



# CSR Report 2021

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 Paralympic Art, which is supported by Shinsei Pulp & Paper Company.

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





“Dainihon bussan zue,” a nishiki-e picture album which once belonged to Magobei Okura

As a professional material purveyor that has been in business since Japan’s Edo period, we provide added value suited to the times.

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

Corporate History

- 1692 Yahei establishes the Kamiya paper trading business.
- 1963 Company name changed to Okamoto Co., Ltd.
- 1889 Okura Magobei Yoshi-ten established.
- 1918 Company name changed to Okura Yoshi-ten, Ltd.
- 1971 Company name changed to OKURA HAKUSHIN Co., Ltd.
- 2000 Company name changed to Okura Sanko Co., Ltd.
- 2005 Okamoto Co., Ltd. and Okura Sanko Co., Ltd. merged.
- Company name changed to Shinsei Pulp & Paper Company Limited.

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.

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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 year 2020 (April 2020-March 2021), but some of the latest initiatives that began after March 2021 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 2021

About the Cover

The front cover is decorated with artwork from Paralym Art, which is supported by SPP. Paralym Art is an activity carried out by the Shougaiha Jiritsu Suishin Kikou Association to support the social participation and economic independence of disabled people through art. The image on the cover is by an artist named Mika Kamijo and is titled “The SDGs Being Summoned by Everyone’s Hands.” Regarding this piece, the artist stated, “I created this work out of the hope that everyone would join hands in realizing the SDGs. The background makes use of the 17 colors of the SDGs. Going forward, I intend to continue to create works on a variety of subjects and themes.”





With an Eye on the Times and the Future of Our Customers, We Will Create Solutions for a Sustainable Society

*Etsuo Sanpei*

President, CEO, and Sales Division General Manager

## Inspired to Learn from the Past by the COVID-19 Crisis, We Recognized Anew Our Function and the Essence of Our Value

The environment around SPP is undergoing great change alongside diminishing domestic demand. Paper manufacturers have shifted from sales teams based on product type to sales teams based on business type, and they are now transitioning into the material industry in a broad sense. Oddly, amid these changes, fiscal year 2020, the year which marked the start of the COVID-19 crisis, served as an excellent opportunity for SPP to reexamine the origins of its business and learn anew from the wisdom of those who have gone before us.

SPP was formed via a merger in 2005, but tracing its origins shows that it has been in the paper business since Japan's Edo period. In light of this and focusing on learning from the past, we established a companywide project to return to our origins and identify where customers sense value in our business and whether we have been able to build up trust with them. We then explicitly documented what we found as valuable assets for SPP and launched activities to ensure they continue to

be maintained going forward.

During this project, we engaged in dialogues with customers and retired former employees. Through these discussions, we gained a renewed awareness that our company's true function and value is to provide conscientious solutions that help enhance each customer's competitiveness with an eye on their future.

Solutions that eliminate plastics and make use of paper-based substitutes in order to achieve carbon neutrality by 2050 will serve as wellsprings for customers to maintain a competitive edge. In addition, paper itself is a sustainable, environmentally-friendly product. Our value lies in our contributions to our customers, to the lives of their respective customers, and to society. Having returned to our merchant origins and to the pioneering spirit of our forebears, who created new businesses in line with the times, we have experienced a renewed desire to contribute to society.

## Accelerating Contributions to Realize a Sustainable Society Via Our Core Business and the Cross-Sectional Knowhow and Expertise We Have Cultivated

SPP's products can be categorized into three materials: paper, paperboard, and film. During the COVID-19 crisis, the ways in which these materials are used have undergone a dramatic transformation. For example, demand for packaging for cosmetics and medicines was affected by the decline in inbound tourism, but demand for paper towels grew due to safety measures to prevent COVID-19 infection. At the same time, with regard to food, interest has grown in reducing food waste as well as individual packaging due to lifestyle changes, and efforts to make further refinements and improvements in these areas have increased in activity. In addition, the permeation of paper straws symbolizes the move away from plastic.

Against this backdrop, making full use of our expertise with a variety of materials as well as information on market trends and other areas has enabled us to engage in collaborations with an array of customers. As an example, we partnered with a manufacturer to develop a film for food packaging in order to extend shelf life and eliminate plastic usage. This film is masterfully designed to enable the outer packaging to be made with paper instead of plastic while

at the same time providing the properties of a good barrier, moisture impermeability, and light protection. As a group of experts and professionals boasting high market share, we will promote all-weather management and develop markets while also leveraging regional characteristics in order to continue to meet the varied needs of our diverse customers going forward.

In addition, I am confident that the cross-sectional expertise and development knowhow we possess with regard to paper, paperboard, and film will accelerate the realization of a sustainable society. Further, I believe that the people who will coax flexible ideas from this expertise are SPP's own employees, who possess a multitude of skills. Going forward, we will be accelerating internal reforms in order to increase efficiency and shift toward more creative work via the promotion of digital transformation (DX). Further, through the cultivation of human resources that have a great presence and a sense of responsibility in our various markets, we will aim to directly tie the job satisfaction of each of our employees to the abundance of our customers' businesses and to contribute to their sustained growth.

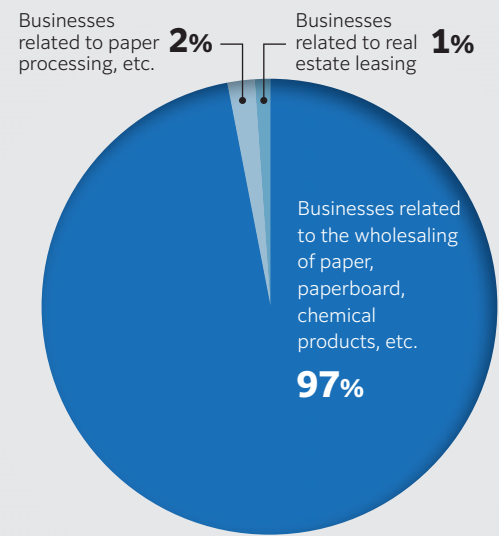
# SPP's Business Segments

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

## Performance in FY2020

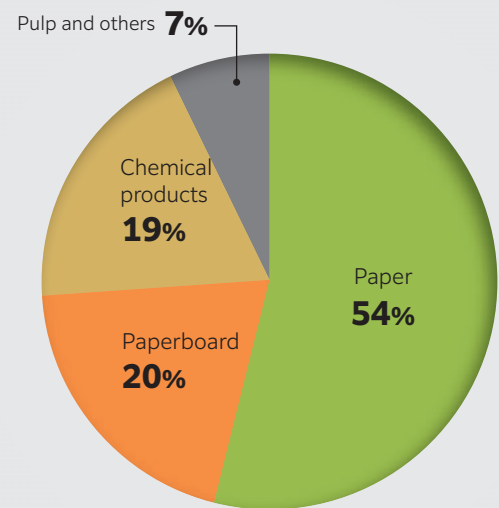
Sales (consolidated)

230.4 bn yen



Sales (non-consolidated)

223.0 bn yen



Main Products		Solutions	Performance Review for Fiscal Year 2020 (Non-Consolidated)
Paper	<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>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, which leverage the environmental friendliness of wood-based natural materials, aiming to realize a sustainable society.</p>	<p>Due to the limitations imposed on social activities caused by the spread of COVID-19, the demand for paper, particularly printing paper for flyers and catalogs, declined significantly. As a result, sales volume was 974 thousand tons (a 15.6% decrease compared to the previous fiscal year), and sales were 121.228 billion yen (a 14.5% decrease).</p>
Paperboard	<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>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.</p>	<p>Although containerboard experienced an increase in consumer demand in accordance with voluntary avoidance of outings by the general public, demand for paper, particularly printing paper for flyers and catalogs, declined significantly. As a result, sales volume was 496 thousand tons (a 3.2% decrease compared to the previous fiscal year), and sales were 44.372 billion yen (a 5.5% decrease).</p>
Film	<ul style="list-style-type: none"> <li>Packaging film (food, miscellaneous goods, medicine, etc.)</li> <li>Industrial and optical film (adhesive film, etc.)</li> <li>Special functional film (reduced volume film, etc.)</li> </ul>	<p>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 the trends in the development of bioplastics as sustainable substitute materials.</p>	<p>Due to calls for the general public to voluntarily avoid outings to prevent the spread of COVID-19, demand for film for foods for household use was robust. However, in addition to a downturn in demand for foods for industrial purposes and outings, demand also declined in part due to the effect of the fall in the price of crude oil on sale prices. As a result, sales were 41.529 billion yen (a 5.9% decrease compared to the previous fiscal year).</p>
Others	<ul style="list-style-type: none"> <li>Logistics (warehousing, transportation)</li> <li>Processing (paper processing, chemical processing)</li> <li>Real estate (building leasing)</li> <li>Others (solar power generation, molded recycled plastic products, etc.)</li> </ul>	<p>SPP maintains offices and bases for the storage and transportation of paper and other products in locations across Japan in order to meet customer demand quickly. SPP engages in other businesses, including the manufacture and sale of processed paper products; the manufacture and sale of plastic films, cellophane etc.; and the leasing and management of SPP-owned buildings.</p>	<p>Due to a cardboard manufacturing subsidiary starting operation of a new factory in October 2020, sales for our businesses related to paper processing, etc. increased. In addition, we worked to secure profits through means such as the reduction of fixed costs. As a result of our efforts in managing and maintaining rental real estate, sales for our real estate leasing-related businesses increased; however, due to increases in repair expenses and other costs, operating income declined.</p>

# Pressing Societal Change and SPP's Risks and Opportunities

The Sustainable Development Goals (SDGs) were adopted at the UN Summit in September 2015. Now, less than 10 years remain until 2030, their target year for achievement. The environment around SPP is undergoing rapid change, the increase in environmental consciousness among consumers being one example. For SPP, this change is a risk and, at the same time, a significant opportunity. In this section, through the words of actual employees, we present how SPP is dealing with risks and identifying opportunities while offering solutions that meet societal needs amid pressing societal change.

## SUSTAINABLE DEVELOPMENT GOALS



### Sustainable Development Goals

The Sustainable Development Goals (SDGs) are 17 goals intended to change the world by 2030 agreed upon by the 193 United Nations member states. Shinsei Pulp & Paper Company (SPP) seeks to proactively contribute toward the SDGs through business activities relating to the distribution of paper, paperboard, and film.



## The Earth

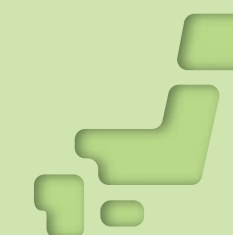
In 2020, the average global temperature was, alongside that of 2016, the highest since recording began in 1891. While continuing to fluctuate, the average annual global temperature is gradually rising, and it is feared that this will have a variety of effects, including rising sea levels and high tides, food shortages, water shortages, and ecosystem impacts. SPP is aiming to realize a decarbonized society in which effectively zero global warming-inducing greenhouse gases are emitted.



## The World

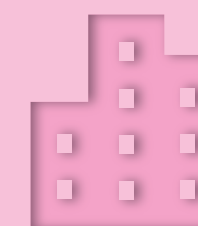
The issue of food waste, in which food that is perfectly edible is thrown away, is growing increasingly severe. The total amount of food Japan wastes annually is around 6 million tons.\* This is a huge quantity, equivalent to the amount of food eaten by all the residents of Tokyo in a year. In response to this massive waste of food, we are exhaustively considering and offering ideas for what film materials can do. Establishing themes such as freshness retention, expiration date extension, and decreasing leftovers through individual packaging, we are tackling the issue of reducing food waste.

\* Estimate for fiscal year 2018 (according to the Ministry of Agriculture, Forestry and Fisheries)



## Japan

Due to increasing awareness of the global environment and societal sustainability, demand for environmentally-conscious materials is on the rise. As a trading company, we are unable to make products directly ourselves, but we are reexamining the value of materials from SPP's unique perspective and are developing new markets. For example, the value of paper isn't just its role as a medium of information and its physical properties of lightness and ease of processing; by looking at paper as an environmentally-conscious product, new possibilities unfold.



## Paper Wholesaling Industry

Among many others, COVID-19 has also had a major effect on the makeup of the demand for paper. At the same time, even amid the emergence of new lifestyles, people are looking at the possibilities of paper and seeking an evolution in the roles of paper in line with the times, with one example being the renewed focus on the educational benefits of paper as a medium for learning. SPP will continue to focus on the market in the mid-to-long term and engage in the creation of added value. In addition, we will promote industry-wide initiatives aimed at the realization of a sustainable society.







## The Earth

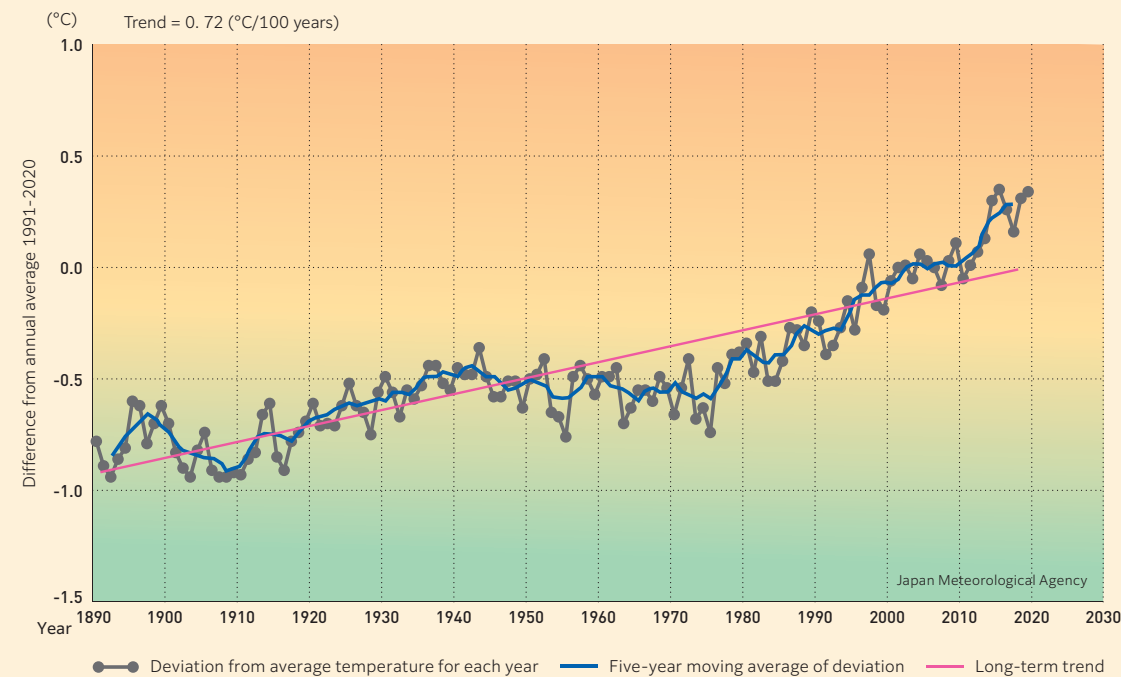
### Contributing to the Realization of a Decarbonized Society

In 2020, the average global temperature was, along with that of 2016, the highest in recorded history. In Japan, like many other places, serious weather-related disasters were a frequent occurrence, including rivers overflowing and lowland areas being flooded during the torrential rains in July of 2020. Further, the risk of heavy rains and heatwaves remains high. Based on an awareness that the problem of global warming has gone beyond the realm of climate change and into a state of climate crisis, the Japanese National Diet adopted a climate emergency declaration in November 2020. Prior to this, in October 2020, the Japanese government made a "Carbon Neutrality in 2050" declaration. Among others, the paper industry endorsed this declaration and

is actively working to reduce CO<sub>2</sub> emissions.

In realizing a decarbonized society, it will be important not just to reduce CO<sub>2</sub> emissions but also to secure CO<sub>2</sub> sinks. Forests, a source of raw materials for making paper, absorb and fix CO<sub>2</sub>, and using them for lumber can also enable the long-term storage of carbon. In turn, the planting of elite trees (trees with outstanding growth characteristics) is being promoted in order to maximize the cyclic use of forest resources. In addition, paper is a highly environmentally-friendly material for which there exists an advanced recycling system, and based on this, SPP is developing a variety of activities focusing on promoting the use of paper in order to contribute to the realization of a decarbonized society.

Changes in Global Annual Average Temperature Deviation Over Time (1891-2020)



### Changes in Consumer Sentiment and Proposing the Switch to Paper

**Hiroki Terasako**  
Cardboard Section,  
Industrial Paper Department,  
Packaging Division,  
Osaka Branch  
Year joined: 2011



We are receiving more and more inquiries regarding environmental topics such as implementing decarbonization in regular business activities. In fact, many companies have discussed switching from plastic to paper materials with us, and it is strongly anticipated that demand for paper will increase. Further, because of its high recycling rate and low environmental impact, the value of cardboard and cardboard products such as cardboard beds and partitions is being reexamined.

At the same time, some consumers hold a negative environmental image of paper usage, because it is made from wood. It is also feared that consumption of paper will decline with the decline in paper usage resulting from digitalization.

Paper is primarily transported by truck. Going forward, however, in anticipation of a

turn toward greater CO<sub>2</sub> reductions, some customers are choosing base paper transported by ship, which actually emits far less CO<sub>2</sub>. For a trading company that deals in paper, the decarbonization trend can be considered a significant opportunity and, at the same time, a risk in terms of reduced paper consumption.

Going forward, the degree to which we can offer benefits to customers in response to rising environmental awareness among consumers will be even more important. Accordingly, I feel keenly that it is essential that both I, myself, and SPP gain increased environmental expertise and strengthen information capabilities. Contributing to the resolution of customers' environmental challenges is now a role that a trading company needs to fulfill.



**Takafumi Hamagaki**  
Manager, 2nd section, Direct  
Demand Department,  
3rd Paper Division,  
Tokyo Main Branch  
Year joined: 1998

### Promoting Tree-Planting Activities

Our customers also recognize the SDGs as challenges that need to be tackled and, with the Leaders' Summit on Climate in April 2021, they have accelerated their SDG initiatives. The number of inquiries SPP received regarding specific measures for the SDGs also rapidly increased.

SPP implements a tree-planting initiative called "1% for Present Tree." Through this initiative, we set aside 1% of the purchase price of paper, film, and other products to plant trees on land in need of afforestation nationwide, such as former development sites and forests damaged by disasters, making our customers "tree foster parents."

Customers can take part in tree planting activities at a low cost and add the "1% for Present Tree" mark to their printed materials. They are also able to respond quickly to

procurement needs in conformance with the SDGs and report specific figures on the number of trees planted based on purchase amounts. This means that participation can also be used for external public relations purposes, something that has delighted our customers. In addition, tree planting is an environmental conservation approach that is easy for anyone to understand, making it an initiative that is extremely easy for people to appreciate and agree with. Further, the initiative makes it possible to provide children with the opportunity to experience planting trees, making it an effective means of environmental education as well. Going forward, through activities to promote the "1% for Present Tree" mark, we hope to increase recognition among ordinary consumers and help stimulate tree-planting regions.



## The World

### Contributing to the SDGs through Our Core Business

According to the FAO,\*1 the amount of food disposed of each year around the globe, including food waste, amounts to approximately 1.3 billion tons, equivalent to one third of the world's food output. In Japan, some six million tons of food is disposed of annually. Food waste is not only a waste of the vast amount of resources spent producing food; it also results in the output of unnecessary greenhouse gasses in its production.

One of the targets of the SDGs is the halving of the amount of food disposed of per person around the entire world at the retail and consumer level, and reducing food waste is a matter which is gaining momentum internationally. In Japan, as well, measures by the national government, local governments, and corporations have accelerated, such as the Act on Promotion of Food Loss

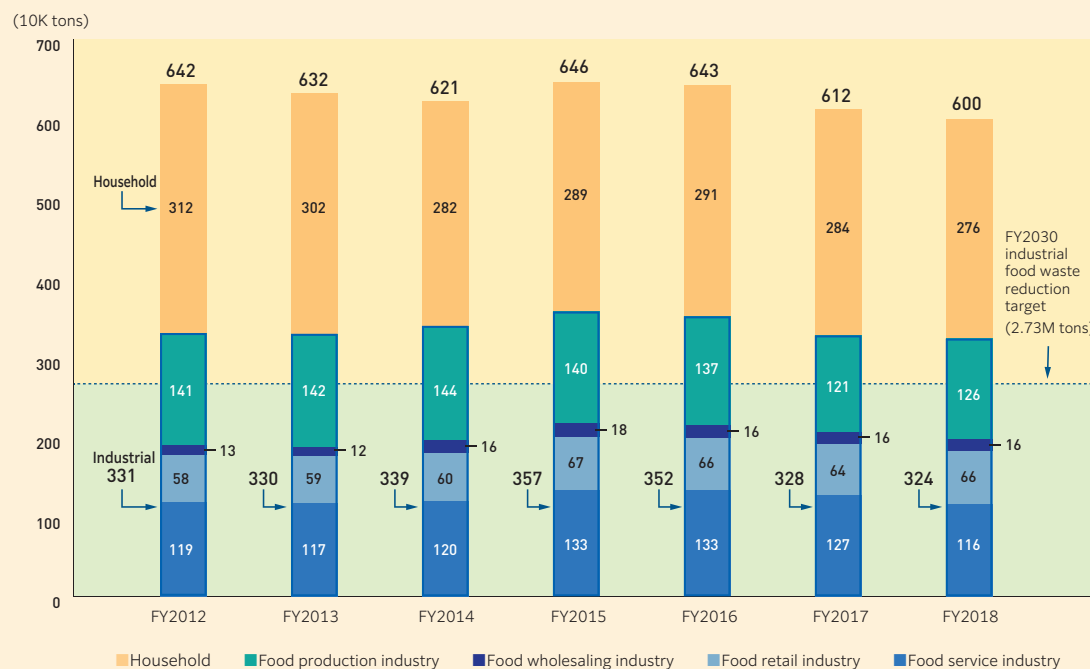
and Waste Reduction which came into effect in 2019.

Among measures to reduce food waste in Japan, in addition to the conventional 3Rs\*2 with regard to packaging, it is anticipated that enhancing the performance and functioning of packaging will extend food shelf life and curb food disposal during the distribution stage. SPP is among those vigorously working to enhance food package performance and function. Further, as part of measures to deal with the issue of marine plastic waste as well as strengthened restrictions on the importation of waste initiated by numerous nations, the recycling of plastic resources used in packaging has intensified through thorough implementation of the 3Rs.

\*1 The United Nations Food and Agriculture Organization

\*2 An abbreviation for "reduce, reuse, recycle"

Changes in the Amount of Food Waste in Japan (FY2012-FY2018)



Source: Ministry of Agriculture, Forestry and Fisheries website (<https://www.maff.go.jp/j/press/shokusan/kankyoi/210427.html>)

### Contributing to the Reduction of Food Waste

**Keiji Sugitani**  
Manager, 1st Chemical  
Business Department,  
Chemical Business Division,  
Tokyo Main Branch  
Year joined: 2000



In Japan, food waste remains high at around six million tons a year, and, accordingly, a variety of companies are working to reduce this amount. Effective ways in which packaging can contribute to reduced food waste include extending shelf life and maintaining freshness through individual packaging.

SPP is particularly focusing on high-barrier films, which enable longer shelf lives. Coordinating with a vast number of film processors and manufacturers via our nationwide network of offices enables us to identify user company and manufacturer needs and solutions before others. In turn, this makes it possible to quickly develop products suited to the market, one of SPP's most significant advantages. With even ordinary ready-made foods in covered packaging,

switching to use of top seals can make it possible to extend shelf life and reduce the amount of plastic used, contributing significantly to the reduction of CO<sub>2</sub>.

With 2030 in sight, the target year for the achievement of the SDGs, the move toward reducing food waste and disposable plastics will accelerate even further. Until now, the primary focus for barrier films has been convenience factors, such as ease of opening. Going forward, however, there will be demand for films to have added value in terms of environmental friendliness in addition to convenience. Accordingly, SPP intends to put its efforts into developing products which meet customer needs for performance in terms of strong barrier properties while also contributing to reduced environmental burden.



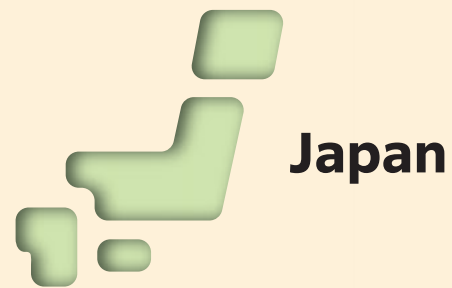
**Kosuke Tsue**  
2nd Chemical Business  
Department,  
Chemical Business Division,  
Tokyo Main Branch  
Year joined: 2013

### The Change in Environmental Awareness in the Food and Beverage Industry

Depending on their type, film packaging can provide a variety of functions, including shelf life extension, ease of opening, and ease of content filling. To date, the food and beverage packaging industry has focused on developing inexpensive, high-performance films, but as SDG initiatives begin to be implemented in earnest, a major change in awareness is occurring. In replacing conventional film packaging with environmentally-friendly packaging, technology and cost are extremely big hurdles. Developing these materials is a difficult task, but little by little, plant-derived biomass plastics have come to be used more

and more.

Against this backdrop, SPP handles massive amounts of paper and is also in possession of an abundance of information, and, as such, plays a major role in informing customers and matching corporations with each other. SPP sells PET film made from recycled PET bottles collected as recyclable waste, and the SPP group also includes companies involved in the plastic recycling business. Going forward, I would like to work with customers to build a system for collecting and recycling waste plastic.



## Societal Change and the Creation of New Demand

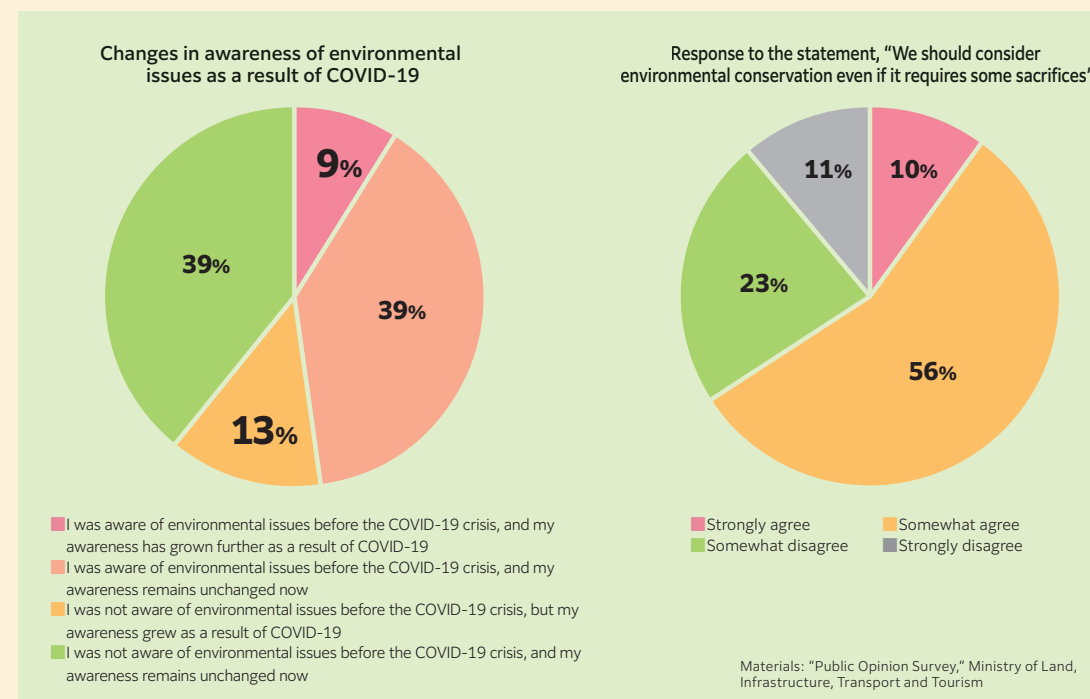
The global spread of COVID-19 has brought about a variety of changes in society and consumer consciousness. During the COVID-19 crisis, lifestyles and working styles have undergone dramatic changes, including voluntary avoidance of commuting accompanying movement restrictions and the rise in working from home. In turn, the move toward digitalization is accelerating, with one example being online medical diagnosis and treatment. In addition to COVID-19, risks faced by humankind such as global warming demand the realization of a sustainable society and economy.

SPP sees such societal change as a new business

opportunity. Supported by our existing expertise and network, we will further enhance material value as a professional material purveyor. Of particular note is paper, SPP's primary commodity. It is made from wood, a material which can achieve carbon neutrality. Depending on the end use, paper can be processed in a variety of ways to enable it to exhibit a diverse array of capabilities, and paper packaging is gaining attention as a replacement for plastic. In addition, new possibilities can open up for paper, such as production that incorporates waste materials.

SPP possesses a strong desire to contribute to society and will continue to take on the challenge of doing so.

### Changes in Awareness of Environmental Issues as a Result of COVID-19



Source: "White Paper on Land, Infrastructure, Transport and Tourism in Japan, 2021," Ministry of Land, Infrastructure, Transport and Tourism (<https://www.mlit.go.jp/statistics/file000004.html>)



**Hiroaki Okamura**  
Manager, Functional Materials Section,  
Functional Materials Department,  
Information and Functional Materials  
Division, Tokyo Main Branch  
Year joined: 1998

## Pursuing Functionality to Fulfill New Needs

Functional papers are specialty papers which can be put to a variety of uses through means such as laminating paper and gluing it together with other materials. The Functional Materials Section primarily sells release papers and nonwoven fabrics for double-sided tapes, and synthetic papers and release papers for labels. Every customer, however, has different uses and production conditions, necessitating the development of dedicated papers for each.

In the next ten years, the demand for environmentally-conscious products will grow stronger. Already, stationary manufacturers are shifting to solvent-free adhesives. Additionally, investigations are being conducted on switching from chemical products to natural materials in the production of packaging. With

release papers, as well, I believe there will be increased demand to change from polyethylene to biomass plastics and to switch to solvent-free release agents. In another project, we have begun working to replace polyolefin foam with paper, a natural material, with the goal of eliminating plastic usage. There are still many challenges to overcome, but we are engaging in repeated testing with the aim of commercialization.

One of SPP's greatest strengths is the fact that we are knowledgeable not only about paper but also films and other chemical products. When it is not possible to provide the required quality with paper alone, we can combine paper with film, enabling us to offer multilateral solutions. Being able to meet any and all customer demands is SPP's mission.

## Development Initiatives

**Toshiaki Hanawa**  
Manager, Development  
Department,  
Tokyo Main Branch  
Year joined: 1994



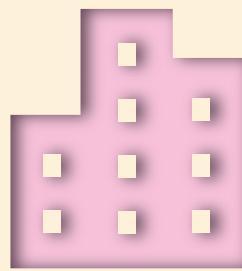
Going forward, in addition to price, quality, and design, circular economy initiatives will become an essential point of consideration in the procurement of paper. Against this backdrop, I would like to change the world's notion of paper by promoting and popularizing paper production that incorporates waste materials. However, it is believed that as digitally native generations become the core of the working population, the decline in the demand for paper will further accelerate, and the key will be in figuring out how to make paper that is societally significant.

In my department, the Development Department, we are engaged in developing products and cultivating new customers in order to create new business entities. In discussions with people from industries other

than the paper industry, the environment was constantly brought up as a shared challenge, and amid the permeation of the SDGs, we succeeded in commercializing paper made with mixed industrial waste.

Waste and recycling measures are a global issue, and there is an increasing need to grow beyond the model of mass production and mass disposal, as well as an increasing need for products and materials that contribute to resource conservation. A first step for us has been capital participation in TAIBO Co., Ltd., which is involved in the plastic recycling business; and TAIBO Products Co., Ltd., which produces recycled plastic products. However, I believe we also need to consider creating new businesses through alliances and M&As.





## Paper Wholesaling Industry

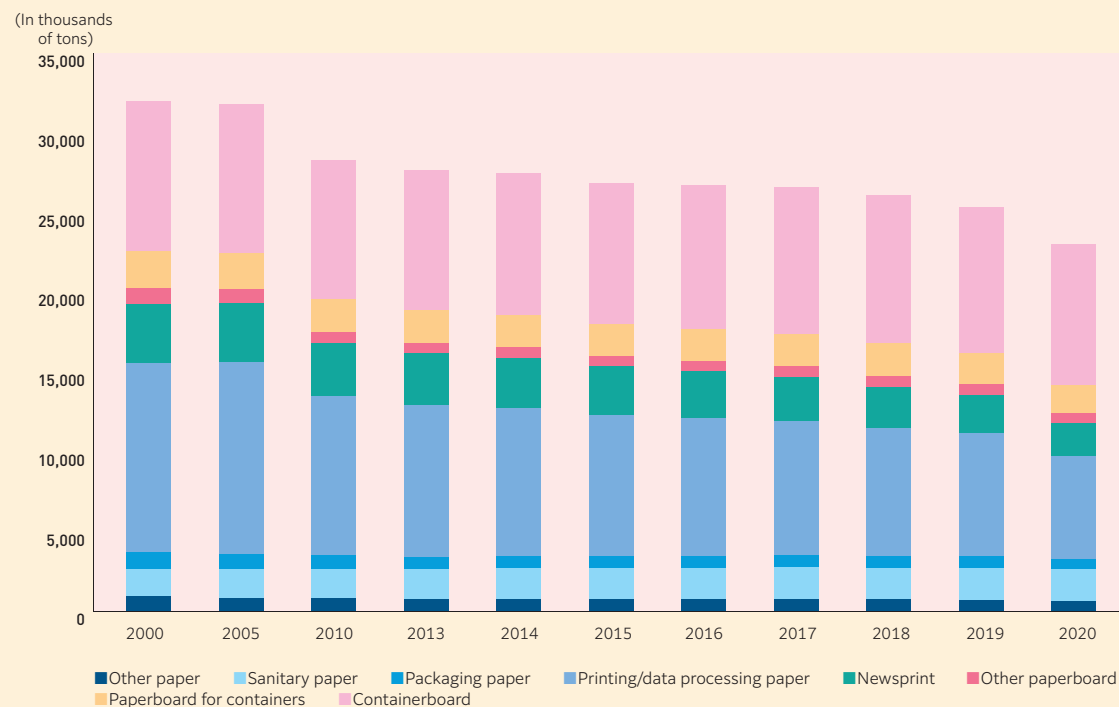
### Promoting the Addition of Value

The demand for paper and paperboard in Japan is on the decline due to such factors as the declining population, the declining birthrate, the aging of society, and other systemic causes as well as due to the acceleration of digitalization and the move to reducing paper usage for environmental reasons. In addition, due to the effects of COVID-19, demand has dropped particularly significantly for graphic paper as represented by newsprint and printing/data processing paper. At the same time, due to demand created from people staying home, strong sales have been seen in packaging paper used for packages and online shopping as well as in paper for paper towels due to increased hygiene awareness.

As a general paper trading company, SPP's roles include not only reliably delivering products to customers, but also perceiving consumer needs and societal changes and providing leadership. In order to deliver new value to society through paper, paperboard, and film solutions, we intend to further expand the added value of materials by leveraging close coordination with companies and manufacturers.

In addition, through our products, we will work not only to resolve social issues but also to minimize any negative impacts our value chain may have on society. One initiative in this area is our work to actively optimize logistics and improve working hours for truck drivers through collaborative distribution with competitors.

Changes in Domestic Demand for Paper and Paperboard



Source: Japan Paper Association



**Daisuke Kukimoto**  
Manager, Logistics  
Department,  
Operations Division,  
Sales Division  
Year joined: 1997

### Our History and Challenges with Collaborative Distribution

SPP has engaged in collaborative logistics for paper distribution since 2011. Before that time, each agent and paper wholesaler kept stocks of paper in their own warehouses and delivered their own paper orders individually by truck. It was a common occurrence, however, for multiple orders to be delivered to the same printing office on the same day. Accordingly, having shippers coordinate and implementing collaborative distribution increased efficiency and made it possible to reduce the number of trucks needed. Doing this can also be expected to reduce the burden on the environment.

Currently, we implement joint distribution in the Sumidagawa, Itabashi, and Ariake areas. By categorizing the shipping companies used by each agent into prime contractors and subcontractors and managing them centrally, and by grouping shipments by day of delivery,

shipping warehouse, and destination, the aim is to improve loading efficiency and optimize delivery. In May 2020, the Ministry of Land, Infrastructure, Transport and Tourism drew up guidelines\* for making the paper and paperboard supply chain sustainable. Going forward, we will be working to improve the environmental friendliness of logistics through such means as collaborative logistics, securing sufficient lead times, clarifying delivery conditions, improving overwork conditions for drivers by reducing the amount of ancillary work and specifying minimum lots to improve the state of products that are frequently shipped in small amounts. Seeking added value in logistics, SPP will aim to improve storage efficiency and delivery efficiency by creating a more even distribution of resources and by enhancing collaborative distribution.

\*\*Guidelines for Improvement of Working Conditions and Reducing Overtime Work through Cooperation between Consignors and Transportation Businesses in the Distribution Industry Involving Paper and Pulp (in the Field of Paper and Paperboard)," Ministry of Land, Infrastructure, Transport and Tourism ([https://www.mlit.go.jp/report/press/jidosha04\\_hh\\_000214.html](https://www.mlit.go.jp/report/press/jidosha04_hh_000214.html))

### A Return to Paper and Trends in the Publishing World

**Natsuki Ishikawa**  
1st Section, 3rd Publishing  
Paper Department,  
2nd Paper Division,  
Tokyo Main Branch  
Year joined: 2012



Due to the diversification in entertainment and pastimes as well as the popularization of e-books, the demand for paper for publications has been on the decline. Because of the demand created by people staying home during the COVID-19 crisis, however, book sales were robust last year. Demand was high not only for literature, but also how-to books, study references, and practice workbooks. Of the variety of genres which sold well, sales of comics were particularly striking. I felt great pleasure being able to take part in the provision of paper during a time when bestsellers were emerging whose popularity spanned generations.

The decline in demand for paper books is inescapable, but I believe that the value of flipping paper pages to read a book will remain unchanged even a decade from now.

E-books, forced into a fixed format via a small screen, cannot match the appeal of paper books, such as the design qualities, ease with which information can be taken in at a glance, and storage qualities. Publishing companies carefully choose the paper they use based on a book's content. In the future, the time spent reading paper books made with human involvement may become even more precious and charming than it is now.

In recent years, more and more manufacturers have been retiring brands and shutting down papermaking machines or converting them to other uses. One of the chief challenges in distribution is providing a stable supply to customers. Going forward, we will continue to perform each and every job with care in order to create bonds and relationships of trust with customers.

Activity Report Section



Environmental Policy

We updated our Environmental Policy in June 2021. Aiming to realize a sustainable society through our corporate activities, we made clear our promotion of the Sustainable Development Goals (SDGs) and, with an eye on the year 2030, made contributing to the resolution of global environmental issues an environmental target.

Basic Philosophy

**Shinsei Pulp & Paper Company recognizes the conservation of the global environment as one of its main business priorities, aims to realize a “sustainable society in which people and nature can coexist” through all its corporate activities, and will proactively take action to pass it on to the next generation.**  
**In addition, taking action to conserve the environment is an important duty charged to each and every one of us, and all our employees will do their best to preserve and improve the environment.**

Course of Action

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

Environmental Targets

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

(Revised April 1, 2020)

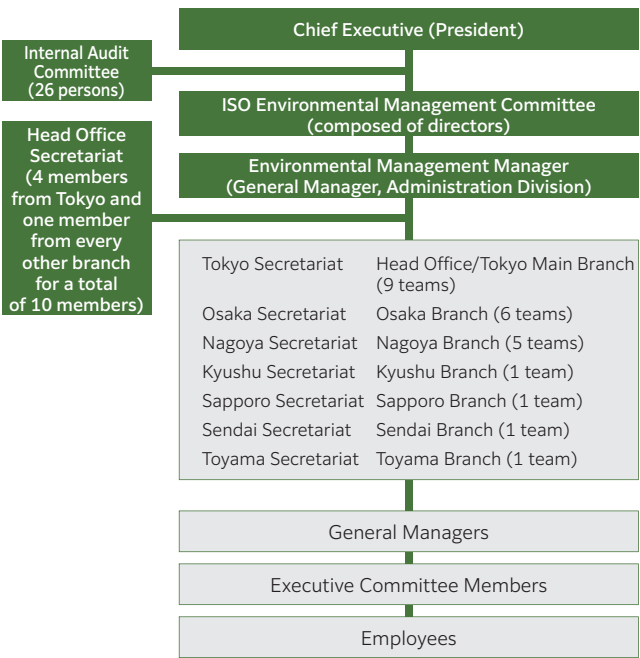
Initiatives for ISO 14001

SPP has acquired the international ISO 14001: Environmental Management System certification issued by the International Organization for Standardization (ISO) and engages in environmentally conscious business management. We have enhanced the awareness of each and every one of our employees concerning our environmental management system by organizing an ISO Environmental Management Committee with our president serving as the chief executive, and establishing activity targets for each division and department. In addition, we have increased the effectiveness of our PDCA cycle, promoting and managing implementation plans to continuously improve our environmental management system. In June 2021, we updated our Environmental Policy and engaged in the promotion of the SDGs as part of our environmental targets.

PDCA Cycle Conceptual Diagram



ISO 14001 Environmental Management System



ISO 14001 Internal Audit

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

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

This fiscal year, the internal audit committee comprises 26 members in total spanning a broad range of ages and positions, from general staff to management staff from the sales and management departments. Through audits leveraging the work experience of each member, we have strengthened SPP's management capabilities, improved internal environmental awareness, and verified that PDCA, the foundation of ISO standards, is functioning properly.

FY 2020 ISO 14001 Implementation Plan and State of Achievement

ISO 14001 implementation plan: 86 targets, 74 targets achieved, 12 targets unachieved

Environmental targets	Implementation plan	Achievement rate
Eco-friendly product sales	Promotion of sales of forest-certified paper, etc.; expansion of sales of chemicals and film	65.6%
Reduced electricity consumption	Adjustment of room temperatures, turning off lights in unused locations, turning off lights when leaving	85.7%
Reduced gasoline consumption through the optimization of distribution and inventory	Reduction of gasoline consumption through measures such as increasing the direct delivery rate	100.0%
Reduction of general waste output	Initiative to sort waste	100.0%
Reduction of amount of copy paper used	Greater than a 100% reduction compared to the previous year through reducing the amount used, etc.	100.0%
Promotion of purchasing of green products	Increase in purchase rate for industrial green products	100.0%
Work optimization	Promotion of internal beautification, stationery recycling, etc.	100.0%
Promotion of the SDGs	Verify state of paid leave acquisition	100.0%
Observance of environmental laws, ordinances, and regulations	Verify regulatory inspections of building management and inspection implementation	100.0%

In fiscal 2020, we met our management targets for optimizing distribution and reducing waste. However, affected by COVID-19, we experienced poor sales of environmentally-conscious products, and our efforts to reduce electricity usage were partially stymied due to the establishment of satellite offices and due to heat

waves. While keeping a watchful gaze on developments in the COVID-19 crisis, we will continue to maintain an awareness of promoting the Sustainable Development Goals (SDGs) and of observing environmental regulations, and we will work to further connect our ISO activities to our business management.



Forest-Certified Paper Sales

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

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

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

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

Example Environmentally Conscious Products

Recycled paper	Paper made from collected used paper. Japan's used paper utilization rate exceeds 64%, and this used paper is utilized in familiar products spanning everything from standard paper to toilet paper and cardboard.
Bulky paper	A paper that is bulky yet light, increasing transportation efficiency and contributing to CO2 emission reductions and resource conservation.
Non-wood paper	Paper made using plants other than wood and agricultural byproducts as a raw material. Plants such as bamboo and sugarcane grow fast and possess superb ability to absorb CO2.
ECF pulp	Paper manufactured with chlorine-free bleaching that does not generate harmful organochlorine compounds; this paper is created with the aim of reducing environmental impact.
Paper made from thinned wood	Paper that uses wood thinned in order to promote healthy forests as a raw material. Appropriately thinning and managing forests can help increase their ability to absorb CO2.
Afforested tree pulp	Pulp that uses trees obtained from a forest managed according to a cyclical plan from tree planting to felling as a raw material. This enables the efficient and stable acquisition of wood.

Environmental Consciousness Measures

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

Marine Plastic Countermeasures

Aiming to resolve the global environmental issue of marine plastic waste, in 2019 we joined the Clean Ocean Material Alliance (CLOMA), a platform for promoting the sustainable use of plastic products and the development and introduction of substitute materials. In fiscal year 2020, we offered customers alternatives such as replacing plastic products with paper ones. In addition, we also promoted the reduction of plastic waste through measures such as switching from bottles to standing pouches.



An Initiative for Recycling Waste into Products

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



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

Eco-friendly Procurement and Sales Guidelines

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

<p><b>Purpose</b> Based on the Basic Philosophy of the Environmental Policy, the Shinsei Pulp &amp; Paper Company fulfills its social responsibility and contributes to environmental protection through the proactive procurement and sale of environment-friendly products.</p> <p><b>Procurement policy</b> 1. Proactive approach to forest-certified paper 2. Proactive approach to products complying with the Green Procurement Act 3. Proactive approach to recycled pulp products 4. Proactive approach to chlorine-free bleached pulp 5. Proactive approach to paper made from thinned wood 6. Proactive approach to non-wood paper 7. Proactive approach to chemical products based on environmental impact 8. Proactive approach to partners who advocate preserving high-value forests and rural environments 9. Proactive approach to product transparency required by law 10. Proactive approach to products that contribute to the promotion of the SDGs</p>	<p><b>Scope</b> This guideline applies to all domestic and overseas bases.</p> <p><b>Sales policy</b> 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</p> <p><b>Relevant laws, regulations, ordinances, and standards</b> 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)</p>
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Carbon Offset Initiatives

Reducing CO2 through Solar Power

We established a solar power facility on land owned by SPP in Tomi City, Nagano Prefecture and began selling electricity in March 2016. During the one-year period from April 2020 to March 2021, CO2 emissions were cut by 270 tons per kilowatt hour. From mid-May to late October, we used sheep, which do not emit CO2, generate significant amounts of noise, or produce plant residue, to control weeds and undergrowth.



Solar power and use of sheep to remove undergrowth



Solar power

Reducing CO2 through Tree Planting

Since 2009, we have engaged in our 1% for Present Tree initiative, a tree-planting activity in which we reserve 1% of sales from our customers to purchase and plant young trees. Calculating the cumulative total amount of CO2 absorbed by the trees we planted over the past 11 years, we reached 129 tons in fiscal year 2020.



Forest restored through tree planting



Tree planting

For detailed data for fiscal year 2020, please see the graph titled “CO2 emitted through business activities” on page 29.

## Human Resources

Relevant SDGs



### Basic Thinking

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

### Human Resource Cultivation

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



New employee training

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

### Encouraging Human Resources to Flourish

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

For more information, please see our website.

- WEB** Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children
- WEB** Action plan based on the Act to Advance Women's Success in Their Working Life

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

#### Promoting the Utilization of Female Human Resources

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

#### Support for Work and Childcare/Caregiving

SPP has established a leave system for childcare and caregiving. In addition, we are striving to create a work environment in which employees can comfortably balance work and home life, providing support through means such as limiting overtime work and shortened working hours in accordance with individual employee circumstances and needs.

#### Promoting Senior Citizen Employment

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

#### Promoting Disabled Person Employment

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

### 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, marking its decision to receive certification as an Outstanding Health Enterprise. As a result, on June 9, 2021, we received silver certification as an Outstanding Health Enterprise from the Tokyo Federation of the National Federation of Health Insurance Societies.



Outstanding Health Enterprise certificate



Radio calisthenics are part of our internal health-promotion activities

#### Holding Health Committee Meetings and Offering Health Consultations

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

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

#### Holding Stress Checks

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

#### Harassment Countermeasures

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

### A Cooperative Relationship with the Employee Association

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



A meeting being conducted by the leadership of the Employee Association

### Club Activities

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



The Head Office basketball club



The Osaka Branch flower arrangement club



## Corporate Governance

Relevant SDGs



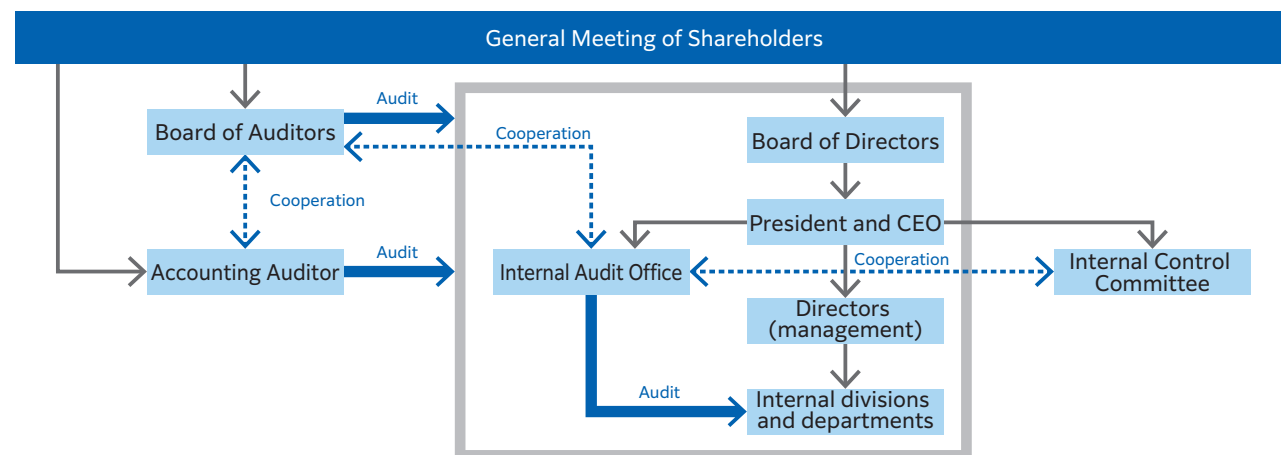
### Basic Thinking

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

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

### Maintaining a System of Internal Controls

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

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

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

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

### Compliance

Compliance doesn't just mean observing laws and ordinances. It also includes abiding by ethics, manuals, and internal regulations so that a company engages in business activities in a fair and appropriate way, and,

further, even the maintenance of the environment that determines what kind of rules a company creates and applies. SPP engages in corporate activities that follow social standards and corporate ethics.

### 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.

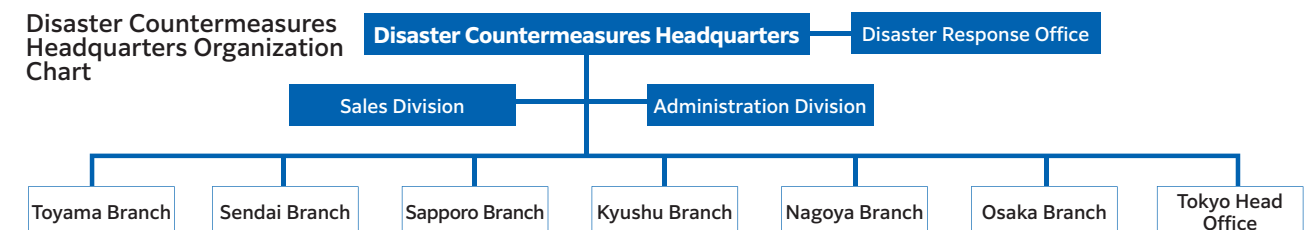
#### Organizational System

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.





## Social Contribution Activities

Relevant SDGs



### 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.



Flood control measures  
(flood bag installation test)



Emergency power battery test

### Business Continuity Plan (BCP) Maintenance

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

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

#### Basic policy

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

#### Businesses to protect

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

#### Purposes

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

### Stationing Disaster Supplies

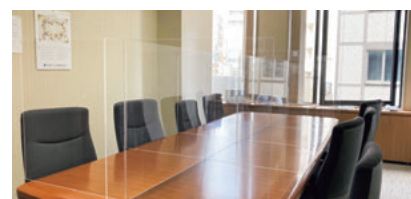
In fiscal year 2020, we periodically inspected disaster equipment and emergency food stocks and purchased additional portable toilets and emergency water supplies in order to protect the health and safety of our employees.



Stockpiles of food and water

### Infection Control Measures

In fiscal year 2020, in response to COVID-19, we added infection control measures to our list of potential risks (along with earthquakes and flooding). In order to minimize the effects of infectious disease pandemics on business activities, we created a manual detailing infection control measures for employees and for the company based on each stage of a pandemic.



A reception office with panels for preventing droplet dispersion



A sterilization stand

#### Overview of Infection Control Measures

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

### Support Activities for Disabled Persons

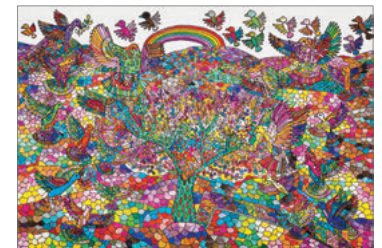
#### Paralym Art

Paralym Art is an initiative conducted by the Shougaisha Jiritsu Suishin Kikou Association to promote the social participation and financial independence of disabled persons through art. The ultimate goal of the initiative is to eliminate barriers between disabled and non-disabled persons by providing disabled persons with as many opportunities for social participation and businesses involvement as possible.

Through CSR-related PR activities using Paralym Art, we seek to maximize the value added to paper and bridge the gap between companies as a comprehensive agent. We consider Paralym Art to be a CSR activity and plan to expand it nationwide. In fiscal year 2020, we

produced 16,430 Paralym Art Calendars imprinted with our company name, licensed out 25 works of art, and rented out six works of art.

Paralym Art World Cup 2020 Grand Prix-winning piece "PEACE" by You-ki (Japan)



2022 Paralym Art Calendar – desktop version (left) and wall version (right)



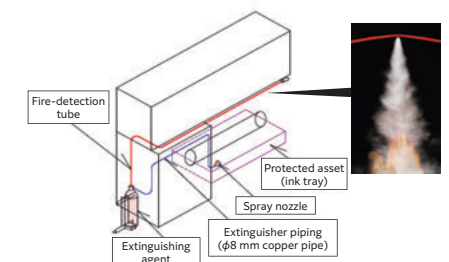
Paralym Art is a project certified by the Beyond2020 Program managed by the Secretariat of the Tokyo Organising Committee of the Olympic and Paralympic Games, Cabinet Secretariat.

### Disaster Preparedness Products

#### Fire Erase

An automatic fire-suppression system for mechanized facilities and confined spaces. As it does not require an electrical source, it will operate properly even during a power outage. A tube rapidly detects the occurrence of a fire and automatically conducts pinpoint, early-stage fire suppression. Its compact shape enables it to be installed in almost any space.

[WEB https://www.sppcl.co.jp/solution/pick-up/index01.html](https://www.sppcl.co.jp/solution/pick-up/index01.html)



#### Rescue Board Magnum

A folding stretcher made of special paper fiber boards. Able to be stored even in some AED boxes, the board is light, easy to assemble, and capable of supporting approximately 500 kilograms.

The board can be used as a stretcher during emergencies, including rescuing people after a disaster, workplace accidents, and post-sport accident aid.

[WEB https://www.sppcl.co.jp/solution/pick-up/post\\_1.html](https://www.sppcl.co.jp/solution/pick-up/post_1.html)



#### Aeromat

A basic air mattress which increases comfort while at an emergency evacuation site. Prior to use, the mattress is compact and can easily be stowed. When a disaster occurs, the mattress can be inflated with an included hand pump. The internal air pressure provides good cushioning as well as heat insulation. Each air layer is independent, enabling continued use even if a layer ruptures. During disposal, even if incinerated, the mattress does not produce toxic gasses.

[WEB https://www.sppcl.co.jp/solution/pick-up/post\\_2.html](https://www.sppcl.co.jp/solution/pick-up/post_2.html)





## Data Section

### Financial Highlights (Consolidated)

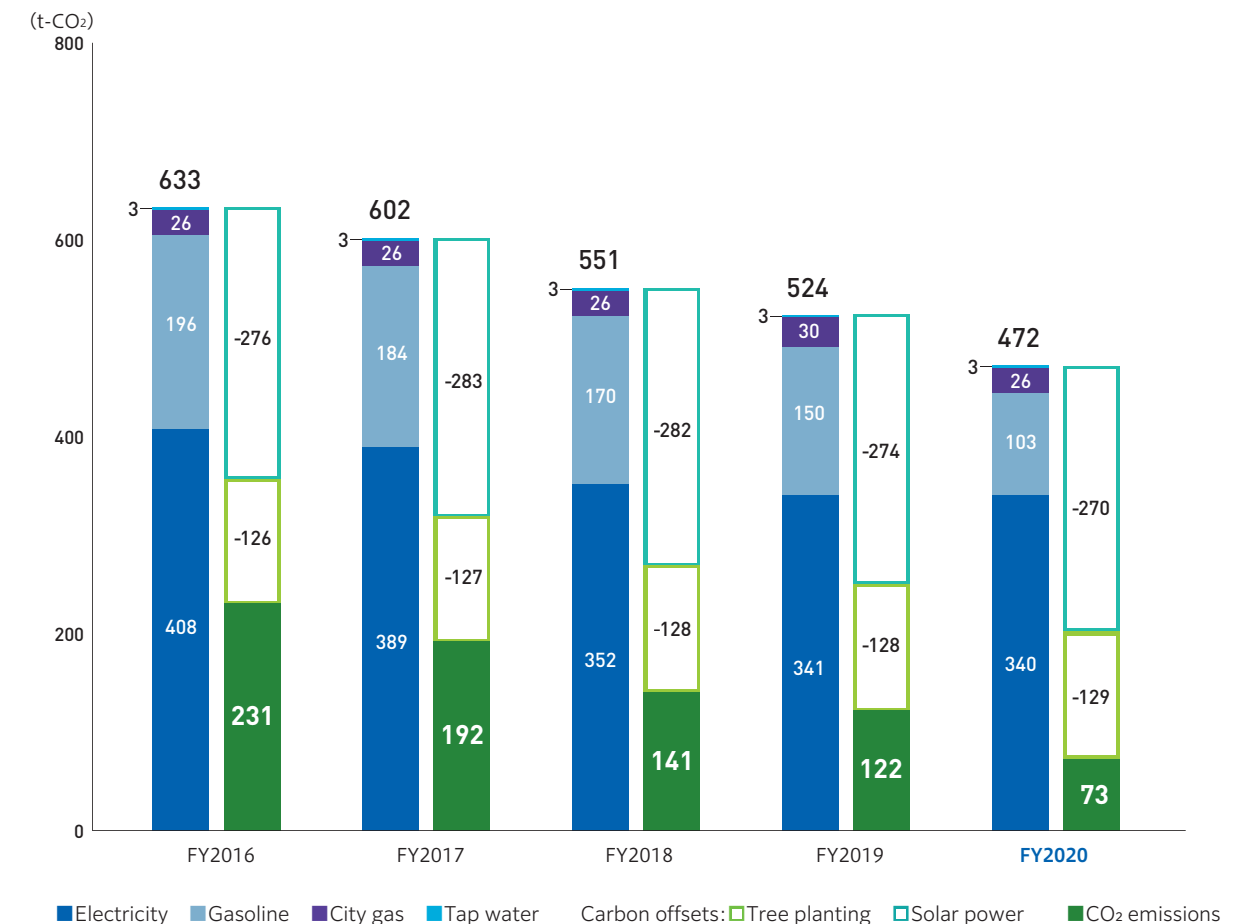
	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Sales</b>	Millions of yen	266,573	264,022	263,186	256,659	<b>230,406</b>
<b>Operating income</b>	Millions of yen	4,177	4,421	4,539	4,857	<b>4,187</b>
<b>Ordinary income</b>	Millions of yen	4,455	4,775	4,981	5,294	<b>4,846</b>
<b>Net income for the period attributable to parent company shareholders</b>	Millions of yen	3,394	2,580	5,017	3,634	<b>3,275</b>
<b>Net assets</b>	Millions of yen	54,114	56,991	60,244	60,718	<b>65,566</b>
<b>Total assets</b>	Millions of yen	152,591	159,962	160,090	147,492	<b>149,248</b>
<b>Equity ratio</b>	%	35.42	35.59	37.58	41.12	<b>43.89</b>
<b>Cash flow from operating activities</b>	Millions of yen	6,766	5,048	4,560	3,373	<b>6,596</b>
<b>Cash flow from investing activities</b>	Millions of yen	-1,649	-1,176	1,093	-2,933	<b>-5,050</b>
<b>Cash flow from financing activities</b>	Millions of yen	-2,220	-4,049	-4,141	-3,119	<b>-1,543</b>
<b>Cash and cash equivalents closing balance</b>	Millions of yen	11,238	11,012	12,500	9,798	<b>9,802</b>

### Non-Financial Highlights

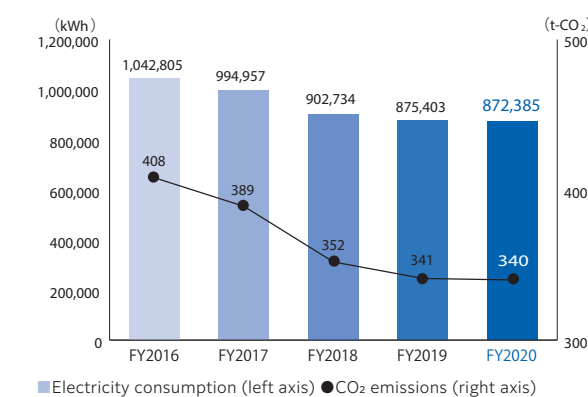
	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
<b>Employees (consolidated)</b>	People	890	870	851	817	<b>843</b>
<b>Employees (non-consolidated)</b>	People	607	592	590	570	<b>560</b>
<b>Male</b>	People	410	396	393	379	<b>369</b>
<b>Female</b>	People	197	196	197	191	<b>191</b>
<b>CO<sub>2</sub> emissions from business activities (non-consolidated)</b>	t-CO <sub>2</sub>	633	602	551	524	<b>472</b>
<b>Greenhouse gas emissions output level (non-consolidated)</b>	—	0.80	0.73	0.71	0.63	<b>0.61</b>
<b>1% for Present Tree number of trees planted (cumulative total)</b>	Trees	11,207	11,554	11,922	12,275	<b>12,469</b>
<b>CO<sub>2</sub> reductions from tree planting activities</b>	t-CO <sub>2</sub>	-126	-127	-128	-128	<b>-129</b>
<b>CO<sub>2</sub> reductions from solar power generation</b>	t-CO <sub>2</sub>	-276	-283	-282	-274	<b>-270</b>

### Environmental Data

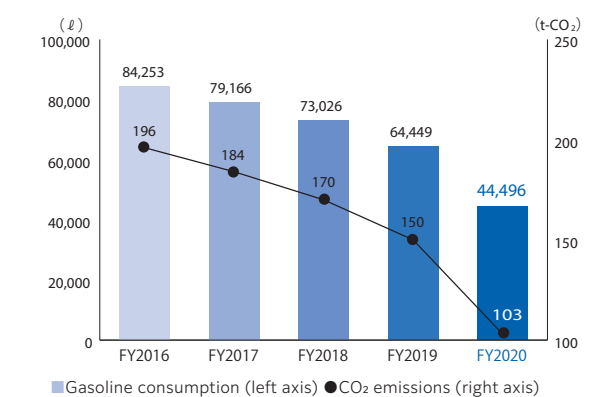
#### CO<sub>2</sub> Emitted through Business Activities



#### Electricity Consumption and CO<sub>2</sub> Emissions\*1



#### Gasoline Consumption and CO<sub>2</sub> Emissions\*2



\*1 Electricity consumption (kWh) × calorific value unit 0.00039 (t-CO<sub>2</sub>/kWh) \*2 Gasoline consumption (kl) × calorific value unit 34.6 (GJ/kl) × emission factor 0.0671 (t-CO<sub>2</sub>/GJ)  
Calorific value units and emission factors were equalized in order to confirm improvements and were calculated per the figures above.

Corporate Overview

Company name	SHINSEI PULP & PAPER COMPANY LIMITED
Head Office and Main Branch	1-8 Kandanishikicho, Chiyoda-ku, Tokyo, 101-8451 Japan
Established	November 3, 1889
Incorporated	March 14, 1918
Capital	3,228,000,000 yen
Lines of business	Paper, pulp, chemicals, processed paper products, building materials, machinery, equipment, etc.
No. of employees	560 (as of March 31, 2021)

Description of business	<ul style="list-style-type: none"><li>• Sales of processed paper products and sales and processing of paper, pulp, chemicals, and chemical products</li><li>• 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</li><li>• Sales and leasing of packaging, printing, bookbinding, building, and papermaking materials</li><li>• Brokerage, wholesale, agency, and import/export of any of the above mentioned items</li><li>• Business system design, installation, supervision, and contracting for any of the above-mentioned items</li><li>• Land development as well as land and building sales, purchasing, leasing, and management consignment</li><li>• Room rental and parking lot services</li><li>• Warehouse services and automotive transport handling operations</li><li>• Interior finishing work</li><li>• Investment in businesses associated with any of the above-mentioned items</li><li>• Non-life insurance agency and insurance agency based on the Act on Securing Compensation for Automobile Accidents</li><li>• Life insurance solicitation</li><li>• Sales of books, magazines, and stationery</li><li>• Power generation utilizing natural energy and the supply, sales, management, operation, and mediation of electricity</li><li>• Any and all business activities related to any of the above-mentioned items</li></ul>
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Main banks	Sumitomo Mitsui Banking Corporation, MUFG Bank, Mizuho Bank, Norinchukin Bank, Shizuoka Bank, Joyo Bank
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Group Companies

Head office and branches

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

Domestic affiliated companies

Shinsei Distribution Company [Warehousing and transportation]  
Sapporo OS Distribution Company [Warehousing and transportation]  
Kyodo Kami Shoji Co., Ltd. [Paper sales]  
Daimonji Paper [Paper sales]  
OP Palm Co., Ltd. [Paper products sales]  
Sanko Forms Co., Ltd. [Paper processing and manufacturing (information recording paper)]  
Koei Co., Ltd. [Paper processing and manufacturing (cardboard)]

Corepack Co., Ltd. [Paper processing and manufacturing (cardboard)]  
Yamaichi Kakoshi Co., Ltd. [Paper processing]  
Muromachi Company [Molded product processing]  
Kyokutou Koubunshi Co., Ltd. [Film processing]  
OP Pack Co., Ltd. [Film processing]  
Hokkai Paper Industry Co., Ltd. [Film processing]  
Taibo Co., Ltd. [Recycled materials and molded product sales]  
Taibo Products Co., Ltd. [Recycled plastic materials and molded products manufacturing]

Overseas affiliated companies

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

Official Website



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WEB https://www.sppcl.co.jp/csr/

Message to SPP



Yuko Sakita

Journalist and environmental counselor

“Looking to the Future Beyond the Changing Times”

Profile

Yuko Sakita graduated from the College of Sociology at Rikkyo University in 1974 and joined Shueisha Inc. Since 1985, she has worked as a freelance journalist and looked at environmental and energy issues, particularly the creation of sustainable, recycle-oriented communities, from the viewpoint of everyday people. She serves as a member on numerous municipal government committees as well as national government committees such as the Central Environment Council of the Ministry of the Environment, and the Advisory Committee for Natural Resources and Energy of the Ministry of the Economy, Trade and Industry. She is also an adjunct researcher at Waseda University; a local revitalization specialist appointed by the Cabinet Office, Government of Japan; and chairperson of the National Delicious Food Clean Plate Movement Network Council. In addition, she was a member of the Community Development and Sustainability Committee, the Sustainability Discussion Group, and the Resource Management Working Group for the Tokyo 2020 Olympic and Paralympic Games. Previously, she served as the chief director for the Genki Net for Creating a Sustainable Society NPO. Currently, she is the representative director of the Shinjuku Environmental Action Net NPO.

Main works

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

The Tokyo 2020 Olympic and Paralympic Games were postponed for one year. Unfortunately, they were held without spectators, but as I watched via live television broadcast, I was deeply moved by the sight of the dynamic performances of para-athletes fully leveraging their uniqueness and by the splendor of a society making the most of diversity. For years, SPP has used powerful art produced by people with disabilities for the covers of this CSR report, and once again I would like to express my respect for the steadfastness of SPP’s position.

The Tokyo 2020 Games also aimed to contribute to the SDGs, touting carbon-free, waste-free initiatives in anticipation of a sustainable future. These included the use of 100% renewable energy; a hydrogen-powered Olympic flame; fuel cell cars and busses; bronze, silver, and gold medals made from 100% recycled materials; a 99% reuse and recycle rate for procured goods; and the elimination of disposable plastics. It is my hope that the Games, based on the results reported by the Organising Committee at the end of 2021, will be made use of in corporate activities as a valuable legacy that includes both its accomplishments and its problems.

The end of COVID-19 will mark a turning point of true change toward the realization of a sustainable society. Determining the course of the times and what products and services to offer will be important challenges. When this company was founded as a paper-trading business 300 years ago during Japan’s Edo period, paper was a key, ecologically-friendly product which supported the lives of everyone from samurai to the common people. Today, the company has grown to become a general trading company dealing in paper, paperboard, and film, and I suspect SPP is looking forward to rebuilding the future around Goal 15 of the SDGs, which revolves around protecting the abundance of forests.

In his message, the new president states that SPP will face the challenges of society and, with an eye on customers’ futures, contribute to the realization of a sustainable society. This includes preserving traditions with a focus on learning from the past while, at the same time, being in line with Japan’s goal of achieving carbon neutrality by 2050 as well as tackling the issue of marine plastics by eliminating disposable plastics and reducing food waste through plastic films. This tells me that SPP has an accurate grasp of the times.

This report also places importance on contributing to the SDGs and includes the voices of employees based on such diverse viewpoints as the earth, the world, Japan, and the paper wholesaling industry. The most important asset for understanding the future and coming up with appropriate products and services to offer is the ambition of employees,

and I applaud SPP for recognizing this.

The IPCC has reported that global warming is caused by human activity, and for companies aiming to decarbonize, paper bearing a tree-planting mark is attractive. I hope that in the future, SPP will also take on the challenge of creating CO<sub>2</sub>-neutral paper which imposes no burden on the environment either when it is created or used.

It has also been reported that around one third of the world’s CO<sub>2</sub> is emitted by food systems, making films that contribute to the resolution of the food waste problem by extending shelf lives and best-by dates very important. SPP’s focus on a circular economy in which recycled resources are utilized, such as films made from recycled PET bottles, is also encouraging.

Like many other places, the trend toward the elimination of disposable plastics is strong in Japan, as well. In June 2021, the Act on Promotion of Resource Circulation for Plastics was established, and thorough implementation of the 3Rs + Renewable initiative, as well as inventive uses of paper materials, is spreading. Flexibly expanding initiatives is also important. This report itself, for example, has been printed on paper partially made with eggshells for the current and the previous issue, and SPP has recently gotten involved in the development of paper made using apparel waste.

I hope that SPP will further double down on its stance of looking out at the next 300 years amid the current changing times. Current examples include collaborative distribution in the paper wholesaling industry and the preservation of a fundamental paper culture amid increasing digitalization.

In 2020, due to the COVID-19 crisis, restrictions were placed on the movement of people, affecting all companies and resulting in major changes in working styles, such as working from home. Through the advancement of digitalization, things such as online meetings are likely here to stay, and there is no doubt that every company will have to create its own unique working style. I ask all employees to keep their eyes and ears peeled and focus on what’s in store in the future.

In addition, SPP offset 85% of the CO<sub>2</sub> emitted through its business activities with tree planting activities and solar power generation. This is a very high figure, but I encourage SPP to achieve carbon neutrality as quickly as possible and blaze a trail for society. The Japanese government has stated that by the mid-2030s, all new vehicles will be electric vehicles. SPP could help achieve this if all company vehicles, starting with the president’s own, were changed to fuel cell vehicles. I look forward to watching as SPP continues to take on and meet the challenges of the coming times.





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