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Hokuetsu Corporation Group (hereinafter "the Group") (Hokuetsu Corporation, main affiliated subsidiaries, etc.)

#### Third-party verification of data

Third-party verified data are marked with <u>\( \vert \)</u>

#### Disclosure system

**Financial information** 

Non-financial information

#### **HOKUETSU GROUP Integrated Report**

#### IR information

# https://www.hokuetsucorp.com/

- Consolidated Financial Highlights
- Management Plans
- Notice of Convocation of Ordinary General Meeting of Shareholders
- Integrated Report
- Consolidated Financial Statements
- Summary of Financial Results

#### Sustainability https://www.hokuetsucorp.com/ en/sustainability/

- Hokuetsu Group Sustainability
- Hokuetsu Group Basic Policy on Diversity
- Hokuetsu Group Human Rights Policy
- Social Contribution Activities
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ESG Databook

# **Environment**

# ○ Environmental Accounting for FY2024 ((Hokuetsu Corporation (non-consolidated))

#### **Environmental conservation costs**

	vironinental conservation costs				
	Major initiatives	and their results	Unit	Investment	Cost
1	Environmental conservation costs to results from key business operation		millions of yen	1,273	6,717
	(1) Environmental conservation costs	Measures against air and water pollution, noise, and vibration	millions of yen	474	3,651
	(2) Global environmental preservation costs	Company-owned forests in Japan, afforestation business overseas, energy conservation investment	millions of yen	440	732
	(3) Resource circulation costs	Efficient utilization of resources, waste management costs	millions of yen	358	2,333
2	Environmental preservation costs to control the environmental impact that results from key business operations upstream and downstream	Low sulfur fuel purchase costs (difference)	millions of yen	-	443
3	Environmental conservation costs related to administrative activities	Employee training, ISO 14001 costs, air and water quality analysis costs, various meeting operation costs, etc.	millions of yen	-	233
4	Environmental conservation costs related to R&D activities	Development of products that contribute to environmental conservation, such as promoting recovered paper utilization, reducing environmental impact during manufacturing, etc.	millions of yen	-	170
5	Environmental preservation costs related to social activities	Social contribution activities, support for organizations, corporate action reports, ECO Products Exhibition, etc.	millions of yen	-	77
6	Environmental remediation costs	Pollution load levy (SOx)	millions of yen	_	83
To	tal		millions of yen	1,273	7,723

#### Economic benefits associated with environmental conservation measures

Results of effects	Unit	Amount
Income in company-owned forests	millions of yen	19
Cost savings through energy conservation	millions of yen	110
Reduction of disposal costs through effective utilization of waste	millions of yen	77
Profits on sales of waste as effective resources	millions of yen	42
Total	millions of yen	248

### OCO2 and GHG Emissions

(Hokuetsu Corporation (non-consolidated))

#### CO<sub>2</sub> emissions

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	FY2030 (Target)	FY2050 (Target)
CO <sub>2</sub> emissions (values reported to the Japan Paper Association)	thousand t-CO2	581	628	644	638	626	450	0

<sup>\*</sup> Calculated using the calculation method established by Japan Paper Association.

#### Scope 1, 2

•						
Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1 emissions	thousand t-CO2e	657	680	697 🗹	646 🗹	636 🗹
Scope 2 emissions (Market-based)	thousand t-CO2e	57	64	62 <u>V</u>	64 <u>V</u>	63 🗹
Scope 1+2 emissions	thousand t-CO2e	714	744	759	710	699

<sup>\*</sup> Compliant with the Greenhouse Gas Emissions Accounting and Reporting Manual.

Scop	Scope 3									
	Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024			
1.	Purchased goods and services*1	thousand t-CO2e	548	627	589	546	540 🗹			
2.	Capital goods*2	thousand t-CO2e	39	37	34	42 🗹	53 ✓			
3.	Fuel and energy-related activities not included in Scope 1 and 2*3	thousand t-CO2e	55	61	61	86	196 ✓			
4.	Transportation, distribution (upstream)*4	thousand t-CO2e	236	286	274	232	345 🗹			
5.	Waste generated from business	thousand t-CO2e	2	2	2	3	4 🗹			
6.	Business trips	thousand t-CO2e	0.2	0.2	0.2 🗹	0.2 🗹	0.2 🗹			
7.	Employee commuting	thousand t-CO2e	1	1	1 🗹	1 🗹	1 🗹			
8.	Leased assets (upstream)	thousand t-CO2e	5	5	5	5	5			
9.	Transportation, distribution (downstream)	thousand t-CO2e	30	40	46	41	48			
10.	Processing of sold products	thousand t-CO2e	290	334	325	318	316			
11.	Use of sold products*5	thousand t-CO2e	0	0	0	0	0			
12.	Disposal of sold products*6	thousand t-CO2e	0	0	0	0	0			
13.	Leased assets (downstream)	thousand t-CO2e	0	0	0	0	0			
14.	Franchise chains*7	thousand t-CO2e	0	0	0	0	0			
15.	Investment	thousand t-CO2e	4	4	4	4	4			
Total		thousand t-CO2e	1,210	1,397	1,341	1,278	1,512			

<sup>\*</sup> Aggregate data for FY2022 and beyond will include emissions from sold by-product energy.

<sup>\*</sup>Compliant with the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain.

\*1 Only direct procurement is covered.

\*2 Includes consolidated subsidiaries within the scope.

\*3 Starting in FY2024, include GHG emissions from the domestic land transportation of fuel in the calculations.

\*4 Scope of data collection expanded starting in FY2024.

\*5 Since our paper products do not use energy during use, CO2 emissions from product use are considered zero.

\*6 Our paper products emit CO2 when disposed; however, since the raw material, trees, absorb CO2, the emissions are offset and deemed zero.

\*7 Since we are not the franchiser, we believe none of our emission sources fall under this category.

#### **Various intensities**

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
CO <sub>2</sub>	kg-CO <sub>2</sub> /t-product	463	418	441	455	441
Scope 1	kg-CO2e/t-product	524	453	478	460	448
Scope 2	kg-CO2e/t-product	45	43	42	46	44
Scope 1+2	kg-CO2e/t-product	569	495	520	506	493

# Energy

(Hokuetsu Corporation (non-consolidated))

#### Mill energy input (FY2024)

Category	Unit	Niigata mill	Kishu mill	Kanto mill (Katsuta)	Kanto mill (Ichikawa)	Nagaoka mill	Osaka mill	Total	Proportion
Biomass, etc.	TJ	15,903	5,727	3,691	0	0	0	25,321	71%
Gas	TJ	3,178	4	0	1,258	539	26	5,005	14%
Purchased electricity	TJ	462	520	70	25	275	27	1,379	4%
Heavy oil	TJ	2,866	772	61	0	0	0	3,699	10%
Coal	TJ	0	136	232	0	0	0	368	1%
Other fossil fuels	TJ	25	23	9	3	1	0	61	0%
Total	TJ	22,434	7,182	4,063	1,286	815	53	35,833	100%

#### **Electric power amounts**

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Electricity generated	GWh	1,596	1,752	1,753	1,708	1,713
Electricity consumed	GWh	1,478	1,652	1,639	1,610	1,626

# Environmental Impact Substances from Emitted Gas

(Hokuetsu Corporation (non-consolidated))

#### Environmental impact substances from released gas

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Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
SOx emissions	t	405	388	355	337	418
NOx emissions	t	2,031	2,000	2,008	1,976	2,083
Dust	t	79	83	113	87	87
VOC emissions	t	4.2	5.0	4.4	3.1	3.4

#### Various intensities

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024		
SOx	kg -SOx/t-product	0.32	0.26	0.24	0.24	0.29		
NOx	kg -NOx/t-product	1.62	1.32	1.38	1.41	1.47		
Dust	kg/t-product	0.06	0.06	0.08	0.06	0.06		

# ○ Waste and PRTR Chemical Substances (Hokuetsu Corporation (non-consolidated))

#### Industrial waste generated, disposal and effective utilization

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Industrial waste generated	thousand tons	224	257	302	287	295
Effective utilization amounts	thousand tons	219	252	298	284	292
Final disposal volume	thousand tons	5	5	4	3	3
PRTR chemical substances emitted and transferred	t	1.4	1.4	1.4	4.1	5.6

#### PRTR chemical substances emitted and transferred amounts (substances to be reported in FY2024)

Government Ordinance Number	Substance name	Unit	Volume handled (inc. volume generated)	Emitted	Transferred	Total (Emitted and Transferred)
80	Xylene	kg	180	10	0	10
237	Mercury and its compounds	kg	-	7	0	7
243	Dioxins	mg-TEQ	-	51	10,770	10,821
395	water-soluble salts of peroxodisulfuric acid	kg	4,950	0	0	0
400	Benzene	kg	17,214	86	0	86
411	Formaldehyde	kg	75,990	891	0	891
438	Methylnaphthalene	kg	4,591	20	0	20
566	Polycondensation of adipic acid, (N-(2-aminoethyl), ethane-1,2-diamine or N,N'-bis(2-aminoethyl) ethane-1,2-diamine) and 2-(chloromethyl) oxirane	kg	33,344	830	0	830
581	Alkyl (benzyl) (dimethyl) ammonium salts (limited to those with alkyl group carbons from 12 to 16 and mixtures thereof)	kg	6,885	45	0	45
595	Ethylenediaminetetraacetic acid and its potassium and sodium salts	kg	3,113	970	0	970
598	Chloric acid and its potassium and sodium salt	kg	4,027,890	0	0	0
626	Diethanolamine	kg	53,692	340	0	340
691	Trimethylbenzene	kg	180	12	0	12
708	(1-hydroxyethane-1,1-diyl) diphosphonic acid and its potassium salts and sodium salts	kg	-	2,400	0	2,400
Total		kg	4,228,029	5,611	0	5,611

# Water Resources

(Hokuetsu Corporation (non-consolidated))

#### Water consumption, etc.

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Water intake	thousand m³	88,800	95,700	94,900	94,800	110,400 🗹
Rivers	thousand m³	88,800	95,700	94,900	94,800	107,600

#### Environmental burden substances in wastewater

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
BOD emissions	t	336	410	399	481	413
COD emissions	t	862	952	1,184	1,332	1,170
SS emissions	t	525	644	693	763	945

#### Emission intensity per paper product ton during production

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Water consumption	m³/t-product	70.8	63.7	65.0	67.6	77.8
BOD emissions	kg/t-product	0.32	0.32	0.32	0.41	0.35
COD emissions	kg/t-product	4.54	4.21	5.26	5.74	5.25
SS emissions	kg/t-product	0.42	0.43	0.47	0.54	0.67

# Environmental Management System

#### Acquisition of ISO14001 certification (as of the end of March 2025)

	•				
Company name	Mill/Workplace				
Hokuetsu Corporation	Niigata Mill, Kishu Mill, Kanto Mill (Ichikawa, Katsuta), Nagaoka Mill, Osaka Mill				
Hokuetsu Package Co., Ltd.	Tokyo Head Office, Kanto Mill				
Alberta-Pacific Forest Industries Inc.	Alberta-Pacific Forest Industries Inc.				
Bernard Dumas S.A.S.	Bernard Dumas S.A.S.				
Shanghai Toh Tech Co., Ltd.	Shanghai Toh Tech Co., Ltd.				

# OPrimary Raw Materials

(all consolidated companies)

#### **Usage amounts**

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Wood chips	thousand tons	2,932	3,371	2,739	2,650	2,688
Recovered paper	thousand tons	464	536	469	389	311
Pulp	thousand tons	781	794	895	839	844

#### Countries from which wood chips for paper products are procured

Country of procurement	Primary raw materials	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Canada	Re-growth	thousand tons	1,570	1,386	1,301	1,407	1,322
South Africa	Afforestation	thousand tons	324	513	509	479	408
Vietnam	Afforestation	thousand tons	410	488	503	496	497
Chile	Afforestation	thousand tons	442	450	305	285	384
Australia	Afforestation	thousand tons	176	264	306	309	314
Brazil	Afforestation	thousand tons	0	0	0	0	0
Japan	Re-growth	thousand tons	10	0	0	0	0
Total		thousand tons	2,932	3,101	2,924	2,976	2,925

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#### Countries from which wood pulp is procured

**HOKUETSU GROUP ESG DATABOOK 2025** 

Country of procurement	Primary raw materials	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Canada	Natural forests	thousand tons	14.0	8.2	4.9	9.0	11.1
Russia	Natural forests	thousand tons	21.4	24.8	4.5	0.0	0.0
U.S.	Afforestation	thousand tons	1.2	2.3	2.6	1.4	1.3
Chile	Afforestation	thousand tons	17.0	22.7	25.1	11.5	17.0
Brazil	Afforestation	thousand tons	17.5	20.6	9.7	0.8	3.6
Japan	Natural forests, Afforestation	thousand tons	2.3	2.5	2.7	1.1	2.4
Finland	Natural forests	thousand tons	0.3	0.3	9.1	13.5	18.4
Sweden	Natural forests	thousand tons	0.0	0.0	0.0	0.1	0.6
Taiwan	Afforestation	thousand tons	73.8	0.2	0.0	0.0	0.0
Total		thousand tons	147.5	81.6	58.6	37.4	54.4

### Production Volume of Main Products

(all consolidated companies)

Category	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Paper	thousand tons	974	1,119	1,078	1,037	1,041
Paperboard	thousand tons	512	599	534	467	368
Pulp	thousand tons	1,394	1,548	1,420	1,446	1,490

 $<sup>\</sup>star$  The Company's products are produced using 100% FSC® certified materials or controlled wood.

### Forest Resources

(all consolidated companies)

Owner	Location	Classification	Estimated area (ha)	Forest certification acquisition rate (%)	CO2 absorption (thousand tons/ year)
Hokuetsu Corporation and others	Within Japan	Company- owned forests	11,170	38	A
Hokuetsu Corporation	Within Japan	Profit sharing forestry	1,000	0	Approx. 13* <sup>2</sup>
Freewheel*1	South Africa	Company- owned tree farms	2,800	95	Approx. 5*3
Government of Alberta	Canada	Management agreement	6,036,473	97	Approx. 7,000*4

Amount of CO2 fixation = Accumulated amount x biomass expansion factor x (1+underground ratio) x volumetric density x carbon content rate x CO2 conversion factor (44/12)
\*3 Calculation method for CO2 absorption in South Africa is as follows.

<sup>\*1</sup> Freewheel Trade and Invest 7 Pty Ltd (company not accounted for by equity method)
\*2 Calculation method for CO<sub>2</sub> absorption in Japan is as follows.

Amount of CO<sub>2</sub> absorption = Amount of CO<sub>2</sub> fixation in FY2024 - Amount of CO<sub>2</sub> fixation in FY2023

CO2 absorption volume = amount of CO2 fixed at the end of 2024 - amount of CO2 fixed as of the end of 2023 (fixed amounts use the same

<sup>\*4</sup> CO2 absorption in Canada (Al-Pac) is based on the approximate values calculated by Al-Pac.

# ODisclosure of Information Based on TCFD Recommendations

#### Main risks and opportunities

Risk	Risk details	Level of impact	Strategies and measures to reduce risk
Tighter CO2 emission regulations	<ul> <li>Introduce and enhance carbon pricing such as carbon taxes and emissions trading systems</li> <li>Financial impact of climate-related risks: Carbon tax burden of approximately ¥13.8 billion yen (Set based on IEA's NZE scenario as a reference)</li> </ul>	High	<ul> <li>Realize "Hokuetsu Group Zero CO2 2050" and "Hokuetsu Group Environmental Targets 2030"</li> <li>Promote further energy conservation</li> <li>Use biomass energy such as black liquor generated in the pulp manufacturing process actively</li> <li>Use carbon-neutral fuels</li> </ul>
Tighter regulations for the spread of renewable energy	Increase in unit price of levy to promote power generation with renewable energy	Medium	<ul> <li>Promote modal shift to railways, etc., with low CO2 emissions</li> <li>Introduce high-efficiency chip carriers</li> </ul>
Soaring fossil energy prices	Soaring prices of energy derived from fossil fuels due to the decrease in investment in oil development toward the realization of a decarbonized society	Low	<ul> <li>Study introducing advanced CCS that generates negative emissions by separating and capturing wood-derived CO2</li> </ul>
Growing criticism of lack of environmental consideration	<ul> <li>Increase in consumer criticism and product boycotts due to lack of environmental consideration in climate change countermeasures and forest conservation</li> </ul>	Low	<ul> <li>Promote the above climate change measures</li> <li>Implement "Group Fundamental Policy for Raw Materials Procurement" and "Fundamental Policy on Procurement of Wood Material"</li> <li>Procure wood materials with proven legality and sustainability through elimination of non-certified timber</li> </ul>
Lower valuation from investors	Lower valuation and withdraw (divest) investment in ESG investments due to delay in addressing climate change	Low	<ul> <li>use of traceability systems, audits by third-party organizations, and on-site checks by our employees</li> <li>Disseminate information on the Group's environmental conservation activities through active acceptance of mill tours, publication of an environmental activity information magazine, and visiting lectures on themes such as the environment</li> </ul>
Impact on business due to increased extreme weather	<ul> <li>Damage to the company's mills and facilities due to extreme weather such as torrential rains, floods, and large typhoons</li> <li>Suspend services due to damage to infrastructure such as electricity and water caused by extreme weather</li> <li>Disrupt supply chains due to damage to roads, railways, and port facilities caused by extreme weather</li> </ul>	Medium	<ul> <li>Assess and implement measures for natural disaster risks at mills</li> <li>Review BCP (Business Continuity Plan) based on "Regulations of Emergency Response"</li> <li>Promote profitable and stable procurement by diversifying suppliers, etc.</li> </ul>
Impact of changes in weather patterns on procurement of raw materials	<ul> <li>Deteriorate growth of trees and impact negatively on raw material procurement for pulp and paper due to rising temperatures, frequent forest fires, and outbreaks of diseases and insects</li> </ul>	Medium	<ul> <li>Promote forest management aimed at improving the multiple functions of forests</li> <li>Promote profitable and stable procurement by diversifying suppliers, etc.</li> </ul>
Opportunity	Opportunity details	Level of impact	Strategies and measures to reduce risk
Growing need for environmentally friendly products and services	<ul> <li>Increase in need for environmentally friendly products and services due to heightened consumer awareness</li> <li>Financial impact of climate-related opportunities: Sales increase of approximately ¥13.9 billion to ¥22.8 billion</li> </ul>	High	<ul> <li>Provide FSC® certified products (Hokuetsu Corporation FSC license code: FSC-C005497)</li> <li>Develop composite materials of cellulose nanofiber and carbon fiber, which are cutting-edge biomass materials</li> <li>Develop and expand sales of plastic alternatives such as paper materials to eliminate plastic</li> <li>Develop and expand sales of battery separators</li> </ul>
Sympathy for advanced environmental considerations	<ul> <li>Increase sympathy and active purchase of products from consumers and business partners for environmental considerations such as climate change measures and forest conservation</li> </ul>	High	<ul> <li>Develop the above environmentally friendly products and services proactively, and promote climate change measures, forest conservation, etc.</li> <li>Disseminate information on the Group's environmental conservation activities through active acceptance</li> </ul>
Improved valuation from investors	<ul> <li>Improve valuation and attract investment in ESG investments through advanced climate change initiatives</li> </ul>	Medium	of mill tours, publication of an environmental activity information magazine, and visiting lectures on themes such as the environment
Spread of CO <sub>2</sub> emissions trading systems	Increase momentum to introduce carbon-negative CO2 derived from biomass into chemical products such as e-methane	Medium	Study introducing advanced CCS that generates negative emissions by separating and capturing wood-derived CO2
Growing need for renewable energy	Increase needs for renewable energy to achieve carbon neutrality	Medium	Develop electrical power generation business with renewable energies such as solar power and bio
Growing interest in forest resources	<ul> <li>Increase interest in forest sinks that sequester and fix CO2 and contribute to climate change issues</li> </ul>	Medium	<ul> <li>Promote sustainable forest management through afforestation projects and acquisition of forest certification</li> <li>Implement thinning based on the forest management plan</li> <li>Use thinned wood in construction, plywood, chips for fuel, etc., effectively</li> </ul>
Growing interest in water resources	<ul> <li>ncrease interest in water resources, where there are concerns about declining water volumes and deteriorating water quality due to climate change, etc.</li> </ul>	Low	<ul> <li>Provide separation membrane backings, which are sheets used to increase strength in water treatment</li> <li>Study water treatment business using wastewater treatment technology cultivated in paper manufacturing business</li> </ul>
	Tighter CO2 emission regulations  Tighter regulations for the spread of renewable energy  Soaring fossil energy prices  Growing criticism of lack of environmental consideration  Lower valuation from investors  Impact on business due to increased extreme weather  Impact of changes in weather patterns on procurement of raw materials  Opportunity  Growing need for environmentally friendly products and services  Sympathy for advanced environmental considerations  Improved valuation from investors  Spread of CO2 emissions trading systems  Growing need for renewable energy  Growing interest in forest resources  Growing interest in	Introduce and enhance carbon pricing such as carbon taxes and emissions trading systems	Introduce and enhance carbon pricing such as carbon taxes and emissions trading systems eleted risks: Carbon tax burden of approximately \$13.8 billion yet (Set based on IEA's NZE scenario as a reference)

\*Impact: The size of a risk or opportunity is determined by the "size of impact on business" x "probability of occurrence," and is expressed as high, medium, or low.

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#### Comprehensive Evaluation Criteria Matrix

Comprehensive Evaluation Criteria Matrix										
	Low	Medium	High							
_evel	Low	Medium	Medium							
टी र्	Low	Low	Low							
	Potential for occurrence									

Criteria	Criteria for impact			Criteria for potential for occurrence			
Le	evel	Monetary value of impacts	Level		Guideline for frequency		
High	10 points	Over 1 billion yen	High	10 points	Year-round occurrence		
Medium	5 points	0.1-1.0 billion yen	Medium 5 points		Once or twice per year		
Low	1 point	Less than 0.1 billion yen	Low	1 point	Once per several years		

In February 2021, the Hokuetsu Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Group will reflect the risks and opportunities analyzed based on the recommendations of the TCFD in its management strategy, aiming for net zero CO2 emissions by 2050.

☐ Disclosure of Information Based on TCFD Recommendations (Only available in Japanese) https://www.hokuetsucorp.com/environment/manufacture.html

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# Social

# Employees

Ca	ategory	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of emplo	oyees			4,545	4,270	4,163	3,749	3,711
	Men	Consolidated companies	persons	4,064	3,818	3,717	3,379	3,339
	Women*	,		481	452	446	370	372
Ву	Regular employees	6 1:1 . 1		4,283	4,013	3,916	3,502	3,407
employment status	Non-regular employees	Consolidated companies	persons	262	257	247	247	304
By business segment	Paper and pulp segment			3,408	3,299	3,247	2,851	2,815
	Packaging and paper processing segment	Consolidated companies	persons	465	351	336	330	331
	Other			672	620	580	568	565
By region	Japan	Consolidated companies (Japan)	persons	3,685	3,398	3,304	3,232	3,189
	Outside Japan	Consolidated	persons	860	872	859	517	522
	Men	companies (Outside		752	763	753	489	495
	Women	Japan)		108	109	106	28	27
Non-consolida	ted			1,606	1,537	1,503	1,481	1,472
	Men			1,474	1,405	1,371	1,345	1,336
	Women	Non-	persons	132	132	132	136	136
	Regular employees	consolidated	•	1,453	1,402	1,381	1,372	1,357
	Non-regular employees			153	135	122	109	115
Number of dispat	tched employees	Consolidated		35	27	48	60	76
	Men	companies	persons	25	19	33	40	54
	Women	(Japan)		10	8	15	20	22
Number of part-ti	me employees	Consolidated		9	4	3	3	3
	Men	companies	persons	6	2	1	1	1
	Women	(Japan)		3	2	2	2	2
Ratio of employe	Ratio of employees with disabilities		%	2.1	2.3	2.3	2.2	2.3
		Non- consolidated	%	2.6	2.9	2.5	2.5	2.7

 $<sup>\</sup>star$  Female employees in some overseas countries are not included due to the inability to aggregate by gender.

# Continuous Service

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Average years of service	Consolidated		18.2	18.7	19.5	20.0	20.3
Of which are men	companies	years	18.7	19.3	20.2	20.8	21.0
Of which are women	(Japan)		13.5	13.8	13.8	14.2	14.8
Average age	Consolidated		44.1	44.7	45.4	45.7	46.2
Of which are men	companies	years old	44.3	44.9	45.6	46.1	46.6
Of which are women	(Japan)		42.5	43.2	43.4	43.4	43.7

### Recruitment

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
New graduate hires	Consolidated		63	14	15	26	21
Of which are men	companies	persons	49	13	10	19	15
Of which are women	(Japan)		14	1	5	7	6
Mid-career hires	Consolidated		60	27	65	93	141
Of which are men	companies	persons	47	17	52	72	122
Of which are women	(Japan)		13	10	14	21	19

# Managerial Personnel

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of managers	Consolidated		450	426	421	388	403
Of which are women*	companies	persons	14	14	15	10	11

 $<sup>\</sup>star$  Female managers in some overseas countries are not included due to the inability to aggregate by gender.

# • Working Hours, Accrued Leave, etc.

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Total hours worked annually	Non-consolidated	hours/ person	1,807	1,784	1,828	1,819	1,848
Percentage of annual leave taken	Non-consolidated	%	57.4	48.1	67.2	70.7	73.7
Number of employees taking childcare leave	Consolidated		17	18	17	30	15
Of which are men	companiess (Japan)	persons	9	12	9	21	9
Of which are women			8	6	8	9	6
Number of employees taking nursing care leave	Consolidated companiess (Japan)	persons	1	3	2	0	0

# Occupational Accidents

Category	Aggregation	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Category	Target	Offic	112020	112021	112022	112023	112024
	Consolidated companies	-	0.79	2.45	1.74	1.63	1.43
Frequency rate of occupational accidents	Consolidated companies (Japan)	-	0.87	2.26	1.70	1.10	1.09
	Consolidated companies (Outside Japan)	-	0.45	1.43	2.3	3.47	3.24
	Consolidated companies	-	0.06	0.1	0.09	0.04	0.02
Occupational accident severity rate	Consolidated companies (Japan)	-	0.05	0.08	0.06	0.02	0.05
	Consolidated companies (Outside Japan)	-	0.01	0.02	0.09	0.04	0.12
Lost time due to accidents	Consolidated companies	cases	7	21	15	14	12
Consolidated companies (Japan)	Consolidated companies	cases	6	15	11	7	8
Of above, regular workers	(Japan)	cases	2	13	10	6	8
Consolidated companies (Outside Japan)	Consolidated companies	cases	1	6	4	7	4
Of above, regular workers	(Outside Japan)	cases	1	6	4	7	4
Fatalities	Consolidated companies	cases	0	0	0	0	0

# Wage Disparity Between Men and Women

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
All employees			_	-	63.2	64.2	65.0
Regular employees	Non- consolidated		_	_	63.3	64.2	65.7
Non-regular employees			_	_	80.0	92.5	85.9

 $<sup>\</sup>ensuremath{^\star}\xspace$  Average wage of female employees compared to average wage of male employees

# Safety and Health Education Programs

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Special training (training prescribed in Article 59 of the Industrial Safety and Health Act)	Consolidated companies	persons	241	1,072	288	313	170
Risk assessment training	(Japan)	persons	138	82	11	312	266

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024																	
Skill training (includes machine safety training and technical training)		persons	331	194	221	241	184																	
Training related to chemical substance management		persons	307	224	3	0	100																	
Training related to chemical substance management		persons	51	28	85	185	87																	
Health and safety education for workers engaged in hazardous work (excludes work requiring special training)		persons	218	247	195	200	224																	
Safety training for forklift and other heavy equipment use		persons	849	832	999	951	944																	
Experiential training on hazards and safety		persons	135	128	87	500	66																	
Electrical safety training and training for persons responsible for handling switches		persons	510	540	519	652	647																	
Health and safety training for working with ionizing radiation				persons	120	141	117	129	168															
Training for newly appointed safety managers				persons	11	34	4	25	13															
Training for managers		persons	242	234	315	315	259																	
Training for health managers	Consolidated companies	persons	2	9	2	41	6																	
Health and safety promoter training (at workplaces with less than 50 employees	(Japan)	persons	1	2	1	3	2																	
Mid-level safety exchange workshop		persons	29	36	13	37	29																	
Training for supervisors and training for persons responsible for health and safety (includes skills-enhancement training)		persons	125	108	83	80	156																	
Training at time of hiring (training for new employees, etc.)		persons	142	34	88	128	181																	
Training for transferred and relocated workers		persons	56	85	47	66	52																	
Health and safety training for general staff																			persons	1,211	1,326	1,919	1,155	1,049
First aid and life-saving training (AED)															persons	1	20	79	63	159				
Heat stroke prevention training		persons	138	177	487	1,436	606																	
Mental health and health promotion		persons	113	141	417	1,673	424																	
Traffic safety lectures			persons	375	284	447	142	390																
Firefighting and earthquake evacuation drills		persons	4,148	4,045	4,336	4,527	4,522																	

# Training Results

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of posticions	Consolidated companies	persons	_	_	_	14,037	11,394
Number of participants	Non- consolidated	persons	-	-	-	7,646	6,970
Participation time	Consolidated companies	hours	-	-	-	30,803	25,452
ranicipation time	Non- consolidated	hours	_	_	_	20,320	16,703
Attendance fees	Consolidated companies	thousands of yen	_	_	_	29,610	32,722
Attendance lees	Non- consolidated	thousands of yen	_	_	_	22,117	24,349

<sup>\*</sup> The number of participants and the participation time include free training.

# Number of ISO 45001-certified workplaces (total number of locations)

Category	FY2020	FY2021	FY2022	FY2023	FY2024
Number of ISO 45001 certified workplaces (total number of locations)	1(30)	9(30)	9(30)	9(29)	23(29)

<sup>\*</sup> Scope of aggregation: Consolidated companies

# O Donations, etc.

Category	Aggregation Target	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Social contribution donations	Consolidated companies	thousands of yen	5,400	3,512	18,012	15,528	13,309
Political contributions	Consolidated companies	thousands of yen	-	-	-	-	_

# O Harmonious Coexistence with the Local Communities

### **Major Initiatives**

Area of Initiatives	FY2024 Results					
	Accepted tours of mills: 1,962 people accepted					
	Visiting lectures to local universities, high schools, junior high schools, and elementary schools, accepted internships					
Education-Related	Marathons: First-aid stations, beverages					
	Sponsoring music competitions					
	Scholarships for indigenous people, local high school students, and university students: Approximately 4,287 thousand yen					

Area of Initiatives	FY2024 Results				
	Support for medical institutions				
Welfare-Related	Cooperation in funding activities by WWF Japan				
	Sponsorship of events for social welfare organizations				
	Cleanup and beautification activities around mills: 1,747 people participated				
	Cooperation with community-sponsored events near mills				
	Holding of Bon Dance Festival				
Local Community-Related	Cooperation with trail running race course				
	Shizuoka Prefecture parasports supporter corporate sponsor				
	South Africa: Logistics cooperation for Kyu-Can-Cho project (A project to deliver relief supplies to disaster areas and areas suffering from food shortages)				
	Obtained Eco-Rail Mark certification (corporate, paper products)				
	Registered as a wood-related business entity (Type 1 and 2) under the Clean Wood Act				
	Acquired ISO 14001 (environmental management system)				
	Manufacturing of paper cutlery				
	Japan and South Africa: sustainable forest management				
	Canada: Conservation of consigned managed forests				
	Canada: Wetlands and waterfowl conservation				
	Canada: Participation in biodiversity monitoring activities				
Environment-Related	Canada: Caribou (reindeer) conservation				
	Participation in the 30by30 Biodiversity alliance				
	Giant salamander habitat conservation				
	Cooperated with research related to black bear ecology				
	Registration of a biosphere reserve (UNESCO Eco-Park) buffer zone				
	Cooperation with improving environments for the conservation of fireflies and other flora and fauna				
	Exhibits at environmental fairs, etc.				
	Sponsoring the Zero Carbon Challenge Cup				
	Sponsorship of Niigata Decarbonization Project				
	Certified as an 2025 Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category)				
Safety, Health and	Acquired ISO 45001 (occupational health and safety management system)				
Quality-Related	Acquired ISO 9001 (quality management system)				
	Commendation as an exemplar of support for vocational health by a small and medium-sized enterprise in Shanghai				

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# Governance

# ODirectors (as of June 27, 2025)

#### **Board of directors**

Status	Name	Attendance at Board of Directors meetings in FY2024
President and CEO	Sekio Kishimoto	100% (14/14)
Senior Managing Director	Shigeru Wakamoto	100% (14/14)
Senior Managing Director	Shigeharu Tachibana	100% (14/14)
Director CFO	Makoto Yanagisawa	100% (14/14)
Director	Yutaka Ishizuka	100% (14/14)
Director	Tomoyuki Iida	100% (14/14)
Independent Outside Director	Mitsuyasu lwata	100% (14/14)
Independent Outside Director	Kazuo Nakase	100% (14/14)
Independent Outside Director	Hiromitsu Kuramoto	100% (14/14)
Independent Outside Director	Hiroko Nihei	100% (14/14)

#### **Structure of Board of Directors**

Number of Directors	10
Of which are Outside Directors	4
Of which are Independent Directors	4
Of which are women	1

#### Skills matrix

	Management skills for engaging in corporate management			Functional skills for advancing business/management plans and connecting them to business performance					
	Corporate management	Finance and accounting	Human resources and labor	ESG/ sustainability	Internationally minded	Industry knowledge	Technology/ IT (production technology, R&D)	Sales and marketing	Purchasing and procurement
Sekio Kishimoto	•		•		•				•
Shigeru Wakamoto	•			•		•	•		
Shigeharu Tachibana	•			•	•	•		•	
Makoto Yanagisawa			•	•					
Yutaka Ishizuka				•		•	•		
Tomoyuki lida	•				•				•
Mitsuyasu lwata	•				•				
Kazuo Nakase	•								
Hiromitsu Kuramoto	•				•				•
Hiroko Nihei			•	•	•				

### Abilities ideally possessed by directors

		Purpose/Reason for selection
	Corporate management	To broadly provide compelling products and services to society and achieve sustainable growth and enhancement of corporate value as a corporate group trusted by stakeholders, experience and knowledge gained at global companies and manufacturers are vital. Accordingly, we specify "corporate management" as a key management skill related to management.
Management	Finance and accounting	With sustainable growth and maximization of shareholder value as our aim, our Group faces the needs to expand applications for our existing products, focus on high-value-added products, and actively promote M&A and other investments for growth. As financial strategy is essential in the realization of corporate strategy, we specify "finance and accounting" as key management skill.
skills for engaging in corporate management	Human resources and labor	The Hokuetsu Group Philosophy respects diversity in people as a people-focused business group and has set forth a vision of empowering people. Knowledge of human resources development and utilization, along with experience with and knowledge of domestic and foreign legal systems and regulations, is vital in advancing innovation and shifting the business portfolio. Accordingly, we specify "human resources and labor" as key management skill related to management.
ESG/ Sustainability		We recognize that, in enhancing medium- to long-term corporate value, undertaking sustainability activities is a management priority. To advance initiatives that address climate change issues and otherwise contribute to the realization of a sustainable society, capabilities related to the environment, society, and governance are vital. Accordingly, we specify "ESG/sustainability" as a key management skill related to management.
	Internationally minded	Consideration of the laws, regulations, cultures, and business customs specific to countries and regions is vital to the Group in carrying out global business expansion aimed at sustainable growth. Accordingly, we specify "internationally minded" as a key functional skill related to management.
Functional skills for advancing business/ management plans and connecting them to business performance	Industry knowledge	Experience, knowledge, and expertise related to the paper and pulp industry are vital to the skills required to take a high-level view of the Group's business domains as a whole, promote discussions from an elevated perspective concerning the future of the market and business, and thereby effectively supervise the execution of the business. Accordingly, we specify "industry knowledge" as a key functional skill related to management.
	Technology/ IT (production technology, R&D)	To create high-quality, high-value-added products from a grounding in our Corporate Philosophy of "improve society globally, by providing socially and environmentally responsible products through innovative manufacturing on a global scale," we face the need to build an optimal production structure and develop new businesses that will be central to our future. Accordingly, we specify "technology/IT" as a key functional skill related to management.
	Sales and marketing	Aptly responding to major changes in the business environment and the diversification of customer needs requires experience in marketing, brand strategy, or sales, or, alternatively, expertise in inter-company transactions and marketing. Accordingly, we specify "sales and marketing" as a key functional skill related to management.
	Purchasing and procurement	To fulfill our social responsibilities as a company, it is vital that we continuously engage in the stable procurement of raw materials and in CSR procurement that takes the environment, society, and human rights into account. Accordingly, we specify "purchasing and procurement" as a key functional skill related to management.

### Nomination and Compensation Committee (voluntary)

	Name Committee Attendance in FY2024		
Chairman	Mitsuyasu Iwata	100% (7/7)	
Member	Kazuo Nakase	100% (7/7)	
Member	Sekio Kishimoto	100% (7/7)	

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# • Audit & Supervisory Board Members

Status	Name	Committee Attendance in FY2024
Standing Audit & Supervisory Board Member	Manabu Ueno	100% (14/14)
Independent Outside Audit & Supervisory Board Member	Toraki Inoue	100% (9/9)
Independent Outside Audit & Supervisory Board Member	Go Kondo	100% (9/9)

### • Amount of Compensation for Directors and Audit & Supervisory Board Member (FY2024)

Classification	Number of eligible directors (persons)	Unit	Basic Compensation	Performance Linked Bonuses	Stock Based Compensation Stock Option	Total Amount of Remuneration
Director*1	10	millions of yen	183	39	22	244
Of which are Outside Directors	4	millions of yen	28	_	-	28
Audit & Supervisory Board Member* <sup>2</sup>	5	millions of yen	27	_	-	27
Of which are Outside Audit & Supervisory Board Members	4	millions of yen	14	-		14
Total	15	millions of yen	210	39	22	272

# Accounting Auditor Status (FY2024)

Name of Accounting auditor KPMG AZSA LLC

Amount of compensation, etc.

Amount of compensation for accounting auditors paid by the Company Total amount of cash and other financial benefits paid by the Company and its subsidiaries 102 million yen

17

90 million yen

• Shares (as of March 31, 2025)

Number of shares

Number of shares authorized 500,000,000 shares Number of shares issued 188,053,114 shares 19,281,747 shares Total amount of treasury stock

Number of shareholders

9,484 shareholders

#### Distribution of shares by shareholders

	Number of shares (thousand shares)	Percentage of shares (%)
Financial institutions	48,760	25.9
Japanese corporations	74,337	39.5
Treasury stock	19,281	10.3
Individual	17,288	9.2
Non-Japanese corporations	24,361	13.0
Securities companies	4,022	2.1

#### Major shareholders (excluding treasury stock)

Name	Number of shares held (thousands of shares)	Shareholding ratio (%)
Misuga Kaiun Co., Ltd.	18,806	11.14
DAIO KAIUN CO., LTD.	16,820	9.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,666	6.32
Daishi Hokuetsu Bank, Ltd.	8,332	4.94
Company's Agent Stockholding	6,994	4.14
Sumitomo Realty & Development Co., Ltd.	6,066	3.59
OASIS JAPAN STRATEGIC FUND LTD.	5,615	3.33
Sompo Japan Insurance Inc.	4,499	2.67
The Norinchukin Bank	3,554	2.11
OASIS INVESTMENTS II MASTER FUND LTD.	3,330	1.97

### IR / SR Activities

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Financial Results Briefing	times	1	2	2	2	2
Sell-Side Analyst Meeting	times	4	4	4	4	4
IR/SR Meetings, etc.	times	35	59	60	83	74

### Compliance

#### Hotline usage

	Aggregation Target	Unit	FY2020	FY2021	2022FY	FY2023	FY2024
In-Group whistleblowing/ consultations	Consolidated companies	cases	17	27	24	19	15
Whistleblowing/ consultations outside the group	Consolidated companies	cases	0	6	2	18	43

<sup>\*1</sup> As of the end of the fiscal year, there are six directors (excluding outside directors).
\*2 As of the end of the fiscal year, there is one Audit & Supervisory Board member (excluding outside Audit & Supervisory Board member).



