

CSR Report 2023

Corporate Social Responsibility





Contents

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Profile	4
SPP's Value Creation	2
Business Overview	6
Message from the President	8
Special Feature 1:	
Pursuit of Added Value	
in the Post-COVID-19 Era	12
Special Feature 2:	
"1% for Present Tree" Activities	16
Activity Report Section	
Environmental	18
Human Resources	22
Corporate Governance	24
Social Contribution Activities	27
Data Section	28
Corporate Overview	30
Message to SPP	31

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 2022 (April 2022–March 2023), but some of the latest initiatives that began after March 2023 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

(Fiscal Year 2018 Version) published by the Japanese Ministry of the

Environment; ISO 26000

Publication: October 2023

About the Cover

The front cover is decorated with artwork from Paralym Art, which is supported by SPP. Paralym Art is an activity carried out by the Shougaisha Jiritsu Suishin Kikou Association to support the social participation and economic independence of people with disabilities through art. The artwork featured on the front cover is "The Fruitful Tree of Creation" by Michiru Kanki. From the author: "Thank you for using 'The Fruitful Tree of Creation!' This piece is based on the work of other Paralym Art artists, but also draws on my own ideas. I am very happy to see that the use of my art by companies enables participation in and contribution to society. Thank you so much."

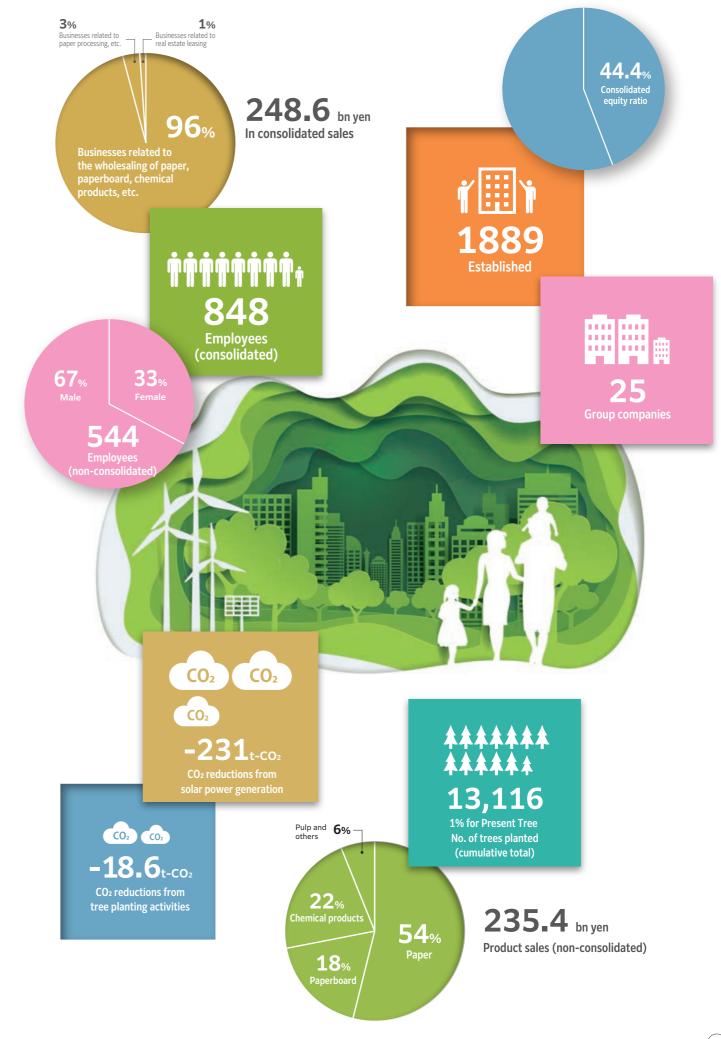
We are a trading company that provides solutions for paper, paperboard, and film. As a trading company, we reliably deliver products to customers. But our role doesn't end there. We accurately identify the challenges faced by our customers and society as they change with the times and produce added value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

Philosophy

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

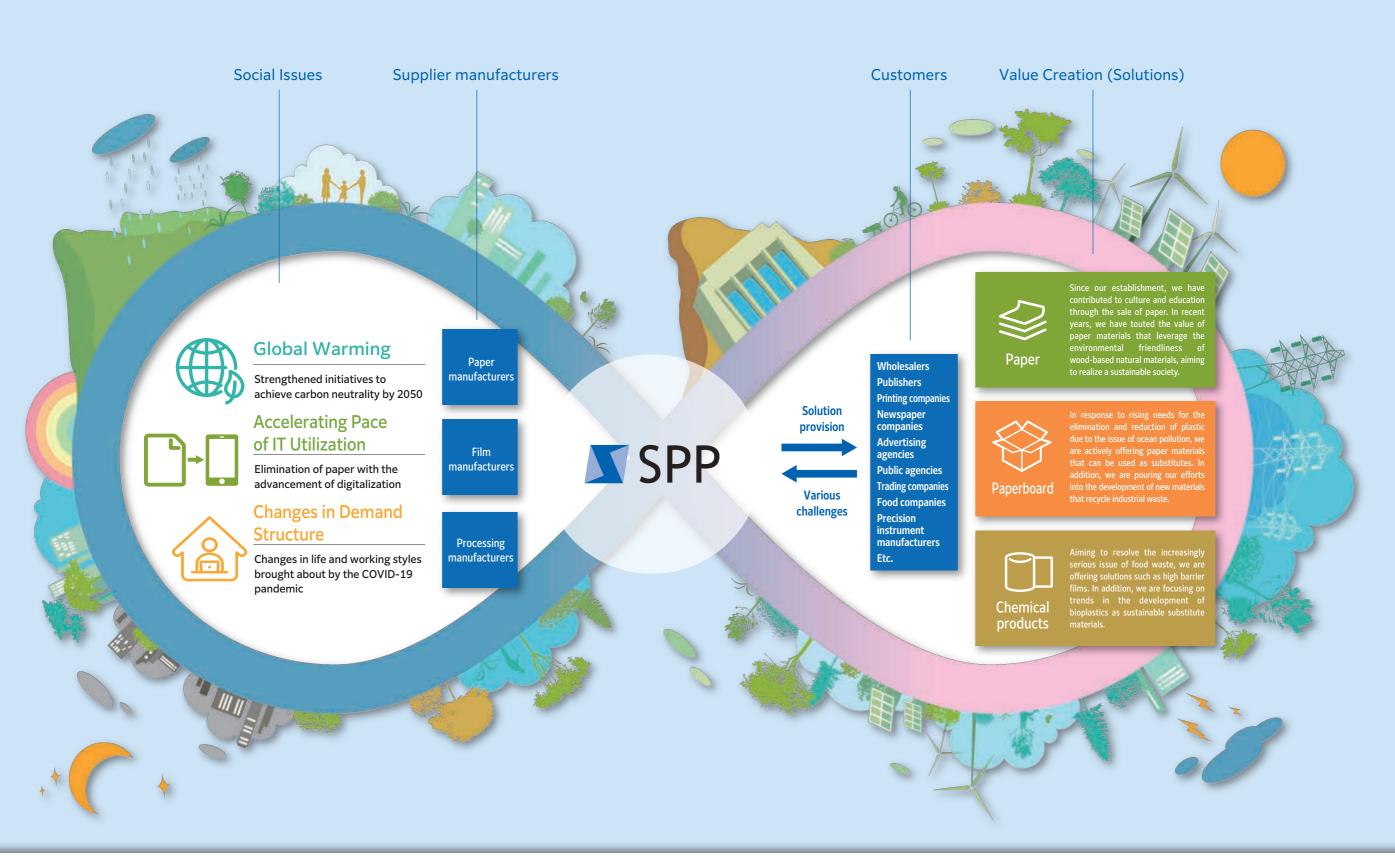
Management Policies

- 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.



CSR REPORT 2023 (3)

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.



Contributing to the SDGs



Working with a wide variety of suppliers, we contribute to the reduction of food waste by proposing high value-added high barrier films.



IT is becoming more and more common in the field of education, but we are contributing to better learning by raising awareness of the learning benefits of actually writing on paper.



As professionals in the field of materials proposals, positioned between manufacturers and businesses, we engage in activities that contribute to sustainable consumption and production.



We will contribute to mitigating climate change and its effects by proposing environmentally-conscious products that contribute to the formation of a recycling-oriented society.



By undertaking tree-planting activities together with our customers and promoting reforestation, we will contribute to the preservation of sustainable oceans and marine resources.

(4) SHINSEI PULP & PAPER COMPANY LIMITED

Business Overview

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

Changes in Sales and Ordinary Income



Review of FY2022 Performance Main Products and Businesses (Non-consolidated) Printing paper (books, magazines, flyers, etc.) Due to a further decline in demand for printing paper caused by Paper structural factors such as digitization and declining numbers of • Data processing paper (copy paper, sales slips, receipts, etc.) children, domestic shipments fell below the previous year's level. · Functional and special paper (paper carrier tape, The volume of overseas sales fell below the previous year's level separators, non-woven fabric, etc.) due to a decline in demand resulting from surging prices toward Packaging paper (heavy duty bags, wrapping paper, the latter half of the fiscal year. Sales increased due to a revision envelopes, shopping bags, etc.) of printing paper prices. Although sales of containerboard were robust, especially for Paperboard · Containerboard (cardboard cases, etc.) beverage and food products, shipments slowed down due to · Boxboard (high-grade packaging, etc.) higher product prices, and sales volume was lower than the Other paperboard (colored paperboard, chipboard, previous year. Sales volume of boxboard increased due to signs account book covers, packages, etc.) of increased demand for souvenirs and medical products, a result of a recovery in demand from inbound travelers. Sales were higher than the previous year due to price revisions. Chemical · Packaging film (food, miscellaneous goods, medicine, Shipments, mainly for food products, remained steady, but turned products downward in the second half of the fiscal year, reflecting cutbacks biomass film, etc.) on personal consumption, such as refraining from purchases • Industrial and optical film (adhesive film, etc.) following successive price hikes for food products and daily Food waste-reducing film necessities. Sales volume for the entire year exceeded that of the · Accessibility-conscious film previous year, and price revisions due to rising crude oil prices and • Special functional film (reduced volume film, etc.) other factors contributed to an increase in sales revenue. Others · Affiliated companies businesses (processing and In the paper processing and other related businesses, sales increased due to sales price revisions in response to surging raw wholesaling of paper, paperboard, and chemical material prices and rising utility costs. In the real estate products, warehousing and transportation) leasing-related business, we worked to effectively utilize and Real estate (building leasing) maintain our real estate holdings, but rental income declined Others (solar power generation, insurance agency, etc.) due to tenant cancellations, and expenses increased due to factors such as rising utility costs.

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

New businesses

Market cultivation

Application development

Product development

everaging of the combined

th of the SPP

Existing Businesses

Sales activities based on market trends by field Proposal activities via

Proposal activities via sveraging of capabilities as a trading company Overseas Businesses

Strategic business expansion Management resources

Slogan

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

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

Basic Policy

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

Network

In order to respond promptly to customer requests in any location, SPP has established a sales and logistics system that links every corner of Japan. We are also developing a framework to expand our sales channels overseas.

Domestic bases and primary business segments Head office and branches · Paper, paperboard, film. and processed products sales Head Office/Tokyo Main Branch Osaka Branch Nagoya Branch Kyushu Branch Sapporo Branch Sendai Branch Toyama Branch * Please see page 30 for information Head office and branches Distribution bases Distribution bases · Storage and transportation of Higashiosaka Warehouse paper products, etc. Nagoya Distribution Center (management contracted out to: Wakasu Distribution Center Marusuzu Unyu K.K.) Adachi Logistics Sapporo OS Distribution Niiza Distribution Center Kosugi Warehouse Asaka Warehouse Nagata Warehouse

Overseas Bases and the Types of Products They Carry Shinsei Pulp & Paper (USA) Corp. Data processing paper, packaging paper, special and sanitary paper sales



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

Guangzhou Branch
Shinsei Pulp & Paper Taiwan Co., Ltd.

Industrial materials, chemicals, general paper, and packaging paper, etc. sales

Shinsei Pulp & Paper (Thailand) Co., Ltd.
 Printing paper, packaging paper, data processing paper, special paper, industrial materials, and chemicals sales

Shinsei Pulp & Paper (M) Sdn. Bhd.
Printing paper, packaging paper, data processing paper, special paper, industrial materials,

and chemicals sales

Shinsei Pulp & Paper Australia Pty. Ltd.

Printing paper, packaging paper, data processing paper, synthetic paper, and special paper sales

CSR REPORT 2023 (7)

With 'sustainable' as our keyword, we will harness the intrinsic value of our products and drive social change.

Etsur Sanpai

Demonstrating our capabilities as a trading company

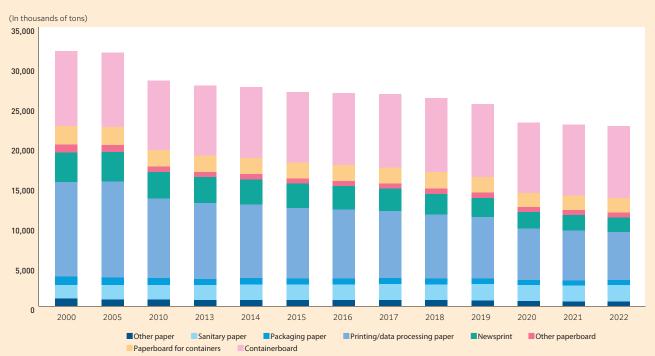
Fiscal 2022 was a year of continuous price revisions and a renewed awareness of the inherent value of commercial products.

Due to the global surge in energy prices, the paper and plastic film industries have been raising prices continuously since last year. In fiscal 2022, we have been diligently explaining these circumstances to customers and the market and, as the first year of our 6th three-year mid-term management plan, "Growth 2024," we have been working to strengthen group management. As a cross-cutting initiative, we are acquiring new customers for the commercial products of our cardboard-related subsidiaries by conducting needs assessments that take full advantage of the group's network. Initiatives like this provide an impetus for our sales staff to become more aware of the intrinsic value and structure of products they do not normally handle, and also offer an opportunity to learn more about existing customers from a different angle. In addition, in order to demonstrate the group's all-round capabilities, we are promoting the creation of a database related to commercial products and creating an environment that allows for the automatic

output of product options. On the logistics side, we are working to establish a system to propose transportation options from the perspective of visualizing supply chain CO₂ emissions and BCP.

As times change, the shape of commercial products and services are constantly changing. For paper in particular, it is important to correctly understand structural changes in demand and to explain the necessity of a return to paper. For example, the benefits of paper in the early childhood educational environment are being reevaluated. It has been found that children who read more tend to have higher levels of awareness, non-cognitive skills, and cognitive functioning. It has been reported that adults also experience increased brain activity related to memory when using a notebook rather than a smartphone. I believe that our role and greatest strength is to develop these kinds of value propositions by viewing the market from a broader perspective.

Changes in Domestic Demand for Paper and Paperboard



Source: Japan Paper Association

Pursuing Sustainable Value

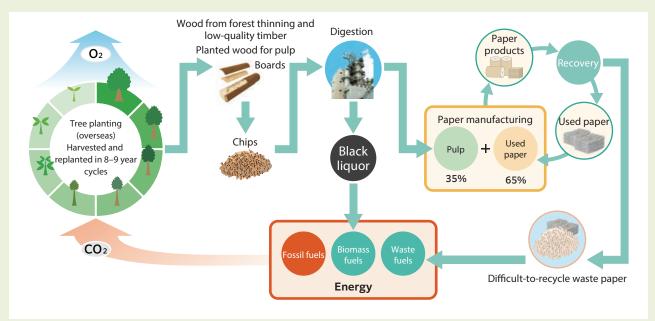
Our sustainability management means expanding our products' sustainable value and supporting social change.

Paper is increasingly being regarded as a material with high environmental value. In particular, it is attracting attention as a material for food packaging and tableware, and is demonstrating new added value through such applications as reducing plastic use by replacing plastic containers with paper trays. It is a little-known fact that paper and paperboard are highly biodegradable and decompose in the ocean. Furthermore, since trees, the raw material for paper, absorb and fix CO₂ during the growth process, CO₂ generated from biomass combustion is not included in national greenhouse gas emissions, making paper an environmentally conscious material that helps drive the push toward carbon neutrality.

In addition, paper has characteristics that make it highly conducive to the "circular economy." Blended paper is attracting particular attention as an upcycling solution for waste and unwanted materials. This paper is made by mixing pulp, the raw material for paper, with other materials. In terms of the commercial products we have developed, as environmental awareness rises, more and more companies are adopting circular cotton paper, which uses 50% recovered cotton, and "CaMISHELL," which is made using eggshells. In addition, we are seeing an increasing number of customers recycling waste generated within their companies into paperboard as a closed recycling process. In the cosmetics and apparel industries, this improves brand image, and it also serves as one step toward achieving a recyclingoriented society.

As part of our sustainability management, in addition to promoting the development of applications and commercial products, we have been putting a great deal of work into logistics reform for a number of years. For more than 10 years, we have been involved in joint logistics with other companies in the same industry, and going forward, we intend to step up our collaboration with other industries as well. In addition to our activities proposing paper products, we believe that it is very valuable for us to contribute to sustainability as a trading company.

How the Paper Industry Works as a Recycling-Oriented Industry



Produced by SPP based on data from the Japan Paper Association













Demonstrating our Capabilities in Human Resources and Proposal-Making

We will further promote human resource cultivation and cross-sectional sales activities to meet the underlying needs of our customers and society.

According to the Japan Paper Association, overall demand for paper and paperboard in 2023 is expected to see a year-on-year decline of 2.1% due to a decrease in domestic demand for graphic paper. Recently, changes in consumer behavior, such as refraining from purchases due to surging prices, have also affected demand for packaging paper, which had been relatively steady. At the same time, we recognize that the trend toward paper accompanying the shift away from plastics will continue its strong progress, and that demand for paper and paperboard as environmentally conscious materials will further increase.

Our strength is that in addition to paper and paperboard, we also possess expertise in chemical products. Until now, our organization has been structured by industry and business category, but to further accelerate cross-sector sales activities, we are actively conducting personnel exchanges and job rotations on a daily basis. This is because in the pursuit of sustainable value for society, it is important to

propose solutions that recognize the characteristics of both paper and film. Meanwhile, in terms of career development for each of our employees, we see it as one of our strengths that they can experience the paper, paperboard, and chemical products businesses at a single company, and we intend to take advantage of this going forward. In addition to training for new employees, we have focused on "visiting instructorbased training" for newly appointed section managers and for department managers, but are now considering the introduction of "open topic-specific training" for all employees to gain awareness of various issues in different industries.

We will continue to leverage our strengths and advantages to propose high value-added solutions that use the fundamental seeds of our products to meet the underlying needs of society and our customers, with "sustainability" as our keyword. To this end, we intend to hone our ability to imagine business ideas that are not bound by conventional wisdom or fixed preconceptions.

Special Feature 1: Pursuit of Added Value in the Post-COVID-19 Era

With socioeconomic activity having returned to normal following the COVID-19 pandemic, structural changes in demand have gathered pace. Under the three-year mid-term management plan, "Growth 2024," SPP aims to enhance its value to society through proposal activities that go back to the basics and initiatives in growth fields, with "sustainability" as the keyword.

Risks and Opportunities Regarding Social Issues



Strengthened initiatives to achieve carbon neutrality by 2050

Risks

Insufficient supply of raw materials for papermaking due to increased demand for biomass fuel made from raw materials such as thinned wood and waste wood

Opportunities

Paper Accelerated shift toward paper products due to reduction of plastic

Switch to paper products Popularization and expansion of biomass film products

Direction of Response

Propose solutions for switching to paper products with functionality through coordination between the three departments



Elimination of paper with the advancement of digitalization

Risks

Paper Rise of digital native generation

Elimination of paper in internal business operations

Opportunities

Paper Re-recognition of the added value of paper

A return to paper due to 'digital fatigue"

Direction of Response

Strengthen response to changes in demand, creation of new demand



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

Reduced packaging and switch to simplified packaging due to changes in packaging styles

due to COVID-19 pandemic Expansion of online shopping and other forms of e-commerce

Growth in markets connected to food, cosmetics, and health

Direction of Response

per Increase hygiene awareness Paper Response to demand for

lot containerboard demand natched to needs and

ndividual packaging

Response to regional and small

Proposal of functional films challenges



Yasuyuki Nonaka General Manager, DX Department

Promotion of DX

Database use is expected to facilitate company-wide information sharing and demand creation.

I believe that the role of our DX Department is to expedite the creation and provision of new services by building databases that can be shared across SPP to meet increasingly diverse customer needs.

Currently, we are working to build a database by consolidating siloed-off information, such as perspectives and ideas for new business development and new product sales. We expect that sharing and utilizing the database will lead to the creation of demand in untapped areas, equalization of ICT skills and growth among employees, and improved competitiveness for SPP as a whole. I believe that if, in the future, we can link various types of data and use this to match customers with commercial products and to generate order forms, there is the potential to create great value in terms of both supply and demand, such as

improving the efficiency of accepting and making

In addition, we are continuously collecting information and considering the implementation of schemes that are necessary in light of social conditions, and one of the services we have introduced as part of this process is a cloud service for calculating CO₂ emissions. This enables us to calculate emissions by year and by item, disclose data to customers, and plan and verify our CO₂ reduction plans.

The experience of the COVID-19 pandemic has led to ongoing changes in corporate activities, including changes in work schedules, and the DX Department is committed to using IT tools to provide new services that not only solve problems, but also contribute to enhancing SPP's corporate value.

Logistics Solutions

By steadily improving logistics efficiency through DX, we will establish a system that can properly cope with the "2024 problem."

Masayoshi Suzuki General Manager, **Operations Division** Sales Division

We are stepping up our efforts in "white logistics" to improve the working environment for truck drivers. Specifically, the order cutoff time is set at 3 p.m. two days in advance as a rule, with 3 p.m. the day before as the final limit, so that orders are almost always received by the deadline. To reduce waiting times for goods, the Logistics Committee of the Japan Paper Merchants Association conducted a survey last November and asked warehouses with long waiting times to make improvements, which they did by arranging goods for loading in advance. We will also continue to request improvements from our suppliers to reduce additional work such as loading and unloading by drivers.

Following the introduction of a DX-based warehouse reservation system and a dynamic management system, Shinsei Distribution is introducing an automated vehicle allocation system in order to achieve efficient vehicle dispatching and operational improvements.

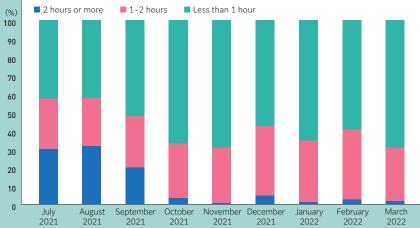
With regard to collaborative delivery with agents, in order to improve effectiveness, we are promoting the sharing of warehouses, as well working to consolidate inventories of products with the same delivery destination and to allocate them to warehouses with the shortest delivery distances. In addition, we proactively utilize return trips* in order to make effective use of trucks.

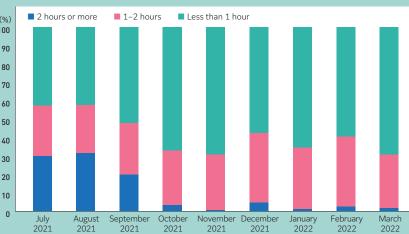
Over the past three years, while the total number of deliveries has declined, the number of return trips has increased, contributing to an improvement in the loading rate. In April, we newly started reciprocal carrying of return cargo with other industries, aiming to improve the loading rate and reduce CO₂ emissions through the use of

We recognize that addressing the "2024 problem" is a top priority issue that must be solved across the supply chain as a whole, and that it is particularly important to improve delivery efficiency by moving up the order cutoff time and reducing small-lot deliveries. In terms of promoting DX in logistics, after introducing an automated allocation system, we will implement a system that enables us to ascertain the what is loaded on each vehicle, aiming to improve operational efficiency by making delivery status more visible.

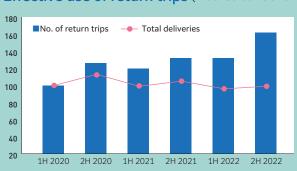
Cutting waiting times for incoming trucks (Shinsei Distribution Company Adachi Sales Office)

In September 2021, Shinsei Distribution's Adachi Sales Office introduced an incoming truck reservation system. After the introduction of the system, the percentage of trucks waiting more than two hours was reduced from about 30% to about 2%





Effective use of return trips (indexed at 100 for the first half of 2020)



* A "return trip" refers to the use of an empty truck that has finished carrying a load and is returning to the company to carry another load. Effective use of return trips reduces the number of unused vehicles and improves delivery efficiency





(12) SHINSEI PULP & PAPER COMPANY LIMITED CSR REPORT 2023 (13) **Printing Paper**

Aiming to maximize the potential of paper and create new demand and new businesses that contribute to social change.

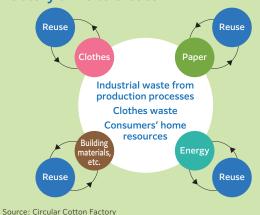
> solutions to meet the needs of various waste materials that companies generate.

Yukimasa Susami

Manager, Printing Paper

Going forward, paper with high social value will continue to be in high demand to help realize a sustainable society. While remaining sensitive to social change, we will aim to create new demand and new businesses through alliances and M&As.

The circular system that Circular Cotton Factory aims to create



As the move toward decarbonization gathers pace throughout society, we are engaged in proposal and sales activities for blended paper that makes effective use of waste and unused resources, which have become a social issue, as raw materials for paper, while explaining that paper itself is an environmentally conscious material. For example, one of our recently developed products is a blended paper made by upcycling textile waste, discarded eggshells, burlap sacks, coffee grounds, and other waste materials into paper and paperboard, helping to realize a circular economy. In addition, we are actively collaborating with paper manufacturers to develop paper blending

Printing paper is one of our core products, but we

are facing the challenge of a structural decline in

demand. To address this issue, the Printing Paper

Sales Division was newly established in April 2023

as a specialized organization for developing

markets, applications, and products. Our current

activities are focused on making multifaceted

proposals in response to requests and inquiries from

existing customers, as well as market research and

educational activities to cultivate new users.

Business Department. Chemical Business Division

Keiii Sugitani **Functional Films** Manager, 1st Chemical

In pursuit of a sustainable society, we will step up our proposals from the perspective of the superiority of functional films and consideration for the environment.

Against the backdrop of the marine plastic problem and stricter regulations on waste imports, the development of products that reduce environmental impact is gathering pace, and an increasing number of film products are being made with higher proportions of biomass and recycled raw materials. In addition, thin but quality-retaining films have emerged and efforts to reduce container weight are progressing, while high-barrier films that can extend shelf life are also growing as a way to reduce food waste.

In recent years, inquiries for biomass films and recycled films have increased rapidly due to growing environmental awareness, while the need for microwavable foods that can be easily and conveniently cooked in a short time is increasing due to the increase in the number of single-person households and dual-income households. Meanwhile, inquiries about switching from film to paper are also increasing. Many paper-based packages have designs that state "this packaging is made of paper," indicating that it is a good material for appealing to consumers as environmentally friendly.

To address these issues, we have invested in Taibo Co., Ltd., a plastic recycling company. We have also acquired ISCC PLUS certification, a certification system that manages and guarantees the supply chain for products made from biomass materials and recycled materials produced by the mass balance method.

We will continue to work with manufacturers and customers to realize a recycling-oriented society.

Packaging

We are stepping up information sharing and proposal activities that cut across departments in order to detect changes in public demand and respond to underlying needs. Yasushi Ueno General Manager. Packaging and Cardboard. Sales Division

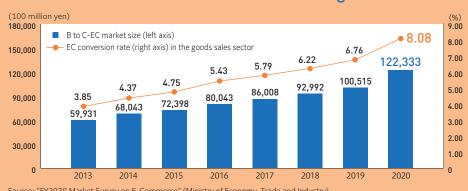


The Packaging Division, consisting of the Paperboard Department, the Packaging Paper Department, and the Cardboard Department, provides the raw materials needed to manufacture a wide variety of packaging. There are many packaged products in our daily lives, and the COVID-19 pandemic has increased demand for takeout paper containers, reaffirming its importance as a packaging material. Cardboard cases have also been supported by the robust EC market, but the pandemic has increased the number of deliveries to mailboxes and parcel delivery boxes, resulting in a rapid shift to bags and smaller boxes.

In response to these changes in the business environment, the division is willing to go beyond the boundaries between departments and take on the challenge of entering new fields through information sharing, thereby contributing to a recycling-oriented society.

Currently, the recovery rate of recovered cardboard in Japan is more than 95%. However, the trend toward smaller boxes is making it more difficult to recover used packaging, as more and more of it is disposed of as general waste. Furthermore, with the decrease in recovered newspapers and magazines, the dependence on cardboard as a raw material resource is increasing, and there are concerns about the impact on the production of the base materials for cardboard. Because used paper is a valuable resource, maintaining a paper recycling system is truly an urgent issue. We will continue to provide a stable supply of the packaging materials handled by this division to our customers, thereby contributing to solving social issues and realizing a sustainable society.

B to C-EC market size and EC conversion rate in the goods sales sector



cardboard recovery rate **95**% 90%

Source: "FY2020 Market Survey on E-Commerce" (Ministry of Economy, Trade and Industry)

Developments in the Soft Packaging Market

Functional packaging materials, packaging materials, and markets attracting attention

- Increasing diversity of forms of soft packaging in the medical field
- Continued intensification of competition in the barrier film market
- Slowdown of growth in the stick packaging
- Emerging need for oxygen-absorbing packaging Continued intensification of competition in the
- market for plastic drink bottle labels

Domestic environmental topics

- A focus on non-aluminum foil and needs for alternative barrier films
- Growth in biomass and foam sheets due to reduction of CO₂ emissions from
- Ongoing growth in "flexible packaging"
- Gradual emergence of domestic efforts to reduce CO2 emissions and waste plastic

Source: "Packaging Materials Share Database 2022," Japan Economic Research Institute Inc.

Acquisition of ISCC PLUS Certification*

In June 2022, SPP obtained ISCC PLUS certification. This enables us to collateralize and sell products such as biomass feedstock and recycled feedstock produced using the mass balance method.



sustainable biomass products operated by International Sustainability and Carbon

(14) SHINSEI PULP & PAPER COMPANY LIMITED CSR REPORT 2023 (15)

SPP's Unique Environmental Scheme "1% for Present Tree"

"1% for Present Tree" is an environmental scheme that we have been conducting since 2009. Under this scheme, 1% of the purchase price of paper, paperboard, film, and other products purchased from SPP is allocated as a participation fee (support fee), and through the "Present Tree" project operated by Environmental Relations, a certified NPO, trees are planted and managed in places

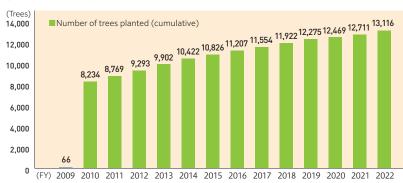
across Japan where they are needed, such as disaster-hit forests and unforested areas. Products made through this scheme will be allowed to use Environmental Relations' "1% for PT" trademark logo.



What is "1% for Present Tree"?



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



Present Tree's Forests

★Planting sites for which participation is currently open



Building disaster-resistant forests Present Tree in Kuma Village (Kumamoto Prefecture)

This is a reforestation project on an abandoned planting site. Tree planting is proving to be effective as a measure to prevent landslides.



Landslide in the vicinity of the forest (photo taken 2018)

Reforestation of unforested land

Present Tree for Shiki no Mori (Kofu City, Yamanashi Prefecture)

The scheme contributes to reforestation of logging sites that cannot be reforested due to a lack of personnel resulting from depopulation and demographic aging.

Reforestation of pine wood nematode-affected forests Present Tree for Hana no Mori (Fuefuki City, Yamanashi)

Damaged trees in planted red pine forests affected by pine wood nematode are being cut down and converted to deciduous broadleaf forests.









Maiko Ono 3rd Printing Paper Department, Tokyo Head Office



I participated in a tree-planting event in Ashigawa Town, Fuefuki City. The mayor spoke of the town's serious problems with depopulation and the falling number of children, and I was impressed by what he said about the importance of environmental preservation as well as his wish for people to discover Ashigawa's charms. As someone who works with paper, it was a valuable experience for me to be involved in these mountain restoration activities. I would love to take part again if the opportunity arises.





Shou Morimoto Electronic Materials Department, Tokyo Head Office

Given my work with paper, I was eager to take part in a tree-planting event. Now, having actually participated in the program in Hinohara Village (Nishitama District, Tokyo), I understand that both tree planting and forest maintenance are extremely hard work. With fewer children and an aging population in the mountainous areas where forests need to be maintained, I realized that we need to take more interest in forests and get to know them better.



Sumio Nagaishi
Printing & Data Processing
Paper Department
Section 2, Kyushu Office



I took part in the Kumamoto Yamato Tree Planting Event held in Kumamoto Prefecture. Together with local officials, we planted 31 species of saplings that were selected based on factors such as the distribution of trees in the local area. In addition to the tree-planting experience, the opportunity to interact with local residents enhanced my interest in the planting site and motivated me to engage in further proposal activities for the 1% for Present Tree scheme.

(16) SHINSEI PULP & PAPER COMPANY LIMITED

Activity Report Section











Environmental Policy

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

Basic Philosophy

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

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

Course of Action

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

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

Environmental Targets

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

(Revised April 1, 2020)

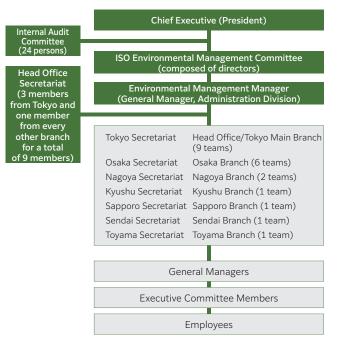
Initiatives for ISO 14001

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

PDCA Cycle Conceptual Diagram



ISO 14001 Environmental Management System



ISO 14001 Internal Audit

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

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

This fiscal year, the internal audit committee comprises 24 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 2022 ISO 14001 Implementation Plan and State of Achievement

ISO 14001 implementation plan: 78 targets, 66 targets achieved, 12 targets unachieved

Environmental targets	Implementation plan examples	Targets	Achieved	Achievement rate
Eco-friendly product sales	Promotion of sales of forest-certified paper, etc.; expansion of sales of chemicals and film	31	23	74.2%
Distribution optimization	Reduction of gas consumption and optimized inventory through transport optimization	9	8	88.9%
Reduction of general waste	Waste sorting initiatives, reduction of amount of copy paper used	7	6	85.7%
Reduction of energy consumption	Room temperature adjustment, regularly turning off lights, turning off lights when leaving	7	5	71.4%
Observance of environmental laws, ordinances, and regulations	Building management regulatory inspections and inspection implementation verification	5	5	100.0%
Promotion of the SDGs	Verify state of paid leave acquisition	1	1	100.0%
Work optimization	Promotion of internal beautification, stationery recycling	18	18	100.0%
	78	66	84.6%	

In fiscal 2022, we achieved our priority environmental targets of "work optimization" and "observance of laws and ordinances." However, "eco-friendly product sales" were slow due to the impact of the COVID-19 pandemic. In addition, "reduction of energy consumption" was not

achieved due to the decrease in the number of staff working remotely. We will continue to incorporate environmental targets into specific action plans and engage in ISO initiatives linked to our corporate activities.

SHINSEI PULP & PAPER COMPANY LIMITED CSR REPORT 2023 (19)

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.
- *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 60%, and this used paper is utilized in familiar products spanning everything from standard paper to toilet paper and cardboard.	ECF pulp	Paper manufactured with chlorine-free bleaching that does not generate harmful organochlorine compounds; this paper is created with the aim of reducing environmental impact.
Bulky paper	A lightweight paper which is thick yet low in density. Because it can be transported efficiently, it contributes to reduced CO ₂ emissions and the conservation of resources.	Paper made from thinned wood	Paper that uses wood thinned in order to promote healthy forests as a raw material. Appropriately thinning and managing forests can help increase their ability to absorb CO ₂ .
Non-wood paper	Paper made from raw materials other than wood, such as plants and agricultural byproducts. Plants such as bamboo and sugarcane grow fast and possess superb ability to absorb CO ₂ .	Afforested tree pulp	Pulp that uses trees obtained from a forest managed according to a cyclical plan from tree planting to felling as a raw material. This enables the efficient and stable acquisition of wood.

Environmental Consciousness Measures

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

1% for Present Tree

Since 2009, we have engaged in 1% for Present Tree, a tree planting activity in which we reserve 1% of sales from our customers to purchase and plant young trees. Since we began this activity, we have planted over 13,000 trees, helping to prevent disasters and reduce environmental burden through the conservation of forests.



Marine Plastic Countermeasures

Aiming to resolve the global environmental issue of marine plastic waste, in 2019 we joined the Clean Ocean Material Alliance (CLOMA), a platform for promoting the sustainable use of plastic products and the development and introduction of substitute



materials. We are continuously working to reduce plastic through such means as switching from bottles to standing pouches and proposing new paper products.

An Initiative for Recycling Waste into Products

In an effort to reuse resources and reduce pulp usage, we are developing a blended paper made from eggshells, burlap sacks, coffee grounds, and other materials that are disposed of as industrial waste, as well as a "circular" cotton paper made from 50% recovered cotton, a way of upcycling used clothing.



Our blended eggshell paper, "CaMISHELL," is a registered trademark for paper made by combining eggshells, which are disposed of as industrial waste, with pulp. Commercialized in forms such as business card paper and coated cardboard used in packaging, we began selling CaMISHELL as a waste-reducing product in 2020.

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

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

Procurement policy

We proactively consider procurement of the following products.

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

Scope

These guidelines apply to all domestic and overseas bases.

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

Relevant laws, regulations, ordinances, and standards

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

Carbon Offset Initiatives

Reducing CO₂ through Solar Power

We established a solar power facility on land owned by SPP in Tomi City, Nagano Prefecture and began selling electricity in March 2016. During the one-year period from April 2022 to March 2023, annual CO₂ emissions were cut by 231 tons.



Reducing CO₂ through Tree Planting

Calculating the cumulative total amount of CO₂ absorbed by the trees we planted over the past 13 years, we reached 18.6 t-CO₂/year in fiscal 2022.

* For detailed data for fiscal 2022, please see the "Environmental Data" section on page 29.





Tree planting

SHINSEI PULP & PAPER COMPANY LIMITED CSR REPORT 2023 (21)













Basic Thinking

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

Respect for Human Rights

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

Freedom of Association

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

Human Resource Cultivation

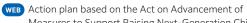
SPP's aim is for each and every employee to have high aspirations and demonstrate their abilities as part of a professional group. We believe that the source of our strength as a company lies in cultivating human resources by having them correctly understand targets, take correct action to achieve those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

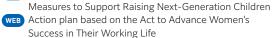


Encouraging Human Resources to Flourish

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.





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



Training for Senior Management

Promoting the Utilization of Female Human

SPP has established a goal of achieving a new hire ratio of 50% women, and is proactively providing employment opportunities for women. The new hire ratio for women in fiscal 2022 was 24.3%. In addition, we strive to maintain an environment that enables women to fully demonstrate their individuality and capabilities, and for those who wish, we will accommodate changes in job category from general to career-track.

Support for Work and Childcare/Caregiving

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

Promoting Senior Citizen Employment

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

Promoting Employment of People with Disabilities

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

Promoting Health and Productivity Management

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

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

activities, such as health education for women.

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



Radio calisthenics are part of our internal health-promotion activities



2023 Health & Productivity Management Outstanding Organization (large enterprise category)

Holding Health Committee Meetings and Offering Health Consultations

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

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

Holding Stress Checks

Stress checks obligated by law as a mental health measure are held once a year, helping to maintain the mental health of employees and prevent poor mental health before it occurs. In fiscal 2022, the rate of employees who underwent the check was 96.7%.

Harassment Countermeasures

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

A Cooperative Relationship with the Employee Association

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



General meeting of the Employee Association

(22) SHINSEI PULP & PAPER COMPANY LIMITED





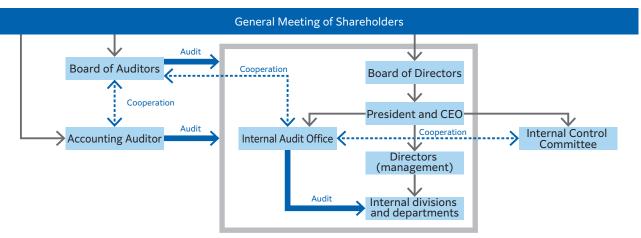
Basic Thinking

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 managementrelated audits is essential, and we are striving to formulate a suitable system of corporate governance comprising our General Meeting of Shareholders, Board of Directors, Board of Auditors, and Accounting Auditor.

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

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

Corporate Governance Organization



Corporate Governance Overview (As of June 22, 2023)

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

Promoting Sustainability Governance

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

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

The president sets the top management policy

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

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

Maintaining a System of Internal Controls

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

In addition, we have established an Internal Audit Office as an organization under the direct control of the president to conduct audits determining whether operations are being performed in accordance with laws, ordinances, and regulations and report the results to the president.

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

Internal Reporting System

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

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

Compliance

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

Fair Trade (Corruption Prevention)

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

Risk Management

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

Social Contribution Activities

Relevant SDGs

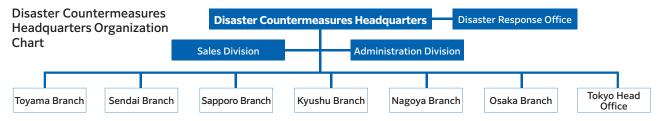






Organizational System during Disasters

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



Handling of Personal Information

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

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

Disaster Countermeasures

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

strive to hold drills and make preparations during normal times.





Water bags Testing generators

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

Business Continuity Plan (BCP) Maintenance

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

Basic policy

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

Businesses to protect

- $\boldsymbol{\cdot}$ Businesses related to the wholesaling of paper, paperboard, chemical products, etc.
- Businesses related to paper processing.
- · 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 2022, we periodically inspected disaster equipment and emergency food stocks in order to protect the health and safety of our employees. We also worked to expand our stock of portable toilets and emergency water supplies as well as equipment such as power generators and storage batteries.



Support Activities for People with Disabilities

Paralym Art

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

Through CSR-related PR activities using Paralym Art, we seek to maximize the value added to paper and bridge the gap between companies as a comprehensive agent. We consider Paralym Art to be a CSR activity and plan to expand it nationwide. In fiscal 2022, we produced 18,850 Paralym Art Calendars imprinted with our company name, while there were 35 instances of licensed art use and 8 instances of art rental (27 pieces).







Example of Paralym Art in use (Sumitomo Mitsui Trust Realty Co., Ltd.) It is offered as a service to visiting family members.

Resource Recycling Initiatives

Development and sale of paper blended with textile waste

SPP engages in collaboration with different industries to create materials that lead to the reduction and reuse of waste from various sectors.

Paper containing textile waste, such as "Circular Cotton Paper" and "Swatch Mounting Paper (fabric sample mounting paper)," which we have planned, developed, and begun marketing, are products made by collecting textile waste and used clothing from apparel manufacturers' production processes using the fibers in high proportions as raw materials for paper. This contributes to solving the waste problem in the apparel and textile industry and realizing a recycling-oriented society. Going forward, we will continue to develop new applications for paper blended with textile waste and conduct activities to promote its uptake among users.



Collected fibers processed into raw material for paper

SHINSEI PULP & PAPER COMPANY LIMITED CSR REPORT 2023 (27)

Financial Highlights (Consolidated)

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Sales	Millions of yen	263,186	256,659	230,406	231,237	248,635
Operating income	Millions of yen	4,539	4,857	4,187	4,666	5,107
Ordinary income	Millions of yen	4,981	5,294	4,846	5,625	5,990
Net income for the period attributable to parent company shareholders	Millions of yen	5,017	3,634	3,275	3,883	4,190
Net assets	Millions of yen	60,244	60,718	65,566	68,018	72,328
Total assets	Millions of yen	160,090	147,492	149,248	153,565	162,673
Equity ratio	%	37.58	41.12	43.89	44.25	44.43
Cash flow from operating activities	Millions of yen	4,560	3,373	6,596	1,504	2,862
Cash flow from investing activities	Millions of yen	1,093	-2,933	-5,050	-2,001	-3,492
Cash flow from financing activities	Millions of yen	-4,141	-3,119	-1,543	-2,734	-2,248
Cash and cash equivalents closing balance	Millions of yen	12,500	9,798	9,802	6,657	3,923

Non-Financial Highlights

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Employees (consolidated)	People	851	817	843	841	848
Employees (non-consolidated)	People	590	570	560	542	544
Male	People	393	379	369	358	362
Female	People	197	191	191	184	182
Rate of women among new hires	%	41.2	45.5	33.3	38.5	24.3
Number of female employees/managers	People	199/1	194/1	194/1	190/1	189/2
Rate of paid leave usage	%	46.3	54.1	48.9	55.6	55.1
CO ₂ emissions from business activities (non-consolidated)	t-CO ₂	551	524	472	487	495
Greenhouse gas emissions output level (non-consolidated)	_	0.71	0.63	0.61	0.63	0.64
1% for Present Tree number of trees planted (cumulative total)	Trees	11,922	12,275	12,469	12,711	13,116
CO ₂ reductions from tree planting activities	t-CO ₂	-15.7	-16.3	-17.5	-18.0	-18.6
CO ₂ reductions from solar power generation	t-CO ₂	-282	-274	-270	-265	-231

Environmental Data

Change in the Method for Calculating Greenhouse Gas (GHG) Emissions

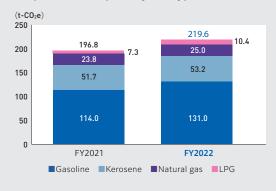
Previously, SPP has calculated CO₂ emissions from its business activities (from electricity, gasoline, gas, and water consumption) based on the ISO 14001 environmental impact assessment, but in fiscal 2023, we began calculating CO₂ emissions based on the GHG Protocol (an international standard for calculating and reporting greenhouse gas emissions). The figures for fiscal 2021 and fiscal 2022 have been retroactively adjusted accordingly.

We are currently considering setting reduction targets in Scope 1 and Scope 2 for SPP (non-consolidated). In the future, we will consider extending reporting to Scope 3, as well as expanding implementation to include group companies, with a view to reducing GHG emissions throughout the entire value chain.

		FY2021			FY2022		
	Units New*1 Old*2			New*1	Old*2		
Scope 1 (gasoline, kerosene, gas)	t-CO ₂	196.8	134	219.6	153		
Scope 2 (electricity)	t-CO ₂	1,607	350	1,566	339		

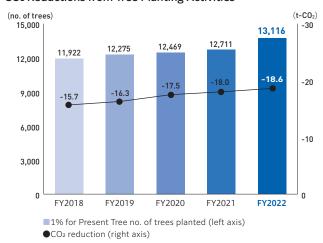
*1 Included in calculations under the GHG Protocol: Head office and branch offices (common areas of company-owned buildings), owned real estate, and recreation facilities *2 Included in calculations under the ISO 14001 environmental impact assessment: Head office and branch offices

Scope 1: Consumption by fuel type



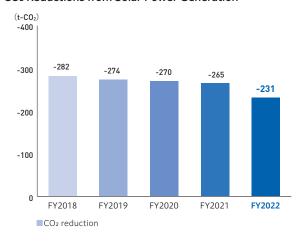


CO₂ Reductions from Tree Planting Activities*3



CO₂ Reductions from Solar Power Generation

■Electricity



*3 Amount of CO₂ absorbed annually per hectare of forest (t-CO₂/year/ha) = annual trunk growth per hectare of forest (m³/year/ha) × expansion factor × (1 + ratio of portion underground) × bulk density (t/m³) × carbon content percentage × CO₂ conversion factor Source: "Shinrin ni yoru nisankatanso kyushuryo no santei hoho ni tsuite (Regarding the Calculation Method for the Amount of Carbon Dioxide Absorbed by Forests)," Kanto Forest Management Bureau website (Japanese language only) https://www.rinya.maff.go.jp/j/press/kikaku/211227.html

(28) SHINSEI PULP & PAPER COMPANY LIMITED

Corporate Overview

Company name Head office and SHINSEI PULP & PAPER COMPANY LIMITED

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 848 consolidated, 544 non-consolidated (as of March 31, 2023)

Description of business

· Sales of processed paper products and sales and processing of paper, pulp, chemicals, and chemical products

· Sales and leasing of paper processing machinery, printing machinery, paper manufacturing machinery, packaging machinery, plastic processing equipment, industrial electrical equipment, transportation machinery, communication equipment, office equipment, and accessories

· Sales and leasing of packaging, printing, bookbinding, building, and papermaking materials

• Brokerage, wholesale, agency, and import/export of any of the above-mentioned items

· Business system design, installation, supervision, and contracting for any of the above-mentioned items

· Land development as well as land and building sales, purchasing, leasing, and management consignment

· Room rental and parking lot services

· Warehouse services and automotive transport handling operations

· Interior finishing work

· Investment in businesses associated with any of the above-mentioned items

· Non-life insurance agency and insurance agency based on the Act on Securing Compensation for Automobile

· Life insurance solicitation

· Sales of books, magazines, and stationery

· Power generation utilizing natural energy and the supply, sales, management, operation, and mediation of

· Any and all business activities related to any of the above-mentioned items

Main banks

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

Group Companies

Head office and branches

Shinsei Distribution Company [Warehousing and transportation] Sapporo OS Distribution Company [Warehousing and

Tokyo Main Branch Osaka Branch

Nagoya Branch Kyodo Kami Shoji Co., Ltd. [Paper sales] Daimonji Paper [Paper sales]

Kyushu Branch Sapporo Branch

Sendai Branch

Toyama Branch

Tsutsumi Paper Trade Co., Ltd. [Sales of paper and stationery] Yasuhirosyoukai Co., Ltd. [Sales of paper and stationery]

OP Palm Co., Ltd. [Paper products sales]

Domestic affiliated companies

Sanko Forms Co., Ltd. [Paper processing and manufacturing

Koei Co., Ltd. [Paper processing and manufacturing (cardboard)]

Corepack Co., Ltd. [Paper processing and manufacturing

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

Taibo Products Co., Ltd. [Recycled plastic materials and molded products manufacturing]

Overseas affiliated companies

Okura Pulp & Paper (Shanghai) Ltd. [Paper and film sales] Okura (Shanghai) Ltd. [Paper and film sales]

Shanghai Branch Guangzhou Branch

Shanghai Toh Tech Co., Ltd. (Joint venture) [Packaging and

Shinsei Pulp & Paper Australia Pty. Ltd. [Paper sales] Shinsei Pulp & Paper (USA) Corp. [Paper sales]

Shinsei Pulp & Paper Taiwan Co., Ltd. [Paper and film sales] 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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Message to SPP



Yuko Sakita Journalist and environmental counselor

Realizing Sustainability

Profile

Yuko Sakita graduated from the College of Sociology at Rikkyo University in 1974 and joined Shueisha Inc. Since 1985, she has worked as a freelance journalist and looked at environmental and energy issues, particularly the creation of sustainable, recycle-oriented communities, from the viewpoint of everyday people. She serves as a member on numerous municipal government committees as well as national government committees such as the Central Environment Council of the Ministry of the Environment. She is also an $adjunct\ researcher\ at\ Waseda\ University;\ a\ local\ revitalization\ specialist\ appointed\ by\ the\ Cabinet\ Office,\ Government\ of\ Japan;\ and$ $chair person \ of the \ National \ Delicious \ Food \ Clean \ Plate \ Movement \ Network \ Council. \ In \ addition, she \ was \ a \ member \ of the \ Community \ not \ not$ Development and Sustainability Committee, the Sustainability Discussion Group, and the Resource Management Working Group for the Tokyo 2020 Olympic and Paralympic Games. In order to propagate the legacy of the Tokyo 2020 Games, she participates in the consideration of the sustainable procurement rules for Expo 2025. Previously, she served as the chief director for the Genki Net for Creating a Sustainable Society NPO. Currently, she is the representative director of the Shinjuku Environmental Action Net NPO.

Main works

Book: "Anyone Can Do It The Waste Diet" (Japanese) (1999, Godo Shuppan)

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

Picture book: "Granny Next Door" (Japanese) (Illustration: Shinsuke Tanaka) (2022, Bungeisha) Depicts the joy of living everyday life with a smile using origami

In recent years, there have been proposals in various quarters for a focus on sustainability in the "post-COVID-19" era. However, the world continues to experience instability, with constant conflicts and soaring energy and food prices.

On the other hand, the extreme weather of this summer, with its endless days of heat exceeding body temperature, served as a reminder that our lifestyles and work styles have already reached the limits of the global environment. As such, the word "sustainable" is no longer an abstraction, but something that we must put into practice, passing on to the next generation a global environment in which nature and humans can coexist. To this end, we should seriously consider what each of us living today can do and act accordingly.

However, we must not forget that our parallel efforts to achieve carbon neutrality, biodiversity, and the circular economy by 2050 should not be just painful and demanding. Technology and system reforms must be effective, make our lives more comfortable, enrich the natural environment, and make our daily lives more fulfilling, such as by using online work to allow people to enjoy starry skies and nature together with their families.

Approaching this from the perspective of a period of change in "era" and "mindset," there is no limit to what a general trading company in paper can do. I see potential in the president's message, "With 'sustainable' as our keyword, we will harness the intrinsic value of our products and drive social change."

Even though digital transformation has led to a decline in printing paper, the trend away from fossil fuels and disposable plastics is steadily moving toward "paperization."

Efforts are actively underway to strengthen group management, develop new customers and commercial products, and streamline logistics, with a view to the next stage of development, and I hope to see you make even greater strides in these endeavors.

In particular, I think that "blended paper" is worth paying attention to as a way to develop new commercial products and promote upcycling of waste and unused products. CaMISHELL, a blended paper using eggshells, has also been adopted by many environmentally conscious companies. The new Circular Cotton Paper, made of 50% recovered cotton, also represents a significant expansion of possibilities.

Because of the diversity of designs and materials, the textiles sector had previously been considered unsuitable for

resource recovery and recycling, with only a small portion being sent overseas through volunteer collections or sold as secondhand clothing. Today, however, we are finally being asked to break away from mass production, mass consumption, and mass disposal

I look forward to an exchange of knowledge and techniques that transcend industry boundaries.

I have spoken passionately about textiles, but plastics, food waste, and the fashion sector have been highlighted as areas where resource recycling can make a significant contribution to decarbonization.

SPP is also involved in important areas such as the development of chemical products that contribute to the reduction of food waste. As the Chair of the National Delicious Food Clean Plate Movement Network Council, a network of 47 prefectures and nearly 400 municipalities across Japan interested in food waste reduction, which also holds a National Food Loss Reduction Convention every year on October 30, I am delighted to see your contribution to this field.

Thus, as a company with many solutions to social issues, perhaps it would be a good idea to incorporate into SPP's future policies not only the provision of commercial products, but also the development of ambitious all-round capabilities for social change, for example, by offering comprehensive proposals for distribution and consumption systems, such as department stores, supermarkets, and convenience stores operated with paper-based systems. It appears that some companies are showing keen interest in moving toward a fully decarbonized society.

SPP is also eagerly rolling out other specific measures to reduce CO₂ emissions, such as the "1% for Present Tree" treeplanting program, which has been ongoing for more than 10 years, and the use of solar panels to obtain renewable energy for power generation. Although some initiatives are still in the process of development, such as obtaining data on the entire supply chain, I hope that you will continue to pursue them.

Last but not least, I commend SPP's proactive approach to cultivating human resources, including training for the next generation. It is the current generation that will take the first steps toward reforming the way we live and work, but it is the next generation that will lead the way in driving change and achieving results. I look forward to seeing a bold change of mindset accordingly.

SHINSEI PULP & PAPER COMPANY LIMITED



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