



September 13, 2022
Japan Pulp & Paper Co., Ltd.

Notice Concerning the Japan Pulp & Paper Group's Material Issues and Contribution to the SDGs

Japan Pulp & Paper Co., Ltd. decided at a meeting of the Board of Directors held in August 2022, to identify material issues, which are internal and external factors that have a significant impact on realizing sustainable business activities that generate both social and economic value, and to select SDGs to which the group can contribute.

The group's Corporate Philosophy encompasses the values of integrity, fairness, and harmony, and the mission of carving a better future for society and the environment based on the principles of change, challenge, and create. In accordance with this Corporate Philosophy, the group strengthened its sustainability promotion framework by establishing the Executive Sustainability Committee on April 1, 2022, with the aim of proactively promoting sustainable management. The group also revised its Charter of Corporate Behavior and established the Sustainability Policy as well as several other related policies.

Going forward, the group will work to strengthen sustainable management and promote effective initiatives by regularly confirming and reviewing material issues based on changes in the external environment.

Please refer to the following information on the process of identifying and selecting material issues, as well as on how the group contributes to the SDGs.

We are also examining initiatives, targets, and KPIs for material issues, and once they are decided, we plan to announce them in the integrated report to be issued this year.

1. The Japan Pulp & Paper Group's definition of sustainability and related material issues













1) Definition of sustainability

“Sustainable business activities that simultaneously generate social and economic value”

2) Definition of material issues

“Internal and external factors that have a significant impact on realizing sustainable business activities that generate both social and economic value.”

2. The following presents material issues of the Japan Pulp & Paper Group, the reasons they were identified, and the SDGs to which the group contributes.

Themes	Material Issues	Reasons for Identification	SDGs to Which the Group Contributes
Environment	Climate Change	<ul style="list-style-type: none"> Depletion of forest resources, which are raw materials for paper, due to climate change will have a major impact on the group's business. There are physical risks resulting from global warming, transition risks due to stricter regulations, and the possibility of increased financial burden associated with responding to these risks. It is our responsibility to minimize climate change impact by reducing greenhouse gas emissions throughout our group and the entire supply chain. 	
	Biodiversity	<ul style="list-style-type: none"> Increased efforts to conserve biodiversity may lead to stricter regulations and higher costs in the procurement of raw materials used in the production of paper. It is essential to sell paper made with wood from properly managed forests, so as to have minimal impact on animal life and the natural environment. 	
	Resource Recycling	<ul style="list-style-type: none"> It is essential to promote initiatives to realize a circular economy, including through the wastepaper recycling, recycled paper manufacturing, and comprehensive recycling businesses. It is essential to reduce all of society's waste and conserve the Earth's forest resources. It is essential to provide environmentally friendly products. 	
	Environmental Impact	<ul style="list-style-type: none"> It is essential to respond to stricter environmental regulations related to logistics and factory operations. It is our corporate responsibility to manage water intake/discharge and exhaust gas, as well as reduce waste. 	
Society	Supply Chain	<ul style="list-style-type: none"> It is essential to ensure sustainability throughout our group and the entire supply chain in order to maintain the stable supply of paper and other products. We will accomplish this by strengthening sustainable supply chains. 	
	Communities	<ul style="list-style-type: none"> It is essential to reduce the environmental impact on communities and to achieve coexistence and co-prosperity through economic and social contributions. 	
	Digitalization	<ul style="list-style-type: none"> Declining demand for paper due to the progress of digitization will have a significant impact on the group's business. It is essential to improve productivity and the use of energy by promoting digital transformation (DX). 	
Employees	Work Environment	<ul style="list-style-type: none"> It is essential to provide stable employment, opportunities to develop skills, fair evaluations and equitable treatment, and to create a comfortable working environment. It is essential to strengthen our human capital by improving labor productivity and employee engagement. 	
	Diversity and Inclusion	<ul style="list-style-type: none"> By properly addressing diversity and inclusion, we will be able to promote the active participation of diverse human resources, strengthen our corporate competitiveness by adopting diverse values and ideas, revitalize our corporate culture, and improve employee engagement. 	
Governance	Corporate Governance	<ul style="list-style-type: none"> It is essential to build a transparent and effective management system from the perspective of sustainable and medium-to-long-term improvement of corporate value. 	
	Compliance	<ul style="list-style-type: none"> Our corporate value may be significantly impaired in the event of compliance-related issues. 	
	Stakeholder Engagement	<ul style="list-style-type: none"> It is our responsibility as a company to understand the expectations and demands that society has for the group. We will accomplish this through dialogue with stakeholders and by reflecting feedback in management operations. 	

Note: The number below each SDG icon represents a specific target.

3. Process of Identifying Material Issues

- 1) Based on the evaluation items of major ESG ratings agencies and industry-specific material issues provided by the US Sustainability Accounting Standards Board (SASB), we determined “ESG-related issues such as environmental and social issues that have a significant impact on the group’s sustainability and ability to create value” and looked at ways the group impacts stakeholders in the value chain. We then analyzed the degree of importance and identified possible material issues from the perspective of “priority items related to the group and its businesses that have a high level of impact on the environment and society.”
- 2) After narrowing down the possible material issues uncovered in (1) from the standpoints of their importance and frequency, executives, employees, and external experts performed another evaluation from the perspectives of “ESG-related issues such as environmental and social issues that have a significant impact on the group’s sustainability and ability to create value,” and “priority items related to the group and its businesses that have a high level of impact on the environment and society.”
- 3) Based on the evaluation conducted in (2), and in order to achieve sustainability for the group, management held discussions 12 times to identify material issues based on the Charter of Corporate Behavior and Medium-term Business Plan 2023. As a result, we identified four themes and 12 material issues as internal and external factors that have a significant impact on realizing sustainable business activities that generate both social and economic value. After approval by the Executive Sustainability Committee, a resolution on material issues was passed by the Board of Directors.