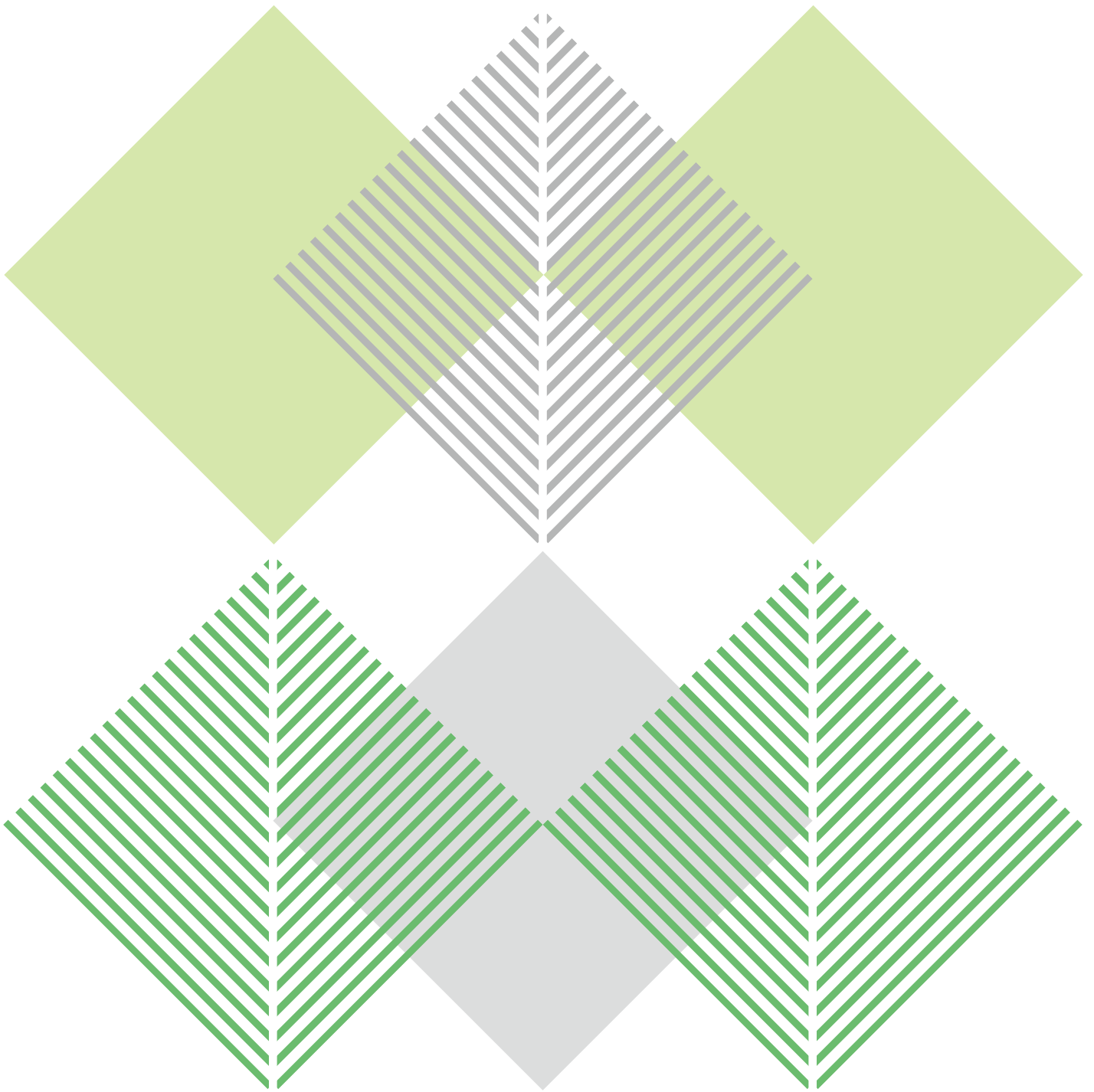


KPP
Integrated Report



2016

KOKUSAI PULP & PAPER CO.,LTD.

Corporate Information

Company Profile

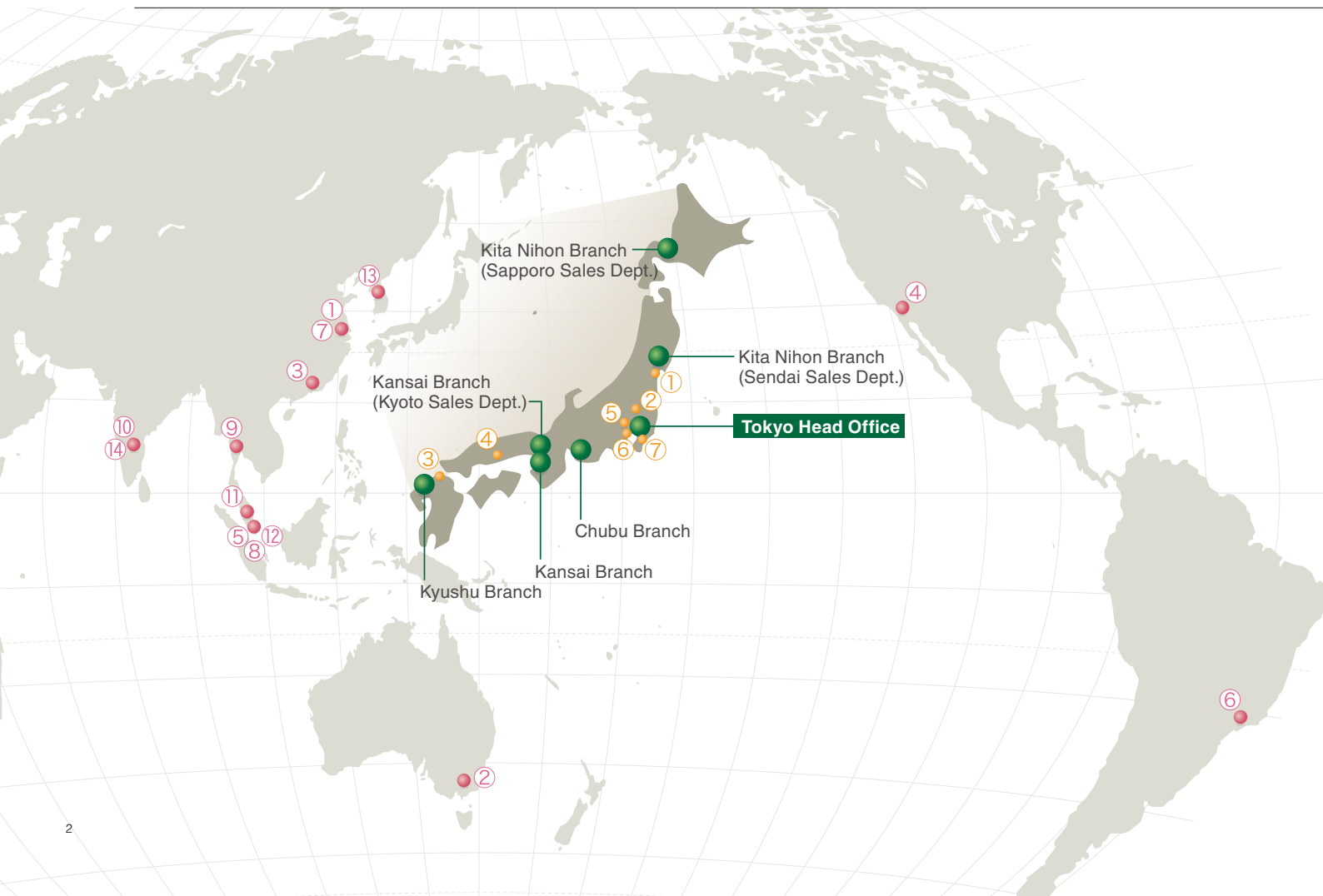
Company Name	KOKUSAI PULP&PAPER CO.,LTD.
Head Office Address	6-24 Akashi-cho, Chuo-ku, Tokyo 104-0044 Japan
Establishment	November 27, 1924
Director of the Board	President & Chief Executive Officer Madoka Tanabe
Capital	JPY 3.4 billion
Sales	JPY 389.6 billion (year ending in March of 2016)
Number of employees	704 employees on a non-consolidated basis, 1,011 employees on a consolidated basis (as of March 31, 2016)
Business Purposes	<ul style="list-style-type: none"> Buying, selling, import and export of paper and products produced by processing paper. Buying, selling, import and export of pulp and used paper. Buying, selling, import and export of chemical products, industrial chemicals, horticultural chemicals, machines related to paper, packing and packaging machines, industrial electrical equipment, transportation equipment, electronic components and parts, office machines and equipment, building and construction materials, packing and packaging materials, materials related to printing, daily necessities, sundry goods, sanitary materials, medical materials, fuels for papermaking boilers,

- industrial products for papermaking and manufacture of paper products and biomass fuels.
- Buying and selling business of used materials and articles.
- Collection, transport, treatment and disposal of industrial waste and municipal waste.
- Wholesaling, brokerage and agency businesses, leasing business, and processing business related to each of the foregoing paragraphs.
- Food processing. Buying, selling, import and export of food.
- Owning, leasing, renting, buying, selling, custodial management, and brokerage of real estate.
- Construction works contracting business.
- Design of buildings and structures and supervision of works.
- Warehousing business.
- Agency business related to damage insurance.
- Owning of and investments in securities.
- All businesses incidental to each of the foregoing paragraphs.

Status of shares

Total number of authorized shares	267,500,000
Total number of issued shares	67,027,406
Shareholders	Oji Holdings Corporation Nippon Paper Industries Co., Ltd. Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation The Norinchukin Bank KPP Employee Stock Ownership
Main Banks	Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corporation The Norinchukin Bank

KPP Group Network (as of March 31, 2016)



Domestic major related corporations

- ① Narumiya Kamishoji Co., Ltd.
- ② Daidou Paper Trading Co., Ltd.
- ③ Kyushu Kami Shouji Co., Ltd.
- ④ Okayama kami-shoji Co., Ltd.
- ⑤ Musashino Paper Recycling Co., Ltd.
- ⑥ Green San-ai Co., Ltd.
- ⑦ KPP Logistics Co., Ltd.

Overseas major related corporations

- ① KOKUSAI PULP&PAPER (CHINA) CO.,LTD.
- ② DAIEI AUSTRALASIA PTY LTD
- ③ DaiEi Papers (H.K.) Limited
- ④ DaiEi Papers (USA) Corp.
- ⑤ DAIEI PAPERS (S) PTE LTD
- ⑥ DAIEI PAPERS BRAZIL LTDA.
- ⑦ KEISHIN PAPERS TRADE (SHANGHAI) CO., LTD.
- ⑧ DAIEI PAPERS (S.A.) PTE LTD
- ⑨ DAIEI PAPERS (THAILAND) Co., LTD.
- ⑩ DPIC Biltube Private Limited
- ⑪ DAIEI PAPERS (M) SDN. BHD.
- ⑫ KPP ASIA-PACIFIC PTE. LTD.
- ⑬ DaiEi Papers Korea Company Limited.
- ⑭ DaiEi Papers (India) Private Limited

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Scope and Period of Report

The main items stated in this Report describe the conditions of the KPP Group in the fiscal year ended March 31, 2016 (the period from April 1, 2015 to March 31, 2016). The Report also partially covers the Group's conditions in the period from April 2016.

Date of issue

This issue: September 2016
Next scheduled issue: August 2017

Contact

KOKUSAI PULP&PAPER CO.,LTD.
CSR&Public Relations Section
6-24 Akashi-cho, Chuo-ku, Tokyo 104-0044 Japan
PHONE: 03-3542-4169
FAX: 03-3542-4266

Moving into the Future Together with Paper

Established in 1924, Kokusai Pulp & Paper Co., Ltd. has carefully studied the needs of the times and helped to develop culture in different forms through the sale of paper products. KPP will continue pursuing various possibilities in an effort to develop new businesses in the years to come.

1920

Initial period

Daido Yoshiten Ltd., the forerunner to KPP, is established in the period when the modern, machine-made paper manufacturing industry rose to prominence in Japan.

Period from 1920

- **1924**
Daido Yoshiten Ltd. is founded in Osaka with 2 million yen in capital. The company sets up branches in Kyoto, Nagoya, and Tokyo.
- **1925**
Daido Yoshiten sets up its first overseas branch in Shanghai. The company opens branches in China in quick succession in the period that followed.
- **1926**
Daido Yoshiten sets up the Kyushu branch.
- **1931**
Daido Yoshiten becomes the first Japanese company to export paper to the United States. The company succeeds in exporting newsprint to the United States through a joint project with Karafuto Kogyo.
- **1954**
Daido Yoshiten increases its capital to 100 million yen.



Founding party in 1924

1960

Growth period

Period from 1960

- **1968**
Daido Yoshiten moves its head office to Tokyo.
- **1971**
Daido Yoshiten sets up Daido Australasia, its first overseas subsidiary.
- **1973**
Daido Yoshiten merges with Oji group trading Co., Ltd., and changes its name to DaiEi Papers Ltd. and increases its capital to 800 million yen. The capital increase strengthens its functions for exporting and importing.



Shanghai branch in 1935

1980

The merger strengthens trade functions, which were traditionally Daido Yoshiten's strengths.

Period from 1975

- **1975**
DaiEi Papers merges with Taisei Papers Ltd. to strengthen business foundations for breaking through a recession that followed an oil crisis.
- **1976**
DaiEi Papers sets up DaiEi Papers (H.K.) Limited, an overseas subsidiary.
- **1979**
Net sales for DaiEi Papers surpass 200,000 million yen in the fiscal year ended March 31, 1980.
- **1982**
DaiEi Papers sets up DaiEi Papers (USA) Corp., an overseas subsidiary.
- **1988**
The Shin-Kiba Logistic Center is completed. The Center remains an important distribution center for KPP with its storage capacity of 7,000 tons.



Kokusai Pulp & Paper Co., Ltd.'s founding in 1999

2000

Vibrant period

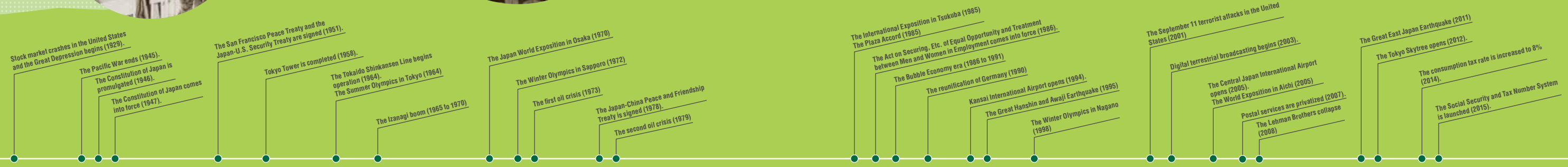
KPP moves forward with business portfolio reforms and expands operations worldwide as it approaches the 100th anniversary of its founding.

Period from 1990

- **1997**
DaiEi Papers sets up DAIEI PAPERS(S/PTE LTD, an overseas subsidiary.
- **1999**
DaiEi Papers changes its name to Kokusai Pulp & Paper Co., Ltd. (commonly known as KPP) and increases its capital to 2,678 million yen through its merger with Nichia Co., Ltd., taking the initiative in the restructuring of the paper distribution industry.
- **2000**
Net sales for KPP surpass 300,000 million yen in the fiscal year ended March 31, 2001.
- **2006**
KPP sets up Kokusai Pulp & Paper (China) Co., Ltd. as a subsidiary in China. The company also merges with Hattori Paper & Board Ltd. to improve distribution functions and solidify its business foundation.
- **2007**
KPP merges with Kashiwai Shigyo Co., Ltd. to raise sales capabilities and expand its revenue base. Net sales and ordinary income for KPP reach the record highs of 423,000 million yen 4,500 million yen, respectively, in the fiscal year ended March 31, 2008. KPP increases its capital to 3,442.78 million yen through the merger.
- **2013**
KPP merges with Sumisho Paper Co., Ltd. to strengthen the paper raw material division and packaging material section.
- **2015**
KPP sets up KPP Asia-Pacific Pte. Ltd. in Singapore in effort to expand business through the subsidiary. The new company was established to control business planning and management functions in the ASEAN region, India, and Oceania.



Current head office building



TOP MESSAGE

We aim to achieve greater growth by accurately reading the trends of the times and expanding paper and related businesses.

Madoka Tanabe

 Director of the Board
 President and Chief Executive Officer

General Trading Company for Paper and Related Products

Daido Yoshiten Ltd., the predecessor of Kokusai Pulp & Paper Co., Ltd. (hereinafter referred to as “KPP”), was established as an agent for four paper manufacturers (a general agent for Karafuto Kogyo, Kyushu Seishi and Chuo Seishi and a special agent for Fuji Seishi) in 1924 amidst the confusion that followed the Great Kanto Earthquake. Daido Yoshiten set up its head office in Osaka and had branches in Tokyo, Kyoto, and Nagoya at that time. The company entered China in the year after it was established. At one point the company had business bases in more than 10 locations in China, including Tianjin and Shanghai, but it was ultimately forced to pull out of China following Japan’s defeat in World War II. The company relocated its head office to Tokyo in 1968, and has since merged with a number of companies. Ten years ago KPP merged with Hattori Paper & Board Ltd., a company founded in 1659 and thus with more than 350 years of history. Much like genetic information, the histories of these companies are engraved in KPP.

KPP started out as an agent for companies that manufacture paper and paperboard. Over the years it has established a firm position as a general trading company for paper and related products, and now boasts the highest level of net sales in the industry. As I stated earlier, KPP’s predecessor was forced to withdraw its overseas businesses because of the war. However, the company aggressively expanded operations overseas again in the postwar period. Today, KPP places priority on its bases in places such as China, India, Brazil, and ASEAN nations (namely Singapore, Malaysia, Indonesia, the Philippines, Thailand, and Vietnam), where the market potential is particularly high. The company’s overseas operations used to focus on selling paper made in Japan to customers abroad. Now, KPP has started to engage in the manufacture and sales of paper and related products in respective operating regions. For example, KPP has taken steps such as mergers, acquisitions, and business alliances to become involved in regional wholesaling and processing operations.

General Conditions in the Fiscal Year Ended March 31, 2016

KPP increased both revenue and profit in the fiscal year ended March 31, 2016. Consolidated net sales rose 0.5% from the previous fiscal year, to 389,600 million yen, consolidated operating income climbed 10.7% year on year, to 1,500 million yen, and consolidated profit attributable to owners of parent grew 7.8% year on year, to 1,200 million yen. The effect of foreign exchange caused by the yen’s depreciation was the main factor driving revenue growth. In the meantime, profits rose year on year, but fell below forecasts. This result chiefly reflected the adverse effects of economic stagnation in markets such as China and Brazil, which became more evident than in the previous fiscal year. However, in new business fields such as papermaking materials and soft packages (films), favorable growth was seen in Japan. This growth made up for the decline in profit earned overseas.

Growth Strategies toward the 100th Anniversary

When we try to understand the existing economic conditions, it is important that we bear in mind the fact that the onset of the 21st century has led to the redefining of various matters. There are people who refer to the 20th century as “before Internet” and the 21st century as “after Internet.” The Internet has dramatically enhanced efficiency, while economic and social values are changing. I think that the transition from an economy of ownership to an economy of sharing, demonstrated by practices such as car sharing and house sharing, is a good example of these changes.

Turning to Japan, the constant growth of the population that had continued since the end of World War II came to a halt, and now the population is steadily declining. Companies that re-examine their managerial style and business plans are now beginning to appear. Paper, KPP’s staple product, has been the central medium for information and communication. However, the arrival of the Internet age has reduced the status of print media to just one of many options. It is no longer the only choice. In

Management Vision (GIFT +1)



Globalization
 Expanding our business fields on a global scale



Innovation
 Pioneering the new future of the paper with the imagination and the creativity



Function
 Creating added value by utilizing our abilities to plan and propose



Trust
 Responding to the trust our stakeholders place in us



By adding environmental initiatives to each element of this management vision, our Group endeavors to build a recycling-oriented society through tree-planting efforts, proposals for environmentally friendly products, the collection of waste paper, and the recycling of resources.

In addition, we are beginning to see the emergence of what people consider to be malicious competition. While the economy was continuously growing, rival companies engaged in healthy competition in an effort to fill the blank map. However, they made a complete change when markets began to shrink. They started to trade off money-losing sales to maintain market shares.

Taking these conditions at home and abroad into account, KPP created GIFT + 1 2024, its medium- and long-term management plan for the period through 2024, the year in which it will celebrate its 100th anniversary. As I explained at the beginning of this message, various chapters of history, including those of mergers, have been engraved in KPP. In GIFT + 1 2024, we set out four fields for strengthening our business foundations as the signposts for unifying directions and assertively moving forward in the face of internal and external conditions that are undergoing great change. In short, we laid out KPP's approach to reviewing its systems in the business and sales domain, the employee, education and training domain, the financial and investment domain, and the environmental and social contribution domain in 2024.

In the business and sales domain, KPP will begin by bolstering its existing operations for a start. Paper demand for information media (such as newspapers, publications, and printed media) is declining, but demand has not fallen that much for products such as corrugated cardboard for packaging use and paperboard for paper containers. The ideal form of society will change with redefining that begins for all matters tangible and intangible. In preparation for these changes, KPP will enhance its view of how they will affect paper, and think positively about the kinds of value it can offer to the society instead of clinging to its past view of paper. It will consider how these changes will bring an end to certain functions paper fulfills, how paper will survive in harmony with changes, and how these changes will give rise to new paper. As I stated earlier, we aim to sell our products by adding value in order to keep us from falling into vicious competition that tends to occur when the market is contracting. We refer to the capacity to create concrete business chances in relation to paper and related materials with different ideas and schemes as *soshiryoku* (paper creating capacity). KPP is making Group-wide efforts to improve this capacity. One example of these effort is papermall. Papermall is an electronic commerce site run by KPP that serves as a web business model. It is producing results and has seen steady growth in the number of members. KPP will continue to boost the level of ICT usage and strengthen the web service business.



Moving forward, KPP will work to establish a form of supply chain management for packaging materials—such as corrugated cardboard, paper containers, and film—in order to strengthen our distribution position, while keeping in mind the launch of processing function in Japan and other countries. As a part of these initiatives, KPP invested in paper (corrugated cardboard) manufacturer in Shandong Province and the soft packaging (film) business in Sichuan Province in China.

KPP also set up the Office of New Business Initiation in April 2016 as the division that examines and promotes new businesses and the next growth engines. This division will help to expand the businesses of paper and related products, making full use of the Internet of Things (IOT), artificial intelligence (AI) and big data.

The hiring and training of personnel are pressing tasks that must be addressed to achieve the business strategies and goals set in GIFT + 1 2024, the medium- and long-term management plan. Likewise, the appointment of diverse personnel, including women, is indispensable for sustaining corporate growth.

KPP carried out an intense review of its personnel system in April 2015. We are actively studying programs to prepare an environment that enables our young employees to enthusiastically apply themselves. We are also working on activities for hiring people educated overseas and in the middle of their careers, improving the individual abilities of young employees through training, and building a well-balanced organization.

Achieving Growth with Society

Another important task for KPP as a company moving forward with society is to develop initiatives for solving problems that threaten sustainable social development through the business fields in which it has advantages. We sell 2,220,000 tons of paper and paperboard, and recover and sell 1,470,000 tons of wastepaper. We send 66% of the sold paper back to paper manufacturers and other clients as a papermaking material. Recycling provides an important means of solving problems from the vantage points of sustainable resource use and biodiversity. Based on a management philosophy that seeks to build a recycling-oriented society, KPP is working to expand resource recycling operations through paper-to-paper material recycling. At the same time, we hope to achieve growth as a group of comprehensive recycling companies, keeping in mind the promotion of thermal recycling that converts waste into thermal energy for reuse. One of these operations is the *ecom* business. We have installed wastepaper collection stations at supermarkets all over Japan. This business helps to reduce the collection burden of administrative authorities, easing the stress created by the accumulation of unwanted articles (wastepaper) at home, and helps to expand the recycling circle. Companies that both generate revenue and contribute to society are now beginning to attract attention, reflecting the shift in companies moving away from a profit-first focus as they move forward with business. KPP seeks to share its value with stakeholders as a company moving forward hand in hand with the society.

KPP encourages its employees to take the Certification Test for Environmental Specialists (Eco Test) sponsored by the Japan Chamber of Commerce and Industry. This test helps to make each and every employee more aware of the environment as a member of a company that contributes to a recycling-oriented society in the manner I have described. Through a project called the eco people 50 plan, KPP is working to increase the rate of successful applicants certified through the Eco Test to 50% of all its employees. As of September 1, 2016, the percentage of successful examinees is 55.5%, achieving the target. We will make efforts to raise the awareness of environmental issues by increasing the number of successful examinees.

KPP positions the sustained enhancement of corporate governance as a priority management issue, believing that this undertaking provides a basis for ensuring the soundness, transparency, and efficiency of its business administration. In June 2015, KPP changed its status to a company with an audit and supervisory committee. The purpose of this change was to revitalize our Board of Directors with suggestions and proposals from a perspective uninhibited by our corporate culture, seeking to improve the effectiveness of audits and



supervision and appoint outside directors of the Board who satisfy the requirements for independence. I think the switch has already started to produce results, evidence of which can be seen in the active discussions in the Board of Directors meetings. To ensure sustainable growth, I believe KPP must practice business administration based on speedy decisions, hold close-knit dialogue with stakeholders, and enhance its corporate value by continuing with this form of system development.

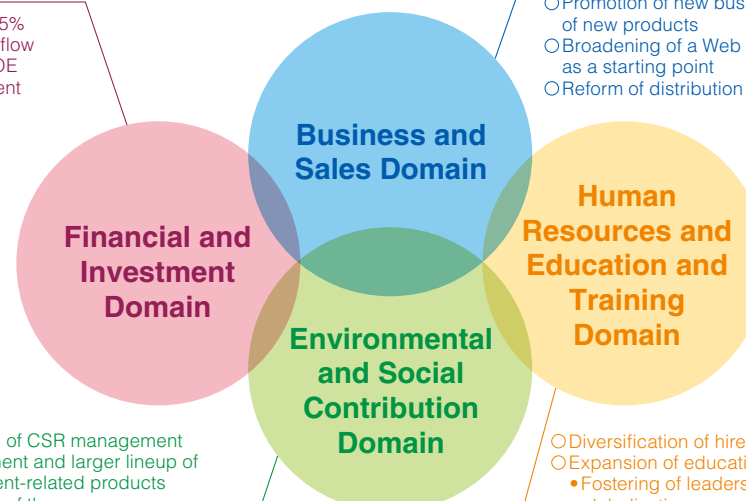
To repeat what I said earlier, KPP aims to solve the problems society faces through its businesses and the operations of the comprehensive recycling companies under its wing. At the same time, KPP will strive to achieve greater growth by expanding paper-related businesses such as its packaging business, moving forward with overseas operations that focus on cultivating markets in areas with great potential, and creating new businesses. The KPP Group has set its sights even higher in the years to come.

Medium- and Long-term Management Plan “GIFT+1 2024”

Ahead of the centennial anniversary of its founding due up in 2024, we have mapped out a medium- and long-term management plan. Against the backdrop of great changes that are taking place in the environment surrounding the paper and pulp industry, the plan sets an axis of coordinates for the KPP Group to achieve sustainable growth.

Four Domains in the Reinforcement of the Management Base

- Equity Ratio Target: 25%
- Improvement in cash flow
- To improve ROA & ROE
- Promotion of investment strategies
 - Global business
 - Restructuring of domestic business
 - Infrastructure investment (Human resources•Distribution•IT)



- Promotion of CSR management
- Development and larger lineup of environment-related products
- Promotion of the resource-recycling business
- Establishment of a Business Continuity Plan (BCP)

- Expansion of global business domains
- Restructuring of domestic business structures
- Promotion of new businesses and development of new products
- Broadening of a Web strategy using Papermall as a starting point
- Reform of distribution channels

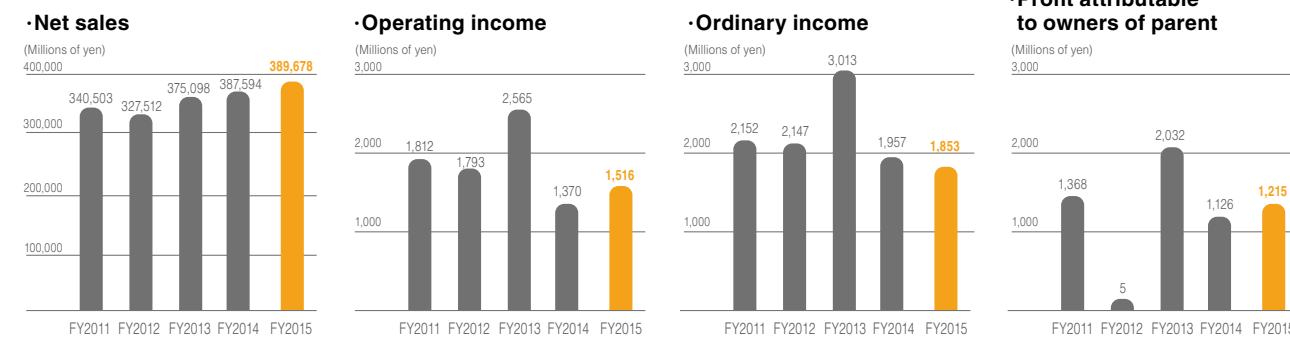
- Diversification of hired personnel
- Expansion of education and training programs
 - Fostering of leaders of the next generation and globalization personnel and other programs
- Enhanced personnel evaluation system
- Promotion of post retirement employees' activities
- Institutionalization for the promotion of female activities

Business Overview



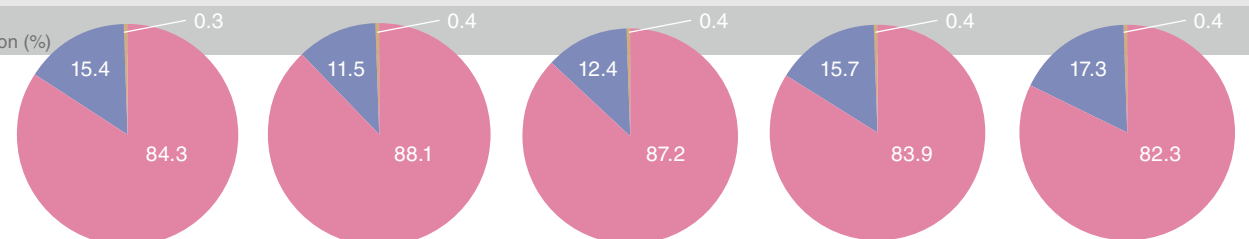
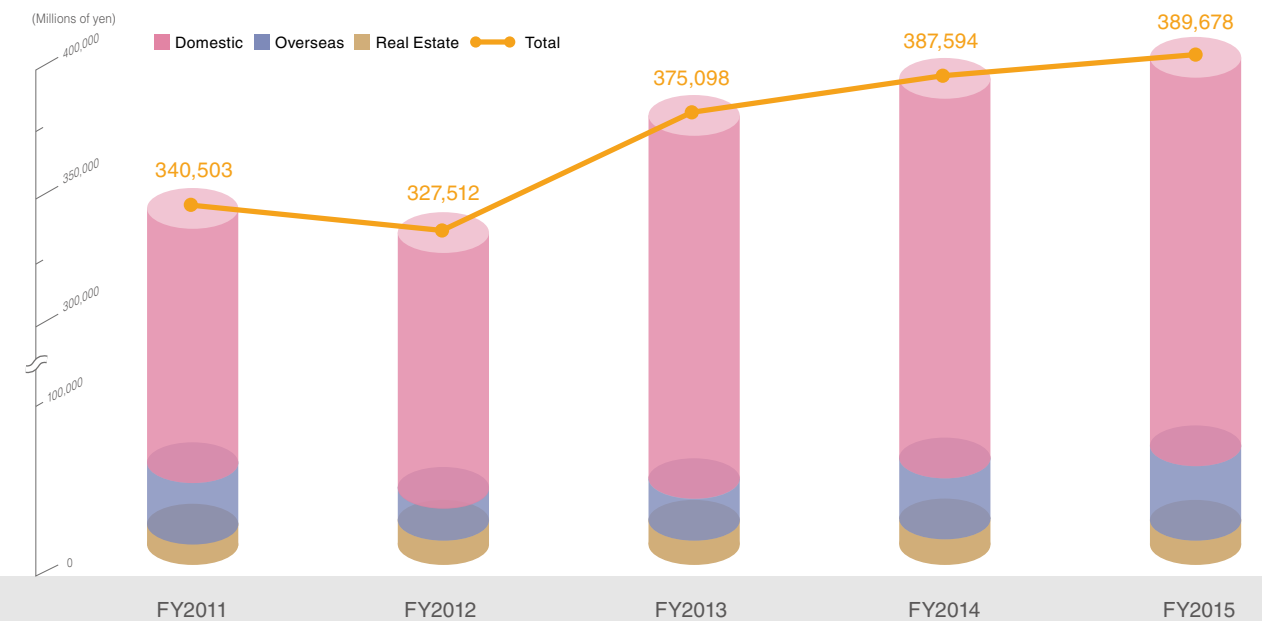
During the fiscal year ended March 31, 2016, on a consolidated basis the Group achieved net sales of 389,678 million yen, an increase of 0.5 percent year on year, operating income of 1,516 million yen, an increase of 10.7% year on year, and net non-operating income of 336 million yen, a decrease from 587 million yen the previous fiscal year. Ordinary income accounted for 1,853 million yen, down 5.3% year on year. In addition, the Group posted a net extraordinary loss of 261 million yen, compared to a net extraordinary income of 377 million yen in the previous fiscal year. As a result, profit attributable to owners of parent was 1,215 million yen (compared to 1,126 million yen in the previous fiscal year). Net income per share was 18.25 yen, compared to 16.92 yen the previous fiscal year.

Consolidated Financial Data by Fiscal Year



Sales Performance by Segment

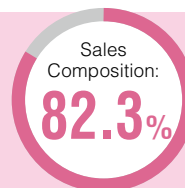
The Group determines the allocation of management resources and evaluates business results by distinguishing between each business segment. The Group recognizes each subsidiary as a business segment. The Group consolidates these segments into three reportable segments: Domestic Bases Wholesale Pulp and Paper, Overseas Bases Wholesale Pulp and Paper, and Real Estate. These segments are based on a combination of the product or service offered and location (domestic or overseas), taking into account economic similarities and other factors.



KPP consolidated its business segments in light of its operational details and base locations (in Japan and overseas), and restructured them to create the three current segments in the fiscal year ended March 31, 2013, taking into account the similarity of economic characteristics and other points. (KPP's business segments consisted of the Paper Pulp Wholesaling Business, the Overseas Paper Pulp Wholesaling Business, and the Real Estate Business in the fiscal year ended March 31, 2012.)

Domestic Bases Wholesale Pulp and Paper

The Domestic Bases Wholesale Pulp and Paper segment mainly engages in the sale of paper, paperboard, pulp, and other related materials, the collection and sale of waste paper, and the processing and sale of paper products. We have head office in Tokyo and have branch in Kansai, Chubu, Kyushu, and Kita Nihon regions. Its main affiliated companies in Japan include Narumiya Kamishoji Co. Ltd. and Daidou Paper Trading Co., Ltd., Kyushu kami shouji co.,ltd., Okayama Kami-shoji co.,ltd. The Group aims to strengthen its business centered on waste paper and pulp and chemical products, such as films, by promoting new businesses and product development while maintaining the current business volume.

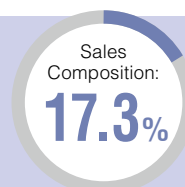


Domestic Bases Wholesale Pulp and Paper

Despite the strong performance of copying paper, the paper sector saw a year-on-year decline in both sales value and volume. This decline was the result of decreased consumption in print media, particularly in the publication and advertising industries, due to changes in the demand structure. The paperboard sector also experienced a year-on-year decrease in both sales value and volume, despite the strong performance in beverage fields largely as a result of the hot weather, because demand declined due to weight savings of corrugated board base paper and an increase in the prices of food and confectionery. On the other hand, the waste paper sector saw a rise in both sales value and volume, supported by the synergistic effect created by the increase in the number of installed Town ecom stations, which successfully developed a wider supplier network. As a result, the net sales in the Domestic Bases Wholesale Pulp and Paper segment came to 320,781 million yen (down 1.4% year-on-year), with a segment profit of 4,217 million yen (down 8.6% year-on-year).

Overseas Bases Wholesale Pulp and Paper

One of the key areas the Group is focusing on in "GIFT+1 2024," the medium- and long-term management plan, is globalization. The group has expanded to 21 international locations, and has established a global business headquarters to develop a system for further overseas expansion. The Overseas Bases Wholesale Pulp and Paper segment mainly engages in the sale of paper, paperboard, pulp, waste paper, and other related materials. The Group's main affiliated companies in Japan include DaiEi Papers (USA) Corp. and DaiEi Australasia Pty. Ltd., DAIEI PAPER(S) PTE LTD. etc.

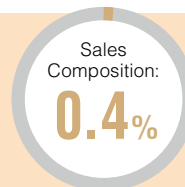


Overseas Bases Wholesale Pulp and Paper

Three markets experienced year-on-year declines in both sales value and volume: The United States, which experienced a continuous decline in demand for mainly newsprint and graphic paper, Australia, where the weaker Australian dollar made the US dollar-denominated sales sluggish, and Southeast Asia, which saw a prolonged excess in supply and a decline in demand. East Asia, namely China and Hong Kong, saw an increase in both sales value and volume, driven by strong growth primarily in the paper and paperboard business. However, it recorded a loss that was partly due to bad debt. As a result, the net sales in the Overseas Bases Wholesale Pulp and Paper segment came to 67,350 million yen (up 10.9% year-on-year), with a segment loss of 624 million yen (down 49.7% year-on-year).

Real Estate Leasing

The Real Estate Leasing segment engages in the leasing business of buildings, warehouses and other facilities, including the KPP Yaesu Building in Tokyo.

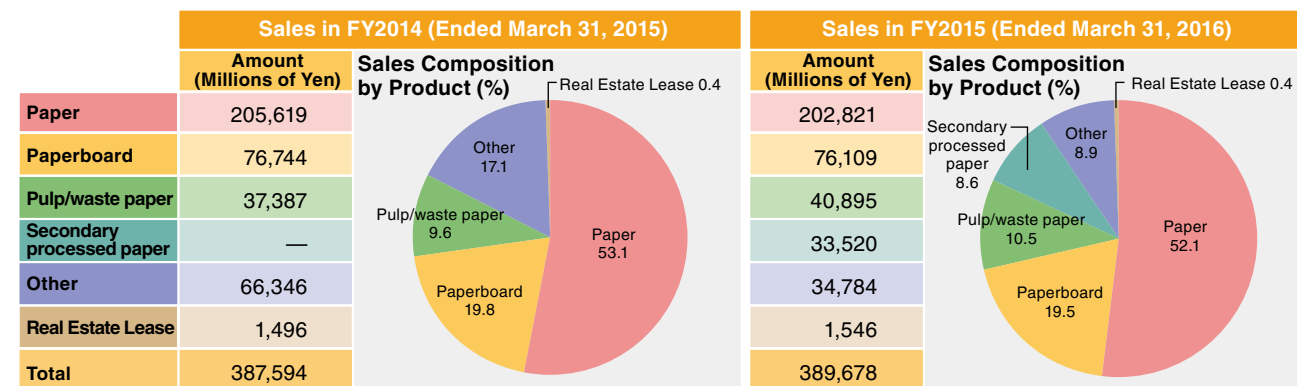


Real Estate Leasing

The office building market in major cities across Japan experienced solid growth in demand primarily for the expansion of floor spaces, relocation to larger spaces, and the integration of offices. As a result, the average vacancy rate nationwide apparently decreased. The average rent showed a slight, yet upward trend in the Tokyo area, and apparently bottomed out in other areas as well. Under these circumstances, the Group achieved an increase in rental income because its main property, the KPP Yaesu Building, maintained full occupancy and other tenant buildings in Osaka and Nagoya also saw an improvement in occupancy rates. As a result, the net sales in the Real Estate Leasing segment amounted to 1,546 million yen (up 3.4% year-on-year), with a segment profit of 608 million yen (up 17.3% year-on-year).

Sales Performance by Product and Service

The Domestic Bases and Overseas Wholesale Pulp and Paper segments sell paper, paperboard, and papermaking materials, such as pulp and waste paper, and other paper-related materials. The Real Estate Leasing segment leases real properties. For information about the different products and services, please see the following.



* The "Other" section in FY2014 (ended March 31, 2015) includes secondary processed paper.

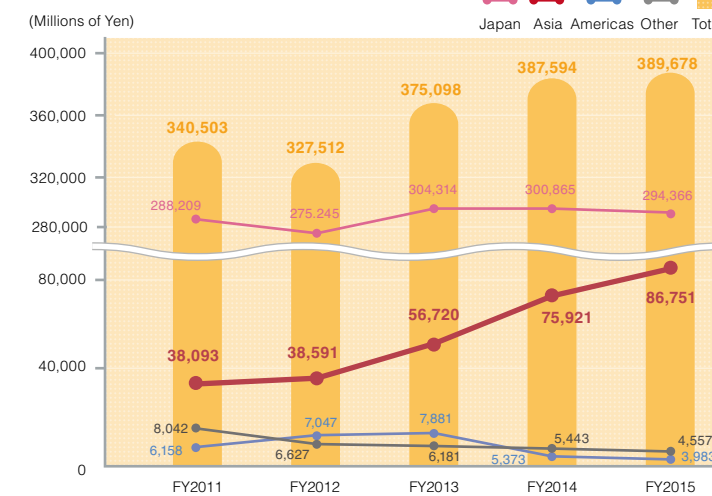
Overseas Business Development

One of the key areas the Group is focusing on in "GIFT+1 2024," the medium- and long-term management plan, is globalization. To strengthen the corporate planning and management functions of our domestic and overseas group companies, the Group established its management strategy headquarters in July 2015 and KPP Asia-Pacific Pte. Ltd., a regional headquarters office that oversees local subsidiaries in Southeast Asia. The Group will aggressively promote overseas business development by responding to growing markets around the world, such as India and the ASEAN countries.

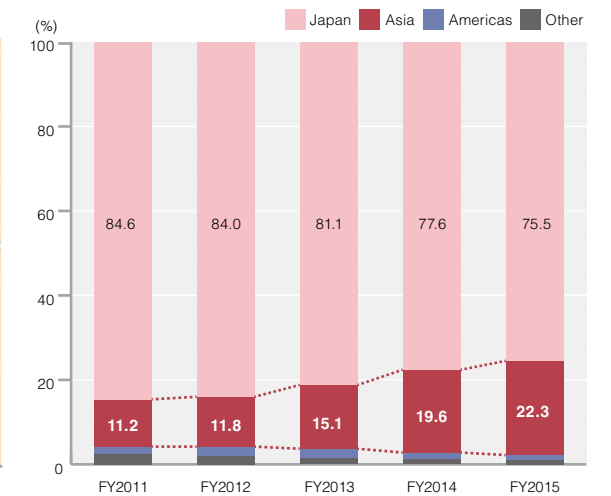
Classification by Product Type

Paper	Newsprint, printing and communication paper, packaging paper, etc.	Paper is widely used in publications such as books, magazines, and textbooks; promotional materials such as flyers and catalogs; and copying and form paper as an information output. In addition to being used as a medium for information and communication, paper is also used for packaging purposes, such as paper bags.	
Paperboard	Corrugated board base paper, paperboard for paper containers, etc.	In logistics, packaging paper, such as corrugated board and paper containers, ensures safety and security. The strength of corrugated board makes it ideal for outer boxes, while paper containers are used for inner boxes for their decorative characteristics. A high percentage of paperboard and corrugated board are made with waste paper, making them environmentally friendly materials that contribute greatly to society.	
Pulp/waste paper	Pulp, waste paper, chips, etc. Waste paper accounts for about 60% of all raw materials consumed by the entire paper industry.	Pulp is a papermaking material that is made of fibers extracted mainly from wood. In contrast, waste paper is a papermaking material made from products that were used by consumers or materials discarded by processing companies during the manufacturing process. All of these are collected by paper manufacturers and reused to make paper. The recycling of waste paper is essential for supporting the effective use of resources.	
Secondary processed paper	Secondary processed communication paper, secondary processed self-adhesive tack paper, etc.	Secondary processed products include communication paper, such as carbonless copy paper, thermal paper, inkjet paper, and pressed paper.	
Other	Chemical products, machinery and materials, functional paper, and other related products, etc.	There are many chemical products in our daily lives that are used for various purposes, such as packaging films and trays for food, liquid containers, cases, and laminate products. We also have tack paper and other types of paper that are used as stickers or labels.	

Sales Performance by Region



Sales Composition by Region



Start-Up of New Business

A new infrastructure for information society has emerged as the use of the Internet spreads throughout all industries, and we are now entering the IoT (Internet of Things) era in which objects are connected via the Internet. The Group began using the "ecomO" system to gather real-time data on waste paper collected and provide an alliance service with WAON electronic money. The number of installed Town ecomO stations exceeded 350, and further growth is expected. In April 2016, the Group launched the Office of New Business Initiation to reform the business portfolio. It will continue to take advantage of its management resources, and make IT investments to improve the efficiency of internal operations and create new business models, products, and services.



Town ecomO

Town ecomO is a system in which waste paper generated by households is collected and recycled. Town ecomO recycling boxes are installed at retail stores such as supermarkets, where shoppers can drop off old newspapers or magazines they have brought from their home. The frequency at which waste paper is collected by local governments varies from town to town. When waste paper is collected less frequently, a large amount can quickly pile up. Town ecomO allows people to not only dispose of waste paper whenever they want, but also receive shopping points based on the weight of the waste paper disposed that they can keep and use. Retail stores can also expect customers to come back repeatedly, and use Town ecomO as a sign of their corporate commitment to making a contribution to society.

Solving environmental issues through business

Paper is a versatile material used in information media, packaging, living materials, and a broad array of other applications. It is made from wood derived primarily from plantation trees from afforestation areas managed and operated in an environmentally friendly manner, rather than wood taken from natural forests. However, because the world only has a limited amount of forest resources, recycling was introduced as a means of effectively using wood resources and ensuring a continued supply of paper, an essential material for our lives. Paper is known for being especially suited for recycling, and today the recycling rate stands at about 64 percent. One key factor for elevating this recycling rate is a steady network for providing paper manufacturers with waste paper collected from households and other consumers.

We sell 2,220,000 tons of paper annually, and deliver 1,470,000 tons of waste paper collected from households and other consumers to paper manufacturers and other companies. A leader in terms of sales and volume of waste paper collected, we are expanding our recycling network as a comprehensive recycling-oriented business group that solves the environmental issues society faces through our business activities.

* Actual results in fiscal year 2015 on a nonconsolidated basis

Responsible Use of Wood Resources

Raw material traceability stands as proof that a paper product is made from raw materials sourced from well managed forests. It has drawn special interest as a measure of corporate social responsibility in today's mass consumption society. Today there are forest certification systems designed to promote sustainable forest use and protection throughout the supply chains by employing the proper forest management, processing, and distribution control of wood resources derived from these forests. We have acquired Chain of Custody (CoC) certification, a form of processing and distribution certification, from each of the two major forest certification authorities (FSC[®]*1 and PEFCTM*2), and are actively working to promote the sales of forest-certified pulp and paper.



*1: FSC[®] Forest Certification (CoC Certification)
SGSHK-COC-001603
(Acquired in January 2004)

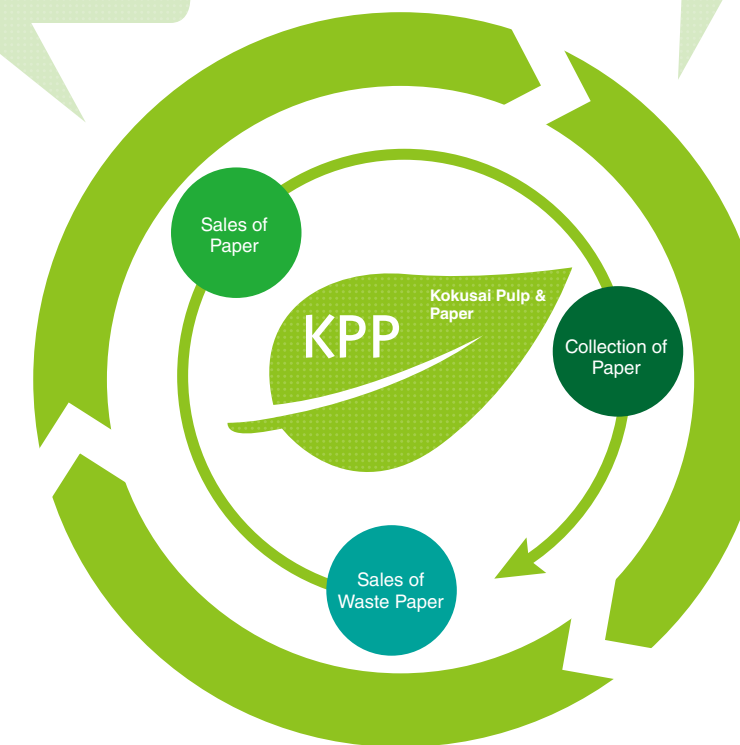


*2: PEFC Forest Certification (CoC Certification)
SGSJP-PCOC-0213
(Acquired in October 2007)

Ecom Business to Expand the Recycling Network

The name "ecom" conveys the idea of "bringing (*mottekuru* in Japanese) eco." Ecom is one of our business initiatives for encouraging the effective utilization of renewable resources. Town ecom, one of our ecom projects, is a system in which recycling boxes are installed at retail stores such as supermarkets. Shoppers can drop off old newspapers or magazines they bring from home in exchange for shopping points they can use at the store based on the weight of the waste paper they brought. This initiative began as a new system to help local governments with their waste collection services. It also helps bring all the waste paper, including the paper that conventional community systems are unable to fully collect and that have been incinerated, into the recycling process. Today, Town ecom can be found at 357 retail stores* across the country, playing an active role in the environmental efforts of local communities. Office ecom, another ecom program, collects confidential documents that are produced in the offices of corporations safely and securely at special recycling boxes installed in offices, and recycles them into raw materials. This system ensures security in collecting and reducing the volume of confidential documents.

* As of the end of June 2016



Town ecom



Office ecom



Ichihara Confidential Document Processing Center



Waste paper collected

Papermaking Material Business

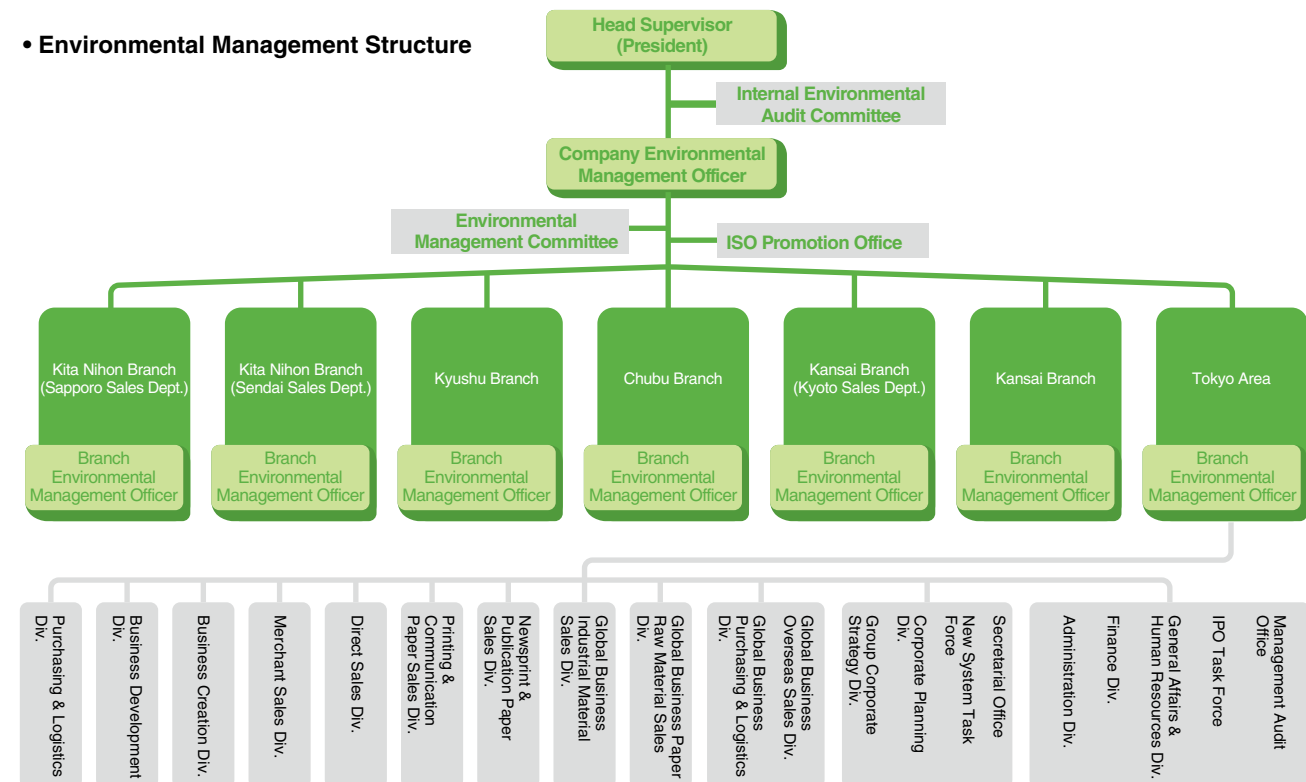
Waste paper collected from households is brought to waste paper wholesalers in each region, and is then delivered to paper manufacturers. Taking advantage of our country-wide network, we maintain close contact with paper manufacturers and procure and deliver waste paper to them in a timely manner. In addition to domestic partners, we also supply waste paper to meet demand in China and other emerging countries.

Environmental Management

We employ an environmental management system that is based on ISO14001 standards. We maintain and manage our environmental activities through a plan-do-check-act (PDCA) cycle based on an environmental policy, which brings together our environmental philosophy and basic policy. Our environmental management system has been

certified by an external audit conducted every year since 2002 (ISO14001 Certification Number: EC02J0078). To ensure these efforts, we established an internal environmental management system to review the status and results of the activities undertaken by each department.

• Environmental Management Structure

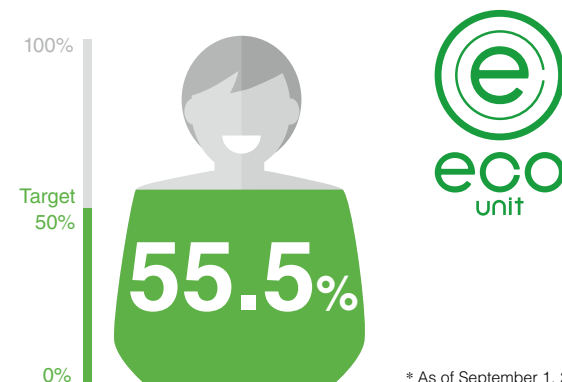


* As of the end of March 2016

Environmental Education

To raise employees' environmental awareness, we encourage them to take the Certification Test for Environmental Specialists (Eco Test) conducted by the Japan Chamber of Commerce and Industry semiannually. We began the Eco People 50 Plan with the goal of having over 50 percent of our employees successfully passing the Eco Test by the end of fiscal year 2016. This plan is designed to internally share awareness to reduce the environmental impact through business activities by obtaining basic knowledge about the environment. The number of successful examinees of the Eco Test is 426 employees as of September 1, 2016, accounting for 55.5% of all the examinees. We have achieved the initial target, and will continue to push ahead with the plan.

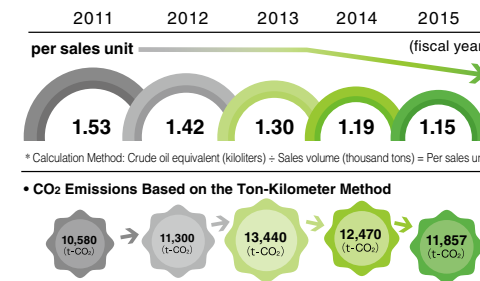
• Percentage of Employees Who Passed the Eco Test



Initiatives to Reduce the Environmental Impact

Logistics Initiatives

As a specified consigner under the Act on the Rational Use of Energy, we aim at continuous reduction of environmental impact caused by logistics activities. We promote the joint transportation and aggregation of inventory and distribution functions, and optimize inventory locations to shorten the distance traveled to delivery destinations. In 2015, our overall CO₂ emissions decreased. An increased percentage of direct delivery to customers improved the energy consumption per sales unit.



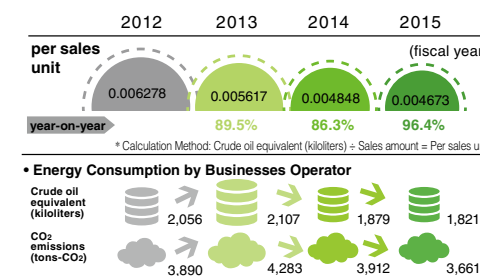
• CO₂ Emissions Based on the Ton-Kilometer Method



* The above figures show our energy consumption that we report annually on a nonconsolidated basis to the Ministry of Economy, Trade and Industry as a consigner with over 30 million ton-kilometers of freight carriage. The ton-kilometer figure is obtained by multiplying the weight of each freight carriage (tons) by the distance traveled (kilometers). The per-sales-unit figure is obtained by dividing the crude oil equivalent by the annual sales volume (thousand tons).

Initiatives as a Business Operator

Designated as a specified business operator under the Act on the Rational Use of Energy, we have been pursuing initiatives since 2013 to achieve reduction goals related to energy use (annual improvement of 1 percent or more on average in energy consumption per sales unit). In fiscal year 2015, we achieved the required targets. Our overall CO₂ emissions were lower than the previous year, and energy consumption per sales unit decreased by 3.6 percent year-on-year.

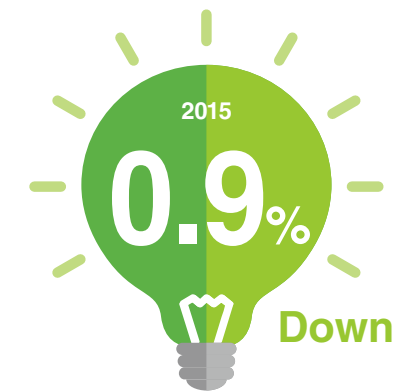


* The above figures show the consumption of electricity, city gas, LP gas, and heating oil at the buildings we own. We convert these consumption figures to their crude oil equivalents and report them each year on a nonconsolidated basis to the Ministry of Economy, Trade, and Industry. The per-sales-unit figure is obtained by dividing the crude oil equivalent by the annual sales amount (millions of yen).

Summer Power-Saving Initiatives

We have continued our three-month power-saving enhancement campaign for the summer months (July to September), which was originally initiated following the nationwide power shortages caused by the Great East Japan Earthquake. We take part in the Cool Biz (wearing cool business attire) campaign, implement no overtime days, and have designated a two-day summer holiday. All of these measures contributed to a year-on-year decrease of 0.9 percent in our power consumption in summer 2015.

* The summer power-saving initiatives are implemented at Kokusai Pulp & Paper's headquarters and branches.



Headquarters Rooftop Greening

In 2010 we began efforts to create a "green" rooftop at our headquarters. It is now home to a garden, which provides an insulating effect during hot summer days to alleviate the urban heat island effect and keep room temperatures from rising. Our employees grow strawberries, potatoes, and other plants in the vegetable garden.



Aiming to build good relationships with all stakeholders



Companies exist within the context of their relationships with various stakeholders, including customers, shareholders, business acquaintances, and members of host communities. KPP considers its employees to be important stakeholders as well. Based on this view, KPP is strengthening its personnel systems so that a diverse range of individuals can apply their abilities and be fairly evaluated within these internal systems.

* The following describes the non-consolidated approaches made by KPP.

Initiatives for Training Employees

New Personnel System

KPP launched its new personnel system in April 2015 to enable all employees to fully apply the individual abilities and skills they possess. The new system is designed to help facilitate operational globalization, business structure conversion, and new business development, giving new life to KPP as it moves towards the goal of realizing its management vision. Under the new personnel system, the grading, salary, and evaluation systems were revised. Grades and salaries were systematized to provide double tracks based on posts. This new system makes it possible to evaluate employees based on their posts and responsibilities, and opens the door to a diverse range of career paths. It also provides greater flexibility for employees who need to look after the elderly parents, a trend that is expected to emerge in certain cases. In regard to employee evaluation, their performance and achievements are assessed, while the levels of responsibilities they are expected to satisfy and the corresponding codes of conduct have been clarified in the evaluation system. KPP will use this new personnel system to promote the employment of a diverse range of individuals, evaluate them fairly, and help them build up their careers.

Training System

KPP believes that the collective strength of employees out in the field strength is synonymous with corporate strength. KPP introduced e-learning to enhance the talents of employees to the greatest extent possible and bring out their abilities to respond flexibly to new business conditions in the face of the great changes surrounding its corporate activities. Training at KPP starts with programs for new employees. The training system consists of on-the-job-training provided by senior colleagues at work, rank-based internal and external training programs, and systems for supporting the acquisition of qualifications required for work so that employees can fulfill their expected roles and apply the abilities and skills sought. In addition, KPP is working to improve its programs for teaching foreign languages to employees so that they can better cope with the increasingly global nature of business.



Diverse Personnel

A company must diversify its personnel in order for it to evolve globally. KPP began working on recruiting fresh graduates from overseas universities and employing mid-career executive officers for its bases in other countries in fiscal 2014. We are also working to create an environment and work conditions that enable women to achieve greater success in their work life, too. We employ women for managerial careers with the intention of appointing them to administrative positions in the future, and assign them to lines of work where there were previously few female managers. KPP will continue moving forward with these initiatives in an effort to revitalize itself.

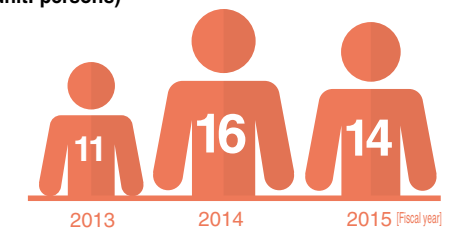
Continuation of Employment

KPP has set up a system for retaining employees who have reached retirement age in order to help a diverse range of employees achieve success and pass on the skills they have cultivated over the course of their careers down to the next generation. Beginning in April 2025, we will continue employing individuals up until the age of 65 through this system, which is linked to the central government's pension plan. In addition to maintaining this system, KPP will also work to establish conditions that enable its employees to work with greater motivation and a stronger sense of reward in a society that has a rapidly aging population and declining birthrate.

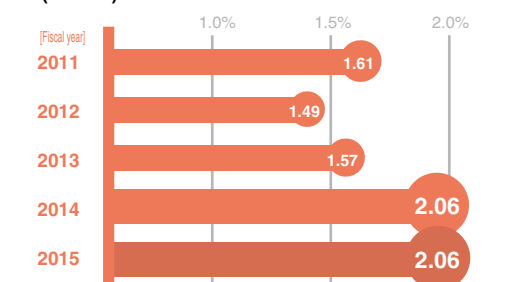
Employment of People with Disabilities

KPP is working to improve the employment conditions and areas of job responsibility for people with disabilities. They account for more than 2% of KPP's workforce, which is the mandatory percentage of people with disabilities that must be hired by a company. KPP will continue working to comply with the central government's policies and employ people with disabilities.

• Number of extended employment system users (unit: persons)



• Changes in the number of handicapped employees (unit: %)



The letter “T” in KPP’s management vision, GIFT + 1, stands for trust, which in this case implies satisfying the trust of stakeholders. KPP undertakes environmental preservation and social contribution activities along with its business activities, seeking to demonstrate to its stakeholders that it is a trustworthy corporate citizen.



Creating a recycling-oriented society

As a company that deals with paper, KPP actively recycles paper and conducts activities for carefully managing forest resources.



From 2015 onward

Support for the C. W. Nicol Afan Woodland Trust

The C. W. Nicol Afan Woodland Trust is a Japanese foundation that undertakes forest preservation activities. It studies and works to restore *satoyama*, or semi-natural areas that coexist with nearby populated areas in the region surrounding the Afan Forest by Mt. Kurohime, Nagano Prefecture. KPP is an official sponsor of the Trust and endorses its activities as a company whose main business is paper, which itself is a gift from nature.



From 2012 onward

Sendai Tanabata Bamboo Paper Project

The bamboo used in the Sendai Tanabata Festival is generally disposed after the Festival every year. Cooperating with a paper manufacturer, KPP is working on a project to collect this bamboo after it is used and recycle it into one of the raw materials used to make paper. This bamboo paper is contributing to the development of Miyagi Prefecture and Sendai City.



14 participants

Tree Planting and Papermaking Workshop at Fukko-no Mori in Higashi Matsushima City, Miyagi Prefecture

Tree planting and KPP cosponsored an event for planting trees used to make Japanese paper and a papermaking workshop with the C. W. Nicol Afan Woodland Trust in *Fukko-no Mori* (Restoration Forest) on March 29, 2016. A total of 14 participants, consisting of mainly elementary school children scheduled to enter the Municipal Miyanomori Elementary School in Higashi Matsushima City and their parents, took part in these events.

Promotion of education and culture

KPP communicates the importance of maintaining a rich natural environment to children who will support and be the driving force of Japan’s future.



60 participants

Elementary School Children’s Visit to a Wastepaper Yard of Musashino Paper Recycling

Musashino Paper Recycling Co., Ltd., a subsidiary of KPP with eight bases of operation in the Kanto region, handles the collection and sales of wastepaper. Fourth graders from the Municipal Shin Yoshida Daini Elementary School in Yokohama City visited Musashino Paper Recycling’s Yokohama Office on April 28, 2016 for an extracurricular lesson, and were shown a wastepaper compressor and machine for weighing wastepaper at the site.



From 2010 onward

Support for Environmental Classroom Events Sponsored by the Environment Athletes Organization

KPP endorses and supports the work of the Environment Athletes Organization, which aims to teach children about the importance of clean water, air, and forests through athletic activities. Approximately 300 children, most of whom were from local elementary schools, took part in the Environmental Classroom event the Organization held in Fuji Yoshida City, Yamanashi Prefecture in August 2015. KPP supported the event and offered the Organization assistance in an administrative capacity.

Contributing to host communities

KPP is undertaking contribution activities within its capacity to become a company recognized and trusted in society.



From 2015 onward

Social Contribution Project at the Kansai Branch

The Kansai Branch of KPP held an event titled “Let’s Play with Corrugated Cardboard” at the Municipal Yotsuba Kindergarten in Matsubara City, Osaka Prefecture. More than 100 families took part in this event. Mazes were among popular objects made of corrugated cardboard exhibited there. At the request of Matsubara City, the Kansai Branch hosted a similar event at the Childcare Support Center and introduced disaster prevention goods made of corrugated cardboard at a comprehensive disaster drill held in Matsubara City. The Kansai Branch received a letter of appreciation for those contributions.



From 2012 onward

Local Kindergarteners’ Visit to Tanabata Decorations at the Entrance to KPP Head Office

Narumiya Kami-shoji Co., Ltd., a subsidiary of KPP, has involved itself in the production of decorations for the Sendai Tanabata Festival for many years. For that reason, KPP has been exhibiting Tanabata Festival decorations at the entrance to its head office building every year. KPP invited 88 children from the nearby Akashi Kindergarten to decorate streamers with strips of paper on June 27, 2016.

Social

Data Related to the Environment and the Social

Reassuring employees and their family members

KPP is preparing an environment that enables all employees to work in sound mental and physical conditions.



Childcare leaves by **six** employees

Work-Life Balance

KPP implements various measures to ensure its employees can work in a mentally and physically stable manner. KPP is working to establish an environment that enables them to comfortably manage both their career and obligations at home, such as leave to take care of their children or elderly parents at home and a shortened work-hour system. In fiscal 2015, six employees used KPP's childcare leave system, while another three employees took advantage of the company's shortened work-hour system.



26 employees

Short Courses on Mental Health

Qualified outside lecturers, including industrial counselors and mental care psychologists, offer short courses on mental self-care and line-care to groups of KPP employees at the time they are hired and when they are promoted to the position of section chief. KPP also encourages its employees to take short follow-up e-learning courses to deepen their understanding of mental health care.



Two monthly visits by an industrial physician

Management of Employees' Health

KPP asks an industrial physician to visit the Tokyo Head Office and Chubu Branch twice each month and the Kansai Branch once a month to help employees improve their mental and physical health care. The physician makes rounds and offers health advice during these visits.



From **2012** onward

Family Visit to the Company

KPP invites the family members of employees to visit its offices during an annual event called *Kazoku-no Kaisha Kengaku-kai* (Family Visit to the Company) in an effort to promote work-life balance. This event took place on August 9 this year, and was held simultaneously at the Tokyo Head Office, the Kansai Branch, and the Sapporo Sales Department. A total of sixty-eight people from 23 families took part in the event.

VOICE



My daughter is too young to really understand what it means to "go to the office." But I think she better understood what mommy does at work after visiting KPP and seeing the things she does when she is away from her. I was able to introduce her to my coworkers, too, and they gave her a warm welcome. I feel this event makes a real positive impact for family, so I hope KPP continues it.

Shizu Nakano

Printing Paper Sales Section 2
Printing & Communication Paper Sales Division
Kansai Branch

Personnel Data

	2014.3	2015.3	2016.3
Number of employees (figures on a consolidated basis)*1	956	980	1,011
Number of employees (figures on a non-consolidated basis)*2	Men	460	460
	Women	243	244
	Total	703	704
Ratios of men and women in administrative positions (figures on a non-consolidated basis)*3 (Unit: %)	Men	96.6%	96.0%
	Women	3.4%	4.0%
Average length of continuous service (figures on a non-consolidated basis)*4	17.7 years	17.4 years	17.4 years
Number childcare leave system users*5	9	7	6
Percentage of employees who return to work after taking childcare leave	100%	100%	100%
Number of childcare time (shortened work-hour) system users*6	3	7	3

*1-~*4: Number of employees during fiscal year

*5-~*6: Number of employees who started using the system during this fiscal year

Environmental Data

		2014.3	2015.3	2016.3	
Amount of electricity consumed*1 (Unit: kWh)	Head office and branches in Japan	1,348,902	1,294,806	1,306,053	
Amount of energy used as a business operator*2 (Unit: t-CO ₂)	Properties owned in Japan	4,283	3,912	3,661	
Amount of CO ₂ emitted for distribution*3 (Unit: t-CO ₂)	Head office and branches in Japan	13,440	12,470	11,857	
Amount of waste discharged	Head office and branches in Japan	Amount of waste discharged (unit: kg)	145,367	137,986	143,583
		Ratio of waste recycled (unit: %)	69.8	70.6	68.6
Amount of water used*4 (Unit: m ³)	Head office and branches in Japan	81,570	78,468	73,221	

Period covered: April 1 to March 31 of each fiscal year

Scope of aggregation: The scope of aggregation for all items, excluding the amount of energy used as a business operator, is the scope to which KPP's environmental management system is applied (its head office and branches in Japan).

Head office and branches in Japan: the Tokyo Head Office, the Kansai Branch, the Chubu Branch, the Kyushu Branch, the Kita Nihon Branch, and the sales departments that belong to these branches

*1: The amount of electricity consumed at the head office, branches, and the offices of sales departments in Japan that belong to these branches

*2: Converted CO₂ equivalents to the amounts of electricity, manufactured gas, liquefied petroleum gas, and kerosene used at buildings owned by KPP

*3: The converted CO₂ equivalent to the amount of energy used and discharged when KPP shipped cargo as the consignor

*4: The amount of water used at the head office, branches, and the offices of sales departments in Japan that belong to these branches

Our Approach to Corporate Governance

KOKUSAI PULP&PAPER CO.,LTD. (hereinafter the “Company”) views the establishment of corporate governance and its sustained improvement as important business challenges for responding to the mandate of stakeholders, including shareholders, customers, business acquaintances, local community members and employees, and for achieving sustainable growth and enhancing the corporate value in the medium- and long-term.

To make its management more transparent and agile, the Company made the change to a company with an audit and supervisory committee in June 2015. The Audit and Supervisory Committee, in which Outside Directors of the Board make up the majority, audits and supervises the legality and appropriateness of the way in which the Company conducts business. In addition, the Company adopted an executive officer system under which Directors of the Board, who make up the Board of Directors, handle the decision-making and supervisory functions, and Executive Officers perform business execution functions. Through these reforms, the Company clarified where decision-making and supervisory functions and business execution functions lie within its management organization.

Audit and Supervisory Committee

Five members, including three Outside Directors of the Board with voting rights, confirm the proper form of governance and the state of governance administration. The members of the Audit and Supervisory Committee also work to ensure function improvement and optimization of the Board of Directors. In addition, the members of this committee also attend the Board of Directors meetings and other important meetings, and audit and oversee business execution by Directors of the Board through their actions, including the statement of opinions on business administration in general and specific matters from a fair and impartial position. Members of the Audit and Supervisory Committee hold briefing sessions on a regular basis with the Management Audit Office, which is an internal audit department, and provide instructions as the occasion demands in response to internal control assessment reports in connection with internal audits and financial reports. In regards to cooperation with the external accounting auditor, members of the Audit and Supervisory Committee actively exchange opinions and information based on reports on the progress of implemented audits with the external accounting auditor on a regular basis and when needed.

Number of meetings held by the deliberative bodies in the fiscal year ended March 31, 2016

Board of Directors:	18 meetings
Audit and Supervisory Committee:	10 meetings
<small>(excludes the five meetings of the Audit and Supervisory Board)</small>	
Management Committee:	32 meetings
<small>(includes nine meetings of the Board of Managing Directors)</small>	

* Change to a company with audit and supervisory committee in June 2015.

Figure Showing Our Corporate Governance Structure

Board of Directors

The Board of Directors consists of 13 members, including three Outside Directors of the Board, makes decisions on important management matters, and oversees business execution by the Company. The Board of Directors works to make appropriate decisions and realize management control for making contributions to the Company's sustainable growth and enhancing its corporate value in the medium- and long-term, taking advantage of the practical and specialized viewpoints of the Outside Directors of the Board, in addition to the abundant business experience of Directors of the Board.

Management Committee

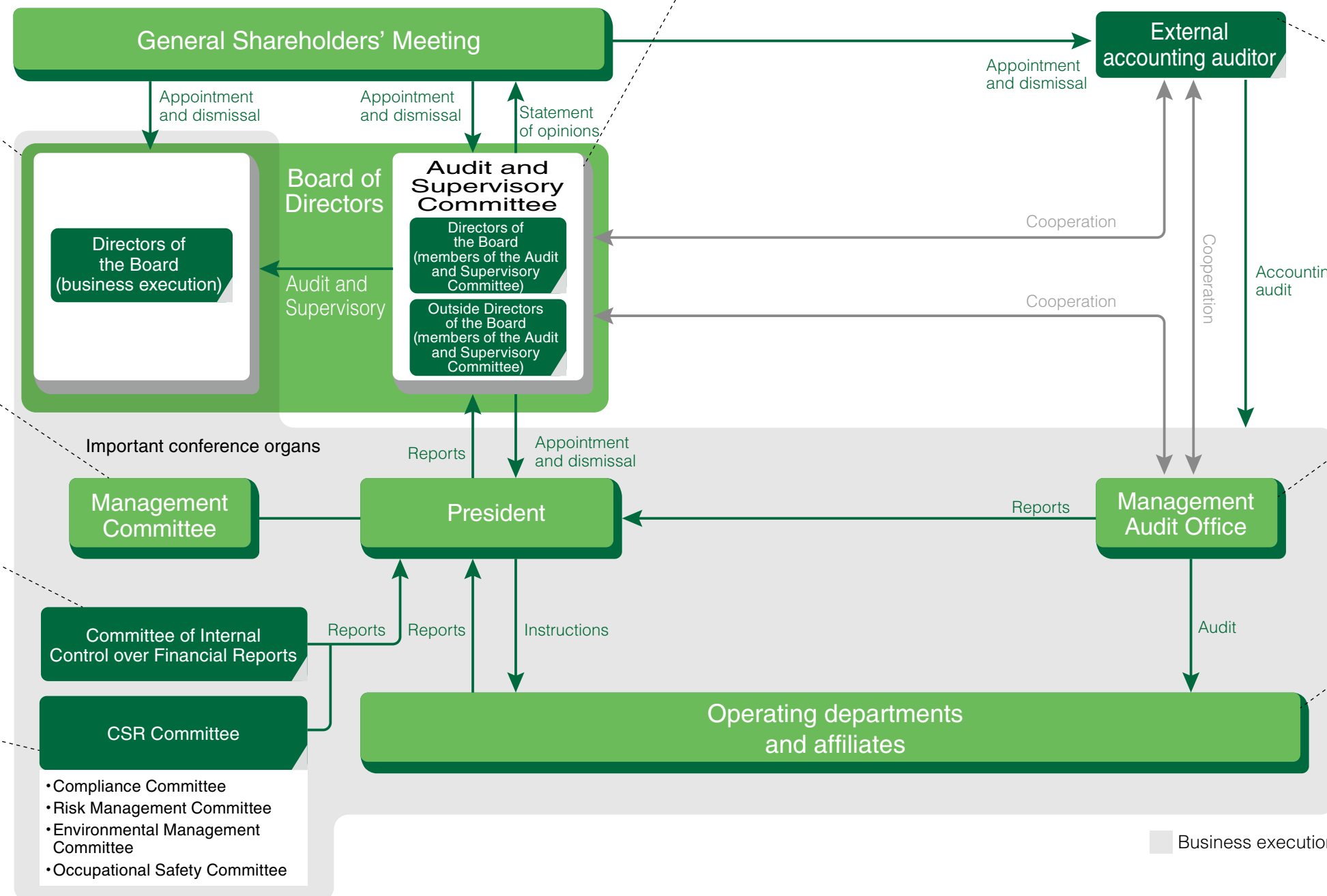
The Company has set up the Management Committee, which is made up of the Directors of the Board in charge of business execution, to discuss business challenges more promptly and in greater detail. The role of the Management Committee is to support the Board of Directors.

Committee for Internal Control over Financial Reports

The Company has set up a committee that establishes and promotes an internal control system, and submits reports to the CEO and the Board of Directors for maintaining and improving trust in matters related to internal control over financial reports. This committee, which is called the Committee for Internal Control over Financial Reports, drafts basic plans and assessment.

CSR Committee

The Company has set up the CSR Committee for improving transparency and trust in its corporate activities. Four committees—the Compliance Committee, the Risk Management Committee, the Environmental Management Committee, and the Occupational Safety Committee—serve as subordinate organizations of the CSR Committee, studying the issues the Company faces and proposing ideas for improvement.



External accounting auditor

The Company commissions accounting audits to Ernst & Young ShinNihon LLC. Ernst & Young audits the Company in accordance with the Companies Act and the Financial Instruments and Exchange Act, and provides input on corporate governance to the Company based on its position as an auditor. The Company also receives input on its corporate governance from legal advisers.

Management Audit Office

In regards to internal audits, the Management Audit Office under the direct control of the President conducts assessments from an independent and objective position. It operates in line with the business audits and accounting audits on the Company and its consolidated subsidiaries, and the reporting system for internal controls over financial reports prescribed in the Financial Instruments and Exchange Act.

Business execution structure

The Company has introduced an executive officer system to strengthen the decision-making and supervisory functions of the Board of Directors, and increase the efficiency and speed of business execution. Appointed by the resolution of the Board of Directors, Executive Officers perform the duties they are assigned under the command and supervision of the President and the Chief Executive Officer.

Business execution

Development of a CSR Promotion System

The trust companies need for sustaining their development is fostered little by little over a long period. The Company is working to build a CSR system, promote CSR activities, and disclose corporate activities appropriately in a bid to strengthen this trust and secure a positive assessment from all stakeholders.

Furthermore, the Company has also announced the Kokusai Pulp & Paper Group Guidelines for Corporate Conduct as the basis for its corporate activities. At the same time, the Company has distributed a leaflet that introduces the Kokusai Pulp & Paper Group Employee Rules of Conduct, a standard for the actions all directors and employees of the Company in accordance with the Guidelines for Corporate Conduct—Kokusai Pulp & Paper Group. It has widely publicized this leaflet to ensure that the rules are understood by as many employees as possible.

·Guidelines for Corporate Conduct—Kokusai Pulp & Paper Group

1. Compliance with Laws and Regulations

The Group companies are committed to conduct company management in compliance with domestic and global laws, regulations and rules, as well as their spirit, and respect social norms.

2. Fair, Free and Transparent Business Activities

The Group companies are committed to undertake transparent and fair business activities based on just, fair and free competition. The Group companies shall maintain sound and normal relations with politics and administration.

3. Winning Confidence of Society, Suppliers and Users

The Group companies are committed to act faithfully to enhance the confidence of suppliers and users by supplying useful products and services that widely contribute to the development of society and by thoroughly protecting personal and customer information.

4. Promoting Social Contribution Activities

The Group companies are committed to widely contribute to communities and society by striving to return profits to them through corporate activities.

5. Active Disclosure of Company Information

The Group companies are committed to appropriately disclose company information to all stakeholders including the stockholders and to strive to have good and active communication with society.

6. Coexistence with International Society

The Group companies are committed to respect international codes of conduct and to make a contribution to the development of communities through their business activities as a member of international society.

7. Enhancement of Workplace Environment

The Group companies are committed to realize the comfort and affluence of their employees by ensuring a workplace environment that is healthy and in which the personalities and individualities of their employees are respected.

8. Harmony with Natural Environment

The Group companies are committed to contribute to building a society in which an affluent future can be shared through symbiosis and harmony with the natural environment, and

9. Severing Relations with Antisocial Forces

The Group companies are committed to sever any relations with antisocial forces by maintaining close cooperation with police and other organizations concerned while the Group companies unite as one.

Established on March 27, 2007
Revised on June 25, 2013

Kokusai Pulp & Paper Co., Ltd.
Madoka Tanabe
Director of the Board
President & CEO

CSR Committee

The Company set up the CSR Committee in 2013 to clarify the systems associated with improving the transparency and trust in corporate activities, and to enhance the corporate value through the sustained promotion and improvement of CSR activities. Chaired by the President, the members of the CSR Committee consist of the chairmen and deputy chairmen of various in-house committees. The CSR Committee meets twice each year. Subordinate organizations—namely the Compliance Committee, the Risk Management Committee, the Environmental Management Committee, and the Occupational Safety Committee—report the progress of their activities and submit annual reports to the CSR Committee at these meetings. Based on their reports, the CSR Committee comes up with ideas for improvement and identifies issues to be resolved as the occasion demands to move forward with CSR activities in general.

Status of respective committee activities in fiscal 2015

Risk Management Committee

Themes for the fiscal year under review: Identification, analysis, and assessment of risks

Activities in the fiscal year under review: The Social Security and Tax Number System was enforced in January 2016. To ensure the proper handling of specific personal information in its possession, the Company formulated the Basic Policy for the Proper Handling of Specific Personal Information and Regulations for Handling Specific Personal Information.

The Company maintains the BCM Subcommittee, which formulates and manages business continuity plans, and the Information Security Subcommittee, which formulates and implements activities for preventing information leaks and similar problems. These two subcommittees are subordinate to the Risk Management Committee, and they administer the activities in their respective fields.

Compliance Committee

Themes for the fiscal year under review: Sustained compliance with laws, internal regulations, and the like (efforts to make the importance of compliance known to all concerned parties)

Activities in the fiscal year under review: The Compliance Committee offers compliance training to workers at all ranks, ranging in level from directors to new employees, in order to make them conscious about morals and ensure they are maintained. For overseas subsidiaries, the Compliance Committee has prepared the English and Chinese editions of the Compliance Manual. The Committee is working to make this Manual known to all Group employees. It also set up an external point of contact staffed by full-time operators in April 2016, in addition to an existing internal contact point for whistle-blowers, to provide an accessible environment for employees and strengthen the compliance structure.

Environmental Management Committee

Themes for the fiscal year under review: Promotion of environmental activities based on ISO14001 and Group-wide advancement of environmental businesses

Activities in the fiscal year under review: The Environmental Management Committee achieved the goals for the environmental activity programs set at the beginning of fiscal 2015.

Occupational Safety Committee

Themes for the fiscal year under review: The execution and verification of actions aimed at upgrading the work environment and ensuring safety in the environment

Activities in the fiscal year under review: The Occupational Safety Committee holds Safety and Hygiene Committee meetings based on the safety and hygiene promotion systems of the respective branches on a periodic basis. In addition, the Occupational Safety Committee implements and verifies measures for reducing overtime work performed by employees.

Efforts for comprehensive compliance and risk management

Compliance

The Company believes that trust is the foundation that sustains corporate activities. Trust comes not only from compliance with laws, but also from appropriate actions in accordance with corporate ethics and social norms. The Company set up the Compliance Committee with business administration that places emphasis on trust as its main objective. The Company is working to prepare a system for this business administration, and to maintain and increase the effectiveness of this system. The Compliance Committee promotes awareness by updating manuals that serve as guides for observing a wide variety of business laws related to the Company's operations, other laws, in-house regulations, and the like. At the same time, the Compliance Committee offers compliance training that covers all employees.

Information security

The Company has set up the Information Security Subcommittee for properly managing information as part of its risk management. The Information Security Subcommittee works to formulate specific management measures for preventing accidents, such as information falsification and leaks, and to ensure comprehensive in-house education is carried out. At the same time, the Information Security Subcommittee makes proposals for developing the IT environment in a manner that is efficient and safe.

Risk management

The proper management of various risks that stand in the way of sustained business advancement is indispensable for

organizational management. The Company has established Risk Management Regulations for preventing risks and ensuring a speedy response when risks emerge. The Company has also set up the Risk Management Committee as an organization subordinate to the CSR Committee.

The BCM (business continuity management) Committee and the Information Security Committee continue to examine matters such as management measures and response plans for disaster risks, which the Company considers as particularly important (management responses associated with business continuity following the occurrence of disasters), and information risks and system risks (the management of information, including personal information, and information system management).

Business continuity management

The Company formulates and updates its business continuity plan to minimize the effects of disasters and other similar occurrences, and realize the quick restoration of business at the points where these disasters occurred, drawing upon the lessons learned from the responses to the Great East Japan Earthquake. The Company improves management and makes this plan known Group-wide annually through the specific review and examination of things such as employee training programs for responding to forecasted future disasters and the anticipated supply chains at the points where disasters occur. There are four basic assumptions in the Company's BCP (business continuity plan): (1) protection of the safety and security of employees and their family members, (2) maintenance of trust in the Company, (3) protection of buildings and facilities, and (4) contribution to the livelihood and economic activities in local communities.

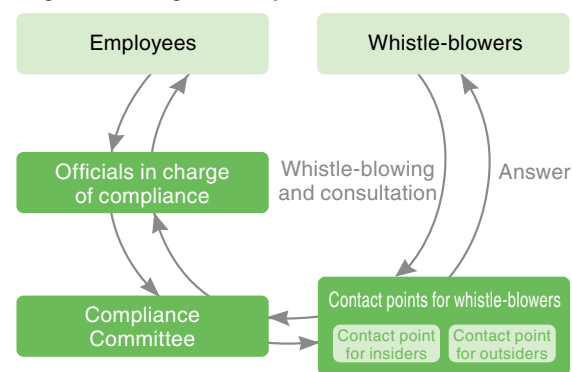
Corporate Governance

Establishment of contact points for whistle-blowers

We have set up a whistleblowing hotline to encourage people to promptly report any actions that violate laws, regulations, and corporate ethics so that quick action can be taken. Those who contact or submit a report through this hotline will not be subjected to disadvantage treatment.

The CEO will work to solve problems promptly in person and fulfill its responsibility to disclose information to the public appropriately in cases where a serious situation related to compliance emerges. At the same time, the CEO will clarify the authorities and responsibilities, and take strong action, including those involving him or herself, while moving forward with efforts to determine the causes of the situation and prevent it from reoccurring.

Figure showing the compliance structure



Internal control

The Company set up the Committee of Internal Control over Financial Reports in April 2008. The Committee of Internal Control over Financial Reports works to prepare and operate an internal control system associated with financial reports. The Company's internal control assessment organization consists of 12 individuals who belong to the Management Audit Office, including seven from the Internal Auditing Section and four from the Corporate Control Center Section. The organization oversees the state of the internal controls put in place and operation associated with financial reports, and reports the assessment results to the Board of Directors and the Audit and Supervisory Committee.

Guarantee of the appropriateness of businesses in consolidated management

The Company has laid down internal regulations associated with the management of affiliates. The Company has departments in charge of the affiliates established under these regulations. The managers of the management departments ask the directors of the respective affiliates to submit reports on business execution. In addition, they assess the operating results and business efficiency of respective affiliates quantitatively, and work to identify qualitative issues in areas such as compliance and risk management. The Company seeks to secure the appropriateness of the businesses undertaken by its affiliates through actions that include the dispatching of directors and the exercising of voting rights in accordance with laws, the Articles of Incorporation, and Kokusai Pulp & Paper Group Guidelines for Corporate Conduct, which comprise basic ideas for the Company's management activities. The Company aims to enhance its value on a consolidated basis, taking various measures that ensure efficient business execution by affiliates and sustain their growth.

Appointment and Independence of Outside Directors of the Board

Policy Regarding the Appointment of Outside Directors of the Board

The Company strengthens its management oversight functions, applying the input and suggestions on business administration the Outside Directors of the Board provide from their independent positions. The Company has criteria for independence set by the Board of Directors in regards to the appointment of Outside Directors of the Board.

Outside Directors of the Board	State of important concurrent offices	Reason for appointment
Toshiro Kobayashi	Chief, Toshiro Kobayashi Certified Public Accountant Office	Appointed to apply his high-level knowledge of and experience in fields such as corporate accounting and taxation business as a certified public accountant and as a licensed tax accountant to the auditing and supervision of the Company
Yoshinari Nagashima	Chief, Yoshinari Nagashima Law Office	Appointed to apply his high-level knowledge of and experience in fields such as corporate legal affairs and as a lawyer to the auditing and supervision of the Company
Shigeharu Yoshii	President and CEO, IP Bridge, Inc.	Appointed to apply his high-level knowledge of and experience as a business manager to the auditing and supervision of the Company

Policy regarding the determination of compensation for Directors of the Board, etc.

The Company comprehensively calculates compensation for Directors of the Board, taking into account the details of the Company's management and other factors after deciding their basic portion based on the posts and ranks prescribed in internal rules for their compensation resolved by the Board of Directors.

Details of compensation paid to Directors of the Board and Corporate Auditors in the fiscal year ended March 31, 2016

Post	Number	Compensation
Directors of the Board (excluding members of the Audit and Supervisory Committee)	10	299 million yen
Directors of the Board (members of the Audit and Supervisory Committee)	5	44 million yen
Corporate Auditors	4	10 million yen

* The two directors and four audit and supervisory board members who stepped down during the current fiscal year are included.

Interview with Outside Director

We spoke with Toshiro Kobayashi, an outside director, about issues to be addressed going forward to boost the Company's corporate value.

Toshiro Kobayashi
Outside director

PROFILE

Toshiro Kobayashi joined Tetsuzo Ota Audit Corporation and was registered as a certified public accountant. After serving as an auditor, he set up and now serves as a member of the Toshiro Kobayashi Certified Public Accountant Office. He has been serving the Company as a member of the Board of Directors and as a member of the Audit and Supervisory Committee since June 2015.



One year has passed since the Company introduced the Audit and Supervisory Committee system in fiscal 2015. What is your take on its effectiveness in governance?

I was elected as an auditor in 2005. Since then, I have attended important meetings, including those of the Board of Directors, and have audited the performance of business by directors for more than 10 years. Last year (in 2015), I was appointed as an outside director when the company was reorganized into one with an audit and advisory committee in 2015. Before this change, I made comments in meetings as a person without voting rights. Following this change, I now occupy a position in which I help run the Board of Directors as a management decision-making body together with other directors. When I assumed this post, I realized the significance of the expectations the Company had for me and my responsibility. The presence of an outsider taking part in the voting produces a certain kind of tension. I feel that both outside and inside directors of the board have maintained this favorable tension over the last year. Governance is steadily improving.

Have you discovered any problems with the Company's governance structure to be addressed?

Going forward, I believe that we need to make decisions on management strategies in line with the management policy. To achieve the aims of the management vision of the Company namely *GIFT+1*, we need to actively discuss how best to manage the business, taking into how things may be 10 or 20 years from now. I am always thinking of ways to help create the future of the Company while reviewing the current circumstances and issues together with the executive officers in charge of different segments.

What future expectations do you have for the Company as it takes steps towards expanding its business horizons?

Looking at the current mainstay paper sales business, the Company is moving into promising markets by working to expand its business operations from paper and related fields, taking into account the decline in demand for paper. In regards to overseas expansion, it is imperative that we pay full attention to the risks and press ahead with an eye on future potential. I have been involved in the paper industry for nearly 40 years. Even after all these years, this industry is in many ways the same as it was when I first became involved. It is important to open new areas while changing the culture/structure in the industry. This is the main thing I intend to comment on.

People say that stakeholders want to see companies exhibit sustainability and integrity while increasing their corporate value. I would like to see Kokusai Paper & Pulp Co., Ltd. aim to secure a high level of transparency in management so that it can better entrench these two factors.

What role do you play in the Audit and Supervisory Committee?

I was appointed as a member of the Audit and Supervisory Committee because of my qualifications and experience as a certified public accountant and tax accountant. I feel that I am expected to use my knowledge on financial affairs and accounting to help support the Company's ongoing development. For example, I tell myself to use my knowledge to comment on decisions regarding investment projects that may affect the future of the Company. At meetings of the Board of Directors, I ask for reports on the conditions after investments are made. I feel that my job is to share points that need to be noted in connection with important matters that must take into account the current or future financial results of Company, saying things like "to be best of my knowledge, we need to pay attention to this." The same goes for the two other outside directors. They make comments based on their qualifications as lawyers and experience in corporate management.

Member of the Board of Directors



Toshinori Kametani
 Director of the Board
 Member of the Audit
 and Supervisory Committee

Hikaru Tanaka
 Director of the Board
 Member of the Audit
 and Supervisory Committee

Kunitoshi Nishimura
 Director of the Board
 Senior Executive Officer

Kenichi Arai
 Director of the Board
 Senior Executive Officer

Tatsuhiko Tachibana
 Director of the Board
 Senior Executive Officer

Keizo Hara
 Director of the Board
 Senior Executive Officer

Toshiro Kobayashi
 *Director of the Board
 Member of the Audit
 and Supervisory Committee

Yoshinari Nagashima
 *Director of the Board
 Member of the Audit
 and Supervisory Committee

Shigeharu Yoshii
 *Director of the Board
 Member of the Audit
 and Supervisory Committee

Ichiro Akamatsu
 Director of the Board
 Managing Executive Officer

Madoka Tanabe
 Director of the Board
 President & Chief Executive Officer

Munetaka Hioki
 Director of the Board
 Senior Managing Executive Officer

Tadashi Kurihara
 Director of the Board
 Managing Executive Officer

*independent outside director
 (As of June 29, 2016)

Consolidated Financial Summary for Eleven Years

(Millions of yen)

		2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3
Balance Sheet	Current assets	116,279	116,094	145,912	151,778	136,590	130,718	130,052	131,420	132,365	136,776	147,548	136,377
	Non-current assets	32,458	36,831	50,508	48,484	43,410	44,454	42,326	46,239	43,759	45,754	48,240	48,550
	Current liabilities	114,856	114,060	148,528	149,311	134,473	127,636	123,136	128,527	121,378	123,887	133,826	127,290
	Non-current liabilities	11,038	12,165	17,667	17,301	15,624	17,043	19,848	18,558	20,614	20,343	20,680	16,668
	Interest bearing liabilities*1	39,151	39,072	45,276	44,871	54,202	47,990	49,052	51,660	47,003	48,563	54,345	50,817
	Net assets*2	22,717	26,575	30,097	33,465	29,798	30,403	29,306	30,474	33,979	38,136	41,163	40,870
	ROE*3	4.36%	6.07%	4.64%	10.11%	2.39%	1.41%	2.55%	4.56%	0.02%	5.64%	2.84%	2.96%
	Total assets	148,738	152,926	196,421	200,262	180,001	175,173	172,378	177,659	176,125	182,530	195,788	184,927
	ROA*4	0.66%	0.99%	0.75%	1.63%	0.40%	0.24%	0.44%	0.78%	0.00%	1.13%	0.60%	0.64%
	Equity ratio	15.3%	17.4%	15.3%	16.7%	16.6%	17.4%	17.0%	17.2%	19.3%	20.9%	21.0%	22.1%
Income Statement	Net sales	314,788	319,278	367,018	423,077	404,602	356,242	351,981	340,503	327,512	375,098	387,594	389,678
	Gross profit	20,889	20,106	22,978	26,699	24,000	21,176	19,761	19,400	19,844	23,077	22,374	21,377
	(Ratio to net sales)	6.64%	6.30%	6.26%	6.31%	5.93%	5.94%	5.61%	5.70%	6.06%	6.15%	5.77%	5.49%
	Operating income	2,536	2,636	3,090	4,902	3,108	2,130	2,118	1,812	1,793	2,565	1,370	1,516
	(Ratio to net sales)	0.81%	0.83%	0.84%	1.16%	0.77%	0.60%	0.60%	0.53%	0.55%	0.68%	0.35%	0.39%
	Ordinary income	2,188	2,520	2,790	4,537	2,847	2,166	2,456	2,152	2,147	3,013	1,957	1,853
	(Ratio to net sales)	0.70%	0.79%	0.76%	1.07%	0.70%	0.61%	0.70%	0.63%	0.66%	0.80%	0.50%	0.48%
	Profit attributable to owners of parent	978	1,497	1,316	3,229	760	425	763	1,368	5	2,032	1,126	1,215
	(Ratio to net sales)	0.31%	0.47%	0.36%	0.76%	0.19%	0.12%	0.22%	0.40%	0.00%	0.54%	0.29%	0.31%
Cash Flow	Cash flows from operating activities	(3,401)	1,654	3,902	3,996	(4,992)	7,099	(460)	575	9,555	66	(2,087)	5,378
	Cash flows from investing activities	3,264	(724)	(432)	606	(1,999)	(1,544)	(235)	(3,289)	6,041	(276)	(497)	(1,249)
	Cash flows from financing activities	244	(876)	(6,004)	(4,638)	9,486	(6,956)	1,376	1,166	(15,388)	(479)	2,950	(3,960)
	Cash and cash equivalents	1,836	1,903	2,186	2,199	4,433	3,068	3,661	2,157	2,534	2,046	2,546	2,502
Information per share	Net income/Share (in yen)	17.59	27.13	22.94	49.76	11.46	6.55	11.74	21.05	0.08	30.51	16.92	18.25
	Net assets/Share (in yen)	423.61	495.56	480.99	499.56	458.01	467.32	450.79	468.77	510.17	572.67	618.16	613.78
	Annual dividend per share (in yen)	7.00	6.00	6.00	8.00	8.00	6.00	6.00	6.00	6.00	8.00	8.00	8.00
	Total assets turnover	211.6%	208.8%	186.9%	211.3%	224.8%	203.4%	204.2%	191.7%	186.0%	205.5%	198.0%	210.7%
	Payout ratio	39.8%	22.1%	26.2%	16.1%	69.8%	91.6%	51.1%	28.5%	7500.0%	26.2%	47.3%	43.8%
	Debt ratio	172.3%	147.0%	150.4%	134.1%	181.9%	157.8%	167.4%	169.5%	138.3%	127.3%	132.0%	124.3%
	Current ratio	101.2%	101.8%	98.2%	101.7%	101.6%	102.4%	105.6%	102.3%	109.1%	110.4%	110.3%	107.1%

*1 Interest-bearing debt is the sum of short-term loans payable, long-term loans payable, and commercial paper.

*2 The net assets represent the value after the deduction of non-controlling interests.

*3 ROE is calculated from the average value of net assets for the fiscal year concerned and for the preceding one. The fraction is adjusted in accordance with the value disclosed in the securities report. *ROE (return on equity) = net income / net assets

*4 ROA is calculated from the average value of net assets for the fiscal year concerned and for the preceding one. The fraction is adjusted in accordance with the value disclosed in the securities report. *ROA (return on assets) = net income / total assets

Financial analysis

Summary of Business Circumstances and Financial Results

For the consolidated fiscal year under review, Japan as a whole saw a strong corporate performance and improvement in employment because of the continued weakness of its currency and crude oil prices, although there are variations among industries. In the second half of the fiscal year, the Japanese economy was rather sluggish because of excessively low oil prices and a sharp drop in the Chinese stock market, which in turn led to a stronger yen and a decline in exports. The wage level did not rise to the level needed to boost consumer spending. Capital investment in the corporate sector failed to achieve a full-scale recovery because understanding of business conditions deteriorated.

In addition, the Kumamoto Earthquake that struck in April 2016 caused serious damage to many manufacturers. It affected not only supply chains in Japan, but also demand generated by inbound tourists from China and Korea. Under these adverse circumstances, *Japan's Plan for Dynamic Engagement of All Citizens*, aimed at realizing *New Three Arrows*, is expected to create jobs, raise consumer spending, and produce other positive effects.

Looking at the global economy, the United States suffered a slowdown of exports attributable to the strong dollar and weak production in the energy industry due to the slide in crude oil prices. On the other hand, employment was strong and consumer spending was brisk. The Federal Open Market Committee (FOMC) ambitiously raised the interest rate in December, and the U.S. economy is now experiencing a turnaround. The Chinese economy is slowing, and it currently faces an excess in the production of equipment and growth in the debt of local governments and businesses. The European economy is slowly recovering, with strong consumption driven by improvements in employment and income circumstances. However, there is growing discord in the European Union stemming from the refugee issue, measures to cope with the series of terrorist attacks, and fiscal and financial issues. In the emerging economies, India experienced growth propelled by domestic demand, with consumer spending and private-sector investment acting as the main driving forces. On the other hand, Brazil saw its economy stutter following the drop in resources prices and a rise in unemployment. Russia also experienced an economic decline due to the sanctions imposed on it by Western states, falling oil prices, and soaring import goods prices that led to weaker consumer spending.

In the domestic paper and pulp industry, paper consumption fell below the preceding year's level because of the contraction experienced in the newspaper and publication industry and paper ads. The main reasons for this were the popularization of smartphones, the diversification and digitalization of media, and the change in the demand structure stemming from the growth in the elderly population and the continued decline in the birth rate.

Consumption of paperboard remained largely the same as the preceding year's level. While progress was made in efforts to reduce the weight of base paper for cardboard, consumption was supported by the expansion of demand

in the beverage, fresh vegetable and fruit, and mail order markets as well as demand from inbound visitors.

Under these circumstances, the Group's financial results for the consolidated fiscal year under review were as follows. Net sales stood at 389,678 million yen, representing a 0.5% rise year on year; operating income at 1,516 million yen, representing a 10.7% growth year on year; ordinary income at 1,853 million yen, suffering a 5.3% decline year on year; and profit attributable to owners of parent at 1,215 million yen, representing a 7.8% rise year on year.

The consolidated fiscal year under review is the first fiscal year in which the Accounting Standards for Business Combination (ASBJ Statement No. 21 of September 13, 2013) and other related standards have been applied. Accordingly, net income has been changed to profit attributable to owners of parent.

Financial Standing and Business Performance

The information about the future given here reflects judgments of the Group as of the end of the consolidated fiscal year under review.

[Significant Accounting Policies and Estimation]

The Group prepares its consolidated financial statements in accordance with the accounting standards that are generally regarded as fair and appropriate in Japan. Matters requiring accounting estimates in the preparation of the consolidated financial statements are estimated on the basis of actual past data and by employing other reasonable methods. However, estimates involve uncertainties specific to the data and methods used, and thus the actual results may differ from the estimates.

The Group understands that the important accounting policies specified below have a significant impact on key judgments and estimates made in the preparation of the financial statements.

(1) Allowance for doubtful accounts

In preparation for possible losses due to the inability to collect receivables, the Group posts an estimated amount of uncollectible receivables as an allowance for doubtful accounts, taking into consideration the collectability of individual specific receivables, with concern given to the failure to collect in accordance with the rate of actually uncollectible general receivables in the past.

(2) Impairment of investment securities

The Group holds shares of specific customers and financial institutions in order to maintain long-term trade relationships. For securities with market value, impairment processing is conducted for those with a non-temporary decline in investment value by more than 30%. For securities without market value, impairment processing is conducted for those for which net assets per share of the company concerned contracted by at least 50% of their book value, based on the assumption that its financial results are unlikely to recover.

(3) Deferred tax assets

The Group rationally estimates its future taxable income. If it judges that it will be unable to collect all or part of the deferred tax assets, the income figures may change due to the accrual of deferred tax assets.

[Business Performance for Consolidated Fiscal Year under Review]

(1) Net sales

Net sales soared 0.5% from the preceding consolidated fiscal year to 389,678 million yen.

(2) Operating income

Operating income grew 10.7% from the preceding consolidated fiscal year to 1,516 million yen.

(3) Non-operating income and ordinary income

Non-operating income stood at 336 million yen on a net basis, while it amounted to 587 million yen on a net basis for the preceding fiscal year.

Accordingly, ordinary income was down 5.3% from the preceding fiscal year to 1,853 million yen.

(4) Extraordinary income

An extraordinary loss of 261 million yen was suffered on a net basis, while extraordinary income of 377 million yen on a net basis was posted for the preceding fiscal year.

(5) Profit attributable to owners of parent

Profit attributable to owners of parent stood at 1,215 million yen, while it stood at 1,126 million yen for the preceding fiscal year. Net income per share stood at 18.25 yen, while it was 16.92 yen for the preceding consolidated fiscal year.

(6) Cash flow status

As of the end of the consolidated fiscal year under review, cash and cash equivalents (hereinafter collectively referred to as "cash") fell 43 million yen from a year earlier to 2,502 million yen.

The following describes the status of the individual cash flows for the consolidated fiscal year under review and the underlying factors.

(Cash flows from operating activities)

Net cash of 5,378 million yen was gained from operating activities, while net cash of 2,087 million yen was used a year earlier. This was mainly due to the contraction of accounts receivable.

(Cash flows from investing activities)

Net cash of 1,249 million yen was used by investing activities, while net cash of 497 million was used a year earlier. This was chiefly due to the acquisition of investment securities.

(Cash flows from financing activities)

Net cash of 3,960 million yen was used by financing activities, whereas net cash of 2,950 million yen was gained a year earlier. This was mainly due to a decline in short-term loans.

[Fiscal Policy]

At the moment, the Group finances its operations and its capital investments by using internal funds or by borrowing. In principle, operating funds are procured by short-term loans, and capital investment is procured by long-term loans. In addition, the Group raises funds by means of bills receivable and by liquidation of accounts receivable.

[Dividend Policy]

In regards to the distribution of profit, the Company has a basic policy of returning stable profits, taking into account its financial results and internal reserves in preparation for future business expansion.

The Company has a basic policy of distributing capital surplus and retained earnings once a year as year-end dividends. The General Meeting of Shareholders is the body that has the authority to make decisions on year-end dividends.

In regards to dividends for the fiscal year under review, it was determined that the Company would pay a dividend of eight yen per share in accordance with the aforementioned policies. As a result, the payout ratio for the fiscal year under review stood at 66.6%.

The internal reserves will be used to bolster capital strength in preparation for future business expansion.

The Company stipulates in its Articles of Incorporation that it may pay interim dividends, with the date of September 30 each year as the record date, by a resolution of the Board of Directors.

[Capital Policy]

Under its basic capital policy, the Company strives to achieve a medium-term increase in corporate value and deliver stable returns to shareholders. To improve its outside ratings and stabilize its financial standing, the Company will endeavor to attain an equity rate of 25% at an early stage. Meanwhile, it will define ROA as a key management indicator, and achieve the optimal capital portfolio by boosting asset efficiency. The Company will also aim to increase ROE to a level higher than the cost of shareholders' equity and ensure a payout ratio of 30%.

[Business Risks and Other Risks]

The following describes examples of business and other risks that may affect the Group's financial results and standing.

It should be noted that the matters relating to the future in the descriptions here reflect judgments of the Group as of the end of the consolidated fiscal year under review. They do not include all the risks that may come into being in the future.

(1) Dependency on principal business partners

Oji Holdings Corporation and Nippon Paper Industries Co., Ltd. are among the Company's major shareholders and among the principal suppliers of paper and paper boards, which are the Group's mainstay products. The total amount of purchases from these two groups for the consolidated fiscal year made up 45.4% of the Group's total purchases.

At this time, the Company has basic agreements with these companies under which they are designated dealers, and plans to continuously expand transactions

with them. However, if there is any significant trouble with supplying goods from their groups to the Company, it may affect the Group's business expansion, financial standing, and financial results.

(2) Impact of commodity market conditions

The prices of pulp, chips, and waste paper, which are raw materials of the Group's mainstay products such as paper and paper boards, are subject to the influence of worldwide demand trends, and tend to fluctuate considerably. They affect the Group's purchase prices of raw materials and products. The Group constantly conducts price negotiations with suppliers in an attempt to ensure appropriate profits, but the Group's financial standing and results may be affected depending on whether or to what extent the selling prices take into consideration the changes in material prices.

(3) Reorganization of distribution in the paper and pulp industry

The paper and pulp industry is heavily susceptible to economic trends and consumer trends. In view of the shrinking population and shift towards paper-free operations, the domestic market is expected to contract even further. For this reason, there is a possibility that further reorganization of distributors may occur. The Group has already been responding to industry reorganization by means of mergers and acquisitions and other methods. While the Group will continue to adopt a flexible approach in the future, changes in market circumstances may affect the Group's financial standing and results.

(4) Manufacturers' orientation towards direct sales

Faced with harsh economic circumstances, an increasing number of corporate users of paper products are actively working to cost cuts. The Group is also making efforts to reduce distribution costs and other costs to maintain its business relationships with corporate users. However, in recent years, paper manufacturers are becoming more and more oriented towards direct sales. This trend is especially evident in the area of industrial paper.

In this environment, it is possible that users to which the Group sells products may shift to doing direct transactions with manufacturers. The financial position and results of the Group could be affected if the increase in these cases occurs at a pace faster than what the Group expects.

(5) Foreign exchange rate fluctuation risks

The paper and public wholesale business at overseas bases, which is one of the business segments of the Group, sells products in many different countries, particularly in Asia and the Americas. For the consolidated fiscal year under review, overseas sales accounted for 17.3% of consolidated net sales. The process of preparing consolidated financial statements involves converting the sales and expenses in the local currencies of different countries into the yen so that they can be posted in the statements. During this process,

the figures are affected by the foreign exchange rates at the time they are converted into the Japanese currency.

The Group employs various means to minimize the impact of exchange rate fluctuations, such as bringing foreign exchange forward. However, fluctuations in exchange rates that are greater than what the Group expects may affect the Group's financial standing and results.

(6) Interest rate fluctuation risks

The Group procures its operating funds chiefly by borrowing from financial institutions and by issuing commercial paper. It endeavors to minimize the impact of interest rate fluctuations by procuring funds through the introduction of long-term loans at fixed interest rates and interest rate swapping. However, fluctuations in interest rates that are greater than what the Group expects may affect the Group's financial standing and results. For reference, the balance of loans payable and commercial paper amounted to 50,817 million yen as of the end of the consolidated fiscal year under review, accounting for 27.5% of all assets.

(7) Country risks

The Group engages in sales in many different countries around the world, particularly in Asia and in the Americas. Overseas sales for the consolidated fiscal years accounted for 17.3% of its consolidated net sales. In these countries, business activities may be constrained by law amendments, soaring personnel costs, diplomatic issues, and other factors. The Group has taken out an insurance policy for its overseas business, and works ceaselessly to collect information on the countries in which it operates in order to minimize these risks. However, should these risks become more noticeable, they could affect the Group's financial position and results.

(8) Credit risks concerning customers

In the Group's sales transactions, many of our customers are adopting the practice of credit sales and bill collection. The Company works to avert credit risks by tightening the management of individual customers and by formulating regulations and manuals to prevent uncollectible receivables from arising, and regularly examines these risks in accordance with the regulations. Even so, the Group's financial standing and results may be affected, provided that uncollectible receivables exceed the level anticipated by the Group as a result of the deterioration in the credit status of some customers.

(9) Liabilities for retirement grants

The Group employs a defined benefits pension plan, a retirement lump-sum grants program, and a defined contribution pension plan. The expenses and liabilities for retirement grants under these plans are calculated in accordance with the discount rate and other preconditions defined in actuarial calculation and the expected long-term management gains ratio for pension assets. In addition, a stock trust is adopted as part of the pension assets. Therefore, the Group's

financial standing and results may be affected in the event of a decline in the discount rate, a deteriorating investment yield, and a decline in the market price of shares included in the trust.

(10) Risk of fluctuations in the market prices of shares owned

Most of the shares owned by the Group are those of suppliers, corporate customers, financial institutions with which the Group does business, and other companies with which the Group enjoys close business relationships. The Group's financial position and results may be affected if the price of any of these shares changes due to stock market conditions and the financial results of the company concerned.

(11) Impact of real estate market conditions and other factors

In order to stabilize its revenue base, the Group engages in the real estate leasing business using the real estate it owns.

However, the Group's financial standing and results may be affected if the value or rent of the real estate it owns declines as a result of changes in the real estate market conditions. For reference, the ratio of real estate leased to total assets was 8.6% as of the end of the consolidated fiscal year under review.

[Issues to be Addressed]

The issues the Group has set out to tackle are stepping up its overseas expansion, reforming its business portfolio through the launch of new businesses, achieving a high level of transparency in governance, and securing and nurturing staff members. It will make active efforts to address each of these issues.

(1) Stepping up overseas expansion

The Group places special emphasis on globalization in its medium- and long-term management vision, *GIFT+1 2024*. To strengthen the business planning and management functions of domestic and overseas group companies, the Group set up the Group Corporate Strategy Division in July 2015. In addition, KPP ASIA-PACIFIC PTE. LTD. was established as a regional control subsidiary responsible for overseeing local subsidiaries in the Southeast Asian region.

In the future, the Group will focus on growing markets around the world, such as India and ASEAN countries, while actively moving ahead with overseas business expansion.

(2) Launching new businesses

While the spread of the Internet involves all kinds of industries, a new information social infrastructure has emerged, and the world is moving towards the so-called Internet of Things (IoT) era, in which different things are connected via the Internet. The Group began amassing data on waste paper collection with the *ecom* M2M solution and in collaboration with the WAON electronic money. The number of *town ecom* collection boxes exceeded 300, and is expected to

grow further. In April 2016, the Group launched the Office of New Business Initiation to help reform its business portfolio. With its management resources and IT investments, the Group will streamline internal operations and create new business models, products, and services.

(3) Achieving a high level of transparency in governance

The Group aims to achieve continuous corporate growth and medium- and long-term growth in its corporate value. In working to achieve these goals, the Corporate Governance Code is taking on greater significance. This code stipulates a system for ensuring transparency, impartiality, and swift and bold decision making, taking into account the needs of shareholders, customers, employees, local communities, and other stakeholders.

In June 2015, the Company made the switch to a company with an audit and supervisory committee in an effort to achieve a higher level of transparency and agility in management.

(4) Nurturing and securing staff members

In April 2015, the Company introduced a new personnel system to achieve the aims of the long-term management vision *GIFT+1 2024* and support continuous corporate development. The new system opened multiple career paths suited to a global firm, allowing personnel to pursue global posts, national posts, and specialist posts. The Company has also introduced e-learning to help maximize the skills of individual employees in hopes of raising the skill and performance capacity of the entire company. It has launched an action plan that encourages women to take more active roles. It aims to widen the array of job categories open to women, and to promote more women to managerial posts. In addition, it will actively recruit mid-career job seekers capable of immediately helping to reinforce its managerial foundations, as well as a wide variety of other job applicants to enlarge its global business. The Company will produce positive results in business administration and further enhance its corporate value.

Consolidated Financial Statement

(1) Consolidated Balance Sheet

(Millions of yen)

	Preceding Consolidated Fiscal Year (March 31, 2015)	Consolidated Fiscal Year Concerned (March 31, 2016)
Assets		
Current asset		
Cash and deposits	2,582	2,504
Notes and accounts receivable—trade	116,486	108,051
Electronically recorded monetary claims—operating	8,100	8,896
Inventories	17,388	15,675
Deferred tax assets	605	748
Other	4,416	2,786
Allowance for doubtful accounts	(2,032)	(2,285)
Total current assets	147,548	136,377
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,286	5,982
Machinery, equipment and vehicles, net	25	21
Tools, furniture and fixtures, net	227	154
Land	15,822	15,935
Leased assets, net	119	146
Total property, plant and equipment	22,481	22,240
Intangible assets		
Goodwill	548	957
Other	246	749
Total intangible assets	794	1,706
Investments and other assets		
Investment securities	22,977	22,689
Long-term loans receivable	8	8
Deferred tax assets	1	—
Net defined benefit asset	153	207
Other	2,131	1,987
Allowance for doubtful accounts	(307)	(290)
Total investments and other assets	24,964	24,603
Total non-current assets	48,240	48,550
Total assets	195,788	184,927

(Millions of yen)

	Preceding Consolidated Fiscal Year (March 31, 2015)	Consolidated Fiscal Year Concerned (March 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	84,094	78,480
Electronically recorded obligations—operating	3,018	2,859
Short-term loans payable	36,894	37,668
Commercial papers	4,000	3,000
Lease obligations	38	44
Income taxes payable	699	418
Provision for bonuses	873	763
Provision for directors' bonuses	25	22
Provision for point card certificates	43	36
Other	4,137	3,997
Total current liabilities	133,826	127,290
Non-current liabilities		
Long-term loans payable	13,451	10,149
Lease obligations	105	121
Deferred tax liabilities	4,149	3,424
Provision for directors' retirement benefits	260	238
Net defined benefit liability	673	850
Asset retirement obligations	121	109
Negative goodwill	139	—
Other	1,780	1,774
Total non-current liabilities	20,680	16,668
Total liabilities	154,506	143,958
Net assets		
Shareholders' equity		
Capital stock	3,442	3,442
Capital surplus	7,670	7,670
Retained earnings	24,282	24,966
Treasury shares	(152)	(153)
Total shareholders' equity	35,243	35,925
Total other accumulated comprehensive income		
Valuation difference on available-for-sale securities	4,192	3,636
Deferred gains or losses on hedges	46	(42)
Foreign currency translation adjustment	1,524	1,383
Remeasurements of defined benefit plans	156	(33)
Other accumulated comprehensive income	5,920	4,944
Non-controlling interests	118	98
Total net assets	41,281	40,969
Total liabilities and net assets	195,788	184,927

(2) Consolidated Income Statement/Consolidated Statements of Comprehensive Income

Consolidated Income Statement

(Millions of yen)

	Preceding Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)	Consolidated Fiscal Year Concerned (April 1, 2015 to March 31, 2016)
Net sales	387,594	389,678
Cost of sales	365,220	368,301
Gross profit	22,374	21,377
Selling, general and administrative expenses		
Selling expenses	5,710	5,538
Employees' salaries and allowances	5,888	6,020
Provision for bonuses	869	760
Provision for directors' bonuses	25	22
Retirement benefit expenses	322	227
Provision of allowance for doubtful accounts	1,423	502
Provision for directors' retirement benefits	71	59
Provision for point card certificates	2	—
Other	6,690	6,730
Total selling, general and administrative expenses	21,004	19,861
Operating income	1,370	1,516
Non-operating income		
Interest income	328	424
Dividend income	371	409
Foreign exchange gains	33	—
Amortization of negative goodwill	278	139
Reversal of allowance for doubtful accounts	121	197
Other	243	216
Total non-operating income	1,376	1,387
Non-operating expenses		
Interest expenses	506	577
Loss on sales of accounts receivable	33	36
Foreign exchange losses	—	200
Share of loss of entities accounted for using equity method	138	154
Other	110	81
Total non-operating expenses	788	1,050
Ordinary income	1,957	1,853
Extraordinary income		
Gain on sales of non-current assets	0	308
Gain on sales of investment securities	25	15
Gain on bargain purchase	24	—
Reversal of provision for loss on dissolution of employee's pension fund	333	—
Other	3	18
Total extraordinary income	387	342
Extraordinary losses		
Loss on retirement of non-current assets	1	9
Impairment loss	—	50
Loss on valuation of investment securities	—	327
Business structure improvement expenses	—	200
Other	8	15
Total extraordinary losses	9	603
Income before income taxes	2,335	1,592
Income taxes—current	1,104	853
Income taxes—deferred	118	(474)
Total income taxes	1,222	378
Profit	1,112	1,213
Profit (loss) attributable to non-controlling interests	(13)	(2)
Profit attributable to owners of parent	1,126	1,215

Consolidated Statements of Comprehensive Income

Profit	1,112	1,213
Other comprehensive income		
Valuation difference on available-for-sale securities	1,836	(555)
Deferred gains or losses on hedges	47	(88)
Foreign currency translation adjustment	171	(126)
Remeasurements of defined benefit plans, net of tax	116	(189)
Share of other comprehensive income of entities accounted for using equity	467	(15)
Total other comprehensive income	2,640	(976)
Comprehensive income	3,753	236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,763	240
Comprehensive income attributable to non-controlling interests	(10)	(3)

(3) Statement of Changes in Equity

Preceding Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	3,442	7,670	23,891	(151)	34,853
Cumulative effects of changes in accounting policies			(209)		(209)
Restated balance	3,442	7,670	23,681	(151)	34,643
Changes of items during period					
Dividends of surplus			(532)		(532)
Profit attributable to owners of parent			1,126		1,126
Purchase of treasury shares				(1)	(1)
Change of scope of consolidation			7		7
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	601	(1)	599
Balance at end of current period	3,442	7,670	24,282	(152)	35,243

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	2,357	(0)	886	39	163	38,300
Cumulative effects of changes in accounting policies						(209)
Restated balance	2,357	(0)	886	39	163	38,090
Changes of items during period						
Dividends of surplus						(532)
Profit attributable to owners of parent						1,126
Purchase of treasury shares						(1)
Change of scope of consolidation						7
Net changes of items other than shareholders' equity	1,835	47	637	116	(45)	2,591
Total changes of items during period	1,835	47	637	116	(45)	3,191
Balance at end of current period	4,192	46	1,524	156	118	41,281

Consolidated Fiscal Year Concerned (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	3,442	7,670	24,282	(152)	35,243
Changes of items during period					
Dividends of surplus			(532)		(532)
Profit attributable to owners of parent			1,215		1,215
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation			0		0
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	683	(0)	682
Balance at end of current period	3,442	7,670	24,966	(153)	35,925

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	4,192	46	1,524	156	118	41,281
Changes of items during period						
Dividends of surplus						(532)
Profit attributable to owners of parent						1,215
Purchase of treasury shares						(0)
Change of scope of consolidation						0
Net changes of items other than shareholders' equity	(556)	(88)	(140)	(189)	(20)	(995)
Total changes of items during period	(556)	(88)	(140)	(189)	(20)	(312)
Balance at end of current period	3,636	(42)	1,383	(33)	98	40,969

(4) Consolidated Statement of Cash Flows

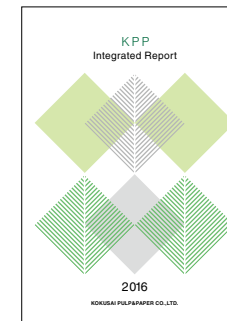
(Millions of yen)

	Previous consolidated fiscal year (April 1, 2014 to March 31, 2015)	Current consolidated fiscal year (April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes	2,335	1,592
Depreciation	674	598
Impairment loss	—	50
Amortization of goodwill	70	114
Amortization of negative goodwill	(278)	(139)
Share of (profit) loss of entities accounted for using equity method	138	154
Loss (gain) on valuation of investment securities	—	327
Increase (decrease) in net defined benefit liability	0	(57)
Increase (decrease) in provision for directors' retirement benefits	24	(21)
Increase (decrease) in provision for bonuses	(61)	(110)
Increase (decrease) in provision for directors' bonuses	(40)	(3)
Increase (decrease) in allowance for doubtful accounts	965	300
Increase (decrease) in provision for point card certificates	2	(7)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(26)	—
Increase (decrease) in provision for loss on dissolution of employees' pension funds	(333)	—
Interest and dividend income	(699)	(833)
Interest expenses	506	577
Loss (gain) on sales and retirement of non-current assets	0	(298)
Loss (gain) on sales of investment securities	(24)	(15)
Decrease (increase) in notes and accounts receivable - trade	(7,022)	7,417
Decrease (increase) in inventories	(541)	1,793
Decrease (increase) in other assets	(526)	1,455
Increase (decrease) in notes and accounts payable - trade	3,299	(6,433)
Increase (decrease) in other liabilities	232	(193)
Other	3	(10)
Subtotal	(1,299)	6,258
Interest and dividend income received	701	838
Interest expenses paid	(509)	(578)
Income taxes paid	(980)	(1,140)
Net cash provided by (used in) operating activities	(2,087)	5,378
Cash flows from investing activities		
Payments into time deposits	(3)	(2)
Proceeds from withdrawal of time deposits	3	—
Purchase of property, plant and equipment and intangible assets	(559)	(939)
Proceeds from sales of property, plant and equipment and intangible assets	241	578
Purchase of investment securities	(349)	(1,024)
Proceeds from sales of investment securities	97	38
Payments of loans receivable	(8)	(270)
Collection of loans receivable	98	252
Purchase of shares of subsidiaries	(30)	—
Proceeds from transfer of business	—	81
Other	13	36
Net cash provided by (used in) investing activities	(497)	(1,249)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,395	(769)
Net increase (decrease) in commercial papers	1,000	(1,000)
Proceeds from long-term loans payable	3,300	1,500
Repayments of long-term loans payable	(6,189)	(3,125)
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(532)	(532)
Other	(21)	(31)
Net cash provided by (used in) financing activities	2,950	(3,960)
Effect of exchange rate change on cash and cash equivalents	119	(116)
Net increase (decrease) in cash and cash equivalents	485	51
Cash and cash equivalents at beginning of period	2,046	2,546
Increase in cash and cash equivalents from newly consolidated subsidiary	15	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(95)
Cash and cash equivalents at end of period	2,546	2,502

Efforts for communication between Kokusai Pulp & Paper (KPP) and stakeholders

The Company uses various channels for making available information to facilitate communication with its stakeholders and help them deepen their understanding of the Company's activities.

Integrated Reports



Integrated Report 2016 (published annually)

The Company began publishing Integrated Reports in 2016 to communicate financial and non-financial information from its corporate activities in a comprehensive manner.

Public relations magazine TSUNAGU



Public relations magazine TSUNAGU (published quarterly)

The Company distributes a public relations magazine called TSUNAGU as a communications tool that acts as a bridge between stakeholders and KPP. This magazine offers the latest information about the Company, and also highlights the attractive qualities of paper.

Websites

Corporate website



(http://www.kppc.co.jp)

This is the official KPP website. The Company distributes information, such as corporate information and investor relations information, in a timely manner on this website. The site has a section called "What is KPP?" that is designed to provide the general public with an easy-to-understand look at the Company's operations.

Papermall



(http://www.kpps.jp/papermall)

This is a paper sales website run by KPP. Visitors to this site can search a lineup of approximately 1,000 choices to find the desired type of paper based on applications and characteristics, and buy paper from individual sheets. The Company also shares paper industry news from Japan and overseas through the website.

Environmental communication



The Company has introduced our activities at the EcoPro, the largest environmental exhibition in Japan held at the Tokyo Big Sight, every year since 2009. KPP uses this exhibition to tell the general public about its initiatives and environment-related businesses.

Meaning behind Our Logo



KOKUSAI PULP&PAPER CO.,LTD.

Our corporate logo consists of the letter K, the initial for KOKUSAI PULP&PAPER CO.,LTD., and an image of young leaves full of life. The logo was designed to express the spirit of innovation we display in our pursuit of all possibilities.

Our corporate color, green, symbolizes coexisting with nature. In short, it represents our active commitment to coexisting with the environment.



This paper considers responsibly managed forests.



We use the waterless printing process, which considers water quality control and health damage prevention.