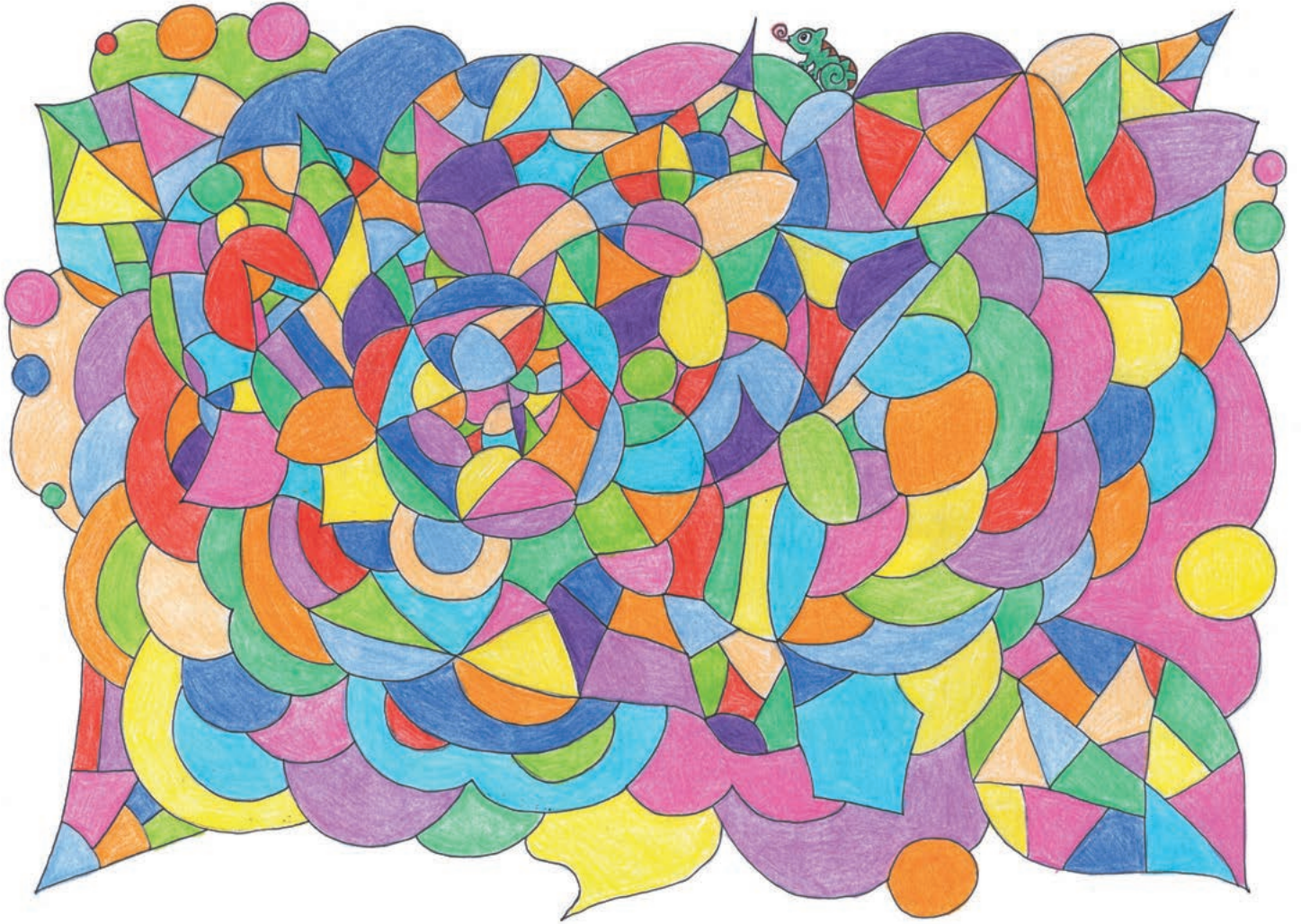




# CSR Report 2024

Corporate Social Responsibility



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

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

**SHINSEI PULP & PAPER CO., LTD.**

## Management 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.

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. Taking to heart our DNA of “innovation and challenges,” we will strive to accurately identify the issues faced by our customers and society as they change with the times, delivering added value that will support their sustainable development.

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## Editorial Policy

The editorial policy of the CSR Report is communicating our CSR activities in an easy-to-understand manner to our stakeholders. This report is an annual report covering the period of fiscal 2023 (April 2023–March 2024), but some of the latest initiatives that began after April 2024 are also referenced. In the creation of this report, internal and external surveys were conducted on last year's CSR Report, and thoughts and views from these were reflected in this report's planning and composition. We would like as many people as possible to learn about our CSR activities through this report.

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

Guidelines: Environmental Reporting Guidelines (Fiscal Year 2018 Version) published by the Japanese Ministry of the Environment; ISO 26000

Publication: October 2024

## About the Cover

The front cover is decorated with artwork from Paralym Art, which is supported by SPP. Paralym Art is an activity carried out by the Shougaisha Jiritsu Suishin Kikou Association to support the social participation and economic independence of people with disabilities through art. The illustration on the front cover is “Chameleon House” by sato. The artist says, “I was very surprised and happy to receive the news that my design had been chosen for the cover. Thinking about what I would do if I were a chameleon, the idea of building a house came to mind, and I ended up having great fun drawing it. I am truly happy and grateful to have connected with you all through my art.”



*Etsuo Sanpei*  
President, CEO

**In response to the rapidly changing market environment, we will contribute to the development of our customers and society from a broad perspective based on the concept of “sustainability.”**

**Progress of the Mid-term Management Plan**

**Amid drastic changes in the market environment, we have shifted our focus from quantitative sales expansion to qualitative profit stability.**

In fiscal 2023, the second year of the 6th Three-year Mid-term Management Plan “Growth 2024,” while economic activity was recovering from the effects of the COVID-19 pandemic, there was a marked rise in prices due to the rising costs of raw materials and fuel, a result of factors including geopolitical risks, and the ongoing depreciation of the yen. With paper manufacturers no longer able to absorb the rising costs of logistics and labor solely through their own efforts, the cost increases have gradually been shifted onto sale prices. As a result, in the past few years, there have been unprecedented price revisions: three times for our mainstay of paper, two times for paperboard, and five times for chemical products. Given these unexpected circumstances, we also took a direct approach with respect to the need for price revisions and the maintenance and stabilization of market conditions.

These price increases led to consumers holding back on purchases, and our customers (processing companies) responded by reducing the size and thickness of paper

and chemical products in an effort to cut costs. These two factors caused sales volume to fall by nearly 10%, but with the price revisions raising unit prices, the market size returned to pre-pandemic levels. In order to respond quickly to these structural changes in the market, we are shifting our focus from quantitative sales growth to ensuring stable profits in qualitative terms.

In addition, we have made it a regular practice to hold monthly meetings between group companies in order to identify signs of changes in the market and to understand the latent needs of each group company’s customers. There is also a great deal of value in sharing information on matters such as the status of equipment operation between companies in different industries, such as paper distribution and processing, and plans are underway to use spare machinery to make cushioning material. By broadening the areas where we can work together and further honing our skills as a trading company, we will strengthen the all-round capabilities of the group and enhance our competitiveness.

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



**Slogan**

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

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

**Basic Policy**

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

Addressing Sustainability Issues

We are further enhancing our capabilities as a trading company to help realize a sustainable society, pursuing value-added proposal activities with a bird's-eye view of the industry.

Among our important responsibilities as a trading company is to contribute to the sustainable development of society by addressing the changing times in terms of the global environment and solutions to social issues. A particularly important topic in this regard is measures for the environment. In Europe, legislation has been passed for the use of alternative reusable plastic materials for food and other packaging. Although there are still cost issues involved in recycling waste as a useful resource in Japan, we believe that grasping the rationale from a broad perspective and making proposals will lead to the next commercial opportunity. Together with one of our group companies, Taibo Co., Ltd., which is engaged in the plastic recycling business, we are working to raise awareness of these products.

Meanwhile, as a new part of our functions as a trading company, we are also working to visualize GHG emissions in our supply chain, calculating for Scopes 1, 2, and 3, and establishing reduction targets accordingly. Of course, given that global warming is a pressing issue

worldwide, we intend to provide support to our customers through procurement and information disclosure that addresses environmental constraints. In addition, from the perspective of reducing GHG emissions not only at our own facilities but also those of our customers, it is imperative that we move away from wide-area distribution and closer to a model of local production for local consumption. We are also studying the creation of a scheme to connect optimal production and consumption areas.

In the area of logistics reform, the last decade of joint logistics efforts is beginning to show results. Since April 2024, we have again been requesting compliance with deadlines for delivery requests. The paper distribution industry as a whole is responding to requests from the logistics and transportation industries, and we are seeing a positive response to the improvements. Currently, we are building a joint logistics model in the Tokyo area, but in the future we would like to invite participation from like-minded companies so that we can expand the model nationwide.

Outlook for the Future

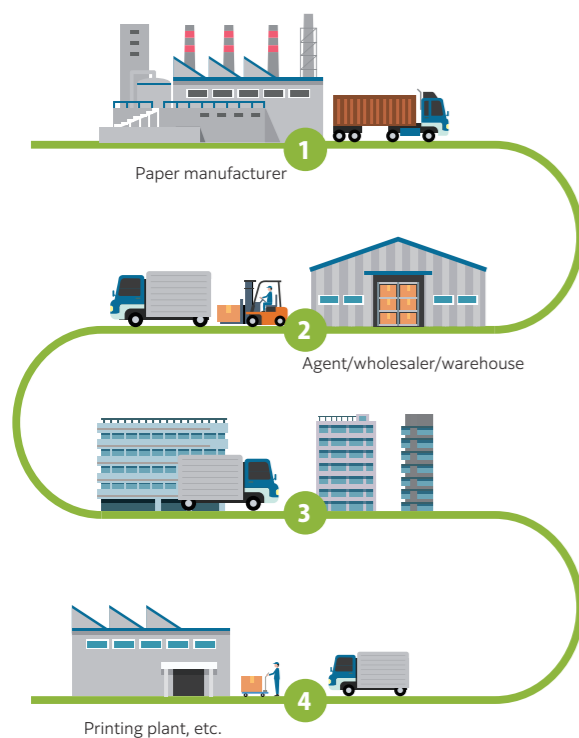
By focusing our efforts on developing flexible human resources who can respond firmly to changes in the demand structure, we will strive to uncover new demand.

While the industry as a whole is undergoing major changes, our overseas expansion is being supported by the weak yen, and our sales ratio is on an upward trend over the long term. In this respect, the strongest growth was seen in North America, and growth is still expected in the Asian region. Going forward, our focus will be on South Asia, especially India. In Japan, there is growth potential for packaging and containerboard materials in the paperboard market, as well as definite demand for films to extend the shelf life of food products. As such, it is vital that we further hone our ability to generate demand for paper and film. What customers expect from the SPP Group is the ability to propose products that, even amid the drastic changes in the demand structure that we have seen in recent years, anticipate changes in industry and business conditions. We have the advantage of having trained specialists in each business category, and we will further promote personnel exchanges to actively develop human resources who can adapt to change. Moreover, I believe that one

of my key responsibilities as president is to keep searching for the optimum organizational structure.

In recent years, manufacturers have been in constant pursuit of technological innovation, such as the practical application of cellulose nanofibers\*, and some companies have shifted their business from papermaking to chemicals. In terms of investment in development, we, as a trading company, are still vulnerable, and this is a challenge that we are keenly aware of. Business development in response to new needs is becoming increasingly important, and the question will be how to demonstrate in the field the passion for "innovation and challenges" that is part of our management philosophy. Paper and film are also materials worth pursuing. By providing solutions that capitalize on this expertise, we will contribute to the development of our customers and society.

\* Lightweight, high-strength, next-generation material made from wood and other plant fibers



Paper Distribution Issues and SPP's Responses

- Issue 1** Securing the lead times necessary to plan consolidated shipments in order to increase vehicle allocation efficiency
  - ➔ Improve cutoff times for ordering deliveries and promote reduction of delivery time designations to reduce the burden on shipping companies
- Issue 2** Optimization of deliveries by aggregating small lot deliveries from multiple warehouses
  - ➔ Increase collaborative delivery efficiency by aggregating stock at a single warehouse
- Issue 3** Wait times during warehouse loading and unloading
  - ➔ **Manufacturer warehousing**  
Introduced a warehousing truck reservation system for group company Shinsei Distribution in Adachi in September 2021
  - ➔ **Business warehouse loading and delivery unloading**  
Promote reduction of wait times based on investigations into the details of wait times across the industry
- Issue 4** Reduction of loading and unloading work not specified in contracts, etc.
  - ➔ Promote delivery recipient unloading across the industry

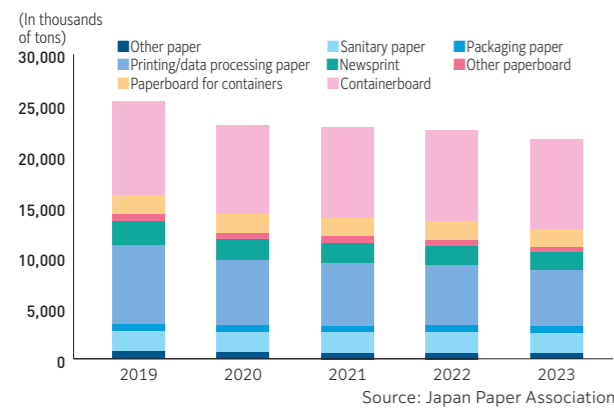


# Business Overview

## Business Environment

In fiscal 2023, although there was a full return to normal socioeconomic activities following the COVID-19 pandemic, the economy experienced a slowdown due to geopolitical risks such as the protracted situation in Ukraine and developments in the Middle East. In terms of the domestic economy, the recovery stalled, hampered by weak personal consumption due to rising prices as well as a downturn in the global economy, particularly in Europe and the U.S.

### Changes in Domestic Demand for Paper and Paperboard



As a result, domestic shipments of paper and paperboard were lower than in the previous year. In particular, demand for graphic paper, as typified by newsprint and printing/data processing paper, continues to decline. In the packaging-related sector, which includes paperboard for containers, containerboard, and packaging paper, despite a recovery in demand weakened due to weak personal consumption, caused by factors such as soaring prices. Consequently, sales were lower than in the previous year.

### Developments in the Soft Packaging Market

- Functional packaging materials, packaging materials, and markets attracting attention**
- The market for aluminum foil for packaging remains robust for pharmaceutical applications
  - Continued intensification of competition in the barrier film market
  - Market for stick packaging grew in 2023, but at a slower rate
  - Emerging need for oxygen-absorbing packaging
  - Continued intensification of competition in the market for plastic drink bottle labels
- Domestic environmental topics**
- A focus on non-aluminum foil and needs for alternative barrier films
  - Growth in biomass and foam sheets due to reduction of CO<sub>2</sub> emissions from plastic containers
  - Ongoing growth in "flexible packaging"
  - Gradual emergence of domestic efforts to reduce CO<sub>2</sub> emissions and waste plastic

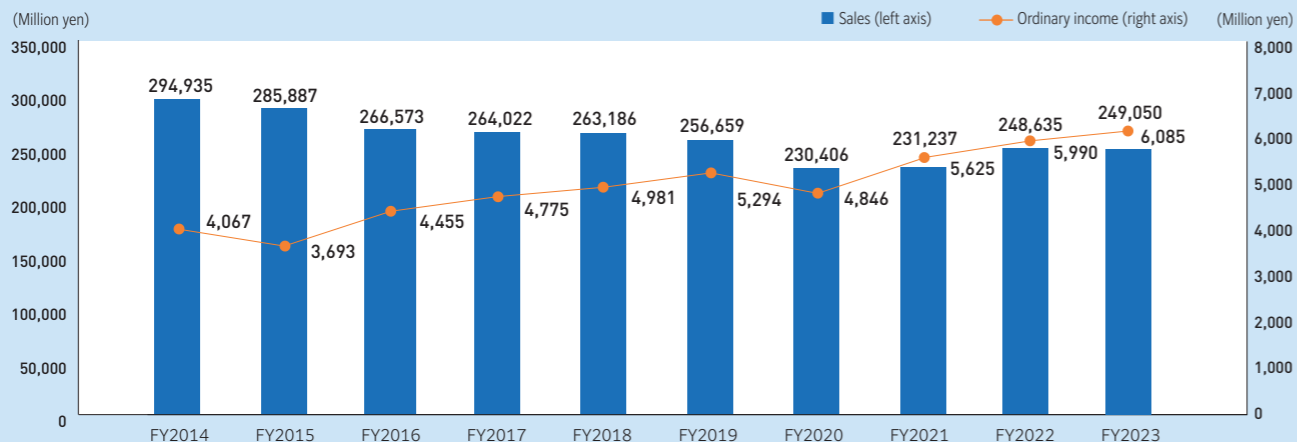
Source: "Packaging Materials Share Database 2023," Japan Economic Research Institute Inc.

## FY2023 Performance

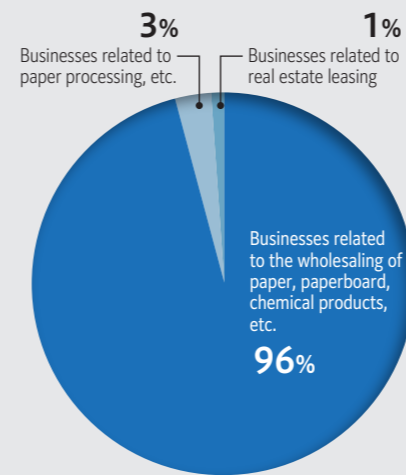
We have strengthened cooperation among the five fields of printing paper, special paper, data processing paper, packaging paper, and chemical products, and in order to respond to changes in the social environment and structural declines in demand, we have taken the lead in developing new markets and commercial products to sustainably expand corporate value and improve business efficiency.

As a result, for the consolidated fiscal year under review, sales were 249,050 million yen (up 0.2% year on year), ordinary income was 6,085 million yen (up 1.6% year on year), and net income attributable to parent company shareholders was 4,172 million yen (down 0.4% year on year).

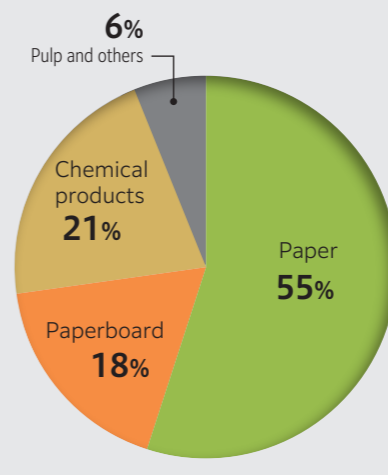
### Changes in Sales and Ordinary Income



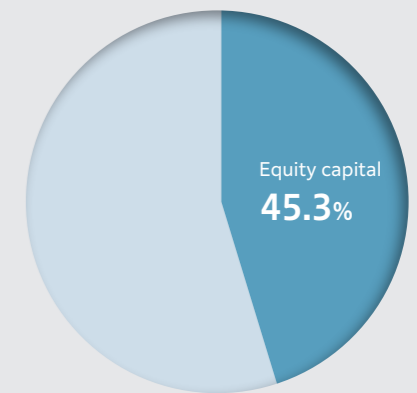
### Composition of consolidated sales



### Product sales (non-consolidated)



### Consolidated equity ratio



## Review of Performance by Business




### Main Products and Businesses

<p><b>Paper</b></p>	<ul style="list-style-type: none"> <li>• Printing paper (books, magazines, flyers, etc.)</li> <li>• Data processing paper (copy paper, sales slips, receipts, etc.)</li> <li>• Functional and special paper (paper carrier tape, separators, non-woven fabric, etc.)</li> <li>• Packaging paper (heavy duty bags, wrapping paper, envelopes, shopping bags, etc.)</li> </ul>	<p>In the domestic market, sales volume was lower than the previous year due to an accelerating decline in demand for printing paper caused by structural factors such as the shift to electronic media, but sales revenue increased due to price revisions implemented in the previous fiscal year. In the overseas market, both sales volume and sales revenue declined due to prolonged inventory adjustments caused by the resolution of the ocean container shortage.</p>
<p><b>Paperboard</b></p>	<ul style="list-style-type: none"> <li>• Containerboard (cardboard cases, etc.)</li> <li>• Boxboard (high-grade packaging, etc.)</li> <li>• Other paperboard (colored paperboard, chipboard, account book covers, packages, etc.)</li> </ul>	<p>Shipments of containerboard were sluggish due to the impact of weak consumer spending, a result of surging prices. For boxboard, there were signs of recovery in sales for souvenirs, cosmetics, and pharmaceuticals, a result of increased movement of people and a recovery in demand from inbound travelers following the recovery in socioeconomic activities from the COVID-19 pandemic. However, sales fell below the previous year's level due to the impact of weak consumer spending caused by surging prices.</p>
<p><b>Chemical products</b></p>	<ul style="list-style-type: none"> <li>• Packaging film (food, miscellaneous goods, medicine, biomass film, etc.)</li> <li>• Industrial and optical film (adhesive film, etc.)</li> <li>• Food waste-reducing film</li> <li>• Universal design film</li> <li>• Special functional film (reduced volume film, etc.)</li> </ul>	<p>Successive price hikes for food, daily necessities, and other products impacted consumer sentiment, leading them to refrain from purchases. This, combined with other factors, resulted in persistently weak demand for chemical products, driving down sales revenue.</p>
<p><b>Others</b></p>	<ul style="list-style-type: none"> <li>• Affiliated companies businesses (processing and wholesaling of paper, paperboard, and chemical products, warehousing and transportation)</li> <li>• Real estate (building leasing)</li> <li>• Others (solar power generation, insurance agency, etc.)</li> </ul>	<p>In the paper processing and other related businesses, sales revenue increased due to the effect of price revisions implemented in FY2022 and steady sales at our containerboard manufacturing subsidiary. In the real estate leasing-related business, despite an increase in revenues due to the replacement of leased properties, rental revenues remained flat year on year due factors such as contract cancellations by existing tenants.</p>

# SPP's Value Creation

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

## Risks and Opportunities Regarding Social Issues

 <p>Strengthened initiatives to achieve carbon neutrality by 2050</p>	<p><b>Risks</b></p> <p><b>Paper</b> Insufficient supply of raw materials for papermaking due to increased demand for biomass fuel made from raw materials such as thinned wood and waste wood</p>	<p><b>Opportunities</b></p> <p><b>Paper</b> Accelerated shift toward paper products due to reduction of plastic usage</p> <p><b>Paperboard</b> Switch to paper products</p> <p><b>Chemical products</b> Popularization and expansion of biomass film products</p>
 <p>Elimination of paper with the advancement of digitalization</p>	<p><b>Risks</b></p> <p><b>Paper</b> Rise of digital native generation</p> <p><b>Paper</b> Elimination of paper in internal business operations</p>	<p><b>Opportunities</b></p> <p><b>Paper</b> Re-recognition of the added value of paper</p> <p><b>Paper</b> A return to paper due to "digital fatigue"</p>
 <p>Changes in life and working styles brought about by the COVID-19 pandemic</p>	<p><b>Risks</b></p> <p><b>Paper</b> <b>Paperboard</b> <b>Chemical products</b> Reduced packaging and switch to simplified packaging due to changes in packaging styles</p>	<p><b>Opportunities</b></p> <p><b>Paper</b> Increase hygiene awareness due to COVID-19 pandemic</p> <p><b>Paperboard</b> Expansion of online shopping and other forms of e-commerce</p> <p><b>Chemical products</b> Growth in markets connected to food, cosmetics, and health</p>

Supplier manufacturers

Paper manufacturers

Film manufacturers

Processing manufacturers



Customers

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

Value Creation (Solutions)



**Paper**

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



**Paperboard**

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



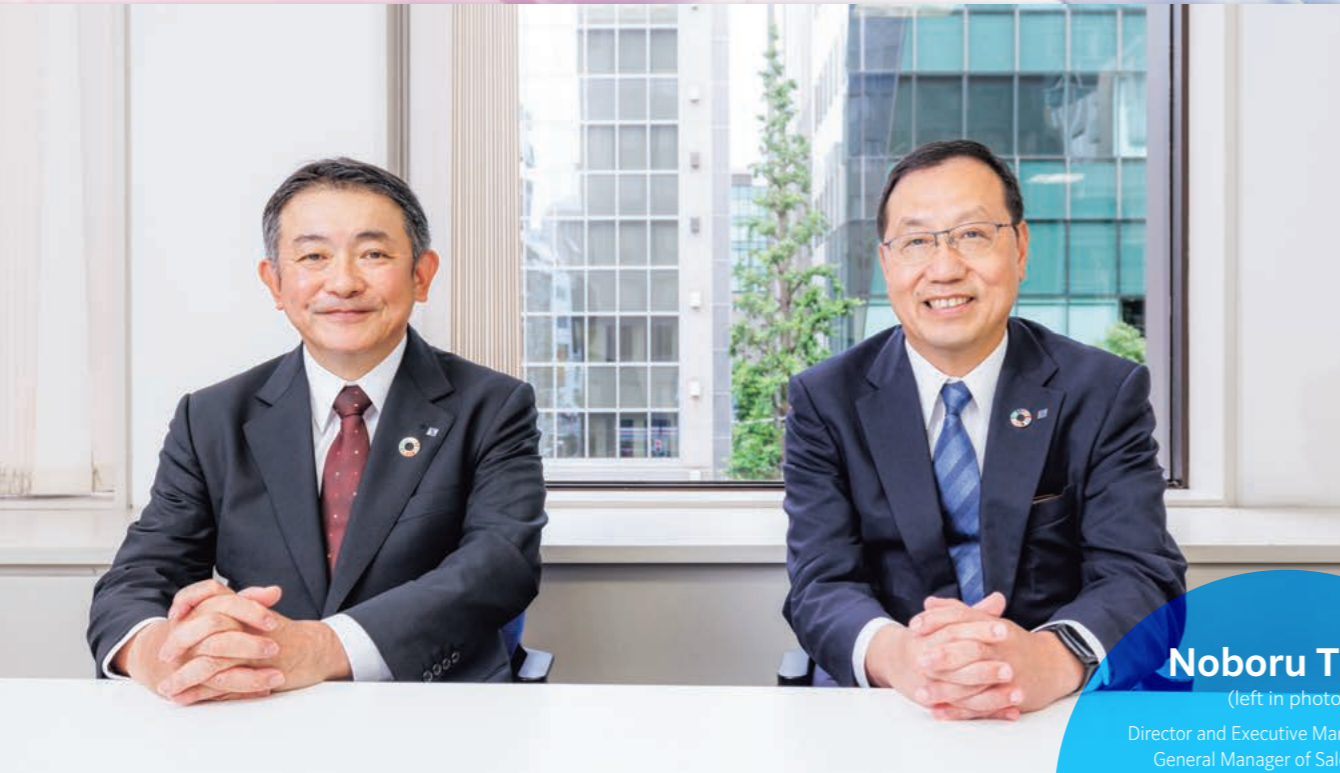
**Chemical products**

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

Contributing to the SDGs

- 2 ZERO HUNGER**  
Working with a wide variety of suppliers, we contribute to the reduction of food waste by proposing high value-added high barrier films.
- 4 QUALITY EDUCATION**  
IT is becoming more and more common in the field of education, but we are contributing to better learning by raising awareness of the learning benefits of actually writing on paper.
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**  
As professionals in the field of materials proposals, positioned between manufacturers and businesses, we engage in activities that contribute to sustainable consumption and production.
- 13 CLIMATE ACTION**  
We will contribute to mitigating climate change and its effects by proposing environmentally-conscious products that contribute to the formation of a recycling-oriented society.
- 14 LIFE BELOW WATER**  
By undertaking tree-planting activities together with our customers and promoting reforestation, we will contribute to the preservation of sustainable oceans and marine resources.

# Special Feature: Social Sustainability and Value Creation by the SPP Group



## Noboru Toba

(left in photo)

Director and Executive Managing Officer  
General Manager of Sales Division

## Masao Ueba

(right in photo)

Director and Managing Executive Officer  
Deputy Directors-general of Sales Department  
and Head of Chemical Products

By harnessing the all-round capabilities of the SPP Group through “innovation and challenges,” we hope to contribute to the realization of a sustainable society through our core business. Here, our senior executive officer and one of our managing executive officers discuss how our group will drive the growth of society and our customers, as well as the challenges and prospects seen in the context of societal change.

**There are high expectations for solving social issues through our core business, but what social changes should we be paying particular attention to from a long-term perspective?**

**Toba:** Even in the long term, changes in the natural environment will continue to be a major issue, and measures to address the environment will be an important consideration for the products handled by our group. In addition, the development of regulatory frameworks in Europe is beginning to drive new trends in carbon neutrality and the circular economy. Moreover, with advances in technology bringing about major changes in society, the entire industry is keeping a close eye on changes in consumer behavior and the streamlining of areas such as logistics.

**Ueba:** With Europe taking the lead in introducing these new regulations, we too need to keep considering what our response should be. We must broaden our strategic options to improve the value of our trading company business, such as environmentally friendly films made from biodegradable plastics and film designs that are easy to reuse. On the other hand, I believe that the high standards of quality and price demanded by our customers will remain unchanged for the next 10 years.

**Toba:** I think it will also be important to consider what values the generation that will play a central role in the social economy in 10 or 20 years’ time will hold.

The new graduates who apply for jobs at our company are part of the digital native generation, but there are many of them who like paper books as well as e-books. Given these circumstances, we have signed a

contract to be a shelf owner at the sharing-based bookstore “Honmaru,” which opened in April 2024 in the Tokyo district of Jimbocho. The store is attracting a younger generation of customers, and we have put together a selection of books related to paper. As this suggests, it is vital that we continue working to promote the appeal of paper to the next generation.

**In terms of the SPP Group, what kind of solution proposals do you think will be important in the future?**

**Ueba:** I think the value of reusing resources will only continue to increase. For this reason, we are focusing on the environmental advantages of paper, for which systems of recycling used materials have already been established. In fiscal 2023, the used paper utilization rate was 66.8%, the recovery rate was 81.7%, and the containerboard recovery rate stood at the extremely high level of over 95%. On the other hand, although there has been progress in chemical recycling technology for films, it has not yet become widespread due to issues such as cost. At present, there is a trend toward reducing the amount of plastic used and switching to alternative materials such as paper, but in the future, the key issue will be striking a balance between advanced functionality such as convenience and comfort, and recycling efficiency.

**Toba:** I think that, for us as a trading company, it is also important to connect partners in order to accelerate the circular economy. We sometimes form project teams by connecting processing companies that specialize in paper with those that specialize in film.

**Paper**

A model of lowering costs through mass production and mass purchasing

- Standardized
- General-purpose
- Mass-produced

- Recyclable
- Light, thin
- Texture and feel

**Films**

A model of producing small quantities in response to customer needs and carrying no inventory

- Customized
- Individualized
- Produced to order

- Acts as a barrier
- Durable
- Easy to process and inexpensive

**Risa Matsuyama**  
Tokyo Head Office  
1st Paper Division  
Wholesale Department  
Special Data-Processing Paper Section

It is predicted that digitization will progress further over the next 10 years, leading to reduced demand for paper and further cost reductions. The Special Data-Processing Paper Section handles products including decorative paper for packaging and pressure-sensitive paper for tickets, but as environmental issues become ever closer to home, we will work to find new reasons for using paper, proposing innovative new uses and products accordingly.

Just as the word “mottainai” has spread around the world, consumer awareness of the issue of food waste is changing. In order to ensure that this change is effective, we will promote the switch to packaging materials with superior barrier properties, ensuring functionality and meeting customer needs. Furthermore, with regulations on packaging gaining momentum in Europe, we are also focusing on materials that are easy to recycle.

**Fuka Kawashima**  
Tokyo Head Office  
Chemical Products Division  
1st Chemical Products Department



**We contribute to the development of business and society by collaborating with various partner companies.**

(Toba)

what it is today. This is because systems have already been established to handle large-lot production of newsprint and containerboard, as well as small-lot production of boxboard for packaging. However, with the 2024 logistics problem and labor shortages, high-frequency, small-lot transportation is increasingly problematic, and the market as a whole is in need of greater efficiency. To this end, we undertake customer-specific processing and joint logistics that manufacturers are unable to handle, and we are promoting efforts on the part of manufacturers to lower costs by increasing production volume and to improve distribution efficiency while maintaining market prices throughout the supply chain.

**Toba:** In other words, the only way to survive is to establish systems that can respond to all kinds of needs, both for paper and film. Large manufacturers have systems suited to mass production, but on the other hand, small and medium-sized manufacturers are skilled at creating high added value even in small lots, and I believe that leveraging their strengths to promote technological innovation is also an essential initiative for continued growth in a mature market. Currently, our development departments are actively

Promoting this kind of collaboration among companies that would not normally interact with each other will not only help solve customers' issues, but will also contribute to the growth of the market as a whole.

**Ueba:** In our position at the forefront of ever-changing needs, it is essential to think through end uses and material properties to provide differentiated value. I also believe that our unique approach is to determine what added value our customers are truly seeking, identify the essence of each company's needs, and make proposals accordingly.

**How do you see the business model of the industry and the role of trading companies changing in the future?**

**Ueba:** The basic business model for manufacturers, both in paper and film, will not change that much from

**Our unique approach is to identify the essence of each company's needs, and make proposals accordingly.**

(Ueba)

working with paper manufacturers to develop blended paper by upcycling materials such as discarded eggshells and burlap sacks.

**What are the prospects for the SPP Group in the future, including collaboration among divisions and group companies?**

**Toba:** Group-wide efforts to demonstrate our all-round capabilities will become even more important. The SPP Group is engaged in a variety of businesses, including a plastics recycling business, Taibo Co., Ltd., a warehouse and logistics company, a paper processing company, a functional materials-related company, and a data form printing company.

These companies share their business status once a month, which helps to improve the performance of the entire group, for example, by attracting new customers. Intra-group cooperation has made significant progress over the past year.

In addition, as General Manager of the Sales Division, I am working to raise awareness of actions that take into account not just individual business units, but the entire company. And it is important that



all employees throughout the country have an attitude of proactively developing their own markets. Furthermore, we would like to contribute to the development of business and society by collaborating not only within our group, but also with our various partner companies, including wholesalers, processors, and printers.

**Ueba:** "Ask SPP and you will find your answer." I believe that our company's path to success lies in making our customers feel this way. To this end, it is important to take on challenges without fear of failure. As stated in our management policy, we will continue to grow as a company that is "supported," "needed," and "chosen" by our customers.



**Kenta Kurahashi**

Osaka Branch  
Chemical Products  
Division  
2nd Chemical Products  
Section

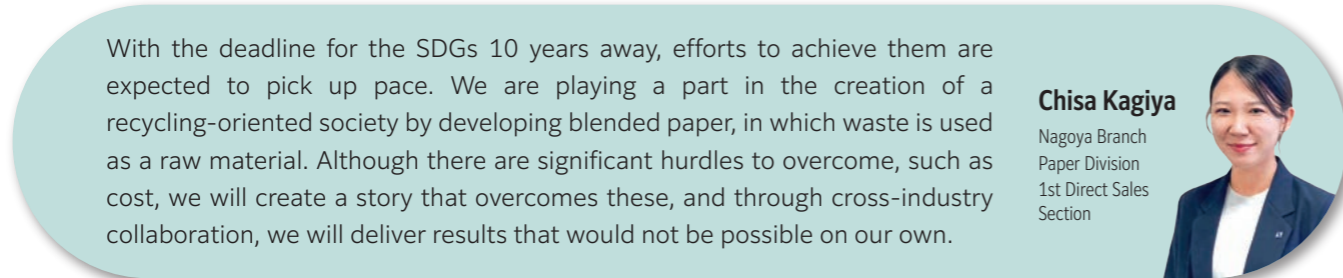
Future social changes are expected to include reduced use of plastics, increased demand for high-barrier films to reduce food waste, and the establishment of film recycling schemes. Together with the Taibo, one of our group companies, we promote resource recycling, such as horizontal recycling of plastics, and contribute to the realization of a sustainable society through collaboration with manufacturers and customers.



**Junpei Matsuzaki**

Kyushu Branch  
Industrial Paper  
Department  
Deputy Chief

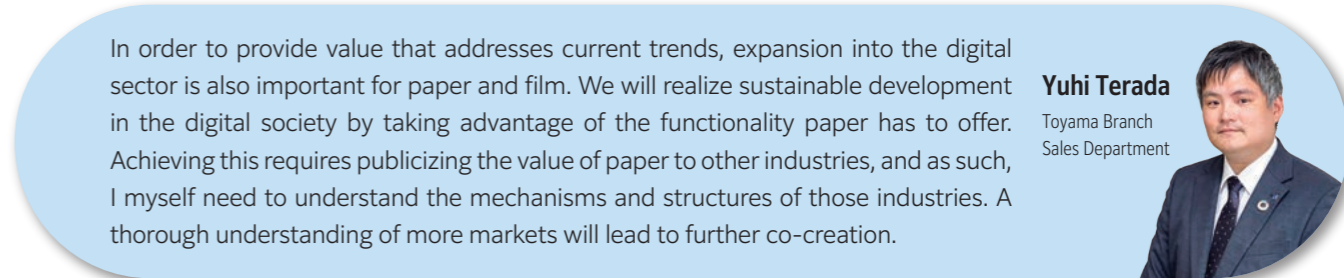
Paper is a recyclable resource with established systems in place for collecting used paper. As such, what would normally be disposed of as waste can be mixed into paper to create new products in the form of blended paper. Environmental initiatives are expected to become even more widespread as a competitive advantage for companies. We will always keep our ears to the ground from the end-user's perspective and capture new markets as they emerge.



**Chisa Kagiya**

Nagoya Branch  
Paper Division  
1st Direct Sales  
Section

With the deadline for the SDGs 10 years away, efforts to achieve them are expected to pick up pace. We are playing a part in the creation of a recycling-oriented society by developing blended paper, in which waste is used as a raw material. Although there are significant hurdles to overcome, such as cost, we will create a story that overcomes these, and through cross-industry collaboration, we will deliver results that would not be possible on our own.



**Yuhi Terada**

Toyama Branch  
Sales Department

In order to provide value that addresses current trends, expansion into the digital sector is also important for paper and film. We will realize sustainable development in the digital society by taking advantage of the functionality paper has to offer. Achieving this requires publicizing the value of paper to other industries, and as such, I myself need to understand the mechanisms and structures of those industries. A thorough understanding of more markets will lead to further co-creation.



## Proposing Solutions as a Unified Group

### Taibo Co., Ltd. Recycling of waste plastics

We draw on our many years of experience and extensive expertise to recycle waste plastics into valuable materials.

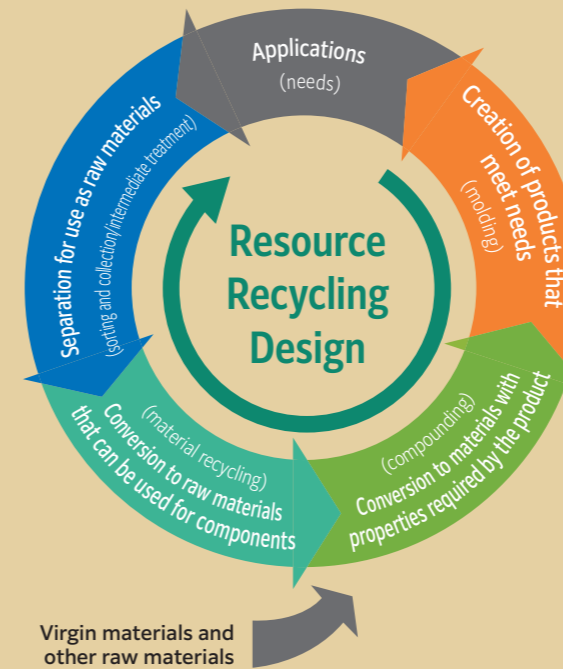
As we move away from conventional economic activities premised on mass production and mass consumption toward a sustainable circular economy, the recycling of waste plastics is becoming more and more important. With the enactment of the Plastic Resource Circulation Act in 2022, the rethinking of recyclable products has been gaining momentum. Since starting in 1977 with our business of converting plastic and fiber composite materials into recycled raw materials, we have been engaged in the manufacture and sale of recycled raw materials, molding materials, and molded products produced through recycling.

Material recycling\* of plastics involves first sorting and collecting the waste plastics to be recycled, removing foreign matter, and then pulverizing them to achieve the desired particle size. A separator further separates the material into recycled raw materials, staple fibers, and non-recyclable

leftovers. Recycled raw materials are transformed into molding materials and molded products through a compounding process in which additives and other materials are mixed in various quantities depending on the required physical properties.

However, compared to virgin materials, it is more difficult to maintain consistent physical properties and quality with recycled plastics. Composite films and metallized film are excellent at protecting contents, but the recycling process is more complex, requiring high levels of technology and expertise. For this reason, we have developed proprietary technologies and recycling systems, and propose resource circulation schemes from collection to recycling with a view to the entire product lifecycle. The amount we have already recycled and sent out stands at more than 1 million tons. Drawing on our abundant experience, we will create new value in the recycling of waste plastics.

\* A recycling method that reuses waste as a raw material for new products



Top: Recycling (intermediate treatment) Bottom: PP (container-derived)

### Overseas Business Solutions

We will broaden the range of products we offer and implement proposals that promptly address changes affecting customers and society.

**Toshifumi Inui**  
Overseas Business Division  
Overseas Planning Department  
General Manager



**Ayako Tsuji**  
Overseas Business Division  
Trade Department  
2nd Section  
Manager



We have been expanding our overseas business since the opening of our Sydney representative office in 1971. Until now, we have sold mainly printing paper from Japanese paper manufacturers to Asia, North America, and Oceania.

Each country has its own challenges, but if a particular type of product is not available in that country, we have a chance to propose it. Price competition with local manufacturers is intense, but we differentiate ourselves by identifying the added value that our customers seek. In recent years, we have focused on proposing not only printing paper but also packaging paper and functional paper.

In addition, although the environment is a shared global issue, each country has different policies and

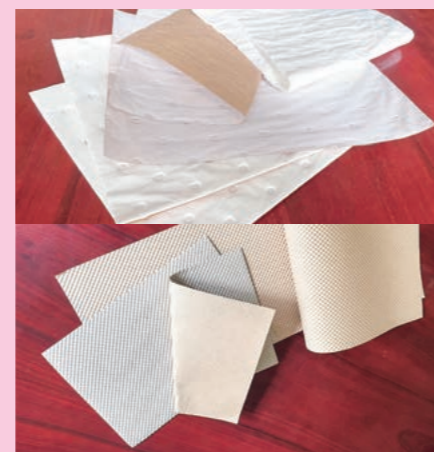
measures to address it. To this end, we propose products by leveraging our knowledge of flexible packaging materials and the customer base we have cultivated in our chemical products business, while exploring with manufacturers the environmental value that society seeks from our customers.

As the value that consumers seek from companies continues to change, it is essential to broaden the range of products we can propose and to keep pace with these changes. Overseas customers make decisions, such as changes of products, quickly, so rather than sticking to our traditional style of sales, we will strengthen cooperation between departments and broaden the scope of our proposals.

### Yamaichi Kakoshi Co., Ltd. Paper cushioning materials

We will contribute to reducing the environmental impact of society by working diligently to solve our customers' problems.

Since our establishment in 1960, we have supported all types of product distribution through the development and sale of wrapping paper and cushioning materials. Wadding paper, our main product, is a wrapping paper with high impact resistance due to its multi-layered structure, and has been used as a protective wrapping material for easily damaged products such as car exterior parts. "Mild paper" is also used as a cushioning material for packaging machine parts, etc., as the embossing process provides resilience. Until now, low-cost film materials have been the mainstay of packaging materials, but our paper-based products are now highly valued due to the recent trend toward reducing environmental impact. Wadding paper is finding new applications as an underlay for water and oil absorption due to its water-absorbing properties. We will continue to contribute to solving social issues by providing meticulous support to our customers.



Top: Wadding paper Bottom: Mild paper



Left: A restaurant near SPP Thailand  
Right: Chao Phraya River (Thailand)



## Environmental Policy

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

### Basic Philosophy

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

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

### Course of Action

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

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

### Environmental Targets

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

(Revised April 1, 2020)

## Environmental Management System (ISO14001)

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

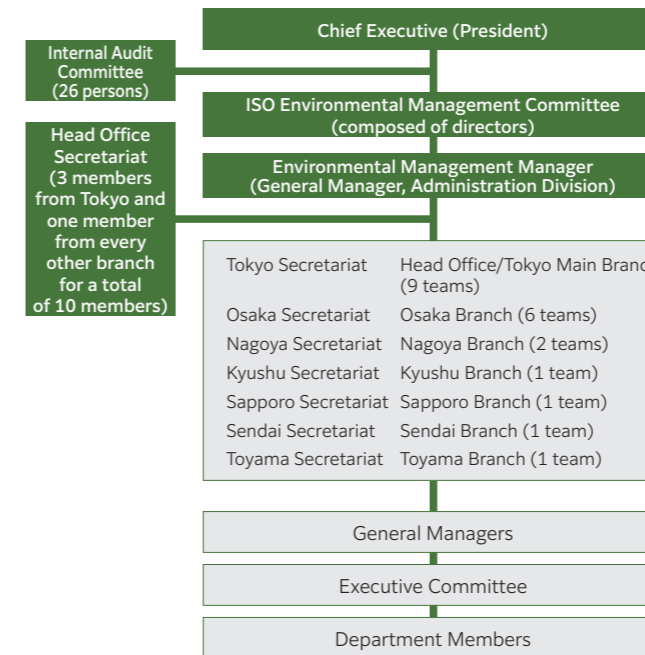
In fiscal 2023, the effectiveness of the system was enhanced by thoroughly communicating the risks and opportunities within the company, as instructed by the president in the previous year, and by responding to the need to integrate it with BCP education. We are also responding in

a timely manner to environmental issues facing society, such as by starting to calculate greenhouse gas emissions based on the GHG Protocol. Aiming to reform logistics and expand sales and development of environmentally friendly products, we will continue to improve the effectiveness of our ISO activities.

### 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 spans 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.

## Environmental Targets and CO<sub>2</sub> Emissions

Since fiscal 2023, SPP has calculated CO<sub>2</sub> emissions based on the GHG Protocol (an international standard for calculating and reporting greenhouse gas emissions). In June 2024, we set a new non-consolidated (SPP only) CO<sub>2</sub> emissions reduction target for fiscal 2030, reflecting the 1.5°C scenario set out in the Paris Agreement. Up until now, we have been working toward reducing electricity usage and vehicle fuel consumption, but now we are also looking

at introducing renewable energy sources such as biomass.

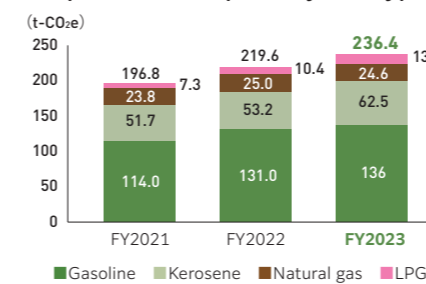
In the future, we will expand the scope of our efforts to include our group companies, with a view to reducing GHG emissions throughout the entire supply chain.

### CO<sub>2</sub> emissions reduction target for FY2030

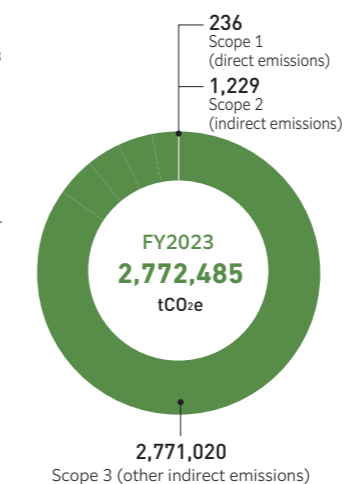
Scope 1+2 emissions reduced by **42%** (relative to FY2021)

Scope 3 emissions reduced by **25%** (relative to FY2021)

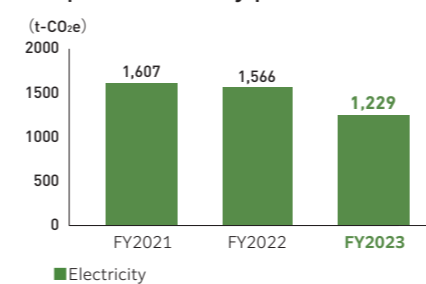
### Scope 1: Consumption by fuel type



### Total CO<sub>2</sub> emissions



### Scope 2: Electricity purchased



2,771,020  
Scope 3 (other indirect emissions)

Calculation criteria: Ministry of the Environment, "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", "GHG Protocol Technical Guidance for Calculating Scope 3 Emissions"

### Breakdown of Scope 3 Emissions

Category	FY2023
Category 1	2,351,172
Category 2	4,359
Category 3	261
Category 4	109,743
Category 5	25.6
Category 6	76.6
Category 7	269
Category 8	—
Category 9	104,689
Category 10	81,351
Category 11	—
Category 12	119,073
Category 13	—
Category 14	—
Category 15	—
<b>Total</b>	<b>2,771,020</b>

## Carbon Offset Initiatives

### Reducing CO<sub>2</sub> 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. The reduction in CO<sub>2</sub> emissions for the year from April 2023 to March 2024 was 265 tons CO<sub>2</sub>/year.

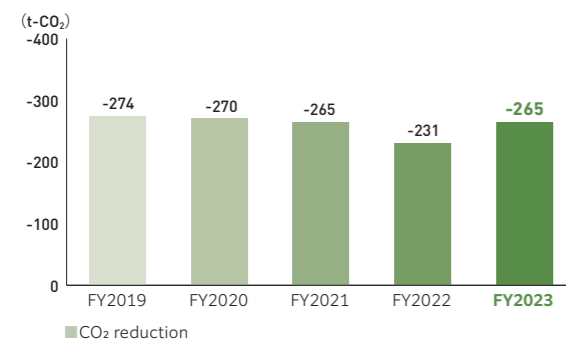


Solar power

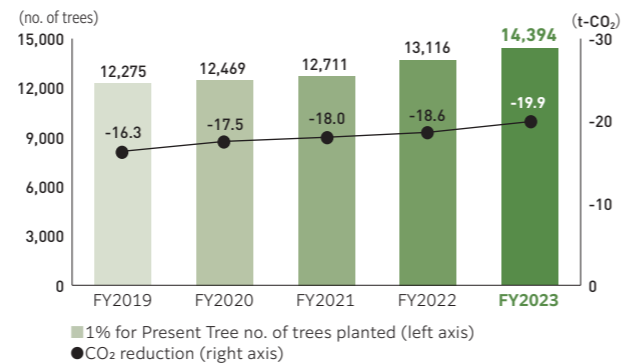
### Reducing CO<sub>2</sub> through Tree Planting

Calculating the cumulative total amount of CO<sub>2</sub> absorbed by the trees we planted over the past 14 years, we reached 19.9 t-CO<sub>2</sub>/year in fiscal 2023.

#### CO<sub>2</sub> Reductions from Solar Power Generation



#### CO<sub>2</sub> Reductions from Tree Planting Activities\*



\* Amount of CO<sub>2</sub> absorbed annually per hectare of forest (t-CO<sub>2</sub>/year/ha) = annual trunk growth per hectare of forest (m<sup>3</sup>/year/ha) × expansion factor × (1 + ratio of portion underground) × bulk density (t/m<sup>3</sup>) × carbon content percentage × CO<sub>2</sub> conversion factor  
 Source: "Shinrin ni yoru nisanatanso kyushuryo no santei hoho ni tsuite (Regarding the Calculation Method for the Amount of Carbon Dioxide Absorbed by Forests)," Kanto Forest Management Bureau website (Japanese language only) <https://www.rinya.maff.go.jp/j/press/kikaku/211227.html>

## Eco-Friendly Procurement and Sales Guidelines

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

### Purpose

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

### Procurement policy

We proactively consider procurement of the following products.

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

### Scope

These guidelines apply to all domestic and overseas bases.

### Sales policy

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

### Relevant laws, regulations, ordinances, and standards

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

## 1% for Present Tree

1% for Present Tree is a scheme in which 1% of the purchase price of paper, paperboard, film, and other products purchased from SPP is allocated as a participation fee (support fee), and through the "Present Tree" project operated by the NPO Environmental Relations, trees are planted and managed in places across Japan where they are needed, such as disaster-hit forests and unforested areas.

Since we began this activity in 2009, we have planted over 15,000 trees, helping to prevent disasters and reduce environmental burden through the conservation of forests. Furthermore, from January 2024, to commemorate the 15th anniversary of our support activities, a large-scale tree-planting project is being carried out in five locations across the country, in which a total of 1,000 trees will be planted.



We use 1% of the purchase price of our paper to support the conservation of forests.



1% for Present Tree 15th Anniversary

## Restoring disaster-damaged rice terraces and creating forests that protect the varied wildlife that lives there

### Present Tree in Yamato, Kumamoto

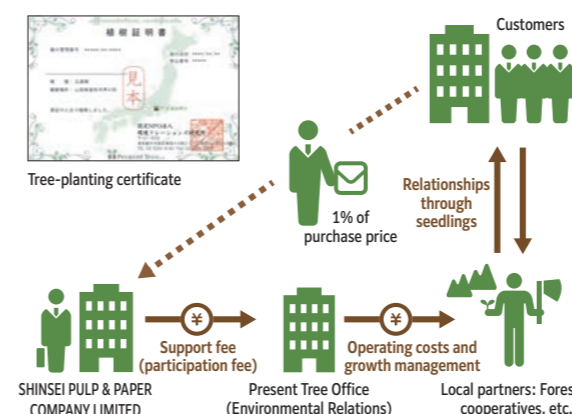
(Yamato Town, Kamimashiki District, Kumamoto Prefecture, an area certified by the Ministry of the Environment as a "Nature Symbiosis Site"\*)

The "Present Tree in Yamato, Kumamoto" project is an initiative to maintain the natural environment of the rural landscape by planting multiple species of local broad-leaved trees in layers on the site of a cedar logging area overlooking the rice terraces of the Shiraito Plateau, thereby regenerating the area as a secondary forest. By planting trees, we are helping to maintain not just the woodland, but also the rice terraces and the diverse range of wildlife they play home to, including the endangered black-spotted frog, killifish, and giant water bugs.

\* Areas certified by the government as "areas where the conservation of biodiversity is being promoted through private-sector initiatives, etc."



### What is "1% for Present Tree"?



### Number of trees planted under the 1% for Present Tree scheme (cumulative total)



### Marine Plastic Countermeasures

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



### An Initiative for Recycling Waste into Products

In an effort to reuse resources and reduce pulp consumption, we have developed a blended paper made from materials such as eggshells, burlap sacks, and coffee grounds, which are disposed of as industrial waste, and a circular cotton paper made using 50% recovered cotton to promote the recycling of waste materials. Our blended eggshell paper, "CaMISHELL," is a registered trademark for paper made by combining eggshells, which are disposed of as industrial waste, with pulp. Commercialized in forms such as business card paper and coated cardboard used in packaging, we began selling CaMISHELL as a waste-reducing product in 2020.



### Forest-Certified Paper Sales

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

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

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

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

### Example Environmentally Conscious Products

<b>Recycled paper</b>	Paper made from collected used paper. Japan's used paper utilization rate exceeds 60%, and this used paper is utilized in familiar products spanning everything from standard paper to toilet paper and cardboard.	<b>Biomass film</b>	"Biologically-derived plastic," made from plants and other renewable organic resources, is formed into a film, thereby helping to establish a recycling-oriented society.
<b>Bulky paper</b>	A lightweight paper which is thick yet low in density. Because it can be transported efficiently, it contributes to reduced CO <sub>2</sub> emissions and the conservation of resources.	<b>Paper made from thinned wood</b>	Paper that uses wood thinned in order to promote healthy forests as a raw material. Appropriately thinning and managing forests can help increase their ability to absorb CO <sub>2</sub> .
<b>Non-wood paper</b>	Paper made from raw materials other than wood, such as plants and agricultural byproducts. Plants such as bamboo and sugarcane grow fast and possess superb ability to absorb CO <sub>2</sub> .	<b>Afforested tree pulp</b>	Pulp that uses trees obtained from a forest managed according to a cyclical plan from tree planting to felling as a raw material. This enables the efficient and stable acquisition of wood.

### Environmental Consciousness Measures

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

### Promotion of Logistics Reform

The SPP Group is working to implement "white logistics" to improve the working environment for truck drivers. We are working to steadily improve delivery efficiency by moving up order cutoff times to secure lead times and consolidating small-lot deliveries. In cooperation with manufacturers and customers, we are working to reduce truck waiting time by positioning products for loading in advance and by reducing incidental work during unloading at delivery destinations.

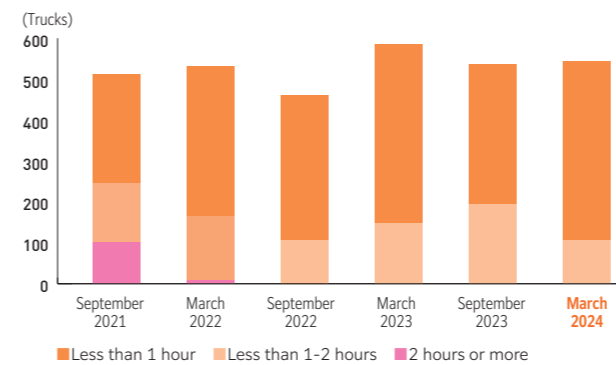
In addition, Shinsei Distribution Company is working to improve the efficiency of its logistics operations, and has significantly reduced the percentage of trucks waiting on standby by introducing a warehouse reservation system and a dynamic management system. Going forward, it is considering the introduction of an automated

vehicle allocation system in order to achieve efficient vehicle dispatching and operational improvements.

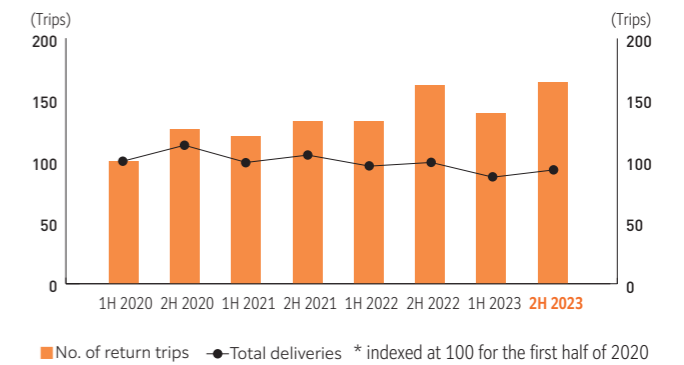
Meanwhile, efforts regarding collaborative delivery with agents have been ongoing since fiscal 2011. In order to improve effectiveness, we are promoting the sharing of warehouses, as well working to consolidate inventories of products with the same delivery destination and to allocate them to warehouses with the shortest delivery distances. In addition, in order to make effective use of trucks, we actively use return trips\* to reduce the number of unused trucks and improve delivery efficiency. Furthermore, in April 2023, we started reciprocal carrying of return cargo with other industries, aiming to improve loading rates and reduce CO<sub>2</sub> emissions through the use of round trips.

\* Refers to the use of an empty truck that has finished carrying a load and is returning to the company to carry another.

Cutting waiting times for incoming trucks (Shinsei Distribution Company Adachi Sales Office)



Effective use of return trips



### Support Activities for People with Disabilities

#### Paralym Art

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

Through CSR-related PR activities using Paralym Art, we seek to maximize the value added to paper and bridge the gap between companies as a comprehensive agent. We consider Paralym Art to be a CSR activity and

plan to expand it nationwide. In fiscal 2023, we produced 24,274 Paralym Art Calendars imprinted with our company name, while there were 42 instances of licensed art use and 9 instances of art rental (27 pieces).

In addition, official partnership agreements were signed with two other companies.



Paralym Art Collaboration Tissues adopted by Hayashi Co., Ltd.



2025 Wall Calendar

2025 Desk Calendar



## Basic Thinking

In order to ensure that each and every employee is highly ambitious and can demonstrate their capabilities as a member of a group of professionals, the group is committed to cultivating human resources by promoting the recruitment and appointment of a diverse range of personnel, including women, non-Japanese, and mid-career hires with many different types of experience. In addition, to ensure that all employees can make full use of their aptitudes and abilities, the Human Resources Division conducts personal interviews with all employees to ensure that the right person is assigned to the right position and that the company is managed in a healthy manner, thereby creating a safe working environment for women, older employees, people with disabilities, and others.

### Respect for Human Rights

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

### Freedom of Association

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

## 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. We believe that the source of our strength as a company lies in cultivating human resources by having them 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 and plant tour



Training for new employees

**77.15 hours**  
of new employee training  
(FY2023)

## Encouraging Human Resources to Flourish

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

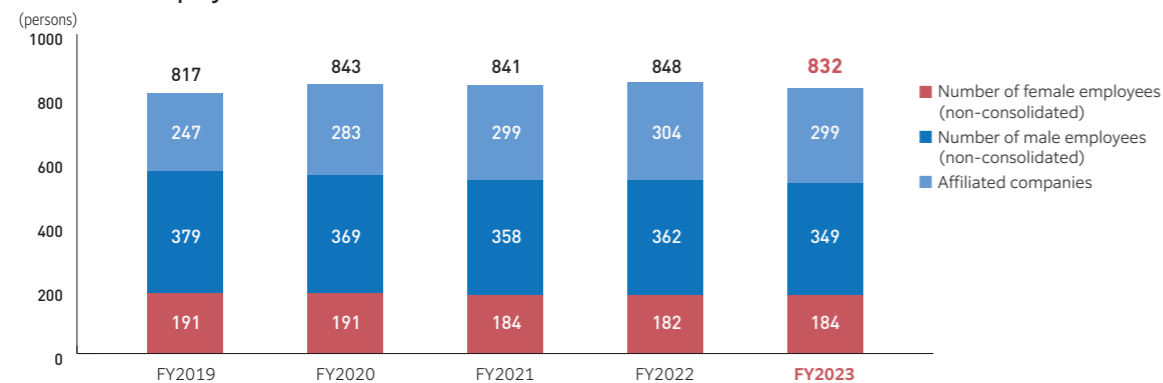
\* For more information, please see our website.

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

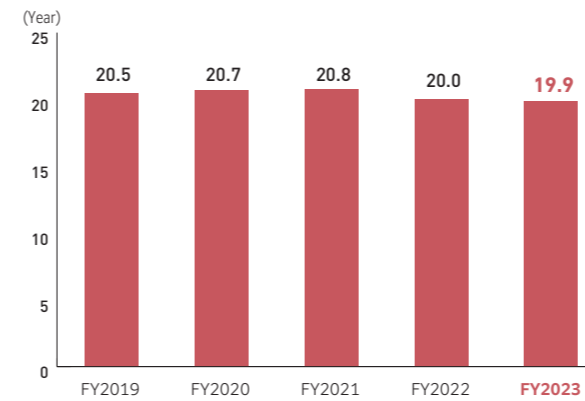
**WEB** Action plan based on the Act to Advance Women's Success in Their Working Life

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

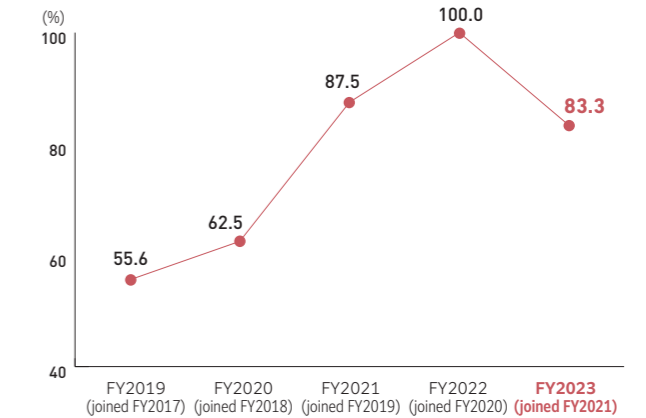
### Number of employees over time



### Average length of service (non-consolidated)



### 3-year retention rate of new graduates (non-consolidated)



## 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. The new hire ratio for women in fiscal 2023 was 36.0%. In addition, we strive to maintain an environment that enables women to fully demonstrate their individuality and capabilities, and for those who wish, we will accommodate changes in job category from general to career-track.

	FY2021	FY2022	FY2023
Rate of women among new hires	38.5	24.3	<b>36.0</b>
Number of female employees/managers	1/190	2/189	<b>2/192</b>

## 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. In terms of measures that go beyond the legal requirements, we are promoting the flexible application of various systems, such as covering employees with children up to the early grades of

elementary school when deemed necessary by the company, and allowing employees to work while on postnatal paternity leave (childcare leave at birth).

**100%**  
Rate of uptake of childcare leave by women  
(FY2023)

**75%**  
Rate of uptake of childcare leave by men\*  
(FY2023)

\* Including special leave as stipulated in the employment regulations (may be taken when a spouse gives birth)

## 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. We have revised the retirement age for positions and the re-employment system to create an environment in which older employees can draw on their abundant experience and exercise their abilities with enthusiasm. The position-based mandatory retirement system has been renamed

the position-based voluntary retirement system, and a performance evaluation system has been introduced to properly assess employees based on their contribution to the organization and its performance, resulting in significant improvements in salary and benefits.

	FY2021	FY2022	FY2023
Number of rehired employees (persons)	20	27	<b>33</b>

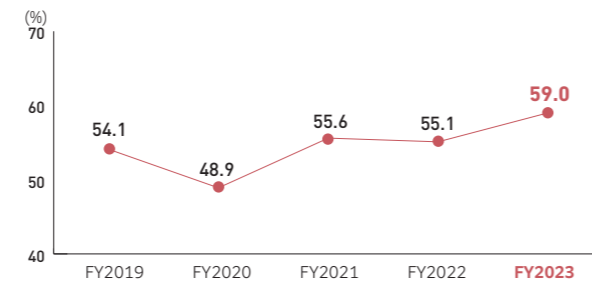
## Promoting Employment of People with Disabilities

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

## A Comfortable Workplace Environment

We are committed to creating a comfortable work environment where each and every employee is motivated to demonstrate their capabilities to the fullest. This includes efforts to improve productivity by increasing operational efficiency and eliminating dependency on individuals with a view to BCP. In addition, looking at employee engagement, the paid leave uptake rate and results from group analysis of stress checks are fed back to each department to help improve the workplace environment.

Rate of paid leave uptake (non-consolidated)



## Promoting Health and Productivity Management

SPP takes pride in the health of its employees and believes that healthy and energetic workplaces begin with the health of employees. In October 2020, SPP took part in the Healthy Enterprise Declaration and, for two years running in 2022 and 2023, SPP received certification from the Ministry of the Economy, Trade and Industry and Nippon Kenko Kaigi as a Health & Productivity Management Outstanding Organization (large enterprise category).

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



Community cleanup activities (eligible for stamp rally points)

In addition, in fiscal 2022, we introduced our own health point system, the SPP Health Stamp Rally. This system promotes voluntary health activities by awarding points for walking, attending health seminars, and other activities.



2024 Health & Productivity Management Outstanding Organization (large enterprise category)

### 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 are shared with the entire company via a health committee newsletter.

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

### Holding Stress Checks

Stress checks obligated by law as a mental health measure are held once a year, helping to maintain the mental health of employees and prevent poor mental health before it occurs. In fiscal 2023, the rate of employees who underwent the check was 95.8%.

### 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 well-being, regular meetings are held monthly and opinions are exchanged on a variety of topics.



General meeting of the Employee Association

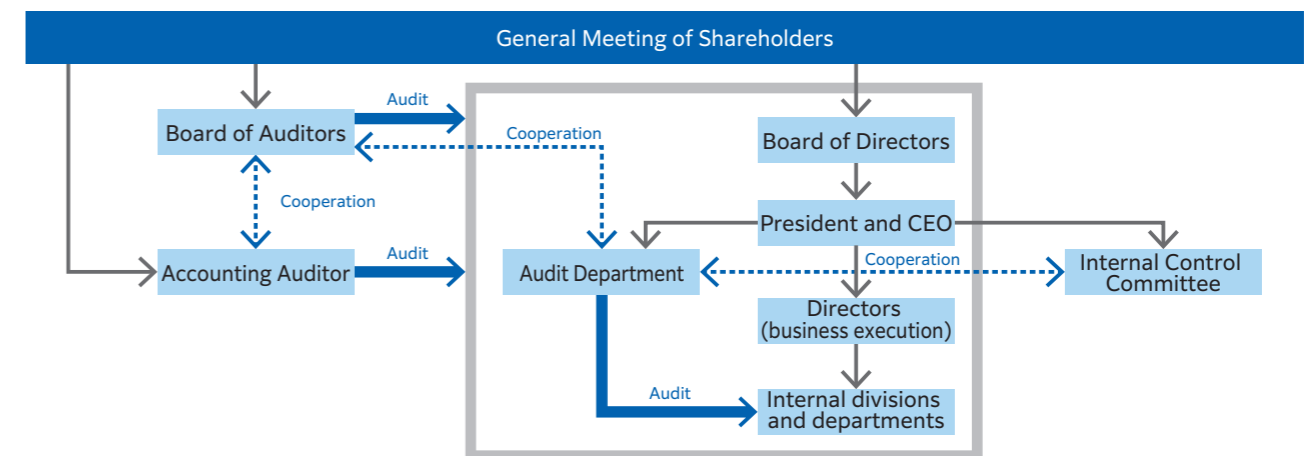
## Basic Thinking

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

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

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

### Corporate Governance Organization



### Corporate Governance Overview (As of June 19, 2024)

Organizational structure	Company with a board of corporate auditors
Board of Directors (six members, including one external director)	Makes decisions concerning items established in our basic policies and laws, ordinances, and our Articles of Incorporation, as well as other important matters concerning our operations, together with supervising the state of business management. (Held once a month and otherwise as necessary.)
Board of Auditors (four members: two full-time auditors and two external auditors)	Auditors attend Board of Directors meetings, executive directors meetings, and other important meetings, auditing the Board of Directors in the execution of their duties. Auditors also work to strengthen and enhance the functions of the Board of Auditors through means such as investigating the operations and financial condition of subsidiary and affiliated companies.
Audit Department (three members)	The Audit Department 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.

## Promoting Sustainability Governance

In addition, in order to contribute to the realization of a sustainable society through its corporate activities, the SPP group has made clear its commitment to pursuing the Sustainable Development Goals (SDGs) and aims to contribute to solving global environmental issues by 2030.

In order to monitor and manage sustainability-related risks and opportunities, including environmental and social issues such as climate change, the group has established a management system based on ISO 14001, with the president serving the chief executive officer and the general manager of the Administration Division as the environmental management manager. An Environmental Management Committee consisting of all directors has been established to implement this system.

The president sets the top management policy on environmental and social issues, etc., and has the responsibility and authority to conduct internal audits twice a year and external audits once a year to evaluate the suitability and effectiveness of the management process, and to give instructions for its improvement.

With respect to human capital, diversity, and other sustainability-related issues, a Human Resources Review Committee, consisting of directors and executive officers appointed by the Board of Directors, has been established as an advisory body to the board for the purpose of regularly discussing and overseeing the operation of human resource development and environmental measures that will lead to improvements to the company's human capital.

## 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.

### Internal Reporting System

In accordance with the revision of the Whistleblower Protection Act, SPP established Regulations on Internal Reporting in June 2022.

When a violation of laws, regulations, or internal rules is discovered and an officer or employee makes a report or consultation to the internal or external contact points specified in the regulations, we will establish specific mechanisms to facilitate an appropriate response and a system to protect users of the contact points and persons who cooperate in investigations, and strive to ensure their appropriate operation.

## Compliance

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

### Fair Trade (Corruption Prevention)

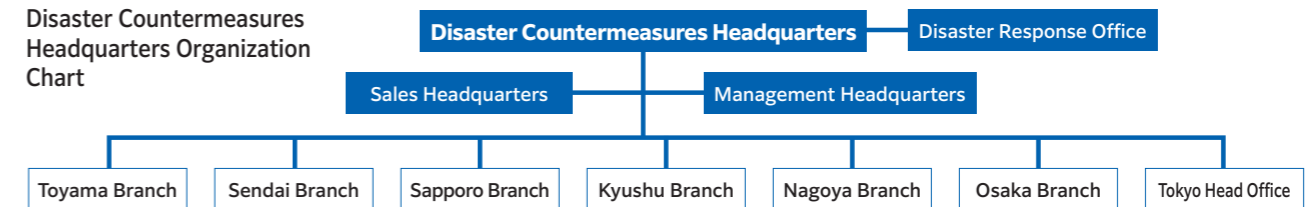
Once a year, SPP's Internal Audit Office conducts audits of every office to affirm that we are engaging in fair trade and also to check for improper transactions that could lead to corruption. We also take measures such as regularly rotating the people in charge.

## Risk Management

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

## Organizational System during Disasters

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



## Handling of Personal Information

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

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

## Disaster Countermeasures

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

Based on our Disaster Countermeasures Regulations, all of our offices have created their own Disaster Countermeasures Manuals and have established clear action guidelines for all employees. In addition, all of our offices have created disaster organization composition tables and duty tables, and

they strive to hold drills and make preparations during normal times.



Disaster preparedness: rescue training

## Business Continuity Plan (BCP) Maintenance

As a company trusted by society, SPP has established a business continuity plan conscious of our relationships with a variety of stakeholders and regional communities. Our business continuity plan is a manual for organizational systems and employee actions so that we can rapidly restart and restore business activities in the event of an emergency. In addition, in order to ensure the ongoing review of this plan, a BCP Committee meeting consisting of the managers of relevant departments is held twice a year.

Basic policy	Businesses that need to be protected	Purposes
<ul style="list-style-type: none"> <li>• Preserve human life and business assets</li> <li>• Rapidly restore business activities</li> <li>• Minimize effects on stakeholders</li> <li>• Establish trust with customers during normal times</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses related to the wholesaling of paper, paperboard, chemical products, etc.</li> <li>• Businesses related to paper processing, etc.</li> <li>• Businesses related to real estate leasing</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure the safety of employees and visitors</li> <li>• By rapidly restarting business activities, fulfill duty to supply customers and preserve their trust</li> <li>• Quickly stabilize business activities and preserve employee employment</li> </ul>

### From BCP Formulation to BCM Initiatives

In FY2023, we held a new training program, "BCP desk training." Each department and office discussed their actions in the event of a major earthquake, clarifying individual actions and roles during an emergency.



BCP desk training seminar

# Corporate Overview

<b>Company name</b>	SHINSEI PULP & PAPER COMPANY LIMITED
<b>Head office and main branch</b>	1-8 Kandanshikicho, Chiyoda-ku, Tokyo, 101-8451 Japan
<b>Established</b>	November 3, 1889
<b>Incorporated</b>	March 14, 1918
<b>Capital</b>	3,228,000,000 yen
<b>Lines of business</b>	Paper, pulp, chemicals, processed paper products, building materials, machinery, equipment, etc.
<b>No. of employees</b>	832 consolidated, 533 non-consolidated (as of March 31, 2024)

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

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

## Group Companies

### Head office and branches

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

### Domestic affiliated companies

Shinsei Distribution Company [ <a href="#">Warehousing and transportation</a> ]	Corepack Co., Ltd. [ <a href="#">Paper processing and manufacturing (cardboard)</a> ]
Sapporo OS Distribution Company [ <a href="#">Warehousing and transportation</a> ]	Koei Co., Ltd. [ <a href="#">Paper processing and manufacturing (cardboard)</a> ]
Kyodo Kami Shoji Co., Ltd. [ <a href="#">Paper sales</a> ]	Yamaichi Kakoshi Co., Ltd. [ <a href="#">Paper processing</a> ]
Daimonji Paper [ <a href="#">Paper sales</a> ]	Muromachi Co., Ltd. [ <a href="#">Molded product processing</a> ]
Tsutsumi Paper Trade Co., Ltd. [ <a href="#">Sales of paper and stationery</a> ]	Kyokutou Koubunshi Co., Ltd. [ <a href="#">Film processing</a> ]
Yasuhirosyokai Co., Ltd. [ <a href="#">Paper and paper product sales</a> ]	OP Pack Co., Ltd. [ <a href="#">Film processing</a> ]
OP Palm Co., Ltd. [ <a href="#">Paper products sales</a> ]	Hokkai Paper Industry Co., Ltd. [ <a href="#">Film processing</a> ]
Sanko Forms Co., Ltd. [ <a href="#">Paper processing and manufacturing (information recording paper)</a> ]	Taibo Co., Ltd. [ <a href="#">Recycled materials and molded product sales</a> ]
Koei Co., Ltd. [ <a href="#">Paper processing and manufacturing (cardboard)</a> ]	Taibo Products Co., Ltd. [ <a href="#">Recycled plastic materials and molded products manufacturing</a> ]

### Overseas affiliated companies

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

## Official Website



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

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

# Message to SPP

## Strengthening All-Round Capabilities through Partnerships



**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. She is also an adjunct researcher at Waseda University; a local revitalization specialist appointed by the Cabinet Office, Government of Japan; and chairperson of the National Delicious Food Clean Plate Movement Network Council. In addition, she was a member of the Community Development and Sustainability Committee, the Sustainability Discussion Group, and the Resource Management Working Group for the Tokyo 2020 Olympic and Paralympic Games. In order to pass on the legacy of the Tokyo 2020 Games, she is participating in the study of sustainable procurement rules and resource recycling for the Expo 2025, and in the creation of a sustainable operation plan for the 2027 Yokohama Horticultural Expo. Currently, she is the representative director of the Shinjuku Environmental Action Net NPO.

### Main works

- Book: "Anyone Can Do It The Waste Diet" (Japanese) (1999, Godo Shuppan)  
 Co-authored: "Electric Waste: A Trip to Learn about the Frontline of Geological Disposal" (Japanese) (2010, Recycle Bunkasha)  
 Co-authored: "Making it Together: The Olympics and Paralympics" (Japanese) (2015, The Environmental News)  
 Contribution: "The Future Life of Hydrogen Society from the Perspective of Citizens" (Japanese) (2019, The Journal of Fuel Cell Technology, Fuel Cell Development Information Center)  
 Serialization: "Environmental Baton: Going Beyond 2020" (Japanese) (serialized 2018–2021 in "Life and Environment," Japan Environmental Sanitation Center)  
 Picture book: "Granny Next Door" (Japanese) (Illustration: Shinsuke Tanaka) (2022, Bungeisha) Depicts the joy of living everyday life with a smile using origami

The 2024 Paris Olympics and Paralympics surely had a profound impact on the world. Construction of new stadiums was reduced as much as possible, greatly reducing costs and CO<sub>2</sub> emissions. The use of public transit to transport the athletes also exemplified a new sustainable approach to large-scale events. As they sailed past the historic buildings on the banks of the Seine during the opening ceremony, the smiles on the faces of the athletes from around the world seemed to emphasize that sustainability is not only about developing the latest technology, but also about taking pride in one's own history and culture, and achieving this through the combined efforts of all.

As a matter of fact, I had the same thought when I read SPP's CSR Report 2024. Emphasizing sustainability, SPP proposes advanced technologies such as high-barrier films that contribute to solving social issues such as food waste, and has also taken on the challenge of sorting and collecting plastics and recycling them horizontally. As a paper trading company with a long history, it has also developed blended paper with eggshells, which are disposed of as industrial waste, and circular cotton paper made of 50% recovered cotton. In addition, through initiatives such as proposing packaging paper and cushioning materials with a multi-layered structure that provides high impact resistance to a society that is seeking to eliminate disposable plastic, I feel the underlying strength of the group's efforts to enhance its sustainable all-round capabilities by utilizing the uniqueness and individuality of its diverse group companies and inspiring young employees, who will lead the next generation, to take on new challenges.

With respect to achieving carbon neutrality by 2050, we often hear from industry that "a fair transition is important," and I strongly believe that SPP is enhancing its all-around capabilities to respond to the diverse needs of a sustainable society while working to strengthen "partnership," the 17th of the SDGs.

This year's CSR report places a particular emphasis on highlighting group companies and the employees who will

lead the next generation, and the company's stance of enhancing its all-around capabilities was one that resonated with me strongly. However, properly managing an organization with diverse aspects while carefully interpreting various social trends, such as international affairs, finance, and prices, requires the ability to read current trends and create new ones. The president's message also seeks to accomplish sustainability through all-around capabilities. It states that the company will focus on developing flexible human resources capable of responding to changes in the demand structure, and I believe that strengthening human resource development, not only through the will of management, but also including young employees, is something very valuable. In last year's CSR report, I expressed my wish for the company to enhance its all-around sustainability capabilities, as well as to focus on human resource development, and I am pleased to see that this was taken up.

Creating a comfortable work environment is also important. SPP is also promoting the active participation of women, the balancing of work with childcare or nursing care, employment of seniors, and employment of people with disabilities. The percentage of male employees taking childcare leave is as high as 75%, indicating that the company is making steady progress in improving the working environment. In addition to its social contributions, the company has been taking measures to combat global warming, such as introducing solar power generation and participating from an early stage in the 1% for Present Tree program to promote nationwide tree-planting projects, and it is wonderful to see that progress has been made in visualizing and quantifying the environmental situation, including calculating actual CO<sub>2</sub> emissions and setting reduction targets based on the GHG Protocols, even including Scope 3. I hope that SPP will continue to strengthen its presence in society through the integration of environmental, economic, and social aspects, including building up a track record toward achieving its reduction targets.





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