

**GIFT+1 2024**

**Toward Centennial Anniversary**

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

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# Development of “GIFT+1 2024” as Vision toward the Centennial



In 2024, the KPP Group will be celebrating a centennial anniversary of its founding.

It will be extremely difficult to celebrate the centennial if we simply act on an extension line of the present setup. What I would like to say is that the paper and paperboard industry that supports our core business is already in a transition period and now is the right time to tackle changes in our business structure as an issue of the highest priority.

In other words, we are standing at a decision point regarding how we should create businesses that ensure our business activities in future generations, when our earnings model whose only framework is the base paper business that has supported our growth in the past is approaching its limit.

This situation applies to material industries as a whole. An urgent issue facing us is to reform the business structure by further innovating the business mode as agents of manufacturers who are in the upstream. At KPP, our handling goods are rather concentrated on the information segment, and an important issue in our activities will be to further explore more industrial and life communication segments as well. In parallel with the restructuring of our domestic business, it is also important to expand our sales network in the international market, especially in the emerging economies that are registering significant economic growth.

Historically, paper has always led the information media industry. However, the coexistence of paper and electronics media has now become a normal state due to the phenomenal advances in IT in recent years.

In this severe management environment, the Company has set a long-term vision “GIFT+1 2024” in a bid to ensure new growth. [Deleted] Dividing basic management tasks into four domains, namely, (1) The Business and Sales Domain, (2) The Human Resources and Education and Training Domain, (3) The Environmental and Social Contribution Domain, and (4) The Financial and Investment Domain, the Company will make an effort to strenuously implement individual strategies for each theme.

For example, as a precondition for tackling new businesses, sales activities based on expertise (partial optimization proposals) will be evolved to sales activities that place an emphasis on producing products and services for each system (overall optimization proposals). Human resource development programs tuned to this scheme will also be implemented. As a result, reform of the present earnings structure of earning commissions will be conducted to improve our profit makeup by adding added value to our distribution function. In global activities, we also will plan mergers and acquisitions and will aim to increase the ratio of our sales outside of Japan[Deleted].

Listing on a securities market will be studied continuously to increase the equity ratio and to diversify our sources of funding.

In our real estate business, beginning the previous term, Yaesu Building in Tokyo, which stands in a convenient location, has been added as our assets and rental income from this building, which will reinforce our management base.

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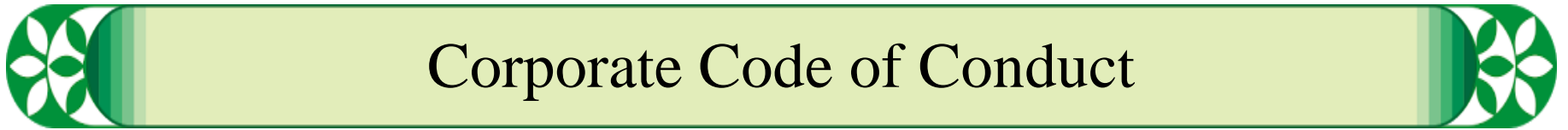
Squarely confronting the reality surrounding the Company, we pledge to concertedly undertake activities to tackle the goals cited above to achieve the further growth of KPP.

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# Management Philosophy

1. Targeting the enhancement of global management and achieving sustainable growth
2. Pursuing the happiness of the employees and their families and aiming to become a company that is trusted by its shareholders, customers, suppliers, and communities
3. Realizing a recycling-oriented society and widely contributing to the promotion of education, culture, and industry



# Corporate Code of Conduct

## 1. Fulfillment of Social Responsibility

As its basic social responsibility, the Company will adhere to laws, ordinances, and rules, as well as their spirit, inside and outside of Japan and will be managed respecting social norms.

## 2. Promotion of Social Contribution Activities

The Company will strive to return its profits to society through its business activities and will make a wide contribution to communities and society.

## 3. Disclosure of Corporate Information

The Company will facilitate communication with its shareholders and widely with society and will appropriately and fairly disclose corporate information.

## 4. Enhancement of the Workplace Environment

The Company will strive to ensure the comfort, ease, and affluence of its employees by providing a workplace environment that is healthy and easy to work in it, so that each employee can fully exhibit his or her ability. The personalities and individualities of each employee will be respected.

## 5. Harmony with the Natural Environment

The Company will ensure symbiosis and harmony with the natural environment to contribute to realizing a society in which an affluent future can be shared.

## 6. Cutting off Relations with Anti-social Forces

The Company will cut off relations with anti-social forces acting in unison while maintaining close cooperation with the police and other related organizations.

## 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.



# Environmental Policy

## 【Environmental Philosophy】

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Recognizing that the sound conservation of the Earth's environment is a major problem related to the existence of mankind over the next generations, Kokusai Pulp & Paper Co., Ltd. will make the maximum effort to coexist and harmonize with the natural environment, to achieve its sustainable development.

Each of its employees will share the obligations imposed on them and will actively act to conserve the Earth's environment as good corporate citizens under effective organization and management of the Company.

## 【Basic Policies】

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As a paper distributor, we contribute to the conservation of resources and to constructing a resource recycling society based on the following acts by reducing the environmental load through its sales activities in machine-made paper, paperboard, raw materials for papermaking and commodities related to paper.

1. Always recognizing the environmental aspect related to our business activities, commodities sold and services provided, we build an environmental management system and strive to continuously improve the system and to prevent environmental pollution.
2. We comply with the environmental laws and regulations and other requirements agreed to by the Company.
3. Among the environmental aspects related to the activities, commodities and services we undertake our business activities setting the following items as priority matters in environmental management. These items will be reviewed periodically in accordance with changes in the situation.
  - 1) Promotion of business to paper recycling, promotion of sales of eco-friendly paper, participation in tree planting and afforestation programs, and sales activities of a proposal type promoting eco-friendly commodities,
  - 2) Curtailment of all resources consumed in business activities and reduction in energy consumption,
  - 3) Active participation in reduction, source segregation and recycling of waste emitted by offices, and
  - 4) Promotion of green procurement for a contribution to resource conservation.
4. In order to accomplish this environmental policy, we enlighten and educate all of its employees and persons working at the Company, promoting environmental management as a companywide task.

# 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



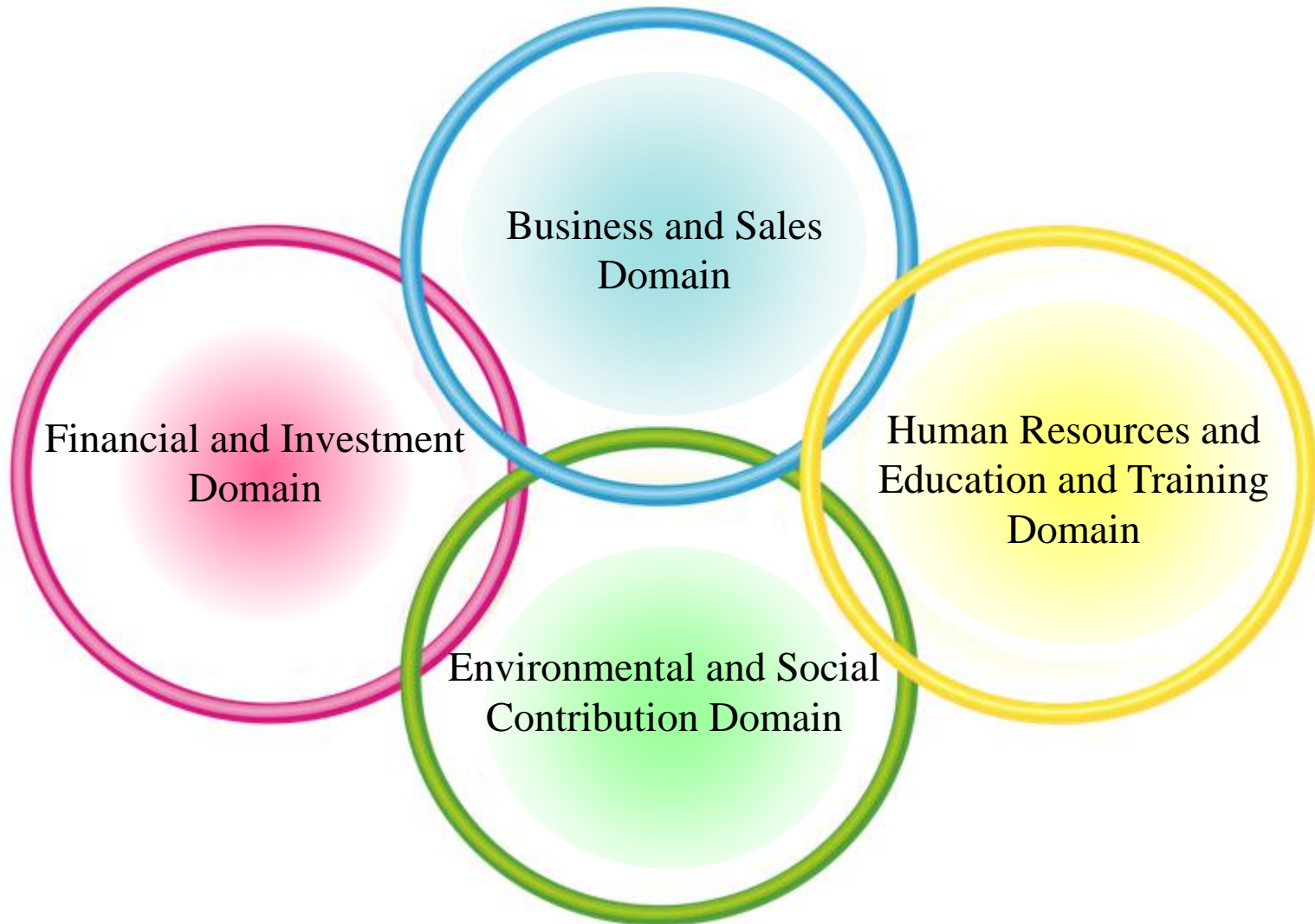
**+1**

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.

# Management Domains

## Four Domains in the Reinforcement of the Management Base

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# ① Business and Sales Domain

- ◆ 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



▪ Participation in Chinese soft packaging market



▪ Participation in Chinese paperboard market



▪ Paper information & E-commerce site "Papermall"



## ② Human Resources and Education and Training Domain

- ◆ 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



▪ Training of new employees



▪ DaiEi Australasia PTY LTD



▪ Seminar for the promotion of female activities

# ③ Environmental and Social Contribution Domain

- ◆ 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)



## Series of ecomo



Town ecomo



Office ecomo



ecom LINCLE  
ICHIHARA Center  
(classified documents disposing facility)



▪ Sendai TANABATA  
Bamboo Paper Project

## ④ Financial and Investment Domain

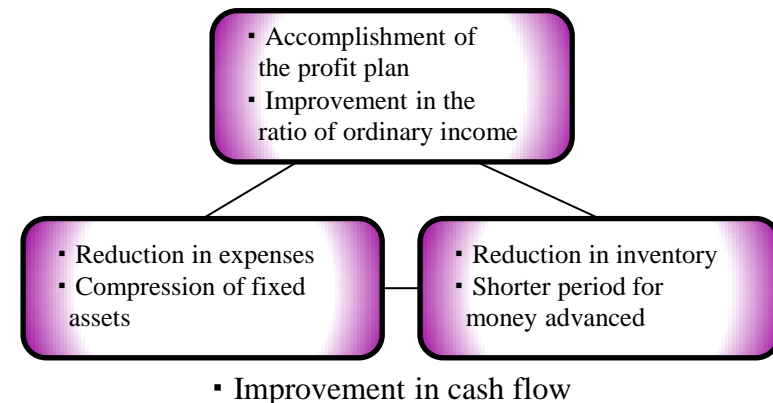
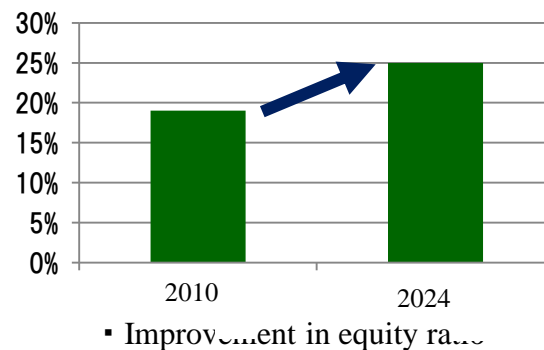
◆ ROE Target : 10%

◆ Equity Ratio Target : 25%

◆ Improvement in cash flow

◆ Promotion of investment strategies

- Global business
- Restructuring of domestic business
- Infrastructure investment (Human resources▪Distribution▪IT)



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