

SHINSEI PULP & PAPER
COMPANY LIMITED

CSR Report 2016

Corporate Social Responsibility



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

Top message

First of all, we would like to express our sincere sympathy to those who were devastated by the Kumamoto Earthquake in April 2016. We are praying for early recovery and reconstruction.

CSR equals Management

We, the SHINSEI PULP & PAPER COMPANY, consider CSR to be not just a special activity but part of management itself, to regulate how all business activities should be. Based on this idea, we set a management policy in place to “continue meeting our responsibilities to create a rich society through ecofriendly corporate activities,” and decided a Code of Behavior relating to our management policies. Our mission is to deliver new value to the market and society through meeting changing needs and creating new business models.

To fulfill our mission, we will strive to enhance our corporate value, becoming a trusted and beloved company by our stakeholders.

Toward the next 10 years

The last fiscal year marked our 10th anniversary since the integration. This fiscal year is the beginning of the next decade. We are now facing a dramatic change in the business environment beyond anything we could imagine. In order to realize the new value creation that satisfies our stakeholder's expectations, we need to review our

business from an even wider perspective. Under the slogan of our 4th mid-term management plan “evolution,” and with the unwavering trust of “paper” as a material, we will continue to promote CSR activities, aiming to make a further contribution to creating a sustainable society. We ask for your continued support and guidance.

October 2016

President and CEO

加藤 康次郎

Yasujiro Kato



Management Philosophy

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

Management Policies

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

Code of Behavior

- 1. Total compliance with laws and regulations**
The SHINSEI PULP & PAPER COMPANY complies with not only laws and regulations but also domestic and international rules and social codes, achieves trust from society and customers, and fulfills its responsibilities.
- 2. Consideration for the environment**
The SHINSEI PULP & PAPER COMPANY recognizes the conservation of the global environment as one of its first priorities and to pass on a rich future to the next generation.
- 3. Disclosure of corporate information**
The SHINSEI PULP & PAPER COMPANY actively and fairly discloses corporate information to shareholders and other stakeholders.
- 4. No relationship with antisocial forces**
The SHINSEI PULP & PAPER COMPANY consistently refuses any requests from antisocial forces and organizations.
- 5. Establishment of safe and easy-to-work working environment**
The SHINSEI PULP & PAPER COMPANY respects each employee's personality and uniqueness and realizes a safe and easy-to-work environment.

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Editing policies

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

In addition, we made the design of the report warm and intimate, using “Paralym Art,” an activity that we support, as a motif.

Business activities covered by this report: Compiled mainly from social and environmental activities at domestic sales bases
Referenced guidelines: Environmental Reporting Guidelines “Towards a Sustainable Society, (Fiscal Year 2012 Version) published by the Japanese Ministry of the Environment”; ISO26000
Publication : October 2016

About the cover

“Paralym Art” is an activity that is carried out by SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION to support the social participation and economic independence of disabled people through their art. The picture on the cover is a work done by Mr. Kenbo, with the title “I will live my life.”



SPP Mid-term management plan

The 156th period that started on April 1, 2015, falls on the 10th year of SPP. Based on "Innovation and Challenge," 2016 will be the second fiscal year of the 4th mid-term management plan. We have chosen "Evolution" as the slogan of the mid-term plan. Evolving SPP will allow us to develop our business activities to realize a company and business full of vitality and dreams.



By organically coordinating the five fields that SPP has advantages in, namely, printing paper, special paper, information related paper, packages and chemical products, we will develop "Broader and deeper" business activities.

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



SHINSEI PULP & PAPER COMPANY disaster countermeasure products

RESCUE BOARD MAGNUM

Currently, our "RESCUE BOARD MAGNUM" is used in various situations. Excelling in terms of both durability and storage, it is lightweight and can be stored compactly. It is capable of transporting loads of up to 500 kg.



AERO MAT

"AERO MAT" is a simple air mat that was developed for the purpose of ensuring a comfortable stay at an emergency evacuation shelter. The layers in the air mat are independent from each other, ensuring it can still be used even if one of the layers is damaged.



SAT-GUARD

"SAT-GUARD" is an evacuation hood worn at the time of a disaster. It uses an internal profile shape shock absorbing material to alleviate shocks to the head. It reduces impacts by up to one-seventh compared to the case of not wearing the hood.



Environmental-based Procurement and Sales Guidelines

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

Scope of application

This guideline applies to domestic and overseas sites.

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 positive procurement and the sale of environment-friendly products.

Procurement policy

- 1 Active and positive approach to forest-certified paper
- 2 Active and positive approach to products complying with the Green Purchasing Law
- 3 Active and positive approach to recycled pulp products
- 4 Active and positive approach to pulp products without the use of chlorine bleaching
- 5 Active and positive approach to paper made from lumber of thinning
- 6 Active and positive approach to non-wood paper
- 7 Active and positive approach to chemical products based on impact categories
- 8 Active and positive approach to partners who value preserving high conservation value forests and rural natural environments
- 9 Active and positive approach to products with transparency based on legality

Sales policy

- 1 Products where the legality of manufacturers can be verified
- 2 Products manufactured by sustainable resources

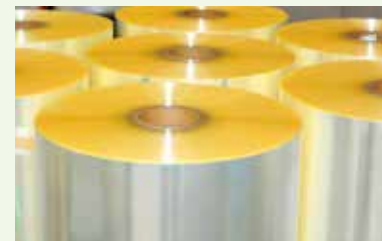
Relevant laws, regulations, ordinances and standards

- 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 Purchase Act)

Environmental protection in chemicals field

We set item reference points based on environmental effects (waste reduction, air/water/soil pollution prevention, global warming prevention, etc.) and based on the scores, we position eco-friendly products and sell goods contributing to environmental protection.

We market our key products in the chemical field as eco-friendly products. Food packaging films are used for protecting contents from physical, chemical, biological, human, and other factors.



Initiatives of forest certified paper

Sales of forest certified paper

Since 2003, we have continuously acquired the CoC (Chain of Custody) certification from the FSC® (Forest Stewardship Council®). We have also acquired CoC certification from the PEFC (Programme for the Endorsement of Forest Certification) since 2007. These logo marks mean we have acquired certification covering all processes for wood procured from certified forests, made into final products.



FSC® Acquired in 2003

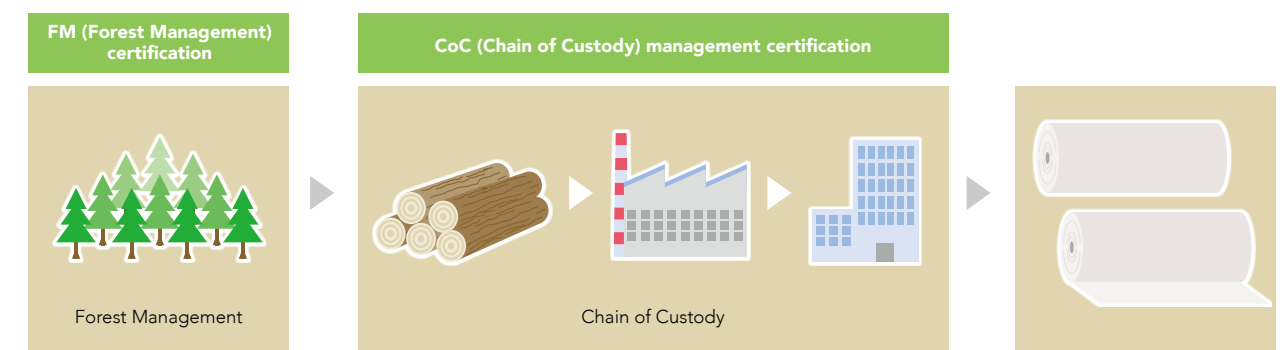


PEFC Acquired in 2007



Forest certified system

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



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

Forest certified paper in Olympic and Paralympic Games

Forest certified papers were preferentially used in the 2012 London and 2016 Rio Olympics. As environmental awareness has been growing around the world, the demand for the use of forest certified paper for the 2020 Tokyo Olympics and Paralympics is also growing. In our company as well, the use of eco-friendly forest certified paper is promoted in our mid-term management plan in place of "Sales promotional activities of forest certified paper." We will develop a proactive approach for sales activity of the forest certified paper and satisfying the needs of our customers.



Discussion with experts

What is the social mission imposed on paper trading companies?

The challenges surrounding “paper,” such as the impact of timber felling on the global environment and the arrival of digital media, are constantly diversifying over time. What kind of role will we, in paper trading companies, be expected to play in the future? Prof. Toshiharu Enomae of the University of Tsukuba and expert on “paper,” discussed this with our employees.

Using paper does not mean destroying the environment

Nishioka: Today we will have a round-table discussion with Professor Enomae who has come all the way from the University of Tsukuba. From your point of view as a paper expert with an abundance of knowledge, I hope you can give us some suggestions. Firstly, we would like to ask you what challenges the paper industry is currently facing. I believe the general image is that using paper means a tree has to be felled which destroys nature. The situation is difficult for those like us who provide the paper because our job has this negative image. What are your thoughts on the situation?

Enomae: Currently, I am in charge of lecturing ‘Intro, Agro-Bioresource Science’ at the university. I focus on teaching the students about forest conservation and timber production. The current situation is that the trees in Japan’s forests are actually extremely old. The older the trees become the less carbon dioxide they

are able to absorb so it is necessary to cut and use them. However, the use of timber is decreasing, and it is becoming more difficult to generate revenue in the forestry industry.

Nishioka: What exactly do you mean when you say it is hard for the forestry industry to generate revenue?

Enomae: The timber distribution structure is too complex, with large and small companies jumbled together which is inefficient. We should be making it bigger and more efficient. Regarding expansion of the use of timber, there are movements to replace plastic containers with paper containers and develop the practical use of “cellulose nanofibers (CNF).” Turning to the field of architecture, for example the stadiums for the Tokyo Olympic Games and Paralympic Games are being made using timber, which is wonderful. Although fire resistance does present an issue when using timber in high-rise buildings, various measures are put in place such as covering pillars with a sheet of mortar and timber boards. In any case, the idea that using paper equals the destruction of nature is a misconception, the actual situation is quite the

opposite. In Japan, trees are abundant and it could be said that the one’s that aren’t maintained are a problem. Additionally, as afforestation has no cost, it is one of the reasons that natural forests are being cut down.

Promoting the Forest Certification in Japan

Takanashi: In 2015, “COP 21 (The 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change)” was held in Paris, and a new framework for environmental measures was created. Turning to the paper industry, promoting the acquisition of Forest Certifications such as FSC® and PEFC, are activities that can contribute to environmental protection. This is a certification system aimed at eradicating illegal supply by eradicating illegal demand. I believe it is very important to use paper made from a forest that is managed properly. Including proposals to customers, I think it is a

commodity that we should strongly promote in the future.

Enomae: True, the Forest Certification is very important regarding the importation of timber from foreign countries.

Mikami: I once dealt with copy paper that had been made with thinned timber. I believe that the effective utilization of thinned timber will restore forests and promote biodiversity, in turn contributing to environmental protection. At any rate, I think it is necessary for the manufacturers and users of large companies to incorporate Forest Certification in the future. However, although Forest Certification is widely recognized in foreign countries, especially Western countries, there is still not enough recognition in Japan. I believe it is our obligation to work on this so that we can further expand with opportunities presented by the Tokyo Olympic Games and Paralympic Games. I also think that such activities will not proceed quite as well if we don’t stamp out the image that using paper is bad for the environment.

Nishioka: PEFC can also be acquired through mutual



Toshiharu Enomae - Profile

Graduated from Forestry Products, Faculty and Graduate School of Agriculture, The University of Tokyo, in 1984. In 1986, completed a masters course of Graduate School of Agriculture, The University of Tokyo. In 1993, received a Ph.D under the title ‘Studies on coating applicability of basepaper and evaluation of coated paper structure’ and was Assistant Professor of the same department 1987. From 1993 to 1995 he was engaged in post-doctorate research on “Paper-Water interaction” under Dr. Pierre LePoutre, as part of the “Paper Surface Program” at the University of Maine, USA. In 2004, he served as an assistant professor of laboratory of paper science, Graduate School of Agricultural and Life Science, The University of Tokyo. From 2007 he continued the same work under a different title. From 2012 he has been working as a Professor of Life and Environmental Sciences at the University of Tsukuba.

Bungo Takanashi

Manager
Information Special Paper
Department
Paper Division
Nagoya Branch Office

Employee from 1988. Responsible for logistics and purchasing, followed by sales. Contributed to the spread of rescue boards.

Toshiharu Enomae, Ph.D.

Professor
Laboratory of Paper Device and
Eco-friendly Material Sciences,
Faculty of Life and
Environmental Sciences
University of Tsukuba

Mizuki Nishioka

Procurement Department
Customer Support Division
Tokyo Main Branch

Employee from 2015.
In charge of the purchase of leading paper companies. Primarily engaged in paper usage for magazines and books.

Yukinori Mikami

Section Manager
Development Department
Tokyo Main Branch

Employee from 1996. Experienced sales to wholesalers, dispatched to affiliated companies etc, and since 2015, has been involved in the development of new products.

authentication with the Japanese certification system, SGEC. If these are widely recognized, I think the use of widespread domestically produced timber will be able to progress through higher awareness of overseas certification. What do you think?

Enomae: I'm not sure, but I do think every company wants to acquire a certificate program that has a high international awareness.

The appeal of paper is that it is perfect for reading and writing

Mikami: Paper has been said to be the "barometer of culture." For this reason, we have always been aware of our contribution to paper culture as a paper trading company. However, in recent years the culture itself has been changing. Due to the aging population, we anticipated a demand in books for the silver generation, but e-books are gaining prominence as paperless options progress. In the paper industry this creates a feeling of anxiety that is hard to ignore, but Prof. Enomae, what do you think paper has that digital media does not?

Enomae: I do feel that when viewing a map or a dictionary, it seems that digital media does have the upper hand, but for normal "books," surely paper is better. The prevalence of E-books is increasing but when you look around in the trains, many people are reading paperbacks. If someone is intending to "read" I think paper is more suitable. When reading with a smartphone or tablet there is always the worry that it will run out of battery, and getting it out of a bag can take a while. A paper book is just easier.

Nishioka: Mikami said "Paper is the barometer of culture," but I think that paper and paper trading companies play an important role in conveying culture to future generations, for example magazines and books.

As magazines are issued on a regular basis they create a cycle of supply and demand, and books



generate large circulation according to the reaction after they have been published. As I engaged in the procurement of paper myself, I feel the joy in being part of the culture when I see the books in which the paper is used.

Mikami: That is exactly why I feel upset that the size of paper orders for book usage is decreasing.

Enomae: It seems that self-published works and autobiographies are popular but the problem is how often it will be read, since these require a certain amount of demand to be established as a market. It probably be very beneficial to utilize SNS and other such networks to reach out to autobiography readers.

Takanashi: When it comes to autobiographies, naturally I want to read from the printed pages of books. It is our responsibility to rediscover and spread the appeal of paper. Actually, while we're on the subject, Prof. Enomae, do you have any scientific examples of efforts to show the appeal and value of paper in your research?

Enomae: As part of the research for compulsory education, there is a survey that compares the visual recognition efficiency of paper media and digital media. Misspellings and omissions were intentionally scattered throughout compositions of about 800 words. Participants were then asked to read and compare it on a tablet PC and printed out on paper. Of course, the higher the school grade, the higher the discovery rate of mistakes, however it was confirmed that more mistakes tended to be noticed when reading the printed out version. I would guess that the reason for this is that, in the case of a tablet, the eye cannot focus properly due to the liquid crystal that shines under the letters. On the other hand, the eyes are able to focus better on the inked letters on paper, and can therefore find mistakes more easily.

Nishioka: I was in the Faculty of Education and took classes in teaching practice using tablets, but as Prof. Enomae demonstrated, I believed that paper would allow children to take in more.

Takanashi: I feel that digital media has largely

replaced paper as a tool to convey information. Books, magazines and newspapers have shifted considerably to digital media. However, wouldn't that have quite an effect on eyestrain? I often check the news on my smartphone when on the train but when I get off and look around it can take a while for my eyes to focus.

Enomae: I can't deny the effects on eyestrain, and there are still people reading newspapers on the train. By the way, my wife seems to like reading the newspaper while relaxing. Isn't it fun to read the articles you like while relaxing?

Mikami: Normally, I don't print out and read the text of e-mails, but I am trying to print out and carefully read any important matters that come through. Many other people are also doing this, so it must be naturally easier to comprehend text when it is printed on paper.

Also, it seems that it becoming increasingly common to sign on a tablet screen when paying by credit card. I feel this does pose a threat, reducing the demand for paper, but I still believe it's easier to write on paper.

Enomae: I agree. I think the best asset of paper is being able to "write" not just "read." Recently, a touch pen was developed that makes letters thicker when pressed strongly but for example, I don't think it's a good idea to let young Japanese children use a touch pen as it is during the lower grades of elementary school that we memorize the most kanji characters. My reasoning is because when children practice kanji characters it is important to be able to clearly see where they went wrong from their handwriting in order to memorize the characters. When considering "writing," I think the status of paper is immovable for the time being.

Changing the awareness of consumers and creating new needs

Mikami: Packaging is also an important area for paper application, and primarily due to factors such



as the market expansion of Internet mail order, etc., compared to general paper, the quantity of orders for packaging is maintained. We anticipate the possibility of further growth in the future, but what about you Prof. Enomae?

Enomae: The production of paper used as the medium to convey information peaked in 2000, declining 21% by 2014, meanwhile the paperboard used for packaging has consistently kept up production. I often purchase food items and get them sent through Internet mail order. In major mail-order sales etc., packaging is very thorough and cardboard is used a lot.

Mikami: By the way, as boots are becoming a popular part of fashion, it seems that in the paper industry, the demand for paperboard will increase too. Boots are bigger than ordinary shoes, so they need larger boxes, which uses a lot more paperboard. The need for paper in the health and hygiene related field is quite significant as well. I doubt market products like facemasks and disposable diapers will ever be digitally replaced. Pocket tissues are distributed free of charge on the street, though it seems this is not a common practice in other countries. Even regarding tissues used at home, high-grade tissues are becoming popular, purchased as gifts that can cost as much as a few thousand yen per box.

Takanashi: During spring many people experience hay fever, often blowing their nose, and if they use inexpensive tissues their skin becomes rough and dry. It is important for trading companies to notice these kinds of demands.

Enomae: Previously many thought that tissue paper is good as long as it's cheap. I think changing the awareness of consumers and creating the need for high quality tissues is why they can be sold.

Mikami: What is your understanding about the use of waste paper?

Enomae: I was part of the committee on the use of waste paper at the Ministry of Economy, Trade and Industry for about 4 years. While there I realized



other problems. The quality of paper is dropping, for example, the elements are becoming sullied, they have shorter fibers and poor strength. As I mentioned earlier, since Japan has an abundance of timber, it is better to utilize virgin pulp in paper applications as much as possible, and separate the short fibers for fuel. Rather than recycling with a narrow perspective, it is important to look at the wider ecosystem, as the quality of paper will improve with it.

Takanashi: In the factories of major paper companies long fibers and short fibers can be sorted out by DIP (De-Inked Pulp) equipment. I hope these facilities help improve the efficiency of waste paper recycling management.

Mikami: The consumption rate of waste paper is 64%. Undoubtedly, there is a common belief that using waste paper is good for the environment, but on the other hand, reuse requires enormous energy and we can't overlook the impression that it creates an inferior product. What are your thoughts from a manufacturers perspective?

Enomae: I don't know all the details, but I think that manufacturers don't want the utilization rate to increase any further due to the issues you mentioned before. However, in order to facilitate the image of contributing to the environment, the corporate committee wants to raise it by 0.5%. I don't think it's necessary to forcibly raise it any more, but it is a difficult situation. Since waste paper is cheaper than virgin pulp, as a manufacturer, using waste paper

leads to higher profit margins. It is also true that Japanese waste paper is of quite high quality, and there are a great number of exports go out to meet the high demand from foreign countries, though there is insufficient waste paper within Japan. Despite this situation, there is a trend towards raising the waste paper usage rate, a complicated issue.

To be a trading company that takes the lead in social roles

Nishioka: As a trading company, we can't directly make the products. That's why information and ideas are so important. It is a big challenge to think about what is required and how to shape it using paper. What kind of direction do you think paper-trading companies should take Prof. Enomae?

Enomae: That's a very difficult question. As a paper trading company, I believe it is important to establish a unique concept, create a strategy to build a market and change awareness, and then execute it. It is necessary, not only to sell new products from paper manufacturers, but also to let them know what kind of products you want. Paper manufacturing engineers have few opportunities to find out what the needs of consumers are. That is why they are strongly seeking consumer information, and the only ones who can offer it are trading companies. Trading companies link manufacturers with consumers; it would be



good to use this to create a new trend of goods. I believe it is wonderful to be in the position to take on the role of a research company and be able to connect manufacturers with consumers regarding environmental and other such issues. I am expecting everyone to take the initiative in this social role in future.

Nishioka: Trading companies also have the major role of providing a stable supply of paper. I've always liked books and worked part-time at a bookstore, but when I learned that the factory of a major paper company stopped due to the Great East Japan Earthquake, I realized once again the importance of paper and its stable supply. This is one of the reasons why I decided to enter the paper industry.

Takanashi: The Great East Japan Earthquake was a turning point in my life as well. At the time, I was able to raise the sales of our original product, the simple emergency stretcher "MUGNUM Rescue Board" used to rescue injured people in the event of a disaster. Previously, the 180 cm board folded into three sections, but because it was so big we changed it to six folds to make it more compact, meeting the need perfectly. From these experiences, I began to realize the importance of different points of view regarding sales, and to remember to work towards a social mission.

Mikami: Today we could share the ideas for the future of agents and paper. We recognized that a wide range of duties are imposed on trading companies. In the future I would like to continue improving myself and working hard.

Enomae: It is encouraging. I hold a lecture meeting at the Textile Society, Paper & Pulp Research Institute several times a year, but even if I requested someone from a trading company to give a lecture they did not accept it easily. Everyone knows technical topics well but talks based on personal experience are particularly interesting with a lot of useful information. Since SHINSEI PULP & PAPER COMPANY deals with a variety of paper products, we would love to hear about the appeal of paper from the trading companies.



After the roundtable meeting

Creating a new paper market



Until now I have continued to offer the given materials in a given form, but now I feel strongly that I cannot continue to fulfill this agency role in the future. I think that the future of trading companies is in creating a new market for paper, and I would like to start working on it from tomorrow.

(Takanashi)

Mutual prosperity with digital media



One of the topics of today was "the applications of paper that never lose to digital media." Although I do think it would be best to share the appeal of both so that they can coexist and prosper for generations to come. Using the abundance of timber and proper recycling may shape a brighter paper future.

(Mikami)

Becoming a bridge between manufacturer and sales



As a supplier working between manufacturers and sales, I realized that I have to seek out more information on paper, such as the Forest Certification paper. As there are more opportunities to see the manufacturers than sales, I would like to let them know our opinion.

(Nishioka)

The opportunity to hear directly from those on site



I have many opportunities to exchange information with students, paper manufacturers and paper researchers, but I am not often given the chance to speak with paper trading companies. It was very interesting to find out that everyone gained their information through onsite experience.

(Prof. Enomae)

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

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

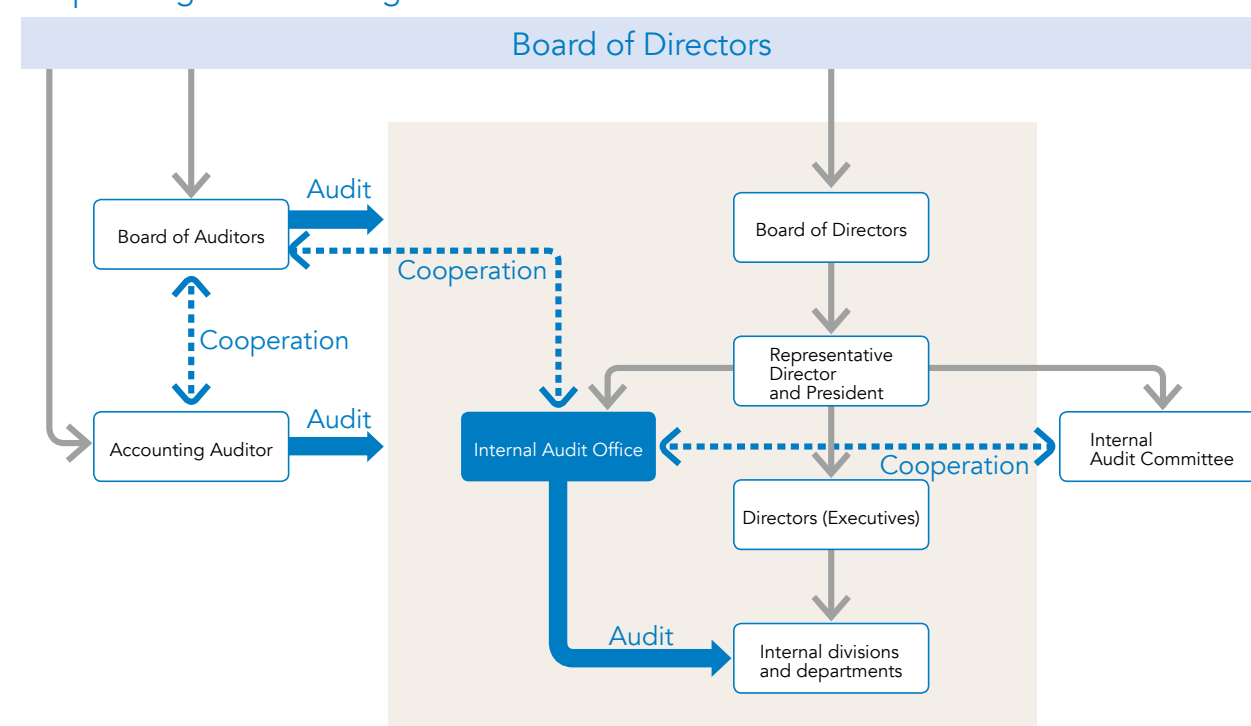
Corporate governance

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

We hold meetings of the Board of Directors for

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

Corporate governance organization



Internal controls

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

Compliance

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



Scene from an internal control training session

Risk management

We established a Business Continuity Plan (BCP) in 2012 in accordance with the Business Continuity Guideline, as published by Disaster Management, Cabinet Office, Government of Japan, by comparing important items with our operations. In accordance with an emergency action manual based on this, we plan and conduct training based on certain assumptions.



Business Continuity Plan



BCP training based on certain assumptions

Handling of personal information

We stipulated consideration and safety control measures in order to ensure the proper handling of personal information, among other things. Below is the scope of our paperwork handling personal numbers.

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

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

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

Initial action based on BCP at the time of a disaster

We established our BCP on December 13, 2012, but the Kyushu Branch has not yet been required to implement it. However, the Kumamoto Earthquakes (Intensity 7 on Japanese seismic scale) occurred on the nights of April 14 and 16 in 2016. Fukuoka prefecture where the Kyushu Branch is located, experienced an earthquake of intensity 5, resulting in an earthquake early warning alarm sounding on my cellphone.

BCP is assumed to be executed when an earthquake of intensity 6 or more occurs. The earthquake intensity recorded in Fukuoka was not therefore applicable, but out of duty, we

conducted the initial action plan according to the BCP initial action manual.

Later on, I checked the BCP initial action manual once more, and I found that a key challenge was whether we can take action as per the manual instructions should an earthquake of the same scale occur in Fukuoka.

We will conduct daily operations based on the basic policy of BCP, "Securing human life and business assets, prompt business recovery, minimizing the effect on concerned parties and establishing trust with partner companies" during periods of tranquility.



Seiji Sakamoto
Manager
General Affairs
Department
Kyushu Branch

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

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

General business owner action plans

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

We promote a work-life balance and have an action plan in place to support the development of an easy-to-work environment where employees can make work and child-rearing compatible, while also taking full advantage of their abilities.

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

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

We have an action plan in place to support the development of an environment where we have more chances to recruit women and where women can fully exert their personalities and abilities.

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

Promoting the active utilization of female human resources

Women account for about 30% of all our employees. They play active roles in various fields such as Sales, Procurement and Administration. Major events in lie such as marriage and childbirth make achieving a balance between life and work difficult, but we have established systems to support a work-life balance with internal rules and conditions that the law sets out. Many employees use these systems to make their work and home life compatible.

On April 1, 2016, the Act to Advance Women's Success in Their Working Life was legally enforced and companies

are now obliged to establish action plans to improve working environments where women can play active roles. We publicly announce that we herald our objective of "Making the ratio of female recruits to be 50% or more" and offer working styles according to the career plan of each job applicant (student) such as a managerial career or a regular clerical job.

We will continue to promote the improvement of working environments where all female employees can continue to work and make the most of their abilities and personalities throughout their careers.



Asana Maekawa
Human Affairs Section
General & Human Affairs
Department
Administration Division

Human Resources System

The most important asset for a trading company is its human resources. We have a human resources system in place based on a target management system so that all employees can work with a high degree of motivation. We also continuously improve the system in response to changing business environments to enable a fair human resources system that

satisfies all employees.

With such a human resources system, we encourage career promotions based on the right person in the right place approach and job rotations, towards realizing our Management Philosophy and Management Policies.

Human assets development

To grow as a company that is "Supported," "Needed" and "Chosen," we focus on improving human resources who can work with a high degree of motivation as professionals.

We host new manager training,

upper-level management training and other training by hierarchy to improve managerial abilities and strategic thinking. We also conduct English conversation training and qualifications acquisition support to promote human assets development.



Senior employee training

Human assets development and compliance

As a trading company, we consider human resources to be our most valuable asset, so a key challenge for the General & Human Affairs Department is developing and making use of human resources needed both in and outside the company.

While improving the skills and mindsets of employees, we make improvements to training courses and employee assessments, and conducting strategic job-rotations to promote continuous growth. Regular personal meetings with all employees to facilitate a better understanding of

their environment, issues and goals lead to support that strengthens overall motivation and creates workplaces where every employee can work in a safe manner.

To realize our management philosophy, "Respond to the changes of times with a firm commitment to continue to grow with society," we aim to promote the HR system to take full advantage of the abilities and personalities of all employees and thereby improve corporate value and competitiveness.



Masahiro Mitsuda
Manager
General & Human Affairs
Department
Administration Division

Promoting the employment of elderly people

We have a "Re-employment Standard" in place to hire employees who want to continue working following forced retirement and who satisfy health and other certain conditions up to the age of 65 years old. We support them so they can take advantage of the experience they have cultivated at our company and in order that this vast pool of knowledge is passed on to future generations.

Stress checks (In consideration of employees)

The Industrial Safety and Health Act was amended, and as of December 2015, it has become obligatory to conduct stress check tests once a year. To proactively prevent depression and other mental health disorders, we implemented this initiative in FY2016. Employees are assets of the company. We consider the establishment of working environments with no employees suffering from depression or a mental health disorder as our corporate responsibility.

Promoting the employment of disabled persons

Based on the Handicapped Person's Employment Promotion Law, we positively address the employment of disabled persons on an annual basis. As of April 2016, we fully satisfy the conditions of a legally required employer. Going forward, we will continue to promote the expansion of this and strive to establish a working environment where disabled persons can work safely and securely.

Activities supporting disabled persons: Paralymp Art

"Paralymp Art" is an activity that is carried out by SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION to support the social participation and economic independence of disabled people through their art. We comprehensively support Paralymp Art and serve as a go-between for individual companies in the form of an integrated agency. We position Paralymp Art as one of our social contribution activities as a specialized trading company and are determined to have it widely prevail throughout Japan.

Art drawn by disabled persons is available as listed below.

- For rent
- License
- Sales
- Goods & novelty items



Occupational health and safety

In compliance with occupational health and safety laws and regulations, we have a monthly health committee meeting, which includes an industrial doctor and a health manager. At Head Office, the industrial doctor conducts two tours a month to check the health conditions of our employees. We strive to maintain health and safety in working environments, as exemplified by the

fact that if an employee desires it, he or she can consult the industrial doctor. To maintain employee mental health and prevent mental illness, we have also opened a counseling room with an external counselor and always pay close attention to the health conditions of our employees and make efforts to minimize the occurrence of any problems.



Health committee meeting

Child-rearing and nursing leave system

To establish a working environment where employees can make work and family life compatible, we support part-time working hours and limited overtime, depending on the actual

conditions of and requests from an employee, in addition to our child-rearing and nursing leave systems.

Return to work and child-rearing

I took nursing leave in October 2013, and three years have passed since I returned to work. Everyday was a struggle during my leave, as I gave birth to twins and tried to raise my children as best I could, which was a first in my life. However, in spite of such a hard time, I was glad and felt secure, as the company offered nursing leave and I had a place to return to. Other senior colleagues who had previously taken nursing leave and subsequently returned to work greatly encouraged me and became true role models.

Immediately after returning to work, my children were still so young that I had to take leave quite frequently and often troubled my team. Despite this, everyone understood my situation and offered very generous support. I am more than grateful to all my kind colleagues. Going forward, I will balance work and child-rearing while enjoying witnessing the growth of my children, as I continue to aim to contribute to the company that has provided me with such a wonderful working environment.



Sayaka Uyama
A wholesale dealer
Section1
Paper Div Section1
Osaka Branch

Regular health checkups and maternity healthcare

It is our firm belief that employees can only fully utilize their abilities if they are healthy both physically and mentally. Based on this ideal, 30 and 35-year old employees have an annual lifestyle disease checkup, while employees of other ages undergo a health checkup once every year. We also have maternity healthcare rules, giving consideration to creating an environment where female employees can continue to work before and after childbirth in good health.

Countermeasures against sexual harassment

We stipulate provisions involving sexual harassment in work rules and prohibit employees from saying or doing anything that might cause upset or against other people's interests in working conditions or interferes with the carrying out of work. We also make efforts to listen to the opinions of employees as a company, whenever it is deemed necessary.

Cooperative relationship with Employee Association

At our company, we have organized an Employees Association to build and maintain a smooth relationship between the company and its employees. We consider that good employer-employee relationships are indispensable for the

development and wellbeing of the entire company, hold regular meetings and exchange opinions on various different projects.

About the Employees Association

The SHINSEI PULP & PAPER Employee Association is comprised of all employees, excluding officers and temporary employees. The main purpose of the Employees Association is the improvement of working conditions through a cooperative relationship between the company and its employees and the cultivation of friendships among all employees. The Japanese government promotes dynamic engagement of all citizens and reform of ways of working. All employees work together to realize the development of the association's

operations and the improvement of employees' living conditions.



Ken Kojima
Chairman
Employee Association
Headquarters
Package Business
Department
Tokyo Main Branch

Club activities

As a place for internal communication and exchanges with people outside the company, we provide support to club activities. Each club is engaged in a wide variety of activities, and we consider the vitalization of employees through health enhancement with employees' sports club activities and culture developed in cultural club activities as part of the overall social service system.

Baseball Club, Nagoya Branch

20 employees belong to the baseball club at the Nagoya Branch.

At the Nagoya Paper Merchant Baseball Tournament that started in May 2016, we advanced to the final game in July and won the championship. Integrating the power of skillful and young players, we



have a great fighting spirit. To win the championship again next year, we will continue to give it our best shot.

Local Contribution Activities

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

Tokyo Regular Cleaning Activity

Chiyoda-ku, Tokyo, holds "Chiyoda-ku Cleanup Day" in the spring and fall each year. Elementary and junior high schools in addition to residents of the local community jointly carry out cleaning activities. We regularly participate in these activities to show our support for the community. We also conducted cleaning activities in June in conjunction with "Environment Month," with a total of about 50 employees voluntarily participating.



Osaka Cleaning Activity

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



Nagoya Emergency Drills

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



Toyama Local Crime Prevention Contribution Activities

When the orange light fixtures symbolizing the existence of the Kosugi Office, Toyama Branch, blew we noticed there was a problem in crime prevention, as no streetlights were installed in the city streets around the office. Therefore, in cooperation with the Washizuka-cho neighborhood association, we proposed installing LED lights on the city road to Imizu City. Today, the orange light fixtures at our offices, along with the LED lights, contribute to crime prevention.

Kyushu Hakatagion Yamakasa

Hakatagion Yamakasa is a traditional festival with more than 770 years of history, which is held between July 1 and 15 every year in Hakata Ward, Fukuoka City. It is designated as an important intangible folk cultural asset. The Kyushu Branch sponsors the festival, contributing to exchanges with the local community by making tap water available for free to provide Power Water.



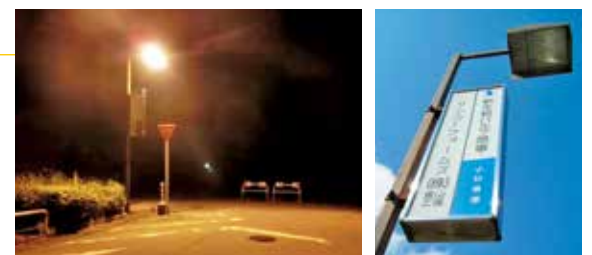
Sapporo Community health and safety activity

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



Sendai Environmental maintenance

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



For passing on the environment, where human and nature coexist, to the next generation.

We are striving to be a company that passes on the blessings of nature like forest resources and thus contribute to the global environment.

Environmental Policy

Basic Philosophy

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

Course of Action

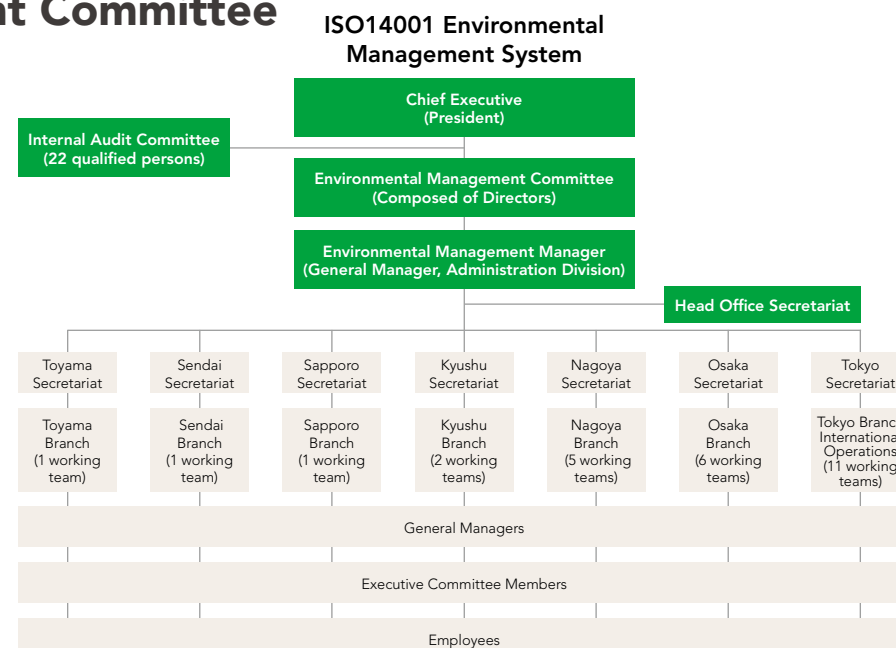
As a paper distribution company, we continually grasp how goods and services we deal with in our business activities, impact the environment, minimize environmental burdens by setting environmental targets and promote the prevention of environmental pollution and global warming. We review environmental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

Environmental targets

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

ISO Environment Committee

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



Our initiatives

ISO14001 (Environmental Management System)

We received our certification in 2002. Efforts are made at all offices and branches, and the certification is useful to raise awareness about the environment and increasing the number of eco-friendly products dealt with. We are currently preparing for a transition to the 2015 version.

ISO9001 (Quality Management System)

In 2005, the Electric Materials Industry Section, Head Office, 情報機能材事業部, 工業機能材部 was certified. We will tackle the enhancement of customer satisfaction and win trust from suppliers. We have already completed transfer to the 2015 version.

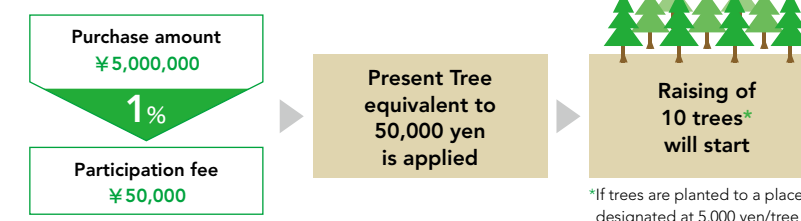
Specified consignors

Subject: Business owners with freight transportation (in ton-kilometers) of 30 million ton-kilometers or more

Enforced in 2007. We are subject to this category and satisfy the figure required by the government.

1% for Present Tree*

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



Transition in numbers of planted trees	
2009	66 trees
2010	8,168 trees
2011	535 trees
2012	524 trees
2013	609 trees
2014	520 trees
2015	404 trees
Total	10,826 trees

1% for Revive Japan*

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

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



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

Thinning of Forest Mark

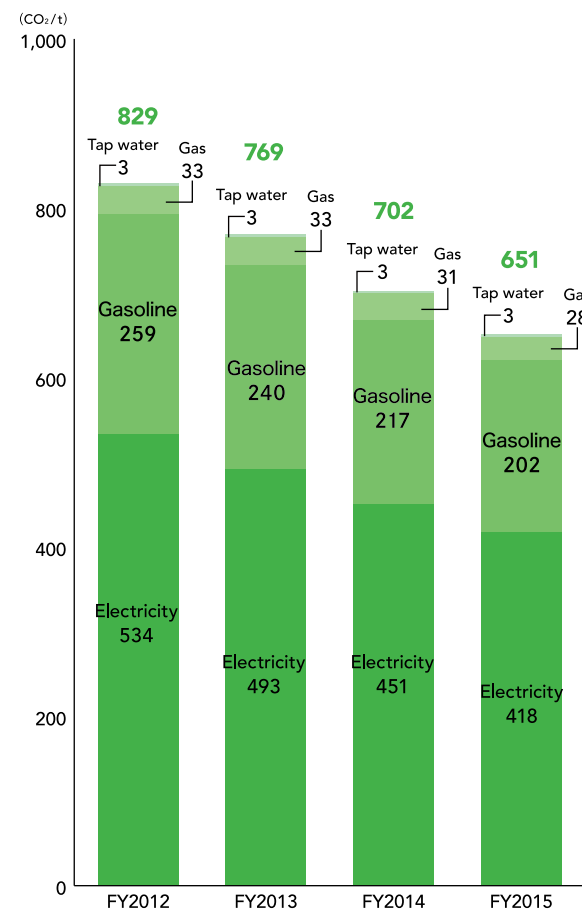
The Thinning of Forest Mark involves promoting the importance of thinning and the proper use of thinned wood. The proper use of the Thinning of Forest Mark will contribute to the prevalence, awareness-raising and use of thinning and thinned wood, in addition to consumers' selections of products. We have acquired the Thinning of Forest Mark and are making efforts to promote its prevalence.



To accomplish our environmental conservation responsibilities by accumulating daily activities

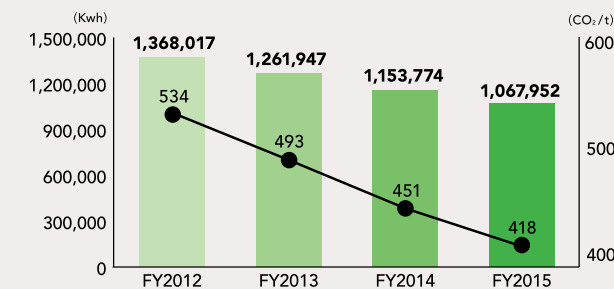
In accordance with the Basic Philosophy of the Environmental Policy, we established the Course of Action and proceed with our actual initiatives.

CO₂ emissions by our business activities



FY2015

Power consumption and CO₂ emissions

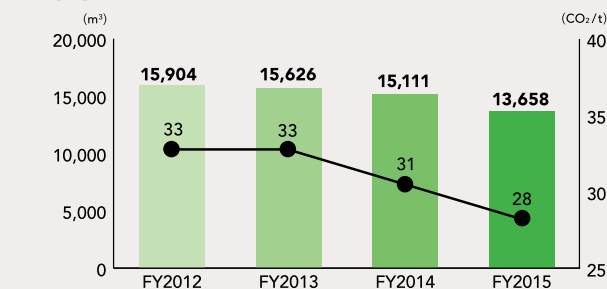


Calculation method of CO₂ emissions

Amount of power used x 0.00039 (1t-CO₂/kWh)

Source: Calculation Manual, Japan's Voluntary Emissions Trading Calculation method of CO₂ emissions

City gas consumption and CO₂ emissions

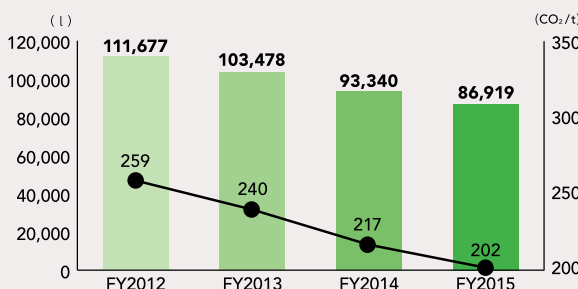


Calculation method of CO₂ emissions

Amount of city gas used x 41.1 (GJ/1,000m³) x 0.0506 (1t-CO₂/GJ)

Source: Calculation Manual, Japan's Voluntary Emissions Trading Calculation method of CO₂ emissions

Gasoline consumption and CO₂ emissions

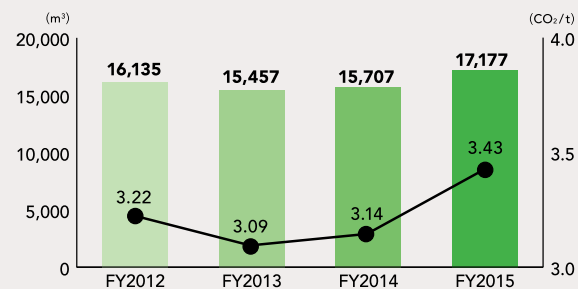


Calculation method of CO₂ emissions

Amount of gasoline used x 34.6 (GJ/l) x 0.0671 (1t-CO₂/GJ)

Source: Calculation Manual, Japan's Voluntary Emissions Trading Calculation method of CO₂ emissions

Consumption of tap water and CO₂ emissions

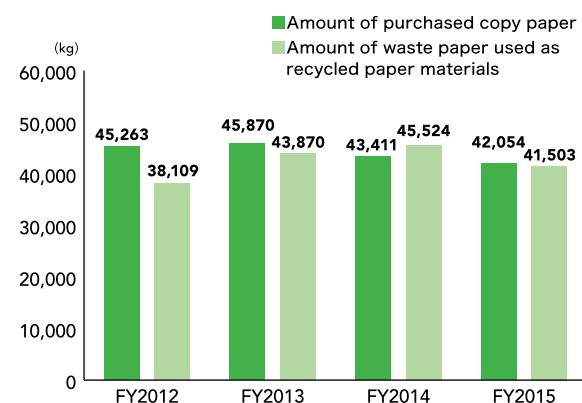


Calculation method of CO₂ emissions

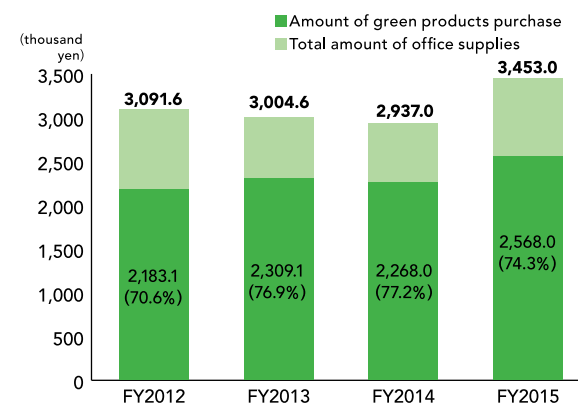
Amount of tap water used x 0.2 (factor)

Source: CO₂ Emissions Calculation Sheet, Tokyo Hojinkai Rengokai, Inc.
http://www.tohoren.or.jp/calc_co2/calc_co2.html

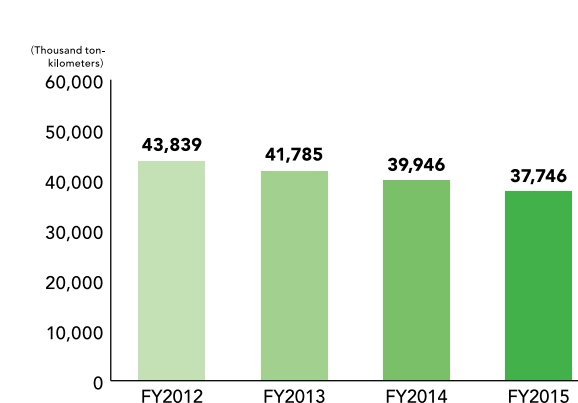
Amount of purchased copy paper and amount of waste paper used as recycled paper materials



Green products purchase ratio



Transportation results as a Specified Consignor*



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

Concrete actions for reduction

Each and every employee voluntarily tackles what he or she can do.

- Conditional stop of air conditioners
- Turning off fluorescent lamps during lunch breaks
- Implementation of CoolBiz and WarmBiz
- Prohibition of working on holidays
- Stopping the operation of one tea server per floor
- Introduction of LED lighting
- Reduced number of fluorescent lamps in use
- Promotion of stairway use
- Implementation of no overtime day
- Setting summer vacation days



Implementation of in-house 3UP 3Down movement
*Going up or down three floors by the stairway



Introduction of LED lighting

ISO14001 in FY2016

Target setting	Tokyo/Overseas	Osaka	Nagoya	Kyushu	Sapporo	Sendai	Toyama	Branches
Reduction of power consumption	4	1		1	1	1	1	9
Reduction of gasoline consumption	9	3	2	3	1	1	1	20
Reduction of general waste emissions	1	1		1	1			4
Reduction of the amount of copy paper	1	1						2
Promotion of green purchases		1	1	1	1		1	5
Sales of eco-friendly products	12	6	6	2	2	2	1	31
Promotion of operational efficiency	7		2					9
Others	3							3
Total	37	13	11	8	6	4	4	83

In ISO14001 for FY2016, a total of 83 targets have been fulfilled at all branches.

We address the challenge so we achieve all targets by the end of the year. In FY2015, we have achieved 90% of the target goal.

Initiatives for the environment following the Great Eastern Japan Earthquake of 2011

I had an energy problem that directly affected my everyday life during the Great East Japan Earthquake on March 11, 2011. Due to a blackout, I couldn't recharge my cell phone, and also, I couldn't take a bath due to the interrupted supply of city gas. There were long lines in front of every gas station. Sendai City launched the Energy and Electricity Saving Movement 2011, in order to encourage citizens to save electricity. Even now, or five years after the earthquake, this activity is still ongoing in the form of the Date Power Saving Campaign, in which unused electricity is considered equivalent to building a power station and the city aggregates the amount of power saved and the amount of power sold, which is then disclosed on Sendai City's environmental website.

At the same time, the amount of discharged waste increased after the earthquake with an increasing final disposal rate. This trend where the per capita amount of waste emission is large still persists, and efforts for reduction, reuse and recycling have become important once again.

At the Sendai Branch, we also work on saving energy and waste reductions, based on our environmental policy, and to share the same awareness, we established "Sendai Eco Rules" and take action to achieve our targets. Going forward, we plan to carry out additional activities from a perspective of the environment and disaster prevention.



Ryuji Sato

Manager
General Affairs Department
Sendai Branch

Refreshing an awareness of the value of paper and importance of environmental conservation with tree planting activities

We are actively engaged in tree planting projects to enable reforestation.

Under the scheme of "1% for Present Tree," we have planted over 10,800 trees towards the rehabilitation of forests and the prevention of global warming.

We believe it is very important for employees of a company primarily dealing with paper to fully understand that tree planting by each and every employee plays a crucial role in corporate tree planting activities and that this in turn leads to the reforestation process.

In 2016, employees from the Tokyo Branch participated in a tree planting activity in Kai City, Yamanashi Prefecture. They cut down undergrowth in cultivated land as part of a "Forest cultivation" activity. In cooperation with an NPO, Environmental Relations, and local forestry cooperatives, we took part in this activity to promote the growth of seedlings by cutting away undergrowth that was flourishing around

100 seedlings, which we planted the previous year.

A tree planting activity is just the beginning of afforestation. Continuous activities to promote the growth of forests over time are indispensable activities toward the cultivation of trees and reforestation.

We were able to refresh a sense of awareness of the value of virgin paper, as paper is made from trees cultivated by the efforts of people engaged in forestry management and also that reforestation through planting activities reduces environmental burdens.

We will enact further chances to enable each and every employee to have confidence of being engaged in the paper business through such environmental conservation activities.



Power supply with solar power generation using natural energy

We make use of our properties to generate renewable energy.

In March 2016, the SPP Tomi Power Plant started operations in Tomi City, Nagano Prefecture, Japan. The power output is 500 kW, and we entered into a sales contract agreement with Chubu Electric Power Co., Inc. for a period of 20 years. The annual amount of CO₂ emission reductions will be approximately 260 t-CO₂/kWh.

We also employed a number of sheep to eliminate the undergrowth during the spring to fall seasons. This initiative

complies with both our environmental and basic philosophy. It is widely considered to be an excellent approach from an environmental perspective, as it generates no CO₂ emissions or excess plant residue. Additionally, as sheep are calm and don't make too much noise, it is hoped that they will ultimately forge connections with residents in the local neighborhood.



Sheep eliminate undergrowth without any CO₂ emissions



Being a leader of a sustainable society



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

Profile
Graduated from Rikkyo University in 1974. Joined SHUEISHA Inc. Since 1985, she has been working on environmental and energy issues, especially the creation of sustainable recycling-based communities from a consumers' point of view, as a freelance journalist. She belongs to many government committees, including the "Central Environment Council" of the Ministry of the Environment, the "Advisory Committee for Natural Resources and Energy" of the Ministry of the Economy, Trade and Industry, and the "National Land Council" of the Ministry of Land, Infrastructure, Transport and Tourism, as well as a committee member of the Tokyo Metropolitan Government and other local governments. She is also an Adjunct Researcher at Waseda University and a local revitalization specialist appointed by the Cabinet Office, Government of Japan. She is also in charge of members of "Urban-planning and Sustainability Commission" and "Resource Management Working Group," which are parts of The Tokyo Organising Committee of the Olympic and Paralympic Games.

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

The year 2016 was certainly a memorable year for the entire world to start taking action towards the future of the global environment. The Paris Agreement was adopted at COP21 in December 2015, with individual countries setting CO₂ emissions targets toward 2030, aiming to maintain an average temperature increase in the earth that is caused by climate change within 2°C, preferably 1.5°C, all the while reviewing these targets on a regular basis. By the end of the century, the global community is aiming for a decarbonized society where all CO₂ emissions are offset by absorption to zero. In addition, at the G7 Ise-Shima Summit in May 2016, the efficient utilization of natural resources and the promotion of 3R were both discussed as globally important issues, as a direct result of the tight demand and supply of resources and the increase in waste due to rapid industrialization in Asia and other regions, as background details.

I sincerely hope that you will be able to indeed achieve the message of "Contributing to a sustainable society" by properly understanding such changes under your management policy of "Continuing to fulfill our responsibility to create a prosperous society through environmentally friendly corporate activities" with paper as a material by realizing evolution that is mentioned in the Greetings section at the beginning of the report.

Under the Medium-term Management Plan, disaster countermeasures such as rescue boards, simple air mats and evacuation helmets are all listed as good examples of evolution. I understand that with the growing social concerns in relation to the increase of disasters due to climate change, the actual utilization of such items is now drastically increasing. I very much appreciate each employee's strengths as a human asset and the high aspirations, as illustrated by the thorough implementation of the "Procurement and Sales Guidelines Based on the Environment," and also the sales of forest-certificated paper.

In the Conversation with Experts, with the theme of "Social responsibility imposed on paper trading companies," you held an open discussion toward evolution on topics such as the importance of the utilization of overgrown forestry resources, the significance of utilizing global certifications to show paper is derived from sustainable forestry, and the future of paper as a culture in this current IT age. I could sense a real flexibility to seriously face changes as a historical trading company. I hope you can create a new paper market that connects paper manufacturers with consumers.

In addition, I clearly saw an assertive stance toward the 2020 Tokyo Olympic Games throughout the report. I myself am a

member of the Organizing Committee as an external expert. The Organizing Committee has been working on creating a legacy that will serve as a good opportunity for a sustainable society. For example, in terms of procurement, we emphasize not only "low carbon, circulation and biodiversity" but also consider social and economic issues such as human rights and labor issues. I would like to see your company give sufficient attention to this viewpoint.

The Olympic flag was handed over to Tokyo from Rio in the summer of 2016. I attended the Paralympic Games to inspect environmental countermeasures. I was truly amazed by the fighting spirit of the athletes with diverse disabilities and the applause and cheers for them from people in the stands. I was convinced that leading the Tokyo Olympic Games, including the Paralympics of course, to success will lead to a brighter future where all diverse personalities can actively shine.

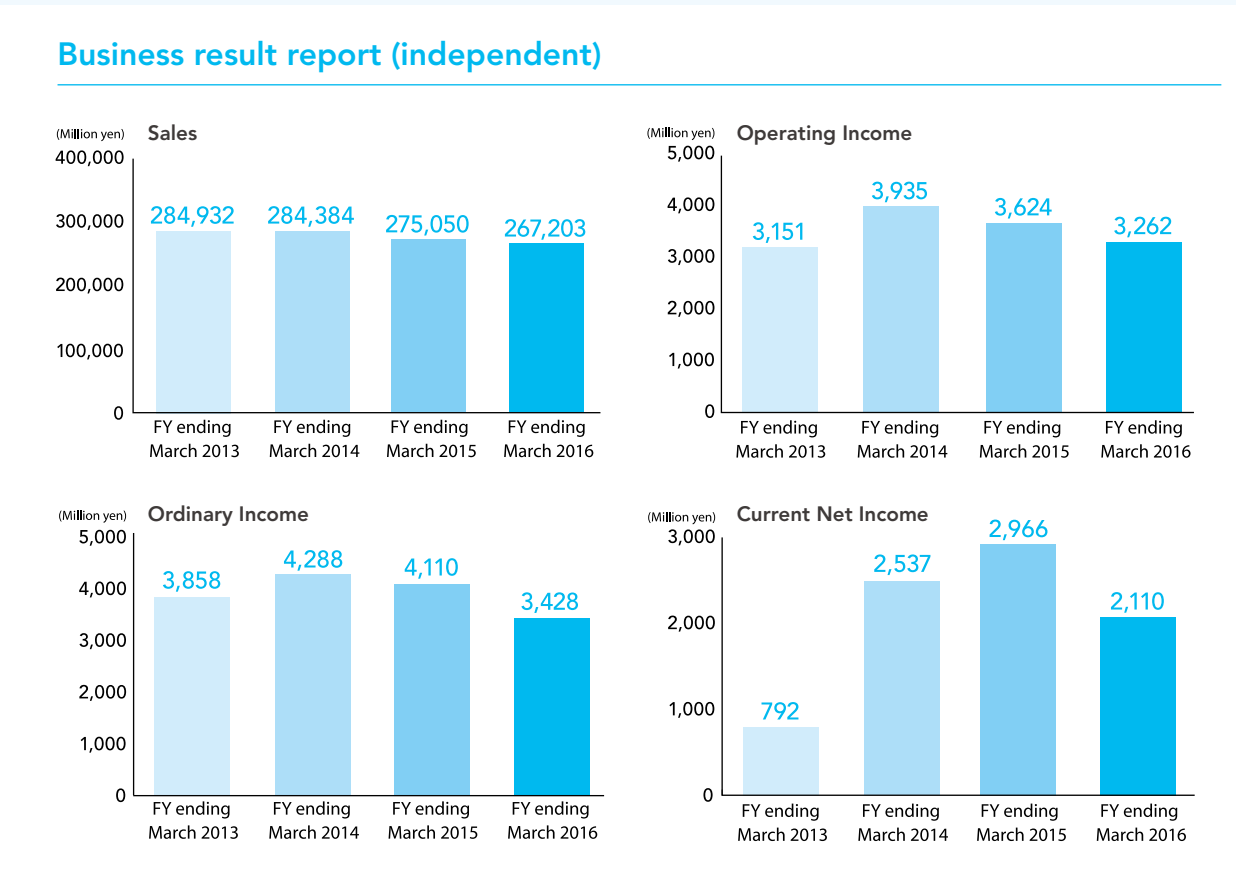
The cover art by Mr. Kenbo, entitled "I Will Live On," which I saw right after I returned to Japan, shines with how wonderful it is to live each moment in life, while also encouraging and cheering up people.

In the previous year's Message to SHINSEI PULP & PAPER COMPANY, I wrote that I would like you to transmit items such as consideration for working environments based on data. In the General Employer Action Plan, you clearly state targets that the ratio of annual paid holidays taken by employees to be 50% or more; reduce additional working hours; 80% usage ratio of child-rearing holidays by pregnant female employees and more than 50% of female employees. I feel your management is reliable as you turn the PDCA cycle based on the above. In addition, I appreciate your initiatives to care for human assets, as illustrated by the support of club activities such as the Nagoya Branch Baseball Club and employees' active participation in environmental conservation activities, for example, contribution to communities, including community cleanups and "1% for Present Tree."

In relation to environmental conservation efforts based on ISO14001, CO₂ emissions and other quantitative data are clearly indicated, with many plants able to achieve their targets. I hope you can further enhance the quality of management by reviewing and setting even higher targets for CO₂ emissions, recycled and renewable resources. I would like to suggest that taking the launch of a solar power station, you should herald high world-class targets. For example, aiming towards low carbon management based on a self-sufficiency system of natural energy.

Corporate Overview

Company name	SHINSEI PULP & PAPER COMPANY LIMITED
Head Office/ Central Branch	1-8, Kandanishikicho Chiyoda-Ku, Tokyo, 101-8451 Japan
Established	November 3, 1889
Incorporation	March 14, 1918
Capital	3,228,000,000 yen
Line of business	Paper, pulp, chemicals, processed paper, architectural materials, machinery, equipment, etc.
Number of employees	616 (As of March 31, 2016)
Domestic business sites	7
Description of business	1. Sales and processing of paper, pulp, chemicals, and chemical products as well as the sales of paper products 2. Sales and lease of paper processing machines, printing machines, packing equipment, synthetic resin processing equipment, industrial electric equipment, transportation machines, communication equipment, office equipment and accessories 3. Sales and lease of packing materials, printing and bookbinding materials, architectural materials and papermaking materials 4. Brokerage, wholesale, agency and import/export of any of the foregoing items 5. Business system design, installation, supervision, and contracting of any of the foregoing items 6. Trusted development of land as well as sales/purchase, rental/lease and supervision of land and building 7. Room rental and parking lot service 8. Warehouse service and automotive transportation business 9. Interior finishing work 10. Investment in business associated with any of the foregoing items 11. Non-life insurance agency and insurance agency based on the Automobile Accident Compensation 12. Life insurance solicitation 13. Sales of books, magazines, and stationery 14. Power generation utilizing natural energy and supply, sales, management, operations and mediation of electricity 15. Any other business incidentals or relating to the businesses referred to in any of the foregoing items
Welfare facilities	Four locations across Japan



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