecosystem. From 2012 to 2016, SPP contributed to reforestation by planting trees in Miyako City, Iwate Prefecture. The area where trees were planted is close to the source of the Hei River, which drains into Miyako Bay, and as the trees grew, they began aiding the circulation of water and organic matter.

In addition, while focusing on the merits of chemicals, we are engaging in their study and investigation, up to and including their disposal and recycling.

All of these are topics that should be considered from the perspective of the supply chain as a whole. And the one to play a central role is our trading company.



Strengthen the means of implementation and revitalize the global partnership for sustainable development

Leveraging Diverse Networks with the Aim of Realizing a Sustainable Society

The SDGs (Sustainable Development Goals) cannot be achieved by one company alone. That is why we, who maintain a diverse array of networks, wish to be a company that embodies the goal of “Partnerships to achieve the Goal.” Paper, for example, has played an important role in passing on Japanese culture and traditions, and is also an integral part of people’s lives as a packaging material for wrapping and transporting things. We have played a part in its development, and have expanded the possibilities and uses of part in line with the changing times. The knowhow and experience we have accumulated since our establishment is our greatest strength. Leveraging this strength, we will continue to focus on the market in the mid- to long-term span of five, 10, and 20 years out and engage in the creation of added value. Perceiving the changes of the times as opportunities, we will continue to lead the industry in pioneering the future of materials in order to realize a sustainable society.



Take urgent action to combat climate change and its impacts



Recognizing the Work of Manufacturers and Expanding on Their Ideas Is the Work of a Trading Company

As a trading company, we are not able to make products directly ourselves. And that is why it is important that we provide added value to customers and society through information and ideas. We reexamine the value of materials from the unique perspective of a trading company and develop new markets. For example, the value of paper isn’t just its role as a medium of information and its physical properties of lightness and ease of processing; by looking at paper as an environmentally conscious product, new possibilities unfold. We take products that paper manufacturers have laboriously developed through initiatives such as deinked pulp and making effective use of wood from forest thinning, and provide them to the market together with stories matching their concept. At the same time, providing feedback on consumer needs is also an important job for a trading company. We also engage in the development of new markets for paper products that meet social needs.

SPP's Business Segments

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. In addition, we also continue to take on the challenge of new markets.

WEB For information on affiliated company businesses, please see our website.
<https://www.sppcl.co.jp/business/affiliated.html#anc-1> (Japanese language only)

Customers

In addition to stably supplying paper, paperboard, and film products, we also provide optimum materials for solving customer challenges.



Wholesalers, publishers, printing companies, newspaper companies, advertising agencies, public agencies, trading companies, food companies, precision instrument manufacturers, etc.

Snapshot

Established

1889

Solid trust and results

Consolidated sales (FY2019)

256.6 billion yen

Comprehensive group strength

Consolidated equity ratio (FY2019)

41.12%

Sound financial structure

Wholesaling

We provide added value demanded in all manner of products, including strength, reduced weight, recyclability, safety, and antibacterial properties.

Paper



- Printing paper (Books, magazines, flyers, etc.)
- Data processing paper (PPC paper, sales slip duplication paper, etc.)
- Functional and special paper (Paper carrier tape, etc.)

Paperboard



- Containerboard (Cardboard cases, etc.)
- Boxboard (Packaging paper, packaging, etc.)
- Craft paper (Heavy duty bags, envelopes, etc.)

Film



- Packaging film (Food, miscellaneous goods, medicine, etc.)
- Industrial and optical film (Adhesive film, etc.)
- Special functional film (Reduced volume film, etc.)

Others



- Distribution (warehousing, transportation)
- Processing (paper processing, chemical processing)
- Real estate (building leasing)
- Others (Solar power generation, molded recycled plastic products, etc.)

Paper Manufacturers, Film Manufacturers, and Processing Manufacturers

We don't just increase the value of manufacturer products; by providing feedback on customer trends and demands, we aid the planning and development of new products.

Networks

SPP maintains sales and distribution networks connecting the entire country of Japan in order to meet customer demand speedily, no matter where they are. These networks also extend overseas and have been expanded to locations across the world, including Shanghai, Beijing, Taiwan, Bangkok, Melbourne, Kuala Lumpur, and Los Angeles. Our "paper, paperboard, and film solutions" are growing globally.

Domestic bases and primary business segments

- **Head office and branches**
 - Paper, paperboard, film, and processed products sales
 - Head Office/Tokyo Main Branch
 - Osaka Branch
 - Nagoya Branch
 - Kyushu Branch
 - Sapporo Branch
 - Toyama Branch
 - Please see page 30 for information on group companies.

Distribution bases

- Storage and transportation of paper products, etc.
- Wakasu Distribution Center
- Adachi Logistics
- Niiza Distribution Center
- Asaka Warehouse
- Nagata Warehouse
- Higashiosaka Warehouse
- Nagoya Distribution Center (management contracted out to: Marusuzu Unyu K.K.)
- Fukuoka Distribution Center
- Sapporo OS Distribution Center
- Sendai Distribution Center (management contracted out to: Nippon Shiokaiso Co., Ltd.)
- Kosugi Warehouse

Overseas bases and product types handled

SPP (Los Angeles, USA)
 Data processing paper, packaging paper, special paper, and sanitary paper sales

Okura Pulp & Paper (Shanghai) Ltd.
 Functional materials (electronic materials, industrial materials, chemicals), and paper and paper products (printing paper, packaging paper, data processing paper, special paper) sales

Okura (Shanghai) Ltd.
 Printing paper, packaging paper, data processing paper, and special paper sales

SPP (Taiwan)
 Industrial materials, chemicals, general paper, and packaging paper, etc. sales

SPP (Bangkok, Thailand)
 Printing paper, packaging paper, data processing paper, special paper, industrial materials, and chemicals sales

SPP (Kuala Lumpur, Malaysia)
 Printing paper, packaging paper, data processing paper, special paper, industrial materials, and chemicals sales

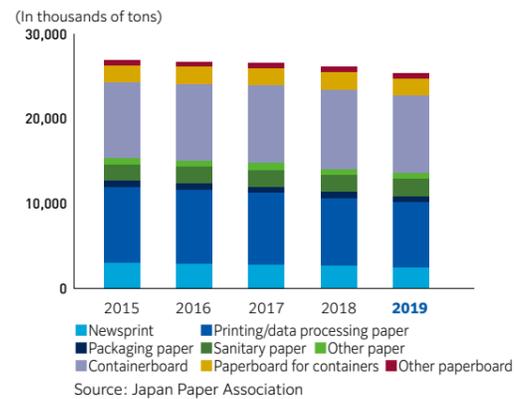
SPP (Melbourne, Australia)
 Printing paper, packaging paper, data processing paper, synthetic paper, and special paper sales

Business Environment in Fiscal Year 2019

As regards the domestic Japanese economy in fiscal year 2019, against the backdrop of the decelerating global economy, exports and production declined; there were also natural disasters and an increase in the consumption tax. In spite of these matters, however, the Japanese economy continued to experience a modest recovery with the support of consumer spending, capital investment, and other domestic demand factors influenced by the improvement in employment and income conditions. Most recently, due to issues such as stagnant economic activity resulting from measures to prevent the spread of COVID-19 and the disappearance of inbound demand, the domestic economy has rapidly deteriorated, resulting in conditions where the future is extremely uncertain. Looking at domestic papermaking companies, the graphic paper field, as represented by newsprint,

printing paper, and data processing paper, continues to experience a drastic decline in demand due to developments such as the shift toward digital media, the declining population, and the decreasing birthrate coupled with population aging. Because of this, domestic papermaking companies are engaging in further optimization through means such as restructuring existing domestic business production systems, together with moving forward with the shifting of production to segments that are anticipated to experience an increase in demand such as packaging-related fields and the sanitary paper field. In addition, in response to the increasing social need, these companies are also strengthening their development of paper materials and products to replace plastics, as well as intensifying initiatives in new fields like energy and advanced materials.

Changes in domestic demand for paper and paperboard



Soft Packaging Market Trends

Functional packaging materials, currently hot packaging materials, and markets

- Although the medical packaging market continues to expand, its growth rate is slowing down somewhat
- The barrier film market continues to grow increasingly competitive
- The stick pack market continues to grow
- There is increasing use of oxygen absorbing packaging
- The PET beverage bottle label market continues to grow increasingly competitive

Domestic Japanese environmental topics

- Attention focused on eliminating aluminum foil and barrier film replacement needs
- Growth in biomass and foam sheets for cutting plastic container CO₂ emissions
- Continued increase in the number of items being offered in the trend toward flexible containers
- CO₂ and plastic waste reduction initiatives gradually coming into being realized in Japan as well

Source: "Packaging Materials Share Encyclopedia 2019 Edition," JCER Co., Ltd.

Consolidated Performance Review for Fiscal Year 2019

As the demand for paper continues to experience a declining trend, the SPP group has strengthened coordination between the five businesses of printing paper, special paper, data processing paper, packages, and chemical products, and worked hard to reduce all manner of expenses.

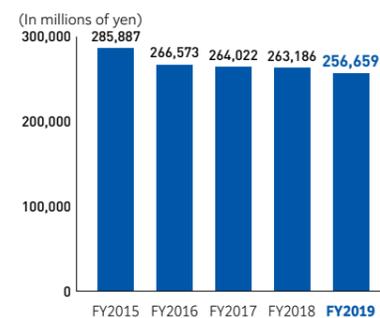
Our resulting performance for the fiscal year was 256.659 billion yen in sales (a 2.5% decrease compared to the previous fiscal year), 5.294 billion yen in ordinary income (a 6.3% increase), and 3.634 billion yen in net income for the period attributable to parent company shareholders (a 27.6% decrease).

As regards the performance of our paper business, structural decreases in demand caused declines in both commercial and

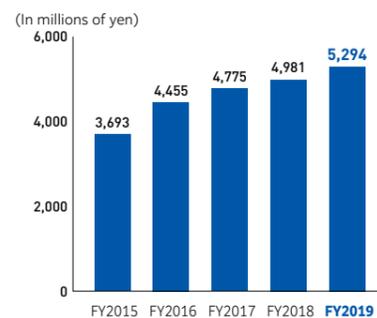
publication printing, but sales remained on par with the previous year due to sales price revisions. Overseas-oriented sales declined due to a decrease in export volume. Demand for our paperboard business declined because of matters such as the effects of poor weather, but sales increased due to sales price revisions. Performance for our chemical products business declined due to the sluggish demand for food within the context of reduced food waste.

In other areas, processed paper sales and cardboard manufacturing and sales remained robust, but film processing sales declined due to struggling sales of packaging films for miscellaneous goods and food. Looking at expenses, we worked to improve revenue through initiatives such as reducing fixed and other costs.

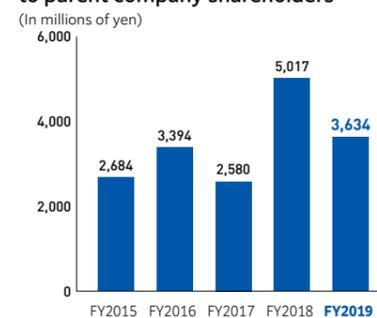
Sales



Ordinary income



Net income for the period attributable to parent company shareholders



SPP Mid-term Management Plan

The mid-term management plan "Shinsei 5-3 Plan" began on April 1, 2018. This plan is based on our environmental management philosophy with the slogan of "One step—Changing daily life."



On the 130th anniversary of our establishment, we will strive to create new added value for paper, paperboard, and film through the expertise we have accumulated as a trading company involved in paper pulp materials, as well as through our flexible inventiveness and ability to offer highly creative ideas. To do this, coordination between departments will be even more essential. We will take on the challenge of creating new markets by fusing our various businesses in printing paper, special paper, data processing paper, packages, and chemical products.

The paper pulp industry is experiencing a contracting trend in its function of providing mediums for information transfer, but with the increased social interest in environmental

issues such as global warming and ocean pollution, it is also anticipated to play an active role in new fields by supplying recyclable materials. By providing materials that meet such social demands and offering ways to utilize them, we will contribute to the realization of a sustainable society.

In addition, we are moving forward with our ISO 14001* initiatives, directly contributing to environmental management systems through business activities such as the sale of forest-certified paper and efficient product delivery. Our business activities also help contribute to the 17 SDGs, and through our initiatives we will move forward with corporate activities focused on the year 2030.

*See page 20, "Initiatives for ISO 14001" for more information.

Action strategies

1. Accelerating business innovation in the paper and chemical products businesses.
2. Accelerating new business development in the paper, chemical products, and real estate businesses.
3. Accelerating initiatives for next-generation businesses in new fields.
4. Fostering a corporate culture to tackle the changing times with a spirit of innovation and challenge.

CSR/environmental activities

1. Promoting Paralympic Art's activities for supporting disabled persons.
2. Promoting reforestation activities through active promotion of 1% for Present Tree.
3. Promoting sales promotion activities for forest-certified paper.
4. Promoting environmental contribution activities through sales of eco-friendly products and logistical system reviews.

Responding to Risks and Opportunities

Aiming to contribute to a sustainable society in which human beings and nature can coexist through all of our corporate activities, SPP engages in the appropriate management of risks and opportunities in line with changing social trends. Of particular note, in response to global environmental challenges, we have constructed an environmental management system that conforms to the ISO 14001 international standard and are engaging in efficient and effective management.

Social trend	Effects on business	Risks	Opportunities	Responses	Results
Global warming	Base paper supply stability affected by deforestation	<ul style="list-style-type: none"> Raw material shortages, declining sales Unfair evaluation of use of paper 	<ul style="list-style-type: none"> Reevaluation of paper as a recyclable material Increase in the handling of environmentally conscious products (recycled paper, forest-certified paper, etc.) 	<ul style="list-style-type: none"> PR on the sustainability of paper Employee education Promotion of tree planting activities 	<ul style="list-style-type: none"> Improved image of the industry Contribution to a sustainable society
	Frequent occurrence of abnormal weather	<ul style="list-style-type: none"> Business continuity Loss of sales opportunities 	Establishment of disaster countermeasures	<ul style="list-style-type: none"> Creation of a business continuity plan Regular employee education 	<ul style="list-style-type: none"> Increased trust from stakeholders Clarification of initial response in the event of an emergency
	Cuts in greenhouse gasses	Obligation to manage such gasses	<ul style="list-style-type: none"> Promotion of energy-saving initiatives Renewable energy sales 	<ul style="list-style-type: none"> CO₂ reduction initiatives Entry into the solar power business Promotion of tree planting activities Promotion of distribution optimization 	<ul style="list-style-type: none"> Improved awareness of environmental contributions among employees Contribution to a sustainable society
Accelerating pace of IT utilization	Shift from paper to digital media	Declining demand for graphic paper (newsprint, printing/data processing paper)	Increase in demand for output such as copy paper	<ul style="list-style-type: none"> PR on the long-term storage properties and visibility of paper Concentration on packaging and sanitary uses 	<ul style="list-style-type: none"> Adaptation to changes in demand Creation of new demand
Population decline	Changing needs caused by declining birthrate and aging society		<ul style="list-style-type: none"> Sales of sanitary products to senior citizens Expansion of high-added-value market aimed at children 	<ul style="list-style-type: none"> Provision of high-added-value products Development of niche products 	
Elimination of plastic	<ul style="list-style-type: none"> Reduction in the use of plastic Increasing demand for substitute products 	Decline in film demand	<ul style="list-style-type: none"> Increase in demand for paper as a substitute Increase in demand for biodegradable films 	<ul style="list-style-type: none"> Provision of substitute products Development of new products 	<ul style="list-style-type: none"> Contribution to a sustainable society Creation of new demand

Carbon Offset Initiatives

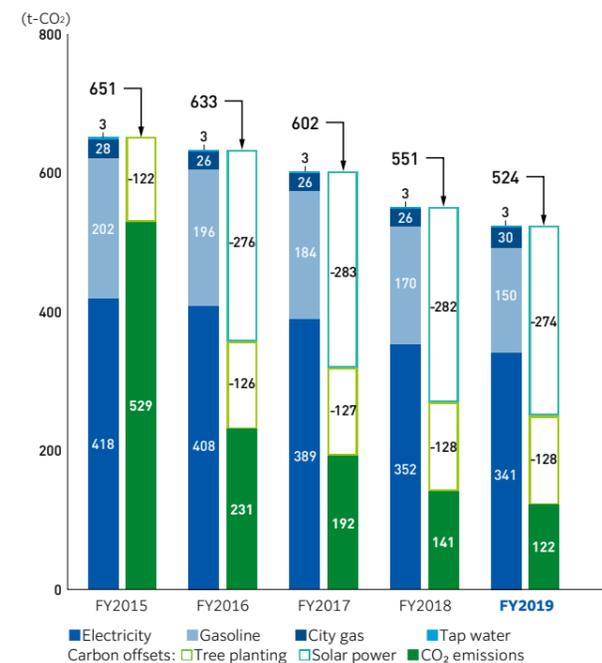
Reducing CO₂ through solar power

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 2019 to March 2020, CO₂ emissions were cut by 274 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.

Reducing CO₂ through tree planting

Since 2009, we have engaged in our 1% for Present Tree, a tree planting activity in which we reserve 1% of sales from our customers to purchase and plant young trees. The amount of CO₂ absorbed by the trees we planted in fiscal year 2019 was 128 tons.

CO₂ emitted through business activities



Special Feature

Societal Needs and SPP's Solutions

17 PARTNERSHIPS FOR THE GOALS

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.

4 QUALITY EDUCATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER

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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

Film

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.

2 ZERO HUNGER, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

 Paper

 Contributing to Education and the Environment

Accelerating the trend in the elimination of plastic through paper with barrier properties

Yasushi Oguri
Nagoya Branch
Manager, Wholesale
Department, Paper Division



As the trend toward the elimination of plastic moves forward on a global scale, even in the world of packaging materials, paper is receiving significant attention.

And even within this context, the environmentally conscious barrier and coating material products we carry are extremely unique. Both are advanced materials that utilize a coating technology used in papermaking, offer superior barrier properties in blocking the permeation of oxygen and water vapor, and are perfect for food receptacles and packaging. Because they retain paper's recyclability while exhibiting high functionality, they can be expected to contribute significantly to the reduction of plastic as environmentally friendly barrier materials.

As an agency carrying both paper and film, we can deliver to customers hybrid solutions that combine the respective advantages of paper and film. The Nagoya Branch is in charge of a large territory, and it is our intention that we contribute to the resolution of social issues while at the same time also demonstrating our logistical capabilities as "your regional paper seller."

In addition, although the utilization of IT has grown in the field of education, the effect of actual "writing" in learning is being reevaluated in elementary school education. It is my aim to keep a close watch on this trend toward the re-recognition of the value of paper while aiding in even better learning through paper going forward.



Hitoshi Nishimura
Sapporo Branch
Section Manager, Sales
Section, Sales Department

Reliably Delivering Paper Products with an Abundant Selection and Nationwide Distribution Network

SPP's strengths include its selection of paper products from a variety of manufacturers, and its ability to stably supply the required amount of product at the required time using a nationwide sales and distribution network. At the Sapporo Branch, we often order paper products from areas throughout the country in addition to the local consumption of paper produced by paper factories in Hokkaido. Accordingly, we meet delivery deadlines through highly accurate ordering and inventory control. In recent times, there have been difficulties such as production instabilities caused by disasters and other issues, but through SPP's nationwide network, we were able to keep product supply stable.

Lately, the value of paper has been reevaluated from an environmental perspective as a substitute for plastic. Going forward, we intend to continue to focus

our efforts on providing our customers with high-added-value products such as high-performance paper materials and forest-certified paper, together with stably supplying the paper that is essential to their operation.



A photo taken during business activities (the Former Hokkaido Government Office Building)

 Stable Supply Initiatives

SPP Solutions Focusing anew on the environmental superiority of paper

Since our establishment, SPP has expanded the possibilities of paper while changing the role paper fulfills in line with the changing times. And in recent years, the value and capabilities of recyclable wood-based natural materials, the raw materials of paper, are being reevaluated.

In terms of paper's environmental superiority, first, the trees which serve as a raw material for it absorb the CO₂ that is a primary cause of global warming. There is an image that the paper manufacturing industry is decreasing forest resources, but in fact wood procurement is conducted under sustainable forest management. In addition, the appropriate lumbering and periodic thinning of old forest, whose ability to absorb CO₂ has declined, helps forest revitalization. Second, paper is a material that makes it possible to reuse resources. In terms of resource reuse, first, the

wood itself is a recyclable resource, and paper is also suited to recycling. Japan is one of the top nations in the world for its used-paper utilization rate, with currently 64%*¹ being reused, contributing greatly to resource circulation. In addition, in the papermaking industry, the utilization of the waste liquid produced when extracting the fibers from wood as a biomass fuel is being promoted.

At SPP, we are offering substitutes to switch from plastic to paper materials and also actively increasing our handling of FSCTM*² and PEFC*³-certified paper products.

*¹ Total used-paper utilization rate for paper and paperboard in 2019. Source: "Pulp and Paper Statistics," Ministry of Economy, Trade and Industry.

*² Forest Stewardship CouncilTM (FSCTM): An NPO that manages international forest certification.

*³ Programme for the Endorsement of Forest Certification Schemes (PEFC): An international certification organization that provides confirmation of reciprocity with the certification systems of various countries.

CLOSE UP

Commitment concerning the handling of forest-certified paper

Shinsei Pulp & Paper Company recognizes the conservation of the global environment as a priority and, as a paper distribution company aiming to promote paper products produced from forests managed according to sustainable methods, acquires PEFC CoC certification* and observes the certification requirements.

Yasujiro Kato; Shinsei Pulp & Paper Company; April 1, 2020

*CoC certification: Chain of Custody certification proving that wood from a certified forest was separately managed throughout the distribution and processing processes.

Substitute environmentally conscious products

Recycled paper	Paper made from collected used paper. Japan's used-paper utilization rate exceeds 64%, 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; created with the aim of reducing environmental impact.
Bulky paper	A paper that is bulky yet light, increasing transportation efficiency and contributing to CO ₂ emissions reductions and resource conservation.	Paper made from thinned wood	Paper that uses as a raw material wood thinned in order to promote healthy forests. Appropriately thinning and managing forests can help increase their ability to absorb CO ₂ .
Non-wood paper	Paper made using as a raw material plants other than wood and agricultural production byproducts. Plants such as bamboo and sugarcane grow fast and possess superb ability to absorb CO ₂ .	Afforested tree pulp	Paper that uses as a raw material trees obtained from a forest managed according to a cyclical plan from tree planting to felling. Enables the efficient and stable acquisition of wood.

Support for environmentally friendly paper

Kizukai movement/Kizukai cycle	An activity conducted by the Forestry Agency promoting the use of thinned wood and other domestically produced materials. SPP is promoting the sale of paper made from domestically produced materials.
Thinned wood mark	An initiative by the National Federation of Forest Owners' Co-operative Association raising awareness about the importance of thinned wood and promoting its use. SPP acquired 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.

Paperboard

The Need for Paper as a Substitute

“From plastic to paper” Exploring the comprehensive value of boxboard as a substitute material

A trend affecting paper manufacturers is the concern regarding plastic products due to the issue of ocean pollution, and the rapid shift towards paper products amid the movement to reduce and eliminate plastic. Manufacturing companies are engaging in public relations activities aimed at end-users, and the development of products to aid the switch from plastic to paper, such as paper straws and trays with added value like a barrier layer or water- and oil-resistant processing.

At the Osaka Branch, we are selling a variety of boxboard products such as recyclable functional boxboard and FSC™-certified boxboard to paper container converters*4 primarily based in the Kansai region.

However, although there is much need for the elimination of plastic, in comparison with plastic, paper materials still have a low degree of satisfaction in the areas of functionality, producibility, and cost, and ideas are needed that will speed up the switchover to paper. At SPP, we are promoting packaging initiatives together with converters such as proposing CNF*5

Masahito Tanaka

Osaka Branch
Manager, Paperboard
Department, Packaging
Division



made from wood fiber as a substitute for clear case materials to cosmetics manufacturers. In addition, for primary food containers that are experiencing an increase in demand for paper trays, we are aiming for high performance that cannot be achieved with paper alone by combining barrier coatings and film materials with paper.

*4 Paper container converter: A processor for packaging materials, etc.

*5 CNF: An abbreviation for cellulose nanofiber; a cutting-edge biomass material created by breaking down the fibers that make up wood at the nano level.



SPP Solutions One of our strengths is our ability to offer total packaging solutions that meet customer needs

Japan, like many other places, is experiencing an extreme increase in concern regarding the issue of plastic waste in the ocean. As an example, disposable shopping bags now cost an extra fee as of July 1, 2020. At SPP, we are demonstrating the synergistic effects of paper, paperboard, and film while promoting the development of environmentally conscious products and actively offering ideas and solutions to user companies and converters.

Offering alternatives to reduce plastic and change packaging to paper may be not be glamorous, but it is an initiative that is steadily promoting the elimination of plastic. As a company that possesses specialized expertise in a diverse array of fields and is thoroughly versed in the positives of both paper and film, SPP will continue to develop environmentally conscious products and deliver unique paper solutions to customers.



Yukimasa Susami
Development Department,
Tokyo Main Branch

Aiming to realize a recycling society, starting with eggshells

In the development department, I have been working on the development of products which do not pose an environmental burden and that aim to be carbon negative for companies with a strong interest in the SDGs. One particularly unique example is paper blended with eggshells which we call CaMISHELL.

CaMISHELL is paper made by mixing in eggshells, which are disposed of in large quantities, in powdered form. CaMISHELL has already been used to make paper for business cards as well as four other types of products, such as coated cardboard used in items like shopping bags and packaging. The need for such products is high as one initiative that companies should be implementing to achieve a recycling-oriented society, and we have received many inquiries.

The thing that kicked off its development was a chance encounter. During an exhibition held last summer, a plastic product called Plashell made by mixing plastic and eggshells caught my attention, and when I made a call on the company that made it, the president asked me if the same thing was possible with paper. I then sent eggshell powder to a paper

manufacturer, and, after prototyping, this resulted in the creation of CaMISHELL as a product. In addition, in January, CaMISHELL won the ninth Shibusawa Eiichi Business Prize sponsored by Saitama Prefecture.

Besides eggshells, paper can be blended with a variety of materials, such as hemp and cotton. Going forward, it is my aim to recycle a variety of other industrial waste products and further promote initiatives to eliminate plastic and reuse resources.



Industrial Waste Reuse

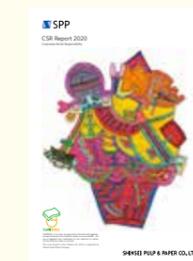
SPP Solutions Cooperating with manufacturers to create new added value

In 2018, SPP established a new Development Department in the Tokyo Main Branch. Of the different types of added value customers seek in products, the realization of a recycling-oriented society is a particularly significant topic. Accordingly, we are now hard at work promoting sustainable consumption and production through the development of products that reuse waste matter as a raw material instead of throwing it away. CaMISHELL, a paper made by mixing in eggshells, is a truly representative example of this, and this product achieves both resource conservation and reuse.

The issue of eliminating plastic, in particular, is a pressing issue which needs to be resolved, and as a company that carries paper, SPP is aiming not just to achieve plastic elimination through paper but, regardless of material or field, the development as well of products with stories through collaboration with companies whose goal is plastic elimination. We believe that these actions tie into SDG 12: Responsible Consumption and Production, and SDG

17: Partnerships to achieve the Goal.

In Europe, NPOs and consumers have already begun to strictly evaluate corporate environmental conservation and human rights protection initiatives from the standpoint of the SDGs, and this has even influenced matters such as investments. It is anticipated that Japan, as well, will reach a similar state of affairs by the SDG target deadline of 2030. SPP will continue to propel inter-industry innovation with the aim of resolving social issues and plastic elimination through paper.



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

Film

On the Forefront of Bioplastics

Offering comprehensive value as a professional organization dealing in soft packaging base paper

Masaki Sawamukai
Osaka Branch
Manager, 1st Section,
2nd Chemical Department



Due to the increased interest in sustainable substitute materials, we in the Chemical Business Department in the Osaka Branch have created a list of bioplastic products and numerous other environmentally conscious products whose information is updated daily. We believe it is important to constantly get caught up on the latest information because manufacturers are proactively proceeding with the development of environmentally conscious products. In addition, as a professional organization dealing in soft packaging base paper, we do not simply offer bioplastics but rather offer proposals with multiple functions, including reducing CO₂, cutting food waste, and ease of use.

Opportunities for offering bioplastic products and solutions for switching over from existing plastic packaging to paper packaging have increased, but in 2019, demand particularly increased after a major food company changed part of the outer packaging of a popular chocolate confection to paper. With the rise in interest in environmental issues in the present

time, switching the labeling material of packaging from "plastic" to "paper" is an important measure for a food company to take. Right now, it is not easy to completely replace the functionality of plastic with paper, but through coordination with our paper business, SPP is combining its unique expertise to offer products that provide advanced capabilities while also being environmentally conscious. I believe that tackling the SDGs through this kind of innovation that only we are capable of will help contribute to society.



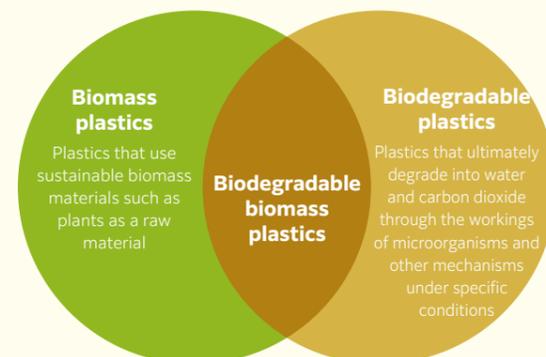
SPP Solutions Bioplastics as sustainable substitute materials

Bioplastics is the general term for plastics which use biomass as a raw material and plastics that are biodegradable. Many of the plastics we carry which use biomass as a raw material are films that mix sugarcane-derived plastic with a set amount of petroleum-derived plastic, and accordingly in recent times the use of these plastics in shopping bags is on the rise. Due to the increase in environmentally conscious initiatives the world over, now biomass materials can even be difficult to obtain. Even among major South American companies that make it, production of biopolyethylene is low, around 200 thousand tons annually, and procuring it in order to further expand its use has become a challenge.

The environments in which biodegradable plastics degrade can be broadly broken down into three categories: compost (high-temperature, high-humidity environments), soil environments, and aquatic environments. For the issue of plastic marine garbage, which has gained attention the world over and for which solutions are urgently being sought, being able to biodegrade in aquatic environments is huge. At SPP, we are aiming to further contribution to society by developing and supplying highly biodegradable

materials through the combination of biodegradable plastics with paper.

What are bioplastics?



SPP's strengths include its top market share in quantities carried, information capabilities, expertise, and the comprehensive development capabilities of its chemical products departments established at each base. In the field of bioplastics as in others, SPP is closely monitoring trends and sharing this information with all of its bases.

Reducing Food Waste with High Barrier Films and Other Products

Midori Furutani
Chemical Business
Department,
Kyushu Branch



Keeping up with the accelerating development of advanced film materials and finding optimum solutions offering the functions customers need

Right now, the topics that we get a lot of inquiries from customers about concern reducing food waste and the development of environmentally conscious products. We primarily sell products such as substrate materials*⁶ used for food packaging, barrier materials*⁷, and sealants*⁸. In terms of trends for food companies, the intensive production of items in factories that were previously produced by individual establishments is on the rise, resulting in the increased use of industrial food packaging for transporting items to business locations. In addition, looking at consumer facing trends, there has been a shift toward subdivided packaging and bottles outfitted with small mouths for liquid condiments in order to preserve freshness and reduce food waste. Due to the increased shelf lives, usage for sports and outdoor purposes has also increased, with new markets

continuing to expand. Meanwhile, film manufacturers have developed high barrier films to extend shelf life, as well as high-strength retort sealant films for content preservation, and high-rigidity films for improving suitability for filling processes.

We are hard at work gathering and organizing information such as the characteristics of new materials being developed, their merits and demerits when used in combination, and examples of actual usages in order to be able to respond to customer inquiries in a timely manner. Going forward, we aim to contribute to the resolution of social issues through packaging by offering our customers a variety of materials.

*⁶ Substrate materials: Films that can be printed on.

*⁷ Barrier materials: Films for maintaining the freshness of the packaged contents.

*⁸ Sealants: Adhesive films used to close bags.

Offering Added Value in Line with the Changing Times

Offering high-added-value solutions with broad vision and the capabilities of a trading company

Shotaro Watanabe
Sendai Branch
Chemical Business
Section,
Sales Department



In the Chemical Business Section of the Sendai Branch, we sell substrates such as paper and plastic film for food packaging and industrial uses to film processing converters. Recently, common themes seen in customer needs are reducing environmental impact and food waste, and the demand for biomass materials and high barrier films has increased.

In addition to this, the effects of COVID-19 have resulted in a dramatic increase in the number of inquiries we receive concerning antimicrobial matters. Antimicrobial films come with a variety of challenges, including identifying the bacteria and viruses protection is offered against, as well as ensuring efficacy and how long protection is guaranteed, and accordingly film manufacturers are diligently moving forward with product development.

In addition, besides food packaging, opportunities have increased for offering antimicrobial films for use in areas frequently touched by people such as doorknobs.

SPP's strengths include its dealings with a diverse array of suppliers, including processing companies and film and paper manufacturers, making it possible for us to offer optimum solutions from among a broad range of choices. For example, looking at food packaging in the here and now, in addition to the basic functionality of protecting the contents, we ask what kind of value are customers seeking, or what value we can add. Going forward, we see gathering information on customer needs and requirements from a broad perspective and providing information to both customers and suppliers as one of our most important duties.

Environmental



Environmental Policy

We revised our Environmental Policy in April 2020. 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)

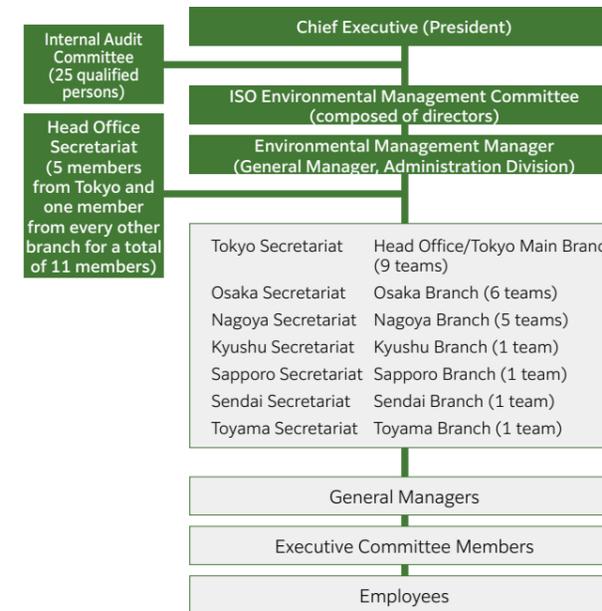
Initiatives for ISO 14001

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. In fiscal year 2019, we revised our Environmental Policy and, in April 2020, we made the promotion of the SDGs a part of our environmental targets.

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.

FY2019 ISO 14001 implementation plan and state of achievement

ISO 14001 implementation plan: 89 targets, 76 targets achieved, 13 targets unachieved

Environmental targets	Implementation plan	Achievement rate
Eco-friendly product sales	Promotion of sales of CoC-certified paper, etc.; expansion of sales of chemicals and film	76.4%
Reduced electricity consumption	Adjustment of room temperatures, turning off lights in unused locations, turning off lights when leaving	100.0%
Reduced gasoline consumption through the optimization of distribution and inventory	Reduction of gasoline consumption through measures such as increasing the direct delivery rate	78.6%
Reduction of general waste output	Initiative to sort waste	100.0%
Reduction of amount of copy paper used	Greater than a 100% reduction compared to the previous fiscal year through reducing the amount used, etc.	100.0%
Promotion of purchasing of green products	Increase in purchase rate for industrial green products	66.6%
Work optimization	Promotion of internal beautification, stationery recycling, etc.	100.0%

Addition of priority environmental management items

SPP manages items that significantly affect the work environment as “priority environmental management items” (equivalent to “significant environmental aspects” in the ISO 14001 standard). In April 2020, SPP added “promotion of the Sustainable Development Goals (SDGs)” and “observation of environmental regulations” to its list of priority environmental management items. Going forward, SPP will be engaging in management with an even greater awareness of environmental issues.



Human Resources

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 certification system (Forest Stewardship Council certification system) 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 an international NPO-managed system whose purpose is the global promotion of responsible forest management. [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.

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. In fiscal year 2019, we offered customers alternatives such as replacing plastic products with paper ones. In addition, we also promoted the reduction of plastic waste through measures such as switching from bottles to standing pouches.



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, CaMISHELL began being sold in 2020.



CaMISHELL - a paper made by mixing pulp and eggshells

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.

<p>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.</p>	<p>Scope This guideline applies to all domestic and overseas bases.</p>
<p>Procurement policy</p> <ol style="list-style-type: none"> Proactive approach to forest-certified paper Proactive approach to products complying with the Green Procurement Act Proactive approach to recycled pulp products Proactive approach to chlorine-free bleached pulp Proactive approach to paper made from thinned wood Proactive approach to non-wood paper Proactive approach to chemical products based on environmental impact Proactive approach to partners who advocate preserving high-value forests and rural environments Proactive approach to product transparency required by law 	<p>Sales policy</p> <ol style="list-style-type: none"> Provide products where the legality of manufacturers can be verified Provide products manufactured with sustainable resources <p>Relevant laws, regulations, ordinances, and standards</p> <ol style="list-style-type: none"> Guidelines for Private Sector Engagement in Biodiversity (Ministry of the Environment) Act on the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Procurement Act) Act on the Promotion of Distribution and Use of Legally Logged Wood Products (Clean Wood Act) Substances prohibited from use: Attached Table 9 of Order for Enforcement of Industrial Safety and Health Act (management of chemical substances used in products) Usage of chemSHERPA to communicate information regarding chemical substances in products (management of chemical substances used in products)

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.

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.

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 knowhow on to the next generation.

Promoting disabled person employment

SPP is actively promoting the employment of disabled persons 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 disabled persons and strive to create a work environment in which disabled persons can work in safety and security.

* 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> (Japanese language only)

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.

Workplace safety and health

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.



A health committee meeting

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.



An Employee Association harassment committee meeting (Tokyo Main Branch)

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 general meeting of the Employee Association

Club activities

Club activities serve as spaces for cross-entry year and cross-departmental communication. SPP views the clubs as an employee welfare system that helps employees refresh and recharge through the many activities clubs engage in, including promoting health through sports activities and providing enrichment through cultural activities.



The tennis club at the Osaka Branch



The baseball club at the Tokyo Main Branch

Social Contribution Activities

Relevant SDGs



Support activities for disabled persons

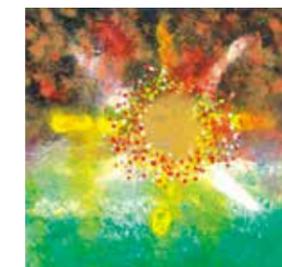
Paralym Art

Paralym Art is an initiative conducted by the Shougaisha Jiritsu Suishin Kikou Association to promote the social participation and financial independence of disabled persons through art. The ultimate goal of the initiative is to eliminate barriers between disabled and non-disabled persons by providing disabled persons 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. As a specialty trading company, we consider Paralym Art to be a CSR activity and plan to expand it nationwide. In fiscal year 2019, we produced 22,735 Paralym Art Calendars imprinted with our company name, licensed out 23 works of art, and rented out seven works of art.



Paralym Art is a project certified by the Beyond2020 Program managed by the Secretariat of the Tokyo Organising Committee of the Olympic and Paralympic Games, Cabinet Secretariat.



"Symphony" by Misato Shikata



"The Earth" by Mist

Cultural activities

The work of Magobei Okura, our company's founder and the largest publisher of nishiki-e woodblock prints during Japan's Meiji period, as well as early modern nishiki-e in our collection, were presented in "Meiji Nishiki-e x Taisho Shin-hanga: Early Modern Woodblock Prints Loved by the World," a special exhibition held at the Kanagawa Prefectural Museum of Cultural History in September 2020.

Magobei added the production of nishiki-e prints for export to his family business of picture book publication, expanding the creation of nishiki-e. These prints in turn transmitted the beauty of Japanese art to the world. The exhibition explored the history of early modern Japanese woodblock prints that reached the rest of the world, such as the nishiki-e picture albums Magobei initiated.

SPP supported the exhibition through means such as providing paper for the catalog published for the exhibition.



"Dainihon bussan zue," a nishiki-e picture album that once belonged to Magobei Okura

Support in combating COVID-19

Face shield donations

In May 2020, SPP donated 4,680 face shields for preventing droplet infection to medical institutions in Tokyo to assist medical care workers in response to the shortage of medical care items caused by the spread of COVID-19.



WEB Information on the donation of masks and other items posted on the Tokyo Metropolitan Government Disaster Prevention Information website (news release no. 347; Japanese language only)
<https://www.metro.tokyo.lg.jp/tosei/hodohappyo/press/2020/05/15/12.html>

For information on other community contribution activities and disaster prevention equipment supply initiatives, please see the following pages on our website.

WEB Together with the regional community (Japanese language only)
<https://www.sppcl.co.jp/csr/measure/area.html>

WEB Solutions: Disaster prevention items (Japanese language only)
<https://www.sppcl.co.jp/solution/>

Corporate Governance

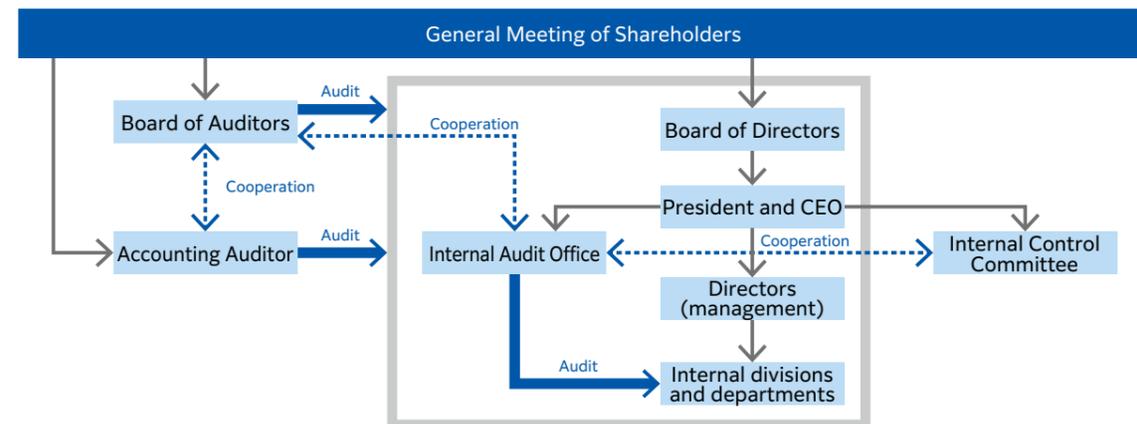


Basic thinking

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.

Corporate governance organization



Corporate governance overview

Organizational structure	Company with a board of corporate auditors
Board of Directors (seven members)	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 full-time auditors and two outside 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 ethics, manuals, and internal regulations so that a company engages in business activities in a fair and appropriate way, and, further, even the maintenance of the environment that determines what kind of rules a company creates and applies. SPP engages in corporate activities that follow social standards and corporate ethics.



SDGs study session

Risk management system

SPP has set up a regulation-based risk management system. Key examples include the establishment of occupational regulations and 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. In fiscal year 2019, we focused on promoting the management of security by the IT Division. In addition, we are promoting telework to avoid the risk of spreading COVID-19 as part of risk management.

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.

*Business continuity plan

Stationing disaster supplies

In fiscal year 2019, we placed storage batteries at all bases to enable the operation of information systems in the event of a power outage during an emergency. In anticipation of the possibility of telephones not working, we also stationed walkie-talkies at our bases for emergency communication purposes. In addition, we periodically inspected disaster equipment and emergency food stocks in order to protect the health and safety of our employees.

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, aiming 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.

Financial highlights (consolidated)

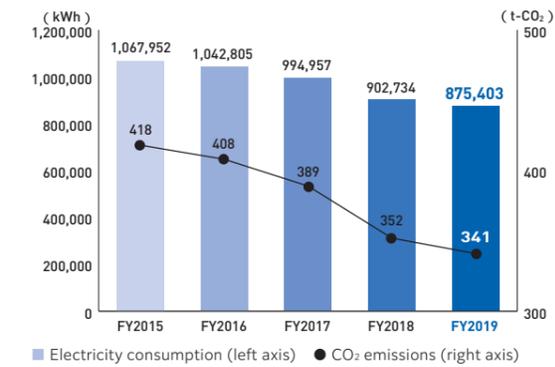
	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Sales	Millions of yen	285,887	266,573	264,022	263,186	256,659
Operating income	Millions of yen	3,549	4,177	4,421	4,539	4,857
Ordinary income	Millions of yen	3,693	4,455	4,775	4,981	5,294
Net income for the period attributable to parent company shareholders	Millions of yen	2,684	3,394	2,580	5,017	3,634
Net assets	Millions of yen	49,474	54,114	56,991	60,244	60,718
Total assets	Millions of yen	150,579	152,591	159,962	160,090	147,492
Equity ratio	%	32.81	35.42	35.59	37.58	41.12
Cash flow from operating activities	Millions of yen	4,401	6,766	5,048	4,560	3,373
Cash flow from investing activities	Millions of yen	-504	-1,649	-1,176	1,093	-2,933
Cash flow from financing activities	Millions of yen	-1,130	-2,220	-4,049	-4,141	-3,119
Cash and cash equivalents closing balance	Millions of yen	8,405	11,238	11,012	12,500	9,798

Non-Financial highlights

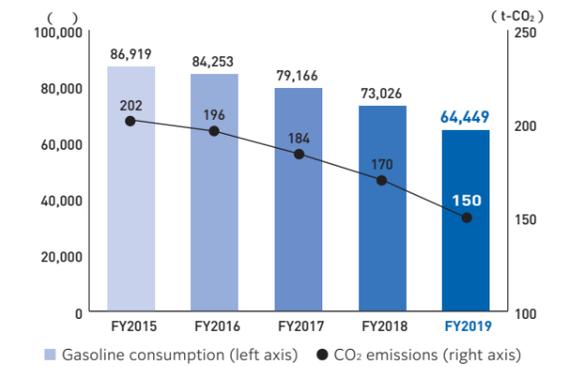
	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Employees (consolidated)	People	919	890	870	851	817
Employees (non-consolidated)	People	616	607	592	590	570
Male	People	421	410	396	393	379
Female	People	195	197	196	197	191
CO₂ emissions from business activities (non-consolidated)	t-CO ₂	651	633	602	551	524
Greenhouse gas emissions output level (non-consolidated)	—	0.81	0.80	0.73	0.71	0.63
1% for Present Tree number of trees planted (cumulative total)	Trees	10,826	11,207	11,554	11,922	12,275
CO₂ reductions from tree planting activities	t-CO ₂	-122	-126	-127	-128	-128
CO₂ reductions from solar power generation	t-CO ₂	—	-276	-283	-282	-274

Changes in primary environmental data indices

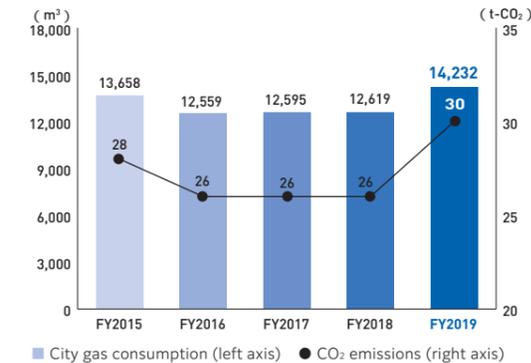
Electricity consumption and CO₂ emissions*¹



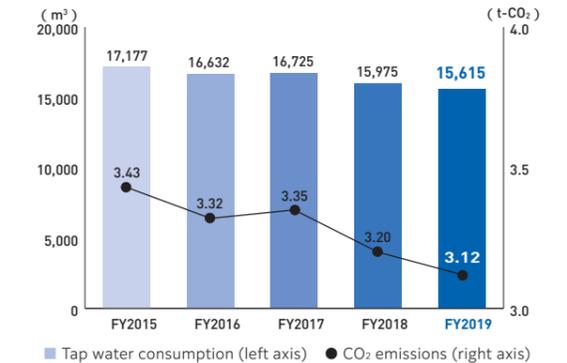
Gasoline consumption and CO₂ emissions*²



City gas consumption and CO₂ emissions*³



Tap water consumption and CO₂ emissions*⁴



*1 Electricity consumption (kWh) × calorific value unit 0.00039 (t-CO₂/kWh)

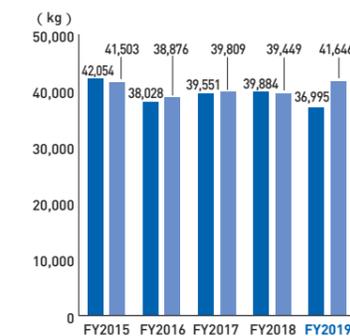
*2 Gasoline consumption (kl) × calorific value unit 34.6 (GJ/kl) × emission factor 0.0671 (t-CO₂/GJ)

*3 City gas consumption (1,000 m³) × calorific value unit 41.1 (GJ/1,000 m³) × emission factor 0.0506 (t-CO₂/GJ)

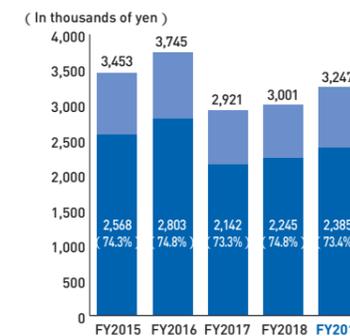
*4 Tap water consumption (1,000 m³) × emission factor 0.2

Calorific value units and emission factors were equalized in order to confirm improvements and were calculated per the figures above.

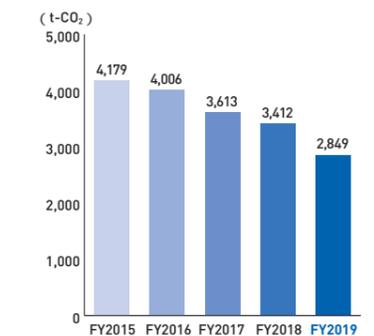
Copy paper purchased and recycled paper material output



Green products purchased and percentages



Transportation results as a Specified Shipper*⁵



*5 A shipping company whose annual delivery volume × delivery distance per shipment is 30 million ton-kilometers or more.

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 570 (as of March 31, 2020)

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, Jyoy 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]	Paper Aichi Company [Warehousing]
Paper Okura Company [Paper sales]	Yamaichi Kakoshi Co., Ltd. [Paper processing]
Daimonji Paper [Paper sales]	Muromachi Company [Molded product processing]
OP Palm Company [Paper products sales]	Kyokutou Koubunshi Co., Ltd. [Film processing]
Sanko Forms Co., Ltd. [Paper processing and manufacturing (information recording paper)]	OP Pack Co., Ltd. [Film processing]
Koei Co., Ltd. [Paper processing and manufacturing (cardboard)]	Hokkai Paper Industry Co., Ltd. [Film processing]
	Taibo Co., Ltd. [Recycled materials and molded product sales]
	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 (USA) Corp. [Paper sales]
Okura (Shanghai) Ltd. [Paper and film sales]	Shinsei Pulp & Paper Taiwan Ltd. [Paper and film sales]
Shanghai Branch	Shinsei Pulp & Paper (M) Sdn. Bhd. [Paper and film sales]
Beijing Branch	(Joint venture) Totaku (Shanghai) Electric Materials Co., Ltd. [Industrial material sales]
Guangzhou Branch	(Joint venture) Suzho Gold Electronics Ind. Co., Ltd. [Industrial material sales]
Shinsei Pulp & Paper (Thailand) Co., Ltd. [Paper and film sales]	
Shinsei Pulp & Paper Australia Pty. Ltd. [Paper sales]	

“As a Bridge to a Sustainable Future”



Yuko Sakita Journalist and environmental counselor

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 is currently a member of the Community Development and Sustainability Committee, the Sustainability Discussion Group, and the Resource Management Working Group in preparation for the Tokyo 2020 Olympic and Paralympic Games. 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 Activities Network 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)
 Serialization: “Environmental Baton: Going Beyond 2020” (Japanese) (in serialization since 2018 in “Life and Environment,” Japan Environmental Sanitation Center)

The spread of COVID-19 around the world in 2020 has provided many hints to a society advancing toward the realization of the elimination of carbon as quickly as possible in the second half of this century in order to implement the Paris Agreement, including accelerating the pace of digitalization, and the creation of an economic system focused on decentralization.

And thinking about what is happening with COVID-19 and what will happen after COVID-19, in line with the “green recovery” expanding across EU and the globe, it is my belief that we must further accelerate the speed of our progress towards a sustainable society and create conditions in which this is highly evaluated by financial institutions and all of society.

And for this, the initiative of companies that support our economic foundation is more important than anything. Looking at this CSR Report 2020, I give high marks to SPP’s stance of realistically contributing to the economy and society as a whole with a focus on the environment and based on the SDGs (Sustainable Development Goals).

I particularly see vision with a focus on the current state of affairs in SPP’s management philosophy of “responding to the changing times with a firm commitment to ‘innovation and challenges’ and continuing to grow with society.”

In the opening greetings, the president clearly states that, as a general trading company for paper resources, SPP will proactively fulfill its duties, the first of which being “to contribute to the reduction of CO₂.” Moreover, it is apparent that SPP’s philosophy of “innovation and challenges” has taken root from its direct assault on social issues such as tackling the reduction of marine plastic and food waste, and even in plastic film for food packaging, which has gained attention as a safety measure amidst the COVID-19 crisis.

More specifically, I believe it is wonderful that SPP is tackling social issues through partnerships connecting manufacturers and client companies, and am amazed by just how strong SPP’s desire is to contribute to the realization of the SDGs.

Details are depicted in “Societal Needs and SPP’s Solutions,” a special feature which presents the voices of specialists from SPP’s seven branches nationwide

and that was compiled in response to the trend of “decentralization,” a new keyword that has emerged through the COVID-19 crisis. Reading that feature, I keenly felt that taking the lead on ambitious initiatives is the product of human resource capabilities and information connection capabilities that accurately grasp needs and present solutions.

Today, it is imperative that we reevaluate styles of business and life dependent on disposable plastic. However, it is truly promising that SPP understands what our society is like and the changes it is going through, and is taking on the challenge of proposing new replacement packaging for food utilizing biomass plastic and paper barrier and coating materials as substitutes for plastic.

In addition, the development of paper made by using large amounts of powdered eggshells, until now disposed of as industrial waste, is an amazing initiative that links a new resource and technology to tie directly into the realization of a recycling economy.

In last year’s column, I encouraged SPP to offer a new paper culture in response to a time when paper resources are being reevaluated. This year, I felt that SPP had clearly demonstrated their ability to do far more than that in response.

I tip my hat to SPP’s firmly rooted and profound culture of exploring directions for development always with an eye on the future, something that is a result of SPP taking pride in 130 years of tradition since its establishment.

In closing, I would like to say one thing in regards to SPP strengthening its risk management system. SPP is responding to the rapid progress of digitalization as represented by areas such as IT security management and the introduction of telework to combat COVID-19. However, it is my hope that SPP will keep a firm eye on what changes this wave of digitalization will bring to the way people work and business going forward.

In addition, I know that SPP is continuing to refine its business continuity plan, but the risks posed by climate change such as large-scale natural disasters and power outages are rapidly increasing. It is my hope that SPP will strengthen its resilience against risks exceeding those anticipated, and take the lead in creating a sustainable society.



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