



HOKUETSU
GROUP

ESG Data 2022

December 2022

Hokuetsu Corporation

<https://www.hokuetsucorp.com/>

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Environment

1. Environmental Accounting for FY2021

(1) Environmental conservation costs

(Unit: Millions of yen)

Major initiatives and their results			Investment	Cost
1	Environmental conservation costs to control environmental impact that results from key business operations within the business area		1,561	5,648
	Composition	(1) Environmental conservation costs	314	2,809
		(2) Global environmental preservation costs	864	770
		(3) Resource circulation costs	381	2,068
2	Environmental preservation costs to control the environmental impact that results from key business operations upstream and downstream	—	467	
3	Environmental conservation costs related to administrative activities	—	228	
4	Environmental conservation costs related to R&D activities	—	144	
5	Environmental preservation costs related to social activities	1	59	
6	Environmental remediation costs	—	92	
Total			1,562	6,641

(2) Economic benefits associated with environmental conservation measures

(Unit: Millions of yen)

Results of effects	Amount
Income in company-owned forests	18
Cost savings through energy conservation	157
Reduction of disposal costs through effective utilization of waste	47
Profits on sales of waste as effective resources	37
Total	258

2. GHG emissions

(1) Scope 1, 2

(Unit: Thousand t-CO₂)

Composition	FY2019	FY2020	FY2021
Scope 1 emissions	674	559	742
Scope 2 emissions	31	72	20
Scope 1+2 emissions	705	631	762

(2) Scope 3

(Unit: Thousand t-CO₂)

Composition	FY2019	FY2020	FY2021
Purchased goods and services	679	548	627
Capital goods	45	39	37
Fuel and energy-related activities not included in Scope 1 and 2	61	55	61
Transportation, distribution (upstream)	325	236	286
Waste generated from business	3	2	2
Business trips	0.2	0.2	0.2
Employee commuting	1	1	1
Leased assets (upstream)	5	5	5
Transportation, distribution (downstream)	33	30	40
Processing of sold products	355	290	334
Use of sold products* ¹	0	0	0
Disposal of sold products* ²	0	0	0
Leased assets (downstream)	0	0	0
Franchise chains* ³	0	0	0
Investment	4	4	4
Total	1,511	1,210	1,397

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

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

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

(3) Environmental burden substances from emitted gas

(Unit: t)

Composition	FY2019	FY2020	FY2021
SOx emissions	481	405	388
NOx emissions	2,041	2,031	2,000
Dust	109	79	83
VOC emissions	0	0	0

(4) Emission intensity per paper product ton during production

Composition	FY2019	FY2020	FY2021
Scope 1 (kg-CO ₂ /t-product)	431	445	494
Scope 2 (kg-CO ₂ /t-product)	20	57	13
Scope 1+2 (kg-CO ₂ /t-product)	451	503	507
SOx (kg -SOx/t-product)	0.31	0.32	0.26
NOx (kg -NOx/t-product)	1.31	1.60	1.32
Dust (kg/t-product)	0.07	0.06	0.06
VOC (kg/t-product)	0	0	0

3. Waste and PRTR chemical substances

(1) Industrial waste generated, disposal and effective utilization

	FY2019	FY2020	FY2021
Industrial waste generated (thousand tons)	264	224	257
Effective utilization amounts (thousand tons)	257	219	252
Final disposal volume (thousand tons)	7	5	5
PRTR chemical substances emitted and transferred (t)	1.5	1.2	1.4

(2) Emitted and transferred of PRTR chemical substances (substances to be reported in FY2021)

Government Ordinance Number	Substance name	Volume handled (inc. volume generated) kg	Emitted kg	Transferred kg	Total kg of emitted and transferred
80	Xylene		1		1
154	Cyclohexylamine	1,664	12		12
243	Dioxins (mg-TEQ)		23	10,345	10,368
395	Water-soluble salts of peroxodisulfuric acid	4,100			0
400	Benzene	24,700	120		120
411	Formaldehyde	2,343	1,230		1,230
438	Methylnaphthalene	12,166	39		39
	Total	44,973	1,402	0	1,402

4. Water resources

(1) Water consumption, etc.

	FY2019	FY2020	FY2021
Water intake (thousand m ³)	94,725	88,829	95,707
Rivers	94,725	88,829	95,707

(2) Environmental burden substances in wastewater

	FY2019	FY2020	FY2021
BOD emissions (t)	375	336	410
COD emissions (t)	949	862	952
SS emissions (t)	562	525	644

(3) Emission intensity per paper product ton during production

	FY2019	FY2020	FY2021
Water consumption (m ³ /t-product)	60.6	70.1	63.2
BOD emissions (kg/t-product)	0.28	0.27	0.27
COD emissions (kg/t-product)	4.23	4.37	4.10
SS emissions (kg/t-product)	0.36	0.42	0.43

5. Energy

(1) Mill energy input (FY2021)

(Unit: TJ)

	Niigata mill	Kishu mill	Kanto mill (Katsuta)	Kanto mill (Ichikawa)	Nagaoka mill	Osaka mill	Total	Proportion
Biomass, etc.	16,245	5,802	2,310	0	0	0	24,357	70%
Gas	3,371	3	0	1,321	663	24	5,383	15%
Purchased electricity	495	520	56	10	279	25	1,385	4%
Heavy oil	2,547	877	55	3	2	0	3,484	10%
Coal	0	128	231	0	0	0	358	1%
Total	22,658	7,330	2,652	1,334	944	49	34,968	100%

(2) Electric power amounts

(Unit: GWh)

	FY2019	FY2020	FY2021
Electricity generated	1,783	1,596	1,752
Electricity consumed	1,707	1,478	1,652

6. Primary raw materials (total: all consolidated companies)

(1) Usage amounts

(Unit: thousand tons)

	FY2019	FY2020	FY2021
Wood chips	3,088	2,932	3,371
Recovered paper	450	464	536
Pulp	1,005	781	794

(2) Countries from which wood chips for paper product are procured

(Unit: thousand tons)

Country of procurement	Primary raw materials	FY2019	FY2020	FY2021
Canada	Natural wood*	1,301	1,570	1,656
South Africa	Re-growth	454	324	513
Vietnam	Re-growth	326	410	488
Chile	Re-growth	695	442	450
Australia	Re-growth	210	176	264
Brazil	Re-growth	71	0	0
Japan	Re-growth	31	10	0
Total		3,088	2,932	3,371

*Procured under a Forest Management Agreement (FMA) with the Government of Alberta, Canada

7. Production volume of main products

(total: all consolidated companies)

(Unit: thousand tons)

	FY2019	FY2020	FY2021
Paper	1,276	971	1,118
Paperboard	528	519	609
Pulp	1,592	1,409	1,471

8. Forest resources (total: all consolidated companies)

Owner	Location	Classification	Estimated area (ha)	CO ₂ absorption (thousand tons/year)
Hokuetsu Corporation and others	Within Japan	Company-owned forests	11,200	Approx. 21* ²
Hokuetsu Corporation	Within Japan	Profit sharing forestry	1,000	
Freewheel* ¹	South Africa	Company-owned tree farms	2,800	
Government of Alberta	Canada	Management agreement	6,400,000	Approx. 7,000* ³

*1) Freewheel Trade and Invest 7 Pty Ltd (company not accounted for by equity method)

*2) Calculation method for CO₂ absorption in Japan and South Africa is as follows

Amount of CO₂ absorption = Amount of CO₂ fixation in FY2021 - Amount of CO₂ fixation in FY2020

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) CO₂ absorption in Canada (Al-Pac) is based on the approximate values calculated by Al-Pac

1. Employees

(Unit: persons)

Aggregation Target	Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Consolidated companies	Number of consolidated employees	4,779	4,714	4,688	4,545	4,270
	Of which are women*	503	493	505	491	468
	Of which are regular employees	4,755	4,684	4,636	4,501	4,239
	Of which are non-regular employees	24	30	52	44	31
	Of which are domestic Japanese employees	3,907	3,841	3,817	3,685	3,398
	Of which are overseas employees	872	873	871	860	872
Non-consolidated	Employment rate of physically disabled individuals	2.1%	2.2%	2.3%	2.6%	2.9%

*Female employees in some overseas countries are not included due to the inability to aggregate by gender.

2. Continuous Service

Aggregation Target	Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Domestic Consolidated	Average years of service (years)	17.0	17.6	17.6	18.2	18.7
	Of which are men (years)	17.8	18.0	18.2	18.7	19.3
	Of which are women (years)	13.1	13.1	12.9	13.3	13.7
	Average age (years)	43.6	43.7	43.9	44.1	44.7
	Of which are men (years old)	43.6	43.9	44.2	44.3	44.9
	Of which are women (years old)	42.5	42.1	42.2	42.3	43.1

3. Recruitment

(Unit: persons)

Aggregation Target	Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Domestic Consolidated	New graduate hires	93	62	37	63	14
	Of which are men	75	51	29	49	13
	Of which are women	18	11	8	14	1
	Mid-career hires	120	97	171	60	27
	Of which are men	116	79	142	47	17
	Of which are women	4	18	29	13	10

4. Managerial personnel

(Unit: persons)

Aggregation Target	Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Consolidated companies	Number of managers	473	463	467	450	426
	Of which are women*	14	16	15	14	14

*Female managers in some overseas countries are not included due to the inability to aggregate by gender.

5. Working hours, accrued leave, etc.

Aggregation Target	Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Non-consolidated	Total hours worked annually (hours/person)	1,962	1,946	1,911	1,807	1,784
	Percentage of annual leave taken (%)	51.0	54.3	57.5	56.1	46.7
Domestic Consolidated	Number of employees taking childcare leave (persons)	4	11	8	17	17
	Of which are men (persons)	0	1	0	9	12
	Of which are women (persons)	4	10	8	8	5
	Number of employees taking nursing care leave (persons)	2	1	1	1	3

6. Occupational accidents

Aggregation Target	Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Consolidated companies	Frequency rate of occupational accidents (%)	1.34	0.87	0.72	0.33	2.23
Domestic Consolidated	Of which are domestic consolidated (%)	0.98	0.94	0.71	0.48	2.28
Consolidated companies	Occupational accident severity rate (%)	0.07	0.07	1.1	0.02	0.12
Domestic Consolidated	Of which are domestic consolidated (%)	0.06	0.06	0.02	0.03	0.12
Consolidated companies	Lost time due to accidents (cases)	9	8	5	3	19
Domestic Consolidated	Of which are domestic consolidated (cases)	4	4	3	2	9
Consolidated companies	Fatalities (cases)	0	0	0	0	0

7. Number of participants in safety and health education programs

(Unit: persons)

Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Company-wide and Safety Management Committee	—	—	65	148	168
Health and Safety Committee	4,984	5,186	5,238	4,465	4,328
Mill Health and Safety Convention	879	943	787	597	580
Hokuetsu Group Health and Safety Convention	195	170	161	155	211
Disaster Prevention Council	1,436	1,434	4,011	1,129	1,193
Special training (Article 61 of the Industrial Safety and Health Act)	170	212	424	271	1,105
Risk assessment training	243	152	128	138	82
Skill training (machine safety training, technique training, etc.)	1,798	1,679	2,086	1,865	1,735
Training related to machine safety	53	6	11	307	224
Training related to chemical substance management	209	172	150	169	142
Health and safety education for workers engaged in hazardous work	438	417	467	454	498
Safety training for forklift and other heavy equipment use	180	274	489	944	989
Experiential training on hazards and safety	134	105	112	160	128
Electrical safety training and training for persons responsible for handling switches	547	481	513	520	572
Health and safety training for working with ionizing radiation	306	131	133	120	141
Training for newly appointed safety managers	31	25	2	11	36
Training for health managers	—	1	1	3	9
Health and safety promoter training (at workplaces with less than 50 employees)	1	1	2	1	2
Mid-level mutual safety exchange workshop	48	31	44	29	33
Training for supervisors and training for persons responsible for health and safety	239	301	120	132	113
Health and safety training for new employees	272	258	292	201	99
Training for transferred and relocated workers	42	21	61	59	92
Health and safety training for general staff	1,591	1,081	1,241	1,569	1,601
First aid and life-saving training (AED)	148	386	258	1	41
Heat stroke prevention training	275	440	252	138	177
Mental health, health building	455	241	357	303	170
Traffic safety lectures	463	3,247	3,503	375	284
Firefighting and earthquake evacuation drills	2,034	2,079	1,997	1,908	2,041

8. Donations, etc.

(Unit: thousand yen)

Aggregation Target	Category	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Consolidated companies	Social contribution donations	19,507	18,429	24,822	5,400	3,512
Consolidated companies	Political contributions	19	30	0	0	0

1. Directors (as of June 30, 2022)

(1) Director name

Status	Name	Attendance at Board of Directors meetings in FY2021
President and CEO	Sekio Kishimoto	100% (12/12)
Managing Director	Mitsushige Yamamoto	100% (12/12)
Managing Director	Shigeharu Tachibana	100% (12/12)
Director	Yasuyuki Kondo	100% (12/12)
Director	Shigeru Wakamoto	100% (12/12)
Director	Hiroyuki Otsuka	100% (12/12)
Director (Outside Director)	Mitsuyasu Iwata	100% (12/12)
Director (Outside Director)	Kazuo Nakase	100% (12/12)
Director (Outside Director)	Hikomitsu Kuramoto	100% (9/9)
Director (Outside Director)	Hiroko Nihei	(Newly appointed in June 2022)

(2) 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

(3) Skills Matrix (updated September 2022)

	Corporate management	Internationality minded	Industry knowledge	ESG/ sustainability	Finance and accounting	Technology/ IT	Sales and marketing	Human resources and labor	Purchasing and procurement
Sekio Kishimoto	●	●	●	●	●		●	●	●
Mitsushige Yamamoto	●	●	●	●			●		
Shigeharu Tachibana	●	●	●	●			●		
Yasuyuki Kondo			●	●	●			●	
Shigeru Wakamoto			●	●		●			
Hiroyuki Otsuka			●	●		●			
Mitsuyasu Iwata	●	●		●					
Kazuo Nakase	●		●	●			●		
Hikomitsu Kuramoto	●	●		●					●
Hiroko Nihei		●		●				●	

2. Nomination and Compensation Committee (voluntary)

	Name	Committee Attendance in FY2021
Chairman	Sekio Kishimoto	100% (6/6)
Member	Mitsuyasu Iwata	100% (6/6)
Member	Kazuo Nakase	100% (6/6)

3. Audit & Supervisory Board Members

	Name	Attendance at the Audit & Supervisory Board in FY2021
Standing Audit & Supervisory Board Member	Manabu Ueno	100% (11/11)
Outside Audit & Supervisory Board Member (Independent Director)	Jun Itoigawa	100% (15/15)
Outside Audit & Supervisory Board Member (Independent Director)	Keiji Watanabe	100% (15/15)

4. Amount of Compensation for Directors and Audit & Supervisory Board Member (FY2021)

(Unit: Millions of yen)

Classification	Applicable Individuals	Basic Compensation	Performance Linked Bonuses	Stock Based Compensation SO*	Total
Director	12	185	32	33	250
Of which are Outside Directors	3	21	—	—	21
Audit & Supervisory Board Member	4	22	—	—	22
Of which are Outside Audit & Supervisory Board Member	2	11	—	—	11
Total	16	207	32	33	273

*SO: Stock Options

5. Accounting auditor (FY2021)

(1) Name of Accounting auditor

KPMG AZSA LLC

(2) Amount of compensation, etc.

Amount of compensation for accounting auditors paid by the Company	85 million yen
Total amount of cash and other financial benefits paid by the Company and its subsidiaries	95 million yen

6. Shares (as of March 31, 2022)

(1) Number of shares

Number of shares authorized	500,000,000 shares
Number of shares issued	188,053,114 shares
Total amount of treasury stock	19,420,610 shares

(2) Number of shareholders

10,414

(3) Distribution of shares by shareholders

(excluding 299 thousand fractional shares)

	Number of shares (thousand shares)	Percentage of shares (%)
Financial institutions	63,969	34.07
Japanese corporations	45,573	24.27
Non-Japanese corporations	38,067	20.28
Individual	19,401	10.36
Treasury stock	19,420	10.32
Securities companies	1,320	0.70

(4) Major shareholders (excluding treasury stock)

Name	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Trust Bank of Japan, Ltd. (Trust Account)	19,804	11.74
Daishi Hokuetsu Bank, Ltd.	8,632	5.12
Daio Kaiun Co., Ltd.	8,011	4.75
Hokuetsu Corporation Ownership Association	6,644	3.94
Sumitomo Realty & Development Co., Ltd.	6,066	3.60
OASIS JAPAN STRATEGIC FUND LTD.-CLIENT ACCOUNT	5,615	3.33
Sompo Japan Insurance Inc.	4,499	2.67
Misuga Kaiun Co., Ltd.	4,400	2.61
Kawasaki-kami Unyu Co., Ltd	4,350	2.58
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	3,822	2.27

7. SR / IR Activities

(Unit: times)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Financial Results Briefing	2	2	2	1	2
Sell-Side Analyst Meeting	4	4	4	4	4
Individual Meetings	37	61	54	35	59

8. Compliance

(1) Hotline usage

(Unit: cases)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
In-Group whistleblowing/consultations	9	12	13	17	27
Whistleblowing/consultations outside the group	0	3	6	0	6

(2) Compliance training

	Main Subjects of Training
Group Corporate Philosophy and Code of Conduct	Employee Roles and Missions
	Cases of violation of laws and regulations and corporate bankruptcy
	Scandals and loss of corporate trust
	Personal values and responsibilities
Better working environments	Preventing bribery, etc.
	Elimination of harassment and discrimination
	Labor Measures Comprehensive Promotion Act
Corporate compliance	Labor management, etc.
	Antimonopoly Act
	Unfair Competition Prevention Act
	Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors
	Industrial Waste Disposal Act, etc.

Our Primary ESG Activities

Area of Initiatives	Specific Example
Education	Tours of mills
	Visiting lectures to local universities, high schools, junior high schools, and elementary schools, acceptance of interns
	Marathons: First-aid stations, beverages
	Participating in initiatives to support female researchers through regional and corporate collaboration
	Support for operating dormitories exclusively for unmarried people from rural areas
	Sponsoring music competitions
	Scholarships for indigenous communities, etc.
Welfare	Support for medical institutions
	Cooperation in funding activities by WWF Japan
	Sponsorship of events for social welfare organizations
Local Community	Cleanup and beautification activities around mills
	Cooperation in various community-sponsored events
	Holding of Bon Dance Festival
	Cooperation as venue of international cycling road races
	Cooperation with trail running race course
	Donating sawdust for insect breeding
	South Africa: Logistics cooperation for Kyu-Can-Cho project (A project to deliver relief supplies to disaster areas and areas suffering from food shortages)
South Africa: Logistics cooperation for used clothing donation project	
Environmental	Received the 2021 Cellulose Society of Japan Technology Award
	Received the Jury's Special Prize in the Zero Carbon Challenge Cup
	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
	Began operating the Southern Ace, a fuel-efficient woodchip transport ship
	Japan and South Africa: sustainable forest management
	Canada: Conservation of consigned managed forests
	Canada: Wetlands and waterfowl conservation
	Canada: Participation in biodiversity monitoring activities
	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.	
Converted lighting to LED at all workplaces	
Health and Safety	Certified as an Outstanding Health and Productivity Management Organization for FY2022 (Large Enterprise Category)
	Won the 21st Logistics Environment Grand Prize: Award for Logistics Environment Conservation Activities
	Acquired ISO 45001 (occupational health and safety management system)
	Acquired ISO 9001 (quality management system)
	Declaration of partnership building